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The End of the Dollar System Is Approaching



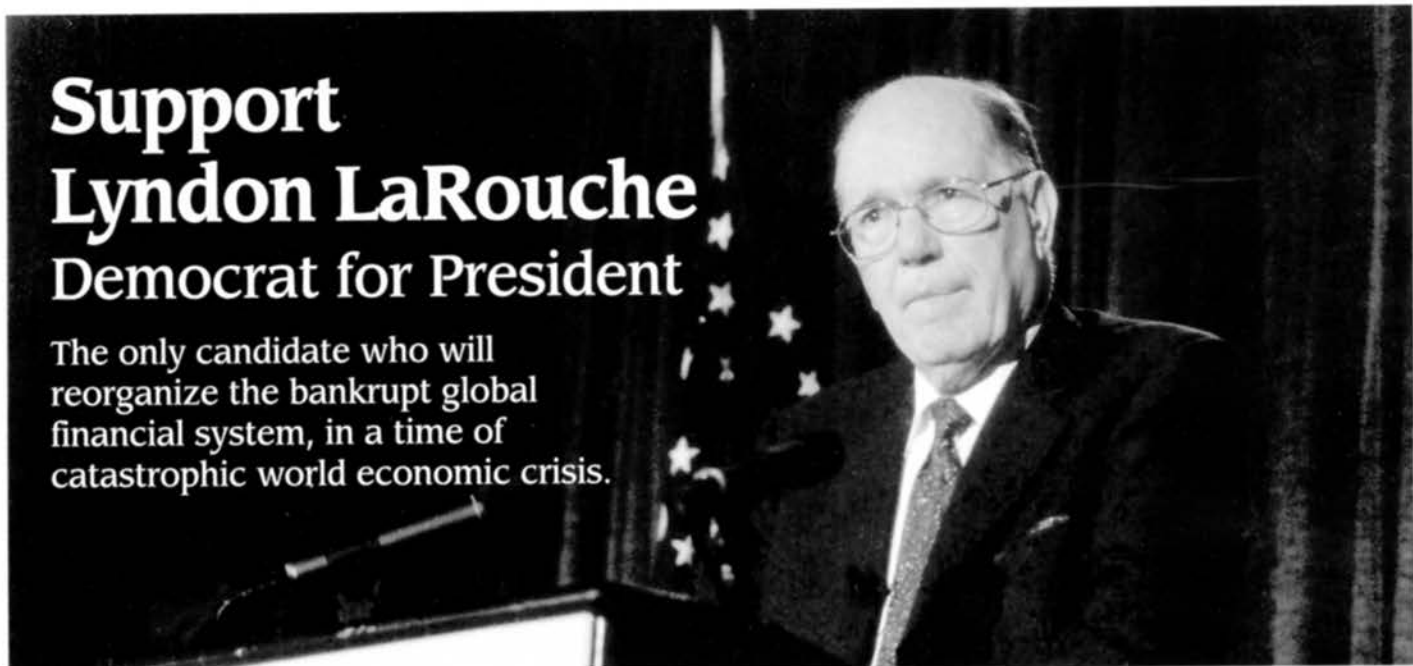
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From the Associate Editor

We go to press on the eve of the Presidents Day Weekend conference of the LaRouche movement in Northern Virginia, at which Lyndon LaRouche will deliver what he promises will be “the most important political address to have been given anywhere in the world, by anyone, in more than a century to date” (see LaRouche’s “Open Letter to the DNC,” in this issue). That’s no arrogant claim, but is based on LaRouche’s cold-sober assessment of 1) the precarious state of the world economic and financial system, at the brink of an abyss that most cannot even imagine; 2) the decision of the Democratic National Committee’s leadership clique to exclude him from the Democratic Primary process, and the fact that Democrats who oppose that exclusion have failed to end it; and 3) the importance of his own message. Only LaRouche is calling for a bankruptcy reorganization of the global monetary system, and only he has the determination to fight the central bankers and Wall Street, to see such a reorganization through successfully.

For that reason, his Presidential campaign, far from ending, as some have expected it to do, will escalate.

We have assembled an *Economic Feature* to provide crucial documentation on the financial-economic crisis, with case studies of the breakdown in Asia, Ibero-America, and Great Britain, as a result of free-trade policies. Most pointed is the case of Argentina, where President Kirchner had the courage to say what most heads of state do not: that accession to the demands of rapacious creditors “would be a *new genocide* against the Argentine people that we cannot ever allow again.” Our package also shows the readiness of world leaders for LaRouche’s leadership: notably in Russian Presidential contender Sergei Glazyev’s call for a “new financial architecture” to replace the bankrupt dollar-dominated system; and Brazilian Congressman Enéas Carneiro’s enthusiastic endorsement of LaRouche’s program.

Our second *Feature* is on the urgent threat to the U.S. Constitution posed by computerized voting machines. Will there be an election worthy of the name next November? Or will a computer programmer from a company run by Dick Cheney’s pals just flick a switch, and decide who will be the next President? The whole corrupt system has to be stopped dead in its tracks.

Susan Welsh

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The End of the Dollar System Is On the Agenda

by EIR Staff

The complete lack of impact on international currency markets, of the G7 finance ministers' and central bankers' Feb. 7 public call for "stabilization" of the dollar, showed the global crisis of the dollar/International Monetary Fund system to be out of control. It was followed immediately on Feb. 9-10 by a further fall of the dollar, and sudden compensatory increases in the global price of oil as OPEC nations cut output due to slackening economic demand. The floating-exchange-rate monetary system has now reached the point where any severe shock—a major loss of derivatives contracts in a Parmalat or other big corporate blowout; a sudden acceleration of the dollar's decline; a U.S. interest rate increase puncturing values in the American real estate bubble; a big Third World debtor's default; or a political/military crisis—can bring the financial system to a meltdown.

Warnings, apart from the clear statements of Presidential candidate Lyndon LaRouche, are being heard from European financial experts and from former U.S. Treasury Secretary Robert Rubin (see *EIR*, Jan. 23). Said one severely worried City of London manager, "We're coming to a point, where pensions will start to go, health services will be denied. . . . What LaRouche has been talking about for years, is coming closer." The response by international bankers and central banks has been to demand that they, not governments, will control an attempt to reorganize and salvage the dying dollar system, and will reject and fight any move for its bankruptcy reorganization into a "New Bretton Woods" proposed by LaRouche. Nowhere is this clearer than in the new and vicious demands for blood, by the banking community, from Brazil and from Argentina, acknowledged just two years ago to be an economy ruined by IMF debt and incapable of paying it. Now the American and European governments have been muscled into a desperate confrontation with these large Third

World debtors.

Should Argentina stand up to that confrontation with the IMF and the vulture bankers, it will immediately force the question of a new monetary system.

Our survey of the crisis focusses on key harbingers of what is to come: the initiative by a leading Russian Presidential candidate, Sergei Glazyev, for Russia to launch a new Bretton Woods; the signs of a shift in policy by major Asian powers whose dollar-support operations are at a desperate breaking point; the debt explosion which has forced Britain to start raising interest rates; the potential involved in the Argentina-IMF showdown; and an analysis of the crisis in Brazil, the biggest debtor, by a leading Congressman who backs LaRouche's New Bretton Woods initiative.

Feature

'A Very Severe Monetary Crisis'

LaRouche, on Roanoke, Virginia public radio station WVTF on Feb. 9, laid out his unique approach to the dollar crisis, to questions by news anchor Fred Echols:

Q: Mr. LaRouche, what issues are being left out of this campaign, as it's being covered by the national media?

LaRouche: . . . The thing which is of larger dimensions than even the war issue, is the fact that we're on the verge of the greatest financial collapse in modern history. It's now onrushing, despite the phony talk about growth, coming out of Washington. This means two things, first of all, which I think Bob Rubin and some others in the Democratic Party would accept: that we're on the verge of a very severe monetary crisis. The issue is, I insist, that the banking system itself can not handle this crisis, and that, instead, a Franklin Roosevelt approach, to put the bankrupt system into reorganization, is what's required. And still, the Democrats, like Kerry, who would support—or Kennedy—who would support some kind

of reform, will not support the kind of reform which I consider absolutely essential.

Q: Mr. LaRouche, describe for us exactly what you think must be done.

LaRouche: Well, what it means, we have an order of magnitude of \$40-odd trillion of estimated world product, now. Against this, we have several hundred trillion dollars, of financial derivatives obligations, which are largely short-term obligations. Under these conditions, and with what's happening now—the current account deficit and other phenomena, and the insanity of the Bush Administration in cutting taxes the way they have been doing it—means that we are essentially bankrupt, and we're on the verge of the greatest collapse in modern history.

To deal with that, requires that the President of the United States act, both as President, to put the Federal Reserve System into bankruptcy reorganization, in order to prevent any elements of chaos in the situation; and that he also cooperate with foreign countries, to put the IMF system into reorganization, similarly, going back to something like the pre-1960s Bretton Woods protectionist system.

Under those conditions, there is a clear way in which to bring this problem under control. Without those measures, there is no way to prevent chaos beyond the imagination of almost everybody alive today.

Q: But, would the act of the President placing the Federal Reserve System into bankruptcy reorganization; would that not, in itself, trigger some degree of chaos?

LaRouche: Well, the chaos is already there. And obviously, what's going to happen is, you're going to take actions preparatory to this, as soon as you can. You will, however, wait to declare the bankruptcy—that is, the bankruptcy action—at the moment it's breaking out. Because, obviously, politically, you have to get acceptance of the public that the crisis actually exists, to get the kind of support you need to do the job. But, you've got to be prepared to do that job, and you have to make certain preparatory steps in that direction.

Q: If these steps were taken, if this reorganization was done, how would the economy be fundamentally changed after this reorganization?

LaRouche: Well, that goes to the deeper question: Where did this problem start? Now, there are many things you could say about the U.S. in the post-war period, or since the death of Franklin Roosevelt—or aptly, since the nomination of Truman as Vice President, back in 1944. We've made a right-wing turn, and we made a lot of wrong turns. But, up until the middle of the 1960s, we remained the world's leading producer economy; we were the leader of the world. Since 1964, since about the launching of the Indo-China War, we have been transformed from the world's leading producer society, into a predatory, kind of parasitical, post-industrial “comfort zone” society. And we're now at the point of col-

lapse, as a result of that change.

The big change is, we have to go back to being what we understood we were, when Jack Kennedy was President: That is, as a producer society, with things like the Moon mission, and that sort of thing, that typified our character then.

What we're going to have to do, is launch, immediately, large-scale infrastructure projects, inside the United States, and along international lines. This includes power generation and distribution; water management; mass transit, especially rail, including all kinds of rail, including urban rail; housing problems; urban renewal problems; and our health-care situation, which is beyond control right now. So, these kinds of measures will be the stimulant, using Federally-created long-term credit, as a way of creating mass employment in the order of magnitude of about 10 million new jobs. That would bring the situation under control.

Q: Mr. LaRouche, what about the manufacturing base? The country has lost, obviously, millions of manufacturing jobs. Is it reasonable to think that manufacturing jobs can be revived in this country?

LaRouche: Yes, they can. The way we did it under Roosevelt, somewhat—if we start large-scale infrastructure projects. We're talking about \$6 trillion over the coming four years, in terms of capital outlays, for power generation and distribution alone. We have a slightly smaller one, but a similar case, for rail transport: We've got to rebuild the rail-transit system. That is, we've got to reintegrate the territory of the United States, as an agro-industrial power, the way it was before the recent 40 years' changes.

These changes themselves, done in cooperation with partners in Europe and Asia, will stimulate the regeneration of industrial development—and I'm especially shooting for, not the large corporation, but the middle-size, entrepreneurial-type of industry. That's the kind of thing you can develop very rapidly, under the stimulation of a market, created by large-scale infrastructure projects.

Q: How does free trade play into your vision?

LaRouche: It doesn't. We have to go back to a protectionist system. Shall we say, we're going back to Alexander Hamilton from Adam Smith. That is the fundamental change in economic philosophy that we have to make.

Q: But, of course, we're told, over and over again, that the world is now one market and one economy, and that door can not be closed. Apparently you feel otherwise?

LaRouche: Well, they say, you can't put the toothpaste back in the tube. But, I've demonstrated that anybody who is not an idiot, knows how to put toothpaste back in a tube! I've demonstrated it once, at a conference, just to make the shocking point, against those who say you can't reverse. When you have made a mistake, a mistake is not irreversible. When you've made a mistake, correct the mistake, and go back to doing what was right.

Presidential Candidate Glazyev: Time For New Financial Architecture

by Rachel Douglas

Russia's mission in the world at the present juncture is to initiate the creation of "a new financial architecture," economist Sergei Glazyev proclaimed during a Feb. 5 press conference, on the eve of his certification as an independent candidate in the March 14 Russian Presidential elections. Mincing no words, Glazyev said the basis for decision-making has to be recognition that "the world financial and economic system is collapsing. It is close to a crash."

In place of the now crashing dollar-centered post-1971 system, Glazyev proposed that Russia "offer the world a transition to a new, just and reliable world financial system, which would be based on national currencies on the basis of equality. Each of the developed countries' national currencies would have equal opportunities to participate in world trade and economic turnover."

Glazyev is bringing this quality of strategic analysis and direction into an election race which President Vladimir Putin is widely considered a shoo-in to win. Glazyev says he feels morally obliged to campaign, in order to help Russia adopt policies in the national interest. As one of the country's foremost economists, Glazyev draws upon the work of the Russian Academy of Sciences and other research, including his own ongoing, public discussion of the global economic collapse process, and solutions to it, with Lyndon LaRouche and his associates.

Already in the Spring of 2003, Glazyev had urged that the countries that had tried to block the United States from invading Iraq, act to shift the strategic correlation of forces in a different way, by combining efforts to replace the dollar-based world monetary system with a new one. Now, he reported that he has raised the matter with European Union Commission President Romano Prodi, during one of the latter's visits to Moscow, and that "politically, the Europeans want this. And the Chinese want it, the Indians want it. In practical terms, it is possible to reach a consensus among a large group of countries and begin to move to a new world financial and monetary system that would be more stable, more reliable and more fair. That is the first priority, which Russia could implement in world politics. After all, the pivot of world politics is world finance."

A Campaign To Change National Policy

The Rodina (Homeland) electoral bloc, which Glazyev co-chairs, entered the Russian State Duma (lower house of

Parliament) with a 9% showing in the Dec. 7, 2003 election. He now heads the Rodina group in the Duma. At the beginning of January, Glazyev filed to run for President as an independent. Rodina also attempted to nominate former Central Bank head Victor Geraschenko, but could not jump through the procedural hoops needed for his certification on the ballot—without petitioning—within the allotted time.

Glazyev's supporters collected over 2 million signatures on behalf of his candidacy, which was approved by the Central Elections Commission on Feb. 8.

Asked why he was campaigning for the Presidency, given Putin's great popularity, Glazyev said at his press conference, "I am running, in order to change the policy of the country." He said he takes far less pleasure from politics than from scientific work on the nature of growth in a modern economy. But, "I am forced to engage in politics," he said, for moral, patriotic reasons. Elections (*vybory* in Russia, or "choices"), said Glazyev, really should provide a choice. Today, the choice is between "the inertial policy of serving the balance of power among various interests, which was established under Yeltsin," or an active policy of change in the interest of Russia. He said, "If we are heard, I believe that public opinion can change very quickly. I trust people to act in their own interest, and vote for me."

Glazyev stressed not only Rodina's highly publicized "natural rent" policy for raising budget revenues, by the taxation of natural resources exploitation, and spending the revenues on social needs. He said that Russia must "return property to the people" in other ways, as well. For example: "Restore property rights to people whose savings were stolen" by the devaluation of the ruble in 1992 (the year of 2,600% inflation). "If we don't do this, forget about property rights for a long time." Glazyev said he has a five-year program for restoring these savings, adjusted to the 1991 purchasing power of the ruble, on condition that those funds be spent on or invested in Russian-produced goods.

Glazyev devoted three-quarters of his opening remarks to



Sergei Glazyev

the dirty tricks launched against his campaign up to now—quite apart from fractures within Rodina over differing approaches to the Presidential race, which surfaced over the past month. He strongly denounced TV stories that attempted to portray fraud in petitioning for his candidacy, stories that had set the stage for a raid on Glazyev's campaign office in the industrial town of Izhevsk, by the local branch of the FSB security agency.

Russia's Mission

Glazyev's incisive remarks on what Russia should do for the world financial system came in reply to a question, as to how Russia's foreign policy could become more influential. He answered in terms that bear out Russia's identity as one of the few nations in the world, whose elite thinks as the leadership of a world power. He said that in order to have "increased influence on the world economic-political process," Russia must have, inside the country, a model of society that is attractive to other countries. Such a model must correspond to "Russia's historical mission."

Throughout history, Glazyev said, Russia has played a positive role, when its state policies for society corresponded to a historical mission. He said this was understood by Russian philosophers, including "those who developed the doctrine of Moscow the Third Rome" (the idea, emerging in the 15th and 16th centuries, of Moscow as successor to the fallen empires of Rome and Byzantium; for an important layer of Russian patriots, the "Third Rome" reference denotes an image of Russia as both unconquered, and uncorrupt). This should mean, according to Glazyev, Russia as a "just, humanist model of state organization," which is not feared because it has the nuclear bomb, but is attractive because of its qualities. "If we lose the moral ideal," he said, "then we shall have no influence."

The intertwined themes of economic revival and Russia's mission in the world have preoccupied Glazyev for a decade. Minister of Foreign Economic Ties in the first Yeltsin cabinet (1992-93), he quit in protest of the looting of Russia in the name of "reform" and President Yeltsin's abolition of the Parliament and Constitution in September 1993. Glazyev's 1998 book on what those reforms had done to Russia was titled *Genocide*.

In late 2000, at a Moscow gathering in memory of Russian Schiller Institute leader Prof. Taras Muranivsky, Glazyev said, "Nobody can bring financial speculators to sobriety. They will gamble till they drop. Therefore the appeal we find in the pages of *EIR* magazine, which Prof. Muranivsky also wrote about, is absolutely correct: that we must prepare for the moment, when the financial catastrophe will take place and the entire world will experience a vacuum of ideas, a crash of hopes, and a search for a new alternative. We should propose that alternative. And Russia, having already experienced the crash, should be working on that alternative today."

Six months later, in June 2001, Glazyev convened hearings of the Duma's Committee on Economic Policy, which

he headed, on "Measures To Protect the National Economy Under Conditions of World Financial Collapse." He invited Lyndon LaRouche to give the keynote testimony and introduced LaRouche to the Moscow press and a TV audience, at a press conference before the hearings. Today the approaches to financial reorganization and physical economic reconstruction, discussed on that occasion by LaRouche, by Academician Dmitri S. Lvov, and by Glazyev, are ideas whose time has come.

Documentation

Excerpts from the question and answer portion of Sergei Glazyev's press conference of Feb. 5 have been translated by EIR from the video available from RIA Novosti, www.rian.ru.

More specifically, the key priority today in world politics, where Russia could take the lead, is the formation of a new world financial architecture. Under the pressure of the excessive emission of dollars that has taken place over the past 30 years, the world financial and economic system is collapsing. It is close to a crash. This crash will deal an enormous blow to the entire world economy and finance.

For many years, I have been warning our banking and monetary officials that Russia's excessive dependence on the American dollar, the accumulation of our currency reserves in dollars, . . . was a shortsighted policy. That because of the inevitable devaluation of the U.S. dollar, the inevitable sagging of the entire world financial system due to the Americans losing control over the emission of their own currency—and today the world financial system is collapsing under the weight of this excessive supply of dollars—we should have freed ourselves from this dependence. If the Central Bank had followed my recommendations two years ago, we would have saved \$20 billion, which we have lost due to the devaluation of the dollar, which continues to be dominant within our national gold and currency reserves.

Today, only Russia could offer the world a transition to a new, just and reliable world financial system, which would be based on national currencies on the basis of equality. Each of the developed countries' national currencies would have equal opportunities to participate in world trade and economic turnover. The Americans' use, or rather appropriation, of the right to issue a world currency has undermined the stability of the world financial system. But nobody can issue a challenge to the Americans, to shift to a new architecture of world financial relations. The European Union is too dependent on the United States; moreover, in the structure of how political and economic decisions are made, the weight of the United States, strange as it may seem, is greater than that of any European country. China cannot issue the challenge, because China is too dependent on the American market, and China's \$300 billion in dollar reserves also deters it from acting along



Russian economist Sergei Glazyev, shown here with his book *Genocide: Russia and the New World Order*, is a Presidential candidate and former Minister of Foreign Economic Ties.

these lines.

Only Russia, at the present time, could 1) take active steps to transform the ruble into an international reserve currency, and 2) propose to all countries to shift to an equality-based, mutually beneficial system of financial and monetary relations, rejecting the use of the national currency of any one country as a world currency. We should get away from the excessive dependence of the world financial system on the currency issues of any one country, and shift to a system of equality-based financial and monetary relations.

This could be done in agreement with the European Union, as I proposed to Mr. Prodi when he was here for talks. I can say that, politically, the Europeans want this. And the Chinese want it, the Indians want it. In practical terms, it is possible to reach a consensus among a large group of countries and begin to move to a new world financial and monetary system that would be more stable, more reliable and more fair.

That is the first priority, which Russia could implement in world politics. After all, the pivot of world politics is world finance. And Russia's role could become very important here. . . . to define a principled position and achieve serious changes in the interest of the entire world community.

Asia Ponders 'Exit Strategy' From the Dollar

by Kathy Wolfe

While the world is asking for the truth about Vice President Dick Cheney's allegations of weapons of mass destruction (WMD) in Iraq, Asia's elites are asking: What is the truth about the state of the U.S. dollar? The dollar has so shrunk that during 2003 alone, Asian central banks had to buy over \$500 billion worth, just to support the U.S. currency's falling price. Their holdings of dollars ballooned to \$1.9 trillion, a growth of over 35% during the year. That money goes directly back into support of the U.S. bond and stock markets, effectively financing the American war and its trade deficit. This is an obscenity for Asia, since these dollar-support hundreds of billions could be used for domestic investment to raise the living standards of billions of people in the Far East.

The region's politicians and economists are charging their governments with mismanagement of the national savings, particularly now that U.S. Treasury Secretary John Snow has said that he wants to let the dollar drop further in Asia. This means every dollar will be worth far less tomorrow, than the price paid today. Since 2002, the dollar has already dropped 22% against Japan's yen, falling 12% just in the four months from September 2003 to January 2004. Japan now has an amazing \$741 billion in dollar reserves—which have *lost \$111 billion in value*, compared to the amount of machinery, for example, which the same cash bought 15 months ago inside Japan.

'Sword of Damocles' Over Dollar

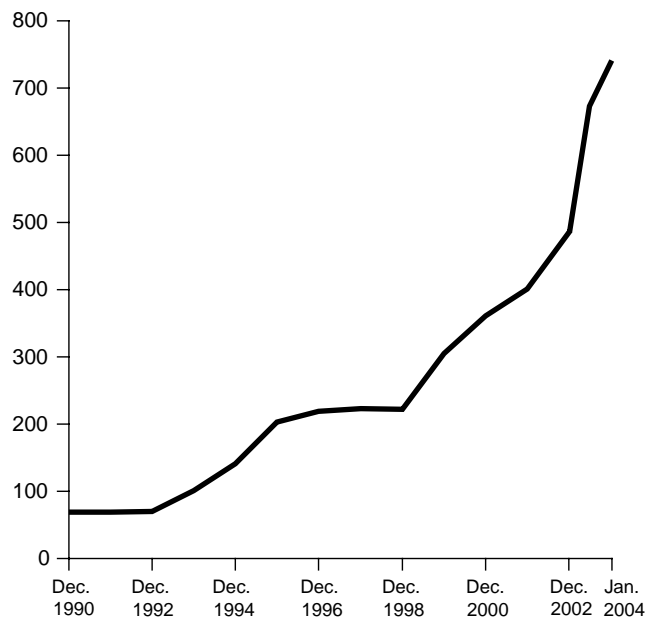
"Japan and the EU are concerned about the current weakness of the dollar, but the U.S. is quite satisfied with it," Eisuke Sakakibara, former Japan International Finance Vice Minister, told the *Japan Times* on Feb. 3. "We can't let this situation continue. We will not be able to maintain the same level of intervention for a few more years. . . . [We] will eventually have to think about how to exit from such a strategy."

Paper dollars are piling up so fast that the current strategy is simply unsustainable. The four top Asian central banks alone had to buy \$300 billion in 2003, and were holding \$1.5 trillion by end January 2004: Japan \$741 billion, China \$403 billion, Taiwan \$207 billion, and South Korea \$157 billion. This is double the amount the top four had just two years ago, and it will double again sooner. **Figure 1** shows, as an example, the almost logarithmic rate of rise of Japan's dollar reserves.

FIGURE 1

Near-'Logarithmic' Growth of Japan's Foreign Reserves

(\$ Billions)



Source: Bank of Japan.

The dollar in Asia, relative to real economies, is depreciating like the German Mark in 1923, which reached the point that a wheelbarrel full of paper Marks was needed for a loaf of bread. Without these Asian dollar purchases growing logarithmically, and reinvested back in the United States markets, the dollar will nosedive. This means that the Asians who are buying it, already know that they are throwing their money down the toilet bowl, since they can't continue this rate of growth in buying.

But so far there is no exit strategy, just threats of one. In fact, Asian officials continue buying dollars hand over fist. Rep. Edward Royce (R-Calif.) did, however, raise a warning in the U.S. Congress Feb. 11, asking Federal Reserve Chairman Alan Greenspan what would happen "if central banks in Japan and China, which are buying record numbers of U.S. Treasury bonds, began to sell." Greenspan laughed. "This is unlikely to create a particular disruption. Even though there are very significant holdings of U.S. Treasury instruments [in Asia] . . . it's still a relatively small proportion of aggregate competing securities, including private securities, which these markets integrate with." Greenspan is bluffing, but who will call his bluff?

No one yet, but the tension is building and for good reason. Japanese Finance Minister Sadakazu Tanigaki was grilled about his office's management of these huge sums of money

by opposition parliamentarians in the Diet Jan. 27, and again on Feb. 3, after it was announced that Japan spent a record Y20 trillion (\$189 billion) supporting the dollar in 2003—and another Y7.15 trillion (\$68 billion) during January alone, a record intervention for a single month. Tanigaki agreed "that it is necessary to study the future composition of reserves"; in other words, to consider holding fewer dollars. Tanigaki even added that "this might include a review of bringing Japan's gold reserves into line with much higher levels elsewhere."

"This occurs when Asian central banks are expressing strong interest in gold," the *Business Times* of Singapore said Feb. 2, calling the threat a "Sword of Damocles for the dollar."

At a press conference Feb. 6, Chief Cabinet Secretary Yasuo Fukuda was also asked how long this bailout of Washington would go on. "There are now concerns about an excessive increase in dollar reserves, since the depreciation of the greenback will result in exchange losses on assets held in dollars," the conservative *Yomiuri News* complained. First, we need to keep the yen low to sell Japan's exports, Fukuda replied, but further, "The U.S. government's procurement of funds for the Iraq war, and a huge tax cut, resulted in a sharp rise in U.S. debt, so if Japan cuts purchases of U.S. Treasuries, the U.S. must raise interest rates, which could seriously harm world markets." Thus, Japan appears stuck.

"This is an absurd situation," as the *Business Times* noted Feb. 3, "like a shopkeeper lending ever larger amounts of money to an important customer who is also a profligate spender, so that he can maintain consumption. The customer signs ever-increasing amounts of IOUs, and the shopkeeper has decreasing faith in these. But he cannot sell them so long as he retains his dependence on keeping the customer happy."

End Region's Love Affair

"All the Asian countries hold dollars for security reasons, but at some point, this has to end," Zhu Min, general manager and advisor to the President for the Bank of China, China's largest and oldest foreign-exchange bank, told the Davos World Economic Forum Jan. 23. *China Daily* quoted him: "There is a love affair. But everybody knows that this love affair has to end. The United States is benefiting from China using its trade surplus to buy U.S. Treasury paper as a reserve currency, along with other Asian nations. But in the long run, this is not sustainable. . . . China will focus more and more on domestic demand, which is growing fast. Then we won't be able to finance the U.S. deficit. We cannot keep exporting our goods at a growth rate of 30%."

China, like Japan, is talking big but doing nothing to rock the boat so far, as Russian Presidential candidate Sergei Glazyev noted in taking the initiative Feb. 6 (see page 6). U.S. Treasury data show China's purchases of U.S. bonds rose in the last quarter of 2003. Beijing plans to use about \$85 billion of this U.S. debt to recapitalize China's state banks; but while the ownership of the bonds will move from the Finance Minis-

try to the banks' books, they still can't be sold, without placing a huge upward pressure on China's currency.

South Korean, Taiwanese, and Thai officials, however, are quoted in the *Wall Street Journal* Feb. 5 describing concrete plans to diversify foreign reserves into other investment, especially domestic improvements. "Korea needs to invest its foreign currency reserves more effectively," said a top Seoul Finance Ministry official. Next year the ministry will establish the Korea Investment Corp. (KIC), to which it will start diverting \$20 billion a year of its foreign reserves. KIC, in turn, will place the funds with private Korean firms which manage foreign assets, which would be allowed to move the cash into other currencies and instruments to earn a better return.

In Taiwan, the central bank "has accumulated too much in dollars," a minister told the *Journal*, "which may not be an efficient use of our resources." Taiwan plans to start converting the dollars back into domestic currency to help local companies buy machinery and patents overseas to build up new industries. Even Thailand has begun a program to use \$7 billion in dollar reserves annually to pay off its debts.

Eurasian Alliance Needed

"Countries in the region might take a fresh look at their management of reserves and foreign exchange policy," the Asian Development Bank wrote in a December report. At the BIS Special Governors Meeting of Asian Central Banks in Hong Kong Feb. 7-9, this question was repeatedly raised.

The last time debate about the ruinous effects of the dollar-based IMF system broke out, during the 1997-2000 "Asia crisis," governments acted to create the "Chiang Mai Initiative" for a new regional currency regime. But all this was silenced on Sept. 11, 2001, since which time Cheney and the neo-cons have insisted that all criticism of the dollar system is treason to the "war on terror." After the Iraq invasion, many Asian nations have felt it best to shut up and act like well-behaved piggy banks, rather than risk ending up in the next war zone, somewhere near the Korean Peninsula.

The only exit strategy grand enough to work, would be not an East Asian, but a Eurasian-wide alliance for a system of new financial and trade treaties, including Russia, India, and Western Europe. The initiatives from Russia and Italy for a New Bretton Woods monetary system need careful study in Asia. American Presidential pre-candidate Lyndon LaRouche, author of the New Bretton Woods plan, says that only if all Eurasia acts together can a change be effectuated. LaRouche presented Eurasian initiatives to reorganize the bankrupt IMF system, in Moscow last year (see *EIR*, Oct. 23, 2003); the dollar crisis' effects have drastically worsened since then.

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Argentina vs. IMF: 'Test Issue' for U.S. Leaders

by Cynthia R. Rush

Democratic Presidential pre-candidate Lyndon LaRouche is warning all American political leaders that deranged international banking factions, intend to "transform Argentina into another Auschwitz," to collect \$99 billion in unpayable foreign debt on which the country defaulted in December 2001. LaRouche said on Feb. 12 that the International Monetary Fund's behavior "under Horst Köhler, in the case of Argentina, constitutes a witting intent to commit genocide—as witting as was Himmler in the case of Nazi genocide. This willingness to commit outright genocide is a telling proof of the present state of mind of the leading financier interests who are in power in the IMF." This makes the Argentine situation "a test issue for all of the individuals running for the Presidency of the United States," who will have to take a clear stand on this Argentine crisis: Will they be tools of the IMF genocidalists against Argentina, or take a stand against this mass murder as LaRouche has?

The candidate placed this Argentine test struggle in its international context: "As we go into the endgame phase of the disintegration of the present floating exchange rate world financial and monetary system, the most essential issue on the table, increasingly is: Will there be an orderly bankruptcy reorganization of the Federal Reserve and IMF system, under the principles of the original 1944 Bretton Woods, or will there be mass genocide—the consequence of putting the bankers in charge of the reorganization?"

The Group of Seven industrialized countries, the IMF, World Bank, and synarchist financial interests in London and on Wall Street have declared war on Argentina. Infuriated that President Néstor Kirchner proposes to restructure \$99 billion in defaulted bonds with a 75% writedown, they are using every form of blackmail and threat to bludgeon him into backing down. They are feverishly demanding Argentina *must* pay the unpayable, killing its own people to do it.

That Argentina is still suffering from the effects of the economic collapse that followed the January 2002 peso devaluation, is irrelevant to these usurers. The IMF and allies argue that Argentina's alleged "recovery" (officially it grew by 8% last year) means that it should increase its primary budget surplus (the amount set aside to pay debt) to 4.5% of Gross Domestic Product, instead of the current 3%. In fact, there has been no recovery, except for slight increases in a few sectors' production from import substitution, stemming from the peso devaluation and the inability to purchase imports. Nothing has been done to address the ruin of the physical



At the center of a battle: Argentina's President Néstor Kirchner is urgently addressed by LaRouche Youth Movement activists in Washington, D.C. If Kirchner stands against the IMF attack, the Fund is in much more desperate straits than his Argentina, or Brazil.

economy, and poverty levels remain at 55%. Children still starve to death in a country once known for its food production. Unemployment is officially 21%, and the collection of recyclables, exchanged for food or other barter items, is still a major "growth industry."

The 'Institutions' Support the Vultures

That these global institutions are mobilized to defend the predatory vulture funds, which hold a sizable portion of the \$99 billion, goes to the heart of the bankruptcy of the global financial system. The vulture funds are nothing more than dirty speculators in unpayable debt, profiting from the looting of nations by an indebtedness forced on them through the IMF. Speculating on Argentina's debt in late 2001, the vulture funds purchased the country's badly depreciated debt paper right before its default; now they insist on payment for their fraudulent "investments," suing Argentina and trying to seize its assets to get it.

