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

### **LaRouche Extends an Offer on the North Korea Crisis**

*The following statement and analysis was written on March 12, 2003, as the news emerged that a British "compromise" had been floated to paper over the crisis faced by the United States and United Kingdom in the UN Security Council. The pro-war U.S./U.K. "duet" had found that despite intense lobbying and pressure, they did not have the ability to pass a resolution against Iraq. The statement has been circulated by Presidential pre-candidate Lyndon LaRouche's campaign committee.*

The so-called Blair six-point compromise plan being circulated as of today at the United Nations is a non-starter. Any so-called concessions that still revolve around a time deadline, simply mean that at some near-future point, the world will be back at the same point of imminent war. Such a compromise, by its very nature, is no better than war, because it leads, at some point down the line, to war. What is required is an appropriate path for war avoidance.

The only basis for solving the present crisis is the following:

1. The Bush Administration must acknowledge that the world is in the end-game phase of a systemic financial collapse. This must be publicly admitted. Ari Fleischer must retract his recent foolish statements, claiming that the U.S. economy is sound. The U.S. and global economies are in shambles.
2. The President must dump the entire Chickenhawk apparatus from his Administration. This action must be accompanied by parallel action by leading circles in the Democratic Party, to dump Joe Lieberman and the entire Democratic Leadership Council. Lieberman is nothing but a tool of the Conrad Black/Hudson Institute "Bull Moose" ticket project, aimed at the destruction of the Democratic Party of FDR and Lyndon LaRouche. Some leading Democrats privately admit that the DLC was established in the first place as a "Stop LaRouche" operation.

Once these two actions have been taken by the President, the basis will have been set for reaching a deal with Saddam Hussein, to avoid a needless and devastating war. On this basis, the Administration, with the assistance of the governments of continental Western Europe, Russia, and China, must immediately move to solve the North Korea crisis.

An institutional mechanism must be established for the restoring of dialogue with Western Europe. The key issue is the economy. Germany has already put proposals on the table for the revival of the German economy, based on Eurasian trade and rebuilding of infrastructure. On this basis, a global reconstruction effort can be launched, in which the United States can play a role, in keeping with the American System policies of the first hundred years of our republic.

Once the Iraq war has been called off, and cooperative mechanisms established between the United States and Europe, it can be fairly expected that both Russia and China will play a vital role in settling the North Korea crisis.

Lyndon LaRouche has offered, under these circumstances, to take up the role of interlocutor to the North Koreans.

LaRouche has indicated his willingness to travel to Pyongyang, to meet with Chairman Kim Jong-il, to find out, in direct dialogue, what he really wants. LaRouche's well-known credentials as a leading opponent of the Iraq war afford him a unique opportunity to open such a private probe to the North Koreans. LaRouche's involvement would be predicated on a clear signal of cooperation for this effort from the government in Beijing, as well as in Washington. Given the crisis nature of the situation, in North Asia, in the Middle East, and globally, it is appropriate for LaRouche to be making this diplomatic offer openly, in public, rather than through quiet back-channels.

## **LATEST FROM LAROCHE**

### **Lyndon LaRouche Intervenes in — The Current Strategic Crisis**

During the week of March 10-16, Democratic Presidential pre-candidate Lyndon LaRouche issued a series of statements through his political committee, LaRouche in 2004. Each of these three related statements appear below as the strategic studies that provide the path through the treacherous waters of the impending Iraq war, to a true and enduring peace. As LaRouche stated in his press release last week, "What Secretary Powell Did Not Say," (see *EIW*, Vol 2, No. 10) "There are urgent and available alternatives to the folly of the U.S. 'Chickenhawks' ' proposed Middle East war." Not only is LaRouche the only American Democratic Presidential candidate to insist, unequivocally, that there is *no reason for war against Iraq, or with North Korea*, he is *also* the only American statesman currently taking on the issue of an American "Empire," and posing the alternative.

### **The Truth About U.S. Imperialism — March 13, 2003**

The increasing rage, from around the world, against the tyrannical follies of the current U.S. Bush Administration, tends to assume the form of a delusion among the U.S.A.'s critics, which could be as deadly to the world at large as the folly of the neo-conservative Chickenhawks' present control over U.S. domestic and foreign policies. The reasons for such blunders by some Europeans should have been obvious.

The rising popular delusion among the U.S.A.'s foreign critics falsely attributes the combination of the President's unilateralism and his Chickenhawk captors' imperialism to a specifically U.S. origin. What befuddles the Europeans, and others, thus far, is that the origin of both the presently onrushing collapse of the world monetary-financial system, and the imperial-war impulse, is the virtual takeover of the U.S. economy, the President, and the forces exerting top-down control over both political parties, by the successful importing of the Anglo-Dutch Liberal system of William of Orange and John Locke into a presently controlling feature of post-1964-71 U.S. economic practice.

To emphasize the crucial point, what affrights the world about the United States today is the lawful fruit of the same liberalism which is still a controlling influence within Europe (and other locations) today.

For related reasons, there are self-deluded ideologues within Europe—as Angela Merkel's visit to the U.S.A. reflected some leading circles in Germany's CDU-CSU—who assume that the catastrophic aftermath of a successful attack upon Iraq will weaken U.S. power, to the degree that Europe would then have more leg-room for expressing its own specific self-interests. Germans of that persuasion, for example, are to be compared to the deluded state of Marie Antoinette's "Then, let them eat cake." The combination of the actual unleashing of the control of U.S. policy by the nuclear-weapons utopians of the U.S.A. and Israel, would mean prompt descent into an early dark age for Europe, and sundry other parts of the world. Only a European leader in a towering state of terror-driven denial would draw a contrary conclusion.

Face reality. The neo-conservative Chickenhawks, as typified by Wolfowitz and Perle, are essentially neo-Nietzschean fascists of the Leo Strauss, Carl Schmitt, Martin Heidegger, Michael Ledeen, et al. variety. They are, like Adolf Hitler in

the bunker, doomsday utopians, enjoying a narrow but nasty base of support in the ranks of the illiterate unwashed Armageddon fetishists. They are not representative of a financial aristocracy—although not lacking the propensity to steal—but of a caste of feudal lackeys, which has taken control over the affairs of their masters' estates. The notable obsession of this pack of lackeys is their devotion to Bertrand Russell's doctrine of conduct of preventive nuclear war as a way of terrifying the world into submitting to a utopian world government of the qualities proposed by Russell and H.G. Wells. Their gospel is H.G. Wells' 1930s movie, "Things to Come."

What is to be observed in Washington, is this lackey class (including Conrad Black's 2004 "Bull Moose" candidates McCain and Lieberman, and Black's resident lunatic, Laurent Murawiec) seizing control of policy-shaping from the hands of the professionals and the financier circles themselves, just as Hitler took power from the hands of those such as the backers of Hjalmar Schacht.

The issue of war against Iraq thus packs into a single package, President George "Hindenburg" Bush's putting some Chickenhawk Hitlers into power on the pretext of the Reichstag arson. Fools greeted Hitler's appointment by Hindenburg as temporary affront to political good taste. Acquiescence to the alleged "inevitability" of the Iraq war, should remind us of the foolish German generals of 1933-34 who abandoned Chancellor von Schleicher for "reasons" no worse than those of Europeans prepared to accept the "inevitability" of an Iraq war today. Those German generals, among others, paid dearly for that mistake on the matter of von Schleicher, in July 1944. The cost to the world today, would be far worse.

In other words, the proverbial "bottom line" is, that there is no hope for the world in the near-term—perhaps for generations yet to come—except on the condition that certain sweeping, axiomatic changes are effected within the U.S. political system about now. There exists no alternative pathway to security for any part of the world.

In fact, there are two most crucial implications of the kind of denial of reality we discover among relevant Europeans. One is the set of points just outlined above. The second is, that the continued influence of Anglo-Dutch Liberalism in Europe, as in Angela Merkel's CDU or Westerwelle's FDP, prevents the victims of the delusion from considering the urgently needed adoption of Franklin-Roosevelt-like economic-recovery measures. The latter delusion prevents Europeans who are victims of that ideology from recognizing that only political overturn of that form of Liberalism in the U.S.A.—the so-called "American Tory" form of the dupes of John Locke—would free the U.S.A. from the deadly form of combined unilateralism and Chickenhawk imperialism menacing the planet today.

## **How Liberalism Created Fascism — March 14, 2003**

The principal source of the difficulty which most Europeans experience in attempting to understand the present U.S. internal crisis, is that the current eruption of wild-eyed U.S. imperialist practices is rooted in the same Anglo-Dutch Liberal model admired by most popular and official opinion in today's Europe. I describe some of the essential mechanics of that connection.

The Liberal system of government, economy, and social philosophy is chiefly a copy of the financier-oligarchy-ruled maritime power of Venice's former imperial hey-days. Under the influence of Venice's powerful Paolo Sarpi and his successors, the Venetian model of financier-oligarchy-managed liberalism was imposed upon two emerging imperial maritime powers in northern Europe—the England of Francis Bacon, Thomas Hobbes, and John Locke; and the Netherlands of William of Orange and the radical empiricist Bernard Mandeville. The philosophical liberalism reigning within the society was complemented by a thrust toward that relatively global maritime supremacy consistent with the adopted self-interest of the financier-oligarchical class as both merchant and usurer.

