

## Electronic Intelligence Weekly

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## YOU NEED TO KNOW THIS WEEK:

### The Blinded Cyclops Stumbles On

It requires some understanding of the Constitutional institution of the U.S. Presidency, to understand that it has been the U.S. non-Presidency of 2002 to date, which has been the cause of the unbroken chain of disasters being visited on the world from Washington today. At the same time, anyone who may hope to make a difference for the better at this moment of crisis, must first scornfully reject the canard that history is determined by objective laws. History is determined by the intentions of men and women, although often, of course, differently than they might wish it.

Take the misassessments of Colin Powell's recent mission.

Not the least of the reasons Colin Powell was sent on his errand to the Mideast, was to help Powell's enemies get rid of him, after the inevitable wretched failure of his mission. Once the President made it clear that he would refuse to back up his Secretary of State, Powell was in an impossible position.

To say, as some Arabs and others are now saying, "Powell should have done this; Powell could have done that," is wishful thinking. They forget that Powell is working for someone else. In reality, he was in no position to do anything contrary to his assigned mission.

Now, Powell's political existence is jeopardized by the fact that he is working for Bush, who is showing signs of madness. Powell is seen as a slave of Bush. You might as well refer to the State Department headquarters as "Uncle Tom's Cabin," instead of Foggy Bottom!

But the real question is: Is, or is not George Bush a *de facto* lame duck? If you fail to ask that question, you are sure to get all the wrong answers.

Take another tragic misassessment. Those Pentagon generals who privately reject the insanity of Bush's "party line" that Sharon is a "man of peace," but who do nothing, are like the saner circles in Europe, who disagree, but won't act. One can see them all saying, years afterwards, "Oh, we didn't like it. But we couldn't do much." They resemble the German generals who waited until July 1944, to try to get rid of Hitler. Nor could those German generals claim that they had waited so long because they were great pacifists. Hadn't they gone along with the mass political murders of 1934?

Nothing short of Bush's going to the Mideast himself, to bang heads and stop the genocide, can forestall the slide towards World War III at this late date. And the damn bastards here who have taken control of the President, will kill him if he does. They're not playing for marbles, you know. Even if they've lost their marbles.

Bush cleared the way for this genocidal war when he put the blame on Arafat. Now, whatever new atrocity Sharon and the

IDF dream up, or copy from the Nazis, Bush only says, "Arafat made them do it."

Washington's indifference to mass deaths of unarmed Palestinian civilians, has been rightly compared with its insouciance about civilian casualties in Afghanistan. Whenever that question is raised, Rumsfeld replies insanely that the terrorists who crashed their planes into the Twin Towers, were not worried about civilian casualties. But that answer does not really come from Rumsfeld, and may not reflect Rumsfeld's thinking. It is the "party line" which has come down from the President.

The President is a man of a limited mind. Emotionally and in other ways.

### **The enemy plays this factor.**

What brought us to this pass? The fact that the two "front-runners" in the dip-and-drip derby of the Year 2,000 elections, were both incompetent to hold that office under inevitably unfolding conditions. This reduction of the choice of President to two incompetents, was already foreordained by March 2000, when the list of "leading candidates" was pared down to include only candidates, one of whom was mentally unbalanced and the other mentally incompetent for that office. President Clinton must share the blame for this; he helped bring it about, when he caved in to Al Gore's blackmail.

The Establishment is now seeing the consequences of their decision to install a non-President in power in January 2001. It's not that they chose Bush. They just created the preconditions, by eliminating any possibly qualified candidate, for a non-President to be in office as the present crisis plays out. Now they see the consequences, and some people who are not totally insane are now realizing what a God-awful mess they helped create. They have to face the reality of the decision to make a non-President.

There was the hope that incumbency might have changed George W. Bush. He did surprisingly well for a while, but went over the edge about the end of 2001. Now, it is widely recognized, especially since the President's foolish description of Sharon as "a man of peace," that the President is not fully in charge of himself.

Now, competing groups of wild-eyed fanatics, otherworldly utopians, are inventing policies in order to control the President. Bush signs on to their various nutty policies, by reading them aloud on television, as they appear on his teleprompter.

Lyndon LaRouche described years ago, how the same utopians similarly controlled another, earlier, President of limited mind,--Jimmy Carter,--by making up policies to do it.

In rough paraphrase:

"Why, Mr. President, only last week you made yourself perfectly clear on this question!"

"I did?"

"Yes, you did, sir. And now your enemies have chosen to publicly defy you on just this point. You have to punish them!"

"Yes, I suppose you must be right. How do you think I should go about it?...."

The incumbent is behaving as a tormented drop-out from the third grade of a reform school. He has become a virtually sensory-deprived victim of policies which seem to have been made by an evil teleprompter, all the while the President's

father, as if up in the attic, is stamping frantically on the floor above.

Therefore, don't fall for the cheap-shot analyses which say there is some sort of master plan in Washington. There isn't. As the President is totally controlled by conflicting interests, none of which has any relationship to crucial actual issues of national security, the blinded Cyclops stumbles on.

## **FLASH!**

### **LaRouche on Egyptian TV: Talking About Middle East, World Crises**

2004 Presidential pre-candidate Lyndon H. LaRouche, Jr. was interviewed April 12 for the Egyptian television program "Good Morning, Egypt." The interview, conducted on April 12 by Washington-based correspondent Hanan Elbadry, was also scheduled to be broadcast on the American public-access cable-TV program "The LaRouche Connection."

#### **Asked about about American policy toward the Middle East crisis, LaRouche responded as follows:**

"It's a tragic disaster, at this point. It is not a simple disaster, because I believe that the President of the United States does not really know what he is doing. That is, he is so controlled by a small group of people, which, probably except for [U.S. Secretary of State Colin] Powell, are pretty much on the insane line we're hearing. And, he's acting under tremendous pressure, from a lobby inside the United States, which has made very clear, to the President, that, if he does anything to offend Sharon, his brother will lose the election in Florida; and, many in the Republican Party, will lose posts all over the country. So, we have a situation, which is complicated by a President of limitations--that is, of conceptual limitations: He truly does not understand the situation. He probably despises Sharon personally, privately. But he's convinced that his political party, and he, depend upon not offending Sharon, at this time. And so, he's in an impossible, tragic situation.

"What is happening on the other side, is, the danger is: We're now in a situation from a military standpoint, where, what Sharon is doing can not work; what the IDF [Israel Defense Force] is doing can not work. You can not fight war this way.

"Rabin understood that--Prime Minister Rabin. Rabin, therefore, made an agreement with Arafat, and met with Arafat, on what became known as the Oslo Plan: not because Rabin likes Arabs, but because Rabin realized, that they had to learn to live together at peace, because the alternative was something exactly like what is happening now, in Palestine and Israel--this nightmare, which is actually a copy of the Nazi operation against the Warsaw Ghetto. *Exactly*, literally: no difference whatsoever.

"So, it's an impossible situation. But, this becomes, then, a trigger, which I think everybody in the region understands: This is a trigger for a wider war. Because Israel can not continue this internal operation, within the bounds of Palestine and Israel, at the present time. It will have to expand the war, or collapse. The immediate targets are Syria, through Lebanon; Iraq; possibly Iran. But, you have to remember, that the Israeli command is not only Nazi-like in its thinking (not all Israelis, of course, but *these* people); but, they also are operating on a conception, in which they can do anything.

"So, my concern is, in evaluating this situation: Europeans are resisting--not effectively, but they're resisting; the importance of their resistance is, they're putting pressure on the United States. The United States, alone, might not be able to stop Israel from doing what it's doing. But if the United States were to come over to the side of what some of the Arab nations and the Europeans are saying, that combination of forces *could* stop this horror-show.

"That's my hope....

"The Democratic Party is pretty much taken over. The Democratic Party, frankly, would probably be worse than the Republican Party, on Middle East questions, because of the leadership, and the financial control over it. Gore, for example: Gore would have been worse than Bush, by far. Lieberman would be as bad as Bush. Gore is stupid, but Lieberman is clever, and intelligent. But, he's also bad....

"The problem, in most countries, is popular opinion: We know this, in all countries. One of the controlling factors, which is called 'democracy'--it's not really democracy, it doesn't mean anything, but, it's popular opinion. Swings in popular opinion can cause governments to do things that are insane, or topple governments, that are trying to do something sane. The problem is, we don't have, really, a healthy society in the world today. The individual does not feel that they are a responsible member of society. They feel they are a *victim* of society, who can protest; who are swung by moods.

"The United States is one of the worst: We are more controlled, in the United States, than in Europe, or probably in most other nations of the world, by manufactured, orchestrated public opinion, through mass media. We're the greatest victims of it. This is a development, which became worse over the past 35 years, since about 1965. Popular-opinion swings dominate. Therefore, yes, it is a problem. And popular opinion, in the United States--in my experience, with this population, as with other ones--is that, only the perception of a *fundamental crisis*, a fundamental economic and other crisis, will convince American popular opinion *to break out* of the present mode. That is: If they perceive that the depression is the major issue--the economic depression--they're going to respond to the major issue: the depression. That will force a change in the agenda of thinking inside the United States. Now, that crisis is coming on fast. It's coming on around the world."

Asked how the American Arab, or Muslim, can play a role in this November's election, LaRouche answered:

"Well, the problem is--what I've been trying to do, myself, in this connection: I've been put into a unique situation, personally, because I understand the situation--understand the situation here; I understand the situation in the so-called Islamic countries, which are targetted. I have people I know in these countries; I understand them, as much as any outsider would understand them. Therefore, I've tried to look at this from the top down: I understand the anger of the Palestinians. I understand the frustration of the Arab countries, around there. I understand the fear and anxiety of the Islamic population, as a totality--and others, as well. They tend to react with rage. If they believe there is no hope, for a better policy, from the United States and from Europe, they're going to become more and more angry. Which is bad for these countries, because they will tend to be more easily destabilized by their own, accumulated rage.

"So, what I try to do, is to say to my friends abroad--Islamic countries, Arab countries: 'Here's the way we must discuss the situation--not *you* discuss the situation; not *me* discuss the situation--how should *we* discuss *our common problem*? We're trying to save civilization. Forget the so-called "differences." We're trying to save civilization. You're capable of a rational solution--well, let's concentrate on it.'

"If we do that, *then*, the targetted populations of Americans--of Arab-Americans and others--then have a sense that there's somebody representing a position, which corresponds to two things: They are Americans; they have thought of themselves as Americans. They didn't think of themselves as immigrants: They've been here for two, three generations, or longer. They think of themselves as being Americans, with families and connections abroad. And, they've reacted, as they supported the Bush campaign, largely, in the last election--as they thought that Gore was worse than Bush on policies of their concern. And many of them mobilized to support the Bush election. Now, they feel betrayed by Bush. So, my sense, is to encourage them--and I would hope that others would do the same--to think of themselves as: They're American citizens, or American residents, whose immediate, personal interests are here; who have to find a way of expressing *their* views, here, but on the same level as people abroad, realize we have a common concern."

## LaRouche Campaign Announces Live Audio Webcast

LaRouche in 2004, the campaign committee of Lyndon LaRouche, who is seeking the Democratic Party Presidential nomination in 2004, released an announcement last week of the candidate's next planned webcast.

The campaign press release, headlined "The Middle East Blowback Effect," reads:

"The Israeli invasion of the Palestinian Authority has brought the world to the brink of a new religious war--the 'Clash of Civilizations' that has been promoted by Samuel P. Huntington, Zbigniew Brzezinski, et al. The principal motive behind their drive for a new Thirty Years' War is the doom of the financial and monetary system. Lyndon LaRouche, in a live audio webcast dialogue, will present clear-cut solutions to this war and global economic collapse.

"The webcast will occur on Wednesday, May 1, 2002, 1:00-5:00 p.m. Eastern Daylight Time; [www.larouchein2004.com](http://www.larouchein2004.com)."