On Feb. 9, right after G-7 Finance Ministers held their meeting in Boca Raton, Florida, the Cayman Islands-based NML Capital Ltd., a vulture fund that claims Argentina owes it \$172 million, succeeded in getting courts in Maryland and Washington, D.C. to place a lien on 15 properties belonging to the Argentine government. The Buenos Aires stock market immediately plunged by 8%. The properties include all diplomatic residences, the mission to the Organization of American States, and four storage depots containing Air Force and Navy military equipment. Only the Washington embassy itself has been spared. Argentina is appealing these actions, labelling them illegal and in violation of the Foreign Sovereign Immunities Act. Because these court actions were *ex parte*—secret—the Argentine government was not notified, and therefore could not file an injunction. On Feb. 12, it filed an official complaint with the State Department, protesting the action of

the U.S. courts.

So far, the Argentine President has held his ground. In a Feb. 10 speech in the city of San Nicolás, he responded forcefully to NML's legal action. "We want to be integrated with the rest of the world, but it is also time for that world to put the brakes on the vulture funds and on the insatiable banks that want to continue profiteering from an Argentina that is broke, and in pain, and needs a hand of solidarity from the world so that it may rise up again." Were Argentina to pay more than the 25% it has offered to bondholders, "we would pay as we did in the decade of the 1990s, which would be a *new genocide* against the Argentine people that we cannot ever allow again."

After the years of wholesale looting and destruction they suffered under the 1989-99 free-market regime of former President Carlos Menem, and his successor Fernando de la Rúa, the majority of Argentines support Kirchner for asserting that the interests of the country and its people come first, *before* payment of a foreign debt that most consider illegitimate in any case. When he became President, Kirchner said, "I said that I was not going to lie to Argentines, and I proposed, for all of those who suffer . . . not to waver or lie, but to tell the truth. I want to hold my head high . . . If you elected me President, I must have the courage, and whatever it takes, to defend this beloved nation and our interests."

Argentina, IMF at a 'Punctum Saliens'

Will Kirchner follow through, or capitulate to increasingly brutal pressures? Last Sept. 5, Argentina defaulted on a \$2.5 billion payment to the IMF, but paid the money the next day after getting assurances that the Fund would sign an agreement, whose conditionalities were not considered too onerous. LaRouche noted at the time that Kirchner could have brought down the whole system. The LaRouche Youth Move-

ment (LYM) in Argentina is mobilized not only to support Kirchner, but to challenge him to go further. The LYM issued a Feb. 9 open letter to the Argentine President, citing LaRouche's "Auschwitz" warning, and urging Kirchner to break decisively from the IMF. This, the LYM letter emphasized, would lay the basis for creating a new world order based on LaRouche's New Bretton Woods and Eurasian Land Bridge proposals.

"The policies of adjustment and looting imposed by the IMF and the 'vulture funds' on the concert of nations, have forced us aboard a 'Titanic' which is on the verge of sinking, taking with it the economies of all countries," the letter warns. "While it is true that, by acting in this sovereign manner, Argentina will run the risk of possible embargo of some of its assets abroad, . . . acceding to the demands of the IMF and the vultures means an embargo of *the entire nation*, of its wealth, its very sovereignty. . . ." The world is at a "*punctum saliens*. . . . The enemy is losing its strength, because its system is collapsing. The moment to act, to bury this moribund economic order is at hand."

Kirchner was offered the full support of LaRouche and his international movement if he defies the IMF. The LYM is already using its weekly hour-long radio program, "The Power of Truth," to broadcast LaRouche's analysis of the situation, and mobilize broader sectors of the population into action. On Feb. 5, the LYM interviewed *EIR* Ibero-America editor Dennis Small on LaRouche's Presidential campaign; on Feb. 11, its guest was Judge Julio Cruciani, who had just issued his own open letter calling for Argentines to mobilize in defense of sovereignty, against the "common danger" of the foreign debt. Cruciani called all patriots to Argentina's defense "to prevent genocide." Other LYM chapters in the United States, Mexico, Peru and Colombia are also mobilizing demonstrations of support in front of the Argentine embassies, and in Washington, against the IMF.

A 'Financial Malvinas War'

Today's warfare against Argentina is not unlike Britain's 1982 Malvinas War: then, at the height of Ibero-America's debt crisis, NATO was mobilized to crush Argentina militarily. Its defense of sovereignty unleashed a continent-wide revolt that went well beyond the issue of the Malvinas. It threatened the financial structures of usury and indebtedness, through declarations of debt moratoria. In his historic *Operation Juárez* document, written that same year at the request of Mexican patriots, LaRouche called for a "debtors' cartel," and outlined programmatic proposals by which Ibero-America could become an industrial powerhouse.

Today, the same synarchist financial forces are again out to crush Argentina, but now in a global economy that is blowing apart, and an Ibero-America devastated by 20 years of free-market looting. So precarious is the global financial system, and so great the fear of collapse, that any form of resistance has to immediately be smashed. As Martin Wolf of London's *Financial Times* ranted in a Jan. 28 column, Argen-

tina's behavior is dangerous because it sets a bad example for other governments that are trying to "implement deeper reforms."

Kirchner's defiance of the IMF has sparked total hysteria. Exemplary was the Jan. 30 commentary in the *Wall Street Journal* by resident fascist Mary Anastasia O'Grady. Whatever happened to the good old days of "gunboat diplomacy," she complained, when the debt of countries like Argentina could be collected by force? Both O'Grady and the *Times*' Wolf urged the IMF not to approve the second review of its loan accord with Argentina, unless Kirchner promises harsher austerity, to generate funds to pay more debt.

During the Florida G-7 meeting, Argentina's lack of appropriate submissiveness, and its failure to negotiate "in good faith" with the vultures, was a major topic of discussion. In its final communiqué, the G-7 demanded Argentina "implement policies in line with its IMF program. Argentina should engage constructively with its creditors to achieve a high participation rate in its restructuring." Anonymous G-7 sources in Boca Raton told reporters that unless Argentina makes a more acceptable offer to bondholders, allows privatized utility companies to raise rates, and imposes more "structural reforms," it will face "isolation" from the international community. Two days after the G-7 meeting, on Feb. 9, IMF Managing Director Köhler met with Argentine Finance Minister Roberto Lavagna for five hours to tell him that "good faith" negotiations with bondholder vultures was *the* issue on which Argentina had to heel.

According to the existing loan agreement, Argentina must adhere to the IMF's conditionalities and make payments promptly when they are due. On the books, Argentina will stay current, but the Fund will immediately reimburse it the amount paid by a rollover agreement.

But the threat the Fund is now wielding, also brandished by G-7 officials at Boca Raton, is this: If Argentina doesn't buckle and make the vultures an offer with a smaller write-down, the Fund won't approve the second loan review scheduled to take place this month, upon which rollover reimbursement depends. The Fund purposely delayed the first loan review, originally scheduled for last December, until late January, which also delayed the disbursement of a \$350 million tranche. When the IMF executive board finally did vote on the review on Jan. 28, the United Kingdom, Italy, Japan, and five other members abstained, to express their displeasure with Argentina's "arrogance" with its creditors.

But, as the daily *Clarín* asked on Feb. 5, were Argentina to default to the IMF, "who would be the big loser, Argentina or the IMF?" Kirchner actually has in his hands, as he did last September, the power to bring down the IMF altogether. He has already said that if the Fund doesn't approve the loan review, and guarantee reimbursement of the \$3.1 billion, he won't dip into the country's reserves to make the payment. It has escaped no one's attention that an Argentine default to the Fund could bring it down, since the country accounts for 16% of the IMF's total debt.

Brazil's Congressman Dr. Enéas Speaks Out

by Dennis Small

In June 2002, Lyndon LaRouche visited Brazil for a week, holding public and private meetings where he emphasized the fragility of the global financial system and the implications for Brazil. As the newspaper *Monitor Mercantil* reported on the front page of its June 17, 2002 edition, LaRouche underscored the urgency of immediate action, because the crisis “could explode in Brazil as early as the first quarter of 2003,” since “nearly 30% of Brazil’s public debt is made up of bonds indexed to exchange rate fluctuations,” i.e., to the U.S. dollar.

The Brazilian government paid out staggering amounts on its public debt in 2003. Despite the generation of a Primary Budget Surplus of over 66 billion reais, the government had to make interest payments of more than *double* that amount: 145 billion reais (nearly 50 billion dollars). That was 40% of the entire government budget, and a full 10% of the country’s GDP!

Once in office, the government of Luis Lula da Silva deep-sixed its anti-IMF electoral rhetoric of 2002, and used its popularity to impose austerity policies so draconian, that Wall Street cheered. Its primary budget surplus was 4.38%, even higher than the IMF’s demand, achieved with brutal cuts in expenditures on infrastructure, health, education, scientific and technological development, the space program, military and security forces, etc.

And yet despite this bloodletting, the total public debt grew from 881 to 913 billion reais over the course of 2003. As a percentage of GDP, the public debt grew from 55.5% in 2002, to 58.2% in 2003. This is the highest level in the modern history of Brazil; it is a near doubling from the level of 30% it was at about a decade ago, in 1994.

As the staid daily *O Estado de Sao Paulo* recognized in shock, in a banner headline across its economics page on Jan. 31: “Record Surplus Is Insufficient to Pay Interest.”

On cue, Brazil’s Country Risk rating rose from under 400, to 570 points in the last three weeks—a clear threat of worse to come, if the government doesn’t perform as demanded by its creditors.

Anti-IMF Congressman Targetted

LaRouche was invited to Brazil in 2002 by Dr. Enéas Carneiro, a prominent cardiologist and the head of the PRONA party (see interview below), whose associates in the São Paulo City Council formally made LaRouche an “Honorary Citizen” of São Paulo. Dr. Enéas praised LaRouche’s work: “What most impresses me about Mr. LaRouche is his

concern for social questions, poverty, and the destiny of humanity. Mr. LaRouche defends, in the United States and the world, the same ideas which we, in PRONA, defend here in Brazil. . . . Thank you very much, Mr. LaRouche, for your presence here in Brazil, and for all that you represent for all mankind.”

In October 2002, Dr. Enéas was elected to the Brazilian Congress with the largest Congressional vote total in Brazil’s history—some 1,570,000 votes. According to Brazilian electoral regulations, that vote was enough to place not only Dr. Enéas in office, but also five other members of his PRONA party.

Even before the new Congress was seated, in February 2003, all hell broke loose against Dr. Enéas, whose ideas were clearly considered dangerous by the international financial oligarchy and their representatives in Brazil. Slanders against him were published in many international and Brazilian publications, and a corruption scandal was orchestrated against PRONA, with threats of legal action against Dr. Enéas and his associates. None of these accusations ever prospered; but the bankers had delivered their message.

Dr. Enéas was not impressed. In his first speech before Congress, he called on newly elected President Luiz Inacio Lula da Silva to act on the crisis: “Fabulous fortunes on the order of 1 to 2 trillion dollars circulate daily from one point of the planet to another, by means of computer pulses. Of these, barely some 2-3% correspond to commercial transactions. The rest are *pure speculation*, with no correspondence with the physical world, as has been pointed out by the renowned American economist and thinker Mr. LaRouche, in the weekly *Executive Intelligence Review*. . . . Your Excellency has in your hands an opportunity without equal in the history of Brazil. . . . *Order* that, by unilateral rupture, no



Brazil’s President Lula da Silva: What more can he cut? Draconian measures to produce an unprecedented “primary budget surplus” for international debt payments, have not even made a dent on the interest, while the principal has kept growing usuriously.

more interest payments will be made on the Public Debt, the which reached 114 billion reais in 2002. This must be done, and it is almost already too late, because the total Public Debt, including both domestic and foreign, grows like a malignant tumor, and has already passed the astonishing level of 1 trillion reais. . . . Your Excellency will be followed by all the Brazilians who lifted you into your current position.”

Over subsequent months, the media blacked out Dr. Enéas’ speeches from the floor of Congress, despite their significance. And four of the five congressmen elected as part of the PRONA slate were pulled away—“co-opted by the Executive branch.”

He nonetheless maintained his attacks on the International Monetary Fund system. On Feb. 18, 2003, he stated that Brazil’s indebtedness “is the central question from which all others flow. And on Aug. 21, 2003, he asserted that “the only solution is a rupture with the international financial system, but not a trade rupture. What I am proposing is a rupture with the IMF, with the World Bank. . . . Rupture! For that, you have to have courage. Courage which His Excellency, the President of the Republic, has not had. Only in that way can we think of being a free and sovereign nation, that can portend a better future for our children.”

Interview: Enéas Carneiro

LaRouche’s New Bretton Woods Is ‘Sensational’

Dr. Enéas Carneiro, a Federal deputy in Brazil for the PRONA party, granted the following telephone interview to Dennis Small—Ibero-American editor for EIR—on Feb. 9, 2004.

EIR: Dr. Enéas, what’s happening today in Brazil?

Enéas: The Executive branch has monolithic control over Congress. This means that all the measures that the government, the Executive, wants to implement, they get, because they have an absolute majority in the Congress.

This is what happened with social security reform, which worsened the crisis, by taking resources back from the retirees, from people who had already paid into the system for their entire lives, and who now have to continue to pay. And by taking a series of measures that seek—or rather sought, because they have already been approved—to fill the coffers.

The truth is, that the social security reform did not reform anything; it was done to pit the population against a small number of individuals, public officials who have generally

very high salaries. Using that fact, they carried out a bigger operation, to take away money and rights which the retirees had won. The number of years required [to get a pension] increased—the average length of contribution [to the system]—and on top of this, they imposed taxes on these earnings. In other words, the social security reform didn’t reform anything: it merely got more resources for the Treasury, so that they could make the interest payments on the public debt. The so-called real interest rates [in Brazil] are already the highest in the world—not the nominal rates, but the real interest rates. That is the “first reform.”

The second reform, the tax reform, was worse still. Because the tax reform increased the tax burden. On balance, it significantly increased taxes.

If we look at the picture in 2002 and in 2003—there is a graph that I did—one can clearly see the wage share of national income had been falling since 1964, when the military coup took place, when that percentage was on the order of 62.5% of national income. At the close of 2002, when the Fernando Henrique Cardoso government ended, that percentage was 36.2%. A substantial drop in those 38 years! And now, in the first year of the Lula government, the curve is dropping even more sharply, because we have fallen from 36.2% to 31.5%. That is, we have fallen nearly five percentage points in one year of government.

Why? How does one explain this?

Because the tax burden on businesses is growing, and they are cutting back on wage increases. The pie stays the same size. If they have to pay more taxes, wages are necessarily going to shrink. So the government that we have now, at least in this regard, is worse than the preceding ones.

Some would argue: “But before, they carried out privatizations.” Yes; but we don’t know what this government would have done, had we had it earlier. It might have been even worse.

So, that’s the second scenario.

Also, with regard to the tax reform, taxes were added onto practically every kind of operation. This yielded gigantic revenues of more than 80 billion reais; and that, with a single increase from 3 and a fraction, to 7%. Some of the megacompanies, the big companies, benefitted from this, but the medium and small companies all suffered, with their tax burden rising once again.

In addition to this, Congress approved the disarmament statute. By decree, the civilian population had to give up its weapons. Now, if you are stopped on the street and found with a weapon, you have committed a crime for which there is no bail. But the weapons of the marginalized, of the criminals, are not registered. And despite all the efforts of a small group of Congressmen who wanted to stop it, the statute was approved in its entirety.

Also, our situation—from the standpoint of Congressional action—is very sad, because the executive took several Congressmen from me. I had with me, as you will recall, five



Congressman Dr. Enéas Carneiro with Lyndon LaRouche in São Paulo's City Council in 2002. "At the moment that Brazil, being the power that it is, a de facto continental power . . . issues its cry of independence, it will be instantly followed. And then it will be much easier, even to bring about negotiations for a New Bretton Woods, which is Mr. LaRouche's idea."

Congressmen, who came in with my vote—I had 1,570,000 votes.

EIR: Yes, I remember. The highest vote for a Federal Congressman in the history of Brazil.

Enéas: In the history of Brazil. And that brought in five other Congressmen with me. Of those five, four have left my party, co-opted by the government. They are not in the government party, the PT, but they are in other parties that are part of the government coalition. That is, in plain language, they were co-opted by the Executive branch.

EIR: It is clear that there is a certain fear over the message that you have brought to the Congress. You are known throughout Brazil for your famous phrase during your first Presidential campaign: "My name is Enéas." But there is an-

other expression, which is almost as well-known, which people identify with you: "Rupture, now!" Why do you say that a rupture with the International Monetary Fund system is necessary?

Enéas: I have said—and I know you have heard me say this on several occasions—that I see no way out under the current model. Let's look at the government's official figures.

According to the official numbers for 2003, government spending averaged some 12.5 billion reais a month [on interest payments], which comes to about 150 billion reais a year. That is nearly half the Federal budget. That is absurd; it is unthinkable. There will be no money left for *anything*—not for public schools, hospitals. So, there is no way out.

And there is no end to these interest payments. After paying all that interest, one need only look at the public debt, which kept growing, under the government of Mr. Luiz Inacio Lula da Silva. The publicly-held domestic debt, alone, which are the bonds held by the market, which they say are held by the public, totalled 50 billion reais when Fernando Henrique Cardoso took office in 1994. When he left office in 2002, it was a little over 700 billion.

So, the interest is paid, and the debt increases, because it is impossible to pay all the interest, and a part is of it transformed again into increases in the debt.

EIR: It is what we at *EIR* have called "bankers' arithmetic:" The more you pay, the more you owe.

Enéas: Right, the more you owe. And there is no end in sight. I was at a conference today, which was not political, but a science conference at a university, about some scientific ideas. But when I left, I spoke with the directors and the deans about political and military issues. I showed them that there is no way out. Crime is brutally rising, unemployment—Let's look at this, another terrible index.

The government says official unemployment is 12.3% of the Economically Active Population (EAP). These are current figures, which calculate the EAP at around 80 million people, out of a total population of 170 million. 12.3% of 80 million is more or less 10 million unemployed. That is a frightening number. But even that number is presented parsimoniously. Why? Because it not true. One must note that the IBGE—the agency which issues the official statistics of 12.3%—when it does its field census, only considers as unemployed those people who have been looking for a job in the past 30 days. But many people, after being unable to find a job, stop looking. So they no longer appear as unemployed.

EIR: Exactly. That's a statistical trick that is used in many countries, including in the United States as well.

Enéas: Isn't that the truth? And so, that way, unemployment is minimized. Real joblessness—I have a serious, careful study of this—I can prove that real unemployment is 25% of the EAP. That is, one out of every four people in the EAP are unemployed. It is the rare family where no one is unem-

ployed—whether the family is middle class, lower middle class, or poor. It is a truly distressing situation. There is desperation.

And now, when the pensioners, in just a few months, begin to have 11% deducted from their benefits—the pensioners!—begin to pay taxes, since the retiree helps out the young people who are unemployed in the family—they always help—then things are going to get worse. It seems to me that the government is now starting to deteriorate, despite all the optimistic speeches by Brazilian officials, speeches which are no different from those in other countries.

EIR: Yes, there is a lot of concern behind the smiles, not only in Brazil, but in many other places.

Dr. Enéas, in mid-2002, you invited Lyndon LaRouche to São Paulo, Brazil, so that the City Council there could make him an honorary citizen of São Paulo, and so that he could speak about his solutions and his proposal for a New Bretton Woods—which also involves breaking with the IMF. What do you think of those ideas that LaRouche raised, and the alternatives available to the world at this time?

Enéas: The idea is excellent—the idea that all countries should sit down at the table, led by some countries, such as Russia, and reach a healthy consensus, a formula for healthy coexistence, with a new currency, given the bankruptcy of the dollar standard. One could say that this is a lovely idea.

Now, regarding the feasibility of bringing it about, that is where I have doubts. Because, you gave me new information today, where you said that bankers, individuals at high-levels of finance, are beginning to admit that the crisis is already here, but they do not accept LaRouche's solution. Isn't that so? They accept the diagnosis, but not the cure. Isn't that what you just told me?

EIR: Right, that's what they are thinking now.

Enéas: So, my thesis is this: the diagnosis is already *virtually* undeniable. But they don't want to lose. The moment there is motion towards a new system that would put the international economy on its feet, and allow countries with great labor potential, a large labor force like ours and others, to participate equally—to the extent this were accepted, it would be beautiful. I have my doubts that this will come to be accepted.

That is why I propose a rupture, not just with the IMF, but also with the World Bank. Look how the World Bank, over the last five years, for every dollar that they placed here, got 1.4 dollars back. What interest do we have in such "help" from these organizations, to which we already owe so much? The truth is that they don't give any help at all.

So that is why I propose rupture: because of that. We will face a period of difficulties, a period in which we would not be able to import computer chips, perhaps; but we have our own quartz. It would be a difficult period, but there would be light at the end of the tunnel.

Mr. LaRouche's idea is sensational. I don't know if it is

feasible. You know the international picture better than I. I don't know. I see how, from a theoretical standpoint, it is the best way, what should be done.

EIR: Fortunately, there are people in several countries who understand that that is the only solution, and recognize as well what you say: There are difficulties when there is a break with the IMF, but if there is not a break, the situation is even worse. In the case of Argentina, for example, if they break with the IMF, there could be a seizure of some Argentine assets abroad; but if they *don't* break with the IMF, the whole country is going to be embargoed.

Enéas: Well, there is a popular saying: "If you stand still, the bugs will eat you; if you run, the bugs will bite you." Well, we are now in a situation where the victim is going to be assassinated, and has to choose: with one bullet, or two.

Because the situation is really distressing. With every year that goes by, with every month that passes, things are getting worse. Look at the crime levels; look at the general insecurity in our country. I don't know what it's like for you in the United States, but here, it is terrible. When people go out on the street, they wonder if they are going to return in one piece. It's as if we were already in a civil war. This isn't presented by the media, which only shows that everything is just fine, that the country is growing.

EIR: What do you think of the recent statements by Russian economist and Congressman Sergei Glazyev, where he spoke of the need to establish a new world financial architecture?

Enéas: It is most agreeable to hear that from a man who is an elected congressman, a legitimate representative of the Russian people, and who, I am told, will be a Presidential candidate in Russia.

The model opposed to IMF, of the international financial system is, I would say, the model that should be adopted. And so, I am very happy with his statement. I would like to be able to talk to him someday, because as the moment of the crash approaches—which will be much worse than what happened in 1929, much worse—so too the moment approaches when those voices will be heard. So, I liked it very much. I fully agree with him: a new financial architecture is the way to go.

The problem is, and it is the problem before us now, how to bring about that architecture? How? What *de facto* power do we have to be able to impose this on Wall Street and the City of London? What *de facto* power?

I had that huge vote, an overwhelming vote. But what can I do in the Congress, once my Congressmen were co-opted by the executive power; in light of what happened with those I brought to Congress, with my votes? So, it's complicated. I don't know the answer. I know that I am a soldier ready for battle, but I don't know what to do. I know what I would do if I became President!

EIR: That is also why LaRouche is a Presidential candidate in the United States. The fact is that solutions other than the

ones he proposes, simply do not work. And at a certain point, that reality will impose itself.

I would like to ask you, in this international context of such a serious crisis and of growing opposition to the current system, what role should Brazil play in international politics? Who should be your strategic allies? What can be done with other countries, including the United States?

Enéas: I believe in searching for ideas that are in tune with each other. Who else thinks as we do, who has already reached the same diagnosis? And when I say diagnosis, *we* are thinking that way. But the President of Brazil doesn't think like this. Mr. Lula thinks that everything is fine: distribute a little to the base, as in his Zero Hunger program, and he thinks that this is solving problems. But meanwhile, he is demarcating Indian lands, creating more and more conditions of conflict.

I think, for example, that contact with Russia is fundamental; contact with China (which I haven't yet visited); with the Malaysia of Dr. Mahathir. That is, a unity of these persons around a common idea could, I want to believe, at a certain point, unleash some kind of international movement that *could* catch on. I am not saying that it *will* catch on.

In truth, when Mr. Bush invaded Iraq, I gave a speech from the floor of Congress, asking President Lula to seize the opportunity to present Mr. Bush with new conditions, not to sign the letter of intent [with the IMF] that he has now signed. I took the opportunity to send a message. But he turned a deaf ear.

I don't think that the needed contact is between the President here with other presidents, because this President is aligned with what now exists. It seems to us that he is a puppet, that he follows whatever his civilian Chief of Staff José Dirceu says. It appears that the person in control is Dirceu; *it appears*. I don't have more evidence.

To sum up, I think that that movement of unity could bear fruit: a union with Russia, and perhaps, who knows, with some forces that even exist in the United States. You are there; I want to believe that you are not all alone. If you were alone, you wouldn't be able to have that movement. Some groups in the world have been able to reach agreements.

And perhaps that work of ours is a work of resistance, like the resistance of Charles De Gaulle against the Nazi occupation. It is, perhaps, a view less comprehensive than it should or must be.

Understand: I am in my country, and do not have international impact. Here, my hope is, that some opposition party, for its own reasons and perhaps not even thinking deeply on the matter, will want to put me forward as a Presidential candidate, giving me what I need. And that party may want something, some horse-trading. I'm prepared to negotiate; I have already spoken with leaders. I am prepared to negotiate, if needed.

The moment Brazil kicks over the chessboard, it would be followed by an enormous number of countries. But it is necessary for Brazil to issue its cry of independence. At the

moment that Brazil, being the power that it is, a *de facto* continental power, and with all the characteristics you know, that make us a very rich nation, in natural resources, the moment that Brazil issues its cry of independence, it will be instantly followed. And then it will be much easier, even to bring about negotiations for a New Bretton Woods, which is Mr. LaRouche's idea.

It is necessary for someone to take the lead. Because we are a movement which has not been in power. Fine, I am a Federal Congressman. But I don't hold power. The power of an elected representative is small. Sure, I give speeches from the floor of Congress, and the media doesn't cover them. They all block me.

But, getting to the Presidency of the republic: that is different.

EIR: Mr. LaRouche is building a youth movement, of young people, which is causing a political and scientific explosion in the country and in the world. He has based this movement on the 1799 paper by Gauss on *The Fundamental Theorem of Algebra*.

I remember that you gave a speech at the São Paulo City Council in 2002, expressing your amazement at the way LaRouche spoke about the catenary.

Enéas: That's right!

EIR: And now he is building an entire youth movement based on the search for scientific truth, that seeks to change the world around that idea. What do you think, philosophically, about this question of the role of youth, and truth, in politics?

Enéas: I am an enthusiast for this, an *enthusiast!* I have some difficulties, for now, putting that into practice—difficulties of a financial nature, and other sorts. But I agree fully. Because young people—of course, we are talking about youth who have had access to education, who are in a position to understand that message. We can't talk about our young people who sadly are still floundering at the primary or pre-primary level of instruction. You know that education in Brazil is in terrible, terrible, terrible shape.

But I fully agree. Further ahead, I have to participate in a process similar to that. Once thinking leaders move the multitudes—because the masses never made a revolution, they were always led. I want to believe that leaders will emerge from that collection of youth. I fully agree with the ideas and the articles and magazines you have sent me.

I am not yet able to do that; I lack the resources. But further ahead, I will do so.

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World's Worst Housing Bubble Menaces Britain

by Mary Burdman and Lothar Komp

The crisis over the British Prime Minister Tony Blair's disastrous Iraq war policy is pushing him closer and closer to the political brink; but Blair would be lucky, were this the only problem looming over his government. The proverbial "second shoe" hanging above Downing Street, is the enormous debt bubble otherwise called the "British economy." Britain is suffering from the world's worst speculative real estate bubble, as City of London insiders have affirmed to *EIR*; housing prices have doubled in less than a decade. On top of this is the huge morass of personal debt which—as the Bank of England, the Financial Services Authority, and Members of Parliament have been warning since last Summer—threatens to ruin millions of people.

Blair's "New Labour" government has followed the destructive path of free-market Thatcherism. Chancellor Gordon Brown may be attempting to challenge Blair's leadership, but his own political position, based on the alleged "stability" of the British economy, is hardly to be envied.

Awful as the U.S. real estate is, the British one is worse, given the size of the country. As of the beginning of February, the average price of a what is classified as a "first home" had broken through the £100,000 barrier, Halifax Bank announced. (The pound is now worth \$1.86.) Prices paid by first-time buyers have risen 22.6% in the past year to over £101,747, Halifax stated, and they went up another 2.2% in January. Overall, house prices rose by 16% over 2003. Other mortgage lenders are claiming slower price rises, but that means prices rose "only" by 14.3%.

Last year, first-time buyers were forced to borrow—if they could—more than *four times* their yearly salary, on average, to buy a home. Key public sector workers, such as nurses, teachers, firefighters, and police officers, are simply being priced out of the housing market. In half of all the towns and cities of Britain, such vital workers cannot buy a first house. The average house price is six times the average salary of nurses and firefighters.

Southeast England has long been the worst case, but northern England and Wales are not far behind. There, although house prices are lower, they were rising at almost twice the rate of the Southeast during late 2003. In Wales, house prices went up 25%.

Over two-thirds of Britain's "net worth" is in this huge real estate bubble. At the end of December, the British Office for National Statistics reported its findings, that Britain over-

all is worth £4.983 trillion, but 55% of that—£2.7 trillion—is the "value" of British homes. The second biggest chunk, £565 billion, is the "value" of commercial and public property.

Just ten years ago, in 1994, residential property was worth less than half its current value, "only" £1.2 trillion. Britain's net worth then was £2.8 trillion.

Martin Weale, of the National Institute of Economic and Social Research, warned the *Guardian* on the consequences: "Sharp increases in house prices crowd out productive investment. The country as a whole cannot become better off by pushing up house prices, whereas it can by building roads and factories." Sharply rising house prices mean new generations will not be able to afford houses, he said. "It's paying for the present by robbing the future."

The British government is also deeply in debt, with a net worth of *minus* £124 billion. Until 1980, Weale said, "the government owned quite a lot of what were then nationalised industries and had positive net worth. Since then it's been selling them off and borrowing money." Britain now is only better off compared to its situation after World Wars I and II, when it was totally bankrupted. Then, it had to be bailed out by the United States. Now, the United States is the world's most indebted nation.

'Sinking in Debt'

Last August, after the Bank of England had to report that new personal borrowing had exploded to the highest monthly figure ever in June—£10 billion—the Parliament and the press were full of dire warnings.

"Britons Are Sinking in Debt" and "Millions of Consumers Risking Ruin" were headlines in the Aug. 1 and 2 London *Times*. The average British household now has £45,000 of debt, equivalent to 130% of annual income. In June, Britons borrowed £2.2 billion of consumer credit and £7.8 billion for mortgages, sending the annual pace of new borrowing up to 14%, the highest level in a decade—the period since the last financial crash in Britain.

At that time, interest rates in Britain, following the lead of the U.S. Federal Reserve, were, at 3.5%, the lowest since 1955! The Bank of England (BoE) has since broken ranks with the Fed. First on Nov. 6, 2003, and then on Feb. 5, the BoE raised its prime rate, each time by a quarter percentage point. The Bank was the first of the world's four leading central banks to raise rates since 2000. The benchmark interest rate is now 4%.

On Aug. 1, MP John McFall, chairman of the Commons Treasury Committee, told the *Times* that the debt explosion was putting many peoples' futures "on the line." McFall summoned five of the biggest credit card providers to his Committee to "grill" them on their "irresponsible" fueling of an unsustainable rise in debt.

By October, soon after his appointment, new Bank of England Governor Mervyn King was warning of the vulnera-



Seventy percent of the net worth of Britain is now real estate, its value having doubled in a decade—and most of that “value” is in residential homes; i.e., household debt. The British real-estate bubble is out of control; warnings of its collapse come from all quarters, even as the Bank of England raises interest rates to try to take some of the air out.

bility of the consumer bubble. At a public event in Leicester on Oct. 14, King said that the level of borrowing had increased the risk of a “sharp correction” in consumer spending, and he let it be known that interest rates would soon be raised.

This was just one day after the Leeds University Credit Management Research Centre had published a report on the debt situation. Total credit card lending has doubled in the last four years, there are some 1,500 different credit cards available in Britain, some carrying usurious interest rates of over 30%, and even 177%. In the last year, 20 million cases have been sent to debt collectors, and British bailiffs are trying to collect a record £7 billion of bad debt, a 70% increase over two years. Typical of the over 6 million households with debt problems, is a debt burden now of £25,000, up from £10,000 just three years ago.

On Oct. 16, McFall, using the Leeds University report, called the chief executives of British banks before his Committee to account for their “easy credit” policies, which are “allowing credit card holders to tip-toe into disaster.”

Millions ‘At Risk’

The situation has not improved since. Britain’s Financial Services Authority (FSA) warned in its “Financial Risk Outlook for 2004” on Jan. 21, that millions are “at risk” due to soaring debt. A large number of British households have overestimated their ability to repay, and even a 1% rise in interest rates could force families to cut spending or sell their homes, the “Outlook” warned. Signs of financial stress, such as increasing cash withdrawals on credit cards, were already

evident, and these could get much worse as interest rates or unemployment rise. “There are signs that some households have already borrowed more than they can comfortably afford,” the report stated. “Households may begin to reach the limits of their ability to borrow relative to their income and a small change in borrowing costs or household outgoings may have a significant impact.”

The day after the Feb. 5 interest rate hike, the Department of Trade and Industry had to report that individual bankruptcies rose by almost one-third in 2003, to the highest level since late 1993. Over 10,000 people filed for bankruptcy in the fourth quarter alone, a 12% jump from the previous quarter. One debt advisory group warned that the rate hike will increase the number of people

“struggling” to pay their debts, from 2.3 million to 6.46 million! The total population is just under 60 million.