The crucial feature of the Anglo-Dutch Liberal model which was thus essentially consolidated in conception over the course of the Eighteenth Century, is the relative independence from elected government, enjoyed by a privately controlled

central banking system. In effect, that central banking system is the agent of the collective assembly-in-fact of the society's financier-oligarchical class.

During the interval from approximately 1763 to 1945, the chief challenge to the power of the Liberal model within extended European civilization was first expressed in wide support, among Europeans, for the struggle for independence of the English colonies in North America. Over the course of the 1763-1789 interval, the shaping of the emerging American constitutional republic produced a Constitution whose Preamble represented the intellectual triumph of the leading U.S. patriots, who reflected the influence of Gottfried Leibniz over that of John Locke. Even today, despite the success of Britain's Edward VII in foisting what became the Federal Reserve System on the U.S.A., the American System of political-economy, as described by Franklin, Hamilton, the Careys, Friedrich List, et al., is based on a principle of the authority of constitutional national banking—over that of any foreign power, or domestic financier-oligarchy—in matters of monetary and financial regulation.

The best way to understand the way in which Chickenhawk captive President Bush's imperial hubris is being expressed today, is to look at the way in which a concert of Anglo-American financier-oligarchical power led by Britain's Montague Norman, using Norman's asset Hjalmar Schacht, et al., imposed Adolf Hitler's dictatorship on Germany. The "independent central banking" interest, so expressed, put Hitler into power, both to prevent a Franklin Roosevelt-like option in Chancellor von Schleicher's Germany, and to arm Germany for a world war intended to destroy both Germany and Russia.

## Shift in the U.S. World Role

The war did not proceed as Montague Norman et al. intended. Germany decided to strike West first, instead of East. That put London in the position of screaming for help from the Roosevelt they hated; and the U.S. role left post-war Britain to be faced with absolute U.S. economic superiority world-wide—not exactly the original goal of Hitler's London backers. In strategy, always expect the unexpected as the most likely outcome.

Look at today's bankrupt U.S. system against the lesson of 1933-34 Germany.

Over the course of 1964-2003, the U.S.A. has been transformed from the world's leading producer nation, to an economically parasitical "consumer society" like the ancient Roman Empire, one which lives on the loot garnered by a brew of nuclear weapons and other predatory power over the world at large. In this process, for about two decades now, the leading U.S. political parties concentrate upon a constituency of the upper 20% of family-income brackets (e.g., the so-called "suburban" dogma of the neo-conservative Democratic Leadership Council—DLC), controlling elections, top-down, through vast masses of raw financial power, and control of the principal mass media of the nation by those same oligarchically-minded financier interests. Conrad Black, a leading "fallen angel" of the Chickenhawk flock, like the so-called "Mega Group," is typical of those corrupt connections.

Prior to that 1964-81 cultural-paradigm shift, during 1933-63, the U.S. political system was based in relatively large degree on the social and economic forces associated with independent farmers, manufacturing, regulated basic economic infrastructure, and so on. Today, nearly forty years since the assassination of President John F. Kennedy, the true entrepreneur is a vanishing species. The economic-political landscape of power is dominated by predatory forms of financial speculation, such as Enron and Halliburton, rubbing shoulders with the multi-billionaire barons from organized-crime pedigrees. Thus, we have a President, whose family ties are to a facet of that financier interest, but who, although nominally lord of the Federal estate, is being controlled by a pesky pack of wild-eyed "Leporellos," the "Chickenhawks." This is the pack of lackeys associated with the pro-fascist ideological legacy of Chicago University's Leo Strauss, Carl Schmitt, Nazi philosopher Martin Heidegger, et al. The rascals appear to be running the Presidential chicken-coop, at least for the time being.

## Choice Between Roosevelt and Hitler

The role of those Chickenhawks represents an active and immediate, new Hitler threat.

As I shall explain in a forthcoming sequel to today's brief report, the world has only two significant choices: between today's Franklin Roosevelt and today's Hitlers; between Roosevelt-style recovery programs and Chickenhawks wielding, and intending to use, nuclear weapons. It should be obvious that an FDR strategy means putting the Anglo-Dutch Liberal system into cold storage, at least for the duration. Thus, Europe may recognize the homicidal lunacy of Rumsfeld's and Cheney's Chickenhawk Hitlers; but to prevent those Hitlers from taking over, the Anglo-Dutch Liberal models must be replaced by reorganization of the presently hopelessly bankrupt world monetary-financial system according to the principles of the American System of political-economy, List's system of national economy—at least "for the duration."

### Lyndon's FDR vs. Joe's Hitler — March 14, 2003

The decisive issue of U.S. policy in the Democratic Party today, is the fight between those who back the strategic posture recently stated by Senator McCain's warmongering crony, Senator Joseph Lieberman, and those who are committed, as I am, to applying the lessons of President Franklin Roosevelt's successful leadership over the 1933-45 interval, to the present global depression. I point to the ugly fact of Lieberman's recent policy declaration, in which he demanded that discussion of the U.S. economic crisis be banned, in favor of focussing popular attention totally on rallying support for the war-policy of Dick Cheney's Chickenhawks. Lieberman also demanded, explicitly, that the legacy of President Franklin Roosevelt be rejected.

There are two leading points to be emphasized in this, the third of my series of short reports on the nature and origins of the present imperial war-drive by Cheney's and Rumsfeld's Chickenhawks. First: consider those fundamental differences on economic policy between FDR and Hitler, which are now, once again, the crucial issues inside U.S. domestic and foreign policy. Second, focus upon the significance of the backing of the 2004 "Bull Moose" candidacies of "Tweedledum" McCain and "Tweedledee" Lieberman by press-imperialist Conrad Black's nuclear Chickenhawks' roost, the Hudson Institute.

As documented in the complementary studies by Michael Liebig and Helga Zepp-LaRouche, and others, the 1931-33 alternative to bringing Hitler to power in Germany, was posed by Dr. Wilhelm Lautenbach's presentation to a 1931, secret, high-level Berlin meeting of the Friedrich List Society. Had Lautenbach's proposal been implemented, rather than the fiscal austerity follies of ministerial Chancellor Bruening, Hitler could never have come to power in 1933. Through the implementation of policies akin to those of Lautenbach, President Franklin Roosevelt averted an intended fascist takeover of the U.S.A. Had a coup orchestrated by New York-financed London banker Montagu Norman not pushed President Paul von Hindenburg into dumping Chancellor von Schleicher, on January 28th, to install the choice of Germany's liberal party leader Hjalmar Schacht, Adolf Hitler, on January 30th, it would have been Kurt von Schleicher, not Hitler, heading the government of Germany at the time Franklin Roosevelt was inaugurated as the new U.S. President. Germany's and U.S.A. policies would have been complementary.

The imposition of spiralling fiscal-austerity programs, such as those being accelerated within the U.S.A. today, creates the condition under which a monster like Hitler, or an ugly McCain-Lieberman "Bull Moose" third-party combination, may become able to grab power. The Lautenbach proposal of 1931 typifies the alternative to such ugly scenarios, still today. That policy, when studied in the light of the successes of FDR's recovery programs, would have worked to prevent that economic-cultural breakdown then; the same principle could work in the U.S.A. and elsewhere today.

Against that ominous historical background, contrast President George W. Bush's pathetic version of "a fiscal stimulus package" to the genuine alternative posed by the Lautenbach and FDR precedents. The President's—and present

Democratic Party leadership's—refusal to launch, even tolerate discussion of an FDR-style, infrastructure-based type of stimulus program, is already tending to create the preconditions for the kind of U.S. fascist dictatorship which the Hudson Institute's McCain-Lieberman "Bull Moose" project threatens to bring into being by January 2005, or even earlier.

President Bush is right in thinking that the collapsing U.S. economy desperately needs a Federal stimulus package. His mistake is attempting to breed by stimulating the sexual passions of the wrong choice of species.

The President had the misfortune to enter adulthood at a time that the official Indo-China war was already under way, and the perversion of the "rock-drug-sex youth-counterculture" was rampant on the university campuses, including his own. Then, or in his business experience, or experience in government, later, he never had adult experience of the way a real economy works; he belongs, in fact, to a generation of university-trained strata which is predominantly ignorant of the way in which real wealth is reproduced.

He belongs to a generation which, in large, has become obsessed with immediate pleasure-seeking, and with the usurer's delusion, that it is money breeding money, which is the principle of wealth. So, we should not be surprised to see, that neither he, nor any visible figure of his government, appears to know what a healthy economy is. Therefore, his financial schemes do nothing but provide hyperinflationary stimulus to the same monetary-financial policies which have undermined and wrecked the U.S. economy, increasingly, over the entire period of three decades, since the trio of Henry Kissinger, Paul Volcker, and George Shultz foisted their August 15, 1971, "floating-exchange-rate" monetary swindle on John Connally and President Nixon. There lies the source of the danger of fascism currently typified by the Hudson Institute's disgusting duo, McCain and Lieberman.