## This Week in History

### April 19, 1943: On the Anniversary of the Warsaw Ghetto Uprising

We reprint here a statement issued April 19 by Nancy Spannaus, author of *EIW's* THIS WEEK IN HISTORY feature and the editor-in-chief of *New Federalist* newspaper; she is also a candidate for the U.S. Senate from Virginia, and it was in that capacity that she released this statement.

\* \* \*

Today, April 19, those who cherish the noble fight for human dignity throughout history, commemorate the beginning of the Warsaw Ghetto Uprising in 1943. Just as the Nazi Waffen-SS moved into the Warsaw Ghetto to liquidate the 56,000 Jews who had survived their two-and-a-half-year campaign of starvation, deportations, and assassinations, a dedicated core of Jewish youth launched a fierce resistance. Knowing that the Nazis planned to liquidate them all, they determined to give their lives in all-out battle, a battle that could serve as an inspiration to those who would live on to fight for justice for all peoples.

Four weeks later, when Waffen-SS Commander Juergen Stroop could finally report to Adolf Hitler, "The Warsaw Ghetto is no more," those Jewish fighters had changed history. Their lives, and deaths, had sanctified European Jewry and all mankind, because, by standing up as heroes against hopeless odds, they had given purpose to both their lives and their deaths.

Fifty-nine years later, we face the horror of the repetition of the Warsaw Ghetto policy, this time in the Israeli-occupied areas of Palestine. The Israel Defense Force is moving on the West Bank, and especially, the refugee camps, such as the now virtually liquidated Jenin. For this purpose, they have used tactics copied directly from their studies of the Nazi reports on the methods used against the Warsaw Ghetto: Starvation, isolation, denial of medical care, targetted and indiscriminate shootings, and finally, the mowing down of building after building by use of heavy artillery and fire, against civilians and resisters alike. These are the Israeli government's faithful imitations of Nazi methods, methods which the world now sees displayed across its TV screens and newspapers.

This fact has been documented without doubt by humanitarian agencies, journalists, many Israelis, and the victims themselves.

The Palestinian youth, like the Jewish youth in Warsaw decades ago, also decided to put up a heroic resistance. Like the Jewish fighters of the Warsaw Ghetto, they responded to their families being butchered. They too, facing overwhelming force, launched what would appear to be a hopeless struggle, in order to save their dignity, and inspire future generations to defeat forces like those Nazis in Warsaw. The two-week battle of Jenin was, thus, the Warsaw Ghetto uprising of the Palestinians.

The Israeli-Palestinian crisis did not have to come to this. It was the need to prevent a continued escalation of such seemingly endless attack and retaliation, murder and revenge, the constant bloodletting, which led Israeli Prime Minister Yitzhak Rabin to conclude the Oslo Accords with Palestinian President Yasser Arafat, in 1993. Rabin, an Israeli general, hardened in wars with the Palestinians, finally understood, in that degree, the principle of the Treaty of Westphalia, by which warring parties must choose, at some point, to put aside their grudges, and collaborate for a future beneficial to both. The only real war-winning strategy is a strategy, not for exterminating the enemy, but improving both his, and our own, situation in life.

Former Israeli statesman Abba Eban expressed the crucial point in an article on the Oslo Accords in September 1993. He wrote: "The fact that these 1.8 million people [the Palestinian population] have neither the human rights of Israeli citizens, nor the ability to establish a separate political identity, violates our nation's democratic structure. It is a society in which Palestinians have nothing to lose, and Israelis have nothing to gain. That is why we have both agreed to disengage from it.... To prefer the previous situation to the current one would be to prefer war and death to peace and life."

Eban was expressing the need for an *axiomatic* change in the Israeli leadership. Yet, clearly, there was not a consensus in Israel for the perspective of Rabin, or Eban. The Nov. 4, 1995 assassination of the peace-making Prime Minister, by a protected asset of the Israeli intelligence services, was the turning-point leading to the present horrors. From that moment forward, the political will of Israel to carry out the Oslo Accords has been thrown into doubt, and that nation thrown onto the track we now see: Nazi-like extermination, or expulsion, of a subject population. Chronicling that downward spiral is beyond the scope of this statement.

But we do know, that the spirit of resistance to these Nazi-like policies is still alive within Israel. More than 420 Israeli Army Reservists have put their futures on the line by refusing to deploy in the Occupied Territories, insisting that they will not act to "dominate, expel, starve, and humiliate an entire people." (See [www.seruv.org](http://www.seruv.org).) Thousands more have come out to demonstrate against the occupation, and to openly condemn the actions of the "butcher" Prime Minister Ariel Sharon. Many more Israelis have come to realize that the punishment-and-retaliation strategy of Sharon and the IDF, like that of the Nazis, will ultimately lead to their own destruction.

What is our response to this from the United States? We used to say, "Never again!" We used to say, that we would never let Nazi war crimes happen here. Now, it's happening there! Worse, the United States, the biggest backer of Sharon and former Prime Minister Benjamin Netanyahu, is encouraging it to happen.

It's time that we, too, like Prime Minister Rabin, examined our axioms. Why are we willing to tolerate such Nazi-like horrors? Why do we permit our politicians to put the blame on the victims of such horrors? What kind of world have we created over the past 50 years, where a holocaust against any people can be tolerated by those who once prided themselves upon defeating Nazism? Is it that we now consider some classes of human beings less than human, just as the Nazis did?

On this anniversary of the Warsaw Ghetto Uprising, it's past time for us to examine the purpose of our own lives. As they found purpose in their sacrifice, we may find it in the battle to stop these Nazi-like atrocities, and finally establish the basis, in economic development and dialogue, for a true and lasting Middle East peace.

—Nancy Spannaus

## **MIDEAST NEWS DIGEST**

### **Israeli High Court Orders Government To Address 'Targetted Killings' Policy**

On April 18, the Israeli newspaer *Ha'aretz* reported that the Isreli high court issued an interim order giving the government 80 days to check whether its "targetted killings" policy contravenes international law, and 15 days to explain Israel Defense Force General Yitzhak Eitan's refusal to cancel the broad arrest warrant he issued as part of the IDF operations in Palestinian territories. The government disclosed that it has so far arrested some 5,600 Palestinians during "Operation Defensive Shield," 3,900 of whom have allegedly have been released.

The Israeli Supreme Court is responding to a petition filed on behalf of several organizations, including B'tselem, Physicians for Human Rights, Association for Civil Rights in Israel, Adalah--The Legal Center for Arab Minority Rights in Israel, The Palestinian Society for the Protection of Human Rights and the Environment (LAW), the Public Committee Against Torture, and three additional petitioners, who are Palestinian detainees--a PFLP activist and two Fatah members, one of whom is a member of the Palestinian general intelligence service. Petitioners are seeking annulment of Eitan's order, which allows detainees to be held up to 18 days without having a hearing or meeting a lawyer.

The Court also heard a second petition filed by the Public Committee Against Torture and LAW on the Israeli policy of preemptively assassinating terrorists, potential terrorists, and alleged terrorists.

### **Palestinian Negotiator Says He's Setting Record Straight on 'Ze'vi Five'**

On April 18 Palestinian Chief Negotiator Saeb Erekat said that the so-called "Ze'vi Five" referred to by President Bush as being a problem hindering Israeli withdrawal from Ramallah, had been arrested by the Palestinian Authority two months ago. Bush made his remarks in his press availability following his meeting with Secretary of State Colin Powell, just returned from the Mideast.

The alleged assassins of Israeli Tourism Minister Rehavam Ze'evi were transported through the West Bank from Nablus to Ramallah in an official American vehicle, with coordination with the Israeli military, Erekat said. And, according to the Oslo Agreements, it is the responsibility of the Palestinian Authority, not the Israelis, to bring the "Ze'evi Five" to trial.

"The whole idea was that we would bring them to justice in a Palestinian court in Ramallah," Saeb Erekat said, adding, "Doesn't the United States President know that this transfer was done with the help of his people? ... This was done with the knowledge and consent of the Americans and the Israelis. So, now we hear the President of the United States talking about the Ze'evi killers and justifying the siege of President Arafat's compound this way."

Otherwise, Erekat told CNN April 19, "The U.S. must understand that trying to cover for Sharon is not serving the interests of peace ... [or] of the Israelis, Palestinians, or Arabs."

### **Are Palestinians Being Held in Israeli Death Camps?**

Middle East diplomatic sources have raised a grave concern about the Palestinian prisoners taken from Nablus, Ramallah, Jenin, and other West Bank areas; these sources warn that the prisoners are likely being kept in "death camps" where temperatures reach 130 degrees Farenheit. A prison camp in the Negev Desert has been re-opened for all the detainees. It broils during the day, and freezes during the night. No observers or visitors have been allowed into the prison.



## **British Politician: Europe Should Embargo Arms, Withdraw Ambassadors from Israel**

The European nations must take tough measures to "punish Israel," especially in light of reports out of Jenin, said British Labour Party MP Ann Clwyd, who chairs the All-Party Parliamentary Group on Human Rights, and who is a member of the International Development Select Committee.

Clwyd wrote a blistering piece in the *Independent* April 17, taking off from the fact that she herself was in the Jenin refugee camp a week earlier. She criticized U.S. Secretary of State Colin Powell for not going to Jenin, and then described her experiences there with a United Nations convoy: "It took six hours before we were able to bring doctors, nurses, medical supplies and food to the local hospitals. We were delayed by continually having to dodge tanks, some with their barrels pointing at us.... I have never seen international humanitarian agencies being denied access like this."

After reporting the anger of Palestinians in Jenin, who see this as a new Sabra and Chatila massacre, Clwyd wrote: "It is not enough for the European countries to simply bleat in condemnation. They need to withdraw European ambassadors from Israel. They need to impose an immediate arms embargo.... They should consider what economic sanctions can be put in place. The European Union could suspend its agreement giving Israel preferential trade terms, since the European public are certainly demanding a much tougher line.... This is the moment when the EU should show its mettle and implement its own plan, regardless of the objections or intransigence of the United States."

## **Rumsfeld Appears To Prefer War Against Iraq to Inspections**

At an April 15 Pentagon press briefing, Secretary of Defense Donald Rumsfeld was questioned about a report on the front page of the *Washington Post* to the effect that Deputy Defense Secretary Paul Wolfowitz had tried to discredit UN chief arms inspector Hans Blix, as a way of undermining the return of UN arms inspectors to Iraq. Such a return of inspectors could delay or cancel altogether a military intervention to oust Saddam Hussein.

Rumsfeld expressed doubts that any arms inspection regime could prevent Saddam Hussein from pursuing acquisition and proliferation of weapons of mass destruction. The *Post* reported April 16 that Rumsfeld and Wolfowitz are not in favor of the return of inspectors, while the State Department is moving aggressively, in conjunction with UN Secretary General Kofi Annan, to get inspectors back on the ground inside Iraq, with more intrusive rules of engagement than had previously existed.

## **Egypt Cancels Celebration of Alexandria Library Reopening**

According to the April 17 *Washington Times*, Egypt has cancelled its plans to celebrate the historic reopening of the Alexandria Library, 1,600 years after its destruction. The cancellation was said to have ordered in solidarity with the Palestinians.

An Egyptian embassy spokesman in the U.S. said, "The decision comes as an expression of rejection of Israeli acts of aggression against the Palestinian people, in response to the patriotic feelings of the Egyptian people, and a sign of solidarity with the Palestinian people."

# **ECONOMICS NEWS DIGEST**

## **Mexico Beware: 'Heed the Lesson of the Enron Debacle'**



On April 13, *EIR* economics specialist John Hoefle, a collaborator of Lyndon LaRouche, issued a memorandum called "Heed the Lesson of the Enron Debacle: Stop Energy Privatization. Re-Regulate in the Public Interest," as a discussion document for opponents of energy privatization in Mexico and other countries. More than a year before Enron's bankruptcy, Hoefle and *EIR* were warning U.S. policy makers in Washington, and California, of the disaster energy deregulation would bring. The California energy crisis, and the Enron collapse have become leading examples of why Americans " should have listened to LaRouche." Here we excerpt Hoefle's memo. - \* \* \* -

When the financial oligarchy began pushing energy deregulation in the United States in the 1990s, economist Lyndon LaRouche warned that such a policy would be an unmitigated disaster, triggering a deadly combination of decreased capacity and higher prices. Any nation which tolerates such a policy, he warned, would be committing economic and political suicide.