In a commentary published in the *Guardian* on Feb. 9, Vincent Cable, “shadow” Chancellor of the Liberal Democratic Party, warned that Britain’s indebted households are “living on borrowed time.” “Four-fifths of [household] debt is secured against house prices which, in relation to income, are at levels comparable to those just before the house price crashes in 1973-75 and 1990-92,” he wrote. This has “potential wider implications. Economic stability depends on the absence of a crash in house prices plunging substantial numbers into negative equity.” Housing prices are now an “asset bubble,” while “aggressive lenders are pushing loan-to-value ratios into uncharted territory,” and Britain has no mechanism to deal with this asset bubble. While Gordon Brown is hoping for another “soft landing,” it is “the government’s task to prepare for the worst-case scenarios, which are all too plausible,” Cable warned.

As for industry, that is mostly a distant memory in Britain. Shopping for bargains now dominates the economy, and the January sales have salvaged the precarious economic situation in the last two months. However, Britain’s Office for National Statistics had to report a 0.1% fall in manufacturing output in December, following an 0.6% decrease in November. Chemical, electrical, and optical equipment industries—which means computers and mobile phones—all contracted. For the longer term, as the *Guardian* reported Jan. 10, “between 2002 and 2003, as a whole, [manufacturing output] was flat.”

Mad Cow Threat Requires Restoring Public Health

by Marcia Merry Baker

On Feb. 5, U.S. Department of Agriculture Secretary Ann Veneman declared, “I don’t anticipate that we have a significant issue in this country,” referring to the case of Mad Cow disease (bovine spongiform encephalopathy, or BSE) found Dec. 23, in an animal slaughtered in Washington state on Dec. 9, 2003. On Feb. 9, Dr. Ron DeHaven, the U.S. Department of Agriculture’s Deputy Administrator of Veterinary Services for the USDA’s Animal and Plant Health Inspection Service (APHIS), announced the ending of the trace-back field investigation of the Washington BSE case. “We feel confident that the remaining animals represent very little risk,” was the comment in DeHaven’s report—on the fact that 11 of the 25 cows considered to have eaten the same feed as the BSE cow, could not be tracked down! The risk is low, DeHaven said.

In fact, these declarations are attempts to induce the resumption of beef imports from the United States, by the four principal importing nations—Japan, South Korea, Canada, and Mexico; and aimed at confidence-building in the American public, especially during the elections. U.S. Trade Representative Robert Zoellick was dispatched to Tokyo Feb. 11, to meet with officials about lifting the Japanese ban on U.S. beef, and also their suspension of U.S. chicken exports since avian flu was found in a Delaware flock.

But *natural law*—meaning, what governs microbes, pathologies, and illness—requires real public health measures, not empty reassurances. In turn, this requires a re-education of the citizenry, to apprehend the consequences of the last

40 years’ toleration of increasing free trade, de-regulation of human and animal health practices, and “organic”/alternative food superstitions. From that point of view, it is worth briefly reviewing the record of the original “Mad Cow” period of Margaret Thatcher in Britain, and how basic principles of public and livestock health were knowingly violated. The Thatcher “Mad Cow” legacy of deregulation has been continued in the United States, despite the to-be-expected consequences. It is the Mad Cow thinking that must be eradicated, especially concerning the whole category of BSE-type diseases, where more is *unknown* than known.

The Thatcher BSE Record

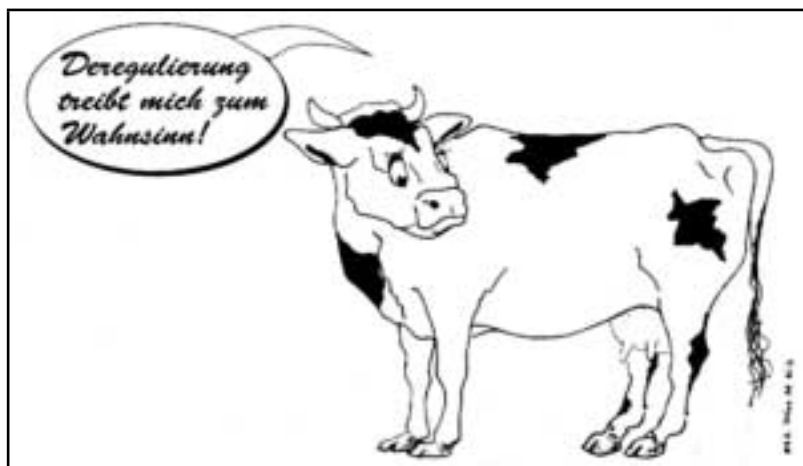
During the 1970s, many clinical studies were underway on various kinds of “transmissible dementias” in humans and animals. Known human manifestations of spongiform encephalopathies included Kuru, found among cannibals in new Guinea; and Creutzfeldt-Jacob disease, a rare, genetically-related occurrence typically manifesting only in an older person. Among animals, aspects of TSE (transmissible spongiform encephalopathy—called scrapie) in sheep were being studied. Scrapie outbreaks had been observed for over a century—in Spain, South America, Britain, but little was known about the agent of transmission, or conditions for subsidence. During the 1970s, scrapie was extensive in the United Kingdom.

Among the studies of the scrapie process were those by the USDA at Ames, Iowa, observing whether mink—carnivores—could acquire and transmit the disease by eating parts of infected sheep. This would indicate a dangerous potential for species jump.

In 1979 in Britain, because of the scrapie, and the many unknowns about potential transmission, the Royal Commission on Environmental Pollution called on the government to tighten standards for what could go into animal feeds; in particular, it recommended very tight licensing for processing animal proteins back into the livestock feed, and the human food chain, particularly sheep scrapie.

“No,” was the response of the incoming government of Margaret Thatcher, in one of her first decisions. The government turned down flat any idea of regulating livestock feed. Thatcher and her Agriculture Minister Lord Peter Walker stated their reason as the “principle of deregulation,” namely that industries—the feed industry and others—should regulate themselves. In effect, the government ratified what was known at the time to be rampant unsanitary practices among feed manufacturers, and financial pressure on small farmers to go for the cheapest feed for their livestock herds.

In less than a decade, BSE—the bovine form of TSE—appeared in Britain, with the first case identified in November 1986. All



“Deregulation is driving me crazy”—from the German weekly *Neue Solidarität*.

Avian Flu: A Global Pandemic Threatening?

The devastating outbreak of avian flu in eight East Asian countries has decimated poultry flocks, and caused the death of 14 people in Vietnam and 5 in Thailand. Millions of chickens have been killed across the area to stop the spread of the disease, wiping out the livelihood of small farmers and eliminating a major source of protein for the population.

So far in the outbreak, the human illnesses have occurred in people who have had direct contact with a sick bird or bird feces. There is no documented case of this strain of the avian flu, H5N1, combining genetically (“reassorting”) with a human flu strain to mutate into a more deadly, human-to-human transmissible form of the flu, for which people would have no natural immunity. But the danger of such a potential looms, as the avian flu spreads throughout populous rural areas, where chickens and people live in close proximity. An avian flu that genetically combined with a human flu is the likely origin for the great “Spanish flu” pandemic that followed World War I, in 1918-19, causing more than 20 million deaths and affecting more than 200 million people.

Where Does the Virus Come From?

The reservoir of the H5N1 strain of the virus is in waterfowl and wild birds, which have some natural protection against the virus. But chickens do not have such protection, and when the virus takes hold among poultry—passed through contact at a live poultry market that includes ducks and geese, or through fecal matter, or the water supply—its kill rate is high and fast.

Once a chicken population is confirmed to be infected, the only way to contain the spread is to quickly quarantine

the area (to prevent transmission to other poultry farms) and kill entire flocks.

In 1983, in Pennsylvania, for example, another strain of avian virus, H5N2, infected chickens and turkeys and became extremely deadly for poultry. More than 17 million birds were destroyed in order to stop the epidemic, at a direct cost of \$60 million. There was no transmission to human beings. And this year in Delaware, an outbreak of another, milder strain of avian flu required a similar quick culling of thousands of birds and a quarantine of the surrounding area.

After the infected chickens are killed, the buildings and equipment used with them must be carefully disinfected and then left vacant for a couple of weeks. The area around the farm that is infected must be quarantined, because the virus can be easily transmitted on boots, vehicles, clothing, etc.

In Hong Kong, in 1997, avian flu H5N1 did jump the species barrier, infecting 18 persons and killing 6 of them. A potential pandemic was averted because of rapid action—within three days, about 1.5 million birds, all of Hong Kong’s poultry population, were destroyed.

Scientists are now working to develop a vaccine for human beings, using a process called reverse genetics, which substitutes harmless flu genes for the lethal H5N1 strain.

Although the often quoted scare story, via the World Health Organization, is that “experts agree that another influenza pandemic is inevitable and possibly imminent,” the very real danger now has to do with the physical economy. Fully-staffed and fully-funded public-health systems, vigilant disease monitoring and surveillance, and the kind of scrupulous public sanitation measures that require adequate budgets and well-housed populations, are the front-line fighting force to prevent any viral pandemic. To the extent that we lack these measures in the United States and elsewhere, we put ourselves and the world population at risk.—*Marjorie Mazel Hecht*

told, there would come to be 180,000 BSE cows reported in Britain over the following years, by the time the outbreak waned in about 1997. In the end, the British government destroyed 2 million cattle to try to stop the epidemic.

The Thatcher government only took measures to intervene after coming under fierce political pressure, domestically and from the European Union and other powers. For example, in 1989, a year in which 6,000 BSE cows were reported, the Thatcher Cabinet rejected the call by shadow Agriculture Minister Ron Davies to stop all exports of scrapie-infected sheep meal (about 3,000 tons a year at that time). Thatcher’s Minister Walker, when he left office in May 1990, joined the board of Dalgety PLC, to be the largest livestock

feed mix firm in the world by the mid-1990s.

Even in 1995, with over 20,000 BSE cows a year, British Prime Minister John Major tried to placate Parliament, “There is no scientific evidence that BSE can be transmitted to humans.”

Not so. During the 1990s, a variant form of the already-known human spongiform encephalopathy called Creutzfeldt-Jacob appeared in Britain; it was named vCJD. Since its first identification, over 160 cases have been reported in the United Kingdom, with one of the characteristics being incidence among younger, as well as older persons.

Among the measures finally taken in the course of the disease in Britain, were high-tech disposal of the infected

animals, an order in 1988 to end recycling animal parts back into feed for ruminants, and other regulations.

On the Continent, where BSE cows were reported over the 1990s, traced to British herds and/or feed, new tests have been devised, allowing for rapid determination of whether a cow is infected. This permits reliability in the food chain; and also is a line of defense for swift containment, should the disease manifest.

Thatcher Ideology Means BSE in North America

What about North America? The U.S. version of Mad Cow ideology—called in the mid-1990s “Contract for America,” or neo-conservatism—has prevailed to the extent that BSE has now shown its presence in Canada and the United States. The pretense of the Americas being somehow “safe,” is gone.

That there is a “high probability” of more cases to be found, was the conclusion of a Feb. 4, 2004 report by a USDA-convened panel of experts, the International Review Subcommittee of the Agriculture Secretary’s Advisory Committee on Foreign Animal and Poultry Diseases. They warned that the probability will persist, if the United States doesn’t ban certain high-risk slaughter waste materials—cattle brains and spinal matter—from *all livestock feed and pet food*. The panel pointed out that it is probable that BSE-infected animals were imported over time, and likely incorporated into feed, “so that cattle in the United States have also been indigenously infected.”

Once again: While there remain many unknowns about BSE, tainted feed is still considered the likely mode of infection.

In 1997, the Food and Drug Administration (FDA) issued an order banning cattle parts from being recycled into cattle feed. However, these parts have gone into other parts of the food chain. Moreover, it is an open scandal that the regulation is not enforced. This news service has received several reports of its violation. One publicized case occurred within weeks of the Bush Administration taking office. On Jan. 30, 2001, the FDA made known that a Texas feedlot fed 1,200 cattle with meal containing cow remains. The feed came from St Louis-based Purina Mills, Inc. (one of the world’s biggest livestock feed companies, and owned for a time in the 1980s by British Petroleum). According to the Jan. 31 *New York Post*, “The feedlot owner said 620 pounds of the feed [containing meat and bonemeal from ruminants] had been mixed with 15,000 pounds of other feed and distributed to the cattle Jan. 17. Once the discovery was made, the animals were quarantined.”

Apart from lack of enforcement of the 1997 ban, the record shows the danger of lack of other precautionary measures. For example, the question of blood. Recently, it has been confirmed in Europe, through an unfortunate case of blood transfusion, that transmission of the vCJD can take

place this way.

The FDA, in a new set of orders on Jan. 26 this year—best described as “very late, and very little”—outlawed mammalian blood from animal feed. Among other orders announced by the agency are a ban on poultry litter and table-waste going into feed; and an increase in the number of inspections of renderers and feed mills during 2004. Also in mid-February, Federal officials have proposed a mandatory livestock identification system, to track herd and individual animal movements quickly, in the case of suspect disease. If Congress passes the proposed bill, the USDA will have 90 days to establish a nationwide, electronic tagging and tracking program.

Parameters of What Must Be Done

These kinds of measures are overdue. But beyond that, there are many more, and obvious ones, required.

First, basic scientific research—among all kinds of specialists, from medics, to bio-physicists—must be backed and expanded. Studies—which will be reviewed in *EIR* in an upcoming issue—already show that the “prion” pathology involved, at the sub-cellular level, poses threats in other potential species jumps, and in ways that are not understood. The diseases of spongiform encephalopathy are 100% fatal.

Likewise, there are urgent R&D tasks. Tests need to be perfected to enable testing for the disease in live animals, and not at the point of apparent illness, or after slaughter. Already, researchers in the Colorado Division of Wildlife are near perfecting a needle biopsy procedure they have used successfully on mule deer, which also get the disease. Also, sterilization technologies must be developed, as well as disposal facilities. For example, there is work on a “plasma furnace” kind of crematorium in Europe, for disposing of infected matter.

Secondly, a nationwide, two-tiered testing system is called for, to prevent BSE-infected cattle from entering the food chain. At the herd level, needle biopsy samples from live animals would allow monitoring of herds at the farm level. If any positive BSE infections were found, only that herd would have to be quarantined, and fully tested.

At the level of the slaughterhouse, more animals must be tested, with stricter standards than those currently used by USDA. Last year, only 20,000 animals were tested, out of over 30 millions slaughtered. Secretary Veneman now proclaims that 40,000 will be tested in 2004. By contrast, in France, half of all cows slaughtered are tested, some 3 million out of 6 million. In Japan, *all* are tested.

Also in France, a rapid test is in use, in contrast to the U.S. situation—as seen in the case of the Washington state BSE cow, where the sample material had to go to one of the few labs set up to do the test, and the results took over a week. In February, in Canada, Alberta Province became the first location in North America to announce switching to the rapid test.

'Rebel' Stiglitz: IMF's Last Line of Defense?

by Mike Billington

Prof. Joseph Stiglitz, currently of Columbia University, has taken the global palm as “financial insider-turned-radical”—who, even while serving as Chief Economist at the World Bank, broke from supposed International Monetary Fund (IMF) orthodoxy, to expose its brutality and destructiveness toward the Third World and the former Soviet states. More recently, Stiglitz has emerged as the darling of the World Social Forum (WSF), the anti-globalization countergang to the central bankers' annual Davos Economic Forum. The WSF is today's version of “left anti-capitalism,” where hundreds of non-governmental organizations gather their forces, to vent their anger at the rapidly deteriorating economic and social conditions around the world. It also serves as a planning ground for anarchist disruptions and violence at various meetings of the international financial institutions such as the IMF, World Bank, and the World Trade Organization (WTO). In the January meeting of the WSF, in Mumbai, India, Stiglitz was touted as the star attraction, denouncing the IMF.

Ironically, despite this reputation, Stiglitz is building one of the last lines of defense for the bankrupt and discredited IMF, and the U.S.-dollar centered system which it is now propping up.

Among many Third World leaders, struggling against the destruction of both their economies and the well-being of their citizens under conditions imposed by the international financial institutions, Stiglitz has appeared a rare, welcome case of a Nobel Prize-winning economist who acknowledges their plight. But while he has publicly attacked the devastation wrought by the IMF and the “Washington Consensus,” he supports the core of the bankrupt monetary order: floating exchange rates, and globalization.

A review of Stiglitz' actual financial and economic policy proposals, and the programs he implemented in the 1990s as one of the Clinton Administration's leading economists, reveals that his primary purpose is to save the IMF system itself. At no point has Stiglitz acknowledged the bankruptcy of the international financial institutions; moreover, today he continues to peddle the lie that there is a “recovery” in the U.S. economy. Stiglitz remains an insider among the banking circles he attacks, precisely because these bankers want one of their own in charge of trying to fix the system as the current crisis reaches a breaking point. They are counting on the likes of Stiglitz to block debtor nations' support for what Lyndon LaRouche has called the “Franklin Roosevelt” solution—put-

ting the banks through bankruptcy reorganization, and returning to the Bretton Woods policies of fixed exchange rates, protective tariffs, and international investment credits.

A Similarity to Marx

Reading Stiglitz, one is reminded of the opinion of Karl Marx expressed by the great Dr. Sun Yat Sen, the father of the republican revolution in China a century ago. Dr. Sun was inspired directly by the American System of physical economy, as developed by Alexander Hamilton, Henry Carey, Friedrich List, and Abraham Lincoln. Sun admired the passion with which Marx described the ravages of Europe against its working populations, and against those of the European colonial empires. But, he said, Marx was at best a “social pathologist,” who could identify a disease; he was no “social physiologist—he knows nothing of the laws of social progress.”

Stiglitz' biting critiques of the damage done by IMF orthodoxy, explain why he has been appreciated by many circles in the developing world and the former Soviet states. His *Globalization and its Discontents* (2001) accurately described IMF policy following the fall of the Soviet Union. The Fund created incentives for asset stripping rather than investment in reconstruction, by both foreign “investors” and by a domestic oligarchy, which emerged as a result of the forced privatizations (“robber-baron privatization,” Stiglitz called it) of the state sector industries. He noted that the best legacy of the Soviet era, the highly-skilled scientific and technical manpower, was dissipated, or dispersed abroad. He documented the collapse of production, the impoverishment of the population, the demographic collapse, and the enormous wealth stolen from the nations.

Likewise, in regard to the developing sector, Stiglitz is blunt in ascribing *intent* to the IMF's imposition of deadly policies, especially in Asia after the so-called “Asian Crisis” of 1997-98. In a 2003 essay, for example, “How to Reform the Global Financial System,” Stiglitz showed how the IMF/Washington Consensus reversed the world's net flow of capital, away from the poor nations and into the United States, to finance the massive U.S. trade and current accounts deficits. He described the 1990s process by which hot-money investments into the Third World were structured so that all risks, from fluctuations in interest rates and currency-exchange rates, or from the any other source, were imposed entirely on the recipient nations. The crisis of 1997-98 left them holding huge dollar-denominated debts which had to be paid in devalued currencies.

Stiglitz argues that during the period he served on the Clinton Administration's Council of Economic Advisors (1993-97, chairman from 1995-97), he opposed its policy of demanding rapid liberalization of financial markets and investment policies in developing nations and in the former communist states, arguing that they should be allowed time to develop “modern” banking systems and legal institutions.

On this, he claims, he was overridden by the Treasury Department (Secretary Robert Rubin and Deputy Secretary Larry Summers), who convinced Clinton to adhere to the IMF's "liberalization" pre-condition for any lending or investment, even from the private sector.

Stiglitz' self-defense regarding his role in the disastrous globalization process of the 1990s is self-serving. He is an unabashed supporter, and even one of the architects, of the underlying principles of globalization—he simply wants to make it work, without challenging the collapsing financial architecture.

Free-Trade, 'Produce Cheap' Axioms

Lyndon LaRouche, in his "On the Subject of Tariffs and Trade" (*EIR*, Feb. 13, 2004), described how the average American citizen is afflicted with a "delusion concerning the nature of both economy in general, and money in particular. That citizen is a victim of belief in a set of axiom-like assumptions which are false to reality, such as the dogma known as 'free trade,' a dogma in which he believes more or less devoutly. His beliefs are bounded by a set of such axiomatic, or axiom-like assumptions, which prompt him, or her, to deny any actuality which exists outside the bounds of consistency with his delusory assumptions."

Stiglitz provides us with a description of the axiomatic assumptions to which he adheres. In a 1999 essay called "Quis Custodiet Ipsos Custodes?" (who shall guard the guards?), Stiglitz asserted widespread agreement—his included—about the lessons of the "socialist/communist experiment that began in the Soviet Union in 1917." These axioms are, he wrote: "Central planning cannot replace markets, and even market socialism cannot replace the incentives associated with capitalism—incentives to produce goods more cheaply, to produce what consumers want, and to innovate." From this consumerist foundation, he challenged the *methods* used in the "transition to market economies" of the former Soviet states—but within the "bounds of consistency" with his stated assumptions. Stiglitz is a product of what LaRouche has described as the transformation of the American self-image as a producer, to the post-industrial mentality of "consumerism," in which the self-interest of the citizen lies not in the quality of what he produces towards the nation's development, but only in cheapening the costs of his consumption.

Stiglitz was awarded the Nobel Prize in economics in 1992 for his creation of something called "asymmetric information" theory, which argues that there is no such thing as free trade, since in any business transaction, one side has better information than the other. It is the role of government and international financial institutions, he asserts, to assure a



Economist Joseph Stiglitz launched his celebrated attacks on the IMF from the World Bank—but despite all his critiques and accusations about the "roaring '90s," he still insists that decade's post-industrial "prosperity" was real, and is coming back. His "opposition" and its global following is actually the last line of defense of a bankrupt dollar system.

"level playing field," and to avoid the "moral hazard" which arises when bankers and investors are bailed out after a crisis, at the expense of weaker and less informed borrowers.

But his denial of Adam Smith's "invisible hand" does not extend to a denial of Smith's other famous lie on behalf of the British East India Company: the so-called theory of "comparative advantage." Smith, deployed to subvert the American Revolution, argued that the former colonies should stick to agriculture and raw material extraction, since the British held the "comparative advantage" in manufacturing.

In an interview with the Carnegie Council on Ethics in International Affairs on Nov. 5, 2003, Stiglitz was asked if it were for the best that the U.S. economy "no longer makes anything, . . . we sell our brains, we sell our services." His answer would endear him to the synarchist bankers he claims to oppose:

It is largely true. Right now in the U.S. only about 14% of our population is engaged in manufacturing. There has been a transformation analogous to what happened a little more than 100 years ago. We went from agriculture to manufacturing, and now we are going from manufacturing to a service sector economy. At the global level, this has some very important implications. We talk about the principle of comparative advantage: Each country should be exporting and producing the things it is relatively strong in, importing the things that it is relatively weak in. Our comparative advantage is in skill-intensive, research-intensive areas. If we special-

ize in those, our incomes will rise. China and other developing countries have a comparative advantage in manufacturing.

‘Every Economic Downturn Ends. . .’

The only recipients of the supposed “advantage” of the Chinese in manufacturing, are cut-throat retailers led by Wal-Mart, and the financial institutions financing globalization, while American industries are driven, by Stiglitz’ “comparative advantage” economics, to shut down perfectly efficient and productive plant and equipment in the United States. Nor is China receiving any real benefit from the outsourcing of process industries, as it is now discovering, as it is undervaluing its labor and holding hundreds of billions of—steadily depreciating!—dollars in reserves from this process.

Had Hamilton’s and Ben Franklin’s young United States followed this “economic law” of Smith’s East India Company, they would sooner or later have been broken up and reconquered by the synarchy in London. Such “post-industrial society” foolishness today threatens the entire world with a similar destruction.

As Clinton’s chairman of the Council of Economic Advisors, Stiglitz prided himself on the creation of millions of new “service sector” jobs. What *EIR* demonstrated then is now apparent: Most of these were either in the fantasy world of the “information technology” bubble, or were in the hamburger-flipping or Wal-Mart category of jobs which can not sustain even a single person, let alone a family. Meanwhile, the productive jobs which once sustained a family have disappeared, or moved overseas. But he refuses to acknowledge that the U.S. economy itself is being destroyed.

In his “How to Reform the Global Financial System,” Stiglitz argued that “the problems of exchange rate and interest rate risk, which are central to developing countries, are of little concern to U.S. citizens. In fact, the United States has in some ways benefitted” from the currency turmoil. America faces only two potential risks from globalization, he says: that Third World looting creates conditions that spawn terrorism; and that the world may decide it will no longer finance the U.S. deficit. But—how much error lies in this “but”—“it may be possible for the United States to muddle through this crisis.” Worse, Stiglitz wrote in January of 2004 that the global economy looked bright for the coming year, due to the “pick-up in economic activity in Japan and the U.S.” Why so confident? The famed economist reports, with just as much reliance on magic as Adam Smith’s invisible hand: “Every economic downturn comes to an end, and it is high time for America’s economy, which began slumping almost four years ago, to recover.”

Refusing to acknowledge the scope of the derivatives bubble, propped up only by the real estate bubble, which in turn is sustained only by near-zero interest rates and unprecedented money printing, Stiglitz fantasizes that “once recovery has set in, the huge borrowing demands of the U.S. and Europe

will almost certainly drive up real interest rates globally, posing new problems for the world’s emerging markets”—but claims that the U.S. economy will do fine!

Thus Dr. Stiglitz’ friendly advice to the Third World and Eastern Europe comes down to this: The U.S. recovery is on the way, so stick with the export-oriented, process industry approach of globalization, stick with the IMF (perhaps slightly reformed), and things will come around.

His “solution” to the debt problems demonstrate the danger. Rather than acknowledging that the debt is unpayable, and the majority of it illegitimate, Stiglitz promotes a return to the 1944 plan of his mentor, John Maynard Keynes: the issuance of Special Drawing Rights (SDRs—essentially fiat dollar-equivalents, backed by the full faith and credit of the IMF) to countries experiencing balance of payments problems. To propose issuing SDRs today, while countries are subject to speculative assaults in the jungle of the floating-exchange-rate regime, is a fantasy based on the bigger lie—that the U.S. economy is invulnerable, too big to fail, and will again become the “importer of last resort.”

For those nations that don’t survive through SDRs, Stiglitz proposes a variation of the bankruptcy plan put forth by IMF Deputy Director Ann Krueger in 2001, to place countries in bankruptcy receivership, to assure that the debt is paid with as little write-off as possible. His difference with Krueger is that the IMF, as an interested lender, is not the proper body to implement this “protection”: for this, he proposes yet another international body, a World Bankruptcy Organization, within the International Court of Justice.

As LaRouche insists, it is the global financial system as a whole which is bankrupt, with over \$400 trillion in debts sitting on top of a gross world product of less than one-tenth of that amount. The system itself must be put through bankruptcy proceedings, so that the individual bankrupt nations can preserve their sovereignty, while writing off and restructuring their debt as part of a global reconstruction program.

Stiglitz and Soros

Stiglitz left the Clinton Administration in 1997 to become the World Bank’s chief economist, under its President James Wolfensohn. It was while at the Bank that Stiglitz made his famous public attacks on IMF policies in Asia, following the ruinous speculative attacks on Asian currencies led by megaspeculator George Soros. Stiglitz argued correctly that the IMF conditionalities only made things worse.

But this has not prevented Stiglitz from taking money from Soros. When he was asked to leave the Bank in response to his attacks on the IMF, he set up the Initiative for Policy Dialogue, headquartered at Columbia University, to “help developing and transition countries explore policy alternatives” to the IMF. One of its primary funders is the Open Society Institute, run by George Soros—whose role in the destruction of developing nations requires no further “exploring”!

Business Briefs

Free Trade

Vietnam Taught a Globalization Lesson

A Feb. 8 *Washington Times* feature described the nasty impact on Vietnam, of its attempt to play the globalization game and earn dollar reserves.

The cautionary tale involves Vietnam's substantial catfish-farming industry. Until 2000, it was a relatively prosperous industry in the country. Then, a U.S.-Vietnam bilateral trade agreement was signed. Vietnam began aiming to export catfish heavily to the American market; in doing so, the government lowered the price it pays catfish farmers for the fish, in order to cheapen the exports and earn reserves. Meanwhile, the price of fish food, to the Vietnamese fish farmers, increased. One of them was quoted: "The last year or two [since the trade agreement] haven't been very good. The government buys our fish at a very low price. . . . The farmers haven't been able to turn almost any profit."

The catfish exports to the United States, meanwhile, reached \$66 million in 2002, and \$10 million in January 2003 alone—whereupon they were hit with punitive anti-dumping tariffs and other regulations, and exports collapsed. So much for globalization and how it can work for your country.

The *Times* feature attempted to blame "communist government control" of the catfish farming industry; but Vietnam's attempt to loot its labor force to earn dollars, was no different than that of other nations throughout the Third World.

Utilities

Wall Street Buying Up Power Companies

Over the past year, the unregulated "merchant" U.S. electricity suppliers, who thought they'd make a killing by jacking up electricity prices, have instead tumbled into bankruptcy, as their debt rose because the deepening economic crisis led to a drop in demand, at the same time that the price of

natural gas—one of the feedstocks for electricity generation—doubled.

Standard & Poors reports that in the last two years, more than \$100 billion in the electricity supplier merchant sector's market capitalization has evaporated, according to utilipoint.com's Ken Silverstein. Already the unregulated power generation arm of NRG Energy, Mirant, and Pacific Gas & Electric have filed for bankruptcy. Merchant suppliers are offering a fire sale of assets, to try to reduce their over \$125 billion in debt and regain market "confidence" to stay in business.

Wall Street financiers are buying up these assets, according to the Feb. 9 *Wall Street Journal*, in what it calls "distress sales." Major players include the "private equity arm" of J.P. Morgan Chase & Co.; Kohlberg, Kravis & Roberts; Warren Buffett's Berkshire Hathaway; and Goldman Sachs, to name a few. These new "entrepreneurs" of the electric utility industry have been encouraged by the rabidly pro-deregulation Federal Energy Regulatory Commission (FERC), which believes it is better for the financial sector to gain control of the grid, rather than the holding companies, (which deregulation created), because FERC has been investigating whether they are using the unregulated portion of their business to rip off the regulated portion. Surprise, surprise. Now, with Wall Street in control, there won't be any middlemen at all, and no one even pretending to be your friendly, local electric utility.

Derivative Scam

Parmalat Investigation Expands Outside Italy

Prosecutors in Milan have searched the offices of United Bank of Switzerland (UBS), looking for evidence in the case of a murky credit derivative deal related to a Summer 2003 Parmalat bond issue. Italian media also report rumors that in the next days, international warrants will be issued.

In July 2003, Parmalat—a marketer of dairy products—issued 420 million euros in bonds, organized by UBS. But Parmalat got only Eu130 million, as the firm was forced to

buy Eu290 million of bonds issued by Banca Totta, a bank controlled by Banco Santander. Moreover, the Totta bonds now in Parmalat's portfolio were linked to a credit default swap, such that, in case of Parmalat's default, those bonds were worth zero. Such a murky deal indicates that both UBS and Banco Santander might have cold-bloodedly used Parmalat, knowing its bankrupt status, as a vehicle to loot investors' money.

Nuclear Power

China May Join Russian Nuclear Plant Project

The director general of Russia's nuclear energy industry, Oleg Sarayev, told reporters on Feb. 4 that "China is very interested in the plans of the Atomic Energy Ministry to build the first" floating nuclear power plant "in the near future." Russia has had plans to build small-scale, 100 megawatt floating nuclear plants for a number of years, and recently received the first order, from Indonesia, but has not had the funds to begin manufacture. The Russian utility Rosenergoatom "does not have sufficient funds at the moment in order to start construction," Sarayev explained, but added that if China should join the project as an investor, this "could get things moving." He reported that proposals have been given to China for cooperation on this project, and that he expected that soon "one could speak of specific efforts of the two countries to build the first nuclear power plant of this kind."

This would be an extremely important initiative, as it would make nuclear energy and technology affordable for dozens of developing nations, and be a step forward in high-technology collaboration in the building of the Eurasian Land-Bridge.

Trade and Currency

Greenspan Attacks 'Creeping Protectionism'

Federal Reserve Chairman Alan Greenspan, testifying before the House Financial Ser-

vices Committee on Feb. 11, said that flexibility is key to dealing with the United States' large current account and trade deficit, adding: "The greatest current threat to that flexibility is protectionism. The costs of any new protectionist initiatives, in the context of wide current account balances [sic], could significantly erode the flexibility of the global economy. Consequently, creeping protectionism must be thwarted and reversed.

"What would happen if the holders of U.S. Treasury instruments began to sell them?" Rep. Edward Royce (R-Calif.) asked the Fed Chairman after his testimony. Royce noted that Asian central banks, notably China and Japan, are buying U.S. Treasuries in record numbers, in order to keep their currency from rising against the dollar (and to keep the dollar from plunging). Greenspan said, "So I think that the concerns that have been expressed about real serious problems in our financial markets as a consequence of an ending of intervention of that sort—I think those concerns are misplaced. I don't deny that there will be adjustments. . . . But it's not something which I would consider to be of major import in the financial markets."

Russia

Putin Discusses Dollar Crisis and Economics

Both the dollar crisis and economic matters were on the agenda of a Feb. 4 meeting Russian President Vladimir Putin had with Central Bank governor Sergei Ignatyev, who briefed him on Russia's macroeconomic situation, saying the 2003 targets for monetary and credit policy had been met, and that inflation stood at 12%, down from 15.1% in 2002.

According to Itar-Tass, "Putin and Ignatyev discussed the recent conference of national banks' chiefs in Switzerland [The World Economic Forum in Davos]. Among other things, Putin was asking questions about how top foreign bankers saw the world economic development outlook." The answer Ignatyev gave was that "concern was voiced at the meeting over the situation in

the world currency markets, in particular, the sharp fluctuations in the exchange rates of such currencies as the euro and the dollar." He went on: "This is causing concern and hindering our exchange-rate policies. We have managed to find the correct balance and been implementing our own balanced and cautious currency and credit tactics."

