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***FLASH!***

**LaRouche To Hold International - - Memorial Day Webcast May 28**

Democratic Party 2004 Presidential pre-candidate Lyndon LaRouche issued a solemn statement inviting international leaders and the public to participate in his Memorial Day international webcast, which is being held Tuesday May 28, at 1:00 p.m. Eastern Daylight Time. Coming on the heels of the candidate's historic May 1 webcast, this follow-up event will be conducted to further the process of bringing together an international combination that can turn the world back from the precipice of global religious war, and a New Dark Age. In his May 9 statement, LaRouche, a World War II veteran, said: "After the close of the first of the two world wars of the last century, our republic committed itself to remember in perpetuity those who had fallen in battles. Let us remember them today.

"Thus, when I returned from the last world war, I passed the house of a boyhood friend, Leon, the sole companion of the aging grandparents who had raised him. As I came up the sidewalk to a place by the front windows of that house, I saw a gold star in the window. I shall never forget that awesome moment.

"Let us therefore pledge, as President Abraham Lincoln did, that if government must send men to die in war, let the war end as quickly as possible, and let the leaders of our nation be assured in advance, that the citizen's sacrifice not be in vain. Let us pledge as much wisdom as we are capable of calling forth today, to that end."

**Talking with Lyndon LaRouche - - 'A Great Historical Irony'**

Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr. was interviewed for two hours on May 15, by Jack Stockwell, morning radio host on K-TALK radio, in Salt Lake City, Utah. Excerpts of that interview follow. Subheads have been added.

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*Stockwell:* Good morning, sir.

*LaRouche:* Good morning.

*Stockwell:* Wie geht's?

*LaRouche:* Ah, not so bad, no so bad.

*Stockwell:* Good!

*LaRouche:* I'm busy. The world is in terrible shape, but that keeps me busy, and keeping busy keeps me happy.

*Stockwell:* Well, you're in Germany right now, and I have a question for you about that later on, but I was mentioning, the last couple of days, to my listening audience, that you would be my guest today, and of course, the hour following my program yesterday, was the anti-Stockwell, anti-LaRouche program—

*LaRouche:* Oh, yeah?

*Stockwell:* Well, yeah. The host that follows me would not be considered a supporter of your policies—although they don't discuss your policies. They never discuss your economics; they never discuss your policies; they never discuss your politics; they never discuss your answers, your ideas, your models, or your paradigm. What they talk about is, just smearing—name-calling and smearing. And so, I mean, it's a bunch of third-graders running around on the playground, because they didn't get on the right team.

*LaRouche:* [Laughs.] It sounds like mass, disorganized paranoia to me.

*Stockwell:* Well, it is. Because they're afraid. These people are genuinely afraid! They're scared to death! They're at the top of that first climb up the roller-coaster, and as they're ready to start coming down the other side, they notice there's track missing, and they're scared....

But, all of a sudden, we get this huge jump in the stock market yesterday. And people are just swinging back and forth, back and forth, they don't know where to turn, they don't have any clear alternatives, and so they're frightened.

*LaRouche:* Well, that's not necessary. The point is, people would have to give up their delusions, and decide on measures which will work, and we could get out of this mess. It wouldn't be a smooth, untroubled passage, but you know, if you survive, and you survive, particularly if the nation survives, and your posterity survives, safely, well, you say, "Look, it was a rough ride, but we made it." And that's the way we have to look at this. We're going in for a very rough ride. But we can make it. We just have to be sensible, which means give up a lot of the delusions, like this so-called stock-market bubble. I mean, people are getting the same reports otherwise, even more of a trickle, but the IT sector, the so-called "New Economy" sector, is collapsing around the world. It's collapsing heavily, all the categories of physical economics and employment are collapsing—the bottom half of the Triple Curve (*Figure 1*)—it's collapsing at an accelerating rate. We are now actually in as much of a depression as in 1930, under Hoover. And it's a more dangerous depression, than Coolidge bequeathed to Hoover.

## Pure Fakery

*Stockwell:* Now, how do you measure that?

*LaRouche:* In terms of actual physical conditions of life and opportunities. For example: Most of the figures—all of the reports of a rebound in the U.S. economy—are *deliberately and obviously faked!* And all people have to do, is look carefully at the numbers, comparing, say, two or three quarters in a row, and look actually at the numbers, and look at the difference between the *initial* reports on a quarter, and the so-called final numbers. And if they look at these things carefully, and understand anything about economics, even rudimentary stuff, even rudimentary accounting stuff, they will realize that what the government is doing, and the reports of prosperity, are *all pure fakery*. They're lying, hysterically lying. New kinds of lies every week.

For example: Take the case of the so-called growth in income, which is not true. But, to the degree that people have income, in areas such as Long Island, New York City, the Greater Washington Area, for example, it's based on a real-estate bubble. Alan Greenspan, otherwise known as Dr. Greenspin, or Dr. Dreamspin, has faked the figures, working with Fannie Mae, Freddie Mac, and others, and real-estate dealers, to push up the nominal value of housing, of real estate, simply based on the gossip among real-estate dealers. Then, the fellow who's got a mortgage out, who's short of money, cash, to pay the family bills, the credit-card debt, and so forth, goes to the bank, and the bank says, "Glad to see ya, buddy. We're ready to rewrite your mortgage. You wanna cash out of some of that capital gain you've got, because of the appreciation of your property?" The guy says, "Yes, I need the money." "Okay, we'll give it to you."

The money is being pumped, in a way where the banks bundle their mortgages, dump them on a market, typified by Fannie Mae, Freddie Mac. The government then, through this channel, puts Federal Reserve money into the banks. So, the banks have lent money, but they've got it back to use. Now, they use it for another round of mortgages, or mortgage increases, as people cash out on their property ownings, as these real-estate values go up. Now, they're going up like 25-30%, per year, and people are living in these areas—people who are going bankrupt—are living on cashing out on purely paper, bubble values, in terms of the economy.

The same thing is happening on the stock market.

*Stockwell:* Nothing productive behind it. No increase in the tool sector, tool-and-die stuff; no increase in infrastructure; no increase in shipbuilding, highway manufacturing; no increase in health care, education, all this stuff—it's all on paper.

*LaRouche:* Yeah, but look out there, in, say, the Utah area, the Great American Desert area. Now look at the effect of the report of the Corps of Engineers, with other institutions, which, because it's a team institution report, on the state of dams in the United States. And you say, we have now come to a time when our government doesn't give a dam[n]; and the water system in the United States is in jeopardy.

*Stockwell:* Well, we just had reports this morning, of a dam in, oh, I don't know if it was Idaho, or northern Utah, that is leaking, and we had a report with the water master up there, and they were showing how the water is leaking out, way down underneath the dam, and it's a sizable dam. So, it's interesting you mentioned that, because the report came out this morning. Another dam, out here in the West, is leaking.

...On the Utah-Idaho border, we have the Bear Lake, a huge lake up there, fresh water, and the Bear River that flows south, and they were going to build this huge Bear River dam project, that would have provided a lot of irrigation water to southern Idaho, northern Utah. And the environmentalists came in and stopped it.

*LaRouche:* Yeah. Well, that's idiocy. I wish some of the energy of the well-known people around Salt Lake City would go more in the direction of dealing with these issues, and less blabbing nonsense about me. We might agree on some of this stuff.

*Stockwell:* You actually might agree on that one.

*LaRouche:* Yeah, there are a couple of things we may agree upon, you know. Like, human life is good, and things like that!

*Stockwell:* There's a lot of things they do agree with you on, because I hear it in the comments they make; I guess they just don't realize they're concepts that you teach.

*LaRouche:* They do. The higher levels do. But, the point is, remember that, in the post-war period, in particular, when—the

Truman period, sometimes called the McCarthy period, when what was the internal-security apparatus of the Justice Department, which is now called, actually centered in the strange little organization called General Litigation and Legal Advisory Services, which runs the dirtiest things in the Justice Department against our people—people are looking for the police state: there it is for you, until Homeland Defense takes over, and the GLASH takes over the military, and then, you're all cooked in the dictatorship....

*Stockwell:* Yes.

*LaRouche:* But, because people in—like, you know, I don't know if he's still alive—but, the former FBI official—were in that, and they were very much into this so-called "anti-Communist—

*Stockwell:* You talking about Skousen?

*LaRouche:* Cleon Skousen?

*Stockwell:* Yeah, he's still alive.

## The Military Utopians

*LaRouche:* Well anyway, he's an intelligent fellow, and he has some people around him who are very intelligent; they're not stupid on these questions, but they have an affinity with this apparatus, which is now close to the utopians, the military utopians, and therefore, that's where the issue is. They would be perfectly willing to adopt *some* of my practical ideas, under the imprimatur of a dictatorship, but, I don't think, under my government. It's that simple.

Things like, for example: You take the Western states, the so-called American Desert. Now, from Utah, itself, you had a Senator out there, a Democratic Senator [Frank Moss], some years ago, who boosted NAWAPA, the North American Water and Power Alliance (*Figure 2*). That general idea would work. Now, the only city-builder the United States has had in the 20th Century, really is Bugsy Siegel, in Las Vegas! There are no new cities, in areas which have great potential, for development, provided we have the water and power management to go with it. The failure to develop, under the Corps of Engineers, which is the way it should be done, or Corps of Engineers coordination, the national reserves, in terms of water and power development, that is, franchise the stuff out to utilities and so forth, but get it going.

We have a tremendous area for new forestation, for developing, turning the desert into an abundant area. There is no reason not to do it. The environmentalists don't know what they're doing. In a sense, they're insane. They may not all be insane in all matters. Some of them may be quite humane in some of their impulses. But, on this issue, they're idiots, because they're conditioned by people like Bertrand Russell, and other people from that background, into this myth, that somehow, the universe is fixed; it has no evolution in it. The planets never existed; the Sun is still out there spinning fast, and no planets around it—according to them. And therefore, we shouldn't *change* anything from the "natural." The point of fact is, we can improve nature, and that's, if they read Genesis I, and look at the bottom line there, about God, man, and Creation—

*Stockwell:* And subduing the Earth—

*LaRouche:* Yeah. They're supposed to *improve* the planet! Why do they exist? Why did God create them? To do a job.

*Stockwell:* Ever since Roosevelt put in the Hoover Dam, down there in the Las Vegas area, and what that was able to do, and the power that that created for Southern California, and the development that that allowed in Southern California—well, the water that flows through Hoover Dam, could have been dammed up half-a-dozen places below that,

and a dozen places above that, and so, let gravity do the same thing with that water, all the way down that river. The reservoirs, the irrigation: They could have turned Arizona, New Mexico, southern Utah, southern Nevada, into a paradise.

*LaRouche:* Yeah, I know. So, organized crime exploits Indians, in their gambling operations in the area, but they don't develop the land in which a lot of the Native Americans still live.

*Stockwell:* Well, what they want to do now, is dump all of their toxic-waste material on the Indian lands.

## **The Manchurian Candidate**

*LaRouche:* Yeah, sure. That's John Irwin's friends, and McCain's friends. You know that's a very interesting story—the McCain story. You know, the President sometimes needs a psychiatrist, but John McCain needs an electrician.

*Stockwell:* Needs an electrician?

*LaRouche:* Yes, well, in place of a psychiatrist. He's got a few short circuits.

*Stockwell:* All right, I gotcha. Well, he's our true Manchurian Candidate. You think he's got a chance here, in a couple of years? Is he going to jump parties?

*LaRouche:* Well, he's going to run, probably, as a Bull Moose something-or-other. But he's very close to Lieberman. They have common connections. In the Democratic Party in Arizona, which is I think the main support of McCain's money, for his campaign. And also, through the New York crowd, and the Las Vegas and Hollywood crowd. This is where he gets his money from, his backing. It's the old Joe Bonano crowd, for example, cuts in there.

*Stockwell:* Well, McCain-Lieberman: Is that a possible ticket?

*LaRouche:* I think not. This world is now going through a crisis, in which most of the givens, in terms of news media impression of permanent, given trends, don't mean anything.

We just had a treaty again, which is not a treaty; an agreement at Reykjavik between the United States and Russia, NATO, on various things. The treaty between the United States, or the proposed treaty between the United States and Russia, on the question of nuclear weapons—

*Stockwell:* That's a farce, isn't it?

*LaRouche:* An absolute farce. And, what happened is, purely for cosmetic reasons—they want to maintain the presumption that there was an agreement when there was none, and because the President's advisers tell him he needs to have the impression of having great foreign-policy successes—so, they come up with these hoaxes, just like the so-called recovery program, which even Treasury Secretary O'Neill is raising questions about—you know, O'Neill raised this question about: We actually had a \$500 billion loss, deficit, last year. We didn't balance the budget, and the United States is now going through a crisis, as is Europe, because Europe is operating on its own kind of balanced-budget arrangement, that is, Continental Europe, under the European Union, the United States put in the Balanced Budget Act as a compromise with Newt Gingrich. These things hamstring us now.

Now the Bush Administration, whose constituency is, in large part, the Gingrich constituency—like "Armey ants," and

"without DeLay," you know, in Texas—these guys are now at the point that the United States is bankrupt; we're not balancing our budget; we *can't* balance our budget. The danger is that the economy, and the government, will go into a crisis because of the inability, without raising taxes rather significantly, to balance the budget. Their going to *raid* pensions; they're going to *raid* Social Security; and even that won't do the job. And you've got a similar situation in Europe, which is now being posed by France, President Chirac of France, who was just reelected, is now pushing for a revision of the so-called balanced-budget agreement, of the form they have it on Continental Europe. And it was actually Mitterrand, among others, who helped push it through—the former President of France.

So, there are great changes in progress, and more catastrophic ones coming down. Where nothing coming out of our government works, where nothing proposed by Joe Lieberman, or McCain, or other people can work. The American people are in a state of delusion, suspended only by the wishful delusion that there's not a depression. They don't have any evidence of a recovery, but they would like to have a recovery, and someone promises them that one is going on, and it's like the kid who wants candy, and you give him an empty box which you call a candybox: He's happy until he opens it.

But in this case, there is no recovery. When the economic issue, and other issues hit with full force, that are going to hit, we're going to have a shock. And as a result of those shocks, nothing that is essentially believed, will be believed anymore, any more than you believed in Hoover in 1933.

So, I think McCain hasn't got much of a shot....

*Stockwell:* Another criticism that I hear, again—people don't criticize your economics. They don't criticize the fact that you haven't missed yet in your predictions, economically, for America, over the last three decades, when you've come out and made a big one. But, some of the criticisms that I hear, one I heard yesterday, and I've heard this from a couple other people was: "Well, what's he doing in Germany? I mean, if he's running for President, he should be here in America, dealing with the American citizens, taking care of the American problems—why is he always over there in Germany all the time?"

*LaRouche:* I'm all over the place, not just in Germany.

*Stockwell:* That's my answer. I say he's all over the world.

*LaRouche:* Well, somebody has to take care of the foreign interests of the United States—well, certainly the government isn't doing it....

## **Controlled by an Oligarchy**

*Stockwell:* You know, my show's two hours a day, and I spend an hour, to two hours a day scanning headlines around the world, reading what's going on to put my shows together, and I see your name appearing quite a bit around the planet—very little of it in the United States, but I see it everywhere else. And I see what's going on in the Middle East, and the ideas that you have presented for peace in the Middle East. I see it with the idea of a land-bridge, and what the Orient has to say about that; what Russia has had to say about you. British newspapers, American newspapers, however, have a different idea.

Why do you suppose it is, especially, here in America, Lyndon, that you get such a bad rap?

*LaRouche:* Well, look, the United States is controlled by an oligarchy. We have a constitutional form of government, which is on paper. The relics of that constitutional institution exist, but, more and more, especially over the course of the 20th Century, since the assassination of McKinley, and especially after the death of Roosevelt, this system, which was our

system of self-government, has been undermined. The controlling interest is not a banking interest—a lot of people go after banks, but if you observe that banks are often bankrupted, and then the people who bankrupt them—who founded them and bankrupt them—come back and gobble them up again, at bargain prices.

In other words, you create a bank, you run it into bankruptcy, then you buy it back at auction at a bargain price, pennies on the dollar, and it's back in business again.

*Stockwell:* So, we're talking about a power that's more powerful than the banking interests.

*LaRouche:* Absolutely. Well, it's a combination. Look at the combination the way it's developed in the 20th Century, because that's been the century of disaster for us, except for the Roosevelt period—and Eisenhower was not entirely bad; he actually saved us from some things, or delayed some things that were bad, that would have happened earlier if he hadn't been there. But, the 20th Century: You had, with Teddy Roosevelt, and with Wilson after him—you had a takeover of the United States, which is typified in most people's knowledge, by the existence of the Federal Reserve system and the IRS, and also the FBI. The FBI was founded as the National Bureau of Investigation, as a political police force, Bonapartist French style, to exert political policing powers on behalf of the banking interests which were associated, in particular, with Teddy Roosevelt, and behind Wilson.

So, you had institutional changes in the United States, together with the earlier Grover Cleveland reforms, again a Democrat, this time, from New York, again, and they put in the Civil Service system. Now, the Civil Service system: Many people say it's an anti-corruption system. Actually, what it comes down to, is to create a permanent bureaucracy, which operates independently of elected government, which sits behind the scenes, and says, let government do as they choose; governments come and go; we are here permanently. We arrange things.

The permanent bureaucracy's most important elements from this standpoint, include the Justice Department and the Treasury Department. Through these agencies, a group in New York and Washington and Boston and elsewhere, pretty much controls the United States through channels. For example, you find people in the Treasury Department, or also, to some degree, the Justice Department. You have people who go into the Treasury Department as medium-level professionals. They go into there for a while, then they come out, and they go to work for an accounting firm or law firm. And because they've been sheep-dipped through the Treasury Department, they now have a certain kind of inside knowledge and connections, which means they make a lot of money. Then, after they've made some money, they go back into the Treasury Department, or over to the corresponding element in the Justice Department. They go in at a higher level now of influence. And each time they go in and out, they leave stay-behinds in, who are their protégés in the place, who are their contacts to manipulate the inside from the outside.

Then you get up to the center of the thing. The major combination of financial houses, major law firms that are tied to them, accounting firms, and control of the mass media, in areas like New York City, Boston, Washington, and so forth. So therefore, you have an oligarchy, like an old Venetian oligarchy—modelled actually on the Venetian oligarchy—in the United States, which sits like a power behind government, in some ways parallel or analogous to the British Privy Council network in the United Kingdom.

So, we have a "secret" government in the United States, which is, by no means, secret. We know it very well. We know these names, or we can know these names....

## **The Nashville Agrarians**

*Stockwell:* ...We're talking here about the oligarchy. We're talking about this shadow, hidden government, that is not subject to elections every two or four or six years. That they're a well-entrenched bureaucracy that takes care of itself, and

that, they pretty well have control of our internal and external policies of this country.

Now, are we talking about things on the level of Kissinger and Brzezinski and Wolfowitz and Armitage, or are we talking about something higher than that?

*LaRouche:* Something higher. Look, for example, take the case of William Yandell Elliott, professor at Harvard University, professor of government, who spawned a whole group of these clones, including Brzezinski, Huntington, Kissinger, and many others. You will find these guys all over government. They are the Leporellos of—Don Giovanni's Leporellos—but who is Don Giovanni? It's not William Yandell Elliott. William Yandell Elliott is a key figure of an organization called the Nashville Agrarians. The Nashville Agrarians were founded officially in 1927-28, by a group of grandchildren of the founders of the Ku Klux Klan, in Nashville, Tennessee, associated with Vanderbilt University, down there. They have exerted a great influence in our country. Today, they control a great number of the thunder-style Protestant fundamentalists, who are not, in my view, many, often not really Christians; and they also control the right-wing, pro-fascist Catholics of the Buckley style. The two groups are, essentially, politically, one and the same thing. They march under slightly different colors, but they march to the same tune, in terms of the end result.