## **What Must Be Done: Then as Now**

The immediate problem of both the Federal and state governments, today, as in 1931-33 Germany, is that the use of fiscal austerity measures in the attempt to balance government accounts, is the medicine which kills the patient, rather than the disease. Such fiscal-austerity measures might appear to balance the accounts of state and municipal governments over the short term of a few months, but, beyond that point, the result will be the hopeless bankruptcy of those governments, and explosive social conditions for a terrified and desperately ruined citizenry in general.

The alternative, as emphasized by Lautenbach in 1931, as by FDR, is to increase the rate of physically productive unemployment, up to the level that the resulting increase of the tax-revenue base brings currently incurred accounts into balance, or slightly better. There are chiefly three ways in which state, local, and national government can produce such beneficial changes quickly.

The foremost action by governments, beyond emergency general-welfare relief measures, is accelerated investment in creation of needed public works, chiefly by activating well-defined public works investment in public transportation, especially mass transit, generation and distribution of power, water management, urban development, land management for conservation, forestation, space-oriented science-driver programs, and health-care and educational facilities and programs.

The second class of actions by government, is the mobilization of credit and selective investment-tax-credit for assistance in the area of physical production, such as farming and manufacturing, by the private sector, emphasizing private entrepreneurship more than corporate absentee shareholder value. The combination of the investment tax-credit and accelerated space-mission programs by President Kennedy's Administration, is typical.

The third class of government actions, is establishing long-term, low-interest, government-regulated technology-sharing programs of between twenty-five to fifty years' maturities, with foreign partners.



In adopting such measures, we must proceed from the painful lesson of two generations' experience. We must recognize that the economic collapse of the world's present, doomed monetary-financial system, is the result of a wrong turn made, in the U.S.A., as under the United Kingdom's first Harold Wilson government, since the time of the launching of the official U.S. war in Indo-China. The cultural-paradigm-shift of 1964-72, aggravated by the inevitably ruinous 1971-2003 "floating-exchange-rate" monetary-financial system, was a truly tragic kind of folly. We must combine the rebuilding of the house which FDR built up out of the ruins of the Coolidge-Hoover Depression, with an orientation to the vast markets for long-term technology-sharing investments opening up in Eurasia.

We must let the present collapse of the U.S. economy bring us back to our senses. We must build a new more durable system of global security, chiefly by taking a leading position in promoting advance of humanity from childhood to the maturity of a set of relations among states composed as a community of principle among perfectly sovereign nation-state republics.

That is the only effective way to defeat both the current world depression and the fascist schemes of the neo-conservative imperialists allied with John McCain, Joe Lieberman, and their Chickenhawk accomplices. Learn the lesson of Hitler's 1933 accession to power, while the choice is still available to you.

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

### **Leading U.S. Banks Hold Trillions in Dangerous Derivatives**

According to a report issued March 12 by the Comptroller of the Currency, U.S. bank holding companies held \$58.3 trillion of derivatives bets at year-end 2002, led, as usual, by JP Morgan Chase, with \$28.9 trillion; followed by Bank of America, with \$12.5 trillion; and Citigroup, with \$10.0 trillion. Close behind were Wachovia (née First Union) with \$2.0 trillion, and Bank One with \$1.1 trillion. The bank holding companies had \$48.7 trillion in derivatives at the end of 2001, and \$43.9 trillion at the end of 2000. U.S. banks held \$635 billion of credit derivatives at the end of 2002, with Morgan Chase accounting for \$366 billion, Citi for \$132 billion and Bank of America for \$92 billion. The banks charged off \$73.6 million on their derivatives holdings in the fourth quarter, bringing derivatives charge-offs to \$631 million from the third quarter (the 9/11 quarter) of 2001.

### **Buffett's Alarm on Derivatives Sparks Policy Fight**

Following last week's warning by the "Oracle at Omaha," Warren Buffett, that financial derivatives should be seen as "time bombs" (see [EIW #10 ECONOMICS NEWS DIGEST](#)), a firestorm of debate over derivatives has erupted, suggesting that a major policy fight is being waged over how to handle the bankrupt derivatives banks and the system they represent. Buffett's comments were released, and promoted, by *Fortune* on March 3, and hardly a day has passed without a major article appearing on this normally hidden subject.

For example, the *Washington Post*, the Lazard-connected paper partly owned by Buffett, carried a March 6 business-page lead story contrasting Buffett's views with those of Federal Reserve chairman Sir Alan Greenspan (Buffett "put himself directly at odds with another financial sage ... Greenspan," the paper said, liberally quoting from both). On March 12, the *Post* carried an op-ed by economist Robert Samuelson, contrasting the Buffett and Greenspan positions and raising Greenspan's warning about the need to bail out the system in the "remote possibility of a chain reaction."

The *Financial Times* of London devoted an entire page to the subject March 10, featuring a huge picture of Buffett overlaid by selected quotes. The *FT* quoted International Accounting Standards Board Chairman Sir David Tweedle as warning: "The derivatives we have out there can destroy companies ... and you would not even know."

The rebuttal was handled by the rabidly pro-derivatives *Wall Street Journal* in its lead editorial March 11, which delicately criticized Buffett's comments as "grumpy" and unreasonable. "Warren Buffett is on a crusade (again)," the *Journal* complained, citing and then dismissing, his arguments. The voice of Wall Street waxed ecstatic about derivatives, calling them "little miracles of financial engineering," which save the banks by offloading "risk" (read: losses) to others. "Thus even after several years of a weak economy and shock defaults in the telecom sector, there have been no big bank failures.... Buffett is not only shooting the messenger, he's also blaming the gun."

**U.S. Machine-Tool Consumption Continues Severe Decline**

In January 2003, U.S. industry consumed \$149.70 million worth of machine tools, which represents a fall of 19.0% compared to January 2002's level of \$184.73 million, according to a March 10 announcement by the American Machine Tool Distributors Association (AMTDA), and the Association for Manufacturing Technology (AMT).

"Over half of U.S. manufacturers are working with machines made in the 1960s and 1970s," AMT president Albert W. Moore stated. This means that these machine tools, between 24 and 43 years old, are significantly beyond their useful life, which is considered to be 20-25 years. Moore added, "The only way they [these companies] can regain international competitiveness is to allow them to fully expense the purchase of equipment in the year that it is acquired." While an accelerated tax credit for manufacturers' purchase of machine tools could be helpful, AMT is refusing to face the fact that the U.S. financial-economic system is in a final phase of disintegration breakdown, and unless that problem is solved, U.S. machine tool consumption and production won't increase appreciably.

Annualizing the data for January, U.S. machine tool consumption in 2003 would total \$1.80 billion.

**U.S. Machine Tool Consumption, on an Annual Basis (\$ billions)**

1997	\$5.56
1998	4.91
1999	3.90
2000	3.99
2001	2.67
2002	2.06

Thus, highlighting the collapse of the economy, U.S. machine-tool consumption in 2003 would be but one-third the level of 1997.

**SEC Probes AOL for 'Aiding and Abetting' Schemes To Inflate Revenue**

The Securities and Exchange Commission widened its probe of America Online and two of its former executives, to cover alleged schemes in which AOL and other companies, including online real-estate firm Homestore Inc., exchanged cash through bogus transactions, in order to artificially boost revenue. AOL Time Warner and the two former dealmakers, David Colburn and Eric Keller, could be found culpable not only for the media firm's own accounting fraud, but also for the financial wrongdoing of other companies.

**Stock Market Collapse Takes Down States' Pension A**



Due to the ongoing stock-market meltdown, the pension assets of U.S. states are now worth less than the benefits they are committed to pay out, the *Washington Post* reported March 13. Overall, the total value of assets in state employee pension plans fell to 91% of liabilities, as of the end of 2002, according to a report by Wilshire Associates Inc. Some 79% of "defined benefit" state pensions are underfunded, up from 31% in 2000. In fewer than one dozen states, are pension assets equal to or greater than liabilities; in about a dozen, assets are less than 75% of liabilities.

As a result, states will have to increase funding, possibly by raising taxes or cutting other programs, according to Wilshire.

Denying reality, state officials said that the report appeared to paint an unnecessarily bleak picture, claiming that the pension plans "are designed to withstand this sort of" market meltdown through "actuarial valuation methods."

Corporate pensions are currently underfunded by about \$300 billion overall, the Pension Benefit Guaranty Corp. estimates.

### **Consumer Confidence Crumbles in Early March**

Consumer confidence fell in March to the lowest level in more than a decade, according to a preliminary survey issued by the University of Michigan March 14. The survey found that consumer sentiment fell in early March for a third consecutive month, to 75.0, its lowest reading since October 1992, from 79.9 in February.

Lyndon LaRouche reportedly commented, that this is Michigan telling Bush, "It's the economy, stupid."