On Feb. 4, 2001, as the California energy crisis worsened, LaRouche gave a telephone-address to a seminar there, near the Salton Sea:

"To understand the cause of crises such as that striking the West Coast of the U.S.A. today, we must recognize these developments as the predictable outcome of a systematic wrecking, begun by the pro-Malthusian Carter Administration, of that post-1929 system of regulation, which had been established, initially, by cooperation between the administration of the outgoing President Herbert Hoover and the incoming President Franklin Roosevelt. The present crisis, as typified by the California case, has been the result of overturning those rules of bankruptcy and general economic regulation, upon which the 1933-1965 economic recovery and prosperity of the U.S. economy had depended."

Noting the worsening energy hyperinflation ... LaRouche stressed, "The most devastating impact has been felt in the area of production and distribution of electricity, hitting hardest in what has become the most vulnerable sector of the national economy as a whole, the California-centered West Coast region."

LaRouche's recommendations for re-regulation were issued in February 2001, as a mass 24-page pamphlet, which was printed in several hundred thousand copies. - Background: 'Controlled Disintegration' -

LaRouche identified the deregulation and privatization movement, as part of the "controlled disintegration" plan pushed over decades by certain anti-nation-state political/financial interests, as a mechanism by which the industrial power of the United States would be replaced by a de-industrialized "Information Society," based upon financial speculation.

During the 1970s, the Council on Foreign Relations in New York City published this perspective in what became a 30-volume report, *Project 1980s*, outlining their strategy in detail. Included was the following statement of intent: "A degree of controlled disintegration in the world economy is a legitimate objective for the 1980s and may be the most realistic one for a moderate international economic order."

Among the leading individuals associated with this outlook was CFR leader Paul Volcker, who, as the new chairman of the Federal Reserve Bank System, in October 1979 began hiking up interest rates, reaching an incredible 21.5% for prime-rate borrowing in 1980. These rates were *intentionally* deadly to industries, agriculture, and productive project investments. While industry collapsed, Wall Street speculation thrived.

This "disintegration" policy was a deliberate step backward.... In short, it was part of a plan to return the world to the feudal era, where the empires ruled, and the common man had a status not much higher than cattle.

The entire world saw what happened. Under a combination of political pressures and financial incentives, a corrupt U.S.

Congress abdicated its responsibility to protect the General Welfare of the People, and systematically stripped from U.S. law, the protections which had been passed during President Franklin Delano Roosevelt's political war with the international bankers in the 1930s....

1993: In January, a ruling was made by the Commodities Futures Trading Commission that it would abandon any regulation of over-the-counter derivatives--futures of any kind, including related to energy markets. Enron lobbied strenuously for this, along with the other big names--Exxon, Mobil, British Petroleum, and J.P. Morgan, Chase Manhattan, and other banks. The Commission's Chairman who made the decision was Wendy Gramm, wife of Texas Senator Phil Gramm (R). Following her decision, she resigned, and joined the board of Enron, heading up its now-infamous audit committee.

1996: California became the first state to deregulate its energy system; Pennsylvania followed within a month, and many other states thereafter.

1998: In April, the deregulation of the electricity market began in California, opening up a new venue for derivatives speculation and price manipulation. Markets for natural gas had already been deregulated nationally.

1999: Congress repealed the last vestiges of the 1933 FDR Glass-Steagall Act, which regulated banking and finance, by passing the Gramm-Leach-Bliley Act.

2000: The Commodities Futures Modernization Act passed, specifically exempting derivatives by law, from regulation by the Commodity Futures Trading Commission.

2000-2001: The "California" energy crisis blew wide open, with prices soaring nationally in direct defiance of the 1935 Federal Power Act and Public Utilities Holding Company Act, which Federal regulators would not enforce, as the energy-privateer companies manipulated energy supplies and manipulated the markets.

The result of this process was that the energy pirates, led by Enron, bankrupted the state of California, looted the U.S. population, and laid waste to a growing segment of the U.S. manufacturing sector. Examples:

\*California's overall energy costs, which were \$7 billion in 1999, rose to \$27 billion in 2000, then soared to \$70 billion in 2001, because of deregulation, speculation and manipulation.

\*California, throughout 2001, went from having a sizable state budget surplus, to a deficit of \$4.2 billion. Early in 2001, the state had to directly purchase electricity on the deregulated "market," spending some \$7 billion as of June, to do so. Over the summer, the state was forced into an urgent, new bond issuance of over \$11 billion.

\*U.S. citizens and businesses in 2000 paid \$263 billion more than they did in 1999, for energy costs, due to the hyperinflated, deregulated energy markets. - Financial Piracy -

One sector which did benefit--or at least appeared to benefit for a time--was the financial sector, which skimmed off tens of billions of dollars of income from inflated energy prices, mergers and acquisitions, loans, derivatives and related financial maneuvers. In the first quarter of 2001, compared with 2000, the following hyper-profit rates of increase were posted by Enron and leading energy-cartel companies: Enron Oil and Gas, profits were up 448%; Reliant, 104%; Duke Energy, 51%; British Petroleum, 52%; MobilExxon, 44%; etc.

Of course, it came to pass that a large part of this income proved to be an illusion. Enron and its fellow pirates never made all the fabulous money they claimed to make; Enron was exposed as a giant financial scam.... [But] it is part of a U.S.

corporate pattern, not an exception....

The same financial interests which suckered the U.S. into accepting deregulation are now assaulting Mexico, attempting to strongarm that country into abandoning its sovereignty and opening up the nation for California-style looting. - Take Heed from Those Who Know -

Mexico should heed the blunt warnings of those who came to acknowledge the destructive intent and result of "Enronomics":

\*2001, January: In a speech Jan. 8, California Gov. Gray Davis called his state's deregulation scheme "a colossal and dangerous failure" which "resulted in skyrocketing prices, price gouging, and an unreliable supply of electricity--in short, an energy nightmare." Concluded Davis: "Never again will we allow out-of-state profiteers to hold Californians hostage."

\*2001, June: "This is an emergency that threatens to bring down the California and national economy," was the characterization by Rep. Bob Filner (D-Calif.) of the crisis now battering the United States because of out-of-control energy prices. Filner also went to Mexico, and to the Philippines, repeating his warning.

In June, the U.S. Senate switched to Democratic control, and under fierce political pressure, the Federal Energy Regulatory Commission was forced into implementing some form of energy prices control--namely, re-regulation.

\*2001, July: Nevada State Sen. Joe Neal (D-Las Vegas), on July 11, pointed to the blackouts hitting his state for the first time ever, and also Arizona, as evidence that, "Anything short of national re-regulation of energy won't work." Neal successfully led the fight for the April 2001 law reversing deregulation in his own state, but he warned that the chaotic "market" and distribution conditions in the West and elsewhere, are forcing the issue of national reregulation.

Over this entire period, there were repeated warnings from Lyndon LaRouche, whose analysis and re-regulation proposals were presented in written testimony to many Congressional hearings on the crisis.

On a Leon, Guanajuato radio interview May 28, 2001, Lyndon LaRouche urged Mexican citizens to grasp the context of the obvious energy and other financial scams: "The essential thing is that there's no possible way the present U.S. system, the present world system, can continue to function. It's doomed. Nothing can save it. You can save the nations, but you can not save the financial system. All the leading financial institutions of the United States are presently hopelessly bankrupt. You have the same situation in Japan, you have the same situation in continental Europe.

"What you can do, is, you can put the whole world through bankruptcy reorganization. That's the only solution, which means cancelling most of the debt, especially the financial derivatives and similar debt. Most of the foreign debt of the Ibero-American nations will have to be cancelled. And then, what this New Bretton Woods means, is, going back to 1945, to the legacy of Franklin Roosevelt, to create the kind of system we had between 1945 and 1958, and continuing into the middle of the 1960s."

### **'Bubbles' Greenspan in Desperate Denial About Housing Bubble**

At the moment, the U.S. home real estate market is a leading edge of the process of the U.S. financial bubble. Home prices have no real connection to the value of the home, nor to the capacity of the home-owner to pay the enormous mortgage attached to the home. On April 13, Lyndon LaRouche laid out the conceptual basis: "Think of the houses themselves as virtually mere packaging material, wrappings whose most significant function is to conceal, rather than reveal the purely illusory physical basis for the recent spiral of seeming inflation in prices and mortgages. When you then consider the

degree to which the inevitable collapse of the entire U.S. monetary-financial system has been postponed by, chiefly, the margin of fictitious financial gains in this real-estate/mortgage market, the extraordinary significance of Alan 'Bubbles' Greenspan's real-estate inflation in masking, temporarily, the underlying, worsening rottenness of the U.S. economy as a whole" is brought to light.

The upward spiral in home real estate can be gauged by the collective value of all U.S. households' home real estate holdings.

- Table I -

(\$ Trillions)

	Collective Value of All of U.S. Households' Home U.S. Real Estate Holdings	Value of CapitalizationAll Stocks Traded on Stock Markets
1980	\$2.944	\$1.514
1985	4.591	2.319
1990	6.608	3.537
1995	7.630	8.331
1998	9.203	15.57
1999	9.954	19.581
2000	11.065	17.566
2001	12.038	15.186

The collective value of all U.S. households' home real estate holdings rose rapidly during the decade of the 1980s, reaching \$6.608 trillion by 1990. But between 1990 and 1995, the value of these holdings only rose by \$1 trillion. However, since then, it has shot upward: just between 1999 and 2001, the collective value of all households' home real estate holdings increased by \$2.084 trillion, a rise of 20.9% during that time period. *EIR* estimates that 80-90% of that increase represents fictitious value.

Notice the change in the value of capitalization of all stocks traded on U.S. stock markets. Between 1995 and 1999, driven by the New Economy, this value rose from \$8.331 trillion to \$19.581 trillion. But with the rupturing of the New Economy, \$4.5 trillion of the fictitious capitalization of stocks, has been wiped out.

The collective value of all U.S. households' home real estate holdings is now just \$3 trillion less than the value of capitalization of all stocks traded on U.S. markets. The principal instrument whose enlargement is holding up the U.S. financial bubble, as LaRouche says, is the home real estate market bubble.

### **Insane! What Greenspan Told Congress**

In his April 17 testimony before the Joint Economic Committee, Federal Reserve Board chairman Alan Greenspan hysterically denied there was any possibility that the U.S. housing bubble could burst, going so far as to claim that no such

bubble exists. But, in reality, as Lyndon LaRouche has warned, the bursting of the mammoth real-estate bubble could sink the U.S. economy overnight.

Greenspan stated, "The ongoing strength in the housing market has raised concerns about the possible emergence of a bubble in home prices. However, the analogy often made to the building and bursting of a stock-price bubble is imperfect." Greenspan tried to make a distinction between the housing market and the stock market, and offered ridiculous reasons why a housing bubble could not exist, such as the fact that when a home-owner sells his home to realize a higher price, he must move out, and this "entails significant financial and emotional costs." Therefore, he built to his main point: The housing market is "scarcely tinder for speculative conflagration."

All this may indicate that Greenspan is, aware, on some level, that the housing bubble is indeed tinder for such a development; probably discussion of this process, led by LaRouche's assessment, is lively, behind the scenes.

### **What Recovery? U.S. Economy Collapses Further**

\*Delphi Corp., North America's largest auto-parts maker, plans to cut another 6,100 jobs, with a \$51-million loss in the first quarter of 2002, due in part to losses in its pension funds' investments, and relying for 67% of its sales to General Motors.