So, he created this. These things are things which we've had in our country since—well, Jonathan Edwards, who made a mess of the Connecticut River Valley, the grandfather of Aaron Burr, for example, was one of the first religious nuts of his type, with his thunder programs, as it would be called later by the Nashville Agrarians. So these guys were tied to H.G. Wells and company in England. They were, in large degree, followers of the existentialist philosophy of Friedrich Nietzsche, the founder of fascism. Most of them are fascists, as was William Yandell Elliott, in a sense.

The whole idea was to destroy the United States, and to establish an English-speaking union, by unifying the United States and the British Empire as one power to run the world like a Roman Empire. They *hate* the United States. For example, Kissinger, in his book, his Harvard dissertation, and again, in a speech he gave in London, in 1982, in May of 1982, at Chatham House, said that he was an opponent of the United States. He's an opponent of the American Intellectual Tradition. He's a follower of the philosophy of Hobbes. That he opposed Roosevelt and supported Churchill. That's the general mentality.

For example, take the case of John J. McCloy. John McCloy came from a relatively poor family...

*Stockwell:* In the Justice Department.

*LaRouche:* Oh, he was everything. He was the guy that ran the Warren Commission investigation.

*Stockwell:* Okay. Right.

*LaRouche:* He became a significant figure. He is actually part of the key thing in the environmentalist movement. This was started as the nuclear disarmament, peace negotiation, back in the 1980s. He was the High Commissioner for Germany. He was a key banker, as well as political official of the New York financial community, tied to the law firms as well as the banks. He was the one who selected Willy Brandt, and made him the Chancellor of Germany, for example. He's the one that helped overthrow the Erhardt government in Germany, for example.

So, these kinds of guys, who are against the American Intellectual Tradition, against the constitutional tradition, have the goal of eliminating the U.S. Constitution, in fact, and establishing a kind of Roman Empire, an English-speaking Roman Empire.



Now, what's made them hot-to-trot, lately, is the fall of the Soviet Union, convinced them that they were now in a position to establish a Roman Empire-style of world government, not instantly, but in a process unfolding over a decade or two. Globalization is a reflection of this.

At the same time, they know, that if you have an educated population employed as a producer society—that is, farmers, skilled farmers, technologically-oriented farmers, skilled workmen, high-technology industries, scientific and technological progress—then you have an intelligent population, which must be well-educated. You can not enslave a well-educated, intelligent population of a producer society. They will not take it. They will not put up with it.

If you, however, dumb them down, as has been done to the United States, since the middle of the 1960s, with the post-industrial society, the shift from a producer society to a consumer society, you can turn our people into superstitious people, foolish people, who can be easily manipulated by mass media. By mass entertainment, of the type we have now. Mass television, for example. Mass entertainment makes Roman sodomy look almost human, with what's going on now. Video games, which are turning our children into killers. The German estimate is 170,000 children and teenagers in Germany are potential killers, just like the guy who shot up the school in Erfurt. Just like the people here, who shot up the Columbine school.

## The 'Open Conspiracy'

*Stockwell:* ...McCloy was a principal character in this. Who else might we look to as having a hand to play in it?

*LaRouche:* Well, you have a lot of them, all over the world. H.G. Wells is much more important. Bertrand Russell is much more important. For example, the military policy of the United States today, is largely a product of the influence of H.G. Wells and Bertrand Russell, who, beginning with Wells's report—remember Wells, in 1913, going into World War I, was the foreign propaganda chief for British Intelligence. In 1913, he wrote a book—it was a fictional book, but he wrote a preface to it. In the preface, he proposed that, after his study of the reports given by Frederick Soddy, who was a Canadian-based, very successful nuclear chemist, who worked with [Ernest] Rutherford, proposed that radium weapons, or nuclear weapons, of the radium type, he meant at that time, based on Soddy's analysis, could be developed, and could be used as weapons of war.

Wells's proposal was that we could make a weapon so terrible, that governments would give up their sovereignty to world government, in order to avoid wars in which nuclear weapons were used. And, from that point on, Wells was always on that track: of world government, a Fabian idea of world government, through the aid of the use of nuclear weapons.

In 1928, Wells wrote a book, called *The Open Conspiracy*, in which he summarized his philosophy. This book was immediately adopted, publicly, by Bertrand Russell. And from that point on, Bertrand Russell and Wells collaborated, until the death of Wells, on this project.

Now, it was through this process, that the nuclear-weapons program of the United States was initiated, to get a nuclear weapon in place, and they intended to use it first on Germany [at the end of World War II]. But, when Germany surrendered before the bomb was ready, dropped it on Hiroshima and Nagasaki, just to use it, in order to establish the idea of the threat of nuclear weapons. From that time on, with the firing of MacArthur, and until they could get rid of Eisenhower, who resisted this kind of military policy—

*Stockwell:* Well, he warned us about the military-industrial complex.

*LaRouche:* He didn't say it plainly enough. He said—what he said was true, and it was important. And he had fought

against these guys. But the minute he was out of office, Allen Dulles immediately launched the Bay of Pigs, and some other operations, and you had waves of terrorism, assassinations around the world, including attacks on de Gaulle; the ouster of Macmillan in England, by a scandal; the attempt to oust, early pushing-out of Adenauer in Germany; the assassination of Mattei in Italy; and the assassination of Kennedy. Which all came out of this ferment, which was set into motion by this Bertrand Russell crowd. And if you want to get the read on it, you just go back to 1946, to the *Bulletin of the Atomic Scientists*, in which Russell lays out clearly what his policies are. And these policies are the policies, and it's Russell's apparatus inside the United States, through MIT, and through other institutions, through leading foundations, like the Rand Corporation, and so forth—that these institutions are all Russellite formations.

Now, a professional military man, from a senior rank, probably retired, would say, "Yes. These are what we attacked as the utopians." They believed that they could create a utopia, through the use of nuclear weapons to establish an English-speaking world government, like a Roman Empire, and that we would police these with Roman Legions, who would be out there conducting perpetual warfare, on the borders of the empire, and killing off people, exterminating people, who they found disagreeable within the empire, just like the old Roman Legions.

This is the policy which is expressed by the War on Terrorism right now. This is the policy behind what happened on Sept. 11. There are people inside our government, at a high level—not all of them—but there are people who are determined, along with those who are supporting Sharon and Netanyahu, who are committed to establishing, *now*, a world military dictatorship.

For example, we have an issue right now in the United States, a key one, called Homeland Defense.

*Stockwell*: ...Again, both in the social, political, economic orders, the disintegration of what was America, and its amalgamation into this great, what they plan to be a utopian whole, that I suppose is supposed to be the answer to the world's problems, is that not it?

*LaRouche*: No, it's the answer to the threat represented by the American Revolution. The American Revolution represented a break, following the Treaty of Westphalia in 1648, the revival of the effort to create sovereign nation-state republics on this planet, as a replacement for the imperial kinds of systems or feudal systems which kept most of humanity in the reduced capacity of human cattle.

## **THIS WEEK YOU NEED TO KNOW**

### **Northern Command: Crossing the Rubicon**

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

**Friday, May 17, 2002**

The proposal for the probably unlawful, U.S. Army Northern Command ("USNORTHCOM"), when taken in its current strategic-policy-setting, is clearly a proposal to "Cross the Rubicon," a preparation to create a Caesarian military dictatorship over both the North American continent and the Caribbean, in imitation of the 49 B.C. action of Julius Caesar's setting off that civil war among Roman military forces which led to the 31 B.C. establishment of the Empire of Augustus Caesar. In today's world, it is a preparation for the Pentagon to cross the Potomac one morning, to place the U.S. Attorney-General and its minion in power, reducing the President himself to a ceremonial, or even lesser figure in the configuration.

## 1. The Roman Precedent

There is no stretching of the comparison in this choice of an historic parallel for the currently pending adoption of USNNORTHCOM. Following the 212 B.C. murder of Archimedes, during the Roman conquest of Syracuse, the most powerful obstacle to them in what is today's southern Italy, the Roman Legions conducted a rampage of military conquests and continually aggravated looting throughout the Mediterranean littoral.

During this period, through, and beyond the period of the attempted social reforms by the Gracchi, Italy underwent an accelerating change in its social character, paralleling the recent thirty-five-odd years transformation of the United States from its post-1861-65 character, as a producers' society, to its post-1965 shift, into becoming an increasingly parasitical and decadent consumer society. Typical of the decadence of the Roman social order since the beginning of the Second Punic War, were the consolidation of the power of an emergent, new ruling class, one based on the combination of wealth and power acquired through looting abroad, and the spread of slavery inside Italy itself. Italy shifted into becoming a parasites' economy, subsisting by looting conquered peoples, and maintaining political support for the Roman regime at home through such instruments of moral, political, and economic decadence akin to the mass-media-entertainment culture of the United States today. The attempted reforms by the Gracchi, were the last significant effort to reverse the tide of decadence.

The defeat of the Gracchi, through assassinations conducted by the so-called democratic party representing the Roman predator class, unleashed a succession of civil wars within the Roman military class. Cicero's leadership against the Cataline conspiracy was the last significant effort to halt that process. Julius Caesar's rise to power through the toppling of Cicero, unleashed the process leading, through a constant state of civil warfare among Rome's military commanders, into Octavian's seizure of power as Augustus Caesar. Amid this process, Julius Caesar's crossing of the Rubicon had broken the barrier which had shielded the city of Rome itself from the direct, full force of *Nazi-SS*-style military dictatorship.

The U.S. *posse comitatus* doctrine of law may be properly viewed as the U.S. government's post-Civil War recognition of the danger of allowing the circumstances under which corrupt elements of the Federal government might act to established a military dictatorship in the U.S.A. To breach that *posse comitatus* rule, under the circumstances of presently rampant, rising, crisis-stricken decadence in the U.S., is, in effect, to "cross the Rubicon."

Look at those present circumstances against an important lesson from the past.

## 2. The Utopian Degeneracy of America

1. Under the radiating influence of H. G. Wells' *The Open Conspiracy* and Wells' pact with Bertrand Russell, the idea of setting up a parody of Roman-imperial style world government, grew. From Wells' first published proposal, in 1913, for the development and use of nuclear weapons to terrify nations into abandoning national sovereignty in favor of world government, and the subsequent notion of using air power, as in Wells' fictional *The Shape of Things To Come*, to deliver such weapons, a massive corruption spread among the English-speaking military and others. The dropping of two nuclear bombs on Hiroshima and Nagasaki, in 1945, gave impetus to the policy of "preventive nuclear war" (using air power) as set forth in Russell's September 1946 theses published in his lackey Leo Szilard's *The Bulletin of the Atomic Scientists*. Around this idea, there grew up the phenomenon which President Dwight Eisenhower came to describe as a utopian "military-industrial complex." What Eisenhower referenced thus, is a complex of foundations, universities, military circles, and corporate oligopolies of military-industrial concentration, around Russell's 1938-founded Unification of the Sciences project.

2. Around these utopian conceptions, and figures such as John J. McCloy, Leo Szilard, and Harvard's "Old Fagin," Professor William Yandell Elliot and his pack of "Artful Dodgers," typified by Zbigniew Brzezinski, Samuel P. Huntington, and Henry A. Kissinger, the rising tide of utopians projected a new style in military forces, and in warfare,

modelled upon the twin precedents of the Roman imperial legions and the Nazi international Waffen-SS. Thus, we have seen protracted warfare, like that of decadent ancient Rome in post-MacArthur Korea and in post-Eisenhower, and post-Kennedy Indo-China. Post-Eisenhower detente, as associated with McCloy, Kissinger, et al., typifies the institutionalization of a permanent state of warfare akin to practice under the Roman imperial legions.

3. Following the globally turbulent, 1961-1964, initial phase of post-Eisenhower unleashing of the utopian policy, the recent thirty-eight years have been dominated by an intentional transformation of the U.S. and its allied partners from the successful, 1945-1965 interval of postwar economic reconstruction as a producer society, into the increasing, 1966-2002 decadence of a presently doomed form of consumer society.

4. Just as the increasing decadence of the Roman citizen, under the rule of the new wealthy class, made possible the citizen's corrupted submission to the conditions following the Second Punic War, so the irrationality of a so-called "post-industrial," consumer society, has introduced the same descent into ever-deeper decadence which has afflicted the populations of Europe, the Americas, and Japan, most notably, over the course of the 1966-2002 interval.

5. A qualitative up-shift in the implementation of this post-1965 pattern of decadence, was unleashed during the interval of the 1989-1991 collapse of the Soviet system. The English-speaking utopian leadership took that change as the occasion for lurching toward the foreseeable establishment of an English-speaking, global parody of a Roman Empire, a process called "globalization" in a post-nation-state world. In mimicry of ancient imperial Rome, these utopians intend to use a new type of professional military force, modelled in fact upon the Nazi international Waffen-SS, as an instrument of perpetual warfare deployed, under the cover of utopian modes of air-power, on a global scale.

### 3. 'Eripme' Is Empire Written Backwards

It is typical of today's Wall Street and Federal Reserve System, that they forecast backwards. The glory of U.S. power toward which they yearn, is the glory we enjoyed in the past, during and immediately following World War II. In their dreams, they look backwards, and call it the future. These are the augurs of the "No Future" society, viewing the prospect before their backward eyes from their perch at the brink of doom. The economic system on which they perch is doomed.

That is not to suggest that the nation, or civilization generally, is necessarily doomed. It is the utopian's monetary-financial system which is doomed. Under new leadership, comparable, more or less, to what President Franklin Roosevelt symbolizes, the economy and the nations could recover, through a process of reconstruction, to prosperity and safety. The utopians' system could not survive. The danger is, that they might have sufficient power to take the rest of the world down with them. The USNORTHCOM proposal expresses the intention to bring about, in fact, exactly such doom for this nation and much of the rest of the world, if not all, besides.

Today's utopian "Miniver Cheevy's" have arrived on the stage of current history, much, much too late.[\[1\]](#)

[\[1\]](#) "Miniver Cheevy" was the character created in a celebrated poem of that American writer, Edward Arlington Robinson, who is known as a favorite of President Theodore Roosevelt. It was among the mandatory items of education on U.S. English literature in high schools of the World War II generation. That ironical poem has uses, still, in the United States today.

## ECONOMICS NEWS DIGEST

**Spannaus: 'Recovery' Reports Faked; 'Give It Up, Sucker!'**

*Spannaus for Senate, the campaign committee of LaRouche Democrat Nancy Spannaus, who is challenging Republican John Warner in the Virginia Senate race this year, issued the following statement on May 15.*

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### **All the 'Recovery' Reports Are Faked: 'Give It Up, Sucker!'**

The customers of the legendary "snake-oil salesman" had nothing on the Americans who are being lured back into the stock market in the United States today. Some of you think you're a sophisticated investor, playing for the "long term." Others of you are just desperately hoping that "things will get better" so you don't have to get off your duff, and fight alongside Democratic Presidential pre-candidate Lyndon LaRouche and me for a new monetary system. In fact, you are nothing but a pathetic sucker!

Sure, there have been a slew of "recovery" reports, all contrasting starkly with the avalanche of layoffs, bankruptcies, and budget shortfalls staring you in the face. There is good reason to believe that many of these are simply made up—like the healing properties of the snake oil.

But, sucker, did you hear? Over the last weeks, the offending agencies themselves have *admitted* that they are carrying out accounting fraud! There are myriad methods, including the addition of special magical properties of computers, or simply an increase in speedup. But the basic M.O. goes something like this: First, you announce a huge increase in Gross Domestic Product, or employment, or profits, for one month. Then, the next month you "adjust" that report downwards—sometimes to a negative figure. Thirdly, on the strength of that revised figure, you announce a new spectacular increase in GDP, employment, or profits! Until the next month's "revision," that is.

The fraud and fakery are deliberate, and scandalous, even by Arthur Andersen standards. But you, the typical American sucker, want to believe they're true. There are ugly consequences to come from your willful delusion, of course, and not just for you. The acceptance of this fraud gives the vultures on Wall Street more time to loot the future out of our country, and the world, before the inevitable collapse hits anyway.

Give it up, sucker! Don't let your desire to be fooled take our nation, and the world, down the road to hell.

### **More Economic Fraud To Keep the Suckers Happy**

There have been a growing number of instances of economic fraud, including by Federal Reserve Board chairman Alan Greenspan (aka "Dreamspin") to suck in the suckers. During the past two weeks, there have been three reports released by the U.S. government, which are filled with fraud. At the same time, a series of non-government reports have been released exposing the fraud in other aspects of U.S. economics. As Lyndon LaRouche has said, "These reports of a recovery are based on nothing but the fakest of fake accounting practices done in all known human history, here or anywhere else." These reports are intended to suck the sucker back into the market. and push the market up.

The frauds cover five basic areas: 1) Gross Domestic Product; 2) productivity; 3) employment/unemployment; 4) profits; and 5) U.S. government surplus or deficit.

\* *Gross Domestic Product*: On April 30, the U.S. Commerce Department reported that U.S. GDP had risen by 5.8% during the first quarter of 2002. The truth is:

a. During the fourth quarter of 2001, U.S. private business reduced its inventories by \$119.3 billion; during the first quarter of 2002, U.S. private business reduced its inventories by \$36.2 billion. Thus, private business reduced its inventories by \$83.1 billion less during first-quarter 2002 than during fourth-quarter 2001. Incredibly, the Commerce Department counted this \$83.1 billion as a positive contribution to GDP, even though the economy was not growing by \$83.1 billion. This \$83.1 billion, all by itself, added 3.1% of the 5.8% GDP "growth" during the first quarter.

b. U.S. spending for computers and for information equipment increased by \$7.5 billion during the 1Q 2002 over the level of 4Q 2001. Were this properly corrected for inflation, this would represent no increase at all, or a negligible amount. But the Commerce Department applied the so-called "hedonic method"—a variant of the Quality Adjustment Method—and said that U.S. spending for computers, and for information equipment increased by \$34.4 billion during the 1Q 2002 over the level of 4Q 2001. This adjustment, alone, added 1.3% of the 5.8% GDP "growth" during the first quarter.

LaRouche observed, "The hedonic GDP method comes from hedonism. If your mother-in-law dies, and that makes you happy, that could increase GDP."

c. U.S. consumers spent \$17.9 billion more for homes in 1Q 2002 over the level of 4Q 2001, which actually represents the hyperinflationary housing bubble. That added 0.6%, all by itself, to the 5.8% GDP growth during the first quarter.

Just these three items added 5.0% to the first-quarter 5.8% GDP "growth." In fact, GDP fell, and when corrected for infrastructure and other forces in the real world, it collapsed at a growing rate.

\* *Productivity*: On May 7, the Department of Labor claimed that during the first quarter, U.S. "productivity" rose by 8.5%, the highest level in two decades. But the way the DOL calculates "productivity" is to divide GDP (with a few modifications) by hours worked. All the elements of GDP, as we have shown above, using the inventory changes, etc., were fake. The hours of labor were cut by 1.8%, as there were massive layoffs. Thus, the numerator of GDP output was faked upward, while the denominator of hours worked was slashed downward in the real world. The result: a completely faked, non-existent growth in "productivity"; this has nothing to do with productivity as LaRouche advances that concept.

\* *Employment*: On May 3, the Department of Labor's Bureau of Labor Statistics (BLS) reported that during April, there was an increase of 483,000 workers on unemployment, and that the U.S. unemployment rose from 5.7% in March to 6.0% in April.

But to cover up this reality, the BLS, the Bush Administration, and the media focused on something else entirely. In the same May 3 report, the BLS alleged that employment on non-agricultural payrolls had risen by 43,000.

However, in March, the BLS had also reported an increase of in employment of non-agricultural workers, at that time by 58,000, only to revise that March figure downward, from plus 58,000 to negative 21,000! Moreover, the BLS seems to be making a specialty of deploying this same fraudulent procedure. In February, the BLS reported an increase in employment of non-agricultural workers of 66,000, only to revise that February figure downward from plus 66,000, to negative 2,000.