### **Retail Sales Skid to New Lows in February**

Retail sales in February plunged by 1.6% over January, to \$304.1 billion, the largest one-month drop since November 2001, according to figures released by the Department of Commerce March 13. Excluding sales of gasoline (whose average price jumped 12% in February), retail sales fell by 1.9%.

One key example: Ford Motor Company announced plans to cut second-quarter production by 17%, compared to a year ago, due in part to falling sales.

### **Merrill Lynch Banker Fears Fed's Proposed Use of 'Unconventional Tactics'**

In his March 7 "Research and Commentary Report," Merrill Lynch's senior economist for North America, David Rosenberg, expressed high anxiety about state of the U.S. economy, writing, "The employment report for February is the ... most noteworthy piece of information suggesting the risk that the economy may be heading back down. The drop of 308,000 in payrolls is too big and too widely dispersed across too many industries to be blamed on bad weather or the call-up of military reserve personnel."

Rosenberg then offered his forecast: The Fed's Federal Open Market Committee (FOMC) will cut the Federal funds rate by 1/4 percent on March 18, and another 1/4 percent in May, which two cuts will lower the rate to 0.75%. Most critically, Rosenberg then said, "The Fed's next step, if needed, probably would be to purchase intermediate- and long-term Treasury securities directly, as [Fed] Chairman Alan Greenspan and [Fed] Governor Ben Bernanke have indicated."

On Nov. 19, 2002, speaking before the New York Council on Foreign Relations, Fed chairman Alan Greenspan praised derivatives, but then said that should there be a major derivatives failure, the Fed must consider becoming the "insurer of last resort," for the banks that have large derivatives holdings outstanding.

Two days later, in a move coordinated with Greenspan, Fed Governing Board member Ben Bernanke said that, in the event of extreme deflation or something going wrong in the financial system-economy, the Fed may approach the "zero bound condition," and could not lower interest rates any further. It would then have to resort to "unconventional measures." Normally, the Fed carries out procedures through its Federal funds window, by which it buys and sells three- to six-month U.S. Treasury securities, which affects short-term interest rates. Bernanke proposed that the Fed take the extraordinary step of directly buying two- to five-year U.S. Treasury securities, with the intent of bringing down *long-term and intermediate interest rates*. In his speech, Bernanke likened the most extreme form of his approach to a "helicopter drop of money," which would flood the economy-financial system with money.

### **Bankrupt Worldcom Lowers Asset Value by \$79.8 Billion**

Bankrupt Worldcom has lowered the value of its assets by nearly \$80 billion, signifying that much of its telecom network is essentially worthless. Worldcom wrote off \$45 billion in value of companies bought in its 1990s acquisition binge, wiping out "goodwill"--i.e., the difference between purchase price and market value. In addition, the bankrupt telecom giant slashed by about 75%, from \$44.8 billion to \$10 billion, the value of equipment and intangible assets in its fiber-optic network.

### **New York City Pension Funds Face \$90-Million Loss from NCFE Bonds**

New York City's employee pension system could lose almost \$90 million on bonds it holds, which were issued by the now-bankrupt health-care looting operation known as National Century Financial Enterprises (NCFE), the *New York Times* reported March 14. The NCFE bonds were pawned off on the city pension plan by Citibank, which serves as its custodian and lending agent.

New York is not alone: More than 100 Arizona municipalities face total losses of \$131 million on NCFE bonds held by an investment pool run by the state treasurer. The Flagstaff United School District announced March 13 that it is joining a class-action suit to attempt to recover over \$18,000 held in the investment pool. Another \$100,000 was lost by the surrounding county.

## **World Economic News**

### **Deutsche Telekom Posts Biggest Annual Corporate Loss Since World War II**

Europe's largest telecommunications firm, Deutsche Telekom, lost 24.6 billion euros (\$27.1 billion) in 2002, the biggest corporate yearly loss in Germany since the Second World War, mainly due to a third-quarter writedown in the value of its holdings, such as U.S. wireless company T-Mobile USA, and on U.S. mobile-phone licenses. Telekom is in a drive to cut costs and debt--61.1 billion euros (\$67.2 billion) at the end of 2003.

France Telecom reported a net loss of 20.7 billion euros (\$22.7 billion) for 2002, while Vivendi Universal said it lost 23.3 billion euros (\$25.6 billion) in 2002--a record annual loss for a French company.

### **Euro Central Banks Batten Down Hatches Ahead of 'Cross-Border Contagion'**

On March 10, the central banks and financial supervisory agencies of Western and Eastern European countries agreed to a joint "Memorandum of Understanding" (MoU) on "high-level principles" of cooperation in "crisis-management situations." The European Central Bank stresses that the MoU "is not a public document," so it will not be published. The

document specifies principles and procedures for cross-border cooperation, including setting up a logistical infrastructure, to ensure the "stability of the financial system" during financial emergencies.

The ECB notes that the agreement was important because developments such as "the integration of financial markets and market infrastructures in the EU, the growing number of large and complex financial institutions and the diversification of financial activities," have increased "the likelihood of systemic disturbances affecting more than one Member State" and have possibly also increased "the scope for cross-border contagion."

### **Paraguay Narrowly Averts Default to Multilateral Lenders**

A desperate Paraguay narrowly averted default on \$54 billion owed to multilateral lenders the first week of March, by borrowing money from the Central Bank against *future* sales of electricity. To convince the Bank to lend it money owed to the World Bank, the Inter-American Development Bank (IADB), and the Japan Bank for International Cooperation (JBIC), the government said it expected to receive \$39 million, by April 6, from the giant Brazilian-Paraguayan Itaipu hydroelectric complex, and \$15 million from the Argentine-Paraguayan Yacyreta hydroelectric complex. However, the Bank would only cover the \$39 million, apparently considering the Argentines to be unreliable. Where Paraguay's Gonzalez Macchi government found the remaining \$15 million is unknown.

Borrowing money from the Central Bank is only a short-term fix for impoverished Paraguay, which is under fierce IMF pressure to ram an austerity package through the Congress as a conditionality for a standby loan. Standard & Poor's has already classified the country as being in "selective default," because it had previously defaulted on \$21 million in bonds held by local banks. According to a just-released confidential World Bank report, "Paraguay's financial system is highly vulnerable." The report warns of an "imminent crisis" at the state-run National Development Bank, and recommends that pension funds deposited there be withdrawn immediately.

## **United States News Digest**

### **LaRouche Campaign Issues Broadside Against Ashcroft's Nazi-Style 'Patriot II' Bill**

LaRouche in 2004, the campaign committee for Democratic Presidential pre-candidate Lyndon H. LaRouche, on March 17 released the text of a new mass leaflet written by LaRouche and titled "Stop Ashcroft's 'Heinrich Himmler II' Bill—While You Still Can."

The leaflet will be circulated massively across the United States, and is also posted on [www.larouchein2004.org](http://www.larouchein2004.org), the LaRouche campaign's website.

### **Ellsberg Hails Report of U.S. Wiretapping of UN Members' Phones**

Daniel Ellsberg, the man who leaked the "Pentagon Papers" to the *New York Times* during the Vietnam War, at a press conference March 11 said that the leaks in the London *Observer* about the wiretapping of UN members' phones by the American National Security Agency, as being potentially more significant than even the publication of the "Pentagon Papers" in 1971. The leaks, which Ellsberg felt were leaks by the British security institutions, could potentially stop the Iraq war before it began, Ellsberg said—and that was what made the leak, in his view, potentially more important than the Pentagon Papers, released in the midst of the war and represented dated material. One person, an employee at the Government Communications Headquarters, has been arrested, according to an article in this week's Sunday *Observer*. The *Observer* reports, "The leak marks a serious breach between the Blair government and elements of the intelligence community opposed to using British security resources to help the U.S. drive towards war."

Ellsberg reasoned that the revelations about the wiretaps as a part of U.S. efforts to pressure the UN member governments to vote for the U.S.-British resolution, could actually make it more difficult for countries to vote for the resolution. "What was portrayed as a 'coalition of the willing' is now viewed more and more as a 'coalition of the coerced,'" Ellsberg said. In response to a question from *EIR*, Ellsberg also talked about the danger of the use of nuclear weapons, reflecting that in his previous experience at the Pentagon, the "use of nuclear weapons" was always an item that was never excluded from the discussion. He then read a few sections of newly declassified Kissinger-Nixon tapes, where Nixon talked about using nuclear weapons against targets in North Vietnam. If more people would have the courage of the State Department officials who recently resigned in protest of the Iraq gambit, Ellsberg said, and leaked more information about how information was being doctored to depict Saddam Hussein as a major threat to the world, there would be a greater chance of stopping the war before it started.

### ***EIR* Asks Ari Fleischer if U.S. Might Be Seen as 'Bullying' Blair**

*EIR* asked White House press spokesman Ari Fleischer on March 13 if the U.S. operation vis-à-vis Iraq might not be viewed as "imperial bullying" if Tony Blair were forced out of office.