Putin then brought up the national exchange-rate situation, to which Ignatyev commented: "Exchange-rate policies pursue a dual objective—that of ensuring a smooth decline of the inflation rate and preventing a quick firming of the ruble." This, he said, was done "in order to ensure there be no worsening of the situation for the real sector of the economy, and to bring about prerequisites for economic growth."

Ignatyev reported that GDP was up 7.3%, and that foreign reserves increased by \$29 billion last year, and were still rising.

South Asia

Six BIMST-EC Nations Sign Free-Trade Pact

On Feb. 8, the six South Asian nations of India, Myanmar, Thailand, Sri Lanka, Bhutan, and Nepal signed a free-trade agreement, to be approved at their summit-level meeting in July.

The seventh BIMST-EC nation, Bangladesh, has not signed the treaty, as it had some "procedural problems," according to one of their delegates at Phuket, Thailand. According to the Press Trust of India, Bangladesh apparently wanted some compensation to become part of the pact, as the reduction in tariffs would result in loss of its government's revenues.

The treaty agreement was presided over by Thai Prime Minister Thaksin Shinawatra, and was attended by the commerce ministers of all BIMST-EC nations.

The BIMST-EC is a bridge between South Asia and Southeast Asia, and was designed by New Delhi in 1999, eventually to bring to the Indian Ocean littoral states into an economic cooperation with those of the Asian landmass.

CAR SALES in Germany plunged to a 10-year low, according to the Federal Association of German Automobile Producers (VDA)—230,000 in January, 12% lower than December and 13% lower than one year ago. The VDA blames rising unemployment and widespread concerns about the impact of labor, pension, and health reforms as the primary causes for the extraordinary decline in German car sales. Car production in January was 11% lower than one year ago.

RUBBERMAID, hit by Wal-Mart low-price policy, said it will close its plant in Greenville, N.C. by April, eliminating more than 300 jobs, and will move some production to overseas facilities. "Global competition and price pressure in our product line," said a company official, forced the latest shutdown.

JOHN SNOW, U.S. Treasury Secretary, slammed OPEC on Feb. 11 for its oil production cut announced for April. Snow said the OPEC producers endangered the U.S. economy by cutting oil quotas for the second time in less than five months. "Higher energy prices act like a tax . . . and are certainly not welcome"—especially with the dollar crashing.

MACHINE-TOOL consumption in 2003 remained 64% below the 1997 level in the United States. U.S. industry consumed only \$220.88 million worth of machine tools in December, up 15.4% from November, according to a joint report by the American Machine Tool Distributors' Association and the Association of Manufacturing Technology. For 2003 as a whole, machine-tool use by U.S. manufacturers fell to \$1.993 billion, down 7.9% compared to the depression level of 2002. Machine tools are the core of the economy, representing the discovery and application of new physical principles, the means by which mankind alters nature to improve his physical existence.

Russia, Iran, and Peaceful Nuclear Power

U.S. accusations that the nuclear power plant that Russia is building in Iran will lead to a nuclear bomb, are without scientific foundation. An interview with Russian expert V.I. Ryabchenkov.

Vladimir I. Rybachenkov is a Counselor at the Embassy of the Russian Federation in Washington, D.C. He worked for ten years in the Ministry of Foreign Affairs in the nuclear division; has worked closely with the Ministry of Atomic Energy in Russia; and before joining the Embassy staff in October 2003, visited most American nuclear laboratories during 15 visits to the United States over a period of ten years. At the Embassy, he is the Counselor responsible for military political affairs, working on disarmament, nonproliferation, and bilateral cooperation. Mr. Rybachenkov graduated from the Moscow Institute for Physical Engineering, which was created in 1946, just at the beginning of the Russian military nuclear program. There, he graduated from the faculty that prepares specialists in computers and automation for physical experiments. He was interviewed on Jan. 21 at the Russian Embassy by Washington Bureau Chief William Jones, and Technology Editor Marsha Freeman.



nuclear program at the American Enterprise Institute in November. You succeeded in refuting claims that the ideologues there were making with regard to the Russian cooperation on the Iranian nuclear program, much to the chagrin of the organizers. They were obviously attempting to whip up hysteria around the issue.

Rybachenkov: I was present during these discussions, which seemed to me to be biased. The speakers—who were political scientists—in order to confirm what they wanted to prove, called upon some scientists from national laboratories to provide some scientific proof that Iran may conduct prohibited activities with spent fuel from their civilian nuclear reactor. There were three panelists. One of them referred to a report of a scientist from Oak Ridge National Laboratory, who was explaining that it is easy to extract plutonium from the spent fuel in the Bushehr nuclear power plant for weapons purposes.

Really, for me, this was not true. There are different reasons why this cannot be done.

First of all, the power plant is under the control of the International Atomic Energy Agency of the United Nations, because Iran is a Nuclear Nonproliferation Treaty participant and has a safeguards agreement with the IAEA. At the present time, about 1,000 Russian engineers and specialists are constructing the Bushehr nuclear power station. The main parts have been delivered, like the turbines, and the reactor itself. The station is to start operation in the beginning of 2005—

EIR: I heard your intervention at a forum on the Iranian

a level of nuclear criticality will be obtained—and several months later it will deliver power into the electric grid. From the beginning, the Bushehr plant has been under IAEA inspection, and inspectors regularly come there. This is the first reason why what this panelist was speaking about, cannot be accomplished.

Second, I don't know what the state of things is right now, but two months ago, the Minister of Atomic Energy of Russia was in Washington; and during an interview at the Department of Energy, he said that the signing of a special protocol between Iran and Russia was upcoming, and he thought it will be signed at the end of the last year, or the beginning of this year. It stipulates that the spent nuclear fuel from the Bushehr reactor will be sent back to Russia.

This is extremely important. This is the second reason which will not allow the Iranians to do anything wrong with the spent fuel. It will stay in Russia. It will be up to us to decide whether to reprocess it, or store it for some time. We have special storage in Siberia, near Krasnoyarsk, where it may be kept and well controlled, under surveillance, and guarded. There is no possibility that this material can be stolen in Russia. So this is the second reason why I thought this speaker was not right.

And the third reason, I would say, is from a scientific point of view. Scientists know the difference between military plutonium and civilian plutonium. Military plutonium is a special material. Plutonium doesn't exist in nature. It is an artificial material produced at the end of the chain of nuclear reactions. Military plutonium, specifically that used in nuclear bombs, contains more than 90% of the Plutonium 239 isotope. For the production of this plutonium, a special type of reactor was developed in the 1950s in the U.S. and in the Soviet Union. The U.S. constructed 14 such reactors; and Russia, 13. Today all American military plutonium production reactors are shut down, in places like Savannah River and Hanford.

Our 13 reactors were located in the Urals and in Siberia. We've closed 10 of them, and three will be closed by 2007-08 with American assistance. A special agreement was signed by Minister of Atomic Energy Romyantsev and Energy Secretary Abraham in 2003 in Vienna, by which the American side will help us to construct replacement energy sources, for electricity and the production of heat, using coal or gas. When these new stations are built, the last three Russian reactors will finally be shut down. So special military plutonium production reactors were constructed, and were the only ones producing military-quality plutonium, with a high content of Plutonium 239.

The work cycle of the military plutonium production reactor is very short. The reactor works for two or three months, and excludes the production of other isotopes that are not needed, producing only the needed quality of military plutonium. But if you take a civilian nuclear power station, the



Iran's Bushehr nuclear reactor, under construction with Russian assistance. Contrary to the claims of U.S. neo-cons who know nothing about physics, it is no easy matter to extract plutonium from the spent fuel in the power plant for weapons purposes.

traditional work cycle is two, three, or four years; you don't take the fuel out of the reactor until you refuel it. During this long period, which is approximately ten times longer than the process with the military reactors, plenty of other isotopes are being produced, but mainly Plutonium 238. This isotope of plutonium is harmful for the production of nuclear arms-grade plutonium, because it has a very strong spontaneous neutron emission; that is, it produces a lot of heat, so it would be difficult to predict what the yield would be of such a nuclear bomb. You can produce such a bomb, but you have to undertake very serious engineering efforts, using special tricks, because you have enormous heat. You practically have to put this bomb into a refrigerator to assure the dissipation of this heat.

Also, you have to struggle with the flux of neutrons which doesn't allow you to know the exact yield of the bomb. So, no one ever used civil plutonium for the production of a bomb. But this panelist was insisting that the plutonium which will be produced in Bushehr may be separated by Iran and be used for a bomb.

These were my remarks following the speech of this panelist, Henry Sokolski. He was too self-assured. He pretended to know all about these problems, and to present the only truth.

Maybe I took too much time for someone who wanted to make a comment. The lady who I was told is traditionally the organizer of those meetings, stopped me and said, "That's

very interesting but you are speaking too long. We'll try to invite you as a speaker next time."

EIR: Have you received an invitation?

Rybachenkov: Not yet.

EIR: It was very important that you were there. These neo-conservative think-tanks often organize these meetings in order to give their ideological spin on a particular topic, and unless someone is there in the audience who has the facts, people get the impression that what they are saying is true. But as soon as you bring in the facts, they get nervous. We have often enough found ourselves in the position of attending such meetings simply in order to bring in some of the real facts of a topic which the neo-cons have chosen to distort.

Rybachenkov: I've never worked before in the United States on a permanent basis. This was my first experience. For me, it was very interesting. I've noted that those panelists were political scientists. They really knew little about physics, or about nuclear arms. To have support, they called for scientists, like this expert from Oak Ridge, who wrote an article about the theoretical possibility of various things which Iran could do to make weapons. So they tried to marry policy with science to show it is a solid approach, and if someone criticizes them, they say, "No, it's not true, because we have the support of these scientists."

EIR: Can you say something more generally about the importance of the nuclear reactors for Iran? They are talking about building four more nuclear power plants, I believe. . . . This is important, because the argument of the opponents of building these nuclear plants, is that Iran has so much oil and gas, there can be no possible reason that they want to build nuclear plants, except for the development of nuclear weapons.

Rybachenkov: I have heard this argument from some Americans, and I have never agreed with that. I tell them, you in the U.S. have enormous reserves of oil, and at the same time, you have 100 nuclear reactors. There is no reason to criticize a country that has oil, and wants to use nuclear energy. The right to have nuclear energy plants is prescribed in the Nuclear Nonproliferation Treaty. Each non-nuclear [weapons] country has the right to develop peaceful uses of nuclear energy, and has the right to receive assistance from other countries for that purpose.

Article I of the Treaty says the five nuclear [weapons] states do not have the right to transfer the know-how of nuclear arms to non-nuclear states. Article II says that non-nuclear states have an obligation not to receive this know-how, and Article IV says each country has the legal right to develop nuclear energy. So from the point of view of the Treaty, with 180 countries as participants, you cannot criticize Iran.

I think that Iran may be criticized for some nuclear activities which were not sufficiently transparent. They started activities in uranium enrichment, which is not prohibited by the Treaty. But if you have a safeguard agreement with IAEA, you have to report this to the IAEA and give them permission to send in inspectors, to see the purpose of, for example, this uranium enrichment centrifuge plant. Iran started constructing the first line of about 200 centrifuges.

They found a pretext for not reporting it to the IAEA, saying that they've constructed this line of centrifuges by themselves, but they did not use the working material, which is uranium hexafluoride. You can have uranium in metallic form—in a powder—but in this form you cannot enrich it for the uranium you need for electricity production. From a metal or powder, it is transformed into a gas, uranium hexafluoride, for enrichment.

So Iran was saying, "We complied with our obligations because we did not introduce this material into the centrifuge." They were saying they did not have to report it immediately, because according to the IAEA, the uranium enrichment plant has to be reported to them only at the moment of the introduction of this material.

Unfortunately, things got worse. When IAEA inspectors took environmental samples at these centrifuges, they found traces of highly enriched uranium. How could that happen if Iran didn't use the hexafluoride?

The IAEA didn't like the fact that the Iranians were contradicting themselves. First, they were saying the centrifuges were produced in Iran. When the IAEA laboratory discovered the contamination by highly enriched uranium, they said, "We've obtained these centrifuges from a third country; they are not new, but were already used by a third country."

But fortunately, as you know, due to the efforts of the international community, including Russia and the European Union—you remember the visit of the ministers of the United Kingdom, Germany, and France, in October of last year—the Iranians said they would agree to sign this so-called Additional Protocol, which gives the IAEA enhanced capabilities to discover undeclared activities. Iran signed the Protocol in November 2003, and it is in the process of ratification in the Majlis. That may happen in January or February, but they said that even though it is not yet ratified, they will abide by the provisions of the Protocol.

Russia undertook active efforts in this sphere. We've arranged for several visits of high-ranking people from the Ministry of Foreign Affairs to Iran, to explain to the Iranian leadership that it would be to their benefit to have the highest level of transparency of their nuclear program.

During the last meeting of the Board of Governors of the IAEA in Vienna in November, Iran announced the signature of the Additional Protocol, and the Board adopted a very mild resolution. Maybe the Americans didn't like it, since their idea was to put the problem before the Security Council. But



The United States and Russia have signed nuclear nonproliferation agreements, as in this ceremony in Washington, on Nov. 7, 2003, but the U.S. has refused to renew the joint agreement on peaceful uses of atomic energy, due to Russia's work on Iran's Bushehr nuclear power plant. Energy Secretary Spencer Abraham is on the left, and Russian Minister of Atomic Energy, Alexander Rumyantsev, on the right.

the mood of most of the Board was that Iran has shown a good level of cooperation.

In addition, the IAEA was not given sufficient time to analyze all of the materials presented by the Iranians to explain their nuclear program; so the Agency needed more time. The Board welcomed the decision of Iran to sign the Additional Protocol, and a resolution was passed to revisit the Iranian problem at the next meeting of the Board of Governors in March. Then, the Board would see what the conclusions are of the Secretariat, which will have had sufficient time to analyze all the materials presented by Iran. This will be a very important meeting.

We'll see how Iran complies with the NPT, and the Additional Protocol. The IAEA leadership will report on their [the Iranians'] behavior towards the inspectors: whether they were able to go anywhere they would like to go; whether they were allowed to take environmental samples. It is only in the Additional Protocol that this measure was introduced, to take environmental samples; and this is very important, to know the story of a facility.

If you have an enrichment plant, and the person running the plant tells you: "I was making enrichment of 3%, 4%, or 5% for a nuclear power plant," it would be very difficult to confirm this. But if you are allowed to take environmental samples, minimum traces of uranium isotopes will be detected, and if someone tried to enrich it more than 10, or 20%, it will immediately be shown by the analysis of the environmental samples. Under the Additional Protocol, access to the facilities is enlarged, more documentation is asked from the Iranians, and it is an important step forward.

As far as Russia is concerned, we are very satisfied with the results obtained. We worked in parallel with the French and Germans, and we agreed that, taking into account the gestures of cooperation which Iran showed, it would be unrealistic to press them and not give them time to explain all of the details that were not yet known.

It is also important to stress, that, *in no case*, can you compare the situation in Iran with that in North Korea. Almost two years ago, North Korea expelled IAEA inspectors, and nobody knows what is going on. They are saying very contradictory things, declaring they have extracted plutonium from the rods. That is why you cannot compare these two cases.

Nobody knows for sure what is happening now in North Korea's nuclear complex. Did they extract this plutonium, and produce several bombs, which they say they need to protect themselves from an aggressive policy of the United States, which put Korea in the axis of evil? Russia is also concerned about the North Korea situation. We think that only a peaceful solution through negotiations can produce a positive result. The D.P.R.K. is very much concerned about their national security, and are afraid of possible military aggression of the United States. That's why they are asking for some kind of security assurance from the U.S. government.

EIR: Could you please explain more about the energy situation in Iran? Will the nuclear plants play a vital role there?

Rybachenkov: Two years ago, when I was present at the General Conference of the IAEA in Vienna, the head of the Iranian nuclear energy commission, Mr. Gholamreza Aghazadeh, announced a long-term plan of development of nuclear

energy. They want to construct several nuclear blocks during the next ten years, with an overall power of 6,000 megawatts (MW). The reactor which we are building, which is a VVR 1000, is 1,000 MW, so Aghazadeh announced the decision to build an additional five stations.

EIR: Do you have a contract to build any of the additional reactors?

Rybachenkov: At the moment there is an agreement for the construction of only one reactor at Bushehr. There is a possibility to build another one at the same site. Unfortunately, the United States is very much against the construction of another reactor. They say, "We'll tolerate one but we wouldn't like to have another." Our question is, what is the difference? One block or two blocks? The conditions will be the same: still under IAEA safeguards; the spent fuel will be taken to Russia; so what is the difference? There are some discussions between Russian and Iranian authorities about the construction of additional blocks. They have this long-term plan, which they wish to accomplish.

EIR: Are there other ramifications of the disagreement between Russia and the United States over nuclear policy concerning Iran?

Rybachenkov: Iran really is a big problem in the relations between Russia and the United States. We still do not have an agreement between the U.S. and Russia on cooperation in the peaceful uses of nuclear power. We had one, but it expired six years ago, and because of concerns of the United States on Iran, they refused to sign another agreement, which hinders our cooperation.

Secondly, Russia had the plan of taking the spent fuel from different countries, such as Taiwan and South Korea, first, to serve nonproliferation purposes. In Taiwan, they really don't have sufficient storage for the spent fuel. But if it were taken to Russia, to Krasnoyarsk, all of the spent fuel containing plutonium would be concentrated in one place, with no risk of anyone trying to separate it. So Russia had the plan of taking a certain quantity of this spent fuel. The price to do this is very high. The storage and processing of one kilogram of spent fuel on the world market costs \$1,000, which means \$1 million per ton. We had the intention of taking 20,000 tons of spent fuel, through which Russia could get \$20 billion, using some of the money to reconstruct the storage. This money could be used mainly for the ecological restoration of Russian territory, for the enhancement of nuclear safety, and so forth.

The problem is that the nuclear fuel being used by South Korea and Taiwan is "American obligated." It belonged to the U.S., so without the permission of the U.S. government, neither South Korea nor Taiwan can send this spent fuel to Russia. The attitude of the U.S. government is that they won't give this permission (while understanding all of the advantages, from the nonproliferation point of view), before all

American concerns about Iran are lifted.

You see how many aspects of the Iran problem you have. It doesn't allow for the signature on an agreement for the peaceful uses of nuclear power, and it hinders bringing spent fuel from other countries to Russia.

EIR: The export of nuclear technology is very important for Russia, and we understand that you are developing floating nuclear power plants. . . . We believe if the world is going to develop, and if countries in Asia, Africa, and Latin American are to move forward, they will need a lot of energy, and much of that will come from nuclear.

Rybachenkov: You are right, but the official U.S. position is negative, insisting there are proliferation problems.

In Russia we have a very good design for such floating nuclear facilities. The Ministry of Atomic Energy has had negotiations with countries such as Indonesia and the Philippines, to deliver this kind of energy source, using floating nuclear plants. In one case, this problem has been resolved, and I believe one will be delivered to Indonesia. For many years our scientists have been working on this problem, and we have developed a very good design, from the point of view of safety and transportation. The power level of such reactors is about 100 MW per unit.

EIR: Is the first unit going to be in Russia?

Rybachenkov: We've had some experience with such stations, but no new installations have been produced as of now. It's a question of money. There were people with fantasies, saying that the reactors from submarines could be used for this purpose; but it was decided, from the ecological point of view, not to use them. Most of them are old, they should be dismantled, and Russia is now dismantling the submarines in the North and the Far East.

On the proliferation question, recently Dr. Mohamed ElBaradei, Director General of the IAEA, presented an interesting paper on creating one or several international nuclear spent-fuel storage facilities to avoid the risk of plutonium being extracted by some countries.

EIR: But one of his proposals that I find disturbing, is that non-nuclear weapon countries should not be allowed to develop uranium enrichment technology on their own, but that it should be centralized regionally.

Rybachenkov: I agree with you. I do not understand this proposal. It may be humiliating for these countries. You have the IAEA safeguard system, and the Additional Protocol. Why wouldn't this country have the right to enrich uranium?

On another aspect of this: On Jan. 12, it was reported in the *Washington Post* that President Bush pledged to help India with its nuclear energy development. I don't understand how this could be done in practice. We in Russia already have had a negative experience cooperating with India. As you know, India is not an NPT member, and we are members of the

Nuclear Suppliers Group, where there is a very specific rule that exports of nuclear equipment and material can only be to a country with full-scope safeguards—which India, of course, does not have.

Three years ago, Russia delivered a small quantity of fuel pellets to a nuclear unit in India because nobody wanted to do that, and they were in a critical situation. Russia was severely criticized within the Nuclear Suppliers Group for this action.

We know that India has enormous plans for nuclear energy. They want to construct at least 20 or 30 power plants, and Russia would be ready to do that. We are already building one that will be finished in two or three years' time. But we do not have the right to construct another unit because of the restrictions of the Nuclear Suppliers Group. We continued the construction of the first unit because the corresponding agreement was signed before 1992 when the strict rules were adopted, and the law isn't retroactive.

The situation is a difficult one. On the one hand, we know that, de facto, India has nuclear weapons, and they would like to become an NPT member as a nuclear state. This is not an easy task. You have to convene the plenary of the NPT, which happens every five years, and you must put it before the plenary, and then have a vote, a majority, and it must be ratified.

There are plenty of problems in the U.S. offer to India that are not at all clear to me. What is the logic behind it? What would be the practical steps? What are the intentions of the United States? What is the timing? This cooperation is prohibited under current international treaties. This is important for Russia to understand, since there is competition among many countries, and U.S. companies would like to bid for nuclear plants in India.

EIR: Maybe the U.S. government has realized, after all of these years, that sanctions against India and Pakistan will not accomplish anything, and are trying the carrot, rather than the stick.

Rybachenkov: Certainly.

EIR: Lyndon LaRouche and *EIR* have stressed the importance of cooperation between India, Russia, and China, to develop the Eurasian heartland. The policy that we promote is that the United States should invest in that cooperation. Now you have an administration that is very ideological, very political, and they like to play the game of a "balance of power," playing one country against another, instead.

Rybachenkov: In that regard, there is another important question that may arise. The [American] President spoke about cooperation only with India. What would be the reaction of Pakistan? It is now a close ally of the United States in the struggle against terrorism. This is also a problem.

EIR: We see the development of nuclear energy in a broader framework. All of the economic work of Mr. LaRouche is based on the principle that you have real economic growth

when you have scientific breakthroughs and advances in technology. Any other programs to "reduce poverty" are worse than a waste of time.

Rybachenkov: I think that is absolutely correct. By the way, this is the position of the Russian President, Vladimir Putin. He always underlines that this is the only way of helping the country to grow and get out of a difficult economic situation.

EIR: Mr. LaRouche's good friends in Russia, who share this perspective, include economists Sergei Glazyev and Dmitri Lvov.

Rybachenkov: Yes, Lvov, the economist; a very talented and realistic economist. He was always very critical of the economic policy of Yeltsin.

Five years ago, I had a very interesting visit to China, in relation to the construction of a Russian centrifuge plant for uranium enrichment for their nuclear energy sector. We crossed through the country, and they showed us all of their nuclear facilities, and we were accompanied by a gentleman who knew Russian, because he graduated from the Moscow Institute for Energy. It is interesting to note that the Chinese are very "liberal"; but when we were visiting one enrichment plant, we were presented with the leaders of this plant, and one was the Director, and the other was the Party Secretary. They still maintain this Party structure. It was striking. And this doesn't prevent them opening their market, and giving enormous privileges to foreign companies for investments.

I am always telling Americans to better understand what is going on in Russia: The problem is not that we have rich and poor; the problem is that we have those who are very rich, and those who are very poor. And poor Russians, of which we have about 30 million, earn about \$2 per day. I read that this sum is spent by British families for feeding their cats.

The problem is social justice, which is very dear to the Russian people. The problem is that people cannot support the situation when the new rich Russians gain 100 times more than these poor creatures. If they were given at least \$300 per month, there would not be such hatred against Khodorkovsky. This is the problem of social justice. People cannot support this, and it is impossible for 30 million people to live on so little money. They can see that their children do not have the possibility of receiving a good education, because plenty of institutions charge, and the sums are enormous; as much as \$5,000 per year.

That's why people didn't support Nemtsov and his rightist forces in the elections. And some people in the U.S. say, "Why didn't you vote for those wonderful people, like Nemtsov?" But the truth is that people do not trust them.

EIR: The real crime of the oligarchs is not just that they were stealing money, but that they were stealing the patrimony of the country.

Rybachenkov: Absolutely, I agree with you. Academician Lvov writes many articles on this subject explaining this view.

Election or Coup? Will HAVA Bring In A U.S. Dictatorship?

by Edward Spannaus

Following the District of Columbia primary election on Jan. 13, in which Lyndon LaRouche's votes were apparently given to Republican party shill Al Sharpton, Democratic candidate LaRouche issued a statement of support for the calls by local D.C. officials for an investigation of the malfunctioning of new touch-screen and optical-scanning voting machines (see *EIR*, Jan. 23).

In *EIR*'s Jan. 30 issue, we ran a major article entitled "Electronic Voting Is a Threat to the Constitution," in which we noted the threat to the right to vote and to fair elections, which is posed by the widespread introduction of DRE (Direct Recording Electronic) touch-screen voting systems, which are being subsidized under the provisions of the **Help America Vote Act of 2002 (HAVA)**. We noted studies which have exposed the security vulnerabilities, including the study issued by the Congressional Research Service last November, and the study of Diebold DRE machines by computer scientists from Johns Hopkins and Rice Universities.

Continuing our exposure of the dangers of DRE systems, in this issue we report on a number of additional aspects of this threat to the Republic—including the background of the HAVA legislation and its current status; profiles of the companies involved; and a listing of some of the hundreds of "horror stories," instances in which computerized voting systems have lost, added, or switched votes in local elections.

But, as Lyndon LaRouche warns in the following statement issued on Feb. 9, the danger this time is much greater than ever before: we are faced with the potential for the rigging and theft of the entire Presidential election this November—a *coup d'état*—unless we act *now* to repeal HAVA and ban electronic voting.

LaRouche Calls for Ban of Computer Voting

"Is this an election or a coup?" This is what Democratic Presidential candidate Lyndon LaRouche is asking about this Fall's elections. With estimates that as many



*“Bring back the men,
and throw out the
machines!” Ready for a
virtual election run by
black boxes, with a
totally manipulable vote
and no checking recount
allowed.*

as 56% of the votes cast in November will be cast on computerized voting machines, LaRouche warns that Cheney, Bush, and their friends are planning to steal the November elections—and if you wait until then, there won’t be anything you can do about it.

Computer voting must be stopped now, or we won’t have any elections, because the results will be meaningless. “Bring back the men, and throw out the machines,” LaRouche said.

There are at least three fatal defects of electronic voting:

- With touch-screen voting—otherwise known as DRE (Direct Electronic Recording)—there is no ability to conduct a recount or to verify the results, because there is no ballot card, and no paper trail.

- The computerized tabulation of votes, in either touch-screen or optical-scanning systems, is easily rigged, as recent tests conducted by the State of Maryland demonstrated.

- The major companies that produce electronic voting equipment, and which run the elections, are tied into Republican circles. The most egregious case is that of Diebold Corp., whose chief executive, Wally O’Dell, is a frequent visitor to the Bush ranch in Crawford, Texas, and hosted a \$600,000 fundraiser for Dick Cheney last June.

Remember the farce of the punch-cards and “hanging chads” in the Florida recount, after the 2000 elections? This will be a thousand times worse—because with touch-screen voting, there is no paper ballots or punch-cards to re-count. It’s all inside the “black box”—and your local election officials have no idea what’s in there, and can’t even look. The software that counts the votes is privately owned by a handful of voting machine companies—and it can be a felony for your

local election officials to even try and examine it!

This time, it’s not clear the United States will survive the election. Remember, an estimated 56% of the votes this fall are anticipated to be on electronic voting machines. That’s why it has to be stopped now!

Congress Must Repeal It

How did this happen? In 2002, many of your representatives in Congress got suckered into supporting the Help American Vote Act (HAVA), which resulted in the Federal government subsidizing and encouraging the use of these fraud-prone electronic voting systems by the states. Under the pretext of assisting persons with disabilities, by 2006 every polling place used in a Federal election is required to have at least one DRE (direct recording electronic) device, or another device “equipped for individuals with disabilities.”

The pretext for HAVA, was to “modernize” the nation’s voting system, but in fact, it set up the nation for fascism. Maybe your Congressman is too stupid to realize what he or she was voting for, but there’s no excuse.

Under the conditions of global financial collapse that will be hitting full force by this fall, don’t underestimate the desperation of Cheney & Company and their financial backers, to take whatever measures they deem necessary to install a fascist dictatorship, rather than giving up power. If they have fraud-prone electronic voting, they’ll use it. You might as well give up your right to vote.

Congress must repeal HAVA, and ban computerized voting *now*. Or else, kiss your Constitutional right to fair elections goodbye.

Why Congress Must Repeal The HAVA Act

by Art Ticknor

In 2002, Congress was duped into supporting the Help America Vote Act (HAVA), which resulted in the Federal government encouraging, and even subsidizing, the use of unverifiable, fraud-prone electronic voting systems by the states. As an estimated 56% of the votes this Fall are anticipated to be cast on computerized voting machines, Democratic Presidential candidate Lyndon LaRouche warns that Cheney, Bush, and their friends are planning to steal the November elections—and if Congress waits until then to act, it will be too late. HAVA must be repealed now.

With touch-screen electronic voting, there is no way for officials to conduct a recount or to verify the results, because there is no ballot card, and no paper trail. The computerized tallying of votes, in either touch-screen or optical-scanning systems, is easily rigged, as recent tests conducted by the State of Maryland demonstrated (See *Editorial, EIR*, Feb. 6).

Under the conditions of systemic global financial collapse that will be hitting full force by this Fall, you can't underestimate the desperation of Cheney and Company and their financial backers, to take whatever measures they deem necessary to install a fascist dictatorship, rather than giving up power. If they have the capability to commit fraud through rigging electronic voting systems, they'll use it.

Merely amending HAVA to require a voter-verified paper trail, as some members of Congress have proposed, is inadequate. It is imperative for the sponsors of this legislation, and those who voted for it, to repeal HAVA, and ban computerized voting *now*. Otherwise, we will have forfeited the Constitutional right to fair elections, because the results will be meaningless.

Using the smokescreen of fixing the Florida punch-card fiasco in the 2000 elections, the Republican-controlled Congress, with the support of hoodwinked Democrats, passed HAVA in October 2002—as their attention was focussed on the impending Iraq war. HAVA authorized \$3.9 billion in Federal government monies to subsidize and promote replacement of the old lever-type and punch-card voting machines, with new electronic systems such as optical scanning and DRE (Direct Electronic Recording) touch-screens. HAVA-funded machines—not required, but encouraged—were supposed to be in place for the November 2004 elections, unless the state applies for an extension—which many have.

Moreover, under the pretext of assisting persons with disabilities, by 2006 *every* polling place used in a Federal elec-

tion is required to have at least one DRE device, or another device “equipped for individuals with disabilities.”

During the so-called “debate” on the HAVA bill on the floor of the House, on Oct. 10, 2002, virtually no opposition was voiced, and apparently no one blew the whistle on the susceptibility of these systems to fraud and election-rigging. Republicans and Democrats alike praised HAVA as ensuring the right to vote, and the right to have every vote “counted equally and fairly.” Rep. Robert Ney of Ohio, the lead Republican sponsor, proclaimed, “No more will voters have to wonder if their vote was properly recorded or not.” Rep. Steny Hoyer of Maryland, the lead Democratic sponsor, called HAVA “the first Civil Rights Act of the 21st Century.”

Ironically, many members of the Congressional Black Caucus threw their enthusiastic backing behind HAVA—with members calling it “the most important,” or “the most historic piece of election and voting rights legislation since the Voting Rights Act of 1965”; and “the civil rights bill of the new millennium.”

The irony of this, as pointed out by former Nebraska State Senator Don Eret below, is that HAVA actually violated the Voting Rights Act, which requires that observers be able to watch the counting of votes—which is impossible when the counting is done by a computer “black box.”

Who Lobbied for HAVA?

Who duped Congress into supporting HAVA? Although a lot of the public-relations window-dressing was pitched in terms of enabling disabled persons to vote (a rather dubious claim), the heavy lifting was done by a consortium of defense contractors and voting-machine companies, which same group has now launched a public relations campaign touting computer voting.

The Information Technology Association of America (ITAA), a lobbying firm for technology firms, set up the “Election Systems Task Force”—composed of defense contractors and procurement agencies—to push the legislation through Congress. The major companies involved in the task force were: Northrup Grumman, Lockheed Martin, Accenture, and EDS.

During a conference call meeting on Aug. 22, 2002, it was stated that the Task Force's top agenda item was simply: “How do we get Congress to fund a move to electronic voting?” The discussion was about the importance of getting

Fair Election Means Ability To Recount

Don Eret is a former Nebraska State Senator, presently the vice chairman of the Saline County Democratic Party, and is the authorized representative in Nebraska for the LaRouche in 2004 campaign. Eret is a farmer and a retired space engineer. Having known Mr. Eret for many years, and being aware of his interest in voting rights issues, *EIR* spoke with him on Jan. 28.

Former Senator Eret expressed his strong belief that the ability to conduct a recount is essential for citizens to be able to have confidence in elections. While it is possible to conduct a recount with optical-scanning voting machines which use a paper ballot card, Eret notes that it is impossible with touch-screen machines, unless they are modified to produce a printed ballot or receipt.

“We know they’ve been mandated by the Help America Vote Act, and are mandated now in all precincts in the United States for handicapped accessibility—which we don’t fully understand,” Eret told *EIR*. “HAVA calls for them to be fully operational for the 2006 elections. . . . I would have thought this would have made it very easy for someone to challenge that whole mandate. It’s one Congressional act conflicting with another, because in 1965, they passed the Voting Rights Act, which mandated that all ballots be auditable. It calls for observers, to be able to observe the tabulation of the vote.”