\*Boeing Co., the world's biggest aerospace firm, may cut "a couple thousand" more jobs, amid a \$1.25-billion loss in the first quarter of 2002--its first quarterly loss in more than four years--mainly due to costs for the purchase of the satellite business from Hughes Electronics. Earnings plunged 50% at Boeing's space unit.

\*Ford Motor Co. lost \$800 million in the first quarter of 2002, as U.S. sales fell 12%, the biggest drop among the six largest automakers, and global sales fell 7%. U.S. marketing costs, including incentives, rose to 15.7% of company revenue from 12.2% a year ago.

\*IBM had a 37% drop in its original equipment-manufacturing business, for sales to technology companies, with overall sales falling by 12%, down in nearly every product category, causing first-quarter earnings to plunge 32% to \$1.19 billion, from \$1.75 billion a year ago.

\*Tellabs, a phone-equipment maker, will cut another 1,200 jobs, and close a factory in New York, as first-quarter profit plummeted nearly 80%, to \$5.3 million from \$122.5 million a year ago. Sales fell 50% to \$371.5 million, from \$772.1 million a year ago.

\*Anchor Glass Container Corp., the nation's third-largest manufacturer of glass beverage containers, has filed for bankruptcy protection.

### **Telecom-Sector Meltdown Update**

\*SBC Communications, the second-largest U.S. local phone company, plans to cut an additional 4,000 jobs during the remainder of the year, after cutting 4,000 jobs in the first quarter, following an \$81-million loss in the first quarter of 2002, the first quarterly loss in five years, as corporate customers spend less.

\*Nortel Networks, North America's second-biggest maker of phone equipment, will cut another 3,000 jobs, as first-quarter sales tumbled 49%, compared to a year ago, creating a \$841 million loss.

\*Qwest Communications, the top local phone company in 14 Western states, will cut another 2,000 jobs, and is in talks to sell its Yellow Pages directory business for \$9 billion, to reduce its \$25 billion debt.

\*Nokia, the world's #1 mobile-phone maker, plans to cut 625 jobs, or 9% of its U.S. workforce, in Texas, as first-quarter profit declined 11% from a year earlier, due to a drop in demand for cellular phones.

\*NTelos will cut 200 jobs, or 15% of its workforce.

### **U.S. Layoffs, Plant Closings, Bankruptcies This Week**

\*Exide Technologies, the world's largest automotive battery maker, filed for bankruptcy protection on April 15, facing default on \$2.5-billion debt. Exide traces its history back to Thomas Edison.

\*General Motors temporarily shut down its Detroit-Hamtramck Assembly plant for one week, starting April 15, affecting 3,200 workers.

\*General Electric will eliminate 7,000 jobs at GE Capital, its financial services unit, as part of a move to cut costs by \$1 billion.

\*Worthington Industries started shutting down its steel plant in Malvern, Pa., one of eight plants it plans to either shut down or drastically cut back.

\*Caterpillar, Inc., the world's largest maker of heavy construction machinery, announced that its first-quarter 2002 earnings fell 51% from 1Q 2001. Net earnings January-March were \$80 million, down from \$162 million 1Q last year. Leading the decline were a 10% drop in heavy machinery sales and an 8% drop in engine sales. The Illinois-based Caterpillar, which also designs and makes mining and agriculture machinery, is projecting 2002 sales to stagnate at the 2001 level, while pundits seeing a "recovery 'round the corner" say the outlook is too conservative.

\*Xerox Corp., founded in 1906 as The Haloid Company, renamed Xerox in 1961, now with 78,900 employees worldwide, including 46,600 in the United States, is once again in danger of going out of business. The copier giant warned, in a filing with the Securities and Exchange Commission April 17, that it would default on \$7 billion in bank loans due in October, if all 57 banks involved were not able to renegotiate terms of the loan. The circumstances raise "substantial doubt about our ability to continue as a going concern," Xerox said.

### **'Recovery' Rears Ugly Head Again--This Time in Southeast Asia**

Among the many signs of "recovery" in Southeast Asia:

\*Singapore: Exports of Singapore-made goods slid 17.3% last month over March 2001. Exports of electronics products, which account for two-thirds of all shipments of Singapore-made goods, fell 18% over the same month last year; and non-electronics products declined by 16%. In terms of markets, domestic exports to Singapore's top market--the U.S.--fell 23% last month from a year ago. Exports to the European Union were down by 22%, those to Malaysia fell by 11% and those to Japan slumped by 14%.

\*Taiwan: Asian contract manufacturers fear loss of business due to the HP-Compaq merger. Hewlett-Packard's plan to buy Compaq Computer is forcing Mitac International and other Asian suppliers to brace for possible lost business as the



merged company shifts orders. Compaq and Hewlett-Packard were the biggest foreign buyers of Taiwanese electronics last year, ordering about \$9 billion and \$5.6 billion worth, respectively.

Analysts say that if the merger is approved, the new company, displacing Dell Computer as the world's largest PC-maker, is likely to jettison some suppliers, and force others to accept lower prices. That may drive some companies out of business, analysts say. Many companies on the firing line are Taiwanese.

While Mitac makes desktop PCs for Hewlett-Packard, Hon Hai Precision Industry does the same for Compaq. Similarly, Hewlett-Packard's notebook computers are made by Compal Electronics and Quanta Computer; Compaq's are made by Inventec, Arima Computer, and South Korea's LG Electronics.

\*Indonesia: Foreign investment here has fallen to nearly zero. Actual foreign investment last year fell to an insignificant \$50 million, despite \$9 billion in investments approved by the government, according to the head of the Investment Coordinating Board, Theo Tumiwa. For the first two months of this year, only \$489 million was approved, as against \$2.33 billion approved in the same period last year. The ADB said in its annual report, released in April, that there is a "widespread perception, that the policy environment for investment in Indonesia has turned harsh and unsupportive." Various "experts" are quoted calling for tax holidays and other "incentives" to foreign investors.

## UNITED STATES NEWS DIGEST

### Bush's Support for Sharon Seen as Madness

In a performance that has all the rationality of Lewis Carroll's "Red Queen," President George W. Bush on April 18 called Ariel Sharon "a man of peace." That statement is a sure sign that W., who was never picked for President because he was smart, is a "lame duck." Humiliated by Sharon, who *refused* both U.S. and United Nations' demands and resolutions to withdraw from Palestinian-ruled territories, Bush either has to admit that he really did give Israel a "green light" for the atrocities, or stand exposed as impotent. More to the point, the world is holding Bush as complicit in Sharon's war crimes.

Writes *The New York Times* of April 19, the timing of this Bush statement could not have been worse "on a day when Arab, European and United Nations officials focussed on the destruction that the Israeli incursions had left behind, particularly in Jenin. Mr. Bush's comments may bolster Palestinian suspicions that the United States was supporting Prime Minister Ariel Sharon, and secretly approving his military actions."

Palestinian Chief Negotiator Saeb Erekat said on the day of the speech that: "When I hear the President saying that Sharon is a man of peace after he has destroyed our way of life, and after the Jenin refugee camp, I don't know if this is not a reward for Israeli terrorism.... And then he says history will prove that Sharon is withdrawing ... *All I can say is that he is wrong as wrong can be.*"

### Netanyahu Attacks Bush and Powell Behind Closed Doors

According to syndicated columnist and GOP insider Robert Novak, during his meetings beginning on April 10 with a score of U.S. Senators, former Israeli Prime Minister Benjamin Netanyahu launched into vicious attacks against President Bush's Mideast policy. Noting that Netanyahu is openly campaigning to replace Ariel Sharon as Israel's war Prime Minister, Novak described Bibi's private discussions on the Hill: "Netanyahu is the favorite Israeli politician among conservative Republicans." According to Novak, Bibi was peddling Israeli intelligence "evidence" that Saddam Hussein has nuclear weapons, that could be smuggled into the U.S. by terrorists and detonated.

On April 13, a well-place Arab diplomatic source confirmed Novak's report, and added that Sharon rushed Netanyahu to Washington to preempt a deployment to the Middle East by James Baker III, the former Secretary of State, who is hated by the Likud crazies for putting pressure on Yitzak Shamir in 1991. When Israeli intelligence learned that some senior Republican and Democratic Party figures, including some of the old Reagan Republicans, were pushing to bring in Baker III as a special Mideast envoy, Bibi was dispatched to mobilize the evangelicals and the neo-cons within the GOP to stop this from happening.

### **Christian Fundies and Neo-Con Zionists Team Up To Oust Powell, Capture Bush**

A combination of new reports over the past week presents a clear picture that the Christian fundies, in league with the neo-conservatives and the hard-core rightwing Zionist Lobby, have been on an all-out drive, to capture President Bush and lash him to their insane war plan, and, in the course of it, sabotage Colin Powell's recent Mideast tour, to the point of driving him out of the government altogether. From the moment that Bush, on April 4, called for Sharon to withdraw Israeli forces from the West Bank Area A, and announced the deployment of Powell to the Mideast, there has been a full-scale mobilization of the radical right, to get Bush to back off, and give Sharon the total green light for his Hitlerian massacre.

On April 11--the day Colin Powell arrived in Jerusalem--Gary Bauer, 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, warning, "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, to sink any Bush Administration support for Mideast peace, and to press for U.S. backing for the execution of Arafat and the entire Palestinian Authority. 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, which included an ad on the Karine A, signed by Gary Bauer, calling Arafat and the PA "the Nazis of the modern era."

From inside the Administration, a traitorous network is working with the above groups to drive out Powell. These are the right-wing warmongers around Deputy Secretary of Defense Paul Wolfowitz who hold key "second tier" positions in and around the White House. The grouping led by Wolfowitz has been together since the early 1980s, operating through a rat's nest of think tanks entangled with the American Enterprise Institute (AEI). In 1985, the Wolfowitz grouping, known as the "Wohlstetter Kindergarten," came under investigation in the network involved in Israeli espionage after the capture of spy Jonathan Jay Pollard, an agent of the Sharon/Likud apparatus in Israel. Known as the "X Committee," many of these Wolfowitz cohorts also hold sensitive Defense Department and White House positions today. These include Richard Perle, chairman of the Defense Policy Board; Dov Zakeim, Comptroller of the Defense Department; and Doug Feith, Undersecretary of Defense for Policy. While these Administration officials are forbidden by the White House to openly attack Powell, they use media outlets and private groups like the ZOA and Christian Zionists.

### **Jeb Bush Reelection has White House Running Scared**

One of the reasons for President Bush's turning a blind eye to Israeli war crimes, is fear of alienating the rightwing Israeli lobby's voters and contributors needed to maintain the Bush family "dynasty," and get Presidential brother Jeb Bush

reelected Governor of Florida this year.

Jeb's dependence on the Bush family money machine was evident on April 10, when he was in Washington, D.C. for a private fundraiser at the home of Wayne Berman (a Washington wheeler-dealer and GOP fundraiser, who was caught up in a corruption scandal in Connecticut, and was a recipient of lucrative loans from the University of Texas Management Corp., the privatized university endowment that has been a source of largesse to "Friends of G.W.," including the Carlyle Group).

Berman is an Achilles' heel for the Bush family. On March 5, 2000, at the height of the Republican primaries, the London *Sunday Times*, ran an article by its New York bureau chief Tom Rhodes, entitled "Bush's Backers in Fraud Inquiry." Rhodes had pointed out that there was an ongoing investigation by U.S. Attorney for Connecticut Stephen C. Robinson, FBI Special Agent-in-Charge Michael Wolf, and IRS Criminal Investigation Division Chief Gregory Szczeszek, into how \$500 million of Connecticut state pension funds were allegedly laundered through Wayne Berman's Washington, D.C.-based lobbying firm, Park Strategies.