*EIR*: Ari, Tony Blair has effectively been asked to fall on his sword, and he's having a difficult time doing it. If he's replaced as the party leader, or if he makes a decision that he ultimately can't go with the United States under the conditions that are finally decided upon, and the United States decides to go it alone, doesn't that create the impression in the eyes of the world that the U.S. is kind of acting like something of an imperial bully to revamp the map of the Gulf in line with certain agendas that certain people have in the Administration? That's already widespread. But wouldn't that really kind of encourage that view?

*FLEISCHER*: I think I reject the premise of the question. I think that when you take a look at the actions of nations in the region, when you take a look at the coalition of the willing, that you can see that this is actually many nations who share the United States' approach. And that will be reflected if the decision is made to use force, and you will see that.

You said "fall on his sword." I think what Tony Blair is doing is trying to act so Saddam Hussein is not armed with a sword that he can swing against others.

### ***Fleischer Joins Freakout Battalion Over Perle Corruption Exposé***

At the same time that the entire "neo-con" apparatus is on a full court press to bury the "Clean Break" exposés in a sea of allegations of anti-Semitism (see [INDEPTH](#)), White House press secretary Ari Fleischer on March 13 refused to answer a perfectly legitimate question about Richard Perle's business conflict of interest as chairman of the Defense Policy Board. The following exchange between Fleischer and a White House correspondent, Russell Mokiber, was transcribed by *Fed News*:

*Q*: Richard Perle, the chairman of the Defense Policy Board and the leading public advocate for war in Iraq—in *The New Yorker* magazine this week, Seymour Hersh reports that Perle is also a managing partner of a venture capital company, Trireme Partners, who is in a position to profit from a war in Iraq. The Federal code of conduct which governs Perle in this matter prohibits conflict of interest. Henry Kissinger resigned from the 9/11 Commission because of similar business conflicts. When asked on Sunday by Wolf Blitzer about the *New Yorker* article, Perle called Hersh, quote, "the closest thing American journalism has to a terrorist."

Two questions. Given Perle's conflict of interest and given the widespread public belief that this war is being driven by

corporate interests—war for oil, war for defense contracts, war for construction contracts—does the President believe—

*MR. FLEISCHER:* Whose—whose informed judgment is that?

*Q:* Widespread public belief.

*MR. FLEISCHER:* Widespread?

*Q:* Yes.

*MR. FLEISCHER:* Or just that chair?

*Q:* No, widespread. Does the President believe that Richard Perle should resign from the Defense Policy Board? And the second question, do you agree with Richard Perle that Hersh is the closest thing American journalism has to a terrorist?

*MR. FLEISCHER:* (Laughs.) Russell, there is absolutely no basis to your own individual and personal statement about what may lead to war. If anything leads to war, it's the fact that Saddam Hussein has refused to disarm. And I think you do an injustice to people no matter what their background if you believe that people are—people believe that Saddam Hussein should be disarmed for any reason that suggests personal profit.

*Q:* Okay. What about the question now? Should he resign, and is he a terrorist?

*MR. FLEISCHER:* Russell, you've had your—you've made your speech.

*Q:* You didn't answer the question.

*MR. FLEISCHER:* You've made your speech.

### **Powell Compelled To Deny That Pro-Israel 'Cabal' Is Influencing U.S. Policy**

Indicating how deeply the LaRouche movement's exposure of the Likudnik "Clean Break" policy has penetrated in Washington, Secretary of State Colin Powell was invited to depart from normal procedure at an appropriations hearing in the House March 13, to respond to allegations about Israeli influence on U.S. policy toward Iraq. Representative Jim Kolbe (R-Ariz.), raised the issue in his opening statement, citing Robert Novak's column, the *Washington Post* "Blaming the Jews" editorial, and the like. He asked Powell to respond, before any other opening statements were made, and before Powell delivered his prepared testimony.

"U.S. policy with respect to Iraq is not just something that has been developed in the last month or so," Powell replied. "One can go back many years to the end of the Gulf War." He outlined one version of the history of the past 12 years of Iraq policy (but without mentioning that Wolfowitz, Libby et al. elaborated their policy of preventive war about 12 years ago). Powell said that "we have a comprehensive policy for the region, and strategy with respect to Iraq has derived from our interest in the region and our support of the UN resolutions over time."

"It is not driven by any small cabal that is buried away somewhere, that is telling President Bush or me or Vice President Cheney or Condi Rice or other members of our Administration what our policies should be....

"So this is not just the result of a few individuals who are running loose, as some suggest, but it's a comprehensive policy developed over the years, over several administrations...."

## **Feeling the Heat, Bush Says He Will Soon Put Forward 'Road Map' for Mideast Peace**

Obviously feeling the heat from the flurry of exposés of the real pro-Likud program the Chickenhawks, President Bush, in a hastily organized Rose Garden event March 14, announced that the Administration will present its much-touted "road map" for Middle East peace as soon as the new Palestinian Prime Minister takes office. "To be a credible and responsible partner, the new Palestinian Prime Minister must hold a position of real authority," Bush said. "We expect that such a Palestinian Prime Minister will be confirmed soon. Immediately upon confirmation, the road map for peace will be given to the Palestinians and the Israelis. This road map will set forth a sequence of steps toward the goals I set out on June 24, 2002, goals shared by all the parties.

"The United States has developed this plan over the last several months, in close cooperation with Russia, the European Union, and the United Nations," he continued. "Once this road map is delivered, we will expect and welcome contributions from Israel and the Palestinians to this document that will advance true peace. We will urge them to discuss the road map with one another. The time has come to move beyond entrenched positions and to take concrete actions to achieve peace."

Previous to Bush's sudden announcement, Administration officials had been insisting that the presentation of the road map would have to wait until the end of the Iraq war. Obviously feeling the heat from the combined international and domestic opposition to the Iraq war, the Administration has felt it necessary not to totally ignore the Arab-Israeli conflict at a point in time in which the anger in the Arab world will be at its height. After the press conference, National Security Adviser Condoleezza Rice said that once a Palestinian Prime Minister is elected, "I think there would be nothing better, at some point in time when it is appropriate, for a Palestinian Prime Minister to visit the White House."

Commenting on these developments, Presidential pre-candidate Lyndon LaRouche said that Bush is saying what he's said before, and reflecting pressure from his father and others to do something. We don't know if he'll do it, LaRouche added, but he's responding to the pressure.

## **Current and Former Congressmen Question Drive to War**

A large number of current and former Congressmen, predominantly Democrats, have spoken out against the Bush Administration's "Chickenhawk"-led headlong rush into war with Iraq.

\*Speaking on the floor of the Senate on March 13, Sen. Edward Kennedy (D-Mass.) said: "I am concerned that as we rush to war with Iraq, we are becoming more divided at home and more isolated in the world community.... The Administration by its harsh rhetoric is driving the wedge deeper. Never before, even in the Vietnam War, has America taken such bold military action with so little international support.... The Bush Administration was wrong to allow the anti-Iraq zealots in its ranks to exploit the 9/11 tragedy by using it to make war against Iraq a higher priority than the war against terrorism."

\*Speaking on the same day, Sen. Patrick Leahy (D-Vt.) referred to the words of former National Security Adviser and current Chairman of the President's Foreign Intelligence Advisory Board (PFIAB) Brent Scowcroft, who called the Administration's "coalition of the willing" to be "fundamentally, fatally flawed ... [by projecting] an image of arrogance and unilateralism. If we get to the point that everyone secretly hopes the United States gets a black eye because we're so obnoxious, then we'll ... be like Gulliver with the Lilliputians."

Senator Leahy also introduced into the Congressional Record, the letter of resignation of career diplomat John Brady



Kiesling, saying "he echoed General Scowcroft's concerns about the practical harm to U.S. interests." Leahy noted that Kiesling's letter "expresses the concerns of some other American diplomats who are representing the United States in our embassies and missions around the world." And, finally, Leahy said: "I cannot pretend to understand the thinking of those in the Administration who for months or even longer have seemed possessed with a kind of messianic zeal in favor of war."

\*And, finally, 70 former Congressmen—all but four of them Democrats—issued a statement which was sent on March 14 to the White House, and which said: "Let us pull back from the brink of war and give peaceful solutions a chance to work." At a news conference to announce issuance of the statement, former Massachusetts Rep. Fr. Robert Drinan said: "The opposition of former members of Congress here is based on moral, religious and strategic reasons.... It is the wrong war at the wrong time and for the wrong reasons."

### **U.S. Army Chief of Staff Stands Ground Against Rumsfeld, Wolfowitz**

General Eric Shinseki, the Army Chief of Staff, is sending to friends and associates a chapter from Gen. Matthew Ridgway's memoirs, to back up his public disagreement with Defense Secretary Donald Rumsfeld and Deputy Secretary Paul Wolfowitz over how many troops will be needed to occupy Iraq.

Ridgway wrote: "The professional soldier should never pull his punches, should never let himself for one moment be dissuaded from stating the honest estimates his own military experience and judgment tell him will be needed to do the job required of him."

Civilian Pentagon officials are privately passing the word that Shinseki should move up his June retirement, as a result of his testimony to the Senate stating that "hundreds of thousands" of U.S. troops will be needed as an occupation force.