Eret cites Title 42 of the United States Code, Sec. 1973, which provides for Federal observers in jurisdictions covered by the Voting Rights Act, and that such observers can be present at any voting location “for the purpose of observing whether votes cast by persons entitled to vote are being properly tabulated.”

That, of course, is impossible to do, if the votes are being counted by a computer, which is true for both optical-scanning and touch-screen systems.

Eret believes that the credibility of a state’s elections are dependent on its recount laws. “If you don’t have a procedure that allows for an audit of actual ballots, suspicions develop about the way a race might have turned out, if it is quite close. We’ve had several races in Nebraska that fit my category of being suspicious. We feel that if the law was corrected, so that it did allow this, that should remove those suspicions. It would remove the temptation for someone to think about manipulating a vote count.”

“This whole business with the machines—you can’t help but feel that there’s a partisan element, because these companies are all owned by Republican people,” Eret says. He notes that one company, or even one person in the company, has to service all the state’s voting machines, “because the counties can’t program their own machines; they have to go on contract with ES&S to get their machines programmed.” He points out that “local election officials don’t know what’s going on, and have no right to investigate it.”

“People I know, just see that this as a big bold move by Bush to get himself re-elected.”

—Edward Spannaus

the HAVA legislation enacted as a means of creating more business opportunities for the companies involved.¹

On Sept. 6, 2002, ITAA demanded that House and Senate conferees resolve their differences over their respective versions, and pass HAVA. Just over a month later, they did. HAVA was signed into law by President Bush on Oct. 12, 2002.

Where It Stands Today

More recently, amid Congressional moves to amend HAVA, ITAA escalated and established a group—made up of electronic voting machine companies—to “raise the profile” of electronic voting, and peddle its “benefits” to the American public. Members of the Election Technology Council (ETC), formed on Dec. 9, 2003, are Advanced Voting Systems, Diebold Election Systems, Election Systems & Software, Hart InterCivic, Sequoia Voting Systems, and

Unilect.

ITAA says the ETC builds on the work of its Voting Reform Task Group, the which lobbies for HAVA funding.

HAVA called for the appointment of an Election Assistance Commission (EAC) by February 2003, which was to oversee the establishment of standards for voting equipment. The White House stalled for a year after passage of the bill, and didn’t forward its nominations for the EAC to Congress until October 2003. The nominees were only recently confirmed, and the Commission is just now getting off the ground. It was only given \$2 million of the \$10 million it was promised.

The states are caught in a conundrum, as the National Association of Secretaries of States has pointed out. In order to meet Federally-mandated HAVA deadlines—and to be eligible for Federal monies—and prompted by aggressive lobbying and salesmanship by voting machine companies, state and local officials have already been rushing to purchase and install DRE voting systems. Companies such as Diebold and Sequoia are taking advantage of the fact that there are still no

1. Bev Harris, *Black Box Voting: Ballot Tampering in the 21st Century* (Renton, Wa.: Talion Publishing, 2004), Chapter 16.

Federal standards for voting equipment.

On the other hand, as reported and complained about in a recent electionline.org survey, debates over the security and integrity of electronic voting systems have caused a number of states to delay their plans to replace older voting machines. The electionline report even cites what it calls the “backlash against electronic voting.”

Many Democratic Congressmen who had voted for HAVA, have now apparently realized they made a mistake, and are supporting legislation mandating that electronic voting machines be fitted with printers, so that voters can see and approve their choices on paper. For example, Rep. Rush Holt (D-N.J.), in May 2003, introduced legislation to amend HAVA, to require a voter-verified paper trail; the bill has 114 co-sponsors. Such actions, while well-meant, are inadequate (see article, below); Congress must repeal HAVA.

Sponsors of the HAVA Disaster

Following are listed the HAVA bill’s original co-sponsors (on Nov. 14, 2001), which grew to 172 as of Oct. 10, 2002. The bill passed by a vote of 357-48 in the House, and 92-2 in the Senate, and was signed into law on Oct. 29, 2002. (Asterisks denote those who are now co-sponsoring the Holt bill to amend HAVA.)

Republicans: Lead sponsor: Bob Ney (Ohio); co-sponsors: Todd Akin (Mo.), Cass Ballenger (N.C.), Roy Blunt (Mo.), Sherwood Boehlert (N.Y.), Steve Buyer (Ind.), Michael Castle (Del.), Lincoln Diaz-Ballart (Fla.), John Doolittle (Calif.), Vernon Ehlers (Mich.), Phil English (Penn.), Ernie Fletcher (Ky.), Mark Foley (Fla.), Randy Forbes (Va.), Greg Ganske (Ia.), James Greenwood (Penn.), Melissa Hart (Penn.), Robin Hayes (N.C.), Peter King (N.Y.), Ray LaHood (Ill.), Steve LaTourette (Ohio), Jerry Lewis (Calif.), John Linder (Ga.), John Mica (Fla.), Todd Platts (Penn.), Rob Portman (Ohio), Silvestre Reyes (Ind.), Tom Reynolds (N.Y.), Lee Terry (Neb.), Pat Riberi (Ohio), Greg Walden (Ore.), Curt Weldon (Penn.), Frank Wolf (Va.).

Democrats: Lead sponsor: Steny Hoyer (Md.); co-sponsors: Gary Ackerman (N.Y.), Robert Andrews (N.J.), *Brian Baird (Wash.), *Corrine Brown (Fla.), *Sherrod Brown (Ohio), *Lois Capps (Calif.), Ben Cardin (Md.), Brad Carson (Okla.), Joe Crowley (N.Y.), *Elijah Cummings (Md.), Jim Davis (Fla.), *John Dingell (Mich.), Bob Etheridge (N.C.), *Chaka Fattah (Penn.), *Alcee Hastings (Fla.), Baron Hill (Ind.), Ruben Hinojosa (Tex.), *Joe Hoeffel (Penn.), *Rush Holt (N.J.), *Eddie Bernice Johnson (Tex.), *Stephanie Tubbs Jones (Ohio), Jim Langevin (R.I.), *Rick Larsen (Wash.), *John Lewis (Ga.), *Jim Matheson (Utah), Karen McCarthy (Mo.), *Dennis Moore (Kan.), *Bill Pascrell (N.J.), Earl Pomeroy (N.D.), *David Price (N.C.), Bobby Rush (Ill.), John Spratt (S.C.), *Pete Stark (Calif.), Ellen Tauscher (Calif.), *Bennie Thompson (Miss.), *Albert Wynn (Md.).

How Computers Can Steal Your Vote

The following are some examples of how computerized voting systems can lose votes, add voters, switch votes, and screw up elections in just about any way imaginable. Note that these screw-ups occur in every area of the country, and under both parties. These examples are taken from *Black Box Voting*, by Bev Harris, just published by Talion Publishing Co. Harris documents them in her Chapter 2 and Appendix. Further documentation can be found in the “public library” pages accessible through the BlackBoxVoting.org home page. *EIR* thanks Bev Harris for permission to share these horror stories of computerized voting gone awry, with our readers.

Alabama: In the Alabama 2002 general election, machines made by Election Systems and Software (ES&S) flipped the governor’s race. Some 6,300 Baldwin County electronic votes mysteriously disappeared after polls had closed and everyone had gone home. Democrat Don Siegelman’s victory was handed to Republican Bob Riley, and the recount Siegelman requested, was denied.

North Carolina: In the 2002 general election, a computer miscount overturned the House District 11 result in Wayne County, North Carolina. Incorrect programming caused machines to skip over several thousand party-line votes, both Republican and Democratic. Fixing the error turned up 5,500 more votes and reversed the election for state representative.

California: An Orange County, California, election computer made a 100% error during the April 1998 school bond referendum. The Registrar of Voters Office initially announced that the bond issue had lost by a wide margin; in fact, it was supported by a majority of the ballots cast. The error was attributed to a programmer’s reversing the “yes” and “no” answers in the software used to count the votes.

Kansas: In the 2002 Clay County, Kansas, commissioner primary, voting machines said Jerry Mayo ran a close race but lost, garnering 48% of the vote; but a hand recount revealed Mayo had won by a landslide, receiving 76% of the vote.

Texas: In the November 2002 general election in Scurry County, Texas poll workers got suspicious about a landslide victory for two Republican commissioner candidates. Told that a “bad chip” was to blame, they had a new computer chip flown in and also counted the votes by hand—and found out that Democrats actually had won by wide margins, overturning the election.

Oklahoma: In a Seminole Nation election held in Oklahoma in August 1997, electronic voting machines gave the election to the wrong candidates twice. The private company hired to handle the election announced results for tribal chief and assistant chief, then decided that its computer had counted the absentee ballots twice. So the company posted a second set of results. Tribal officials then counted the votes by hand, producing yet a third, and this time official, set of results. A different set of candidates moved on to the runoff election each time.

Utah: In a 1998 Salt Lake City election, 1,413 votes never showed up in the total. A programming error caused a batch of ballots not to count, even though they had been run through the machine like all the others. When the 1,413 missing votes were counted, they reversed the election.

Iowa: According to *The Wall Street Journal*, in the 2000 general election, an optical-scan machine in Allamakee County, Iowa, was fed 300 ballots and reported 4 million votes. The county auditor tried the machine again but got the same result. Eventually, the machine's manufacturer, ES&S, agreed to have replacement equipment sent. Republicans had hoped that the tiny but heavily Republican county would tip the scales in George W. Bush's favor, but tipping it by almost four million votes attracted national attention.

Indiana: November, 2003: Boone County officials wanted to know why their Micro Vote machines counted 144,000 votes cast when only 5,352 existed.

Texas: In the 1996 McLennan County, Texas, Republican primary runoff, one precinct tallied about 800 votes, although only 500 ballots had been ordered. "It's a mystery," declared Elections Administrator Linda Lewis. Like detectives on the Orient Express, officials pointed fingers at one suspected explanation after another. One particular machine may have been the problem, Lewis said. The miscounted votes were scattered throughout the precincts with no one area being miscounted more than another, Lewis also explained. Wait—some ballots may have been counted more than once, almost doubling the number of votes actually cast. Aha! That could explain it. (Er . . . excuse me, exactly *which* ballots were counted twice?)

"We don't think it's serious enough to throw out the election," said county Republican Party Chairman M.A. Taylor. Error size: 60%.

Arizona: Here's a scorching little 66% error rate: 826 votes in one Tucson, Arizona-area precinct simply evaporated, remaining unaccounted for a month after the 1994 general election. No recount appears to have been done, even though two-thirds of voters did not get their votes counted. Election officials said the vanishing votes were the result of a faulty computer program.

Maryland: According to the *Washington Times*, Kevin West of Upper Marlboro, who, voted at the St. Thomas Church in Croom, said, "I pushed a Republican ticket for governor and his name disappeared. Then the Democrat's name got an 'X' put in it."



Monster of many horror stories: a Diebold computer touch-screen voting computer. Let the disasters described here be instigated nationally, and a coup against representative government will occur.

Texas: Dallas, Texas: A software programming error caused Dallas County's new, \$3.8 million high-tech ballot system to miss 41,015 votes during the November 1998 election. The system refused to count votes from 98 precincts, telling itself they had already been counted. Operators and election officials didn't realize they had a problem until after they'd released "final" totals that omitted one in eight votes.

Venezuela: Caracas: In May 2000, Venezuela's highest court suspended elections because of problems with the vote tabulation for the national election. Venezuela sent an air force jet to Omaha to fetch experts from ES&S in a last-ditch effort to fix the problem. Dozens of protesters chanted, "Gringos get out!" at ES&S technicians. Venezuelan President Hugo Chavez accused ES&S of trying to destabilize the country's electoral process. Chavez asked for help from the U.S. government because, he said, the U.S. had recommended ES&S.

Florida: Officials in Broward County, Florida, had said that all the precincts were included in the Nov. 5, 2002, election and that the new, un-auditable ES&S touch-screen machines had counted the vote without a major hitch. The next day, the County Elections Office discovered 103,222 votes had not been counted.

Illinois: "I knew something was wrong when I looked up the results in my own precinct and it showed zero votes," said Illinois Democrat Rafael Rivera, according to the *Chi-*

ago Tribune. “I said, ‘Wait a minute. I know I voted for myself.’” The problem cropped up during the Lake County, Illinois, election held April 1, 2003. Clerk Willard Helander blamed the problem on ES&S, the Omaha company in charge of operating Waukegan’s optical-scan voting machines. Rivera said he felt as if he were living an episode of *The Twilight Zone*. No votes showed up for him, not even his own.

New Mexico: Ten days after the November 2002 election, Richard Romero, a Bernalillo County Democrat, noticed that 48,000 people had voted early on un-auditable Sequoia touch-screen computers, but only 36,000 votes had been tallied—a 25% error. Sequoia vice president Howard Cramer apologized for not mentioning that the same problem had happened before in Clark County, Nevada.

Washington: In Seattle, a malfunction caused voting-machine computers to lose more than 14,000 votes during the November 1990 election. Individual ballots were counted but not the votes contained on them. The computer program didn’t catch the problem, nor did any of the election officials. A Democratic candidate happened to notice the discrepancy after the election was over, and he demanded an investigation.

South Carolina: In the October 16, 2001, Rock Hill, South Carolina city election, voting machines were programmed incorrectly, skipping hundreds of votes cast. In a number of precincts, the ballot-counting software ignored

votes for council members when they should have been included, causing omission of 11% of the votes cast for these races. In all, voting irregularities were found in seven of the city’s 25 precincts.

Florida: In Union County, Florida, a programming error caused machines to read 2,642 Democratic and Republican votes as entirely Republican in the September 2002 election. The vendor, ES&S, accepted responsibility for the programming error and paid for a hand recount. Unlike the new touch-screen systems, which eliminate voter-verified paper ballots, Union County retained a paper ballot. Thus, a recount was possible and Democratic votes could be identified.

Georgia: In Atlanta, a software programming error caused some votes for Sharon Cooper, considered a “liberal Republican candidate,” not to register in the July 1998 election. Cooper was running against conservative Republican Richard Daniel. According to news reports, the problem required “on-the-spot reprogramming.”

Florida: In Volusia County, during the 2000 presidential election, the Socialist Workers Party candidate received almost 10,000 votes, about half the number he received nationwide. 4,000 erroneous votes appeared for George W. Bush while at the same time, Presidential candidate Al Gore received negative 16,022 votes.

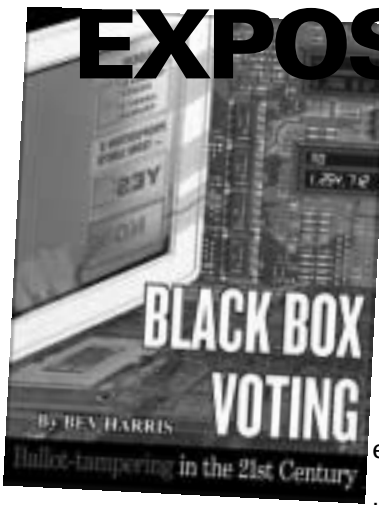
Texas: In Conroe, Texas, Congressional candidate Van Brookshire wasn’t worried when he looked at the vote tabulation and saw a zero next to his name for the 2002 primary. After all, he was unopposed in the District 2 primary and he assumed that the Montgomery County Elections Administrator’s Office hadn’t found it necessary to display his vote. He was surprised to learn the next day that a computer glitch had given all of his votes to U.S. Rep. Kevin Brady, who was unopposed for the nomination for another term in District 8. A retabulation was paid for by ES&S, the company that made the programming mistake. The mistake was undetected despite mandatory testing before and after early voting.

November 2002, Comal County, Texas: A Texas-sized anomaly on ES&S machines was discovered when the uncanny coincidence came to light that three winning Republican candidates in a row tallied exactly 18,181 votes. It was called weird but apparently no one thought it was weird enough to audit.

Maryland: November 2002—In Maryland, a software programming error on Diebold touch-screen machines upset a lot of voters when they saw a banner announcing “Democrat” at the top of their screen, no matter whom they voted for.

New Jersey: November 2002: Forty-four of 46 machines malfunctioned in Cherry Hill, New Jersey: Election workers had to turn away up to 100 early voters when it was discovered that 96% of the voting machines couldn’t register votes for mayor, despite the machines’ having been pretested and certified for use.

Washington: November 1990, King County, Washing-



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Philippines Court Bans Computerized Election

The Philippines Supreme Court, in a ruling which must serve as a lesson in constitutional democracy to the United States, nullified a Commission on Elections (COMELEC) contract for computerized voting machines, to be used for the May Presidential elections. While the ruling did not forbid the possible use of computerized elections in the future, the wording of the Jan. 13 ruling goes far beyond the technical issues of the case at hand, to identify the danger to the fundamental interests of the state inherent in computerized elections. The Court wrote that “we are thus confronted with the grim prospect of election fraud on a massive scale by means of just a few keystrokes. The marvels and the woes of the electronic age!”

The contract was signed in early 2003 with Mega Pacific Consortium, a group pulled together specifically for the Philippines project, involving (among others) a South Korean hardware producer, and the British firm election.com, ltd., which made its name running the first legally binding on-line election in the March 2000, Democratic primary in Arizona, and the voting at the 2000 Democratic National Convention. The Philippines court voided the contract, ordering that the May elections proceed with traditional manual voting and counting methods.

The specific charges involve the failure of the contracted computers (which had already been purchased!) to meet the safety criteria specified in the officially mandated

bidding rules and procedures. The court’s ruling, however, includes the following “universal” findings:

*** “[P]etitioners suing in their capacities as taxpayers, registered voters and concerned citizens respond that the issues central to this case are ‘of transcendental importance and of national interest’ and that ‘any taint on the sanctity of the ballot as the expression of the will of the people would inevitably affect their faith in the democratic system of government’. . . . We agree with petitioners. Our nation’s political and economic future virtually hangs in the balance, pending the outcome of the 2004 election.”

- After reviewing the failure of the computers to pass the required safety and accuracy tests, the court ruled that “COMELEC chose to ignore this crucial deficiency, which should have been a cause for the gravest concern. Come May 2004, unscrupulous persons may take advantage of and exploit such deficiency by repeatedly downloading and feeding into the computers, results favorable to a particular candidate or candidates.”

- In regard to the multiple software problems, the court noted: “The counting machines, as well as the canvassing system, will never work properly without the correct software programs. There is an old adage that is still valid to this day: ‘Garbage in, garbage out.’ No matter how powerful, advanced and sophisticated the computers and the servers are, if the software being utilized is defective or has been compromised, the results will be no better than garbage. And to think that what is at stake here is the 2004 national elections, the very basis of our democratic life! . . . [W]hat will happen to our country in case of failure of the automation?”—*Michael Billington*

ton: Worse than the butterfly ballot, some Democratic candidates watched votes alight, then flutter away. Democrat Al Williams saw 90 votes wander off his tally between election night and the following day, though no new counting had been done. At the same time, his opponent, Republican Tom Tangen, gained 32 votes. At one point several hundred ballots added to returns didn’t result in any increase in the number of votes. But elsewhere, the number of votes added exceeded the number of additional ballots counted. A Republican candidate achieved an amazing surge in his absentee percentage for no apparent reason. The miscounts were sporadic and thus hard to spot, and the errors disproportionately favored just one party. King County’s election manager recommended a countywide recount.

Louisiana: 1994, New Orleans: Voting machine tests performed and videotaped by candidate Susan Barnecker demonstrated that votes she cast for herself were electronically recorded for her opponent. This test was repeated several times with the same result.

Arizona: 1984—some 826 legitimate ballots were discarded in Oro Valley because of a computer error. The error wasn’t discovered until after the deadline for counting them.

1998—9,675 votes were missed in the tabulation. After canvassing, officials realized that no votes had been recorded for 24 precincts even though voter rolls indicated thousands had voted at those polling places. Global Elections Systems (now called Diebold Election Systems) tried to figure out why the computer had failed to record the votes.

Ohio: November 1998, Franklin County, Ohio: One candidate was incorrectly credited with 14,967 votes; another received 6,889 in error. Deborah Pryce and John R. Kasich gained 13,427 votes and 9,784 votes, respectively, after election officials hand-checked vote totals in 371 machines that were affected by a software programming error.

Kansas: September 1998, Kansas City: Republican John Bacon, a staunch conservative, celebrated a resounding victory for the 3rd District Kansas Board of Education seat, defeating moderate Republican Dan Neuenswander by 3,018

votes. Two weeks later Neuenswander learned that the race had been dead even with the margin of loss being just 24 votes. No one offered any explanation for the discrepancy.

Tennessee: August 1998, Memphis: In the governor's race, a software programming error in Shelby County began crediting votes to the wrong candidates. Computer cartridges containing 295 individual precinct results were taken to a central location because the scanner couldn't read them. The system that was shut down had posted the incorrect results to newsrooms across the city. At least one television station broadcast the bogus results.

Virginia: November 1999, Norfolk, Virginia: Machines showed totals of zero but votes had been cast. Edward O'Neal, Norfolk Electoral Board vice chairman, said, "Somehow, they lost their ability to count the votes."

Texas: November 2002, Dallas: When 18 machines were pulled out of action in Dallas because they registered Republican when voters pushed Democrat, Judge Karen Johnson, a Republican, quashed an effort to investigate the accuracy of the tally.

Florida: March 2002, Medley, Florida: Voting machines gave the town council election to the wrong candidate. The problem was attributed to a programming error by a voting machine technician. County Elections Supervisor David Leahy said he was concerned because the computer did not raise any red flags; humans had to spot the error.

New Mexico: November 2002, Taos, New Mexico: Just 25 votes separated the candidates in one race; another race had a 79-vote margin. After noticing that the computer was counting votes under the wrong names, Taos County Clerk Jeannette Rael contacted the programmer of the optical-scan voting machine and was told that the problem was a software programming error.

Florida: November 2002: Gubernatorial candidate Bill McBride was a tough guy to vote for: One voter said that he tried 10 times, and every time he pressed McBride, the Jeb Bush choice lit up. He could only get his vote to light up the McBride choice when he pressed a dead area of the screen. No paper ballot was available, so no one really knows who got any of the votes, regardless of which candidate lit up. Similar problems were reported in various permutations, for various candidates, by several Florida voters; and an identical problem was noted in Texas.

Who's Who of Virtual Voting Machine Companies

by Art Ticknor

Diebold Election Systems (Vancouver)

Corporate Profile:

Diebold Election Systems acquired Global Election Systems of Vancouver in 2002. First Manhattan Co. (the investment banking firm) owned 5.60% of outstanding common shares as of end of 2002.

Parent company **Diebold, Inc.** of Canton, Ohio is manufacturer and distributor of automated financial transaction systems (such as ATMs) and software for banks and financial institutions, and others, worldwide. Also provides physical and electronic security systems (2001—awarded contract to "secure" the U.S. Constitution, Bill of Rights, and Declaration of Independence).

Diebold Procomp subsidiary in 2000 manufactured and installed more than 360,000 DREs throughout Brazil.

Key Personnel:

CEO Walden O'Dell is a frequent visitor to the Bush ranch in Crawford, Texas, and hosted a \$600,000 fundraiser for Dick Cheney last June. In August 2003 he attended a strategy meeting with fellow Bush "Rangers and Pioneers" at the Bush ranch—those who have raised at least \$100,000 each for the 2004 Presidential campaign. He also hosted a Republican Party fundraiser at his Columbus, Ohio mansion, and said he was "committed to helping Ohio deliver its electoral votes to the President next year," in his Aug. 14 invitation.

W.R. "Tim" Timken, Jr., member of Board, is co-chair of Ohio's state Bush-Cheney re-election campaign, and hosted a \$750,000 fundraiser headlined by Cheney in November 2003. Timken, also a Bush Pioneer, and one of Bush's favorite Ohio fundraisers, in late April used his Canton, Ohio steel company as a site for Bush to tout his tax cuts. "We all have to dig deep to support President Bush," Timken declared at a \$1.4 million fundraiser in October. In addition, Timken was named by Bush as chairman of the Securities Investor Protection Corporation in early April. Timken has long been involved in Republican Party politics. Timken hosted Bush at a private luncheon during the 2000 Presidential campaign, attended by fewer than 100 people, and helped pay for Bush's inauguration as President in January 2001.

Directors:

Louis V. Bockius III—chairman, Bocko Inc. (plastic injection molding);

Christopher M. Connor—chairman and CEO, Sherwin-Williams;

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Richard L. Crandall—chairman, Giga Information Group (technology advisory firm);

Gale S. Fitzgerald—former president and CEO, GP Group, Inc. (procurement and supply solutions);

Donald R. Gant—senior director, Goldman Sachs Group; L. Lindsey Halstead—former chairman, Ford-Europe;

Phillip B. Lassiter—chairman and CEO, Ambac Financial Group (financial guarantee insurance holding company). Its major owners are JP Morgan Chase, Wellington Management, Goldman Sachs, and Citigroup. Ambac says it started the bond insurance business;

John N. Lauer—chairman, Oglebay Norton Co. (industrial minerals);

William F. Massy—president, Jackson Hole Higher Education Group; professor emeritus, Stanford University;

Walden W. O'Dell—chairman, president, and CEO, Diebold;

Eric J. Roorda—former chairman, Diebold Procomp;

W. R. Timken, Jr.—chairman, Timken Company (bearings and alloy steel);

Bob Urosevich—president, Diebold Election Systems.

Election Systems and Software (Omaha, Nebraska)

Company profile:

World's largest provider of election systems. Launched first-ever electronic voting in Spain, in June.

Formerly named **American Information Systems**, bought elections systems firm **Business Records Company** in 1997.

Privately held company; reportedly owned by Omaha *World-Herald* and McCarthy Group (asset management firm), both linked to Peter Kiewit Foundation. (**Peter Kiewit Sons', Inc. (PKS)** chairman emeritus Walter Scott, Jr. is a long-time Warren Buffett associate, on the board of Berkshire Hathaway, who spun off Level 3 telecom company from PKS.) Kiewit, which builds military facilities, is noted for being involved in bid-rigging cases in 11 states.

Board of Directors:

William F. Welsh II—chairman;

Aldo Tesi—president and CEO;

John S. Groh—senior vice president;

Todd Urosevich—vice president, brother of Bob Urosevich of Diebold.

Peter Kiewit Foundation:

John W. Hancock—chairman;

Michael L. Gallagher—vice-chairman;

U.S. Bank National Association—corporate trustee.

Sequoia Voting Systems (Oakland, California)

Company Profile:

Parent company **De La Rue Cash Systems Ltd.** bought 85% stake on May 29, 2002; remaining 15% stake was held by former owner **Jefferson Smurfit Group** (Ireland manufacturer); was bought by **Madison Dearborn Partners**

(linked to **Carlyle Group**).

De La Rue, according to Sequoia, prints currencies for 125 countries, passports, and identity cards, and works "in collaboration with the world's premier law enforcement agencies, including Interpol, Scotland Yard and the FBI."

De La Rue Board of Directors:

Sir Brandon Gough—non-executive chairman; chairman, Montanaro Smaller Companies Investment Trust; former chairman, Coopers & Lybrand;

Ian Much—chief executive officer;

Stephen King—group finance director;

Louise Fluker—general counsel and company secretary;

Keith Hodgkinson—non-executive director;

Nicholas Brookes—non-executive director;

Michael Jeffries—non-executive director;

Philip Nolan—non-executive director.

Sequoia Board of Directors:

Not listed by the company.

Hart Intercivic (Austin, Texas)

Company Profile:

Voting-system vendor; sells "eSlate," a dial-a-vote variation of a touch-screen system.

Its chairman is David Hart.

As the company's commercial printing fortunes fell, Hart lined up venture capital and became a voting-system vendor. Initial funding from Triton Ventures, subsidiary of Triton Energy, in turn a unit of **Amerada Hess**.

RES Partners, a major investor in Hart, represents Richard Salwen, a heavy contributor to G.W. Bush and Republican Party.

Another investor, **Stratford Capital**, is an arm of Hicks, Muse, Tate & Furst, founded Tom Hicks. Hicks bought Texas Rangers in 1999 from G.W. Bush, and is also a major owner of the media giant Clear Channel Communications.

Accenture (Philadelphia)

Company Profile:

Accenture was the prime contractor for the Pentagon's SERVE (Secure Electronic Registration and Voting Experiment) Internet voting system, which was scrapped in early February 2004 after an outside study found that SERVE, or any Internet-based voting system, is inherently insecure.

Accenture is simply the old **Arthur Andersen Consulting**, which was compelled to change its name to avoid association with the Enron accounting disaster.

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China, N. Korea Hint At Move on Six-Power Talks

by Kathy Wolfe

North Korea announced on Feb. 3 that it will attend a second round of Six-Power talks on its nuclear weapons program in Beijing on Feb. 25, with China, the United States, Russia, Japan, and South Korea. Chinese spokeswoman Zhang Qiyue and U.S. Secretary of State Colin Powell confirmed the report.

The news first met much speculation, as no reason was given. In fact, it came at a time when Washington was ever more strongly insisting that North Korea simply dismantle all its weapons, as Libya has proposed to do, with no guarantee for its security thereafter—a path North Korea has repeatedly rejected outright. U.S. Ambassador in Seoul Thomas Hubbard again told the press Feb. 6 that Pyongyang must “dismantle its nuclear program completely, verifiably, and irreversibly,” on the Libyan model.

While the other five parties have called for a “simultaneous” U.S. security guarantee of no military action against North Korea if Pyongyang disarms, Washington has refused, most recently on Dec. 12, when negotiations broke down after Vice President Dick Cheney said, “We don’t negotiate with evil; we defeat evil.”

But meanwhile, as *EIR* reported on Feb. 6, Cheney’s intelligence claims about a secret North Korean uranium bomb were being quietly debunked by China, and even American arms specialists, diplomats, and Congressmen, in the wake of exploding revelations of the Iraq intelligence fraud perpetrated by Cheney. As Naval War College Research Chief Dr. Jonathan Pollack was quoted in *EIR* of Aug. 8, 2003, the CIA and other agencies believed that evidence for a uranium program was “far from definitive,” and that “North Korea had no operational enrichment facility.” So much for the crisis.

China and North Korea may be making a move to underline this point, the *Korea Times* reported Feb. 9. “China will surprise the Feb. 25 talks, by announcing that the United

States has failed to demonstrate” that North Korea has a hidden uranium bomb, the paper wrote. There were numerous wires from Washington following that, quoting an unnamed senior U.S. official to say that “China has refused to accept the U.S. contention, that North Korea is developing nuclear weapons based on highly enriched uranium (HEU). U.S. diplomats have told Beijing that its position is not helpful.” He added that North Korea “is hoping that China, by casting doubt on the U.S. contentions, will help discredit them. . . . China’s rejection of U.S. contentions could give Pyongyang a boost” at the talks.

American Experts Cast Doubt

Following hints by Senate Foreign Relations Chairman Richard Lugar (R-Ind.) and Los Alamos weapons chief Siegfried Hecker on Jan. 20, that Pyongyang’s uranium program was only “alleged” but unconfirmed (*EIR*, Feb. 6), more American experts have cast doubt on the entire crisis trigger. Ambassador Wendy Sherman, North Korea Policy Coordinator under former U.S. President Bill Clinton, added her voice in a speech at the Carnegie Endowment for Peace on Feb. 5. Sherman said that even if Pyongyang has some kind of uranium program, she doesn’t believe they possess enriched uranium. On the Six-Power Talks, Sherman predicted that Pyongyang may help President George Bush be re-elected, if it believes the talks will produce the progress it wants. However, she added that if the North sees no developments, it will likely slow down and wait for a new Administration.

“Crying Wolf on Iraqi WMD Costs U.S. Credibility on North Korea” was the title of a *Christian Science Monitor* column Jan. 29 by Jon Wolfsthal, deputy non-proliferation chief at the Carnegie Endowment for Peace. After the intelligence failure in Iraq, he wrote, “The costs to U.S. international credibility are high and are being felt in other parts of the

world, most of all with regard to North Korea. Seeds of doubt sown in Iraq over U.S. intelligence now have countries in East Asia, including close U.S. allies, openly doubting U.S. intelligence about North Korea's nuclear program.

"China, a key player in the six-party talks with North Korea, has now begun to express doubts about the U.S. allegations that North Korea has an HEU program. Now, quietly, South Korean officials are beginning to express the same doubts. Echoes of these doubts are being heard in Japan. Even if these countries have other reasons for differing with the U.S., the failure to find WMD in Iraq gives them an excuse to question the reliability of American intelligence. In turn, this makes holding a united front against North Korea more difficult. . . .

"U.S. failure to share the location of any HEU facilities in North Korea, and refusal to share evidence with South Korea, compounds doubts. If the U.S. was wrong—or manipulated intelligence—in Iraq, how can it be completely trusted in North Korea? The question remains: Just what does North Korea's nuclear program include, and does a HEU program really exist?"

'Simultaneously Drop Guns'

All this would help explain the extremely strong tone of a remarkable statement by North Korean Ambassador Li Gun, Deputy Director General of the North Korean Ministry for Foreign Affairs, released in English on Feb. 6. The clear and precise memo, "Requisites for Resolving the Nuclear Issue," is dated Dec. 16, 2003, but its doctrine likely still stands, or the Democratic People's Republic of Korea (D.P.R.K.) would not have permitted its official release now by the Center for National Policy, a bipartisan U.S. Congressional think-tank.

Li's memo is notable for raising the same policy questions aired by Lyndon LaRouche, strongly attacking the policy of "pre-emptive nuclear strike" and documenting how the Iraq invasion convinced North Korea of the necessity of re-arming. The memo states that North Korea will never unilaterally disarm; and that as the United States, while knowing this, continues to insist on this Libya model, the United States is coming to the talks with "an ulterior goal," i.e., "regime change."