### **Cheney Thanks Israelis for Bombing Iraqi Nuclear Reactor**

Leading the parade of officials to the Israeli Independence Day celebrations at the Israeli embassy in Washington, D.C. on April 17 were Vice President Dick Cheney and wife. Cheney was whisked in from his "undisclosed location" to deliver a few chilling remarks. He praised outgoing Israeli ambassador, David Ivry, for his work in saving the world from Saddam Hussein's nuclear program. While Cheney was Secretary of Defense, then-General Ivry had ordered the Israeli attack against the Osirak nuclear reactor. Cheney reiterated a U.S. commitment to keeping Israel "strong and secure." "Our friendship is strong and enduring and it can never be changed," Cheney said, stressing the need to "defeat all terrorists." "Our countries are full partners in defeating this threat to the civilized world," Cheney said. Then he continued, "The people of America and of Israel believe in the possibility and the necessity of peace arrived at through good will, negotiation and an absolute renunciation of terror and violence as tools of negotiation. Terrorists are trying to destroy goodwill and spread fear and hatred, and to smother any hope on either side of a peaceful settlement. [Terrorists] must not be permitted to shape the destinies of Israelis and Palestinians. That destiny and the future of the Middle East must be shaped and decided by peacemakers."

Among the other speakers were strong supporters of Sharon, including Paul Wolfowitz, Rep. Tom Lantos (D-Calif.), Jim Saxton, and former Senator Smith from New Hampshire. Wolfowitz was rather low-key, although he said he was happy to be "among friends." In contrast to his speech at the pro-Israel Nuremberg Rally on Capitol Hill on April 15, he was not booed, as he did not mention the Palestinians or "peace." Senator Joe Lieberman (D-Conn) was, of course, present, but he didn't speak.

### **New North American Military Command Constitutionally Challenged**

On April 17, Secretary of Defense Donald Rumsfeld and Chairman of the Joint Chiefs of Staff Gen. Richard Myers unveiled the new unified command plan, which is to take effect Oct. 1, 2002. The major feature of the new plan is the creation of a Northern Command, which will have geographic responsibility for North America, to include the U.S., Canada, Mexico, and part of the Carribean. NORAD, the civil support teams that are to assist civil authorities in the case of an attack using nuclear, chemical, or biological weapons, and the Pentagon's support for natural disaster response will all be placed under the new commander of the Northern Command. The geographic areas of responsibility currently assigned to the Norfolk-based Joint Forces Command, out to 500 miles off the East Coast, will be assigned to the Northern Command, and the remainder of the Atlantic will be assigned to the European Command. The change will have a significant impact on NATO, according to Deputy Undersecretary of Defense for Policy Steven Cambone, who did not give details on this aspect.

One wrinkle in the plan is the "posse comitatus law," a Constitutional provision which prohibits the employment of the military in a domestic capacity. Proponents of civil liberties have raised concerns about the Northern Command in the context of already-serious erosion of civil rights under "anti-terrorism" legislation. At the press conference, Rumsfeld repeatedly emphasized that in the case of some incident in the U.S., the Northern Command will not have the authority to respond first. Its mission will be in support of Federal, state, and local authorities at the order of the President. Of course, Cambone noted later in the briefing that the President has the authority to suspend the posse comitatus law by declaring an incident a Federal matter.

## **Skyrocketing Health Costs Portend Increase in Uninsured Families**

Health insurance premiums are expected to jump a record 25% for the California Public Employees' Retirement System (CalPERS), according to David Broder writing in the *Washington Post* April 17. CalPERS is the largest pension fund provider of health coverage in the U.S., serving 1.2 million state employees and retirees, an ominous warning for the rest of the nation about rising health-care costs. The seven managed-care plans serving CalPERS submitted bids for 2003, with increases of 15-41%, a problem facing virtually every other corporate and individual purchaser in the United States.

Broder warns that such premium increases would force employers to cut back, or eliminate, health insurance benefits, driving more and more families into the ranks of the uninsured. "Time has run out for this dysfunctional, disjointed thing we call health care," he says.

"It is kind of a downward death cycle," said William Crist, president of CalPERS, one that "requires a public policy change."

## **Judge Knocks Down DOJ Attempt To Stop Oregon Assisted Suicide**

A Federal judge has overruled Attorney General John Ashcroft's attempt to block the Oregon "assisted suicide" bill. Death cultists and civil libertarians are celebrating the decision by U.S. District Court Judge Robert Jones in Portland, who accused Ashcroft of trying to "stifle an ongoing, earnest and profound debate"--over euthanasia.

The judge claimed that the Controlled Substances Act--which Ashcroft cited as barring the use of controlled substances with the intent to kill--was aimed at drug dealers, not doctors "prescribing and dispensing controlled substances in compliance with a carefully worded state legislative act." Since 1997, at least 70 people have been helped to kill themselves in Oregon, the only state in the Union to permit this behavior.

The present ruling comes just days after a bill legalizing euthanasia took effect in the Netherlands, the first Western country to legalize euthanasia since Germany under Adolf Hitler.

## **Bush Endorses 'Victims' Rights' Constitutional Amendment**

President Bush has endorsed a U.S. Constitutional amendment for "victims' rights," with the right to testify at criminal trials. The amendment was introduced April 15 by Sen. Dianne Feinstein (D-Calif) and Jon Kyl (R-Ariz). Bush said crime victims are getting a "huge slap," and are "victimized a second time," when they are not allowed to vent and get revenge on criminals by participating as an official part of trials. The intensification of the victims' rights campaign accompanies the Neighborhood Watch and FBI-informants programs, as a feature of the post-9/11 response to the "Clash of Civilizations" coup.

## **Philadelphia School System Handed Over to Privateers**

According to the *Philadelphia Inquirer* of April 18, management of one of the oldest public school systems in the U.S. will be handed over to privatization: the schools in Ben Franklin's Philadelphia. The city, which has been devastated by budget and service cuts, plans to give all of its 70 schools to a hodge-podge of for-profit "education firms," local universities, and non-profit *and* for-profit corporations to run. The notorious Edison Schools for-profit corporation was given 20 schools; other schools are to be picked over by companies associated with "music moguls" and/or cable-TV stations.

Of course, most of these management companies will not honor trade-union contracts with teachers.

## **New Pro-Marijuana Campaign Cites Leading Politicians**

The latest ad campaign for marijuana legalization is a \$500,000 extravaganza being conducted by the National Organization for the Reform of Marijuana Laws (NORML), according to the *Washington Times*. The ad campaign uses quotes from various public officials such as former speaker of the House Newt Gingrich, Mayor of New York City Michael Bloomberg, former President Bill Clinton, New York Governor George Pataki, and Rep. Dana Rohrabacher of California ("I did everything but drink the bong water"), to claim that smoking marijuana will not destroy your life--just look at these leaders (!).

## **WESTERN EUROPEAN NEWS DIGEST**

### **Milan Plane Crash: Terrorism Cannot Be Ruled Out**

Three official investigations have begun into the April 18 plane crash into Milan's Pirelli building, in which the pilot and two others were killed. Despite reports to the contrary, the hypothesis of a terrorist attack cannot be ruled out, according to April 19 reports from Italy based on Parliamentary records, and an ongoing investigation by *EIR* staff. As reported in *EIW* #6 (April 15), a series of terrorist incidents and terrorist threats in Italy, are part of an intelligence agency-linked destabilization, to derail important Italian government and Vatican efforts to stop the Anglo-American imperial faction's drive for war.

On April 19, at a Parliamentary hearing called to review the April 18 crash, among the important issues were those raised by Rep. Magnalbo (AN), who said: "There are strange circumstances to be checked and controlled, that is: We are dealing with a spectacularly mistaken maneuver, connected to dysfunctional landing gear, which, for an experienced pilot, is not a grave circumstance; the last two minutes went out of control, therefore, the flight became uncontrolled, but it ended with aiming at a symbol. Therefore, there are many questions: Was [pilot] Fasulo an expert? Was Fasulo alone in the plane? Has Fasulo been found? If he [the pilot] has been found, was he Fasulo? Had the plane been sabotaged? Did Fasulo commit suicide by choosing as a symbol the tower called Pirellone? These are all questions for which we expect serious, urgent checking."

According to the official reconstruction delivered to Parliament by Transport and Infrastructure Minister Pietro Lunardi, the plane, an ARC112 TC Rockwell, had left the airport in Locarno, Switzerland at 17:30 hours, with fuel for four hours of flight.

The plane contacted the Linate control tower at 17:39, asking permission to land on the tourist runway. The air traffic controller told the pilot that the runway was closed, inviting him to land on the main runway. At that point, the airplane moved in the opposite direction--that is, northwest. The controller asked for an explanation, and the pilot communicated a minor problem with the landing gear, which he said he would solve quickly. The controller allowed the plane to stay on its



westward course, and told the pilot to keep the tower posted on his intentions.

In the meantime, another tourist plane, coming from Genoa, was approaching, and was told to stay clear. Meanwhile, the ARC112 had turned west-southwest; the pilot told the air traffic controller that he still had some minor problems, but was dealing with them. The pilot sent out no SOS. One minute later, Linate control tower lost radio contact.

What happened after that has to be reconstructed, but apparently, the ARC112 flew in the direction of Milan, dropped altitude, and two minutes later reached the Pirelli skyscraper. The plane thereupon crashed head-on, perfectly perpendicular, into the center of the building between the 25th and 27th floors, about 100 meters up.

The probability of such an impact's occurring as a result of a mechanical or human failure, is assessed at less than one in a million. For such a crash to have occurred a few months after 9/11, the probability is less than one in 100 billion. If one excludes human or mechanical failure (or a combination of both), then only two hypotheses can be raised: suicide or terrorist attack.

*EIR* investigators are following several leads that link both the pilot, Marco Fasulo, a professional and experienced operator, and the airport from which the plane came, the Locarno-Agno airport, to intelligence activities. These include the infamous Banco Ambrosiano case in Italy, which produced the most spectacular "suicide" in recent history--the hanging of the bank head, Roberto Calvi, beneath the Blackfriars Bridge in London, and reported weapons traffic. The Locarno-Agno is a small airport, which began in 1941 as a military airport, and since then has been the training base for all Swiss military pilots. While military structures are still being expanded, Locarno-Agno is not open to commercial flights. See *EIW's* INDEPTH reporting in future issues for more.

### **Italian Deputies' Support for New Bretton Woods in Parliament**

Reflecting a recognition of the global economic crisis superior to that of most of the world's Parliaments, six members of the Italian Chamber of Deputies presented a motion for a New Bretton Woods reorganization of the international financial system, to the Italian Parliament April 16. Siegfried Brugger and five other parliamentarians introduced the same motion earlier introduced by Sen. Peterlini and 46 other Senators in the Italian Senate. The six deputies are members of the "Gruppo Misto" of the Senate, and all come from the South Tyrol Popular Party, which is part of the opposition coalition. It is expected that deputies from other parties will sign the motion.

The motion calls for the Italian government to take measures in support of Argentina and to promote a New Bretton Woods conference to deal with the systemic global financial crash. The proposal for a New Bretton Woods reorganization of the world's economy was first put forward by American economist and Presidential candidate Lyndon H. LaRouche, Jr.

### **British Condemn Israeli Actions in West Bank**

British Foreign Secretary Jack Straw issued a strong attack on Israeli military actions in Jenin, denouncing the "disproportionate and excessive force" used, and demanding that investigators be allowed into Jenin, to judge for themselves what happened. "There is a strong case for Israel to answer," Straw affirmed, speaking before the UN Human Rights Commission in Geneva.

According to the *Times* of London, Straw's assessment was based partly on the findings of the British military attaché to Tel Aviv, Col. Tim Fitzalan, who visited Jenin this week, and was highly critical of the conduct of the Israeli military. The *Times'* on-site correspondent says the situation in Jenin is "apocalyptic," and says the death toll continues to mount every day.



A senior British military figure told *EIR* on April 18 that one key source of information that Col. Fitzalan drew upon, for his report on Jenin, was "direct accounts from inside the Israeli Army. The fact is, while the Israeli population and military largely remain behind Sharon, there are active and senior people in the Israeli Army, who are not happy with Sharon, and what the IDF has been doing in the past days." He said that it can't be expected that there will be a decisive public move by such discontented active-duty Israeli Army figures, against Sharon at this point, but that this is a trend that must be watched.