On March 12, at a House Subcommittee hearing, Shinseki repeated his estimate that "several hundred thousand" troops may be needed for a postwar occupation of Iraq. After Shinseki had made a similar statement during Senate testimony last month, Defense Secretary Rumsfeld and Deputy Secretary Paul Wolfowitz both disputed Shinseki's estimate, with Rumsfeld declaring it to be "far off the mark."

Meanwhile, syndicated columnist Robert Novak reported that the civilian Secretary of the Army, retired General Thomas White, is on the chopping block; Rumsfeld has wanted to fire White over various policy disagreements, most recently White's refusal to join the Pentagon's civilian leadership in denouncing Shinseki. But, Novak says, second thoughts prevailed about sacking White on the eve of battle.

### **Pentagon Rationalizes Development of New Nukes**

In a release March 11 from its press office, the Pentagon argued that the need to "train the next generation of nuclear weapons scientists and engineers and restore a nuclear weapons enterprise able to respond rapidly to changes in the international security environment or unforeseen technical problems with the stockpile," justifies the development of new nuclear weapons (e.g., mini-nukes).

The release stated, "It is prudent national security policy not to foreclose exploration of technical options that could strengthen our ability to deter, or respond to, new or emerging threats," as called for in last year's Nuclear Posture Review. Finally, it asserted that any repeal of the prohibition on mini-nuke research—a repeal for which the Pentagon has asked—"falls far short of committing the United States to developing, producing and deploying new, low-yield warheads." Such activity would require explicit authorization of Congress, the release said.

## Are Chickenhawks Planning To Target Iran, North Korea Next?

The agenda of a Defense Policy Board meeting held on Feb. 27-28 and just obtained by *EIR*, featured the most aggressive of the Chickenhawks towards Iran and North Korea. Henry Sokolski, who was one of the early advocates of preemptive bombing of North Korea, was, according to the agenda, to address the Board, as was Mike Pillsbury, a China expert for the Chickenhawks.

Also addressing the Board was none other than universal fascist Michael Ledeen, who has advocated a wider war against all of the countries he calls "the terror masters," including Syria, Iran, and Saudi Arabia. He was to address the Board on "Iran issues." Also addressing the Board was Undersecretary of Defense Doug Feith, along with Abe Shulsky, the head of Feith's Chickenhawk intelligence unit.

## Ledeen Raves That France, Germany Allied with Islamic Terrorists To Block American Empire

Universal fascist Michael Ledeen, writing in *National Review online* March 10, offered a wildly-paranoid "theory" to explain why France and Germany are thwarting the U.S. plans to attack Iraq. His theory goes as follows: After the defeat of the Soviet Empire, the French and the Germans saw the U.S. developing into a "hyperpower" (as the former French Foreign Minister called it), so strong that no one could stop it. "They dreaded the establishment of an American empire, and they sought for a way to bring it down."

Their answer was to strike a deal with radical Islam and Arab extremists, telling them: "You go after the United States, and we'll do everything we can to weaken the Americans." The strategy "was based on using Arab and Islamic extremism and terrorism as the weapon of choice, and the United Nations as the straitjacket for blocking a decisive response from the United States."

After giving details of how this scheme supposedly works, Ledeen said that French President Jacques Chirac isn't just doing it for money—"He's fighting to end the feared American domination before it takes stable shape."

"If this is correct," the psychopathic Ledeen concluded, "we will have to pursue the war against terror far beyond the boundaries of the Middle East, into the heart of Western Europe."

## Ibero-American News Digest

### Brazil's Lula Proposes High-Level Meeting To Resolve Iraq Crisis

Brazil's President Lula da Silva proposed to UN Secretary General Kofi Annan that he convoke a high-level meeting of countries interested in resolving the Iraq crisis peacefully, Brazilian officials announced March 12. Foreign Minister Celso Amorim met with Annan for 45 minutes on March 12, at The Hague, to deliver a letter from Lula containing the proposal. Annan expressed interest, and promised to think about how to advance down that path, Amorim reported afterwards.

Lula has been increasingly active in diplomatic efforts to head off war, coordinating closely with France, Germany, and Russia. Brazil has expressed repeated concern, in particular, over the disastrous economic, political, and humanitarian consequences a war would bring on all nations. In a March 11 telephone conversation with President Lula—his third in a month—French President Jacques Chirac request that the Brazilian President use his influence to push for a peaceful solution, not only with the Ibero-American nations (particularly Mexico and Chile, who sit on the UN Security Council), but also nations in Africa, where Brazil has a long-standing diplomatic presence, particularly in the Portuguese-speaking nations. President Lula spoke with President Jose Eduardo dos Santo of Angola, another undecided nation on the Security

Council, the next day, March 12.

Chirac asked Lula if he would participate in a meeting of African nations, and sounded him out on the possibility of his attending an upcoming meeting of the Group of Eight, to lay out what he had presented at the World Economic Forum in Davos in January: the dangers of war, and the need for a world campaign to eradicate hunger. Lula said he would be willing to attend both meetings, should the invitations be made official, *Folha de Sao Paulo* reported on March 12.

President Lula is to pay a state visit to France soon.

### **Peruvian Congressman Submits Resolution Based on LaRouche's Warning of Threat of Nuclear World War**

Congressman Ivan Oswaldo Calderon Castillo, from the northern Peruvian province of Piura, submitted a resolution to Peru's Congress on March 7, which warns that "a military conflict would be economically and socially catastrophic." Citing U.S. Presidential candidate Lyndon LaRouche's warnings that the Iraq war could become a nuclear one, he proposes the Peruvian Congress "defend peace by supporting total and real disarmament"—which, the resolution asserts, requires the disarmament of Iraq, but also of the United States's "weapons of mass destruction."

"U.S. President George Bush and his Vice President Dick Cheney (the most powerful Vice President in the history of the U.S., according to economist Lyndon H. LaRouche) are determined to initiate a war of aggression which crassly violates the United States Constitution, as it does the Nuremberg Code and the United Nations Charter," the resolution warns. "The long historical tradition of the United States as an open and democratic society, which obeys the law, is threatened by the frontal violation of the current President of that country. All of a sudden, President Bush declares himself ready to use, arbitrarily and unilaterally, his military superpower, including, if he finds it expedient, nuclear weapons."

He cites the opposition to an Iraq war expressed by Pope John Paul II, Sen. Robert Byrd (D-W.Va.), Russia, France, Germany, and China, among others; the resolution details the Bush Administration's authorization of the use of a new generation of so-called "mini"-nuclear weapons, against "Third World tyrants."

"A nuclear first strike is no longer taboo," the resolution states. "The United States will not refrain from the use of these weapons against non-nuclear nations, unless we stop this insanity. Several prominent Democrats, among them the Presidential pre-candidate Lyndon LaRouche, and Senators Edward Kennedy and Dianne Feinstein, have already warned the public of this insane change of policy by the utopian warmongers inside the U.S. government.... The possibility that the U.S. might use nuclear weapons against Iraq adds a new, and even more horrible, dimension to the threat of war in the Persian Gulf. As Lyndon LaRouche has warned repeatedly, this would mean the beginning of a Third World War, that would very likely be a nuclear one."

Four days after submitting the resolution, which he insisted be discussed on the floor of the Congress, Congressman Calderon Castillo added his name to the "Call for the Ad Hoc Committee in Favor of a New Bretton Woods," issued by LaRouche's international movement.

### **Chile Bucks U.S. War Resolution, If Not Modified**

President Ricardo Lagos of Chile announced on March 13 that his nation, one of the six rotating members of the UN Security Council which have been undecided on the Anglo-American-Spanish resolution on Iraq, would vote against any resolution with a March 17 deadline for Iraq to disarm. Such a deadline is "unrealistic and preemptory," the Chilean President told a press conference. Chilean United Nations diplomat Christian Maquieira had made the point more colorfully on March 7, saying that "the Security Council diplomats have a better chance of getting a date with Julia Roberts,

than getting Iraq to disarm in ten days."

Chile demanded, from the outset, that more time be granted Iraq, and that "benchmarks" for disarmament be specified in any resolution, so there could be an "objective" basis to decide whether or not Iraq had complied. President Lagos reported on Chilean radio March 8 that he had told President George W. Bush that destruction of Iraq's weapons could take two, three, or four months.

Given U.S. pressure and threats, however, Chile has not backed the French-German-Russian coalition, but rather attempted to forge a compromise, which could be approved by consensus. On March 14, Chile proposed a compromise resolution, backed by the five other "undecided" countries on the Security Council (Angola, Cameroon, Guinea, Mexico, and Pakistan) that would give Iraq three weeks to meet five specific disarmament conditions, but without specifying any trigger for war.

U.S. pressures on the country, however, have damaged U.S.-Chilean relations. "Talking with the U.S. is like talking to an elephant," Juan Gabriel Valdes, Chile's former Foreign Minister and the father of the current ambassador to the United Nations, Gabriel Valdes, complained, in the first days of March. The U.S. "is a big heavyweight country, generally with bad manners, and it considers Latin America to be its backyard."