Ambassador Li states that the nuclear issue is "an outgrowth of the United States' hostile policy toward us. The Bush Administration's putting an end to bilateral political dialogue, its 'axis of evil' pronouncement, and defining North Korea as a target of pre-emptive nuclear strike. . . . If the U.S. is truly seeking the denuclearization of the Korean peninsula, it must change its hostile policy toward us. I repeat, unless the U.S. changes its hostile policy toward North Korea, we absolutely cannot give up nuclear weapons. . . .

"If the U.S. fundamentally changes its hostile policy toward North Korea," Li writes, "we could also give up our nuclear deterrent. That is, only when a legal and systematic security mechanism guaranteeing that the U.S. will not

threaten us is in place, and a certain level of trust is built. . . . However, the U.S. position is that we must first dismantle our nuclear program and that only when the dismantlement has been verified will the U.S. provide security guarantee and economic support. This is impossible to effect."

The statement describes precisely how it was the U.S. side which violated, then cancelled the 1994 Framework Accord, and repeats North Korea's consistent "proposal for simultaneous action and package settlement," the "principle of simultaneous action, a comprehensive settlement," in which the United States must give a guarantee of North Korea's security, and then, it will disarm.

"The Iraqi situation has proven that our distrust of the U.S. is accurate. The Iraq war has proven that the U.S. is an egregious nation that for the sake of its own purpose uses military force, arrogantly ignoring international law, world public opinion, and the advice of its own allies. Despite that Iraq had faithfully subjected itself to inspections by the UN weapons inspection team, and despite the findings by the inspection team that there was not a shred of evidence that Iraq had developed weapons of mass destruction, the U.S. still attacked Iraq. . . . Our position is simple, clear, and just: That is, let us both, North Korea and the U.S., simultaneously drop our guns and coexist in peace. . . . If the U.S. has the right to insist on the 'complete, verifiable, and irreversible dismantling of North Korea's nuclear program,' then we have the right to demand a complete, verifiable, and irreversible security guarantee."

Yet, "at present, from what we have gathered through various channels, in the U.S. proposal there is not a single reference to the simultaneous package deal, and the U.S. is essentially unwilling to step outside the framework of 'unilateral nuclear dismantlement.' . . . That is, the U.S. appears to be seeking an ulterior goal."

The Pakistan Angle

Meanwhile, the Cheney side has countered with new charges that Pakistan's Abdul Qadeer Khan, founder of that nation's nuclear program, sold nuclear technology to Libya, Iran, and North Korea. This charge conveniently appeared just after Feb. 3, despite the fact that the International Atomic Energy Agency (IAEA) was told all the details last November during investigations of Iran. American intelligence sources told the *New York Times* of Feb. 3 that Kahn had visited North Korea ten times in the 1990s.

But from what details of Kahn's signed admission have been released in public, Kahn admitted only to supplying old and discarded centrifuge and enrichment machines, together with drawings, sketches, technical data, and depleted hexafluoride gas, to North Korea, according to *The Dawn* of Pakistan. This is consistent with Dr. Pollack's conclusions at the Naval War College that, as the CIA also has said, North Korea had nothing even close to a functional facility that could make weapons-grade uranium, even if it does have some parts.

Iranian Crisis Could Ignite Regional War

by Muriel Mirak-Weissbach

The celebrations for the 25th anniversary of the Islamic Revolution in Iran, were marked by an unusually open conflict between the two adversary political poles, whose competition has dominated the nation's politics for the past decade. On the one side, were the conservatives, who turned out en masse for the huge demonstrations in Tehran, and other cities on Feb. 11. On the other, were the reformists, who have just been disenfranchised for the Feb. 20 parliamentary elections, by the arch-conservative Guardians Council (GC), the body charged with vetting candidates. Through a tug-of-war lasting weeks, the reformists have pressured the GC to reverse its disqualifications of over 3,000 candidates, including mainly representatives of their political faction.

In the middle of the fray, is President Seyyed Mohammed Khatami, champion of the reformist cause, who, though twice elected by a huge mandate to introduce reforms, has been straitjacketed by the checks imposed by the conservatives. Under immense pressure from his own reformist parliamentary majority and popular base, Khatami took the unusual step of using his anniversary speech on Feb. 11 to denounce the machinations of the conservatives. "Elections are a symbol of democracy," he said to crowds gathered in the capital's Azadi Square. "If this is restricted, it is a threat to the nation and the system." He added a classical understatement: "This threat is difficult to reverse." Khatami went on to reassert his commitment to a new political course: "For the prosperity of the nation, I don't know any path other than reforms. Whether I succeed or not, and whether obstacles prevent me from fulfilling my promises or not, I know no other path and won't choose a path other than reforms." He rejected both a "Western" model which denies religion and Iranian cultural identity, and the regime which the conservatives want to establish, which he compared to the Taliban.

"The second choice," he said, after the Western model, "is the path of extremism, which does not take into account the needs of our time, the demands or the votes of the people." Those who want this option, he said, "oppose freedom and democracy in the name of religion, as though their model is what we saw in recent years in Afghanistan, which was detestable and violent." Referring to the vetting of candidates, he said, "Blocking the demands of the people and their right to vote . . . causes frustration, especially among the young." Khatami called for a "third way," the way of reforms.

Government-organized elections for a new Parliament are

now slated to be held on Feb. 20, although the Interior Minister, provincial governors, and Speaker of the Parliament had earlier threatened not to participate. Of the more than 3,000 candidates initially disqualified by the Guardians Council, mostly reformists, over a thousand were requalified, followed by hundreds more, under orders from the Supreme Leader of the Revolution, Ayatollah Khamenei. The definitive list, published on Feb. 11, does contain some leading reformists, but not anywhere near the number demanded by the reformists. Most of those reform candidates who have been approved, will not effectively run for office. Although they will not all officially call for a boycott, de facto that is what is happening.

An Unpredictable Outcome

It can be expected that very few Iranians will go to the polls, and of those who do go, many will cast a blank ballot, to signal their support for elections, but disgust with the sabotage. Since, to be elected, a candidate must garner one half of all votes cast in his district, plus one, it is possible that blank ballot voting could deprive the conservatives of their victory. In small cities and towns, where only thousands turn out to vote, a candidate does not need much to win. In Tehran, however, if a million votes are cast in one district, the winner is the one who gets 500,001 votes. There are 290 electoral districts, each of which can send one person to Parliament. As of Feb. 10, there were 25 districts where only conservative candidates were on the ballot, assuring them of 25 seats.

Sixty percent of the electorate is made up of youth. Since Iranians can vote at the age of 15, this social layer represents the determining factor. Thus far, the students' organizations have not called for a boycott, and it is not known what they will do. It was their vote, and that of women, which swept Khatami into office in 1997 and 2001.

If a tiny portion of the electorate, even as little as 15-20%, ends up electing a Parliament, it will be a farce, and will discredit not only the conservatives but the entire nation. Someone will have to assume political responsibility for the disaster: Thus, three or four members of the Guardians Council could be forced to resign; or the Presidency, or the government would step down. It is not expected that Supreme Leader Khamenei could be affected. Just who ends up taking the responsibility, will show who, ultimately, has won the factional strife.

Although some Farsi press reports, as well as Iranian sources, have mooted that Khatami could resign after the elections anyway, in his own sign of protest, this has recently been denied by high-level sources. They say Khatami—who had a 79% mandate—would stay on, in an extremely tight situation with a conservative Parliament, and would attempt to maintain his role as "philosopher"—not politician—especially on the international plane. This would be Khatami's way of trying to prevent the worst, until Presidential elections are held, as scheduled, in 2005. Which faction wins the Presi-



President Khatami, insisting upon his reform agenda, rejected both a “Western” model that denies Iran’s religious and cultural identity, and “the path of extremism,” which he compared to the “detestable and violent” model of the Taliban.

gency will determine the shape of the future. Only an extremely low voter turnout would elect a conservative.

It is not to be excluded that, following a conservative “victory” in the rigged elections, mass protests could break out, taking the political conflict into the streets, and transforming it into a bid to overthrow the system.

Influence of Developments in Iraq

The implications of a conservative coup will be felt throughout the region, most immediately in Iraq. Although some sectors of the most extremist conservative wing in Iran are said to back the confrontationist position of Shi’ite radical Moqtadar al Sadr, others are poised to open channels to the United States, in a bid for official standing in Iraq. Inside the United States, it is the neo-conservatives who have historically had links to the Iranian right-wing clerics, and want the reform movement to collapse. One self-proclaimed “universal fascist,” Michael Ledeen, recently wrote off the reform movement, saying it “did not exist.” Considering an Iranian government of right-wing clerics to be useful in “stabilizing” Iraq is pure folly. Even if one were to consider the situation in Iraq as hypothetically isolated from Iranian developments—which it is not—Iraq is headed for disaster. Unless Washington, through the United Nations, allows for democratic and free elections, all hell will break out in Iraq, and sooner rather than later. Not a few leading political figures in Iran, in fact, have noted the irony of professed “concern” in Washington over elections in Iran, while U.S. consul Paul Bremer and his Coalition Provisional Authority continue to block any such process in Iraq.

The escalation in resistance attacks, while the UN delegation was there in early February, has killed especially Iraqi

policemen and recruits, targeted as collaborators. And the unprecedented bombing attacks against the two major Kurdish parties’ offices in Irbil, on Feb. 1, carried clear signs of interference from regional powers outside the country, who coordinated the attack with elements able to penetrate Kurdish security. A concentrated assault on Feb. 12, against a base in Fallujah being visited by U.S. Commander John Abizaid, provided stunning proof of the fine-tuned intelligence that the resistance forces have, regarding U.S. officials’ movements. If the demands being made for real elections, by the highest Shi’ite religious leader, Ayatollah Ali al-Hussein al-Sistani, are not met, the neutrality of the Shi’ite forces could rapidly turn into military hostility. At the same time, internal frictions among various ethnic and religious communities, epitomized by the attacks against the Kurds, could escalate into civil war. This is a forecast shared by a number of regional experts and diplomats.

The Game in Washington

That Iran is in the sights of the neo-con crowd in Washington, and is being targeted for regime change, is nothing new. However, as the Iranian election crisis escalated, so did the rhetoric from those known quarters. U.S. Undersecretary of State John Bolton lashed out on Feb. 12, accusing Iran of seeking to develop nuclear weapons, and failing to comply with a commitment last year to suspend its uranium enrichment program. “There’s no doubt in our mind that Iran continues to pursue a nuclear weapons program,” Bolton said, during a security conference in Berlin. “They have not yet, in our judgment, complied even with the commitments they made in October to suspend their uranium enrichment activities,” he added. “Essentially, they are not spinning centrifuges, but their activity to put together the components they need for their uranium enrichment program continues,” Bolton said. Reports had appeared that same day, according to which the IAEA had found designs for centrifuges in Iran.

Bolton’s charges came on the heels of the Pakistani nuclear scandal, whereby top scientist Dr. Abdul Qadeer Khan acknowledged having given out nuclear secrets to persons in other countries including Iran.

Although Iran is a signer of the Nuclear Nonproliferation Treaty and recently signed an additional protocol allowing for intrusive inspections, the drumbeat against supposed nuclear arms capabilities has been getting louder. In the current crisis situation, one very grave danger is that elements in Israel may seize on the nuclear charges, and exploit the conservatives’ retaking Parliament, as a pretext to implement their long-standing plan, to bomb Iran’s nuclear energy plant at Bushehr.

Gaza Evacuation Will Expand the Conflict

by Dean Andromidas

Israel Prime Minister Ariel Sharon's announcement that he intends to evacuate most of the Jewish settlements from the Gaza Strip, will only expand the conflict. Israelis and Palestinians alike see Sharon's latest gambit as, first, a means of political survival at a time of various criminal investigations against him; and second, an attempt to counteract growing Israeli public sentiment for a negotiated settlement. Sharon's war goals have not changed. He remains strategically committed to his "greater Israel."

"Sharon has started to talk about these plans because of changes in Israeli public opinion," Brig. Gen. (res.) Shlomo Brom of the Jaffee Center for Strategic Studies told *EIR*. "The public, seeing that the government is not taking the initiative, is supporting non-government peace initiatives." This refers to support for the Geneva Accord peace initiative, of which General Brom is a signer; Sharon is moving to undermine it. Brom cautioned that at this point, Sharon is only talking, and that the real problem is not the settlements in the Gaza Strip but those in the West Bank. He warned that Sharon, at best, will accept only a tiny Palestinian state on the West Bank, which will be unacceptable to the Palestinians. "The conflict will just continue."

Yossi Sarid of the Meretz party said, "The Prime Minister is simply not credible. We know how Sharon gives instructions and what their real value on the ground is. After every instruction for an evacuation, another outpost pops out of the ground." Palestinian President Yasser Arafat told reporters, "Tomorrow, they'll evacuate 17 mobile homes, and the next day another 170 will go up. Israel's policy is to swallow more Palestinian land and prevent any possible solution."

Even right-wing Deputy Education Minister Zvi Hendel linked Sharon's plan to the criminal investigations, declaring that "the depth of the investigation will determine the depth of withdrawal. . . . Sharon's plan will bring down the government." Indeed, on Feb. 5, only three days after the Prime Minister's announcement, police investigators interrogated him at his official residence in regard to allegations that he had taken bribes from Israeli contractor David Appel.

A senior Israeli intelligence source warned not to be deceived by the "shadows on the wall of the cave," as to what Sharon and his faction of the Israeli military-security establishment are really up to. Sharon's "evacuation" announcement is a ploy to create a sense of uncertainty, behind which

his policy will continue to be the destruction of the Palestinian National Authority, the construction of the new Berlin Wall of the Middle East, and the expansion of the settlements. When the opportunity presents itself, Sharon and this faction will launch a new regional war enabling him to "ethnically cleanse" the land of Israel, the source said.

Sharon's 'Master Plan'

This assessment is shared by many Palestinians and Israelis alike. Jamal Zakout, a Palestinian signer of the Geneva Accord, told *Ha'aretz* on Feb. 9 that Sharon's latest gambit is part of his "master plan to wipe out the Palestinian national plan for independence and sovereignty. . . . Sharon is not interested in a Palestinian leadership that has a logical plan for peace with Israel." Zakout is a close colleague of Geneva Accord initiator Yasser Abed Rabbo, and both are members of Palestinian Democratic Union, part of the Palestinian Liberation Organization. "An Israeli exit from the settlements in the Gaza Strip," Zakout added, "is a strengthening of Sharon's colonialist settlement project." If he removes the Gaza settlements then he "will say that now the Palestinians do have a state, in Gaza. The process of expanding settlements is proceeding energetically in the West Bank, together with the separation fence to the west, and the separation fence to the east that will cut the Jordan Valley off from the rest of the West Bank. He will annex about half of the Palestinian lands in the West Bank to Israel. . . . And the truth is that there is not, and there will not be any Palestinian leadership that will be partner to Sharon's plan."

Zakout warned that "in the end, Sharon's plan . . . will be dangerous to the people in Israel." A victory of the the Palestinian extremists suits Sharon, since he is not interested in a "partner" for peace.

Within days of his Gaza announcement, Sharon let it be known that his evacuation plan is a scorched earth policy: "The whole idea of disengagement is that the Palestinians should not profit by the process: Accordingly, the current tendency is to leave nothing intact, not a greenhouse, not a house and not even the grass." It should be remembered that at the withdrawal of the settlements in the Sinai Peninsula in 1980, Sharon sent in the bulldozers to destroy every structure in the settlements, so nothing would be left for the Egyptians, with whom Israel had just signed a peace treaty. But Sharon has no intention of following in the footsteps of Menachem Begin, who signed that treaty. Sharon is planning for his war.

Simultaneous with talk of withdrawal, the Israeli Defense Forces (IDF) launched major incursions into the Gaza Strip with the explicit purpose of expanding the conflict. Over 20 Palestinians were killed, including the son of the head of Arafat's Fatah faction in the Gaza Strip. Hamas has already vowed revenge. On Feb. 7, Sharon and his ultra-hardline Defense Minister, Shaul Mofaz, named the commander of the Israeli Air Force, Gen. Dan Halutz, to be deputy chief

of staff of the IDF, a position which is a stepping stone to that of chief of staff. As commander of the Air Force, Halutz, the architect of Israel's infamous targeted assassinations policy, has been drafting operational plans and conducting training for long-range strikes against targets in Iran. If he becomes chief of staff in 2005, his appointment will mark clearly that Sharon's military and security faction is preparing for a future expansion of the conflict well beyond the West Bank and Gaza Strip.

The Uncertainty of Cheney's Future

In creating a sense of uncertainty, Sharon is also reacting to the uncertain future of his main allies in Washington: Vice President Dick Cheney and the neo-cons, according to the Israeli intelligence source cited above. Without continued support from factions in Washington, Sharon's circle will not be able to sustain their current policy. They are likely seeking to reposition themselves now.

The reality of the situation within Israel is unsustainable. Israeli political commentator Akiva Eldar wrote in *Ha'aretz* on Feb. 9 that Sharon's Gaza announcement "stems from the collapse of the defense establishment. Over the last few months, IDF, Shin Bet and Border Police field commanders have been reporting that their forces are stretched to the limit. They say that officers and soldiers, policemen and Shin Bet agents have all reached the point of exhaustion. The high command is complaining that training days have been reduced to a minimum, and officers are warning that friction with Palestinian civilians at roadblocks and settlement outposts is eroding motivation and destroying the soldiers' morale."

The Israeli economy also continues to collapse. The same week Sharon announced his evacuation plan, garbage was piling up and schools were closed throughout Israel as municipal workers, along with the municipal authorities for which they worked, staged a nationwide strike because the government refuses to finance their deficits. These municipalities are so bankrupt that workers have not been paid for up to five months. Hundreds of millions of dollars are being transferred to building Sharon's Berlin Wall of the Middle East, the cost of which will reach \$4 billion. In fact, the wall is being built with American taxpayers' money. The Israeli economy would have collapsed long ago, were it not for the \$9 billion in loan guarantees given to it by the Bush Administration. Already, \$3 billion of these guarantees have been used to plug the huge hole in the Israeli budget, mostly created by military expenses and the construction of Sharon's wall.

The Israeli intelligence source warned that while there are other factions within the military and security establishment who understand that the current policy is unsustainable, Sharon's faction will remain undeterred by these realities as long as they are in power. The departure of Cheney and the neo-cons will deter, but will not stop them, until they are removed from power within Israel.

The Wehrkunde Conference

Only 'Outsiders' Introduce Reality

by Rainer Apel

This year's Feb. 7-8 international Munich Conference on Security Policy (the Wehrkunde Conference), the 40th annual event of its kind and the first since the Iraq War, was not dominated by the spectacular, noisy clashes that occurred last year, such as that between U.S. Defense Secretary Donald Rumsfeld and German Foreign Minister Joschka Fischer ("you've not convinced me at all") over the motives for the Iraq War. The sessions had obviously been prearranged in a way that tried to ban highly controversial items from the agenda. For example, the fact that the alleged Iraqi weapons of mass destruction, the official pretext for the war, have not been found, was not a subject for debate; nor was the profound political trouble that has resulted for U.S. President George W. Bush, Vice President Dick Cheney, and British Prime Minister Tony Blair, from their lies on the WMD issue.

Hot issues like these, especially Cheney's role, were instead addressed outside the event, at a rally of the LaRouche Youth Movement on Feb. 7, about 200 meters away from the Bayerischer Hof conference site, which was sealed off by police. The LYM also did at this rally, what conference participants omitted entirely from their two days of discussion—namely, addressing the reality of the global economic-financial collapse and of the untenability of the dollar-centered speculative bubble.

Near the end of the conference, the Indian representative also delivered a pungent warning to the assembled, mainly trans-Atlantic, representatives (see below).

Rumsfeld Loses Control

Rumsfeld affirmed in his speech that "the world is a safer place today because the [war] coalition liberated 50 million people: 25 million in Afghanistan, and 25 million in Iraq." But that did not convince the European skeptics; nor did his statement that the symbol of post-Korean War "safety," the South Korean capital Seoul, showed what "real democracy is: light, cars, energy." Rumsfeld otherwise left no doubt that "rogue states" such as North Korea had the choice, either to act like Saddam Hussein's defiant Iraq, or like "cooperative" Libya—a formulation that conveyed the threat of military action.

Although the 300 conference participants generally

stayed away from passionate disputes in response to such provocations, some did try to spark a debate during the questions and answers after Rumsfeld's speech. Markus Meckel, a member of the foreign affairs committee of the German Parliament, said that the United States seemed to work with NATO only when it saw it fit, at other times preferred unilateral acts, which he said posed the question how serious and long-term the U.S. commitment to the alliance was. Rumsfeld literally shrieked: "It's long-term! Any monkey looking down from Mars on Earth knows, that the countries in NATO and North America are the bulk of countries on the face of the Earth that have the same values, the same lack of a desire to impose their will on somebody else, and take their real estate and seize it. We don't do that! We're the bulk of the democracies in the world, we have common interests, and that is what the interest of the United States has been and is today."

Rumsfeld repeatedly defended the preventive first-strike doctrine, "in an age when terrorists are threatening to acquire and use biological, chemical and nuclear weapons as something that has to be weighed and considered by all of us," given "the possible catastrophic consequences."

Joseph Joeffe of the weekly *Die Zeit* was quoted by U.S. National Public Radio saying that no one trusts these charges any more. "I've got to make sure before I train my M-16 on the other guy, that what he has in his pocket is actually a gun, and not his pipe. What are we going to do about intelligence in a situation where first-rate intelligence is absolutely vital, so we don't shoot the wrong guy?"

Christophe Bertram, director of the German Institute for International Politics and Security in Berlin, asked Rumsfeld about the U.S. go-it-alone policy; and Wolfgang Ischinger, German ambassador to the United States, asked what Washington intended to do to improve its reputation internationally. But they did not get a direct response from Rumsfeld. Bertram told television journalists after the session, "It was a performance of, 'We know better.'"

These were the few "incidents" that occurred during an otherwise rather uncontroversial debate. But basic differences in assessments between the United States and Britain, and the Franco-German alliance—on the war, on postwar conduct in Iraq and on the Israeli-Palestinian conflict—had clearly not disappeared, despite efforts to paper them over. This became evident when German Foreign Minister Joschka Fischer and the Defense Ministers of France and Germany, Michele Alliot-Marie and Peter Struck, spoke. Fischer said he was skeptical of a NATO mission in Iraq (as proposed in Munich, again, by Rumsfeld), because of the "high risk of failure," and he added that Germany would anyway not send troops for such a mission. The combined instabilities of the situation in Iraq and of the unresolved Israel-Palestine conflict posed unabated dangers and risks for the entire region, Fischer warned. Lasting solutions were possible only "in a new cooperation with the states of the

Middle East," Fischer said, warning, "If we fail to do so, or if we are too short-sighted, too narrow-minded or too hesitant, we will have to pay a high price." Alliot-Marie made clear that France insisted that two main conditions be met for a NATO deployment—earliest-possible re-transfer of sovereignty to an elected government in Iraq, and a United Nations mandate—but that even then, French troops would not be deployed in any occupation role.

But what was said by the Europeans, including Fischer's proposal for an all-Mediterranean "free-trade zone" including the Mideast, was much too vague to pose a real alternative to present U.S. geopolitics.

Russian Defense Minister Sergei Ivanov went a small step farther than the European critics of the Bush Administration, by exposing the fact that after the U.S. intervention of 2001 in Afghanistan, the production of opium there is "now nine times that under the previous Taliban regime." Ivanov said it was "understandable that by allowing drug peddling in Afghanistan, the NATO alliance ensures loyalty of warlords on the ground. . . . Nevertheless, the drug flow from Afghanistan is posing serious threats to the national security of all of the Central Asian CIS [Commonwealth of Independent States] and Russia. It results from the absence of a truly international approach toward stabilization in Afghanistan."

Sen. John McCain (R-Ariz.), much wilder than Rumsfeld on this occasion, lashed out at the Russians, demanding that Moscow stop working with the Belarus regime and deploying "agents of destabilization" in Azerbaijan, Georgia, Ukraine, and in Latvia. "The dramatic deterioration of democracy in Russia calls into question the fundamental premises of our Russia policy since 1991," he charged. He also portrayed new targets of neo-con confrontationism, when stating that the "success [of Halliburton-style democratization] in Iraq would embolden Iranian reformers and help push Syria" into the U.S. camp.

In stark contrast with all that, were remarks made on the second day of the conference—after most of the press had left—by the Indian chief national security advisor, Brajeesh Mishra. He warned against the international spread of instability, should the "endless cycle of violence in the Mideast" continue, and the transfer of sovereignty to the Iraqi people be further delayed. Mishra contrasted the dangerous political vacuum there, with the constructive efforts made in 2003 by the Asians; in the Shanghai Cooperation Organization; in talks between India and Russia; with the "groundbreaking visit of Indian Prime Minister [Atal Bihari] Vajpayee to China", the SAARC economic cooperation summit of South Asian states; as well as the recent steps toward conciliation between India and Pakistan. "History can either guide us, or haunt us," Mishra said, adding that the establishment of "new routes of transportation" was crucial for international cooperation, and that there were "areas of progress yet unappreciated."

International Intelligence

Russian Maneuvers Are Answer To Mini-Nukes

In a press conference Feb. 11, Gen. Yuri Baluyevsky stated that the Russian military exercise currently underway will help develop weapons systems “capable of providing an asymmetric answer to existing and prospective weapons systems, including missile defense.” While he dismissed the idea that the maneuvers resembled those of the Soviet Union, in preparation for war with the United States, he did reaffirm Russia’s concern about the development of low-yield nuclear weapons (mini-nukes) by the United States, saying it was destabilizing. He also said that the Russian maneuver was a reaction to that program, but added, “it’s not sabre-rattling.”

Israel’s Sharon Being Pushed Out?

Ariel Sharon was given ultrasonic treatment for kidney stones on Feb. 9. Although press statements said that the procedure was considered routine, Israeli intelligence sources told *EIR* that the problem is most likely more serious, pointing out that a few months ago Sharon was operated on for “skin cancer,” which was kept under wraps for a long time.

Another indication that people may be prematurely putting Sharon in his grave, or his prison cell because of the on-going bribery scandal, is that the battle for succession in the Likud is already in full stream. On the same day as Sharon’s medical procedure, the Ministry of Industry and Commerce—headed by Ehud Olmert, who is also Deputy Prime Minister—allowed a 30% increase in the price of bread, the price of which had been controlled by the government. This hits Israel’s low-income sector very hard. Finance Minister Benjamin Netanyahu criticized the move, even though his own economic reform policy has caused tremendous suffering. Others in the Likud also attacked the price hike. Now it is being claimed that the criticism is linked to the succession fight within the party.

As Deputy Prime Minister, Olmert is a likely successor, at least until a new party

chairman is elected. However, he is not at all popular within the Likud’s central committee, in which Netanyahu and Foreign Minister Silvan Shalom, another contender to replace Sharon, are more popular.

Russia: NATO Ignores Afghan Opium Explosion

Russian Defense Minister Sergei Ivanov said in his speech at the 40th international Munich Conference on Security Policy, held on Feb. 7-8, in Munich, Germany: “It is understandable that by allowing drug peddling in Afghanistan, the NATO alliance ensures loyalty of warlords on the ground and of some Afghan leaders. . . . Nevertheless, the drug flow from Afghanistan is posing serious threat to the national security of all of the Central Asian CIS [Commonwealth of Independent States] and Russia. It results from the absence of a truly international approach towards stabilization in Afghanistan.”

Afghan opium, which is about 70% of the world’s entire opium production, has affected Russia and Europe badly. Some 90%, or so, of Afghan heroin stays in Europe and is consumed, causing huge problems.

For years, Russia had been implying that the Americans are not interested in stopping the opium explosion in Afghanistan, because it does not affect them. Russia thought perhaps NATO would do better. But the Afghan opium is not simply opium: It has become the center of Afghan politics since the 1980s.

Blix: Blair ‘Dramatized’ Iraq Evidence

Prime Minister Tony Blair’s government “dramatized” some of its prewar evidence about the threat posed by Iraq, former chief UN weapons inspector Hans Blix said in Britain Feb. 8. On the British Broadcasting Corp.’s “Breakfast with Frost” program, Blix said it was unclear what was meant by the claim in a September 2002 intelligence dossier that Iraq could deploy some weapons of mass destruction on 45 minutes’ notice. “The intention was to dramatize it just as the

vendors of some merchandise are trying to increase and exaggerate the importance of what they have,” he said. “From politicians, from our leaders in the Western world, I think we expect more than that. A bit more sincerity.”

Blix, whose team of UN inspectors did not make any significant weapons finds during months of searching in Iraq before the war, said it was clear now that there were no weapons of mass destruction there before the U.S.-led invasion. “I think we issued the correct warning. Nevertheless, they did not take that seriously,” he said. “We would all like to see the truth come out after all this wrangling,” he added. “And we now know that there were no weapons of mass destruction when the invasion started. Now we hear a case saying that ‘Well, there were programs, there were laboratories that were suitable . . . or there were intentions. I would say, all right, let’s have evidence of that.’”

Iraq Electricity Not Restored in 10 Months

Despite ten months of occupation, Al-Jazeera reports on Feb. 2 that each district in Baghdad has to do without electricity for at least six hours each day. Yet after the 1991 Gulf War, which destroyed Iraq’s main power plants, electricity was fully restored within three months.

But at present, with all Iraqi power plants being German-, Russian-, and French-made, the United States insists on assigning technicians from Bechtel to assess Iraq’s power plants, and insists on buying equipment from Bechtel; they are not using the skilled Iraqi technicians and workers, and they are not allowing Iraqis to get technical assistance from the foreign builders of the plants—because these countries opposed the war on Iraq.

Electricity dealers have installed generators in every district and now sell electricity to people who can pay—but only 60-70% of the Iraqi workforce is employed. The relatively enormous cost of electricity is especially hard on the poorest families.

The disruption in power supply has closed small and medium businesses.

OPEN LETTER TO THE DNC

The Most Important Moment In Your Lives To Date!

by Lyndon H. LaRouche, Jr.

The following statement was issued by the LaRouche in 2004 campaign.

February 8, 2004

It will be approximately two o'clock in the afternoon, U.S.A. Eastern Standard Time on Feb. 14, when many people from around the world will see, or hear a broadcast of my delivery of the most important political address to have been given anywhere in the world, by anyone, in more than a century to date. That debate will describe a presently oncoming turning-point in world history, a turning-point to be reached, in fact, between the period of the Democratic nominating convention, in Boston, Massachusetts this summer, and the election of the next President of the U.S.A. a few months later. The content and occasion of that address will prove to be, whether that audience now agrees, or not, the most important moment of the lives of every person living today.

I outlined the principal topic of that debate to a select group of leading figures of my association at a meeting held this past Saturday. The background to the crucial features of that topic is outlined as follows.

A Ship of Fools

I preface that report with a relevant warning against the folly of certain leading Democrats.

During a recent turn among some leading circles of the U.S. Democratic Party and others, some degree of agreement was made in response to the same set of facts referenced in a published report by former U.S. Treasury Secretary Robert Rubin, on the economic situation of the U.S.A. in the period

immediately ahead. Circles of the Democratic Party associated with Senator Edward Kennedy (D-Mass.) were prompted by this report to abandon their indifference to the outcome of the 2004 Presidential election, and to move for defeat of the incumbent President's re-election on the ground that that Administration is incapable, morally and intellectually, of facing the reality of the onrushing general financial collapse of the present world monetary-financial system.

These facts about the internal deliberations within leading U.S. Democratic Party circles are, already, also well known in some leading, concerned circles in Europe. Attempted denial of my report of these facts by those leading Democratic Party circles, would therefore not succeed in deceiving anyone of relevance in leading circles outside the United States itself. The shame of those Democrats is naked for all the world to see.

Obviously, the facts of the situation, as indicated by Rubin, required that the Democratic Party's already ongoing, corrupt and immoral efforts to blacklist my candidacy, must be shoved aside by any sane leading Democrats.

However, at the strong urging of some such leaders, that proposal was rejected by some few, and the rejection supported more or less reluctantly, by other leading figures of that coalition. Whatever the motives or personal pettiness which may have contributed to the demand that I be excluded, the fact of the matter is that that exclusion could lead to, not only the party's loss of the 2004 general election, but the early disintegration of the U.S.A., caused by the lack of a Presidency qualified even to understand the nature of the onrushing crisis. It would not be the first time that the pettiness

of a few leading individuals had brought a powerful nation to Classical tragic doom wrought by such a ship of fools.

Of such fools as those who blocked my active inclusion in the electoral process in that way, Shakespeare's Cassius spoke on the subject of plotters' opposition to Julius Caesar:

"Why, man, he doth bestride the narrow world
Like a Colossus; and we petty men
Walk under his huge legs, and peep about
To find ourselves dishonourable graves.
Men at some time are masters of their fates;
The fault, dear Brutus, is not in our stars,
But in ourselves, that we are underlings. . . ."

Such was the contemptible pettiness of those who moved for my exclusion on those recent occasions.

However, whatever the personal pettiness involved in perpetrating that folly of my exclusion, the moral failure of those circles had a much deeper, historic root than any of the personal pettinesses expressed in that decision. The root of the matter is the interests associated with the presently doomed international banking system. This latter fact is already known in leading circles outside the United States, most notably leading circles in Europe itself. The petty motives for my exclusion bring contempt upon those responsible for that; the deeper motives, tied to the motives of the frantic, imperilled banking interests, evoke fear and trembling at the thought of the future of all mankind imperilled by aid of the Lilliputian pettiness of the personal gut-reaction against me.

Meanwhile, most of the ordinary citizens are dwelling in a nightmare, creating a spectacle like squirrels scampering among the sands of the Sahara, gathering nuts where they may. You think their behavior senseless? For them, a bad dream were better than the dreadful reality against which even bad recurring dreams seem a place of refuge.

A Cycle of Doom: 1763-2004

The world is now approaching the final collapse of a cycle of world-history, which began with that 1763 Treaty of Paris from which Lord Shelburne's British East India Company emerged as a world-empire in the image of ancient Rome, and which will end, soon, with the collapse of what had been the continued hegemony of an Anglo-Dutch Liberal form of imperial financier hegemony, up to the imminent general collapse of that entire, centuries-old system.