Another British senior strategist told *EIR*, "I have been a friend of Israel all my life, and an active member for decades of the Labour [Party] Committee for Israel, but what the Israelis have been doing in the past days, is so vicious and outrageous, that they have lost my sympathy. We haven't heard all the details of what really happened in Jenin, but what I can tell you with certainty, they have done something terrible. This will have very serious consequences for Israel. Political support for Israel in Europe has literally evaporated."

### **Vedrine Concerned Over 'Violence of Attacks on Colin Powell in The U.S.'**

An interview with French Defense Minister Hubert Vedrine published in *Le Monde* April 18, and articles in *Liberation* subsequently, indicate that French diplomats realize, as does Lyndon LaRouche, that the American Administration is divided and that Secretary of State Colin Powell could well be on the ejection seat of the plane.

On the question of Ariel Sharon's proposed international conference on the Middle East without European participation or that of Arafat, Vedrine commented, "Such a conference couldn't take the place of implementation of the UN resolutions." A conference without the participation of the Europeans "would make no sense," and the idea that such a conference could conclude without the participation of Arafat is "an illusion," he said.

Asked whether such analysis was clear in the U.S., Vedrine said that the Americans "are highly divided. I am struck by the *violence of commentaries* [emphasis added--ed.] against Powell and his visit to Arafat." Vedrine said he hoped that President Bush would carry out his "new" policies fully to their logical conclusion.

### **Ditchley Park Conference: U.S. Fixation on Iraq Could Wreck NATO**

In what must be an intentional leak of the usually very confidential proceedings of a conference at Ditchley Park, American reporter-abroad William Pfaff reports in the April 18 *International Herald Tribune* that there were massive disagreements on the issue of a new war on Iraq, between the U.S. and its NATO allies. These, according to Pfaff, "could destroy NATO. Worse than that, it could set the former allies against one another."

### **Ditchley Park is one of the most important think-tanks of the British elites.**

Pfaff notes that usually, Ditchley Park conferences have been dedicated to Anglo-American understanding, but, "The latest conference here, last weekend, was therefore noteworthy, because the issue that forced itself upon all the participants was mounting division between the United States and its allies.... None of America's friends and allies is against a war against terrorism, but [America] has failed to provide an explanation ... that convinces or reassures [the Europeans] that Washington understands the risks of what it is doing."

Pfaff says, "Those Americans at Ditchley who are close to the Bush Administration insisted that the next step in the war against terrorism must be an attack on Iraq.... Allies who can't believe their story, and oppose an attack on Iraq, were twice reminded by Americans at the conference that the United States does not need allies. It was suggested that if NATO fails to support the United States on Iraq, it might find itself out of business."

To this, Pfaff reports, a Canadian participant retorted that the United States has no international mandate to make war on Iraq, and if it does so, it will have no allies. Pfaff concludes: "What was plain was that the United States and its old Cold War allies no longer have a shared view of the world and its dangers. The Europeans ... think that launching a new war against Iraq will make things worse, not better. The Bush Administration obviously disagrees. The disagreement is the most important that has existed between the allies since NATO began."

Pfaff's report echoes a similar report published in the *Frankfurter Allgemeine Zeitung* by its Washington correspondent Klaus-Dieter Frankenberger, on the recent meeting of the Trilateral Commission, which was also the scene of sharp disagreements between the U.S. and Europe over an Iraq war.

### **European Mass Demonstrations Protest Against Israel's Assault on West Bank**

Tens of thousands of Europeans demonstrated on April 13 in European capitals in protest of Israel's assault on the West Bank. There were at least 11,000 in Berlin, more than 5,000 in Frankfurt and Duesseldorf, 15,000 in London, and 10,000 in Amsterdam. Only the Amsterdam rally turned violent, according to the *New York Times*. There were smaller demonstrations in other German cities, France, Corsica, and Istanbul. In Germany, there is growing criticism of German government support for Israel, reflected in the demonstrations. While the demonstrations were not without radicals, one of the best slogans was that of a 30-year-old Palestinian, who held a placard in front of the site of the planned Holocaust Museum: "The Holocaust must never be repeated!! Palestinians are also human."

### **French General: Alternative Policy Needed to U.S. War Drive**

I wonder if we have not already entered World War III, mused Admiral Lanxade on April 16 at a breakfast organized by the Institut de Diplomatie et de Defense in the French Senate. Admiral Lanxade, a former chief of staff of all French armies, gave a highly interesting strategic overview, the gist of which was to say that the U.S. policies are increasing tensions worldwide and that Europe must offer an alternative policy. Talking about the dominant role of the U.S. in the world today, Lanxade indicated that pursuant to the Sept. 11 attacks, everybody had expected that the U.S. attitude of unilateralism would change towards the rest of the world. Unfortunately, this was not the case: The U.S. decided, on the contrary, to launch its war against the "axis of evil" and level its threats against Iraq, aggravating the tensions in the world.

Lanxade said that France and Europe have a choice to make: Either let the U.S. dominate all, and accept taking part in this or that small operation, or work to develop a real multipolar world in which Europe will have full standing. Things cannot be left as they are now, he stated.

In conclusion, Lanxade said he was "extremely worried" about present trends and wondered if "we are not already in World War III," if Europe and France are not much as they were in 1938. September 11 was like a Pearl Harbor to the U.S., he said, and then there was the war against Afghanistan, the Palestinian-Israeli conflict, and now the war which the U.S. plans against Iraq.

### **Millions of Europeans Could Die of AIDS and TB**

"Millions of Europeans could die of AIDS and tuberculosis in the coming years," warned Knut Ipsen, president of the German Red Cross, at the European Regional Red Cross and Red Crescent Conference, according to a Red Cross release of April 17. The week-long conference is discussing ways of tackling the crisis. While Africa and Asia have the highest number of AIDS cases, the former East Bloc has the highest growth rate, with 250,000 new cases in 2001. But not only AIDS is rampant. According to Ipsen, 30,000 people in Russia alone die of tuberculosis every year--at a rate of 90.7 per

100,000 inhabitants, double the European average.

This represents a health crisis far beyond Eastern Europe. Because of the high number of poor people migrating to Western Europe to make a living, "We are faced with a creeping crisis," Ipsen warned.

## **IBERO-AMERICAN NEWS DIGEST**

### **FARC Narcoterrorists Try To Assassinate Presidential Candidate**

Alvaro Uribe Velez, the hard-line front-runner in next month's Presidential elections in Colombia, narrowly escaped death April 14, when a bomb planted by the narcoterrorist FARC along the route of his motorcade, in the Caribbean coastal city of Barranquilla, was set off by remote control. The heavily armored car he was travelling in with a Senator, his campaign manager, and several others, was badly damaged, and its wheels destroyed, but the armor protected the occupants--and the motor--long enough for the driver to move the car to another location where police moved the candidate, under guard, to the nearest police station.

Four people were killed, a three-year-old girl lost a leg, two motorcycle policemen are in "guarded condition" in the hospital, and at least a dozen more were injured by the bomb, which flung a bus next to Uribe's car across the road.

Uribe immediately told the press that he would not be intimidated from campaigning, but both he and the other candidates acknowledged that a genuine political campaign is next to impossible, because of the FARC's terrorism. Instead, candidates will have to rely on media and closed-venue events. Colombian President Andrés Pastrana said he might give the candidates more free television time to help them campaign more safely.

Presidential candidate Gen. (ret.) Harold Bedoya, who led a political battle against appeasement of the FARC narcoterrorists, said that the attack on Uribe was not only aimed at the population and at democracy, but that it "demonstrates the lack of a state, since measures to guarantee Colombians' lives have not been taken. We need a President with leadership, prepared to 'put his pants on.'"

The FARC's current strategy is to avoid direct confrontation with the military--now that the Colombian government has ended years of fruitless negotiations, and determined to end the threat militarily--and to focus instead on generating maximum panic among the population. The use of sophisticated chemical bombs, and remote timing devices, suggests the involvement of terrorist trainers from the Irish Republican Army and the Basque separatist ETA. Officials believe that the FARC is patterning some of its terrorist strikes on terror and spy movies. Thus, the FARC's dramatic mass kidnapping last week of half the Cali Assembly, using what was virtually a cinematographic scenario--including the FARC contingent's disguise as members of a bomb squad checking the Assembly building, and the slitting of the throat of one of the guards--is reminiscent of a Mission Impossible movie.

In its March 25 issue, *Newsweek* magazine had published a veiled death threat against Uribe. The article, by Joseph Contreras, smeared Uribe as an extremist, narco-linked friend of the paramilitaries, whose election could be a threat to U.S. interests. It included a death threat against the candidate: "It seems nothing short of an assassin's bullet can stop the maverick politician from winning the May election." *Newsweek*, which is owned by Wall Street/Lazard Freres-controlled *Washington Post* interests, has been insisting that any shift in U.S. or Colombian policy to take on the FARC and ELN would only unleash death squads and the narco-paramilitaries.

The attempt on Uribe Velez's life occurred on the same day that FARC ally Hugo Chavez was reinstalled as President of Venezuela, following an abortive coup against him. It would appear that the same "Grasso Factor" which protects the

FARC in Colombia, backs Chavez. (The "Grasso Factor" refers to New York Stock Exchange head Richard Grasso, who made a pilgrimage on behalf of Wall Street interests to the FARC's jungle headquarters, known as "FARClandia," in July 1999, to discuss investments with the narcoterrorists.) This Wall Street corruption was the subject of a lengthy special report, "To Stop Narcoterrorism, Shut Down Dope, Inc.," published by LaRouche in 2004, Lyndon LaRouche's campaign committee.

## **Courts Strip Colombia's Anti-Terror Measures as Bombings Escalate**

An attempt by the national legislature to endow Colombia's security forces with wartime capabilities for confronting the FARC, were sabotaged April 12, when the Constitutional Court declared the National Security Law, enacted last February, to be unconstitutional. Among other things, the law created throughout southern Colombia military theaters of operation, which subordinated civilian authorities in war zones to military oversight. Incredibly, the Court ruled that the majority of the articles of the new Security Law threatened the "fundamental rights of Colombians." Those same citizens are undoubtedly asking how giving the FARC free rein, guarantees their "fundamental rights." Both President Pastrana and Vice President Gustavo Bell lamented the loss of what they called this "crucial instrument," and promised that new legislation would soon be forthcoming.

In just the past week, the FARC has set off car-bombs in Villavicencio and Bogotá, sent rockets against the offices of RCN national radio in Bogotá, and kidnapped half the Legislative Assembly of Cali.

## **FARC 'Ambassadors' Flee to Venezuela**

The two most prominent mouthpieces of the FARC outside of Colombia, "Olga Marin" and "Marcos Calarca," were forced to abandon their "embassy" in Mexico City, after Mexican President Vicente Fox was convinced by Colombian President Pastrana last week to shut down the FARC office there. On April 13, the two were lined up to take a flight to Havana, when they suddenly changed their minds, and took off for Venezuela instead. Venezuelan authorities have refused to confirm that they are currently in that country, but with the return of Hugo Chavez to power there, there is every reason to believe that the FARC's new safe haven (replacing their "DMZ" in Colombia), is now in next-door Venezuela.

In Argentina, FARC spokesman Javier Calderon is apparently also running into problems. At least one Argentine Congressman, Miguel Angel Toma, has presented a bill demanding that Calderon be arrested on sight.

## **Buenos Aires Archbishop: Take Responsibility for Rebuilding the Nation**

In a recent conference on education, Buenos Aires Archbishop Julio Bergoglio, S.J. warned, that the task of rebuilding Argentina can't be left to politicians: "We've seen what happens when economic and political power become separated from people." Argentina has been subjected to a "model built around specific economic interests, excluding the majority, generating poverty and marginalization, tolerating all kinds of corruption, while not touching the interests of the most concentrated power. And haven't we formed part of that perverse system, partially accepting its principles (as long as it didn't affect our pocketbooks), closing our eyes to those being pushed aside and overwhelmed by injustice?"