### **Mexico Wavers Over Iraq Vote**

Mexican President Vicente Fox, speaking from his hospital bed on March 13, one day after undergoing emergency spinal surgery for a herniated disk, reiterated that Mexico's position is, "no to unilateral decisions, no to an automatic war," because there are practical alternative ways to achieve the disarmament of Iraq peacefully.

Mexico's official stance continues to be that it will not decide how it will vote, until it must vote, because it hopes that the choices can be changed. President Fox told reporters on March 9 that there is still a chance for a change. Although "everything appears to indicate that there are few possibilities of changing things.... We cannot lose faith, nor are we going to stop insisting that there must be a consensus solution ... which has to be a solution without war." If the U.S. were to launch a unilateral attack, it would weaken the United Nations, which we cannot allow, he said, and so Mexico is searching for new ideas which might help reach a consensus.

Exemplary of the kind of brutal pressure being brought to bear on Mexico, is the report which appeared in a recent London *Economist* to the effect that a U.S. diplomat had warned Mexicans of "stir[ring] up feelings" against Mexicans in the United States, going so far that, wrote the *Economist*, "He draws comparisons with the Japanese-Americans who were interned after 1941, and wonders whether Mexico 'wants to stir up the fires of jingoism during a war' "!

On March 10, the U.S. Ambassador to Mexico, Tony Garza, suggested reprisals would result if Mexico merely abstained from voting. "Will American attitudes be placated by half-steps or three-quarter steps on issues as large as war?" he asked Mexican reporters. "I don't know, but I kind of doubt it. Abstentions, increasingly, are seen as 'no' votes.... This Administration has been very supportive of Mexico. Will Congress's attitudes change? Perhaps."

Terrified Mexican businessmen are squeezing President Fox and his Cabinet members hard, to vote for the war, despite what that would do to the government's domestic political power, given the enormous domestic opposition, because they say U.S. investment will pull out of the country if Mexico dares vote against its powerful northern neighbor.

Even from his sickbed, Fox was strong enough to remind those Americans threatening reprisals, that U.S.-Mexican relations are a two-way street. "They also owe us many things," so I expect our relations to continue as they have been, he responded.

## **Leading Brazil Daily Covers LaRouche's 'What Powell Didn't Say'**

Brazil's *Monitor Mercantil* daily reported March 12, on Lyndon LaRouche's statement, "What Secretary Powell Didn't Say," (see [EIW #10 THIS WEEK YOU NEED TO KNOW](#)), which asserts that "the week that began on March 10 will have an importance which, perhaps, could be as significant as the Cuban Missile Crisis of October 1962." That alert, *Monitor* says, "was sounded by Democratic economist Lyndon LaRouche, whose curriculum includes denunciations of the unreality of the stock markets, made as far back as the beginning of the last decade. LaRouche affirms that, were the U.S. permitted to use the threat of unilateral force, including nuclear weapons, against Iraq, it will either establish a U.S.-world empire modelled upon the ancient Roman Empire, or '[force] the nations of the world to undermine the power of the U.S.A. to conduct such policies; or sends the world to spend a few generations in Hell as punishment for failing to prevent the proposed war.' "

*Monitor* concludes: "LaRouche compares the current policies of the Bush government on Iraq to a 'caricature of the same hubristic folly which led ancient Athens into the tragic Peloponnesian War.' "

## **Brazil Announces Malaysian PM Mahathir Will Meet President Lula**

The Malaysian Prime Minister, Dr. Mahathir, will pay an official visit to Brazil March 16-19. He meets with the Brazilian President and gives a press conference in Brasilia on the 17th, and visits the headquarters of the Brazilian airline companies, Embraer and Avibras, in Sao Jose dos Campos, on the 18th, Brazil's Foreign Ministry announced.

Dr. Mahathir will likely give President Lula "a different perspective on development, economic and land reforms, and managing an economy ... that is under severe financial strain," writes senior journalist Hardev Kaur, who often serves as a semi-official outlet for the Malaysian government, in the *New Straits Times* March 13. "In terms of economic performance, Malaysia outperforms" Brazil, which faces enormous economic problems, including deep poverty, an economy "totally subordinated to the debt," high interest rates, etc. Malaysia, on the other hand, has succeeded in dealing with its poverty, and "is a model among developing countries."

"Brazil wants to know Malaysia's formula for success. Discussions between Lula and Prime Minister [Mahathir] will seek to identify areas of cooperation and ways to improve the Brazilian economy and put it onto a healthy and sustainable growth path," Kaur writes. She notes, accurately, that this is especially important now, because "Lula's honeymoon appears to have ended."

Although unmentioned by either source, preventing a war against Iraq is also likely to be prominent in their talks.

Dr. Mahathir is currently on a private visit to the Amazon.

## **Brazil and Colombia Ally Against Narcoterrorism**

The Presidents of Brazil and Colombia, Lula da Silva and Alvaro Uribe Velez—the first usually labelled a "leftist," the second a "hardliner"—announced March 7, following a five-hour meeting, that their countries will cooperate in fighting drugs and terrorism in the region, while increasing joint trade and infrastructure projects. The announcement opens new possibilities for forging a sovereign South American response to the disintegration of the region. (See "[Brazil Tries To Evade Imperial Game Plan](#)," in INDEPTH for more.)

## **Brazil's Jacobin Landless Movement Ends Truce with Lula Government**



Brazil's Jacobin landless movement (MST) two weeks ago ended its truce with the Lula government and launched a series of land invasions, saying Lula hasn't acted fast enough on the issue of agrarian reform. The MST, allied with Colombia's FARC and representing the worst elements of the ruling coalition, had declared a truce when Lula was inaugurated, but that ended March 6 when 500 MST militants invaded the regional headquarters of Incra, the government's agrarian reform agency, in Cuiaba (Mato Grosso state) and another 500 MST women occupied Incra headquarters in Goiania, Goias state.

This is only the beginning. The MST warns it will set off "a wave of invasions" running into April, throughout the country. These developments underscore the insanity of Lula's policy course to date. He cannot apply IMF policy and at the same time deal with the dire social problems he promised to address during his campaign. As long as he stays on his present path, the MST will have a free hand to wreak havoc. Rural landowners are already arming themselves, and forming militias to respond to threatened land invasions.

### **Still Drawing Fire: LaRouche's Insistence That Key To Saving Venezuela, Is Recognizing Chavez Insanity**

U.S. Presidential pre-candidate Lyndon LaRouche clearly hit a raw nerve with his insistence that the key to saving Venezuela, is to recognize the insanity of Venezuelan President Hugo Chavez. Here we publish LaRouche's March 7 response to an e-mail sent from Brasilia, written as an open letter to *EIR's* Spanish edition, *Resumen Ejecutivo*—with a copy reportedly sent to the pro-terrorist Internet magazine *Rebellion*—which goes so far as to lie that LaRouche is actually organizing for a Pinochet coup, with his statements.

LaRouche responded as follows:

"Admittedly, given, especially, the extreme decadence in education in the world since the 'rock-drug-sex youth-counterculture' of the 1964-72 interval, and the descent of the culture of Europe and the Americas from production-oriented to consumerist orientations, there are diminishing numbers of people capable of rational assessment of phenomena such as the impact of the unstable personality of extreme eccentricity of President Chavez.

"For example, British agents 'Philippe Egalité' and Jacques Necker financed and organized the July 14, 1789 affair of the Bastille as a stunt designed by the British Foreign Office to break up the movement for the Constitution of Bailly and Lafayette. This, under the continued role of British Foreign Office agents Danton, Marat, et al., led France into the obscenity of the Jacobin Terror, the tyranny of Napoleon's successive patrons Maximilien Robespierre and Barras, into the first modern fascist tyranny, that of Napoleon Bonaparte.

"Some say Chavez is a Castro creation. I think not. If one finds a porcupine and a fox in the same bed, one does not assume that they are husband and wife. Do not seek a hero, where there is only a fool, a fool like the poor Dutch anarchist who created the Reichstag fire which was used to establish Hitler's dictatorial power.

"Your blindness to what I actually said, is typified by your accusing me of seeking a Pinochet-type coup against Chavez, when I have warned explicitly against such a threat which I fear is already a very real one. Treat poor Chavez as the mentally unstable shallow populist demagog he is, and avoid the ugly fate of post-July-14, 1789 France. Former U.S. President Carter and Lula acted responsibly; unfortunately, foolish demagog Chavez himself threatens to waste the useful work which Lula, Carter, et al. have done."

## **Western European News Digest**

### **Prominent Labour Parliamentarian Calls on Blair To Resign**



For the first time, a prominent Labour Party Parliamentarian has called on British Prime Minister Tony Blair to resign, according to *Agence-France Press/France-Inter* March 10. Tam Dalyell, Father of the House of Commons and frequent *EIR* interlocutor, chose the French *France-Inter* radio station to call for Blair to resign and make way for a new government, since he has become so committed to the course of war with Iraq that he has lost the ability to handle emerging situations. Only a new government could act effectively now for Britain, Dalyell argued.