Are you beginning to see a pattern here? Now, in April, the BLS announces an increase of 43,000 workers in non-farm-payroll employment. Watch carefully to see what happens when the (revised) figures are released next month.

Thus, on all the leading measures, from GDP, to "productivity," to the way that employment/unemployment is reported, there is lying of monumental proportions. On the question of profits and the U.S. budget surplus/deficit, there is also outright lying, as the following reports show.

## Statistics Used To Create 'Deliberate and Scandalous Fraud'

"There is a deliberate and scandalous fraud" in the way statistics are being put together by the American government, in the area of housing, and on what is used to 'prove the recovery,'" a highly informed City of London source commented to our reporter May 14.

"The data are restated from month to month, and the revising is very extensive. Past months' figures are revised downwards, for no real reason, to make current figures look better."

Asked how long this kind of official scam could continue, he responded, "It will continue as long as the fraud is generally accepted, by the public, and by the 'experts.' But once it begins to be realized how deliberate all this is, and how scandalous things like the 'hedonic calculus' are, there will be a lot of anger. Sooner or later, it will be begun to be understood, that the official statisticians are not above doing what Arthur Andersen did."

He added: "Greenspan still gets away with it. He told the Business Council, behind closed doors, the other day, that 'first-quarter figures are subject to distortion.' This was his strange way of telling these Business Council leaders that their bad corporate profits were not a reflection of the recovery that is now occurring. By saying so, he reversed all classical notions of what a recovery is about, where profits increase *before* growth numbers. But these Business Council leaders are not trained economists, and they all left, feeling much better. Despite everything," the source concluded, "Greenspan has not lost his public credibility yet, but when he does, I see some interesting moments for the markets."

## No FY01 'Budget Surplus,' Says *New York Post* Columnist

A U.S. Treasury report for fiscal year 2001, did not show a \$127.1-billion surplus, as reported earlier, but a \$514.8-billion *deficit*, when placed on an accrual-accounting basis, according to a May 14 column by *New York Post* financial writer John Crudele. Crudele points to a report on the U.S. Treasury website, authored by Secretary Paul O'Neill and entitled, "Financial Report of the United States Government, 2001," which states, "In this our fifth year of preparing financial statements, we are making progress in our quest to report the financial activities of the U.S. Government timely, reliably in a format useful for readers."

The Treasury then reports the fiscal year 2001 U.S. budget (which ran from Oct. 1, 2000 through Sept. 30, 2001) on an accrual-accounting basis. On this basis, an entity such as a government or a company, reports the actual expenses it will accrue, rather than reporting the liability only when it comes time to pay it in cash. On the old basis, the U.S. Treasury reported that in fiscal year 2001, the U.S. government ran a \$127.1-billion surplus. However, in O'Neill's words, on an accrual basis, "the deficit was \$514.8 billion in fiscal 2001." It is known that one of the expenses the U.S. Treasury had refused to report, on the old basis, was the cost of Social Security. *EIW* is now investigating to get to the bottom of this.

On the budget fraud, Lyndon LaRouche noted, "The Congress is saying, 'If we told the truth, we would never get re-elected. Therefore, you [the population] made us do it. You demanded we do it.' "

## U.S. Companies Madly Restate Fake Financial Reports

It ain't just Enron and Andersen: One of the biggest frauds now operating is the reporting of U.S. corporate profits. Two recent studies help to fill out the picture that our news service has begun to draw. The first study, by Min Wu, of New York University's Stern School of Business, found that between 1997 and 2001, under SEC investigation or the implied threat of SEC investigation, the number of companies restating their financial statements has tripled. Such restatement means that companies admit that they have practiced "false or faulty accounting." Last year, 158 companies restated their financial



statements, and this year, companies are on a pace to exceed last year's level. Over the last four and one-quarter years, all told, it appears that more than 700 companies restated their financial statements.

The second study was done by Lynn Turner, who is the director of Colorado State University's Center for Quality Financial Reporting, and who was the Chief Accountant of the Securities and Exchange Commission from July 1998 through August 2001. Turner found that shareholders had suffered \$200 billion in losses since 1997 from inaccurate financial statements, which had to be restated.

In previous statements, Min Wu and Lynn Turner identified some of the fraudulent ways to mis-state profits:

\*"All kinds of transactions between members of management and outside firms and affiliates ... which provide an opportunity for self-dealing";

\*"The build-up of off-balance-sheet financing, such as securing debt with leases and special purpose entities, or SPEs [Enron used this method]. Investment bankers, lenders, auditors, and other outsiders often help put these kinds of deals together as a way to get around showing debt in the financial statements." If the debt and debt service costs are hidden, this swells profits;

\*Counting barter-in-kind as revenue. For example, one Internet company advertises on another Internet company's website, and vice versa. Each company boosts revenues and profits, but no real economic activity has taken place. There are many variants of this, such as telecoms "swapping" use of each other's lines;

\*A company booking revenues it hasn't earned yet. For example, last month, the SEC ordered Xerox Corp. to restate its financial statement, and imposed a \$10-million fine, because Xerox prematurely booked \$3 billion in equipment-lease revenue over a four-year period starting in 1997.

Most amazing, is that if an SEC investigation or the implied threat of an SEC investigation has forced hundreds of companies to restate financial statements, and eliminate a good part of once-claimed profits, what must be the case for thousands of companies that use the same fraudulent practices to fabricate profits, but have not yet been compelled to restate their financial statements? The statement by U.S. companies of profit is a fraud, but that fraud is used to boost stocks.

### **Reliant Forced To 'Fess Up: Faked Energy Trades; Inflated Revenues**

Reliant Resources admitted to making fake energy trades with four power companies, reaching 20% of its trading volume in 2001, and inflating revenue by 10% over the past three years, a disclosure that sent its share price plummeting by 17% on May 14. The "round-trip" or "wash" trades—buying and selling a commodity at the same price, at the same time—were carried out with CMS Energy, Xcel Energy, EnCana, and the Merchant Energy Group of the Americas. Reliant had engaged in such transactions since 1999, increasing from 30 million megawatts three years ago, to 78 million last year, CEO Steve Letbetter acknowledged.

Dynegy admitted last week that it had conducted round-trip trades with CMS Energy.

### **Treasury To Plunder Retirement Funds To Avoid Default**

The U.S. Treasury Department plans to take \$44 billion from the Federal Employee Retirement System's Government Securities Investment Fund, and the Civil Service Retirement and Disability Fund, to allow the government to continue to



borrow to finance its obligations through mid-June, as Congress has not yet raised the \$5.95-trillion debt limit. And Treasury is suspending all new issues of state and local government securities.

Because of uncertainty about tax receipts due June 17, further measures may have to be taken. These steps include suspending U.S. dollar investments in the Exchange Stabilization Fund, resorting to the Federal Financing Bank for stopgap cash, and using its cash reserves held with large banks.

But these maneuvers "will be insufficient to manage debt, subject to limit, beyond June 28," warned Treasury Secretary Paul O'Neill. On June 28, Treasury must make an interest payment of about \$67 billion to various Federal trust funds, including Social Security.

### 'Anglo-Saxon' Housing Bubble Threatens World Economy

In a lengthy front-page feature headlined, "In hot housing markets, signs of overheating—A new bubble is feared as prices rise," the May 14 *International Herald Tribune* points to the threat posed to the world economy, by real-estate bubbles in the "Anglo-Saxon economies." In particular, in the U.S., Britain, and Ireland, home prices have been driven up by investors "disillusioned with the stock market," assisted by historically low interest rates. "By pushing up the values of homes and maintaining a feeling of affluence after the collapse of the dot-com bubble they have stimulated a post-Sept. 11 spending spree that has compensated for a sharp slump in business spending." The "fever pitch in housing" is "most evident in London," where "seemingly runaway growth in home prices" has turned central parts of the city "into the most expensive residential real estate in the world." The average British home "is now selling for as much as 17% more than a year ago," and "prices have doubled over the last five years."

There are growing concerns "that after several years of rapid price rises, a new bubble may be building up" in the mentioned countries. And, "if interest rates were to rise sharply or the global economy were to unexpectedly fall back into recession, the bubble could burst." A particular "threat to the U.S. housing market, with the potential for ripple effects overseas, is a decline in the dollar.... If the dollar fell sharply, the Fed might be forced to raise interest rates aggressively in an effort to support the currency. That could easily shake the foundations of U.S. housing price inflation."

The "economic repercussions" of a bursting housing bubble "could be more powerful than when technology stocks collapsed," because many people "have more money wrapped up in their homes than in the stock market," the IHT warned.

### Stiglitz Has High Praise for Soros's New Book

Former World Bank chief economist Joseph Stiglitz has written a glowing review of megaspeculator George Soros's new book, *On Globalization*, to appear in *The New York Review of Books* May 23 issue. Stiglitz, a Nobel Economics Prize winner who also served as President Clinton's Chairman of the Council of Economic Advisers, writes, "George Soros has written a brilliant, powerful book ... which goes beyond just describing the failures of the current international arrangements. He proposes concrete, practical reforms. Soros, having made his fortune on the international capital markets, should know something about them. But what makes this book so impressive is that he combines these insights with a humanity that comes through."

With Stiglitz and Soros's talk of the need to provide funding for "global public goods," the review makes clear why new citizens sometimes ask, "Isn't this what LaRouche is saying?" The gist of the review is that "globalization entails more interdependence," but the "international economic institutions, such as the IMF and the World Bank," have failed. "The solution is not to abolish them, but to reform them." Stiglitz, who left the World Bank because he allegedly opposed its destructive, anti-development policies, describes Soros's proposals, including use of a Special Drawing Rights arrangement, as an alternative to the way the United States "has become the 'deficit of last resort.'" Soros proposes that the SDR funding

should go for "allocation to the provision of global public goods, including development."

"My only criticism is that it does not go far enough," says Stiglitz.

### **Goldman Sachs Economist: Dollar Collapse May Be Immiment**

The chief economist of Goldman Sachs told the German newspaper *Frankfurter Allgemeine Zeitung* that a collapse of the U.S. dollar may be imminent. In an interview published May 12, Thomas Meyer said the dollar is clearly overvalued, and people "should not be blinded" by experts who say a dollar collapse is not to be expected. "The situation with the currency is like that with stocks," he said. Just as the stock bubble collapsed, so "the dollar will go down, to a reasonable level." When will this happen? "It is hard to predict exactly," said Meyer, "but the situation is increasingly precarious. America needs \$2 billion each business day to cover its current account deficit.... Soon no foreigners will be buying U.S. stocks."

An accompanying article, entitled "The Dollar Is Sliding," details the reasons for a reversal of capital flows into the United States. "The books of U.S. companies look terrible. There are faked balances, record write-offs, the menace of bankruptcies.... Remember the second half of the 1980s, when the dollar lost half of its value in three years.... Nobody knows when the dollar will drop to its knees, but when it happens, the fall will be fast and violent," the paper concludes.

### **The Era of Free Trade Is Over; Good Riddance to Bad Rubbish**

Several recent developments point to an overdue expiration of the free-trade lunacy that has wrecked the U.S. and world economy for more than 35 years. A few examples:

\*The U.S. Senate begins its fifth week of debate on fast track, next week, as anti-free-trade clinker-amendments counter any deal that has been attempted to okay fast-track authority—now politely called "trade promotional authority." (The House passed fast-track in December 2001 by only one vote, 215 to 214.)

On May 9, U.S. Trade Representative Bob Zoellick and Commerce Secretary Don Evans held a press conference on Capitol Hill, to oppose a pending anti-free-trade amendment by Senators Larry Craig (R-Idaho) and Mark Dayton (D-Minn.) retaining the right for Congress to amend any and all trade laws deemed harmful to Americans; the Craig/Dayton amendment easily passed on May 14 by voice vote; Zoellick issued a two-sentence denunciation of it, as "protectionism under procedural cover" (see [UNITED STATES NEWS DIGEST](#)).

\*The Andean nations free-trade law (H.R. 3009, Andean Free Trade Preference Extension) expired this week, as the U.S. Senate debated the issue in Washington. For the four Andean nations, this throws into question all the devastating export-dependence patterns that have evolved in recent years: Peru (fish products, asparagus), Ecuador (seafoods), Bolivia (textiles), Colombia (floraculture), etc. This, notwithstanding President Bush's visit to Lima last month to "rah-rah" the beauties of the now-expired U.S.-Andean preferred trade relations!

\*The final communiqué of the May 15-16 Ministerial Conference on the Doha Trade and Development Agenda, pledged "to reject the use of protectionism." The May 18 *Asia Times* reported that the ministers came to Paris "to express their barely contained rage" against the United States—for steel and lumber tariffs, and the Farm Act subsidies.

\*U.S. Trade Representative Bob Zoellick stayed away from the OECD Paris meet May 15-16 because "Drawing upon [EU] Commissioner Lamy's metaphor, he [Zoellick] is 'pedalling his bike' furiously on Capitol Hill to obtain a satisfactory Trade Promotion Authority [i.e., fast track] bill," explained his substitute, Deputy U.S. Trade Representative Peter Allgeier, to the angry Paris Ministers. Also present was U.S. White House economics consultant Glenn Hubbard, who told the gathering

that the U.S. economy would grow between 3% and 3.5% in 2002, and so could help drive the world economy.

\*A joint IMF/World Bank/WTO statement denouncing protectionism was submitted on May 16 to the OECD Council; it was co-signed by IMF Managing Director Horst Koehler, World Trade Organization Director-General Michael Moore, and World Bank President James Wolfensohn. Not mentioning the United States by name, it declared, "Any increase in protectionism ... is damaging ... sending the wrong signal, threatening to undermine the ability of governments everywhere to build support for market-oriented reforms."

\*Japan imposes its first-ever retaliatory tariffs on U.S. imports beginning on June 18, slapping 100% duties on \$4.88 million of U.S. steel-plate imports. Another \$118.55 million in tariffs could be applied, if the WTO were to decide that U.S. steel tariffs violated trading rules.

\*The European Union issued a statement May 15, threatening retaliation against U.S. protectionist measures. "In response to the illegal U.S.A. safeguard measure on steel products, and in full compliance with the WTO Agreement of Safeguards, the EU has notified to the WTO the lists of potential suspension of concessions which would be applied if the U.S.A. does not remove the safeguard measure." The EU has drawn up a "long list" to go into effect upon "condemnation by the WTO [of the United States];" and a "short list" which could go into effect June 18, "if the U.S.A. does not offer in the meantime compensation for its measure." (List available on EU website.)

### **World Exports Plummet in 2001; Largest Decrease Since 1982**

World exports nosedived by 1% in volume in 2001, and by 4% in value, to \$6 trillion—the largest annual decrease in 20 years—hitting all three major merchandise product groups: agricultural products, mining products, and manufactures, according to a World Trade Organization report issued on May 2. In the fourth quarter of 2001, the volume of world exports had fallen to 6% below the previous year's level. The regions and countries with the largest export decline, were those trading intensively in information technology—East Asia and the United States.

### **Japanese Machinery Orders Down Again; Third Straight Quarter**

Japan's machinery orders plunged more than 7% for the third straight quarter, Nikkei reported May 14. Private-sector machinery orders, excluding those for ships and those issued by power utilities, totalled 2.4 trillion yen in the January-March period, according to a Cabinet Office survey released on May 14. The fall in orders—a leading indicator of private-sector capital investment—stemmed from a larger-than-expected decline of 11.0% in orders issued by non-manufacturers and a drop in information technology-related investments by insurance and other financial companies. Machinery orders in April-June are expected to total 2.38 trillion yen, down again from the previous quarter, the survey predicts.

### **Auto Crisis Hits Europe—Italy Worst Affected**

Figures published by the European auto industry show a 2.6% decline of sales in the European Union, with a dramatic 13.4% drop in Italy during the month of April. Worst hit is the Fiat auto group, with a collapse of 20.1% in April, and a decline from 10% to 7.9% of the European market share.

Fears that the largest Italian industrial group, Fiat, could be bought by foreign interests have materialized, as the group's value declined to an all-time low. As a result of declining earnings in 2001 and the first quarter of 2002, Fiat's capitalization is today half of what it was two years ago: down from 14.7 billion to 7.6 billion euros. This makes the group a potential target for a hostile takeover, and the idea that Fiat could pass into foreign hands, and that Italy might lose a center of automobile production, has sent shock waves through the country. Fiat used to employ up to 300,000 workers, but a years-

long downsizing has cut its workforce in Italy down to 80,000.

As a result of the auto crisis which started in 2001, indebtedness of the entire Fiat group rose to 6.6 billion euros. Fiat's management reacted to the crisis by announcing layoffs for 2,400 workers and short work for 10,000 in June, in order to achieve a production cut of 14,700 cars. Given that for each Fiat worker there are three who work in the supply industry, it is feared that the real figures could quickly multiply. Additionally, Fiat is looking for cash through the sale of components producer Marelli and part of its crown jewel, Ferrari. Trade unions oppose the measures and have announced strikes.

### **Groundbreaking Study, 'Why FDR's Recovery Worked' Now Available on the Web**

The website of the FDR Political Action Committee (FDR-PAC), [www.larouchespeaks.com](http://www.larouchespeaks.com), has posted the timely, groundbreaking study by LaRouche associate Richard Freeman on FDR's actions to save the nation, called, "[Then and Now: Why Roosevelt's Explosive 1933-45 Recovery Worked.](#)" The article, which first appeared in a Special Report entitled "Economics: The End of a Delusion," issued by Lyndon LaRouche's 2004 Presidential campaign organization, provides a vital insight for today's international leaders and statesmen to solve the ongoing global financial crisis.

As we do today, FDR then faced global depression and world war; his solutions saved the United States from fascism—a lesson that must be learned for today. Freeman writes: "In the period 1933-45, President Franklin Delano Roosevelt transformed an American economy that was collapsed by depression, and whose banking system had fissured apart, leading it through a successful economic recovery. At a time of intense crisis, he shaped the course of history. Thereby, he saved the American republic and civilization.... To that purpose, Roosevelt built a labor-farm-minority-urban-machine alliance, as the new base of the Democratic Party. Roosevelt instituted his American System recovery in two phases. First, through the New Deal of the years 1933-37, Roosevelt revived the existing manufacturing and agricultural capability, which had been closed by the Depression. He also built a magnificent array of technology-transmitting infrastructure.

"Later, during the economic mobilization for World War II, which was conducted from 1939-44, Roosevelt introduced a qualitative change. He made scientific discovery—and the machine-tool design principle—the driver for the economy.... Upon taking office, Roosevelt had to confront both a devastating physical reality, and more challenging, the fatally flawed method of the British System. The 1929-32 Depression was deep. At the start of 1933, unemployment was officially 12.83 million, representing 24.9% of the labor force. Worse, industrial production was down 54% from its 1929 levels. Steel production operated at only 24% of its capacity. The banking and financial system was shattered...."

This history of the FDR New Deal, in 45 pages, with additional Appendices, also appeared in *EIR* in three successive issues, on April 26, May 3, and May 10, 2002; they can be purchased online at [www.larouchepub.com](http://www.larouchepub.com), or by calling 1-888-347-3258.

### **Ibero-America: Coverage of Peru and Argentina**

Economics coverage of Peru and Argentina can be found in our INDEPTH section.

## **UNITED STATES NEWS DIGEST**

### **Bolton Threatens To Satisfy All the Whores of Havana: LaRouche**

The following was released May 13 by LaRouche in 2004, the Presidential campaign committee of 2004 Democratic Party pre-candidate Lyndon LaRouche.

\* \* \*

There has been much ado about the recent statements of Undersecretary of State John Bolton, where he announced that the United States government was adding three more countries to President Bush's already unfortunate definition of a purported "Axis of Evil." U.S. Presidential pre-candidate Lyndon LaRouche today offered a typically LaRouche comment, in reaction to hearing news of Cuban President Fidel Castro's response to Bolton's inclusion of Cuba in the newly expanded "Axis."