Argentina's crisis "is now at its greatest inflection point," Bergoglio said. A decision must be made "that Argentina will continue to be a nation; to learn from the painful experience of recent years, and start on a new path, or sink into misery, chaos, the loss of values, and our decomposition as a society." Nor is it the case, he warned, that failure to correct mistakes automatically means that the country will be condemned to repeating them eternally, because "the rope can only stretch so far."

## Argentine Congress Passes 'Dracula' IMF Measures

Argentina's Congress has passed the "fiscal pact" by which the provinces agree to cut their budgets by 60%, as the International Monetary Fund has demanded. The agreement eliminates the fixed amount of Federal revenue-sharing funds the government was supposed to send to the provinces each month, and commits the provinces to reducing their total budget deficit by 3 billion pesos this year, and achieving a balanced budget in 2003. But no governor, with only a few exceptions, can even say where these cuts are supposed to come from. The IMF knows--it had hinted it might grant \$700 million to the provinces to help finance their deficit, but only if governors showed a willingness to cut expenses--wages, pensions, and health and education expenditures, for starters.

Under the new deal, the Federal government agrees to pay 56.7% of monthly tax revenues to the provinces, and keep 42.3%--but, if revenues drop, as they have been doing, there won't even be a fixed minimum of revenue-sharing funds guaranteed for the provinces. This is just another way the Fund has of turning the screws on the governors, forcing them to accept further "adjustment." Based on March's tax revenues, the provinces received \$200 million less than they would have received under the old system. And provincial tax revenues, in towns and municipalities, are dropping to the range of 30%. In Buenos Aires province, which is supposed to bear the brunt of the \$3-billion budget cut by reducing expenditures by \$1.5 billion, Gov. Felipe Sola angrily stated, "We can't accept that everything that an international agency says is holy Scripture."

## Asia News Digest

### Rebel Leader Sweeps East Timor Presidential Election

Xanana Gusmao, former leader of the Fretelin movement, won 83% of the vote in the April 14 election in East Timor, just now becoming independent from Indonesia. Gusmao ran as an independent, not as a Fretelin candidate, although Fretelin candidates won a majority in the earlier Parialentary elections and will be the government party.

Gusmao distinguishes himself from the call coming from his former comrades for vengeance against Indonesia--a call coming especially from Jose Ramos Horta, the Nobel Peace Prize recipient, supporter of Portuguese colonialism, and darling of the foreign NGOs. As the final returns were coming in, Gusmao pledged he would seek good relations with Indonesia, and would prioritize repatriation of those Timorese who fled to West Timor after the August 1999 UN referendum, and other overseas Timorese. He also said he would support amnesty for pro-Indonesia militia leaders active after the 1999 vote, but only after they have stood trial and been sentenced.

Gusmao placed a call to Indonesian Foreign Minister Hassan Wirayuda, who congratulated him on behalf of the Indonesian government. Gusmao conveyed his determination "to enhance close relations with Indonesia," and his highest respects to the Indonesian President.

### China Develops Economy with Plan for High-Speed Railroad

China is planning to build a 2,000-kilometer high-speed railroad from Beijing to Guangzhou (Canton) in the far south, which would reduce the trip between the two cities from 23 to 10 hours.

This Beijing-Guangzhou line would cost at least 200 billion yuan (\$24 billion). Such a "massive infrastructure project" would help maintain China's economic growth, according to the *China Daily*, which also reported that this project is included in China's long-term economic plans. It will be emphasized when the Beijing-Shanghai high-speed railway is completed, in about five years.



## ***Economist Caught in Another Destabilization of Indonesia***

On April 11, *The Economist* of London published a slanderous attack on Indonesian President Megawati Sukarnoputri, and got a stern response. Just weeks after both Thailand and Malaysia had banned certain issues of *The Economist* for slanderous articles on their countries, the magazine tied together dozens of snide, lying, and degrading slanders against Indonesia, and especially the President.

Examples: Megawati "presides over the country from a lofty and impassive distance..., largely inactive..., the country is drifting towards disaster..., no clear direction..., isolated successes, none as impressive as it looks..., little initiative or ideology," and on and on. It alls Megawati's statesmanship in facilitating renewed ties between North and South Korea a "quixotic attempt." The British seem worried that Megawati is showing signs of the kind of nationalist leadership associated with her father, Sukarno, the country's first President. In fact, the article is titled "Trading on Her Father's Image."

In response, Mahendra Siregar, spokesman for the Coordinating Minister for the Economy in Indonesia, wrote to *The Economist* that this was pure "yellow journalism," without any attempt to contact the Indonesian government, peddling a "cheap smear," while "beating the dead horse of terrorism in Indonesia." He ended by calling the article "spurious--bordering on libelous."

## ***U.S. Increases Troop Levels in Philippines Exercises***

Some 2,003 U.S. troops are expected in Luzon, comprising the largest portion of the 2,700 U.S. troops scheduled to take part in the Balikatan 02-2 exercises in the Philippines' northernmost island, Luzon, April 22-May 6.

Balikatan 02-2, as of now, is not subject to the same "terms of reference" as the Balikatan 02-1 exercises in Mindanao, where 660 U.S. troops, led by 160 Green Berets, are conducting training exercises whose objective is to destroy the Abu Sayyaf guerrilla. Only after a fight all the way up to the Supreme Court were U.S. troops in exercise authorized to return fire in self-defense.

That authority does not extend to the Luzon exercise, where the character of the exercise could change rapidly, after the Communist Party's journal issued a call over the weekend for "lethal action" against U.S. troops in the Luzon exercises, amid indications that peace talks between Manila and the Communist Party of the Philippines (CPP) are at the point of "imminent" collapse. The CPP's New People's Army is estimated at over 11,000 cadre with over 7,000 weapons, operating throughout the country, and with multiple links into a broader leftist swamp.

## ***Anti-Terror Operations Escalate in Southeast Asia***

As U.S. anti-terrorist rhetoric and pressure continues post-Sept. 11, Malaysia has arrested 14 more individuals under the Internal Security Act, including the wife of previously arrested Yazid Sufaat, who is accused of hosting meetings in Kuala Lumpur with two of the accused 9/11 pilots and with Zacarias Moussaoui, now on trial in Alexandria as the "20th hijacker." The 14 are accused of complicity with the Malaysian Militant Group and anti-state activity, but not of international terrorism.

In the Philippines, Fathur Rohman al-Ghozi has pleaded guilty to illegal explosives charges, related to having stashed 1,000 kg of explosives and related equipment. He has not formally admitted to the Manila bombings in December 2000 (to which the government claims he confessed), nor to international connections. Al-Ghozi is Indonesian, but has been in the Philippines for years, and is reputed to have trained the MILF in explosives.



Meanwhile, the Indonesian government officially called on the Phillipines to release three Indonesians arrested on March 13, accused of meeting with associates of al-Ghozi, and of having bomb-making material in their suitcases. These are prominent business and political figures in Indonesia, including an official in the PAN, the Islamic Party of House speaker Amien Rais. The charges appear to be shaky, at best.

Finally, the Indonesian government attempted to present Abu Bakar Bashir with an order to finish serving an old sentence of nine years in prison, of which he served four years (1978-1982). Bashir said that "I deeply suspect that it is connected to pressure from other countries led by the U.S., who have made the arrest of certain figures, myself in particular, a prerequisite for the postponement of Indonesia's debt repayments. The U.S. has accused me of being a terrorist because I defend Osama bin Laden. I say he is not a terrorist, because the U.S. has never proven it."

### **Afghanistan Quagmire: Ex-King Zahir Shah a Solution, or a Problem?**

On April 18, Afghanistan's 87-year old ex-king, Muhammad Zahir Shah, returned to Kabul after 29 years of self-imposed exile in Rome. Far from being a triumphant return, Zahir Shah came back under cover of night, changing his plane for security reasons at Tashkent, Uzbekistan, and guarded by at least 40 Italian carabinieri. Few were allowed to come to the airport to cheer him and his family. It is likely that his stay in Afghanistan, temporary or permanent, will be fraught with danger and characterized by slight contact with people.

Seven ministers of the Afghan interim government, including its chairman, Hamid Karzai, a distant cousin of the former king, accompanied Zahir Shah.

Zahir Shah says he has come back to die in Afghanistan. But Western alliance forces have big plans for him. They are keen to use him to play a role in stabilizing the political environment in Afghanistan. His cousin, the late Muhammad Daud Khan, ousted Zahir Shah in a palace coup in 1973. In 1978, Daud Khan, and almost all the members of his family, were killed inside the palace in a battle for power which came to be known as the Saur Revolution. The 1978 uprising paved the way for the Soviet invasion of Afghanistan in 1979, and for the ensuing 24 years of protracted war (which continues even today)--a war that led to the death of almost 1.5 million Afghans.

Zahir Khan's immediate "task" is to convene the Loya Jirga (the grand council of elders) in June. The Loya Jirga will pick a provisional government that would be in force for 18 months. That period will be followed by general elections, as the plan goes. During these 18 months, the country will follow the 1964 Constitution.

In any case, Zahir Shah has many strikes against him. To begin with, he returned riding on the Western powers' backs, using Western security. During his 29 years of exile, Zahir Shah did not return to Afghanistan once, nor did he even condemn the Soviet invasion of his country.

More important, perhaps, his return comes at a very complex and difficult period. In November 2001, the Western alliance forces ousted the Pushtun-dominated Taliban regime from Kabul by using the minority Tajik-Uzbek-Hazara combination of forces, earlier known as the Northern Alliance. Although Hamid Karzai, a Pushtun, was appointed chairman of the interim government, the Cabinet was loaded with Panjshri Tajiks who are historically anti-Pushtun. Zahir Shah, who belongs to the Durrani sub-tribe in the Mohammadzai tribe, has come back to a country where the majority Pushtuns are out of the system, and many are considered terrorists. Those who brought him back take pride in defeating the Pushtun-dominated Taliban using minority ethnic groups.

Notwithstanding the internal contradictions, the West expects Zahir Shah to unify the nation. The Panjshri Tajiks do not like him. In fact, one of the Cabinet ministers who accompanied him back, told the press that as King, Zahir Shah was

more interested in hunting and fishing than in attending to the nation's needs. It is almost a certainty that the Panjshri Tajiks who dominate the Karzai Administration will try their very best to prevent Pushtun forces from once more dominating Kabul. Pushtuns, defeated and angry, see in Zahir Shah an accomplice of the West and a friend of those who vanquished them. Does anyone envy Zahir Shah's position?

## AFRICA NEWS DIGEST

### Jiang Zemin Announces Development Grant to Nigeria

On his first visit to Nigeria the week of April 15, Chinese President Jiang Zemin announced a \$3.5-million development grant to be given to that country. Five agreements were signed, some of them on economic and technical cooperation. Scheduled to be part of the agreements, according to the Lagos, Nigeria-based daily *Vanguard*, were agreements on power and railways projects, as well as the supply of oil to China by Nigeria. Among the deals expected to be initialled is a \$390-million deal with two Chinese companies to build two new gas-fired power plants in Nigeria, and a review of a \$528-million contract to upgrade Nigeria's crumbling railway network.

*Vanguard* noted that the most significant deal, from Nigeria's standpoint, was the agreement signed month between Nigerian officials and the China National Machinery and Equipment Import and Export Company and the Shandong Power Construction Company. Nigeria is desperate to boost its electricity network. Under the terms of the contract, the Chinese companies will help manage the plants, with a total output of 670 megawatts, after construction is completed in two years. Meanwhile, a spokesman for the Nigeria Railway Corporation, David Ndakotsu, said that work on the rail contract was now 90% complete, with new locomotive equipment in the country and tracks laid.