Since 1763, the only significantly successful challenge to that Anglo-Dutch Liberal system of financier tyranny, has been that defense of the North American English colonies led by Benjamin Franklin, and supported by the leading Classical humanists from throughout Europe. The success of establishment of the U.S. Federal Constitution of 1789, has been the only durable threat to that Anglo-Dutch financier tyranny since that time, to the present date.

More recently, with the aftermath of that 1963 assassination of President John F. Kennedy which allowed Secretary of Defense McNamara to unleash the waiting U.S. War in



Of those Democratic Party figures who have blocked his inclusion at the point of the dollar collapse he is uniquely prepared to confront, LaRouche quotes Shakespeare's Cassius: "The fault . . . is not in our stars, but in ourselves, that we are underlings."

Indo-China, the U.S.A. itself has undergone an accelerating degeneration from its earlier characteristic as the world's leading producer-nation, to a piece of contemptible, ruined, "post-industrial" wreckage, subsisting, ever more miserably, as a pleasure-seeking parasite, like ancient imperial Rome, upon the poorest nations of the world. The now inevitably immediate collapse of the U.S.-dominated financial-oligarchical system reigning over nations today, means that either the United States leads in overturning that rotted-out monetary-financial system, or U.S. power pitted in support of that rotted-out system will unleash a chain-reaction collapse of the world economy which would rapidly reduce the world's population-levels toward a point of less than one billion persons.

To understand any issue of importance in any part of the world today, especially within the U.S.A., we must define all leading policies of the U.S.A. now in terms of that cycle, so described, from February 10, 1763, to whenever the outcome of the election is officially determined, prior to January 2005. Only the U.S.A. could do this: If the U.S.A. fails to adopt that leading role which I, uniquely, represent, then the existence of the U.S.A. in any presently recognizable form were soon finished, and the world doomed to go down into the aftermath.

That is, therefore, the only subject worth debating within the context of the present U.S. election-campaign. Unfortunately, it is a subject on which most recent U.S. university graduates are pathetically ignorant. This is a job that will require a dedicated effort.

LaRouche Drive Has Created Potential For Cheney To Be Out Soon

by Jeffrey Steinberg

Word is out all over the world. As the headline in the Feb. 11 London *Guardian* announced, “Cheney’s Future At Stake After Leaking of CIA Agent’s Name.” Next day, the leading Swiss daily *Neue Zürcher Zeitung* ran a nearly identical half-page feature, declaring the Vice President the leading liability in George W. Bush’s quest to win the Nov. 2004 Presidential elections.

As London *Guardian* Washington correspondent Julian Borger summed up Cheney’s dilemma: “Until recently, President Bush has insisted that Mr. Cheney would be his vice-presidential candidate in the November elections, despite his history of heart trouble. But recent polls conducted by the White House have suggested that growing unpopularity of the taciturn ex-businessman and powerful administration hawk threatens to sink the President. Mr. Cheney is already under intense fire from Democrats for his personal role in shaping the case for war against Iraq, frequently visiting the CIA to question assessments that played down Saddam Hussein’s arsenal. His former role as head of a giant oil services corporation, Halliburton, is also under scrutiny, as the company is under investigation for bribery when Mr. Cheney was in charge and, more recently for war-profiteering in Iraq. But the grand jury investigation into the CIA leak is potentially the most explosive threat to his long-term political survival.”

Prosecutors Becoming Aggressive

Indeed, at least three Federal grand juries are now carrying out probes that directly impact the Vice President. According to sources in the Federal law-enforcement community, there is a growing sense of aggressivity among prosecutors, and indictments of top Cheney aides, in at least one of the cases, are expected soon. The most high-profile of the Cheney-gate probes involves the July 2003 leak, by “senior Administration officials,” of the identity of undercover CIA officer Valerie Plame, wife of former Ambassador Joseph Wilson IV.

After Attorney General John Ashcroft stalled for two months on launching a probe into that leak to syndicated columnist Robert Novak, pressure from CIA Director George Tenet—himself under immense pressure from senior career Agency officers—forced the probe last September.

In December, Ashcroft recused himself from the case, and

Deputy Attorney General James Comey appointed Chicago U.S. Attorney Patrick Fitzgerald to head an independent probe.

Underscoring the CIA-DOJ bureaucratic tussle leading to the launching of the probe, the CIA’s Director of Congressional Affairs, Stanley M. Moskowitz, wrote to Rep. John Conyers (D-Mich.), the former chairman and ranking Democrat on the House Judiciary Committee, on Jan. 30, providing a precise chronology of the repeated efforts by the Agency to trigger the DOJ probe. The initial request was made, by telephone, on July 24, 2003, and repeated written and telephonic requests were made, leading to the final confirmation from Justice to CIA, on Sept. 29, that the FBI had been ordered to launch the investigation into the source of the leak. The Jan. 30 Moskowitz letter was in reply to a Conyers query to CIA Director George Tenet on Sept. 29, 2003.

That belatedly launched probe now centers on Cheney’s office, and on top Cheney aides Lewis “Scooter” Libby and John Hannah. According to a Feb. 10 *New York Times* story, Libby has been interviewed by the FBI, and has turned over personal handwritten notes, which are being scrutinized by prosecutors.

According to sources close to the Bush Administration, Cheney’s troubles really began with a falling out with Attorney General Ashcroft, who had been counted on to block any serious probe into the crimes of Cheney and his neo-con underlings, even after the “formal” DOJ investigation had been launched. According to one version of the story, Ashcroft felt that he was being “iced” out of policy deliberations, and that Cheney was behind that isolation. Ashcroft, an ambitious and vindictive politician, stepped out of the way of a serious probe of the Plame leak, and now Cheney is sweating.

Ashcroft’s actions also reflect, according to several sources, a growing discontent, among hardline conservatives, with the Bush Administration, which they see as now caving in to the United Nations in Iraq, and running up “big government” deficits.

Forgery and Bribery

The two other Federal grand jury probes involve the origins of a forged document, purporting to be a Niger

government report, detailing Iraqi attempts to obtain large amounts of uranium precursor from the African state in 2000-01; and \$180 million in bribes allegedly paid to Nigerian government officials by a Halliburton Corp.-led consortium at the time that Cheney was CEO of the Texas-based oil-industry firm.

The purported Niger government documents were exposed as shoddy forgeries by International Atomic Energy Agency head Dr. Mohamed ElBaradei, in testimony before the United Nations Security Council in early March 2003. The documents had been originally obtained by the Italian intelligence service SISMI, and passed to American, British, and Israeli counterparts in 2001.

According to at least one former CIA official, at the time of the original surfacing of the Niger forgeries, Michael Ledeen, a leading Washington neo-con and self-professed “universal fascist,” was working as a paid informant for the SISMI. Ledeen, the source insists, knows a great deal about the Niger documents hoax.

Ledeen was also, according to several Pentagon sources, a “personal service contract” consultant to the Office of Special Plans (OSP), the civilian unit headed by Under Secretary of Defense Doug Feith that ran unauthorized covert operations and “stovepiped” intelligence activities, on behalf of Cheney’s chief of staff Scooter Libby. One of Ledeen’s “missions” for OSP was the rekindling of contacts between the Pentagon and Iranian “dissidents,” to facilitate covert efforts to destabilize and bring down the government in Tehran. Towards this objective, Ledeen put two OSP staffers in touch with Manucher Ghorbanifar, the swindler-*cum*-arms broker, who was a central player in the 1980s Iran-Contra scandals.

One Federal law-enforcement source has reported that information developed in the Niger forgery probe has provided vital leads to the Plame leak investigators, as well. This is not surprising, given that the hyping of the fake Niger documents was a vital part of the Cheney-led “Big Lie” campaign to force Congressional support for the Iraq war, on the grounds that Iraq was on the verge of building a nuclear bomb.

It was on the basis of reports of the existence of the Niger documents, suggesting that Saddam Hussein was building a nuclear bomb, that Vice President Cheney tasked the CIA to pursue the Iraq-Niger story in early 2002. The CIA, in turn, dispatched former Ambassador Wilson, in February 2002, to visit Niger and report back on whether the story was credible. He came back convinced that there was no covert pipeline of uranium precursor to Iraq—findings that were backed by the U.S. Ambassador, and by a retired U.S. Marine General sent to Niger shortly after Wilson.

Cheney and Libby claim they never knew about the Wilson mission, and never received a briefing on the results. Ambassador Wilson is convinced otherwise. As he told a recent gathering at the University of Virginia Miller Center, there are standing procedures for tasking the intelligence community, and for reporting back to Executive Branch offi-

cial. He was debriefed both before and after his Niger trip, a written report on the visit was prepared by the U.S. Ambassador in Niger, and other communiques were also prepared, memorializing his findings. The idea that neither Cheney nor Libby ever were informed of the mission is inconceivable.

However, Cheney has good reason to deny he was “in the loop” on the Wilson mission. Even after Dr. ElBaradei exposed the Niger documents as fakes, Cheney continued to insist that Iraq had a nuclear bomb program. In a March 16, 2003 appearance on “Meet the Press,” Cheney denounced ElBaradei by name, for being naive about Saddam’s aggressive and secretive nuclear weapons program, claiming that he was convinced Saddam already had a bomb.

Right after ElBaradei’s UN testimony, Joseph Wilson appeared on CNN and reminded the Bush Administration that a careful search of their files would show that they knew a great deal about the Niger uranium hoax. According to several sources, a meeting took place in Cheney’s office immediately after the CNN interview, and the “Get Wilson” operation was launched. This is the origin of the Valerie Plame leak, these sources say.

The Plame leak probe is also reportedly targeting members of the Defense Policy Board, including its former chairman Richard Perle, and member Kenneth Adelman. DPB members reportedly were involved with the Cheney staffers in spreading the word about Valerie Plame’s CIA identity to “the usual neo-con suspects,” including Center for Security Policy boss Frank Gaffney.

Halliburton

The third grand jury, dealing with the charges that Halliburton paid out \$180 million in bribes in the late 1990s to Nigerian government officials, to secure a monopoly over the country’s natural-gas fields, is posing a special problem for both Cheney and the Bush re-election team. Halliburton is already under public scrutiny and government investigation for padding their bills to Uncle Sam for Iraq occupation contracts; and Cheney still has financial interests in the company—despite his efforts to conceal them (a recent General Accounting Office probe of Cheney’s Halliburton stock options and annual deferred salary payments found that he had significant interests in his former employer).

There is a growing sentiment among even Republican voters that Cheney’s ties to Halliburton are corrupt, and that the stench of corporate sleaze is all over the Bush Administration.

If the Nigeria bribe case leads to indictments, Cheney is going to be in big political trouble, whether he is named as a defendant or not.

Sources in Washington say that an indictment of top Cheney aides, particularly Libby, would mean curtains for the Veep. And with the Cheney protection racket gone, they say, the entire neo-con apparatus inside Team Bush would soon fall.

Why Does Cheney Ally Co-Chair Bush WMD Probe?

by Edward Spannaus

President Bush established the “Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction” by executive order on Feb. 6. *EIR* has been advised by qualified intelligence sources that Vice President Dick Cheney was the driving force behind the idea of creating a commission by Presidential executive order, as a means of heading off the creation of such an independent commission by act of Congress, and allowing the investigation to be dragged out until well after the November elections.

The biggest giveaway to the Administration’s intentions is the appointment of one of the most politically activist of right-wing judges, Lawrence Silberman, who has been in the middle of just about every major scandal hitting a Republican or Democratic White House in the past quarter-century.

Investigating Everything, and Nothing

The mandate of the Commission is extremely broad, in a transparent attempt to diffuse the focus away from the manipulation of Iraq intelligence. It is directed to “assess whether the Intelligence Community is sufficiently authorized, organized, equipped, trained, and resourced to identify and warn in a timely manner of, and to support United States Government efforts to respond to, the development and transfer of knowledge, expertise, technologies, materials, and resources associated with the proliferation of Weapons of Mass Destruction, related means of delivery, and other related threats of the 21st Century and their employment by foreign powers (including terrorists, terrorist organizations, and private networks, or other entities or individuals).” Clear enough?

Besides Iraq, it is specifically charged to compare prior intelligence assessments of WMD programs in Iran, Libya, North Korea, and Afghanistan, with what was later learned. The commission is directed to submit a report to the President by March 31, 2005.

Lawrence Silberman has been a focus of *EIR*’s attention for many years, most recently because of the key role he played in the “Get Clinton” cabal, which was centered in the “Olson Salon” held at the home of Theodore Olson, now the U.S. Solicitor General, and his late wife Barbara Olson (See, for example, “It Didn’t Start with Monica: The Five-Year Campaign To Bring Down President Clinton,” *EIR*, Jan. 1, 1999). Silberman was a very close friend of Ted and Barbara Olson, walking her down the aisle at their 1996 wedding.

At that time, Barbara Olson was chief counsel to Dan

Burton’s House Government Reform Committee, and she was also a key player in every Congressional operation against Clinton.

In 1993, when author David Brock was considering whether or not to publish the first “Troopergate” article in the *American Spectator*—the article which kicked off Whitewater and named the “Paula” who later outed herself as Paula Jones—he consulted Judge Silberman, who strongly encouraged him to go ahead and publish the article, suggesting that it might even topple Clinton’s Presidency. London *Daily Telegraph* correspondent Ambrose Evans-Pritchard then persuaded Paula Jones to file a suit against President Clinton; Pritchard admits that he discussed the strategy for the case with Silberman at a dinner party.

The Olsons also became patrons to Brock, as he continued digging up dirt on the Clintons. All of this, while Silberman was a sitting Federal appellate judge!

Rosalie Silberman then persuaded Kenneth Starr to begin preparing an *amicus curiae* brief in support of Paula Jones—which Starr had to drop, when he was appointed Independent Counsel.

On Lynne Cheney’s Campus Cops

Silberman himself also has extensive ties into the neo-conservative networks that pushed the distorted intelligence to justify their sought-after invasion of Iraq, and he has direct ties to Dick Cheney’s wife Lynne.

He is a National Council member of Lynne Cheney’s American Council of Trustees and Alumni (ACTA), a McCarthyite organization devoted to enforcing the right wing’s version of political correctness on campuses.

Rosalie Silberman was a co-founder of the Independent Women’s Forum (IWF), a right-wing group funded by Richard Mellon Scaife. Other officers and directors of the IWF include Lynne Cheney, Barbara Ledeen, Sally Pipes, and Midge Decter—all pro-war neo-cons.

Back in the fall of 1980, Silberman, along with Robert McFarlane and Richard Allen, met with a Middle Easterner who offered to arrange the release of the American hostages in Tehran directly to the Republicans (one of the “October Surprise” scenarios). Silberman admitted being in the meeting, but he claims that the Americans rejected the offer out of hand. It has been reported that, after he was appointed to the Court of Appeals, Silberman passed his Iranian contacts over to Michael Ledeen, who played a leading role in the Iran-Contra arms-for-hostages deals; Ledeen has continued to take the lead in pushing “regime change” in both Iraq and Iran.

Among his other achievements, Silberman headed the appellate panel that overturned Ollie North’s conviction for obstruction of Congress and destroying documents in the Iran-Contra affair. “Aggressively hostile” was how special prosecutor Lawrence Walsh described Silberman’s demeanor during oral arguments on North’s appeal.

The Middle East Crisis: What the President Must Do

The following is **Number 6** in a series of documentary comparisons of the views of the 2004 Democratic Presidential contenders. The topics are those raised by Lyndon LaRouche's candidacy since Jan. 1, 2001, and therefore we place him first. The other candidates are listed in the order of the number of their itemized campaign contributions. (LaRouche is number two by this count.) **Number 1**, in EIR Dec. 12, 2003, dealt with the Iraq War and the Cheney neo-conservative coup; **Number 2**, in EIR Dec. 26, 2003, was on economic policy; **Number 3**, in EIR Jan. 16, 2004, was on military policy; **Number 4**, in EIR Jan. 30, 2004, surveyed the candidates on the threat of police-state and emergency rule in the United States; and **Number 5**, in EIR, Feb. 6, 2004, dealt with the United States' economic infrastructure and how to rebuild it.

Lyndon H. LaRouche, Jr.



1. Why the Crisis?

For decades, LaRouche has focussed special attention on Israel and the Palestinians, and the Middle East generally, stressing that the problem to be overcome includes the impact of over a century of London-centered geopolitical interventions—denying infrastructure development, orchestrating violence,

drawing arbitrary boundaries, looting—and that *peace in the region must be led by economic development.*

LaRouche has fought for a policy of U.S. backing for Mideast economic development—known since 1990 as the “Oasis Plan” (described below) as the pathway to peace and justice, warning that without such an effort, the region is doomed to suffer to the point of potential nuclear war.

The candidate blames Gen. Ariel Sharon's September 2000 provocation on the Temple Mount for triggering the current Intifada, and calls Sharon's government since then “the hand grenade” of Cheney and the neo-conservative faction that wants to topple all the Arab governments by war.

On **Dec. 10, 2001**, the LaRouche campaign issued a press release, “LaRouche Speaks Bluntly About the Insane Fascism

of Ariel Sharon,” warning that “the policies being pursued by Ariel Sharon and top officials of the Israeli Defense Force will surely lead to the self-destruction of Israel, and its future vilification as a Nazi-like state, guilty of hideous crimes against the Palestinian and Arab people.”

On **Aug. 26, 2002**, LaRouche summarized some of long-held views about the Mideast crisis, in an interview (via telephone) with Palestinian Satellite TV in Gaza.

He said, “At present, it's obvious that a certain faction in Israel, typified by Shamir earlier, or Sharon or Netanyahu, who are the hard-core of the old Jabotinsky apparatus, are now hoping that the United States will start an attack on Iraq, which would then enable Sharon, under that cover, to begin the exodus of the Palestinian people in large numbers, across the Jordan River into Jordan, in accord with their policy.”

LaRouche said further, “We have in the United States a Utopian faction, which includes people who are financiers of Sharon. These are wealthy people, who have gangster backgrounds. . . . They call themselves, ‘from rackets to riches to respectability,’ like the Bronfman interests, or the Lansky mob, and their descendents, who now control, for example, the Perle apparatus in the United States, which is behind Richard Perle and others. These people are, in a sense, really fascists. They are as bad as Sharon, perhaps worse. . . . It came largely from the United States, from these circles. At present, the President of the United States, and some of the leadership of the Democratic Party, as well, are fully in support of Sharon.”

U.S. Aid to Israel

On **Sept. 15, 2003**, LaRouche called on President Bush to shut down all funding of Israel, “if Sharon persists in even talking about the expulsion or assassination of the duly-elected Palestinian Authority President Yasser Arafat.” LaRouche demanded that if Sharon persists in these threats, “President Bush should immediately sign an Executive Order freezing all U.S. financing of Israel. . . . President Bush should show some actual guts. Instead of defending America's true interests, the President picks on smaller states, while cringing every time that Sharon speaks. The U.S. cannot dictate policy to Israel, but the United States can certainly act decisively if Israel acts in a manner that challenges the framework of international relations and vital U.S. interests in the Middle East.”

Israeli "Preventive Assassinations"; the Walls; Settlements in Occupied Territories

LaRouche has condemned the atrocities being committed by the Sharon regime, and demanded the U.S. intervene to stop them. In **November 2003**, LaRouche endorsed the petition to the Government of Israel, to "Release the Prisoners of Conscience (Refusniks) in Israel."

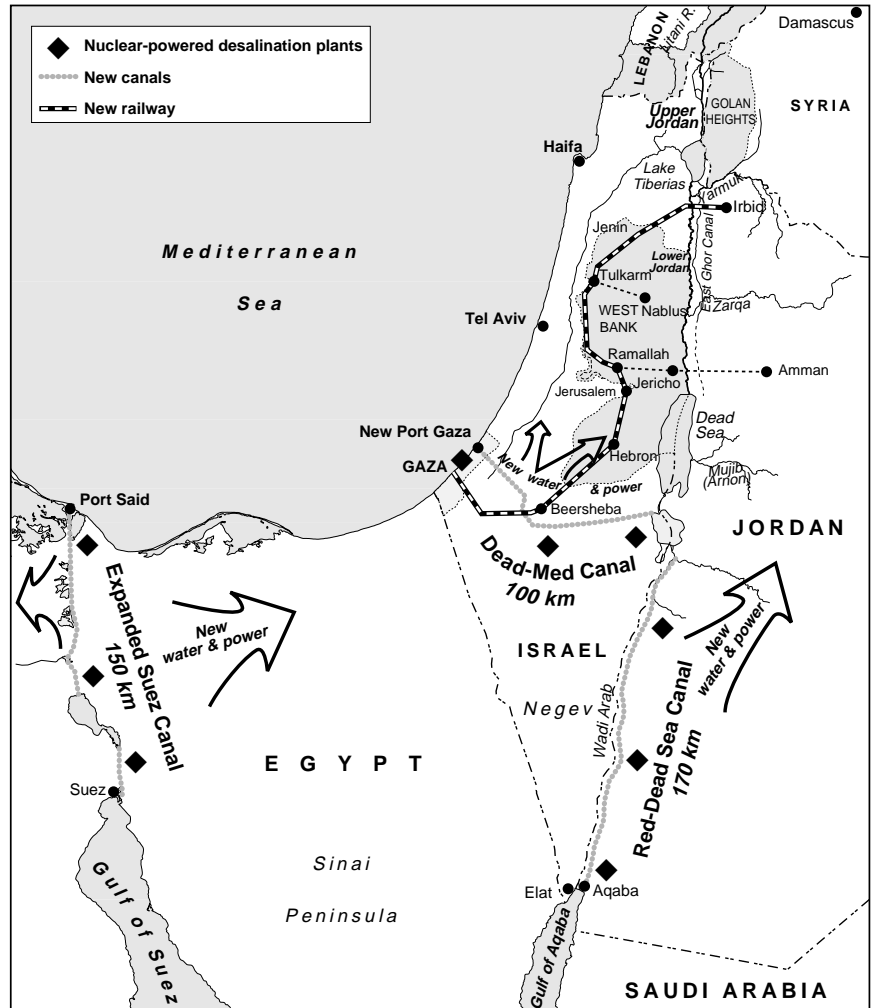
2. What Must Be Done

LaRouche calls for a State of Palestine; and economic development in the mutual interest of Israel and all in the greater Mideast region. During the 2001-02 Israeli assault on the Palestinian Authority headquarters in Ramallah, LaRouche called for U.S. intervention to back the immediate creation of a Palestinian state. On **April 14, 2002**, LaRouche released a statement, "LaRouche Tells Bush: Do Not Repeat Clinton's Mistake!" He wrote: "The United States' most vital strategic and related interests, including the interest of our European partners, requires an immediate historic intervention establishing a just peace in the Middle East, meaning an immediate establishment of the Palestinian State under its currently elected head of government, Arafat. If President Bush makes that decision right now, it will happen, since the President's decision as President will set into motion the other forces around the world which would produce that result. Indeed, all things considered, the fate of the planet as a whole could depend upon just such a decision."

In an **Aug. 26, 2002** Palestinian Satellite TV interview, LaRouche said that there must be a "coming back at least to the level of the Rabin agreements with Arafat . . . otherwise, we're going to have this lingering threat, not only to the Palestinian people, but to the people of the entire region." And there must be a context of economic development.

LaRouche is known widely for his long-standing proposal for the Mideast, the "Oasis Plan," proposed in the 1980s as the basis for peace through mutual-interest economic development programs based on infrastructure improvements for plentiful water (nuclear-powered desalination), energy, and high-tech transportation. LaRouche calls on the United States, and collaborating nations, to provide resources to get this development process under way, to provide the environment for peace and security.

LaRouche's 'Oasis Plan'



On **Jan. 23, 2003**, coverage of the LaRouche perspective appeared in *Asharq Al-Awsat*, the Arabic daily with the largest circulation in the world, and the most influential inside Saudi Arabia. Its correspondent Al-Qazwini published an interview done with LaRouche in Berlin in December 2002, in which Al-Qazwini describes the Oasis Plan as "a comprehensive development strategy" to "save the human race."

On **June 2-3, 2002**, LaRouche was the keynote speaker at a conference in Abu Dhabi, on "Oil and Gas in World Politics," at the Zayed Center for Coordination and Follow-Up. In **October 2002**, a book was published by the Center, titled, *Lyndon LaRouche: A Lecture on the World Economy. Water*

At LaRouche's **June 2002** Abu Dhabi presentation, he gave the strategic history and politics involved in unleashing the "scientific potential" to bring vast economic development into being in the region. "It is to the degree that we make significant steps toward applying and improving the methods

for production and distribution of fresh water, that other crucial factors of development can be brought into play. In that case, we shall see the implicit strategic potential of the Middle East as the crossroads of Eurasia. Any long-range forecast of the prospects of Middle East petroleum must be studied in the context of that challenge. . . . There will be no peace without adequate provision of water.”

Under the LaRouche “Oasis Plan” concept, new water sources are to be supplied through both nuclear-powered desalination facilities at coastal sites, and also at designated points along new inland canals and conveyances, such as the “Med-Dead” Canal, long proposed (as a tunnel/canal connection) to link the Mediterranean with the Jordan Basin near the Dead Sea Depression. Only 20 standard-sized nuclear power plants could create a volume of water literally equalling “a second Jordan River.” This was the post-World War II perspective of the Eisenhower Atoms-for-Peace delegations to Trans-Jordan, including representatives of the Tennessee Valley Authority.

Economic Development

The “Oasis Plan” water supply points and routes are also part of the network of development corridors of transportation, energy supplies, and new locations for high-tech agriculture and industry. This kind of perspective was implicit in the economic protocols of the September 1993 Oslo Accords, at which time, LaRouche said, “Turn the dirt”—but the projects were thwarted by subsequent World Bank and other opposition.

LaRouche said, in the **Aug. 26, 2002** Palestinian Satellite TV interview, “What is needed is large-scale water development and energy resources for the Middle East; because, presently, with the drainage of the aquifers in that area, there is not enough water for the foreseeable future to meet the requirements of life for all the population. This is one of the aggravating factors. My concern has been, to get large-scale development projects . . . desalination methods, and energy resources in there, so that we can have viable states, which are self-sufficient.”

How To End Terrorism

LaRouche has stressed the spirit of the “peace of the brave” concept of Yitzhak Rabin, in his signing of the Oslo Accords with Palestinian leader Yasser Arafat in 1993, as the kind of commitment which must prevail today.

On **Sept. 18, 2002**, LaRouche issued a statement, “Bush Must Say ‘No’ To Israeli Nuclear Blackmail.” In it, he said, “In a mass-circulation LaRouche in 2004 release, ‘The Pollard Affair Never Ended,’ I named the names of the leading Sharonists inside the Bush Pentagon and State Department—Paul Wolfowitz, Richard Perle, Doug Feith, David Wurmser—some of whom literally prepared the foreign policy doctrine of perpetual war for then-Israeli Prime Minister Benjamin Netanyahu in July 1996. These Netanyahu-Sharon Likud moles inside the Bush foreign policy and national security establishment are still suspected, now with more and more evidence, of involvement with the convicted Israeli spy, the

American-born Jonathan Pollard. “Since the release and circulation of a million copies of the ‘Pollard Affair Never Ended,’ campaign document, new, even more damning evidence has surfaced. Therefore, I must intensify my demand for a thorough national security investigation into key staffers in the Office of Vice President Dick Cheney, beginning with his chief of staff and national security advisor, I. Lewis ‘Scooter’ Libby.”

Howard Dean

1. Why the Crisis?

Howard Dean offers no history, nor discussion of the causes of the crisis between the Israelis and Palestinians. He focuses blame on the lack of involvement of the Bush Administration in the peace process, saying in a website statement (Statement of Principles on the Middle East Peace Process), “Recent developments in the region have created a new sense of opportunity. . . . U.S. disengagement from the process during much of the Bush Administration has been unacceptable.”



Dean does not single out any of the Sharon government’s activities for comment, but says, “The Israeli government will have to work to improve the living conditions of the Palestinian people, and ultimately will have to remove a number of existing settlements.”

On **Sept. 9, 2003**, during the Congressional Black Caucus candidates’ debate, Dean was asked, “You recently said the U.S. should not ‘take sides in the Israeli-Palestinian conflict.’ Do you mean that the U.S. should maintain some sort of neutral stance to Israel? And does that include cutting foreign aid to Israel?” Dean replied, “Of course I don’t mean any such thing, that we’re going to take a stance that belies our historic relationship with Israel. We’ve had a special relationship with Israel since 1948 when we were the first country to recognize Israel. What I do mean, is we need to be a credible negotiator, a facilitator for peace in the Middle East.”

2. What Must Be Done

On his campaign website, in Dean’s “Statement of Principles on the Middle East Peace Process,” Dean calls for “a two-state solution,” and more U.S. involvement in working towards this. “The basic framework for peace between the Israelis and Palestinians is a two-state solution—a Jewish state of Israel living side by side in peace and security with an independent, demilitarized Palestinian state.”

Water, Power, and Economic Development

Dean does not identify water or power, in particular. His outline generally states that the United States and international community must support “economic reconstruction efforts which are essential to the long-term success of any agree-

ment between the parties.” The specifics referred to in this connection are: “Helping the Palestinians establish a middle-class democratic society, in which some fully participate in economic and political decision-making”; and that the United States “will maintain its historic special relationship with the state of Israel, providing a guarantee of its long-term defense and security.”

How To End Terrorism

On the Dean website statement: “The Palestinian Authority will have to fight terrorism and violence on a consistent basis to create the conditions necessary for a viable peace process.”

At the **Sept. 9, 2003** Congressional Black Caucus debate, Dean said, “We also need a renewable energy policy in this country [the United States], so we can stop sending all our oil money to where they recycle it back into terror. And we ought to stand up to the Saudis, who are teaching small children in the Islamic world to hate Americans.”

Dean endorsed the National Governors’ Association position paper on terrorism, issued **Sept. 14, 2001**.

John Kerry

1. Why the Crisis?

Kerry does not address the history of the geopolitics furthering Israeli-Palestinian strife. In remarks, **Oct. 17, 2003**, to the Arab American Institute in Washington, D.C., he said, “There is nothing to be gained in an endless cycle of violence and reprisals that only point in a downward direction. There is no future for that tiny sliver of land other than that of two nations living as peaceful neighbors—and the extremists on both sides need to realize that.”

U.S. Aid to Israel

Kerry’s most repeated theme about why the crisis is now so bad, is that Bush has disengaged from trying to resolve it.

On **Dec. 3, 2003**, in a speech to the Council on Foreign Relations (CFR) in New York, Kerry said, “President Bush pays lip-service to the idea that Mideast peace is critical to the effort to combat terrorism, but his administration has lurched from episodic involvement to recurrent disengagement, jeopardizing—in my judgment, and in the judgment of many—the security of Israel, encouraging Palestinian extremists, and undermining our own long-term national interests and the efforts of the war on terror in the long run.”

Israeli “Preventive Assassinations”; the Walls; Settlements in Occupied Territories

Stressing the Bush Administration’s “non-engagement” in furthering the Mideast peace process, Kerry also spoke of Israel’s right to bombing actions, at the Florida Democratic Convention, **April 14, 2002**: “American leadership means

we must work to understand and positively affect the world around us. If the United States has a right to respond in Afghanistan to suicide attackers in New York City—and we do—then Israel has a right to respond to suicide bombers in the West Bank. But our role—and our responsibility—is to engage more aggressively and positively—and to stay engaged.”

Kerry criticized the Sharon government’s building of a wall around the West Bank, on **Oct. 17, 2003**, in remarks to the Arab American Institute, “I know how disheartened Palestinians are by the Israeli government’s decision to build the barrier off of the green line—cutting deep into Palestinian areas. We don’t need another barrier to peace. Provocative and counterproductive measures only harm Israel’s security over the long term, increase the hardships to the Palestinian people, and make the process of negotiating an eventual settlement that much harder.” He said, in his **Dec. 3, 2003** CFR speech, “I am convinced, as most people are, that the majority of people—Palestinians and Israelis alike—want peace, and understand there will be a two-state—Palestinian state, state of Israel—living securely, ultimately, one day together. And getting there is critical.”

2. What Must Be Done

In his **Dec. 3, 2003** speech to the Council on Foreign Relations, Kerry said: “In the first days of a Kerry administration, I will appoint a Presidential ambassador to the peace process who will report directly to me and the Secretary of State, and who will work day-to-day to move that process forward. There are a number of uniquely qualified Americans among whom I would consider appointing, including President Carter, former Secretary of State James Baker, or, as I suggested almost two years ago, President Clinton. And, I might add, I have had conversations with both President Clinton and President Carter about their willingness to do this, and I think they would welcome it and embrace it as a means of moving forward.”

Kerry lists as one of his campaign foreign policy priorities, “Working for Peace in the Middle East and Security for Israel.” Among the points in his website statement on this: “Israel is our most important ally” in the region, and there must be American support for “the aspirations of the Palestinian people for a viable Palestinian state.”

The statement calls for Prime Minister Qureia to take “serious, demonstrable” steps to rein in the violence, and “if he is committed to this course of action, the United States and its allies should provide technical assistance and training to the Palestinian security forces to strengthen their capacity to root out terrorist groups. . . . As meaningful steps are taken to fight terrorism, Prime Minister Sharon and Prime Minister Qureia must move forward simultaneously with determination . . . on the road to peace.”

Economic Development

Kerry does not address specifics of economic necessities such as water, power, and transportation in the immediate



Israel-Palestinian situation. He speaks in generalities about developing the greater Mideast region, for example in a **Jan. 23, 2003** speech at Georgetown University: “We must make significant investments in the education and human infrastructure in developing countries. The globalization of the last decade taught us that simple measures like buying books and family planning can expose, rebut, isolate, and defeat the apostles of hate, so that children are no longer brainwashed into becoming suicide bombers, and terrorists are deprived the ideological breeding grounds. I believe we must reform and increase our global aid to strengthen our focus on the missions of education and health—of freedom for women—and economic development for all.”