### **The background to the story is the following...**

On May 6, Bolton had told a Heritage Foundation audience in Washington, D.C. that "for four decades, Cuba has maintained a well-developed and sophisticated biomedical industry, supported until 1990 by the Soviet Union. This industry is one of the most advanced in Latin America and leads in the production of pharmaceuticals and vaccines that are sold worldwide. Analysts and Cuban defectors have long cast suspicion on the activities conducted in these biomedical facilities."

In his public response, Castro called Bolton a liar, reported on the achievements of Cuban medicine, and said the country's laboratories were open to the world.

To all of which LaRouche responded: "Bolton's remarks are foolish at best. Even if there had been merits to aspects of his charges, it is not useful to get the U.S. involved in yet another situation it can't handle. Bolton reminds me of the typical American who would travel to Cuba in the pre-Castro days, proceed to get royally drunk, and then loudly threaten to satisfy all of the whores of Havana. It's this kind of typical 'gringo' attitude that gives a dirty name to being a gringo American, if Bolton didn't have it already."

### **Carter Bombshell: Administration Told Him No Evidence of Cuban Biowarfare Operations**

Former President Jimmy Carter dropped a little bombshell May 13, when he told the press that Administration officials had briefed him that they had no evidence of Cuban involvement in biowarfare operations. Carter revealed this, with Fidel Castro standing at his side, after touring Havana's Center for Genetic Engineering and Biotechnology, one of the leading centers in the biotechnology program which Under Secretary of State John Bolton had just charged was involved in biowarfare technology proliferation. Referencing the "intense" briefings he received from State Department, White House and intelligence officials before leaving for his five-day trip to Cuba, Carter said:

"I asked them specifically on more than one occasion: 'Is there any evidence that Cuba has been involved in sharing any information with any other country on Earth that could be used for terrorist purposes?' And the answer from our experts on intelligence was 'no.'"

Carter said he made this public reluctantly, but chose to do so because "these allegations were made, maybe not coincidentally, just before our visit to Cuba."

In response, the State Department issued a statement saying, "Secretary Bolton's remarks reflect the consensus of what the Administration's experts believe about Cuba and its biological weapons capability." Assistant Secretary of State Otto Reich—already under fire for the Venezuela coup fiasco—told Associated Press that Carter had not been briefed, because the information was classified until Bolton delivered his speech, and Carter's briefings had been held before this.

Secretary of State Colin Powell shifted Bolton's remarks a bit, when asked about Carter's declaration. "As Undersecretary



Bolton said recently, we do believe Cuba has a biological offensive research capability. We didn't say it actually had some weapons, but it has the capacity and capability to conduct such research," he explained.

It would appear The Gang That Can't Shoot Straight has no evidence to back up Bolton's assertion. A Bush Administration official, speaking on the condition of anonymity, admitted to the *Washington Post* that Cuba has "a number of projects that are what could be dual-use things, but they're probably not.... It's a question more of them exciting suspicions by not being open. I don't know of any tangible stuff that shows yes, they are making anthrax [or anything else]. There is stuff we don't know about."

The Cuban press is going to town with this one.

## **Carter Calls for U.S. To End Embargo Against Cuba**

Former President Jimmy Carter called for the U.S. to end the embargo against Cuba, and allow unrestricted travel between the two countries, as a first step towards changing the "complicated" relationship between the U.S. and Cuba. Carter spoke in a nationally broadcast address at the University of Havana May 14. He proposed that a blue ribbon commission be created to deal "creatively" with the property disputes from 40 years ago, and that something be done so the Cuban exiles in the U.S. "can serve as a bridge of reconciliation between Cuba and the U.S." He called upon Cuba to permit the International Red Cross and UN Human Rights Commissioner to visit its prisons.

With Fidel Castro listening politely in the first row of the University's auditorium, Carter read his 20-minute speech in Spanish. He came to Havana, he said, in search of an answer to the question, "Will this new century find our neighboring people living in harmony and friendship?" He said he envisions a democratic Cuba participating in the Free Trade Area of the Americas (which Castro calls a project for "annexation"). One of the "hotter" moments in Carter's speech came with his mention of the "Varela Project," a campaign by dissidents which succeeded in gathering more than 10,000 signatures on a petition calling for a referendum on changing Cuba's laws to permit civil liberties. "When Cubans exercise this freedom to change laws peacefully by a direct vote, the world will see that Cubans, and not foreigners, will decide the future of this country," he said.

Until now, the Cuban government has allowed no mention of the Varela Project in the media, nor did *Granma's* article on Carter's speech mention it. An article on the discussion which followed with University of Havana law students and professors, cited it in passing as "a document drafted by counter-revolutionary elements which was refuted by some students who intervened" with Carter.

## **Bush Scheduled To Deliver Speech on Cuba Policy**

President Bush is scheduled to deliver a speech on Cuba policy on Monday, May 20—at a Jeb Bush fundraiser in Miami. White House spokesman Ari Fleischer's protestations today on how the Bush Administration's Cuban policy is made on "merits, not politics," were amusing. The President plans no let-up in the trade embargo against "one of the last great tyrants left on earth," he insisted, under pummeling from reporters over Carter's initiative, and apparent statements from Vice President Dick Cheney on "Meet the Press" to the effect that "sanctions, frankly, haven't worked very well in Cuba."

The public scrabbling over Washington's Cuba policy continues, including over the Bolton flap, which the *New York Times* asserted flatly was also "dismissed" by Defense Secretary Rumsfeld. Another flurry was provoked today, by a *New York Times* article which asserted that "an official who follows the policy" said Bush will announce new measures to tighten travel restrictions, promote aid to dissidents, and strengthen U.S. broadcasts into Cuba, when he speaks May 20. By mid-afternoon, wires were carrying a statement from White House spokesman Sean McCormack, denying the *Times* story. "I know what direction we're headed on policy," he said. "It doesn't include an emphasis on these things."

## Netanyahu Stumps in Joe Lieberman's Home State

According to the *Jewish Ledger* of May 8, former Israeli Prime Minister Benjamin Netanyahu, fresh from his trip to London, where he claimed that 50,000 rallied for Israel in Trafalgar Square, addressed a crowd at a religious school in the well-to-do town of Greenwich, Conn. on May 7.

As part of the build-up, Rep. Christopher Shays introduced the guest of honor. Through the efforts of Greenwich's first selectman, May 5 was named "Benjamin Netanyahu Day" in Greenwich.

Netanyahu began his speech by recalling a visit to Greenwich in the 1980s, when he met a "ginger-haired" man who was then Attorney General of Connecticut. "Bibi" said that he asked the Attorney General, Joseph Lieberman, "'Why don't you run for Senate?' He said, 'I'll run for Senate if you run for Prime Minister.'" Thus, "Bibi" recollected for his audience his first meeting with Sen. Joe Lieberman.

Bibi gave his standard stump speech, saying that in Immanuel Kant's *Perpetual Peace*, this philosophical precursor of modern fascism had said that terrorism is the result of a "totalitarian mindset," and that Yasser Arafat represented that tradition, as had Lenin, Stalin, the Ayatollahs, and the Taliban.

## Israeli Videogame Billionaire Funds Dem Headquarters

An Israeli videogame billionaire is funding Democratic National Committee headquarters, and has created a Brookings Mideast Center. Egyptian-born Israeli Haim Saban made his fortune selling the Power Rangers and Teenage Mutant Ninja Turtles videogames and related products aiming at melting young minds.

The Washington-based Brookings Institution has now announced that Saban has financed the "Saban Center" at Brookings. The Center will be directed by former U.S. Ambassador to Israel—and Israeli spy—Martin Indyk, while Saban himself will chair the board of advisers.

The Saban Center was launched May 13 with a speech by Jordan's King Abdullah, who got into a polite but sharp exchange with Indyk (Indyk backed down).

Haim Saban made history earlier this year when he gave the largest single political contribution ever, \$7 billion, to the Democratic National Committee for a new Washington headquarters building.

Such a donation is to become illegal when the law against "soft money" goes into effect.

On Feb. 1, California Governor Gray Davis appointed Haim Saban a regent of the University of California for an 11-year term. The father of the Power Rangers and the Ninja Turtles has contributed \$124,199 to Davis's election committee since September 2000.

Until recently, Rupert Murdoch's Fox television network has been home to the TV version of the Power Rangers, and Murdoch and Saban were co-owners of what was formerly armageddonist Pat Robertson's "Family Channel."

## Ohio Election Shocker: Voters Dump 'New Dem' Rep. Sawyer

In a May 7 primary election, Ohio voters dumped "New Democrat" free-trader Congressman Tom Sawyer, and sent a "blunt signal for Democrats who side with Wall Street." Sawyer was running in a district newly defined after the 2000 census, which kept much of the Akron area, but also added in Youngstown and Mahoning Valley towns represented by Rep. Jim Traficant (he did not run in the primary, following his recent felony convictions).

Sawyer, a New Democratic Coalition insider, voted for NAFTA and other free-trade measures; even so, several national labor unions endorsed him because he was a "winner" against ... Republicans, who also voted for free trade.

As an eight-term Congressman, Sawyer had a huge campaign war chest. In a primary with several candidates, Sawyer had a six-to-one money advantage over his nearest opponent, State Sen. Tim Ryan, a 28-year-old Democrat who once worked for Traficant.

Sawyer ran slick TV ads, while Ryan had no TV and simply went to local people, running a straight anti-free-trade, pro-labor campaign with endorsements by local unions.

In Youngstown and other depression-wracked steel-mill communities in the Mahoning Valley, NAFTA and "fast track" are the only political issues.

Ryan won with 41% to Sawyer's 28%, with another anti-free-trader getting 20%. Sawyer's staff said the outcome was decided on the question of NAFTA and free trade.

*The Nation* magazine commented, "The message from Ohio was a blunt signal for Democrats who side with Wall Street against Main Street." Congressman Sawyer is a charter member of the New Democratic Coalition, whose top honcho is now Sen. Joe Lieberman, the 2000 Democratic Vice Presidential candidate and a Presidential hopeful for 2004.

### **Senate Hands Bush Defeat on 'Fast Track' Trade Authority**

The Senate voted 61-38 against killing a trade bill amendment, introduced by Sen. Mark Dayton (D-Minn) and Sen. Larry Craig (R-Idaho), that would allow Congress to veto specific provisions of trade pacts if they change anti-dumping laws designed to protect U.S. producers. President Bush is seeking "trade promotion authority," the power to negotiate treaties that Congress could then accept or reject, but not amend, to get free-trade agreements.

"While our country's future trade policies are debatable, the right of Congress to participate actively in setting those policies is not," Dayton asserted.

U.S. Trade Representative Robert Zoellick denounced the proposal as "protectionism under a procedural cover." He, Commerce Secretary Don Evans, and Agriculture Secretary Ann Veneman, are pushing for Bush to veto the measure when it reaches his desk.

"I don't think he will veto it," Craig said, but will "work hard to get the amendment out of the bill when it goes into conference with the House."

The Dayton-Craig amendment prohibits trade negotiators from putting U.S. trade law on the negotiating table, and it allows the Senate to kill an agreement with 51 votes if that agreement mandates changes in U.S. law.

The overall trade bill includes a part granting trade promotion authority (TPA), which used to be called "fast track," to the



President to negotiate trade deals, thus preventing Congress from amending any trade agreement put before it. Another part is a package on trade adjustment assistance, essentially an entitlement program for workers who lose their jobs because of trade (this was tied to the TPA because TPA was never going to pass the Democratically controlled Senate without it.

Senator Dayton highlighted how the U.S. trade deficit has grown substantially in the era of free trade, from \$19 billion in 1980, to \$81 billion in 1990 to \$376 billion in 2000. He blamed NAFTA for most of this: "The larger promise made by the proponents of this unregulated world marketplace, particularly to people living in the United States, was that living standards for the rest of Americans would also rise. That promise has not been realized," he said. "As trade and financial markets have been flung open, incomes have risen, not faster, but more slowly. Income equality among nations has not improved, and within nations, including the United States, income inequality has worsened."

### **New Police-State Powers for FBI, Intelligence Agencies?**

The May 15 *Washington Post* ran two front-page articles touting big expansion of police-state powers for the FBI on the pretext of the "war on terrorism," as well as a giant boost in the intelligence community budget and some reorganization plans that are on very shaky Constitutional grounds. FBI Director Robert Mueller on May 14 had announced the creation of a special FBI "super-squad," to be based at FBI headquarters, and to take charge of the Bureau's counter-terror efforts. Previously, counter-terrorist cases had been run out of the New York Field Office, which is headed by a Deputy Director, and has been an independent fiefdom.

The new super-squad will add an estimated 1,600 new FBI agents, to work on the counter-terror program over the next 18 months. Part of the rationale for this big boost in FBI personnel and greater centralization is the fact that the FBI failed to collate two reports last summer, that might have suggested a big terror operation was in the works. In July 2001, the Phoenix FBI Field Office sent a report to headquarters, warning that suspicious Arabs were signing up for flying lessons. The report even mooted a plane being crashed into the World Trade Center. A month later, Zacarias Moussaoui was arrested in Minnesota, but the two incidents were never put together, due to the lack of coordination inside the FBI.

In a related article, the *Post* also reported on a big boost in the overall U.S. intelligence budget for FY 2003, to an estimated \$35 billion. In addition to the biggest boost in funding in memory, the funding bill also turns over control of the Foreign Terrorist Asset Tracking System to CIA (previously it was run by the Treasury Department), and creates a Terrorist Identification Classification System, also at the CIA, which will provide information on suspected terrorists to state and local law enforcement authorities.

### **Proposed New Northern Command Raises Constitutional Issues**

The civilian bureaucracy in the office of the Secretary of Defense is racing to establish the new Northern Command, under a four-star Air Force General, by Oct. 1, despite the fact that there is widespread worry that the whole idea of a full-scale military command over the territory of the United States (and Canada and Mexico) is a major violation of the U.S. Constitution, of the Posse Comitatus Act of 1878, and of a variety of Federal laws that clearly spelled out the parameters for U.S. military activity inside the United States. On March 7, the Joint Chiefs of Staff issued CM-213-02, "Terms of Reference for Establishing a U.S. Northern Command," which provided bare-bone outlines of the major reorganization.

Under Title 10, every two years, the Chairman of the JCS is mandated to review the missions and responsibilities of all of the combat commands. This year, the review included the creation of an entirely new command over North America, which has stirred considerable controversy in the U.S., Mexico, and Canada. Several senior military officers interviewed by EIRNS over the past days expressed grave misgivings about the creation of the NorthComm, particularly on such a rushed basis, with no public deliberation or adequate Congressional review. One retired Naval commander, now at a major U.S. research lab, noted that any U.S. military activation needed to deal with a major act of terrorism, is fully mandated under

existing laws, including Title 10, Title 32, Posse Comitatus, and a host of other more recent laws passed by Congress in the aftermath of the recent decade's major terror attacks on U.S. soil.

## **Neo-Con Newspapers Hype Islamic Terror Threat on July 4**

A July 4 terror alert being broadcast by the *Washington Times* and other major U.S. media, is a continuation of a pattern of warnings that show that official U.S. institutions are mired in the disinformation that terrorism emanates from "radical Islam," and thereby continue to be blindsided to terrorism emanating from inside the United States from *domestic* networks.

Furthermore, such alerts are also used as an excuse to implement police-state measures such as those embedded in the "Patriot" anti-terrorist legislation, and in the proposals to establish an unconstitutional "Northern Command," to cover the domestic U.S. and North America.

Such has been the case since Sept. 11, with senior U.S. statesman Lyndon LaRouche alone having had the courage to identify the attacks originating from domestic military networks inside the United States. On April 22, in *EIW's* INDEPTH section, readers were alerted that Israel's fascist former Prime Minister Benjamin Netanyahu had smugly warned in speeches to U.S. officials and television viewers, that Islamic terrorists are going to be bombing U.S. shopping malls and busses. Netanyahu's words were more of a *threat* than a warning. Now, amidst sensationalist "scandals" about the Bush Administration supposedly having ignored terrorist warnings prior to Sept. 11, the latest in a series of exposés of highly dangerous covert spying and terrorist operations by Israelis inside the U.S.A. is all but ignored by the leading U.S. media.

Details of the latest Israeli threat can be found in this week's [INDEPTH](#). Reports surfaced this week concerning a major "Fourth of July terror alert." On May 13, the *New York Post* and *Washington Times*, both leading conduits for Israeli disinformation, warned of "Islamic" terror dangers. The Times reported that "intelligence" from Abu Zubaydah, a captured al-Qaeda member, allegedly includes information about a plan to attack a U.S. nuclear power plant on July 4, using a radiological bomb (a conventional bomb fortified with radioactive material). Zubaydah reportedly also told U.S. officials last month that the al-Qaeda was planning attacks on banks, supermarkets. or shopping malls in the Northeastern United States.

The same day, both newspapers reported that the U.S. Coast Guard issued a warning to law enforcement agencies that it has received "credible evidence" that as many as 25 terrorists allegedly linked to al-Qaeda may have sneaked into the country as stowaways "on prominent cargo vessels." However, the stowaway report appeared in the same time-frame that Gordon Johndroe, a spokesman for the Office of Homeland Defense, described as "uncorroborated," the *Washington Times* report of an unnamed Islamic terrorist group plotting to attack Three Mile Island or another Northeastern U.S. nuclear plant.

Johndroe stood by an earlier formulation put forward by President Bush—that "al-Qaeda has been gathering information and looking at nuclear facilities and other critical infrastructure as potential targets." Johndroe said the Bush Administration has no plans to issue an alert or to raise the "national threat level."

## **Weyrich Rallies Catholics To Join Christian Zionism's Armageddon Army**

Paul Weyrich, a major factor in creating a neo-fascist nest within certain schools, churches, and security agencies within the Roman Catholic archdiocese of Arlington, Va., including Christendom College, has issued a venomous assault on Islam as a "religion of war." Weyrich and William S. Lind, director of the Center for Cultural Conservatism at Weyrich's Free Congress Foundation, have issued a booklet that would make "Clash of Civilizations" gurus Zbigniew Brzezinski and Samuel Huntington proud.

Weyrich's and cohorts argue that Islam itself is the enemy, writing, "War against the unbeliever is as central a doctrine and practice of Islam as the Virgin birth, the Trinity, and Christ's resurrection are central to Christianity." They blame Mohammed himself, writing: "Not only did he personally wage war, but he repeatedly called for 'hits' on anyone he did not like, in the manner of a mafia don."

Agreeing completely with the Brzezinski-Huntington Clash of Civilizations war thesis, they write: "As recently as 1683, the armies of Islam were besieging Vienna. After about 300 years on the strategic defensive, Islam has recently resumed the strategic offensive. It is now expanding outward in every direction: down both coasts of Africa, east through the South China Sea toward Australia, north into both eastern and western Europe, and west into the United States, where the fastest-growing religion is Islam. As has been true throughout its history, the expansion of Islam is not peaceful. More Christians are being martyred today than at the height of the Roman persecutions, and most of them are dying at the hands of Islam. Christendom is in peril."

Weyrich is a key operative in the U.S. neo-conservative circles that can be mobilized for fanatical religious wars. In 1979, Weyrich founded the Religious Roundtable along with Southern Baptist Rev. Ed McAteer, who today plays the most prominent role in threatening the Bush White House with political defeat from so-called Christian fundamentalists, if Bush pressures Israel and its fascist Prime Minister Ariel Sharon, to accept a Palestinian state, or pressures Israel to withdraw from the Occupied Territories of Palestine.