President Jiang's trip also included visits to two other African nations, Libya and Tunisia. An agreement was signed opening Libya's oil sector to Chinese firms. In Tunisia, Chinese officials said that Jiang's visit aimed at boosting cooperation in shipping and aviation.

### Zimbabwe Paper: IMF, World Bank Policies Good for Nothing

"IMF, World Bank Policies Good for Nothing," reads the headline of an April 14 signed editorial in Zimbabwe's *Sunday Mail*. Written by the *Mail's* political editor, Munyaradzi Huni, the piece spells out the world's case against the present bankrupt international financial institutions, and makes clear the importance of what Zimbabwe is now doing.

"There are those who seem to have been 'drugged' by the International Monetary Fund and the World Bank into thinking that Zimbabwe's economy cannot grow without implementing the policies prescribed by these Bretton Woods institutions. There are those who think these institutions are the country's only hope for survival. And there are those in the country that still think the government should kneel before the IMF and WB to get more loans. Fortunately for Zimbabwe, President Mugabe has realised that these institutions are not only Zimbabwe's, and not only Africa's, but the hidden killers of millions of people in the developing world through their policies.

"He has realized the near-universal failures of the IMF and WB and has decided that the children of Zimbabwe cannot continue dying just because of the love of the funds from these institutions that have been pushing the U.S. and British agenda since their formation soon after the Second World War. Although he has always been lambasting them, President Mugabe clearly showed that the time to dance to the tune of these institutions was over during his recent address to the Zanu-PF 49th ordinary session of the Central Committee. He said: 'This Central Committee must tell Government quite clearly that there will be no more hobnobbing with IMF-inspired blueprints.'

"It is difficult for some people to accept that the IMF and WB's free trade, market liberalisation and financial policies have contributed in reversing the gains that the country had made in the health and education sector since independence, but it's a fact. If one visits Parirenyatwa Hospital, Harare Hospital, Mpilo Hospital or any of the big hospitals in the country, the situation there brings tears to the eyes. Children whose lives could have been saved, are dying because there is no medication; some people are sent back home without receiving any treatment because they cannot afford the fees required, and it's no longer strange to see parents watching their children die.

"On the other hand, some children are no longer going to school just because the fees have become prohibitive. Some people blame the Government for all this but if the truth is to be told, 'things have not always been like this.' There was a time when the country's health sector was rated among the best in the developing world. There was a time when everyone with a hunger for education could go to school. And there was a time when one could walk into a shop and come out with a month's grocery after spending very little money. There was a time when all was well and that was before the IMF and WB came with their millions of dollars, together with the controversial policies that almost caused a social disaster in the country....

"[IMF and World Bank] policies have deepened poverty and increased inequality in the country and it now seems as if the IMF and WB are bent on creating a human rights catastrophe not only in Zimbabwe but also in all developing countries....

"The evidence that the IMF and the WB policies have led to the death of millions of people around the world is everywhere for anyone to see.... Not surprisingly, some countries are contemplating taking the IMF and WB to the International Court of Justice for the genocide that these institutions' policies have caused in their countries. Why should Zimbabwe cling to such organisations? Why should the country keep kneeling before the IMF and WB when it's clear their policies have failed to work in almost all the countries that they have been tried?"

### **Hazardous to Health: IMF, World Bank in Africa**

A report detailing the destruction of health care in Africa by the IMF and World Bank, written by Africa Action, has just been released. Entitled "Hazardous to Health: The World Bank and IMF in Africa," the paper details how the intervention of the IMF and the World Bank in African countries over the past two decades has fuelled the rapid rise of the continent's health crisis by weakening the capacity of African governments to respond. "These institutions must be made accountable for their role in causing the worst health crisis in human history, which Africa now faces," says Africa Action Executive Director Salih Booker. According to the paper, the dictated economic policies created fertile ground for the spread of AIDS and other infectious diseases. And, additionally, cutbacks in health budgets and the privatization of health services mandated by the institutions undermined Africa's health care systems so that they could not respond to the disaster. Africa Action's major focus at this point is AIDS in Africa.

Africa Action combines the Africa Fund, American Committee on Africa, and African Policy Information Center, and is headquartered in Washington. On April 9, Africa Action and TransAfrica released a joint open letter to South African President Thabo Mbeki, saying that Mbeki's AIDS policy has caused "countless deaths."

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

### **Putin Proposes 'Arc of Stability' Security Doctrine**

Russian President Vladimir Putin has proposed a Eurasian "Arc of Stability" security doctrine, set forth April 19 in discussions with the visiting President of Iceland, Olafur Ragnar Grimsson. The arc, in the Russian President's conception, would stretch from Europe to China. "As with the West, Russia maintains very good relations with many Asian countries

including China, and we believe that to counter the 'arch of instability' in the South we can create an 'arch of stability' to face new challenges," *RIA Novosti* quoted Putin as saying.

Also reporting aspects of the Putin proposal were *The Hindu*, *The Times of India*, the Chinese news agency Xinhua, and the Russian *Pravda*.

This "arc" would have two pillars: a new, closer relationship between Russia and NATO, in which Russia would have to be on an equal footing with the other NATO members, and the Shanghai Cooperation Organization, of Russia, China, Kazakhstan, Kyrgystan, Tajikistan, and Uzbekistan, Putin said.

Russia is to play a central role in the "arc," Putin indicated. "We have very close ties with Asian states by sheer virtue of our geographic position and large territory," Putin said. "We have developed very good relations with the People's Republic of China in the format of the Shanghai Cooperation Organization. This could add up to an arc of stability that would include very many countries and eventually evolve into a highly promising global security set-up."

The NATO-Russia summit is to be held in Rome May 28. Final arrangements for the summit are to be made at a pre-meeting of NATO foreign ministers, May 14-15 in Reykjavik.

"In this framework [of new Russian-NATO ties], we could come closer to creating a very promising organization for world security," Putin announced to the press at the Kremlin. Because of security problems requiring "a prompt reaction" by the international community, there must be an effective new mechanism for Russia-NATO cooperation. "This mechanism will work only if all of its participants are equal. In this respect, the role of the 'twenty' could be very large," he stressed.

Putin's proposal is clearly being seen as being in "stark contrast" to George W. Bush's "axis of evil," *The Hindu* wrote. The Russian *Kommersant* remarked that Putin was using the "notion of the curve of stability in opposition to the theory of the former assistant to the American President for national security affairs Zbignew Brzezinski, who called the Asian-Pacific countries the curve of instability," according to Pravda.ru. (Jimmy Carter's National Security Adviser Brzezinski referred to the countries bordering the then-Soviet Union on the south, including, e.g., Afghanistan, and the Central Asian republics of the Soviet Union, as the "arc of crisis.")

The key to this concept is that no nation is to be hegemonic in this security framework, Putin told the press. He stated that "we proceed from the necessity to strengthen the United Nations, the Security Council of the UN, the OSCE [Organization for Security and Cooperation in Europe], realizing that these structures are supposed to play a key role in guaranteeing security. We have to act quickly and in a balanced way for efficient reaction on several problems, including terrorism, and the issue of weapons of mass destruction," *Pravda* reported.

"However," *Pravda* continued, "you can set forth an idea, and it is okay, but the way that you are going to realize this idea is a completely different thing. Especially if this idea touches upon Washington's interests [and] the restriction of America's supremacy in the world."

### **LaRouche's Writings in Russian on Website**

Lyndon LaRouche's December speech, "Russia's Crucial Role in Solving The Global Crisis," is now on the Internet in Russian at [www.larouchepub.com/russian/lar/index.html](http://www.larouchepub.com/russian/lar/index.html).

Addressing the International Symposium dedicated to the memory of Pobisk Kuznetsov, Lyndon LaRouche last Dec. 14 discussed the development of Central and North Asia as "the greatest transformation of the biosphere, in the history of

humanity." The speech was published in English in the *EIR* magazine of Dec. 28, 2001.

Other recent additions to the Russian site include the Russian translation of "What Is Primitive Accumulation; On Academician Lvov's Warning," more proceedings of the Nov. 27, 2001 conference on Vernadsky and the Noosphere, links to LaRouche's recent interviews in Russian publications, and his March 2002 Open Reply to Ari Fleischer, "Peace Between Two Presidents."

## **Russia and Iran Promote 'North-South' Transport Corridor**

Speaking April 16, during an official three-day visit to Iran, Russian Transport Minister Sergei Frank described a broad transportation project after meeting with his Iranian counterpart Ahmad Khorram. Frank said that Russia is ready to launch a trilateral transport project next month known as "North-South," which will link the Western states of the Commonwealth of Independent States (CIS) with Central Asian countries via Russia, according to the April 16 report of *RIA-Novosti*.

The agreement on the transport corridor was signed last year by Russia, India, and Iran, and was approved by the Russian Parliament and President Putin this month. Frank added that Scandinavian and Baltic states, as well as Ukraine and Kazakhstan, have expressed interest in the project. According to the agreement, Russia will develop its Olya cargo terminal on the Caspian Sea in order to transit containers on to Iranian ports.

## **Science and Great Infrastructure Projects Key to Russian Development**

Russia needs a number of great infrastructure programs, as an engine for the revival of national industry and science, said Vitali Tretyakov, former editor of *Nezavisimaya Gazeta*, on Russia's ORT-TV, on a new weekly program mostly focussed on the situation in the science-driven sector of Russia's economy.

"Especially after the Mir space station was closed, the Russians are feeling humiliated. The nation is tired of the evidence of being no more a leader in any sphere. The people are nostalgic for times when we had space science, and when we had an ideology. This ideology could be successfully replaced by a number of comprehensive development programs, especially space programs, as well as great transportation projects. This is what the state leadership should concentrate upon," Tretyakov said.

In the same context, Mikhail Leontyev, the editor of the program, claimed that the project of using the water of Siberian rivers for irrigation of Central Asia deserts, buried in the period of Mikhail Gorbachov's *perestroika*, should be revived, and this could become a basis for Russia's productive cooperation with the republics of Central Asia. He quoted the recent speech of one of the most powerful figures in Uzbekistan's establishment, Ismail Dzhurabekov, with a proposal to revive the project. In his comments, Leontyev denounced the claim of Gorbachovite environmentalists, that such an "intervention into nature" would cause the Siberian rivers to silt up, when actually only 6% of the water flow was going to be "reversed"--also helping to avoid terrible floods like those which recently destroyed two towns on the Lena and the Yenisei.

"These so-called specialists in ecology, for some reason, forgot that such projects have been implemented and successfully work, and they witness it any time while crossing the Volga-Moskva canal, which did not damage the Volga, but efficiently supplies their own Moscow city with water," Leontyev said, and gave the floor to a Kazakh scientist who had participated in a number of Western environmentalist projects in his country, some of them under the auspices of Soros Foundation, but had resigned as soon as he found out that his employers were directly financed from the Pentagon.

Leontyev recalled that the "river-turning" project was originally proposed not by the "party apparatchiks," as the *perestroika* journalist flacks claimed, but by Russian scientist Yuri Demchenko in 1896. This project was approved in

1902 by Russia's Academy of Sciences, and its implementation was, on the contrary, impeded by World War I and the later collapse of the economy in the Russian civil war, in the early days of the Bolshevik government.

Leontyev also pointed to the example of the Spanish government, which ignored the environmentalist campaign against a canal project, thereby providing dry areas of the country with water and officially declaring that it "is not going to listen to this kind of argumentation."

### **Discussion of Reviving Siberia Rivers Project**

The RosBalt news service reported March 21 that Russian Deputy Minister of Natural Resources Valeri Roshchupkin had spoken out about a possible revival of the Siberian water scheme. Roshchupkin referred to the interest expressed by officials from several of the drought-stricken Central Asian countries, in resurrecting the scheme to route water the Ob and Irtysh Rivers southward into Central Asia. Roshchupkin also pointed to the potential benefits for flood control, while noting that the project would require thorough environmental impact studies and huge investment.

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