For the larger Middle Eastern region, Kerry described his views in the Georgetown University speech: “We should build on the success of the Clinton Administration’s Jordan Free Trade Agreement. Since the United States reduced tariffs on goods made in ‘qualifying industrial zones,’ Jordan’s exports to the U.S. jumped from \$16 million to \$400 million, creating about 40,000 jobs. Let’s provide similar incentives to other countries that agree to join the WTO; stop boycotting Israel and supporting Palestinian violence against Israel; and open up their economies. “We should also create a duty-free program for the region, just as we’ve done in the Caribbean Basin Initiative and the Andean Trade Preference Act. Again, we should set some conditions: full cooperation with the war on terror, anti-corruption measures, non-compliance with the Israel boycott, respect for core labor standards, and progress toward human rights.”

How To End Terrorism

Kerry said, on **Oct. 17, 2003**, in remarks to the Arab American Institute, “Forging a stable and lasting peace in the Middle East is vital to American national security, to the security of Israel and other countries in the region, and to the aspirations of the Palestinian people for a viable Palestinian state. It is also an essential part of winning the war on terror. Ignoring or downplaying the conflict, as the Bush Administration did for far too long, is a dangerous game. “I know from my many trips to the Middle East that the majority of Palestinians and Israelis want to live side by side in peace.”

On **Nov. 7, 2003**, in the *Concord Monitor*/Washington-Post.com question-and-answer session, Kerry said of the Mideast, “It’s one of the most important trouble spots in the world, around which a lot of the world’s tensions are related, and it is imperative for a President to be deeply involved in the peace process. Bush abandoned that involvement for more than a year. I will re-engage in the Middle East and work with all parties *and* I’ll bring together other nations to help in the process. I believe peace is attainable.”

Besides “re-engaging” the United States in the Middle East peace process, Kerry outlined his general policy in his **Dec. 3, 2002** speech to the Council on Foreign Relations: “Over the longer term, to prevail in the war on terror, we must build new bridges to the Islamic world. In recent years, our capacity to communicate and persuade has constricted. . . .

As President, I will fight for funding to expand our diplomatic presence, and I will direct American representatives overseas to reach out to populations, not just to governments, to religious and cultural leaders, and to a new generation growing up in this age of mass communications. . . . I will also appoint a presidential envoy for the Islamic world who will seek to strengthen moderate Islam and find new ways to isolate terrorists; and who will make the case for progress, mutual respect, and yes, for our conviction that Israel and the Arab world can and should live together in a secure and lasting peace.”

John Edwards

1. Why the Crisis?

Edwards offers nothing on the background and history of the crisis between the Israelis and Palestinians. But he has spoken emphatically on Israel being threatened by Saddam Hussein and his “weapons of mass destruction.”

On **Oct. 7, 2002**, at a speech to the Center for Strategic and International Studies, Edwards referred to Israel, in terms of his own co-sponsorship of the resolution for war on Iraq. “My position is very clear. The time has come for decisive action to eliminate the threat posed by Saddam Hussein’s weapons of mass destruction. I am a co-sponsor of the bipartisan resolution we’re currently considering. . . . Saddam Hussein’s regime is a grave threat to America and our allies—including our vital ally, Israel.”

Edwards has made no mention of the building of the walls by Sharon; nor the Sharon government’s “preventive assassination” policy; nor settlements in occupied territories.

2. What Must Be Done

At the **Jan. 4, 2004** Iowa Democratic Party Primary debate, Edwards said, “The most critical thing is for us to be engaged. That’s what’s been missing from this Administration. [Bush] flies in, he has a photo-op, he leaves. We need to be on the ground constantly. We have to find ways to reduce the level of violence, to create some level of trust so that we can move toward peace.”

Edwards offers only the most abstract generalities in his website’s policy planks. Under the general heading, “Work to Resolve Conflicts,” a point listed eighth among nine points of “Edwards’ Foreign Policy Agenda” on his campaign website section, “Strengthening America’s Role in the World Through Principled Leadership,” is this reference: “Edwards is a strong supporter of Israel, and believes that the U.S. has a vital role in promoting peace between the Israelis and the Palestinians.”

Elsewhere, Edwards speaks of a two-state solution.

The Edwards campaign website otherwise makes the



point of Edwards having met with leaders. It states, “He has visited our vital ally, Israel, and other Middle East states to discuss the peace process, and has met with America’s key allies at NATO Headquarters and in London.” And again, “Senator Edwards has considerable experience discussing critical foreign policy issues at the highest levels. . . . He has met with Israeli Prime Minister Ariel Sharon and Middle East leaders to discuss the peace process and America’s role in the region, and he has also conferred with key Arab leaders.”

No mention is made of any specifics about the Israeli or Palestinian situation, in terms of the crisis of water, nor economic development, nor any other aspect.

How To End Terrorism

On **Jan. 4, 2004** at the Iowa Democratic Primary debate, the question was put to Edwards, “Are you willing to negotiate directly with Hamas, and would Yasser Arafat have a seat at that table?” Edwards replied, “No. There is clear, overwhelming evidence of Arafat’s connection to terrorism. I think a two-state solution is ultimately the answer. [We need] to create some level of trust. For example, going to the Palestinians and saying, ‘Arrest these leaders of Hamas who we both know are involved in terrorism,’ and saying to the Israelis, ‘In exchange, we expect you to allow freer passage in the West Bank.’”

On **Jan. 13, 2004**, an Edwards policy document was released, titled, “Fact Sheet: The Edwards Plan for Promoting Democracy: A Strategy for Freedom,” in which it is stated, “America will never defeat violent terror so long as hundreds of millions of people in the Muslim world and elsewhere are denied the right to express themselves peacefully, openly and democratically.” The plan then calls for seven actions: 1) Establish an “Organization for Security and Cooperation in the Middle East,” similar to the 1970s Helsinki Process, by the year 2008; 2) Create a “Middle East Partnership Program” at NATO, for joint training for counter-terror, etc.; 3) Create a “Freedom List” at the U.S. State Department, of the names of dissidents wrongly treated, in order to make the names public and “shame countries that incarcerate political prisoners”; 4) Establish a “Democracy Caucus” in the UN, to promote those countries trying to democratize, and “punish” others; 5) Increase funding for the National Endowment for Democracy; 6) Link American aid to democratic development, to cut help “to states led by dictators” and to reward “good performers”; 7) “Link membership in key international institutions to democracy,” and be ready to cut out countries that slip; for example, make Russia’s membership in the G-8 conditional, “if present anti-democratic trends continue there.”

Dennis Kucinich

1. Why the Crisis?

Kucinich does not get into the history, geopolitics or economics behind the worsening Mideast situation, nor name

any of those factions acting to foment the situation. He provides this general description on his website: “Perpetual war and poisonous rhetoric will not help us erase the bitterness that still plagues relations among countries of the region.”

Israeli Settlements in Occupied Territories; Walls

Kucinich, on his campaign website, in the “Civil Liberties” section, states, “Israeli settlements in the occupied territories are unlawful and against the interests of both Israelis and Palestinians. A Kucinich administration will vigorously oppose the expansion of settlements in the occupied territories, and insist on the dismantlement of existing illegal settlements in the West Bank and Gaza.” On **Nov. 4, 2003**, in the *Concord Monitor/WashingtonPost.com* online question-and-answer, Kucinich said, “I believe the government of Israel can help take a step in the direction of setting the stage for negotiations, by stopping the building of new settlements and by ceasing the building of walls.”

2. What Must Be Done

On **Nov. 4, 2003**, in the same online question-and-answer, Kucinich stated, “It is urgent for the U.S. to become closely involved in the efforts to reach a peaceful agreement which protects Israel and which provides for the creation of an autonomous Palestinian state. Additionally, such an agreement must call for the rebuilding of the Palestinian areas which have been devastated. The U.S. can help to lead the way of such an agreement by participating in rebuilding housing, schools, hospitals, businesses, roads and other infrastructure. Such agreements would engender trust and confidence building and create the possibility where the parties can then deal with the issues of borders and right of return.”

In his campaign website section “Arab Americans/View of the Mideast,” Kucinich speaks of how the United States must promote “negotiations to achieve a viable peace between Israel, and a new Palestinian state.”

In **May 2002**, Kucinich stated his general view of what must be done in the Mideast, on the occasion of voting “present”—i.e., refusing to vote yes or no—on House Resolution 392, expressing “solidarity with Israel” as it battles the “terrorist infrastructure in the Palestinian areas.” He stated that the United States must not take sides, and that “I will vote, ‘present’ today because I believe the security of Israel requires the security of the Palestinians. I will vote ‘present’ because I believe the United States can do better through honest brokering, and a principled commitment to peaceful co-existence.” Kucinich said it is wrong to try to equate “Israel’s dilemma, which is the outcome of the Palestinians’ struggle for self-determination, with the United States’ campaign against the criminal organization, Al-Qaeda.” And he criticized the U.S. policy for being “amorphous” and “undefined.”



Kucinich said, "There is a role for Congress and the Administration in helping to bring a lasting peace in the Middle East. . . . Determine a course of action to bring about peace. This course will require multilateral diplomacy, which strengthens cooperation among all countries in the region. It will require focused, unwavering attention. It will require sufficient financial resources. And it will require that our nation have the political will to bring about a true, a fair, and a sustainable resolution of the conflict."

Kucinich has called for the creation of a "Department of Peace," to work internationally and domestically; to work in "violence control"; to support "disarmament, treaties, peaceful consensus building." His campaign website defines the intent of this proposal as dealing with economic justice as well as political.

Water

Kucinich calls for infrastructure-building, as leading toward peace in the Mideast. He does not specifically detail a resources development program, especially for water. On the Kucinich website "Platform" listings, there is the section, "Water as a Human Right." It lists "Ten Principles," including, that water shall be considered forever in the public domain, and protected from "commoditization"; and that "Wealthy nations shall provide poor nations with the means to obtain water for survival." Also, "It shall be the duty of each nation to provide accessible, affordable drinking water to its people."

Economic Development

The Kucinich "Department of Peace" proposal states that, "Its focus on economic and political justice will examine and enhance resource distribution, human and economic rights and strengthen democratic values." His website says more specifically, "An even-handed approach to the Israeli-Palestinian conflict is key to a solution, as is global financial aid to the Palestinian people as they move toward Statehood."

How To End Terrorism

On **Nov. 24, 2003** in the Des Moines, Iowa Democratic contenders' debate, Kucinich stressed his general point (referring to Iraq), "The only way that we can effectively combat terrorism in this world is to work with the United Nations and with the world community."

Kucinich has warned against the Administration's making a case for force against Syria on grounds of Syria harboring Iraqi leaders and terrorists. On **April 15, 2003**, Kucinich said, as reported by Associated Press, "Threatening action against Syria could fuel speculation that the Bush Administration is seeking to build an empire in the Middle East."

In the Kucinich "Platform" section, for "National Security," on his campaign website, he criticized the Bush Administration for believing "that international terrorism can be defeated solely through military, law enforcement, and intelligence actions, without addressing the underlying foreign policy issues. . . ." Kucinich states, "It is time to redefine the argument and to convey to the public that effective multilateral institutions, appropriate economic aid, principled for-

eign policy, and support for arms control regimes buy us more real security than launching preventive attacks or further increasing the Pentagon budget."

Al Sharpton

1. Why the Crisis?

The Sharpton campaign website does not present the candidate's views on the Israeli-Palestinian crisis. Listed under "Rev. Al Sharpton's Top Ten," is this general statement: "Strengthen our REAL national security by fighting for human rights, the rule of law, and economic justice at home and abroad."



human rights, the rule of law, and economic justice at home and abroad."

Sharpton makes general references to terrorism, as the crisis in Israel and the Occupied Territories. On **Oct. 27, 2003**, the day after the Detroit Congressional Black Caucus-sponsored debate, in which Lieberman called for the ouster of Arafat from the region, Fox News

TV reporter, Greta Van Susteren asked Sharpton, "Is Arafat part of the problem in your mind, or part of the solution?" Sharpton replied, "I think that one can negotiate with those on all sides, and assume that there have been serious problems on the Palestinian side [which] many feel Arafat instigated. But I also think that the solutions have not been achievable without him being part of the discussions."

2. What Must Be Done

On the candidates international policy grid on www.vote-smart.org, Sharpton answers "Yes," to the questions, "Should the United States support the creation of a Palestinian state?" and "Should the United States continue to provide leadership in the Israeli-Palestinian peace process?"

On **June 13, 2003** on NPR radio, Sharpton said, in an interview with Bob Edwards, "I've been to the Middle East and met firsthand with the Palestinian and the Israeli side. There's nobody in this race that has, in my judgment, dealt more around the world on these global issues. We need to develop a balanced strategy of creating allies around the world, supporting democratic movements around the world, and not have an inconsistent pattern of saying we're going to be with the most cruel reactionary dictators if they serve our interests, and then make them the pariahs when we decide they do not."

On a Fox TV **Oct. 27, 2003** show, Sharpton said, "I think that we've got to deal realistically, that we must try to find some level of peace and some level of balance, and we must do that in a situation that the people that are at the table can deliver what they promised. I don't know if we can deliver that without talking to some people we may not like to talk to [a reference to Lieberman's call for the ouster of Arafat as pro-terrorist]."

Nuremberg Crimes

The financial-economic breakdown crisis now hitting the world with increasing force, has predictably brought out the beast, and the beast-men, in the political establishment. The question is: Does the world's population today have the residual morality to recoil against these horrors, and act to shut them down, before it's too late?

Take three almost exact copies of Nazi crimes against humanity being carried out today. The fact that they are on a smaller scale, does not change their character.

First and foremost, we have the war against Iraq, a textbook case of an *aggressive war*, taken without any threat (imminent or otherwise), and thus defined in international law as both a crime against peace, and against humanity. As *EIR* pointed out back in March of 2003, launching aggressive war led to the conviction of 12 Nazi leaders for their crimes, of which seven were sentenced to death. This was an *individual* responsibility, which today must be laid at the door of that individual Beast-Man Dick Cheney.

Second, as we have emphasized since February 2002, when the Israeli newspaper *Ha'aretz* put out a story on how Israeli Defense Forces generals were studying the journals of Nazi Maj. Gen. Jürgen Stroop, in his assault on the Warsaw Ghetto, the IDF is carrying out Nazi policies against the Palestinian people. The erection of the Wall in the Palestinian territories cuts off the Palestinians from their agricultural lands, as well as jobs and medical care in Israel. The policy here is *genocide*, as an increasing number of Israelis have come forward to admit.

The third crime against humanity on the world stage, has been ongoing for more than 30 years, but brought starkly to the world's attention again by the President of Argentina in mid-February. As Lyndon LaRouche wrote as far back as 1984, "IMF Conditionalities are a Nuremberg Crime." Quite literally, the International Monetary Fund demands the sacrifice of the lives of whole populations, in order to assure that debt is paid to the usurious international bankers. In the case

of Argentina, as President Kirchner points out, the bankers are now demanding a level of payment which, if "we'd pay as we did in the 1990s, with the people's hunger, . . . that would be a *new genocide against the Argentine people* that we can never again allow."

Kirchner's statement is extraordinary in his honesty, in calling this Nazi policy for what it is. LaRouche, of course, has been consistent in telling this ugly truth. But what is the matter with our other "leaders"? Have we sunk so low that the crimes of 1945 are now accepted as "just the way things are"? Have we lost our ability to be shocked by these horrors?

There is, at this moment, no clear answer to that question. In fact, it would be suicidal to sit around and contemplate it. The ugly truth is that, unless citizens demand that their leaders tell this truth, and *simultaneously* fight for the clearly positive alternative to a world dominated by universal fascists committed to a genocide unprecedented in history, our civilization will have shown it lacks the moral fitness to survive.

Look for a minute at the reason why LaRouche and his movement have the nerve to publicly state what others are afraid to say. The fundamental reason is that LaRouche is an optimist about human nature, and man's ability to rise above the problems which he faces, in order to come to a solution. That optimism is based not merely on faith, but on an understanding of human history, through which leaders and individuals have "overcome" their old methods of thought, and forged new methods of advancing mankind. Even if, as in the case of Dr. Martin Luther King and Joan of Arc, the leader did not survive, the road to victory for humanity was secured.

In 1945, much of mankind had faced the horrors of Nazism, and defeated it, with a commitment that such genocide would never happen again. Over the last 60 years, that commitment waned among most—until we've reached another point of decision. To defeat this new Nazism, will take a wrenching change in all our comfortable habits, but if we fail to do so, we will be destroyed nonetheless. Isn't it time to join the fight?

SEE LAROUCHE ON CABLE TV

All programs are *The LaRouche Connection* unless otherwise noted. (*) Call station for times.

INTERNET

- ACCESSPHOENIX.ORG Click on *Live Webcast* Fridays—6 pm (Pacific Time only)
- BROOKLYN.ORG/BCAT Click on *BCAT Live Stream for Ch. 34/67* Tue: 12 Noon & 8 pm (Eastern Time only)
- MNN.ORG Click on *Watch Ch.34* Alt. Sundays—9 am (Eastern Time only)
- ARIZONA
 - PHOENIX—Ch.98 Fridays—6 pm
 - PHOENIX VALLEY Quest Ch.24 Fridays—6 pm

CALIFORNIA

- BEVERLY HILLS Adelphia Ch. 37 Thursdays—4:30 pm
- BREA—Ch. 17 Mon-Fri: 9 am-4 pm
- BUENA PARK Adelphia Ch. 55 Tuesdays—6:30 pm
- CARLSBAD Adelphia Ch. 3 1st/3rd Wed: 10 pm
- CLAYTON/CONCORD AT&T-Comcast Ch.25 2nd Fri.—9 pm Astound Ch.31 Tuesdays—7:30 pm
- CONTRA COSTA AT&T Ch.26 2nd Fri.—9 pm
- COSTANESA Ch.61 Wednesdays—10 pm
- CULVER CITY MediaOne Ch.43 Wednesdays—7 pm
- E.LOS ANGELES Adelphia Ch. 6 Mondays—2:30 pm
- FULLERTON Adelphia Ch.65 Tuesdays—6:30 pm
- HOLLYWOOD Comcast—Ch.43 Tuesdays—4 pm
- LANC./PALM. Adelphia Ch.16 Sundays—9 pm
- LAVERNE—Ch.3 2nd Mondays—8 pm
- LONG BEACH Analog Ch.65 Digital Ch.69 CableReady Ch.95 Alt. Fridays—1:30 pm
- MARINA DEL REY Adelphia Ch.3 Thursdays—4:30 pm MediaOne Ch.43 Wednesdays—7 pm
- MID-WILSHIRE MediaOne Ch.43 Wednesdays—7 pm
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- SAN DIEGO Ch.19 Wednesdays—6 pm
- SANTA ANA Adelphia Ch.53 Tuesdays—6:30 pm
- STA. CLAR.VLY. T/W & AT&T Ch.20 Fridays—1:30 pm
- SANTA MONICA Adelphia Ch. 77 Thursdays—4:30 pm
- TUJUNGA—Ch.19 Mondays—8 pm
- VENICE—Ch.43 Wednesdays—7 pm
- VENTURA—Ch.6 Adelphia/Avenue Mon & Fri—10 am
- WALNUT CREEK AT&T Ch.6 2nd Fridays—9 pm
- W.HOLLYWOOD Adelphia Ch.3 Thursdays—4:30 pm
- W.SAN FDO.VLY. Time Warner Ch.34 Wed.—5:30 pm

CONNECTICUT

- GROTON—Ch.12 Mondays—5 pm
- MANCHESTER Ch.15 Mondays—10 pm
- MIDDLETOWN—Ch.3 Thursdays—5 pm
- NEW HAVEN—Ch.29 Sundays—5 pm
- NEWTOWN/NEW MIL. Cablevision Ch.21 Mondays—9:30 pm
- THURSDAY—Ch.3 Thursdays—11:30 am

ILLINOIS

- QUAD CITIES Mediacom Ch.19 Thursdays—11 pm
- PEORIA COUNTY Insight Ch.22 Sundays—7:30 pm
- SPRINGFIELD Ch.4 Mon-Fri: 5-9 pm Sat-Sun: 1-5 pm

INDIANA

- BLOOMINGTON Insight Ch.3 Tuesdays—8 pm
- DELAWARE COUNTY Comcast Ch.42 Mondays—11 pm
- GARY AT&T Ch.21 Monday-Thursdays 8 am - 12 Noon

KENTUCKY

- BOONE/KENTON Insight Ch.21 Mon: 4 pm; Sat: 5 pm
- JEFFERSON Ch.98 Fridays—2 pm

LOUISIANA

- ORLEANS PARISH Cox Ch.78 Tuesdays & Saturdays 4 am & 4 pm

MARYLAND

- ANNE ARUNDEL Annapolis Ch.20 Milleneum Ch.99 Sat & Sun: 12:30 am

- MONTGOMERY Ch.19 Fridays—7 pm
 - P.G. COUNTY Ch.76 Mondays—10:30 pm
- ### MASSACHUSETTS
- BRAintree AT&T Ch.31 BELD Ch.16 Tuesdays—8 pm
 - CALMBRIDGE MediaOne Ch.10 Mondays—4 pm
 - WORCESTER—Ch.13 Tue.—8:30 pm

MICHIGAN

- CALHOON ATT Ch.11 Mondays—4 pm
- CANTON TWP. Comcast Ch.18 *Zajak Presents* Mondays: 6-8 pm
- DEARBORN Comcast Ch.18 *Zajak Presents* Mondays: 6-8 pm
- DEARBORN HTS. Comcast Ch.18 *Zajak Presents* Mondays: 6-8 pm
- GRAND RAPIDS AT&T Ch.25 Fridays—1:30 pm
- KALAMAZOO Thu: 11 pm (Ch.20) Sat: 10 pm (Ch.22)
- KENT COUNTY Charter Ch.7 Tue—12 Noon, 7:30 pm, 11 pm
- LAKE ORION Comcast Ch.65 Mondays & Tuesdays 2 pm & 9 pm
- LIVONIA Brighthouse Ch.12 Thursdays—4:30 pm
- MT.PLEASANT Charter Ch. 3 Tuesdays—5:30 pm
- PLYMOUTH Comcast Ch.18 *Zajak Presents* Mondays: 6-8 pm
- SHELBY TWP. Comcast Ch.20 WOW Ch.18 Mon/Wed: 6:30 pm
- WAYNE COUNTY Comcast Ch.68 Unscheduled pop-ins
- WYOMING AT&T Ch.25 Wednesdays—10 am

MINNESOTA

- ANOKA Comcast Ch.15 Thu: 3 pm & 9 pm
- BURNSVILLE/EGAN ATT Ch.14,57,96 Tuesdays—5:30 pm
- SATURDAYS—9 pm
- SUNDAYS—10 pm
- CAMBRIDGE US Cable Ch.10 Wednesdays—2 pm

- COLD SPRING US Cable Ch.10 Wednesdays—5 pm
 - COLUMBIA HTS. MediaOne Ch.15 Wednesdays—8 pm
 - DULUTH—Ch.20 Mondays—9 pm Wednesdays—12 pm Fridays 1 pm
 - FRIDLEY—Ch.5 Thursdays—5:30 pm
 - SATURDAYS—8:30 pm
 - MINNEAPOLIS PARAGON Ch.67 Thursdays—7 pm
 - NEW ULM—Ch.14 Fridays—5 pm
 - PROCTOR/ HERMANTOWN—Ch.12 Tue: Btw. 5 pm-1 am
 - ST.CLOUD AREA Charter Ch.10 Astound Ch.12 Thursdays—8 pm
 - ST.CROIX VLY. Valley Access Ch.14 Thursdays: 4 & 10 pm Fridays—8 am
 - ST.LOUIS PARK Paragon Ch.15 Wed, Thu, Fri: 12 am, 8 am, 4 pm
 - ST.PAUL (city) SPNN Ch.15 Saturdays—10 pm
 - ST.PAUL (N Burbs) AT&T Ch.14 Thu: -6 pm & Midnite Fri: -6 am & Noon
 - ST.PAUL (NE burbs)* Suburban Ch.15
 - ST.PAUL (S&W burbs) AT&T-Comcast Ch.15 Tue & Fri: -8 pm Wednesdays—10:30 pm
 - SOUTH WASHINGTON ATT Ch.14—1:30 pm Mon, Tue, Wed, Thu
- ### MISSISSIPPI
- MARSHALL COUNTY Galaxy Ch. 2 Mondays—7 pm
- ### MISSOURI
- ST.LOUIS AT&T Ch.22 Wednesdays—5 pm Thursdays—12 Noon
- ### NEBRASKA
- LINCOLN T/W Ch.80 *Citizen Watchdog* Tuesdays—7 pm Wednesdays—10 pm
- ### NEVADA
- CARSON—Ch.10 Wednesdays—7 pm Saturdays—3 pm
 - RENO/SPARKS Charter Ch.16 Wednesdays—9 pm
- ### NEW JERSEY
- MERCER COUNTY Comcast* TRENTON Ch.81 WINDSOR Ch.27

- MONTVALE/MAHWAH Time Warner Ch.27 Wednesdays—4 pm
 - NORTHERN NJ Comcast Ch.57* PISCATAWAY Cablevision Ch.71 Wed—11:30 pm
 - PLAINSBORO Comcast Ch.3*
- ### NEW MEXICO
- ALBUQUERQUE Comcast Ch.27 Mondays—3 pm
 - ANTHONY/SUNLAND T/W Ch.15 Wednesdays 5:05 pm
 - LOS ALAMOS Comcast Ch.8 Mondays—10 pm
 - SANTA FE Comcast—Ch.8 Saturdays—6:30 pm
 - TAOS—Ch.2 Thursdays—7 pm
- ### NEW YORK
- AMSTERDAM Time Warner Ch.16 Wednesdays—7 pm
 - BRONX Cablevision Ch.70 Fridays—4:30 pm
 - BROOKLYN T/W Ch.34 Cablevision Ch.67 Charter Ch.10 Mon,Tue,Thu,Fri: Betw. 5 pm - 9 am
 - WASHINGTON Comcast Ch. 23 Wed:7 pm; Fri:10 am Sun:6 am; Mon:11 pm
- ### RHODE ISLAND
- EPROV—Ch.18 Tuesdays—6:30 pm
 - STATEWIDE RI Interconnect Cox Ch.13 Full Ch.49 Tuesdays—10 am
- ### TEXAS
- AUSTIN Ch.10 T/W & Grande Wednesdays—7 pm
 - DALLAS Ch.13-8 Tuesdays—10:30 pm
 - EL PASO COUNTY Adelphia Ch.4 Tuesdays—8 pm Thursdays—11 am
 - HOUSTON Time Warner Ch.17 Saturdays—9 am Mon, 12/31: 4 pm Wed, 1/6: 4 pm Tue, 1/6: 4 pm Wed, 1/14: 8 pm
 - KINGWOOD Ch.98 Kingwood Cablevision Saturdays—9 am Mon, 12/29: 4 pm Wed, 12/31: 4 pm Tue, 1/6: 4 pm Wed, 1/14: 8 pm
 - RICHARDSON AT&T Ch.10-A Thursdays—6 pm

- TOMPKINS COUNTY Time Warner Ch.13 Sun—1 pm & 9 pm Saturdays—9 pm
 - TRI-LAKES Adelphia Ch.2 Sun: 7 am, 1 pm, 8 pm
 - WEBSTER—Ch.12 Wednesdays—9 pm
- ### OHIO
- CUYAHOGA COUNTY Ch.21: Wed—3:30 pm
 - FRANKLIN COUNTY Ch.21: Sun.—6 pm
 - LORAIN COUNTY Adelphia Ch.30 Daily: 10 am; or 12 Noon; or 2 pm; or 12 Midnight
 - OBERLIN—Ch.9 Tuesdays—7 pm
 - REYNOLDSBURG Ch.6: Sun.—6 pm
- ### OREGON
- LINN/BENTON AT&T Ch.99 Tuesdays—1 pm
 - PORTLAND Tue—6 pm (Ch.22) Thu—3 pm (Ch.23)
 - SALEM—Ch.23 Thursdays 12 Noon Thursdays 8 pm Saturdays 10 am
 - SILVERTON Charter Ch.10 Mon,Tue,Thu,Fri: Betw. 5 pm - 9 am
 - WASHINGTON Comcast Ch. 23 Wed:7 pm; Fri:10 am Sun:6 am; Mon:11 pm

- UTAH
 - E.MILLARD Precise Ch.10 Tuesdays—5 pm
 - SEVERE/SAN PETE Precise Ch.10 Sundays & Mondays 6 pm & 9 pm
 - VERMONT
 - GREATER FALLS Adelphia Ch.8 Tuesdays—1 pm
 - VIRGINIA
 - ALBERMARLE Adelphia Ch.13 Fridays—3 pm
 - ARLINGTON Mondays—4 pm Tuesdays—9 am
 - BLACKSBURG WTOB Ch.2 Mondays—6 pm
 - CHESTERFIELD Comcast Ch.6 Tuesdays—5 pm
 - FAIRFAX—Ch.10 Tuesdays—12 Noon Thursdays—7 pm
 - LOUDOUN Adelphia Ch. 23/24 Thursdays—7 pm
 - ROANOKE—Ch.19 Thursdays 8 pm Thursdays—2 pm
 - WASHINGTON
 - KING COUNTY AT&T Ch.29/77 Mondays—7 pm
 - KENNEWICK Charter Ch.12 Mondays—12 Noon Thursdays—8:30 pm
 - PASCO Charter Ch.12 Mondays—12 Noon Thursdays—8:30 pm
 - RICHLAND Charter Ch.12 Mondays—12 Noon Thursdays—8:30 pm
 - SPOKANE—Ch.14 Wednesdays—6 pm
 - WENATCHEE Charter Ch.98 Thu: 10 am & 5 pm
 - WISCONSIN
 - MADISON—Ch.4 Tuesdays—3 PM Wednesdays—12 Noon
 - MARATHON COUNTY Charter Ch.10 Thursdays—9:30 pm Fridays—12 Noon
 - SUPERIOR Charter Ch.20 Mondays—7:30 pm Wednesdays—11 pm Fridays 1 pm
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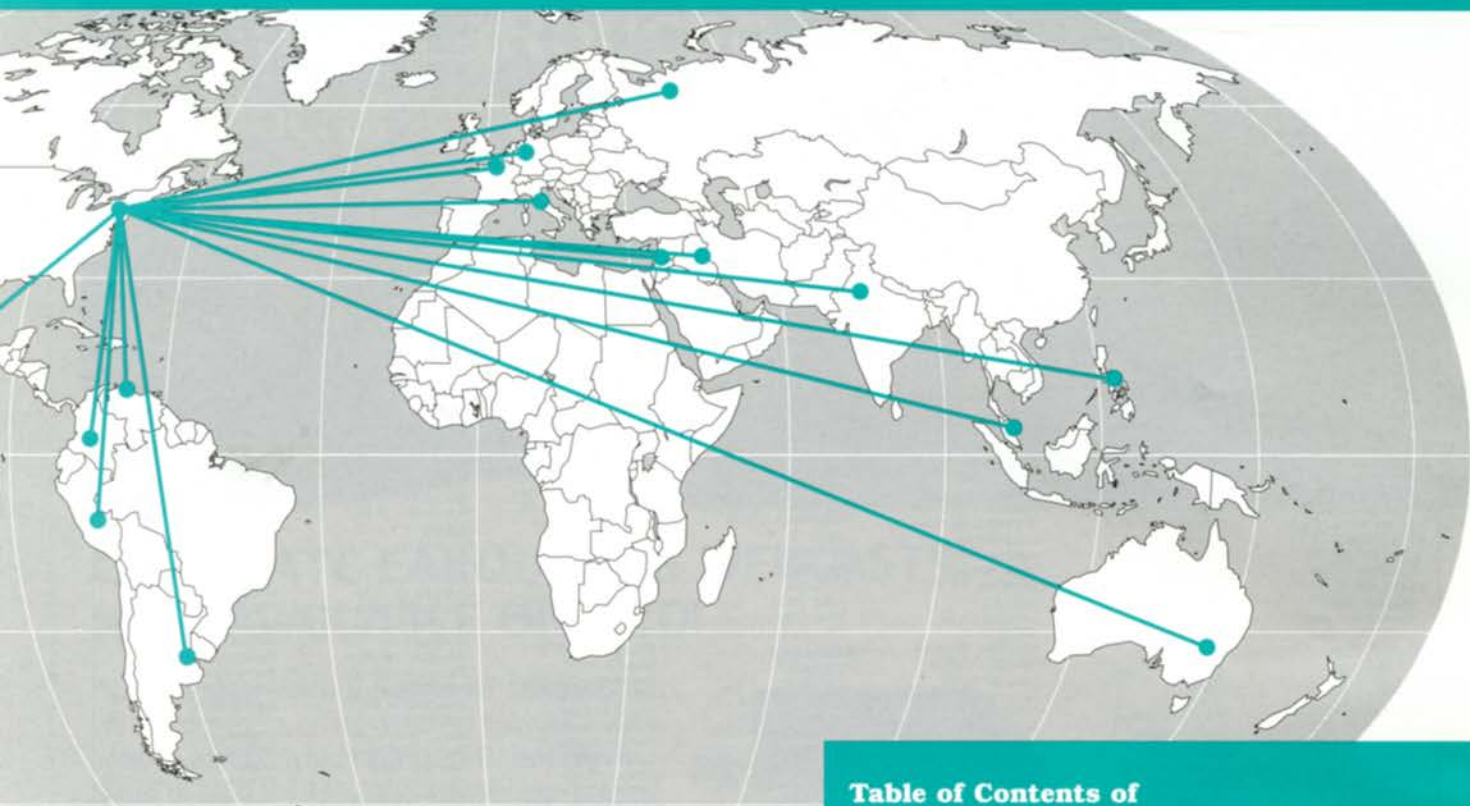
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