The Religious Roundtable works closely with the fanatically anti-Arab organization Zionists of America, headed by Morton Klein, a certifiable rightwing war hawk. *EIR* first reported on Aug. 24, 2001 ("Temple Mount Fanatics Seek To Blackmail Bush," by Anton Chaitkin), that on July 30—the day after Bush Administration and other international pressure forced the cancellation of Sharon's planned Temple Mount provocation in Jerusalem—Klein, Americans for a Safe Israel founder Herb Zweibon, evangelical Religious Roundtable founder Ed McAteer, Christian Friends of Israel leader Elwood McQuaide, and representatives of Pat Robertson and Jerry Falwell, held a meeting at the White House with President Bush's religious community liaison Tim Goeglein. The delegation bluntly threatened President Bush, that if he did not give Sharon an unequivocal "green light" to deal with the "Palestinian terrorist threat," the combined wrath of the Zionist Lobby and the 70 million-strong evangelical Christian voting bloc would destroy the Bush Presidency—just as they destroyed President Bush's father's 1992 re-election efforts.

*EIR* confirmed from several participants in the White House session that the entire group had been hosted by the Israeli Ambassador to the United States, David Ivry, at a private embassy luncheon, just before they held their "tough love" session with Goeglein. Continuing this campaign, on April 11, 2002—the day Colin Powell arrived in Jerusalem as Bush's envoy—Gary Bauer, the Rev. Jerry Falwell, the Rev. John Hagee, Marlin Maddoux, Ed McAteer, and the Rev. Tim Timmons, all leading Darbyite Zionists—issued a letter to President Bush, assailing him for sending Powell on a peace mission, and demanding that Sharon be allowed to complete his genocide against Palestinians.

The letter said: "We believe the Bush Doctrine is in great jeopardy and the war on terrorism with it. We believe it is imperative for the United States to stand with our friend and ally Israel as they attempt to defeat the same forces of terrorism that we have been battling since September 11, 2001. We would ask you to end pressure on Israeli Prime Minister Ariel Sharon so that he has the time necessary to complete the mission he has undertaken—the elimination of terrorist cells and infrastructure from the West Bank territories.... Secretary Powell's current peace-making trip is sending a dangerous message." The Bauer-organized fundie letter appears to have been part of a campaign, first launched in February of this year, to marshall the combined resources of the Christian Zionists and the American Friends of Likud against any Bush support for Mideast peace.

The *Jerusalem Post* online reported on Feb. 1 that a \$200,000 war chest had been put together for a series of ads, attacking

Arafat and demanding that Bush put Arafat and the PA/PLO on the foreign terrorist organizations list. ZOA and the Religious Roundtable co-sponsored the initiative.

### **Say Pentagon Earns Millions from GI Gambling**

The May 20 issue of *U.S. News and World Report* reports that the the U.S. Department of Defense raised \$125 million from the more than 7,000 slot and video poker machines on 94 U.S. military installations overseas. The Pentagon estimates that U.S. military personnel, their dependents, and civilian employees spend more than \$1 billion per annum gambling on base. The Pentagon says that "all" of the money goes to pay for "morale boosters," such as family picnics and construction of recreational facilities on the bases.

But there is a growing problem of compulsive gambling, especially in a career in which a high degree of isolation and stress is common. Two Pentagon studies found that 2%, or roughly 30,000, of all service men and women "possessed the indicators of probable pathological gambling." There is only one gambling treatment center for such "pathological gamblers" in the U.S. armed forces, located at Camp Pendleton, Calif.

In 2001, Congress ordered the Pentagon to investigate the impact of on-base gambling. Initially, the Pentagon hired an outside consultant, but broke the contract in mid-investigation, and turned it over to the Pentagon's Morale, Welfare, and Recreation Department, which is the same department that collects the revenues from the on-base betting to keep operations going.

### **Dan Rather Warns of Censorship in U.S. War Coverage**

In an interview with BBC's "Newsnight" May 17, CBS-TV news anchor Dan Rather warned of censorship, since the "War on Terror" was declared following Sept. 11. Rather said: "It is an obscene comparision ... but you know there was a time in South Africa that people would put flaming tires around people's necks if they dissented.... And in some ways the fear is that you will be necklaced here; you will have a flaming tire of lack of patriotism put around your neck.... Now it is that fear that keeps journalists from asking the toughest of the tough questions, and to continue to bore in on tough questions so often. And again, I am humbled to say, I do not except myself from this criticism....

"What we are talking about here—whether one wants to recognize it or not, or call it by its proper name or not—is a form of self-censorship. I worry that patriotism run amok will trample the very values that the country seeks to defend itself."

"It's unpatriotic not to stand up, look them in the eye, and ask the questions that they don't want to hear—'they' being those who have the responsibility, the ultimate responsibility in a society such as ours, of sending our sons and daughters, our husbands, wives, our blood, to face death, to take death....

"There has never been an American war, small or large, in which access has been so limited as this one," Rather charged, presumably including the heavy, Office of War Information-run censorship of World War II in his claim. Rather blasted "the growing Hollywood-ization of life, Hollywood-ization of the media, which is leading to the Hollywood-ization of war. I am appalled by all this." Rather said that this "Hollywood-ization" is epitomized by what he called "Militainment"—entertainment programs about the military, which are produced in conjunction with the Department of Defense.

Crucially, Rather said that "Militainment" produced with cooperation of the Department of Defense has been offering "documentary makers" unprecedented access. A spokesman for the Pentagon said that now they give more "combat footage" and general access to producers of "Militainment" than they do to "reality TV" newscasters.

After Rather spoke, the London Bureau Chief for *Time* magazine said that, "If you read American newspapers, you would think that the jackboots are marching again through the streets of Paris, and that there is a wave of anti-Semitism all over Europe. It is simply not true." He said he agreed with Rather on the "Hollywood-ization" matter, and said he found this entire trend in the U.S. to be "very dangerous."

## **WESTERN EUROPEAN NEWS DIGEST**

### **The Euro Is Indeed a '*Teuro*'**

The euro is indeed a "*Teuro*," wrote the German daily *Die Welt* this week, in a biting exposé of the official German government Statistical Office cover-up of the huge wave of inflation, triggered by the introduction of the European Union-wide currency the euro (the expression "Teuro" is a play on the German words "teuer" and "Teuerung," meaning "expensive" and "price rise," respectively).

*Die Welt* noted that "the German population is boiling with anger" at the realization that, with the introduction of the euro, "Everything has become more expensive." Indeed, anyone living in Germany knows from painful experience, that the present prices of goods, following the transition to the euro at the beginning of the year, are routinely 10%, frequently 30%, and often even 100% higher, in deutschemark-equivalent, than prices for the same goods at the end of last year. *Die Welt* listed a series of examples, especially food prices; often today the euro price for a head of lettuce, or any number of other foodstuffs, has the same numerical value as the deutschemark pricetag had six months ago—although the euro-to-DM ratio is about 2:1!

*Die Welt* quotes Heinz-Peter Hannappel, responsible for price and inflation statistics at the German Statistical Office, admitting that his friends and neighbors have been "cursing me out" for the failure of official statistics to acknowledge the monstrous price inflation of recent months. In fact, the latest official statement on consumer prices from the Statistical Office, outrageously asserts that "the transition to the euro for cash payments has had no significant influence on the overall consumer price index." This result was obtained by processing the inflation data to remove so-called "special effects." Faced with German citizens' "foaming at the mouth in rage" at the effective 30-50% increases in parking fees, food and restaurant prices, and many commercial products, Hannappel now admits that the Statistical Office has to make a "closer study" of the situation. Here is something to think about, for any fool who believes in the authority of "official figures."

The euro-triggered burst of inflation, confirms *EIR* and Lyndon LaRouche's published analysis that enormous inflationary pressures have built up in the European and world economy, waiting to burst out whenever a suitable opening is provided.

### **'NATO Expands into Irrelevance,' Says Indian Newspaper**

"NATO expands into irrelevance," commented C. Raja Mohan, the foreign affairs editor for the Indian newspaper *The Hindu*, based on recent discussions in Berlin and Geneva.

Just as NATO prepares to expand its membership and build ties to its former enemy, Russia, Mohan wrote, "It has become increasingly marginal in the management of international security. For NATO, what should have been a moment of greatest triumph, the creation of a Europe that is united and peaceful for the first time in centuries, is also an occasion to reflect on a bleak future that beckons it."

"After September 11, the U.S. made it clear that it has the military capabilities and the political will to act alone in handling the new security threats. The long-standing allies of the United States in Europe were welcome to join the American war on terrorism; but it did not really matter if they did not."



On top of this, the debate of expansion of NATO, which Russia had opposed, "has ended in a whimper as NATO loses political coherence....

"As the American strategic attention moves from Europe to Asia," Mohan continued, "Russia is likely to become a more valuable political partner to the United States in dealing with the conflicts in the southern and eastern parts of the Eurasian landmass. A distinguished scholar recently summed up the changing American perceptions of Europe as follows: 'What is Europe? There is Britain in the West, Russia in the East, and Turkey in the South. The rest is a marshland!'"

### **French Conglomerate Vivendi Barely Escaped Default**

According to the May 15 issue of the French daily *Le Monde*, the French conglomerate Vivendi narrowly escaped default last December, is faced with acute problems to this day. At the end of last year, the conglomerate was already vastly overextended and financially exhausted through various over-ambitious takeovers—for example, that of Universal from Seagram's (Bronfman). An imminent default was prevented at that time.

Today, however, Vivendi is in even worse shape: It cannot pay its shareholders the promised dividend, and it cannot pay off Bronfman, whose lawyers press for accelerated payments of several hundred million dollars.

What the Vivendi management might do, in this precarious situation, is to sell off the privatized, formerly state-owned water supply grids it owns in France, which would affect the supply of 4,600 municipal and local entities. This, it is feared, would imply drastic price increases for fresh water for millions of French private consumers.

Meanwhile, the crisis at Vivendi also has a German angle: Vivendi has succeeded in blackmailing the Berlin municipal administration into giving a state guarantee of over 158 million euros, for the continuation of Vivendi's 24.5% share in the BerlinWasser Holding—an operation which has run a deficit both before and after partial privatization three years ago. Had Vivendi pulled out, the Berlin holding would definitely have collapsed in the near term, with a deficit of 300 million euros, and the Berlin Senate would have had to pay back 800 million that Vivendi paid for its 24.5% share in the city water works.

Also in Berlin, rumor has it that a 20% price increase for fresh water is in the offing for private households, to compensate for the expenses of the deal between the administration and Vivendi.

### **Ruling Party Loses in Dutch Elections**

In the May 15 elections in the Netherlands, the three parties that made up the country's ruling coalition all lost: the Labor Party (PvdA), the leader of the governing coalition, and the liberal VVD and centrist D66.

The conservative Christian Democrats came in first, reportedly with 41 seats. The anti-immigrant Pim Fortuyn List (LPF) got 24 seats, more or less tied with Labor, VVD, and DGG. As a result, it may get a place in a potentially unstable new coalition government.

The leader of that party, Pim Fortuyn, was assassinated only a few days before the election. The election results, with the left-liberals losing ground, call to mind the results in other recent European elections, including the stunning loss by the French Socialists in the first round of the Presidential elections April 21, in which Socialist Prime Minister Jospin was, against all expectations, knocked out of the running in favor of extreme rightwinger Jean-Marie LePen, and elections the same day in the eastern German state of Saxony-Anhalt, in which the Social Democratic Party vote totals went down about 50% from the previous election.

## Slain Banker Alfred Herrhausen Cited for Solutions to Economic Crises

German President Johannes Rau, in delivering the annual Berlin Address on May 14, broke a 12-year taboo by making mention of former Deutsche Bank chairman Alfred Herrhausen, who was assassinated in November 1989, just weeks after the fall of the Berlin Wall. Rau was speaking on globalization and its flaws and injustices, urging controls of financial speculation, though without going into details of how this should come about. In this context, Rau mentioned Herrhausen's commitment to Third World debt relief: "Alfred Herrhausen, by the way, already at the end of the 1980s recommended choosing this way. He told the creditor banks: Bringing a solution to the solvency crisis, also requires a debt relief." And, he added: "More is at stake here, than just capital and interest."

Writing in 1995 about disasters in U.S. strategic policy towards Europe, Lyndon LaRouche described Herrhausen as follows: "During the same time-frame (November 1989) [LaRouche] was working out the presentation of the 'Productive Triangle' policy with Helga Zepp LaRouche, the leading banker of Germany, Deutsche Bank's Alfred Herrhausen, was preparing to present a proposed policy of a kindred spirit to a U.S. blue-ribbon audience. He did not deliver that address; a professional assassination eliminated this German threat to British geopolitical interest. A few months later, another leading German official, Treuhand official Detlev Rohwedder, was assassinated; Rohwedder represented the same tradition in economic policy as Herrhausen. The rumor fed to the ever-credulous popular news media, was, that Herrhausen and Rohwedder had been killed by the so-called 'Baader-Meinhof' terrorist gang; the trouble with that explanation was, that the 'Baader-Meinhof gang' had long since ceased to exist. In some of the highest-level U.S.A. and European intelligence circles, it was agreed that these assassinations had been done in London's interest.

"After these two assassinations, Germany capitulated to the demands of the Thatcher and Bush Administration(s). East Germany was given the 'Third World' treatment, and Germany did not interfere in the 'Burke and Hare' 'shock therapy' treatment London and New York were administering to Poland, Hungary, Russia, Ukraine, et al."

## Chirac Warns Israel: Stop Charges of 'Anti-Semitism'

French President Jacques Chirac raised the possibility on May 11 that there might be "consequences," if Israelis continue their campaign to depict France as "anti-Semitic" for, as Chirac said, wanting a peace settlement in the Middle East. Chirac's spokesman Catherine Colonna said, as reported in the May 12 *Jerusalem Post* and Associated Press, that in a telephone conversation with Prime Minister Ariel Sharon, Chirac spoke out "with force against the campaign," and said that, "At a time when the French massively demonstrated their refusal of racism, of xenophobia, and of anti-Semitism, this campaign is not acceptable"—presumably referring to the landslide defeat, in the second round of the French Presidential election, of extreme rightwinger and racist Jean-Marie LePen. Chirac threatened that the campaign "cannot continue without consequences."

Part of the background to the issue, has been a series of attacks on synagogues and Jewish cemeteries, and even Jews, in various parts of Europe, including France.

Last week, the American Jewish Committee published a series of scurrilous ads, linking current French actions to those of the Nazi-controlled Vichy regime in France.

Presumably in response, the *Tages-Anzeiger* newspaper of Zurich, Switzerland asked what Europeans would do if "a fanatic blew up a railway station, a bus, or a restaurant?" It answered, "Well, what we wouldn't do is occupy Lombardy and Alsace, set up encampments and then prefabricated homes, build security roads and eventually confiscate the best land and cut the locals' water supply" (the reference, of course, being to Israel's reactions to Palestinian attacks).

## **Pope Praises Reconsecration of Church of the Nativity**

At Sunday services at Vatican City May 12, Pope John Paul II praised the lifting of the siege at the Church of the Nativity in Bethlehem, and its reconsecration. "We all learned with great relief that the Basilica of the Nativity in Bethlehehem was given back to God and the faithful.... From my heart I thank all those who contributed to restoring to the holy place its true religious identity. A special mention goes to the communities of the Franciscans, Greek and Armenian Orthodox who, with notable sacrifice, remained faithful to the sanctuary.... To the population of Bethlehem and surrounding areas, I give my strongest encouragement to go on with faith and hope in God.... Bethlehem's universal message is love, justice, reconciliation and peace.... And it is on these bases that one can construct a future respectful of the rights of the Israeli and Palestinian peoples, in mutual trust."

The Pope noted that the French Cardinal whom he had dispatched to the Holy Land to try to end the standoff, Roger Etchegaray, had been in Bethlehem as "my special envoy" to relay his sentiments over the ending of the standoff. The Cardinal took part in the reconsecration ceremony on Sunday, May 12, at the Basilica. At that ceremony, Latin Patriarch of the Holy Land Monsignor Michel Sabbah said: "My message today is to the Israelis; You are pushing the Palestinians to the suicide. You are committing suicide against yourselves."

## **Film Recalls Past British Double-Crosses on Mideast**

A British-produced documentary about the World War I-era British geopolitical double-crosses that underlie modernity's Middle East crises, was shown on the widely seen weekly Danish world events program Horisont May 13. The program, produced by Content Productions, documented how British imperial policy resulted in geopolitical schemes which promoted both Arab and Jewish nationalism, in order to destabilize the southern flank of the German-Austrian-Ottoman alliance leading up to and during World War I. Both groups, Jews and Arabs, were promised control over Palestine after the fall of the Ottoman Empire.

The Arabs, in return for carrying out an armed revolt against the Ottoman Empire, were promised an independent, unified Arab nation. The documentary also asserted that the Balfour Declaration in support of a Jewish homeland in the area, was based on an incorrect intelligence evaluation, that such a declaration would cause the Jewish leaders among the Bolsheviks, to keep Russia—the newly formed post-revolutionary Soviet Union—in the war on the side of the British and the French. (In fact, the Soviet Union withdrew from participation in World War I, striking a separate peace with Germany at Brest-Litovsk.)

The program opened by explaining that, while many think that the conflict between the Jews and Arabs in the Mideast started with the post-World War II, post-Holocaust Jewish immigration to Palestine, and the establishment of Israel, the roots lie much further back. Intrigues among empires, misunderstood strategies, and contradictory promises to Jews and Arabs created an inherited and bloody conflict that has been decisive for the destiny of the Middle East.

Highlighted quotes from historians at the beginning of the program involved "secret plans for the break-up of the Ottoman Empire," "British duplicity and double-crossing," "When fighting a war, one is liberal with postwar settlement promises. Afterwards, one has to decide where one's interests lie. For the British, the Middle East was the west flank of British India and all of Asia."

The program described in detail the Sykes/Picot division of the Middle East between the British and the French, giving the British oil-rich Iraq and the port of Haifa at the end of the oil pipeline; and control of the Suez Canal, needed for the route to India.

The program can be found at: [www.dr.dk/nsapi.dr/media/playmedia.asp?name=Horisont&day=man](http://www.dr.dk/nsapi.dr/media/playmedia.asp?name=Horisont&day=man)



## **RUSSIA AND EASTERN EUROPE NEWS DIGEST**

### **Russia/U.S. Disarmament Agreement a Complete Farce**

Discussions with a well-informed Russian observer and an *Executive Intelligence Review* senior staff member showed full agreement with Lyndon LaRouche's assessment that the new disarmament deal between the U.S. and Russia is a complete farce. The source noted that, as a U.S. official openly admitted in a White House briefing, each side will be essentially free to do what it wants, with just a declared attention to reduce warheads to such-and-such a level in 10 years. There are no concrete measures for control, and no concrete schedule. In fact, the negotiations indicate "basic disagreement," while the so-called breakthrough in relations really signals that "the U.S. can do anything it wants," and that, among other things, "Russia will not seriously oppose a U.S. operation in Iraq."

As to the outcome to be expected from President Bush's visit this week to President Putin in Moscow, the observer said, "They will sign several other worthless documents." He added that Russia has reason to be concerned about "what are the real intentions of the U.S." There are evidently "two or three different groups" making policy in the U.S. government. The one represented by John Bolton, for example, has been openly threatening Russia and China. On this background, Russia has so far insisted on maintaining an adequate nuclear capability, even upgrading it in some respects.

On the question of Russia-NATO talks, this source said that Russia will get no real voice in military policy, but only a veto power on such questions as fisheries. It is like "becoming a full member of a butterfly-catching club."

On May 15, the NATO Secretary General, British General Lord George Robertson, reported on the creation of a new joint NATO-Russia Council, to be finalized at a NATO meeting on May 28.

### **Russian General Ivashov Opposes NATO Talks**

According to the May 14 edition of Strana.ru, the online news service, influential Russian military expert and strategist Gen. Leonid Ivashov said that Russia is wrong to give priority to cooperation with NATO—an organization that has no political future. Ivashov was commenting on the Russia-NATO meeting in Reykjavik, underway at the time of his remarks. "Everything points to the fact that the military and political status of NATO is being downgraded. NATO is being used by the U.S. as an instrument to control Europe." He noted that President Bush had not even mentioned NATO in his State of the Union address to the U.S. Congress, and that U.S. Secretary of Defense Donald Rumsfeld had clearly stated that no alliances or coalitions would be permitted to influence Pentagon policy decisions.

"I have no positive prognosis in connection with the events which are now occurring along the axis Russia-NATO," said Ivashov. "They represent a serious departure from the essence and content of the founding agreement between Russia and NATO in 1997.... I oppose giving priority to cooperation with that organization."

### **Moscow Radio Forum: Hamas, Sharon, and Netanyahu Are Allies**

The Russian-Jewish angle in Middle East terrorism, and the reasons that Hamas, Israeli Prime Minister Ariel Sharon, and former Israeli Prime Minister Benjamin Netanyahu are allies, were included topics of a remarkable discussion on the popular Russian radio station "Ekho Moskv," broadcast on May 12 and carried in full on the station's website. The program was a rare exception to the recent, simplistic coverage of Mideast events in the Russian media, where reporting in the recent two to three months has been strongly "tilted" in the direction of Sharon as an honest "anti-terrorist fighter."

Many things were put out in this broadcast, which are rarely aired in the Russian media. Participants in the discussion included the head of the Duma Commission on International Affairs, Mikhael Margelov, and military observer Pavel Felgenhauer. The theme was "Who is guilty in the Israeli-Palestinian conflict?" Here are some excerpts:

Felgenhauer: The history is naturally a long one and it is clear that both sides carry responsibility, and I don't approve of digging around in history to try to find out who was the first to use terrorist methods—although the first were actually Jews, socialist-revolutionaries who came from Russia, where modern terrorism, generally speaking, was born.

"Narodnaya Volya" (Will of the People) was a Jewish terrorist organization, which taught the Arabs to use bombs, which the Arabs quickly learned. So it is probably better to go back, if not directly to Sharon's visit to the Temple Mount in September 2000, then perhaps a bit earlier, when there was hope for peace ... but there were powerful forces on both sides that didn't want peace, and who destroyed it. They worked hand in hand—both Sharon, and Netanyahu, and Hamas.

Margelov went further back into the historical background of the establishment of Israel, the failure to create a Palestinian state, and the origins of the Israeli-Arab conflict, placing major blame on the British in particular and on "competition of old imperial powers—Great Britain and France," as well as between the "new imperial powers," the U.S. and U.S.S.R. Coming back to the present day, Margelov noted, "There is no question that the Israeli state practices terror, at least certain elements of the Israeli military machine and secret services, and the Palestinians respond with terrorism."

Felgenhauer: And, in fact, one should add, that on the Arab side not everything is what it seems. The Hamas movement, which grew up in the Gaza sector, was very greatly supported, in its emergence and development, by the Israeli secret services, because they saw in Hamas an instrument for destroying Arafat. And today, when Arafat has come to symbolize peace ... Arafat has become the main enemy, and Hamas became the de facto ally of the Israeli right and the Israeli intelligence services....

Margelov: ... And why did the Israeli secret services not do anything concerning Sheik Akhmad Yasin, the theoretician of terrorism, the theoretician of the Hamas movement? Why do they trap Arafat in Ramallah? There is some cunning manipulation in this whole approach. That is the problem....

Felgenhauer: Truly, ... each time Sharon and the present leadership of Israel needs to interrupt the peace process and run some kind of operation, a terrorist is suddenly able to penetrate through the extremely efficient and professional Israeli security system, to carry out a suicide bombing. And now Hamas has gone over to using plastic explosives, hence the large number of victims. A military method. Just as the killing of Rabin, by the way, raised many doubts: How could it happen, with such a remarkable security service, that a person could come up to Rabin and leisurely shoot him? ...And the well-known, well-documented fact, that the Israeli secret services were involved in setting up Hamas.... Tactically, they are allies. And it was just like that in the time of the Russian Empire—when the Okhrana and terrorists often worked hand in hand.

## **Neo-Cons and Israelis Target Russia-Iran Cooperation**

Top neo-conservatives and think tanks in Israel and the U.S. are demanding that President Bush get Russian President Vladimir Putin to cut Iranian nuclear cooperation. Among the most vocal on this point is Richard Perle. Recently the Heritage Foundation's Ariel Cohen proposed that the U.S. promise to deduct from Russia's Paris Club debt (Soviet-era state-to-state loans) an amount equivalent to what Iraq owes Russia, in exchange for Russian support to overthrow Saddam Hussein.

Perle, in an interview with *The Moscow Times*, puts forward a more grandiose debt-forgiveness plan as the lure to get Putin to end Russian nuclear contracts with Iran.

The *New York Times* on May 15 played up leaks that Bush would pressure Putin on the technology transfer question. On May 16, an article in the *Jerusalem Post* titled, "Israel wants Iran nukes on agenda of Bush-Putin summit," said that technology transfer from Russia to Iran has been intensively discussed during high-level U.S.-Israeli contacts during the past two weeks. (It is known that the U.S.-Israeli discussions in Washington were headed by utopian warriors Paul Wolfowitz and Richard Armitage.)

The May 16 *Moscow Times* article by Anna Raff begins, "All of Russia's Soviet-era debt should be written off as a way of persuading Moscow to end troubling nuclear cooperation with Iran, an influential security advisor to the U.S. Presidential Administration said Wednesday." In a phone interview, Perle said the U.S. government and American banks should act first, "Then we could turn to European governments, and they could put pressure on their banks. We would take it one country at a time." Raff went on to quote a spokesman for Deutsche Bank, who rejoined, "We are a free country. The government has no right to expropriate any private business or take money from a private bank."

## **IBERO-AMERICAN NEWS DIGEST**

### **Brazilian and Argentine Leaders Push LaRouche Solution in Their Respective Countries**

In Brazil, the Ferreira Neto program of the national television network, CNT, on May 16 broadcast a half-hour interview with Dr. Eneas Carneiro, a prominent cardiologist and friend of Lyndon LaRouche who is polling 3-5% electoral preference now for the October 2002 Presidential elections. The Ferreira Neto program is widely watched by Brazil's intellectual and political elite.

The central message of Dr. Eneas' interview was the bankruptcy of the neoliberal model. The international financial system is bankrupt, he stated, and that is why American politician Lyndon LaRouche, a Presidential candidate in the U.S. country, argues that what is needed, is a New Bretton Woods conference, to fundamentally reorganize and replace the present bankrupt model.

Brazil's National Treasury is drained of 10 billion reais a month by payments on its domestic and foreign debts, he explained, and therefore Brazil is heading straight into becoming another Argentina. That is why we must break with the system, Dr. Eneas asserted, as he first argued 10 years ago—and since then the situation has only worsened. That is what Argentina must do, too, he advised, adding that the Argentines have Col. Mohamed Seineldin, whom he has visited in jail.

Speaking of Argentina, Dr. Eneas noted that President Rodriguez Saa had tried to break with the system, but was not permitted to do so—and none of Brazil's Presidential candidates is ready to break with the system. The candidate of the "leftwing" Workers Party, "Lula," is already making his commitments to the international financial system. Asked about the Free Trade Accord of the Americas, Dr. Eneas said he had nothing against integration projects, but they must respect national sovereignty, and cannot favor the multinationals.

In the course of the interview, Dr. Eneas commented that it was not possible that an attack of the sophistication of Sept. 11 could have been carried out without the aid of the United States' own security system, echoing Lyndon LaRouche's charges that the attacks of Sept. 11 represented a coup attempt from within the U.S., against the Bush Administration.

In conclusion, asked what he would do as President, Dr. Eneas answered that he would emphasize economic independence, above all, and second, a return to basic, traditional, Classical education, because in today's computer age, we are producing functional illiterates.

In Argentina, the political prisoner Col. Mohamed Seineldin, the hero of the Malvinas War was asked yet again, in the course of a radio interview, about Lyndon LaRouche; he answered, as he has often done before, that LaRouche is the only one with a policy for "building," while everyone else has a policy that destroys. (Reportedly, polls now show 20% support for Seineldin for President, although he tells everyone he's not interested in the post.)

### **Mexico's Fox Tells U.S. He Must Get Something for Home Front**

Mexican President Vicente Fox is telling the Bush Administration that he has to get something to show the home front, or they might "lose control of the hemisphere." In New York City for the UN Conference on Children, Fox sounded a desperate note when he spoke at a private dinner hosted by the Council of Americas on May 9. His foreign policy is "under attack" in Mexico, he said, and U.S.-Mexican bilateral relations have "stalled." His primary message during this trip, he said, was to make the U.S. understand that at this point, no special relationship between Mexico and the United States is possible, if an immigration accord legalizing the status of millions of undocumented Mexican immigrant workers is not reached. Such an accord "will be the litmus test of our true commitment to a new and closer relationship."

The failure to reach an immigration accord "inevitably affects our ability to fulfill a more constructive role throughout the hemisphere," and if Mexico cannot play this role, he went so far as to say, this "could contribute to a possible loss of control in our hemisphere."

Fox's speech was taken as warning that he might have to dump his Secretary of Foreign Relations, Jorge Castaneda, a key globalist asset in the project to finish off Ibero-America's sovereignty, should the Bush Administration not deliver an immigration accord—a demand which President Bush, even should he wish to, is not in a position to ram through Congress.

The heat on Fox is such that he announced also that his government will file suits before the International Labor Organization and the Inter-American Human Rights Court, protesting the March 2002 decision of the U.S. Supreme Court that Mexican illegals in the United States have no guaranteed labor rights. The Fox government's failure to protest that Supreme Court decision when it was handed down, was one of the reasons cited by the Mexican Senate, for its decision to deny Fox permission to leave the country for a planned visit to Canada and the United States this past March.

### **Venezuela's Armed Forces Divided, Chain of Command Disintegrating**

Prior to April 11 (when he was ousted in a coup, only to be shortly thereafter reinstated), Venezuelan President Hugo Chavez dismissed the opposition as, essentially, a foreign put-up job, while his Revolution had "the guns, rifles and tanks" behind him. But since April 11, when the military deserted him, he cannot trust his own shadow. More than 600 officers are reportedly under investigation, and without commands at this time. This is said to include 11 of the Navy's 47 admirals, 20 of the 43 Air Force generals, 34 of the 70 National Guard's generals, and 60 of the Army's 100 generals.

Open expressions of anger are increasing, as Chavez carries out a broad purge, promoting colonels to posts traditionally held by generals, and captains to those held by admirals, with the only criterion being their loyalty to him. An uprising was said to have been barely averted in one leading base in Valencia last week, when a Chavista colonel with a mediocre career was appointed to head up a brigade, replacing a general. The general refused to hand his command over to the colonel, so two separate ceremonies were held, one for the general's leaving the command, and another for the colonel's assumption of the post.

### **No Truce in Venezuela, Amidst Provocations**

In a flagrant provocation to the opposition and to the United States, Venezuelan President Hugo Chavez hosted Argentine terrorist Hebe de Bonafini on his weekly talk show "Hello, President" on May 12, called for beefing up his "Bolivarian Circle" shocktroops; the deployment of those shock troops on April 11 was a decisive factor in turning the military against Chavez, who raved on his program that he would stay in power until 2021.

Hebe de Bonafini is the founder of the Argentine Mothers of the Plaza de Mayo, who was held up internationally as a "human rights activist" until her lusty support for the Sept. 11 attacks on the United States made her too hot to handle. In an Oct. 9, 2001 interview on Argentina's Radio 10, Hebe declared she was happy, very happy, about the destruction of the World Trade Center towers and the attack on the Pentagon, "because, for once, blood is going to be avenged. Yes, it made me happy, and I will repeat it again. For the first time, the United States was made to pay for what it has done for all its existence."

This witch was invited to Venezuela by the Chavez majority in the National Assembly, who wished her to join a Truth Commission to investigate the events of April 11-12, during which Chavez was ousted temporarily in an abortive coup. Hebe refused the invitation to join the Commission, on the grounds that those who participated in the coup against Chavez should simply be jailed.

Chavez's May 12 radio performance reveals how even the appearance of a truce between the forces which fought for control of the Presidency from April 11 to 14, is gone. The two sides are preparing for the next confrontation, which all agree could happen at any time between now and Independence Day (July 5), when, traditionally, changes in the military High Command are completed.

### **Colombian Narcoterrorist 'Paramilitaries' Offer Kill-the-Guerrillas Videogames**

The United Self-Defense Forces of Colombia (AUC) are the second-largest narcoterrorist force in Colombia, with some 8,000 fighters battling the narcoterrorist FARC for control of territory and the drug trade. The AUC portrays itself as "right-wingers," but a visit to several of the AUC websites—very high-tech, at least two available in English as well as Spanish, evidencing a lot of money behind them—exposes a bestial mentality no different from the FARC or ELN terrorists whom they "oppose."

The home page of one site posts six to eight photographs of AUC mercenaries in military gear, rifles pointing at the viewer. It is indistinguishable from any Soldier of Fortune-type mercenary propaganda, except that the photos are set off against a background filled with a drawing of the map of South America in which the widest point of South America (from Peru to Brazil) is drawn as a fist grasping a rifle—a map made famous as the symbol used by numerous of the Cuban-spawned "Che Guevara" terrorists of the past three decades.

The website of one of the bands making up the AUC, the "Elmer Cardenas Bloc," is lifted from the utopians' perpetual-warfare games. New Age military music, broken by the sounds of explosions, accompanies the flashing video which opens the page, proclaiming: "An Illusion Which Grows: A Colombia in Peace, Dignified, and Free." A link on this site, labelled "Enjoy yourself," offers two murderous video games. In one, players shoot at faces of FARC leaders moving as in your typical, fairground "throw a balloon at the clown" game. If you don't hit anyone, the game tells you: "You need to improve your aim. Practice again." The other is a cartoon scene of a FARC attack on a poor town. Players are told: "Your mission is to keep the police station from being totally destroyed, killing the largest number possible of these heartless criminals."

### **Land-for-Debt Schemes Threaten Argentina's Territorial Integrity**

Argentine President Eduardo Duhalde announced May 12 that he is "studying" the possibility of offering state-owned lands to bank depositors, whose funds are frozen in the despised "*corralito*". This would replace an earlier plan, now rejected as



too costly, whereby the government would have offered its own bonds for the frozen deposits. "The state has thousands and thousands of properties," and "millions of hectares" that could be made available to depositors, Duhalde said. Other options mooted in the press, include the state's selling the lands outright and using the cash to repay depositors whose funds are frozen.

The question is, to whom would the land be sold? George Soros? Ted Turner? The World Wildlife Fund? Or, what's to prevent depositors who receive land, from turning around and selling it to the highest bidder?

Lands which had belonged to the national railroads, managed by the state agency ONABE, are considered to be "good raw material for future real estate developments," the Argentine daily *Clarín* commented. Former Presidents Carlos Menem and Fernando de la Rúa, had "voluminous files on what could be done" on those lands. In fact, the Argentine construction multinational Techint, the George Soros-controlled real estate holding company IRSA, and cement magnate Amalia Fortabat (David Rockefeller's friend), had gone in on a deal for a major real estate development project on the property close to the Retiro train station, in Buenos Aires, but had to drop it as the economic depression deepened.

This insane plan is exactly what Peronist leader Juan Labake warned of, in a special report entitled "Debt for Territory," published in April 2002. Labake situated the strategy to swap debt for state assets, as the culmination of a strategy first enunciated at the secret Vail, Colorado meeting in 1983 exposed by *EIR* at the time. Swapping Argentine debt for land in the mineral-rich Patagonia region is under active consideration by Anglo-American financial interests, he charged. This, he warned, is accompanied by a vicious psychological-warfare campaign which portrays Argentines as incapable of governing themselves, leading to such proposals as that made recently by MIT Prof. Rudiger Dornbusch, who argued that an international team of prominent economists should be brought in to run the country's finances, since the Argentines are incapable of doing so.

As evidence that these schemes are being discussed, Labake pointed to a recent survey carried out by the Jorge Giacobbe & Associates consulting company, in which residents of the Patagonian province of Chubut were asked such questions as: "Would you support the idea of Argentina handing over its rights to the Antarctic as payment of the entirety of the country's foreign debt?" "Would you support handing over Chubut-owned lands in payment of all of the province's public debt?" "What is your view of the proposal to have Argentine finances be managed by an official of the IMF, or some other international agency?"

Labake warned, moreover, that if the state-run Banco de la Nación were privatized, as the IMF demands, the new owners—most likely to be linked to foreign creditors—would be positioned to seize enormous tracts of the country's fertile lands by foreclosing on mortgages that bank holds, just as the formerly state-owned Banco Hipotecario Nacional (National Mortgage Bank) is now doing with thousands of people who can't make their mortgage payments.

## **MIDEAST NEWS DIGEST**

### **President Mubarak, Arab League Leaders Hold Mini-Summit to Warn Israelis Against Further Attacks**

The Egyptian State Information Service reported on May 11 that Egyptian President Hosni Mubarak, Foreign Minister Ahmed Maher, and Arab League General Secretary Amr Moussa have all issued dramatic warnings to Israel, not to move militarily against the Palestinians in Gaza during what has been dubbed a "mini-Arab League Summit" held in Cairo. Mubarak warned anew that the situation in the Middle East region may further deteriorate if it is not tackled rationally.

"I have told them we regret the tragic incidents that take place occasionally, but the situation must be taken wisely, otherwise we would be trapped in a vicious circle of murder and destruction," said Mubarak in statements upon arrival in Sharm El-Sheikh, where the Egyptian-Syrian-Saudi summit was held May 11. Mubarak pointed out that the situation in

Gaza in particular would be tougher than that in Jenin. "That is why I found it incumbent upon me to phone the Israeli Prime Minister; I phoned him at 11:00 p.m....

"If Gaza was struck, the matter would reflect on the Israeli people and might be more terrible for the whole region," added the Egyptian President. On his vision of the future of peace within the Arab consultations, with Syrian President Bashar Al-Assad and later with Saudi Crown Prince Abdullah bin Abdel-Aziz, Mubarak said he would be briefed on Abdullah's visit to the United States, which he termed successful. He welcomed the Syrian President.

During the same meetings, Arab Foreign Ministers met to discuss what to do about Israel's attacks on the Palestinians. Egyptian Foreign Minister Ahmed Maher, Saudi Foreign Minister Prince Saud Al Faysal, Bahrain's Foreign Minister Sheikh Mohamed Bin Mubarak, and Jordanian Foreign Minister Marwan Al Maashar held a consultative meeting attended by Arab League Secretary General Amr Moussa and Yemeni Foreign Minister Abu Bakr Al Qarbi. They discussed the situation in the occupied lands and the Arab moves for protecting the Palestinian people against Israeli attacks.

On the issues raised during the meeting, Maher said that the ministers discussed future efforts to realize Arab objectives vis-à-vis developments in the international arena, the proposed international conference, and the Israeli threats.

The meeting also addressed the Arab peace initiative. Asked whether they discussed what Arab countries would do if the Israeli forces stormed Gaza, Maher said "we have discussed everything you think of."

Asked whether he sensed, during his phone call with U.S. Secretary of State Colin Powell, any enthusiasm to seriously intervene, Maher said Powell realizes the gravity of an Israeli storming of Gaza. "Should the Israelis stop for a minute to mull the repercussions of any such action, they would heed the content of Mubarak's message," Maher added. "We ask the U.S. to shoulder its responsibility, as the world's only superpower, with regard to the peacemaking drive."

On whether he was given guarantees or reassurances by Powell, Maher asserted that the Americans were aware of the grave repercussions and that they would contact the Israeli government. "But, there were no guarantees."

### **Arafat Calls for New Elections, Peace Between Two Sovereign States**

Speaking to the Palestinian Legislative Council, which was called into special session May 15, Palestinian Authority President Yasser Arafat said that "I propose ... the immediate preparation for elections ... that would lead to fulfill[ing] the principle of separation of powers." He praised the Palestinian people's endurance amid recent "sieges, massacres, and aggression."

"We are now badly in need of re-evaluating our policies and our plans in order to repair the errors, and to connect our march and our struggle ... for national independence," Arafat added. "We have announced in the past, and we reiterate in our announcement today, our rejection of all kinds of operations that target Israeli civilians."

Then, noting "what our Palestinian civilians are subjected to, like what happened in Jenin," Arafat also said, "Palestinian and Arab public opinion have now become convinced that these operations will not serve our interests and goals, and they antagonize large segments of the international community." He urged the Council to take up this issue of violence.

Arafat declared that "our idea is real freedom and complete independence in the state of Palestine with Jerusalem as its capital.... Whoever doesn't like it can go ... drink the water of the Dead Sea." "Peace is our strategic option, and we will never abandon that option. Peace gives common interest to both peoples, Palestinian and Israelis," Arafat said. "They [the Sharon government] tried to abolish this peace deal, they took the military option ... to demolish, kill and destroy our

infrastructure.... [But,] This will not change anything at all of our determination to achieve peace and autonomy and independence."

Within a couple of days, however, Sharon and the IDF began a new round of attacks on the West Bank, and the Israeli propaganda machine began rolling out lies that Arafat had "renege" on the plan for new elections.

What Arafat *did* stress was that it is impossible to have elections under the conditions of Israeli tank, artillery, and helicopter attacks, and occupation, and that Israel must withdraw from the Occupied Territories.

### **Sources Warn Israel Will Attack Gaza**

Officials inside the Bush Administration and other areas of the U.S. government are well aware that Israel Defense Force is planning a Jenin-style invasion of the Gaza Strip, as soon as international pressure can be circumvented, a highly placed diplomat in Washington told *EIW*.

Meanwhile, the IDF continued operations throughout the West Bank, beginning on May 15, calling the rampant destruction "pinpoint" operations. On May 17, Israeli tanks entered the Jenin refugee camp, as well as Jenin city. After an exchange of fire, the Israelis made several arrests. Israeli tanks also entered Nablus and then withdrew, but not before a seven-year-old boy was killed by Israeli fire, when tanks entered the Osker refugee camp adjacent to Nablus. Tanks also entered the West Bank city of Tul Karm.

### **World Bank Estimates IDF Caused \$350 Million in Damage to Palestinians**

On May 15, the Israeli newspaper *Ha'aretz* reported that a World Bank-drafted report, put together with a team from the donor nations (mostly European and U.S.), concluded that the Israel Defense Force caused \$350 million in damage to Palestinian infrastructure and institutions in the West Bank during the 30-plus days of Operation Defensive Shield (aka Protective Wall). These figures are already staggering, but humanitarian organizations have placed the figure at \$800 million.

The largest physical damage was done in Nablus, at approximately \$115 million, with the destruction of historic buildings being \$43 million alone. Damage to civilian housing was \$66 million, which includes Jenin, the hardest hit.

This figure comes in addition to the figure of \$305 million in damages contained in an earlier report issued by the World Bank in March. Since the beginning of the intifada, the Palestinian Authority has lost \$2.4 billion in income.

### **Israeli Exposé: Settlements Have Illegally Taken Over 42% of Palestinian Territories**

Israeli settlements in the West Bank actually control 42% of the territory, according to a report by the B'Tselem, the Israeli Information Center for Human Rights in the Territories. The report, entitled "Land Grab: Israel's Settlement Policy in the West Bank," compiled by Israeli researcher Yehezkel Lein, shows that although the settlements are built on 1.7% of the territory, they actually control 41.9% of the land. The way this works, is that 6.8% of the territory is designated for settlement in the Israeli national plan for Jewish settlement, but a further 35.1% is land that falls under the jurisdiction of the Jewish local and regional councils. Thus, when Israeli Prime Minister Ariel Sharon offers the Palestinians a state on 40% of the West Bank, he wants even more than this already outrageous amount of land that is now controlled by the Israeli settlements. It should be noted that a considerable number of Palestinians also live within this 35%.

According to the report, these large chunks of territories can be divided into four lengthwise strips of territory. The first is



an eastern strip, which includes the Jordan Valley, the shores of the Dead Sea, and the eastern slopes of the West Bank ridge. Although the 5,400 Jewish settlers live within municipal boundaries covering 76,000 dunams of land, the regional councils control another 1.2 million. At present, Palestinians living in this area are denied access to water resources.

The second is the mountain strip, where some 34,000 settlers live within municipal boundaries of 62,000 dunams, but the area's four regional councils control another 409,000.

The third is the Western Hills strip, which stretches from the north to the south across an area 10-20 kilometers wide, between the Western Border and the mountain strip and the green line. Here, 85,000 Jewish settlers live within municipal boundaries of 110,000 dunams, and a further 264,000 come under the jurisdiction of three regional councils.

The fourth are the settlements around Jerusalem, where 247,000 Jewish settlers live on 130,000 dunams and another 90,000 is controlled by three regional councils.

The report also revealed that the settlements receive much more government money than communities within Israel. In 2000, the West Bank municipalities received grants from the government that were 65% more than those received by other communities. Regional councils, which control these huge tracts of land where thousands of Palestinians live, received 165% more than their counterparts within Israel.

B'Tselem called for the removal of all the settlements by giving settlers incentives to move.

### **Saudi Crown Prince Abdullah Interviewed on Visit with Bush**

The British newspaper *The Guardian* on May 15 published excerpts of an interview given by Saudi Arabia's Crown Prince Abdullah to the Saudi paper *Ozak*, in which he discussed his meeting with President George W. Bush. The paper characterized his impression of Bush as "nice but dim."

The *Guardian* noted that, following the five-hour meeting at Bush's Crawford, Texas ranch, White House spinmeisters had pointed to the length of the meeting as evidence that the two men had personally bonded. According to the *Guardian*, "Prince Abdullah presents a different interpretation: The time was spent coaching the President in political realities." Abdullah was directly quoted, from *Ozak*, on his observations about Bush: "He is the type of person who sleeps at 9:30 pm, after watching the domestic news. In the morning, he only reads a few lines about what is written on the Middle East and the world due to his huge responsibilities."

The Prince did observe that Bush "listens and debates politely, but was not fully informed about the real conditions in the region, especially the conditions suffered by the Palestinian people. I felt it was my duty to spend as long a time as possible to brief him on the facts directly and without an intermediary." He described Bush as "deeply moved" when the Prince showed him photos and videos of "the tragedies in the Palestinian territories."

"I found a man totally different from what I had expected. He has noble qualities. He is honest, courageous, and highly compassionate. These are all good news for the Palestinians." Crown Prince Abdullah concluded by telling *Ozak*, "I told him, 'You are the President of the world's most powerful country, you have principles and deep-rooted political values that stress human rights, justice, and equality. You also have the ability to move towards justice and peace.' I came out fully convinced that the man will act in the right direction."

### **Anglo-Americans' Iraqi Opposition Is a Farce**

The Bush Administration policy of a "regime change" in Iraq stands exposed as a farce, pushed by the utopian faction inside the U.S. government that intends to keep the war going as a perpetual point of instability. As leading American statesmen Lyndon LaRouche remarked in his President's Day dialogue with supporters, the targetting of Iraq is done simply in order to have a target for the Roman imperial destruction of a state, and the drive will continue, even if Iraq agrees to weapons inspections.

The Iraq war is also causing a civil war inside the Bush Administration. In fact, the factions go back to the 1991 ground battle in the Gulf war, in which a hopelessly inept "march on Baghdad," pushed under the rubric of "Operation Scorpion," was rightly overruled by the Chairman of the Joint Chiefs of Staff under the elder President Bush, Gen. Colin Powell. "Scorpion" was the brainchild of Paul Wolfowitz, then serving in the State Department, and had won the admiration of Dick Cheney, who was then Defense Secretary.

Now, 11 years later, Wolfowitz, the leading warmonger in the Department of Defense, intends to ram through his "Scorpion" operation, with a number of well-place fanatics ensconced in various positions. However, some of the ramming has hit a wall.

Describing this faction fight, on May 10, the usually un-humorous *New York Times* carried a hilarious tale of a war between the State Department/CIA vs. the Wolfowitz/Perle gang in the Defense Department, using factions of anti-Saddam Iraqis as their proxies.

After holding back portions of the Congressional-approved \$97 million for Ahmed Chalabi's Iraqi National Congress (INC) for months, because Chalabi could never account for what he spent, the State Department offered the INC a short-term \$1.1 million per month, with the condition that a State Department official oversee the disbursal of the funds. On advice of Wolfowitz, Perle, et al., the INC replied "no way"—you can keep your money. On May 1, the INC, which is based in London and controlled by the British Foreign Office, posted a notice on its website ([www.inc.org.uk](http://www.inc.org.uk)) that, due to lack of State Department funding, their "Radio Free Iraq" transmission project had been cancelled.

Meanwhile, says the *Times*, the Wolfowitz cabal moved to scotch a State Department-planned meeting of Iraqi opposition leaders slated Germany this summer, to try to pull together an alternative to Chalabi's INC. Chalabi's sponsors boiled over when they learned that the INC was told they could have only one representative at a planning session. State had contracted Washington's Middle East Institute, a think tank that is known to include a number of foreign-service "Arabists" and that is headed by Ambassador Edward Walker, a former Assistant Secretary of State for Near East Affairs. Then, someone pointed out to the Bush Administration that this planned conference—for which \$5 million had been allocated—had a "glaring political vulnerability." Some Sherlock Holmes had discovered that Ed Walker had expressed doubts about the "axis of evil." Rather than allow such sanity to be part of a conference on Iraq, the Christian Zionists on Capitol Hill pulled the funding from the State Department, leaving the INC without funds—for now.

### **Israeli-Linked Neo-Cons Desperate for Iraq War**

While the United Nations Security Council was voting up Resolution 1409 unanimously, with a full vote of 15-0, to change sanctions on Iraq, replacing "oil for food," with a "goods review" list, the utopian warriors of the Defense Policy Board were going into high gear in Germany, demanding war on Iraq—now.

James Woolsey, the former CIA Director, who is a paid consultant for the Iraqi National Congress, held several days of briefings with European journalists, and was widely reported in the German news dailies *Tagesspiegel* and the *Frankfurter Allgemeine Zeitung* as saying that the operation against Iraq should be launched "sooner rather than later," and that the "war on terrorism" would not be over with an Iraq war—but will continue as the *fourth* international, or world, war, after two World Wars and the Cold War (which was on Woolsey's list as the third world war).

Woolsey was backed up by the "Prince of Darkness," Richard Perle, who gave an interview to Germany's widely read magazine *Der Spiegel*, in which he said that weapons inspections in Iraq would never solve the problem, and that if President Bush were to promote a new inspection regime, it would be a backward-oriented policy.

Perle endorses the use of an armed Iraqi opposition in a way comparable to the role of the Northern Alliance in Afghanistan, "and the potential of the Iraqi opposition is bigger." U.S. ground forces are not needed in Iraq, he claimed; everything could be done through air support for the ground forces of the opposition. A true utopian to the end, Perle said that while the U.S. has enough conventional weapons to be able to avoid using nuclear ones in dealing with Iraq, "naturally, no reasonable strategist can rule out their use, in principle."

### **Conservative Columnist Novak Trashes al-Qaeda/Iraq Story**

In his May 13 syndicated column, Robert Novak lampoons the "attack-Iraq advocates outside the government"—William Safire, Kenneth Adelman, James Woolsey—for clinging to the Atta-met-Iraqi-agent-in-Prague story. As for Defense Secretary Rumsfeld, Novak says that when he asked him, Rumsfeld couldn't confirm the story, but fell back on the argument that Iraq and other "terrorist" nations are developing weapons of mass destruction, which could kill "hundreds of thousands of people." But, Novak notes, no one in Washington takes seriously former Israeli Prime Minister Benjamin Netanyahu's recent statement about Iraqi suitcase nukes, and Novak also cites former UN weapons inspector Scott Ritter as saying that Iraq does not currently have a biowarfare capability.

## **Asia News Digest**

### **Korean Business News Interviews LaRouche**

On May 7, under the title "To Make Pusan the Asian Hub," the Seoul, Korea daily *Maeil Business New* published a prominent interview with U.S. Democratic Party Presidential pre-candidate for 2004, Lyndon LaRouche. The interview focussed on the candidate's program for the New Silk Road and Korea's role in this as the "Asian Hub" for Pacific transport and trade.

Asked first about President George W. Bush's "axis of evil" speech, LaRouche is quoted saying that the comment "has no relevance to reality. It is a dangerous thing. I don't believe he created the policy, but that it was created for him ... the complex of advisors around him is dangerous; Wolfowitz, the Deputy Secretary of Defense, typifies the danger. But the problem is not just Republicans. We have people on the Democratic side, such as Sen. Joe Lieberman, former Vice President Al Gore, who are just as bad."

Asked what policy is most desirable to tackle the problems of the Korean Peninsula, LaRouche replied, discussing the New Silk Road: "What is needed is a U.S. policy of seeking cooperation especially in Eurasia, from Western Europe, Russia, East and South Asia, to try to find a program of joint interest in economic development throughout that area. For example, from Pusan to Rotterdam, I think we ought to have one corridor of transportation and development. I think that would transform the situation. I think that Korea has great potential and could be rebuilt as an economy. I think that the development of this railway connection into Russia, China, and into Europe, could be the basis for reviving the economy of not only South Korea, but also for a transformation of the economy in North Korea."

LaRouche was then asked about Seoul's idea to promote Korea, which would be an Eastern terminus of the entire Silk Road, as the "Asian Hub." (The South Korean Ministry of Planning and Budget issued a report on Feb. 22 on making Korea into an "Asian Hub" for all transportation between Europe, Asia, and the Pacific, in conjunction with the South-

North rail link-up. Finance Minister and Deputy Prime Minister Jin Nyum said this would "revive the Silk Road by linking the country to China and Russia under a long-term plan for an international transportation and distribution hub." ) LaRouche told *Maeil Business News* that he supports the Korean hub idea, because "Korea has a very special cultural role within Asia," as a country with a mix of cultures within itself, which has the best advantage for communicating with most nations around it. "Koreans have a very positive role to play, as a part of bringing together other nations, in Asia. It is very important as a factor, potentially, for creating the kind of cooperation between China, Russia, and so forth, that is necessary," he said.

In response to a followup question on the cultural conflicts, LaRouche said that the paradoxes provided an advantage: "And therefore the interesting thing is: How do you become universal in this planet with different cultures? Therefore, a culture which recognizes within itself, the experience of that paradox, has a certain advantage in dealing with the world at large. Korea is, with this Western and Oriental background, so-called—its relationship to China; its experience with Japan; the experience with other countries in the region—the very paradoxical character of the modern history of Korea, is a potential advantage for Korea, in its ability to understand how to deal with the impingement of different cultural strains on its [foreign] relations."

## **LaRouche Associates Score Stunning Victory Against Fascist Laws in Australia**

Australia's John Howard government suffered a humiliating defeat when its fascist anti-terrorist laws were pulled from the Senate on May 15, following an intense nationwide mobilization led by LaRouche's Australian associates in the Citizens Electoral Council (CEC). The fight is by no means over, since the bills will be reintroduced on June 17 when Parliament reconvenes, but the immediate runaway-freight-train attempt to ram them through Parliament with no discussion, has been derailed.

In addition to the very widespread circulation of Lyndon LaRouche's May 1 webcast remarks nailing the Privy Council as being behind this atrocity, a CEC statement denouncing the bills as *identical* to Hitler's *Notverordnung* decree within one week garnered the signatures of over 100 prominent Australians, representing unions, ethnic groups, refugee activists, academics, and former MPs, including the Deputy Prime Minister under nationalist PM Gough Whitlam (sacked by the Queen in 1975). Many of these people were signing something associated with the "extremely controversial LaRouche" (the controversy thanks to Murdoch, B'nai B'rith, and the whole Privy Council gang) for the first time. This statement was released amidst a CEC-organized mass-lobbying effort of MPs and Senators that, the politicians' offices reported, in some cases got as dense as one e-mail per minute! On average, MPs were being bombarded with 200 e-mails per day, and many more phone calls and faxes.

There is no question that the victory was secured by LaRouche's associates. All of the so-called mass organizations, such as the Australian Council of Trade Unions, the churches, the opposition Australian Labor Party (ALP), the Greens, the Democrats, etc., were doing nothing except making nice-sounding, but impotent statements. The ALP had been planning to make a dirty, backroom deal with PM Howard to pass the laws with a few cosmetic amendments. However, just days before the bills were to go before the Senate, an ALP caucus meeting unexpectedly decided upon a much tougher stance, including amendments to the most draconian aspects of the bills, which broke the deal. A left-wing ALP staffer attributed the shift to the CEC: "We're still not happy, because we'd like to see them dumped altogether, but the new position is much better than it was going to be, thanks to your mobilization."

Following this decision by the ALP, the government was confronted with a revolt by MPs in its own party, which is almost unprecedented. Reportedly, attempts by the Attorney General to broker a compromise to ram the bills through, were met with a "hostile" reaction by his own party members, and the bills were quietly pulled from the Senate schedule. The government plans to use the next month, when Parliament isn't sitting, to broker a quiet compromise with the ALP to pass them in June.

The CEC is already expanding its mobilization to kill the bills entirely. The incontestably fascist content of the laws can be seen by referring to [EIW's edition #8](#), but the summary of Sydney University Law Professor George Williams makes the point: "Initially I thought this legislation was some sort of hoax, because this bill contains the essential apparatus of a police state."

## **The Israeli Factor in Indian Subcontinent Terrorism and Instability**

*Derivative Assassination—Who Killed Indira Gandhi?*, the 1985 book by the editors of *Executive Intelligence Review*, provides fruitful leads in assessing the promotion of a Hindu-Muslim conflict across the India-Pakistan border at the present time. The working hypothesis is that the fascist utopians who are deploying the Sharon/Likud networks for war in the Middle East, are deploying their close allies for a conflagration on the Indian subcontinent.

Back during the 1980s, a gaggle of Israeli Jabotinskyites and U.S.-based neo-conservatives, penetrated into the Reagan-Bush Administration, were at the heart of the networks destabilizing the Indian subcontinent, including those who carried out the assassination of Indian Prime Minister Indira Gandhi. At the time, the Sikhs were a key capability of this Israeli-linked network, as shown by the role of Sikh extremists in the Gandhi murder. As *Derivative Assassination* highlighted, a key Reagan-Bush Administration player was Elliott Abrams, who is now back at the George W. Bush National Security Council. Abrams helped the Sikh radicals to establish a base in Ecuador, where they worked directly with Gen. Rehavam Ze'evi (and later Israeli Tourism Minister, assassinated in 2001.), the Israeli mafia figure and fascist who was allied with Sharon and "Dirty" Rafi Eytan. Ze'evi had left the post of Terror Against Terror advisor to Prime Minister Begin, passing the job on to Eytan, in order to run the Latin American drugs-for-guns operations that he and Sharon set up with a 1980 trip to Honduras.

Another leading Mossad link to the Hindu radicals and Sikhs in Canada was Col. Yoram Hamizrahi (IDF-ret.), who had been a key military operative for Sharon in southern Lebanon, and who, after a stint as BBC "reporter" in Lebanon, moved to Winnipeg, Canada, where he was the Israeli handler of the Sikh terror apparatus that ran amok in western Canada in the 1980s. A key figure inside the Indian Armed Forces, who facilitated the Israeli Jabotinskyite penetration of India's security structures, was Gen. J.F.R. Jacob, who became Chief of Staff of the Indian Army. Jacob's family came to India from the Holy Land, right after the Romans destroyed the Second Temple in Jerusalem and drove the Jews out of Judah. He became a pivotal figure in a network, later filled out by the migration of Syrian Jews from Aleppo, including the mob-linked Dwek family. When the Likud came into power in 1977, Jacob and this apparatus arranged a series of secret trips to India by Moshe Dayan, during which deeper Israeli-Indian military-to-military ties were established.

Close military ties between sections of the Indian leadership and the Israelis have continued to the present day, with the palpable result of inflaming the Hindu-Muslim conflict.

## **Taiwan's President Asserts Independence, in *Newsweek***

Taiwan President Chen Shui-Bian issued a provocation against China in an interview published in the May 20 issue of *Newsweek*. "No matter if you agree or not, whether you accept it or not, Taiwan is an independent country," Chen Shui-He said. He praised President Bush for referring to Taiwan as a "country," and calling it the "Republic of Taiwan."

The Taiwan President's increasing aggressivity may have created conditions for a realignment inside Taiwan, that could defeat him. It was announced May 13 that Lien Chan, the head of the Nationalist Party (GMD), has called on James Soong and his People's First Party to run as a coalition, and that "Together we shall prevail." Soong left the GMD when he refused to back Lien Chan as the Presidential candidate. With Lien's mentor, former President Lee Teng-hui, out of the party, running a Taiwan independence movement, it may be possible for Soong to work with Lien Chan, around a common objective of reconciliation with the mainland.



## **Lawsuit Charging Treason Filed Against Generals Behind Coup Against Estrada**

A suit charging treason was filed May 16, against the Philippine generals who carried out the coup against President Joseph Estrada on Jan. 19, 2001. The five who brought the suit are the publishers of the *Daily Tribune* and the Malaya newspapers, and three journalists.

At the time of the coup, the Supreme Court ruled that the swearing in of then-Vice President Gloria Macapagal-Arroyo as President was legal (although, in fact, they swore her in only as "acting President"—but that is a separate issue), but the Court did not rule either on the mutiny against the Commander-in-Chief (President Estrada), nor the issue of "mob rule." General Angelo Reyes, then the Chief of Staff and now the Defense Secretary, justified his withdrawal of support for his commander by saying: "Things would have become more uncontrollable if I did not lead the move, so I decided to withdraw support from the former President."

The fact is, to the contrary, that Gen. Reyes was supporting the President until former President Gen. Fidel Ramos, fresh off the plane from Washington, took him in a back room (after telling the press that the Army would soon turn against the President), and gave him his lines, to mutiny against the President/Commander-in-Chief. Army Chief Gen. Diomedio Villanueva was even more defensive in response to the charges: "How could I defend the former President who was no longer acceptable to the people?"

Which people, General? The fact that the suit, which was filed before the Ombudsman, was given prominent press coverage in most of the Philippine press, and around the world, would indicate that the case may not be swept under the rug too easily. Together with the ongoing exposé of the corrupt energy contracts negotiated by Ramos, which *EIR* exposed in a [White Paper](#) last year, Ramos has been placed in a vise.

## **U.S. Utopian Militarists Move for Asia Expansion**

The Singapore Defense Ministry announced May 15 that Singapore will host an "Asian Wehrkunde" Conference May 31-June 2. Sponsored by London's International Institute of Strategic Studies, the meeting will invite Defense Ministers from the Asia Pacific region, and the U.S., Britain, Russia, and Canada. It is reported to be a "supplement" to the ARF (Asian Regional Forum) meeting in Brunei scheduled for July. U.S. Deputy Defense Secretary Paul Wolfowitz, the Administration's most vocal proponent of the utopian perpetual-warfare doctrine, and British Defense Minister Hoon, are scheduled to attend. Lee Kuan Yew will open the meeting.

The calling of this conference is very much in keeping with the carrot-and-stick approach being used to expand U.S. military deployments in the region. Otherwise, Secretary of Defense Donald Rumsfeld announced the Bush Administration's policy of reopening military ties to Indonesia earlier last week, while the U.S./Thailand/Singapore Cobra Gold exercises are getting underway in Thailand at double their former size, and the United States and India last week held their first joint military exercises in 40 years, in the midst of discussions of closer military ties.

One of the views of the U.S. military expansion in the region, was reflected by Malaysia's Prime Minister Mahathir Muhammad during an interview with CNN May 16. Asked whether the U.S. should maintain a military presence in the region, Dr. Mahathir said:

"I don't believe that having a military presence there is going to help. You are merely going to make the Chinese nervous. You are going to make them feel that they are the future enemy. And when you treat people as your future enemy, they will become your present enemy."



## **UN Envoy Urges Reconciliation, Not Retribution in Myanmar**

According to an extensive article in the *Far East Economic Review* of May 16, the United Nations' envoy to Myanmar has floated a reconciliation proposal based on the principle of "no retribution." UN envoy and senior Malaysian diplomat Razali Ismail hopes to reach a more substantial resolution of relations between the ruling State Peace and Development Council, the opposition National League for Democracy of Aung San Suu Kyi, and ethnic minority groups.

When Aung San Suu Kyi was released from 19 months of house detention on May 6, Razali said the next major hurdle would be a new national election within two to three years. *FEER* article author Barry Wain points to an intermediate step in that direction, which has important ramifications for any election. Wain indicates that Razali plans to create a regional component in any overall settlement. The nine other ASEAN members could be asked to guarantee a proposal to grant immunity from prosecution to *anyone*—pro-democracy demonstrators or military—who was involved in the popular uprising in 1988. With senior officers given freedom of movement within ASEAN, they would be less likely to fear retribution after handing over power to a civilian administration.

Commenting on Razali's role as UN envoy, Junta spokesman Col. Hla Min said, "He has been very helpful in giving his thoughts and opinions on what is going on in the world and what should happen. He has done it in such a friendly way that both sides could be receptive to his advice."

Razali had the full support from both UN Secretary General Kofi Annan and Malaysian Prime Minister Dr. Mahathir, with aid from Japan. On May 10, Japan pledged \$4.91 million in grant aid to Myanmar to restore six power turbines in the Baluchaung hydroelectric power station in Kayah State, which provides 30% of the country's power supply. Japan's Ambassador Shigeru Tsumori met with Suu Kyi the same day to brief her on Japan's aid policy. In April, Japan had pledged \$6.2 million to upgrade medical equipment in three hospitals in the capital, Yangon.

## **Nepal Bloodshed Continues After Bush Pledges Anti-Terrorism Support**

Reports of May 14 from Kathmandu say that an estimated 500 Maoists stormed the Mahendra Sanskrit University in Dang, West Nepal, setting fire to the building and destroying office records. No injuries were reported. This report only says that the Maoists oppose the teaching of Sanskrit. This incident occurred while Nepal's Prime Minister Sher Bahadur Deuba was still out of the country, on an international tour that hit Washington, and London (see *EIW* #8).

While Prime Minister Deuba got promises of \$20 million in aid and "advisors" from Washington, British Prime Minister Tony Blair offered no clear aid or arms to Nepal. Blair spent only a few minutes with Prime Minister Deuba, leaving the tougher talks to Overseas Aid Minister Clare Short and Junior Defense Minister Adam Ingram. Short's only comment on the meeting was that the talks had focused on reforms, better spending, and the need for "more effective military, but less repression." After this cautious reception, a Downing Street spokesman delivered the message that Blair's government "welcomed the excellent security relationship between the two countries, and agreed on the urgent need to tackle Maoist insurgency in Nepal."

## **Cooperation Surrounds Visit by South Korean Leader to Seoul**

Representative Park Geun-Hye, eldest daughter of the late South Korean President Park Chung-Hee, went to Pyongyang, North Korea, and it is coming out that the North Korean leadership, including National Defense Commission Chairman Kim Jong-il, "privately admire what Park accomplished," South Korea's *Yonhap News* said May 13. President Park, who ruled South Korea during 1963-79, is reviled from the Korean left to the center, not to mention in Pyongyang, as a brutal dictator, which he was. Park, however, also turned South Korea from a mud-rut rubblefield with a living standard below

that of most of Africa, into the world's 11th industrial power, in under 15 years. Many in South Korea, even on the left, believe that Park was assassinated in 1979 by KCIA agents on orders from the Carter Administration, to halt his policy to build dozens of nuclear power plants, to gain Korea energy independence from the oil cartel.

In the North Korean *Grand Encyclopedia*, Park is described as a "pro-U.S., pro-Japan traitor and President of a puppet South Korean government" and "the most vicious anti-unification madman out of all South Korean rulers." However, North Korean Chairman Kim in late 2000 told editors of major South Korean media, "The future generation, not the current one, should judge President Park." During a meeting with the late Hyundai founder Chung Ju-yung in October 1999, Chairman Kim also said, "President Park paved the way for economic development," following which the North Korean news media's criticism of Park stopped suddenly.

Park's daughter, chairman of the new Korea Coalition for the Future, a political party she is seeking to launch, met the North Korean leader in her capacity as a board member of the EU-Korea Foundation, a group of diplomats stationed in Seoul from 24 EU countries and some 600 European businessmen. Given all this, it is hard to believe that the Iron Silk Road from Korea to Europe will not be central to the discussions. If Park does run for President in the December elections, her third-party candidacy could prove decisive to determining the outcome. Upon her return to South Korea, Park reported that North Korean leader Kim Jong-il has reaffirmed his willingness to make a return visit to South Korea. "Although no specific dates were mentioned, the North's leader said he would keep his promise," Park told the press.

### **Shanghai Cooperation Organization Defense Ministers Meet**

Chinese Defense Minister Chi Haotian was in Moscow on May 13-16, meeting his counterparts from four other nations of the Shanghai Cooperation Organization, which also includes Russia, Kyrgyzstan, Tajikistan, and Kazakstan. Uzbekistan, also a member, was not represented.

It should be noted that Uzbekistan has the closest relations with the United States of the Central Asian republics, and is a key base for U.S. and allies' "war on terrorism" operations into southern Eurasia.

On May 14, the ministers signed a joint communiqué on military cooperation. They decided to establish a senior defense commission, and to hold joint anti-terrorist training in Central Asia.

Chi met in Moscow with Russian Defense Minister Sergei Ivanov, to discuss deepening military bilateral relations, and safeguarding international strategic stability.

## **AFRICA NEWS DIGEST**

### **International Sanctions Are Not Isolating Zimbabwe**

The fact that Zimbabwe President Robert Mugabe and other Zimbabwean government officials spent a week in New York, during which the President addressed the UN General Assembly Special Summit on Children May 10, and the delegation suffered no restrictions on its movements at all, proves that the so-called smart sanctions imposed by the U.S. and EU on that nation "have failed to work," said Minister of Foreign Affairs Stan Mudenge, as quoted in the Zimbabwean paper *The Herald* on May 13. Mugabe also held talks with UN Secretary General Kofi Annan and former U.S. envoy and Atlanta Mayor Andrew Young.

Mugabe reportedly received a standing ovation after his address, which "highlighted Zimbabwe's achievements in alleviating the plight of children." "He castigated the racially imbalanced distribution of land in Zimbabwe, which had

impacted negatively on the ability of the country's children to fully enjoy their rights," reported *The Herald*. Said Mudenge, "We wanted to demonstrate that the sanctions will not stop us from carrying out our diplomatic functions ... our international intercourse is not affected by the sanctions." Mudenge said it was only Zimbabwe's relations with the European Union that may be affected by the sanctions, but pointed out that Mugabe, on his way to and from New York, had used Paris to get connecting flights, where "everybody on the delegation was free to go into town."

### **London's IISS Foresees Intervention Against Zimbabwe**

The International Institute of Strategic Studies (IISS), based in London, issued a report May 9, which foresaw aggressive diplomatic, economic, or military intervention in Zimbabwe, saying that peaceful political change is "almost inconceivable." The IISS report identified Zimbabwe as the continent's "prime concern," according to SAPA, the South African Press Association.

The IISS report said that, "Despite condemnation as well as diplomatic and economic isolation by virtually all major powers, the refusal of regional leaders—in particular South African President Thabo Mbeki—to seriously question the [election] result helped Mugabe to remain unrepentant for his coercive land seizures and gross economic irresponsibility." "Either humanitarian disaster or a further deterioration in security could prompt aggressive outside diplomatic, economic or even military intervention."

In fact, there is still an impasse in negotiations between the parties within Zimbabwe, but this impasse itself is directly related to foreign interference and pressure on that nation.

### **Congress Shows Interest in Chad-Cameroon Oil**

The Chad-Cameroon Oil Development Project was the subject of Africa Subcommittee hearings in the U.S. House of Representatives April 19. Africa Subcommittee Chairman Ed Royce (R-Calif) testified that "The U.S. has many interests in the success of this project. At \$3.7 billion, it will be the largest U.S. investment in Africa. Our country has a growing interest in Africa's energy development. By 2015, up to 25% of U.S. oil imports are expected to come from Africa.... This project holds the promise of learning lessons and establishing precedents important to Africa at large and the United States." Oil is expected to start flowing through the pipeline of the Chad-Cameroon pipeline project, in 2003.

The Chad-Cameroon project, which broke ground in 2000, is expected to produce approximately 1 billion barrels of oil over the 25-30 year life of the project. The partnership involved in the \$3.5-billion effort "between energy companies, the World Bank and the governments of Chad and Cameroon is unprecedented," noted Royce. Donald R. Norland, a former U.S. Ambassador to Chad who also testified, said that the World Bank "has helped to design an effective revenue management system, and that Chad's government has approved strict legislation designating how the revenue can be used." Subcommittee chairman Royce added that an oversight committee "including Chadian civil society members will monitor project revenue."

Ahmedou Ould-Abdallah, a former Ambassador to the U.S. from Mauritania and now executive secretary of the Washington-based Global Coalition for Africa, in his testimony referred to the plans for extensive control over revenue and chortled that "now there is a new paradigm for oil development in Africa." He said the project "could rightly be considered one of the first concrete operations of NEPAD [the New Partnership for Africa's Development]." But Committee chairman Royce, in his prepared statement for the *Congressional Record*, stated that "It will be the role of the World Bank and the U.S. to help Chad's government honor its commitment, even if it should resist."

### **U.S. Looking Toward Oil Supplies from West Africa**

It's not just the Congress that is looking at West African oil. According to an influential European figure who just returned from Nigeria, and spoke to our report May 13, the U.S. is making a big strategic shift toward procurement of crucial oil and gas supplies from West Africa, in anticipation of future disruptions of supply from Saudi Arabia and environs. This individual is personally close to Nigerian President Olusegun Obasanjo, and is playing a role in this "reconfiguration." He said:

"There is no question that the Americans are very much focussed now on Western Africa. There have been important new finds, in recent weeks, of not only oil, which gets more publicity, but also gas. American oil companies are very much involved in this." He continued: "Obasanjo has just created a new 'Association of the Gulf of Guinea Oil Producers.' It includes Gabon, Angola, Cameroon, and Cape Verde. All these countries have very good relations with Nigeria, and Nigeria, of course, is the key. It will be a powerful bloc, and provides the Americans with a future alternative to the Middle East."

According to this individual: "The 'signal' article on this theme, appeared in *Time* magazine in late April, under the headline, 'Can We Do Without the Saudis?' The answer was, emphatically, 'Yes.' The alternatives will be Russia, which plans to build tankers for future shipments to the U.S., and which has almost limitless reserves, and West Africa." The source added: "The Americans are also looking at Venezuela, but that depends [here he chortled] on the second coup against Chavez. Do you think those demonstrations on the streets are spontaneous? Washington is planning the next phase."

Asked when he expected the "disruptions" to begin in Saudi Arabia, he responded, "Yesterday." He insisted that the Israelis would "help cause mayhem," to ensure "disruptions" in the Middle East, and that the Israelis have been hyperactive in Washington, pushing the "West Africa alternative."

Others of our sources have expressed tremendous skepticism about the practicality of such a perspective.

## This Week in History

### May 20-26, 1933

The third *major* emergency powers measure enacted by the Roosevelt Administration was the National Industrial Recovery Act (NIRA), a measure which has come down in history as evidence of the "corporatist" nature of FDR's New Deal. In fact, the NRA was a mixed bag, which adopted measures of varying endurance to accomplish the objectives of increasing employment and protecting the wages and working conditions of the U.S. labor force. The fact that some of Roosevelt's brain trust wanted to do this by restricting production, and creating mini-cartels—measures that were later ruled unconstitutional by the U.S. Supreme Court—does not take away from the value of the goals.

Indeed, prior to the drafting of the NIRA, a powerful grouping in the Senate had already passed a bill proposed Alabama Senator Hugo Black, which would mandate a 30-hour week, in order to "spread" the work around. This measure was something which FDR's core group of advisors wanted to head off at the pass.

The NIRA was introduced on May 17, under the theme of creating a "partnership" between private industry and government in bringing about an economic recovery. It had three Titles, which broke down as follows:

Title I declared a national emergency, under which there would be a partial suspension of anti-trust laws, in order to permit industries, in collaboration with the government, to draw up industry-wide codes setting certain standards on wages, prices, working conditions, and the like. The codes, according to FDR advisor Raymond Moley, were intended to be enforceable

by the courts.

One of the most lasting, and popular, provisions of Title I was what came to be known as 7 (a), the section which guaranteed labor's rights to collective bargaining, maximum hours, and minimum wages. It was under this provision that the leaders of U.S. labor, headed by United Mineworkers head John L. Lewis, ran a massive organizing campaign, under the title "The President Wants You To Join the Union!" The impact of this effort was such that it could not be reversed, even with the Supreme Court's 1935 decision to declare the NIRA unconstitutional.

Title II of the NIRA invoked the existence of the national emergency in order to create the Public Works Administration, whose administrator was authorized to spend a massive sum—\$3.3 billion—on major public works projects throughout the United States.

Title III was a funding provision for the NIRA. Tax issues being as sensitive then as they are today, and the public being inflamed by ongoing hearings about the tax scofflawing of J.P. Morgan and his friends, the funding mechanism passed was an increase in the income tax.

In addition, the PWA developed a novel, but useful, way to aid cities and towns to finance the building of infrastructure. The Depression had left citizens unable to pay local property and other taxes, without which cities and towns could not maintain capital investment for infrastructure. In June 1933, even good municipal bonds were quoted at a 30-40% discount, meaning that investors were not buying them. Further, the yield on a bond for 20 "standard" cities, as reported by *Bond Buyer* magazine, stood at 5.7%, an interest rate far too high for a city or town to pay in a depression.

The PWA set up a financing mechanism: First, it would purchase the bonds of a city or town at full par value, disregarding the "market" discount. Second, any qualifying municipality could issue a new bond at a 4% interest rate—rather than the prevailing yield of 5.7%—and the PWA would buy it. This rejuvenated the municipal bond market, enabling municipalities to engage in infrastructure building; and, as cities recovered and paid off their bonds with interest, the PWA made money.

In addition, once a local infrastructure project was designed and approved, the PWA would pay, through grants and loans, more than 50% of its construction cost.

From the beginning, President Roosevelt conceived of the NIRA as a whole, but wanted its administration to be divided into two parts. For the industrial codes, he appointed General Hugh Johnson, a veteran of the War Industries Board in World War I, to take charge of organizing industry standards. For the public works, FDR appointed Interior Secretary Harold Ickes, a Chicago lawyer who was to have a long and colorful history in the Roosevelt Administrations.

Unlike the earliest emergency measures, the NIRA was subject to huge controversy which delayed its passage, primarily in the Senate. The House of Representatives voted for the bill, by the margin of 325 to 76, on May 26—only a week after introduction. The Senate, which saw opposition from conservatives to the price-fixing, as well as to the labor rights segments, did not pass the bill until June 13, and then only by a margin of 46 to 39. The NIRA went into effect on June 16, 1933. While, due to its problematic features, it should not be taken as a model for today, it was an initiative that should be understood by those seeking to resolve today's depression crisis.

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