The same day, March 10, Blair suffered a much more severe jolt when one of his own Cabinet members denounced Blair's course for war as "extraordinarily reckless." Overseas Development Secretary Clare Short added that "I will resign" if Blair continues to "defend the indefensible" and goes to war with Iraq, without a second United Nations resolution. Short herself demanded to be on *BBC-Radio 4's* "Westminster Hour," declaring that it is now "ten minutes to midnight," and that she had to speak out.

In its coverage, the Labour-linked *Guardian* began its article by asserting that Blair is now "facing the opening of the floodgates to a catastrophic rebellion," against his Iraq policy. Indeed, 10 Downing Street was so unnerved that Blair presided over a "crisis meeting" to deal with the Short affair. As *BBC* stressed, he was in no position to fire her, because that would make her into a "national martyr." After the crisis meeting, it was announced that she would stay on the job.

In her interview, Short denounced the rush to war as "deeply reckless, reckless for the world, reckless for the undermining of the United Nations in this disorderly world, which is wider than Iraq, reckless with our own government.... It's extraordinarily reckless. I'm very surprised by it.... Our failure to use our influence properly is so dangerous for the world.... Allowing the world to be so bitterly divided, the division in Europe, the sense of anger and injustice in the Middle East, is very, very dangerous."

Short also undermined 10 Downing Street's initial claim that it was "surprised" by the vehemence of her statements, as she had never made such feelings clear to Blair. She told *BBC* that, to the contrary, she had raised her objections in frequent detailed talks with Blair and Foreign Secretary Jack Straw: "People like me are being told, 'Yes, this is all under consideration.' And then the spin, the next day, is, 'We are ready for war.'"

Most dramatic, an op-ed in the *Guardian* by lawyer Mark Littman suggested that Blair could be tried, under the Nuremberg Tribunal precedent, if he goes ahead with a preemptive war against Iraq.

### **Dalyell Call for Blair's Resignation Widely Covered in World Press**

*AP* has a March 10 wire to the effect that Dalyell, the longest-serving member of the House of Commons, told radio station *France Info* (reportedly speaking in perfect French): "I think it's too late for Tony Blair. I want to change Prime Minister. We are looking for a politician other than Tony Blair."

Dalyell was also all over German television, telling interviewers that, should Blair start a war without UN authorization, he would immediately move for Blair's resignation.

He was also featured on the Arabic *Al-Jazeera* network, commenting on Blair's growing troubles following the blistering attack by Overseas Development Secretary Clare Short. Dalyell responded that he had authored a proposal for Blair to "step down," and that he had already initiated a process for this to happen, in his Scottish constituency of Linlithgow, should Blair go to war without UN authorization. In addition, Dalyell was featured on an early-morning *BBC* news program broadcast in Washington D.C. on *WAMU-FM*; he traced the drive to attack Iraq, back to 1991 in the first Bush Administration.

## **On *Al-Jazeera*, Dalyell Warned of U.S. Nuclear Strike on Iraq**

In his March 10 appearance on the Arabic satellite TV *Al-Jazeera*, Tam Dalyell warned of an American preemptive nuclear strike on Iraq. After his comments on Blair's being forced out, MP Dalyell was asked by *Al-Jazeera* what he thought was behind U.S. war plans against Iraq. He said this policy was being driven by "a gang," including Rumsfeld, Wolfowitz, Perle, and Feith, that had a specific, nasty policy. This stood in contrast to the reality that "otherwise, America is a great nation."

He warned that "this gang" has plans for a "preemptive nuclear strike on Iraq."

## **40 Labour MPs Call for Blair To Resign**

A March 12 article in the London *Independent* reported that 40 Members of Parliament, from the leftwing-Labour "Campaign Group," have called for a party conference to discuss "a leadership challenge" to Tony Blair. They called upon Blair to "consider his position"—i.e., step down as Party leader and Prime Minister, and asserted that "we are now placing at risk the fabric of the international community."

The *Guardian* front-page reported the same day that a delegation from the British Trades Union Confederation (TUC), the mainstream national labor confederation, warned that he would face a "massive desertion" from organized labor's ranks, if he went to war without UN approval.

## **From Baghdad, Two German CDU Members Attack Bush Administration**

Willy Wimmer and Peter Gauweiler, both members of the German parliament, the Bundestag, and both members of the opposition Christian Democratic Union party, visited Iraq last week at the invitation of Chaldean Patriarch Raphael I Bidawid, to meet and pray for peace, with members of the various Christian churches in Iraq.

In several interviews on German media over the weekend, Wimmer, a former assistant Defense Minister, said that "It cannot be tolerated that one power should act without regard for international law and the United Nations. This would open the door to the rule by the fist." Wimmer also said, "The United States being a Christian nation, the next days will show whether the bishops or the generals have more power." Gauweiler made similar remarks, including, "How many children will we kill, before Iraq is totally disarmed?"

The visit of the two politicians, both outspoken opponents to the war, was arranged through the Vatican, outside the usual Christian Democratic party structures—maybe in view of the fact that CDU chairwoman Angela Merkel is pro-Bush. Cardinal Josef Ratzinger personally passed on the invitation, also contacting the leading Roman Catholic and Lutheran bishops in Bavaria, Cardinal Friedrich Wetter and Johann Friedrich, both also outspoken opponents of the war. They gave Wimmer and Gauweiler messages to be conveyed to the Christians in Iraq.

## **FAZ Essay Recalls Fall of Athenian Empire in Peloponesian War**

In the German paper the *Frankfurter Allgemeine Zeitung* March 10, Ivan Nagel rebutted the claim that opposition to the war on Iraq is "anti-Americanism," quoting Sen. Robert Byrd's Feb. 12 speech to the effect that President Bush's war drive has split alliances and ruined leading international institutions such as NATO and the United Nations, perhaps for all time. Nagel likens such leading U.S. propaganda machines as *Fox-TV* to the media he recalls from his native Hungary in the Soviet era.

Going beyond these arguments, Nagel urges readers to study the period of 431-404 B.C.—when Athens, as Thucydides describes in his great work *The Peloponnesian War*, rose—and calamitously fell—as an empire. This was a period when flight-forward activism was praised, at the expense of balanced deliberations, when dissidents to Athens' imperialism were the target of much more hatred than "normal" enemies. And, Nagel asserts, Thucydides (a general on the Athenian side) wrote this history to warn future generations against making the same mistake.

### **IHT Columnist Says Rush to War Has Created International Opposition to U.S.**

Writing in the *International Herald Tribune* March 11, William Pfaff suggested that the net effect of the Bush Administration's rush to war has been to create an international opposition to American power. Pfaff wrote that, no matter what happens, the Iraq issue has altered the U.S. relationship to the Mideast, and to Western European nations. Furthermore, it has created a situation in which "shifting coalitions of the willing are likely to work through the United Nations ... to counterbalance or contain the United States on many economic and politico-military issues."

Pfaff hinted at an exit strategy that some may be considering, when he writes that "Some in the White House are said to argue that the recent capture of a senior al-Qaeda figure [Khalid Sheikh Muhammad] could be spun so as to shift attention away from Iraq and back to terrorism, while UN inspections were allowed to continue. This could save Tony Blair...."

Be that as it may, Pfaff's conclusion: "Washington only now is discovering that its efforts to override or divide opposition to what it wants on Iraq have created a coherent international opposition that before was not there. It has diminished rather than affirmed its old international leadership."

### **Serbian Prime Minister Killed in Gunfire Ambush**

Leaving the Prime Minister's office building in Belgrade March 12, Serbian Prime Zoran Djindjic was hit by shots in the abdomen and back, perhaps fired on him from *inside* the yard of the building complex, before he could board his armored car.

On Feb. 21, Djindjic had narrowly escaped an attack, when a heavy truck drove at very high speed into the Prime Minister's motorcade, almost hitting his car. Whether the two incidents are related is not known yet.

Also not known is whether "Balkans mafias" are involved in some strictly mafia-linked way, as some media wrote after the first incident. Other motives for the assassination cannot be ruled out, as the Balkans is heavily embattled over the issue of support for the planned Iraq War.

The week before Djindjic's murder, Iliya Pavlov, a Bulgarian billionaire with close relations to the government and many mafia contacts to Russian oligarchs, as well as to the Russian state-owned Gazprom company, was shot to death in Sofia, the Bulgarian capital.

In spite of the fact that non-permanent UN Security Council member Bulgaria sides with the U.S. on the Iraq issue, numerous Western and pro-Western Bulgarian media have insisted that Bulgaria cannot be considered a firm ally of the U.S. as long as certain links to the Russian mafia have not been severed. Those articles reached a crescendo during a recent visit by Russian President Vladimir Putin to Bulgaria.

### **On Eve of War, Schroeder Says Inspections Success Would Make Possible Lifting Sanctions vs. Iraq**

German Chancellor Gerhard Schroeder commented on March 14 that "During the past days and weeks, the [German]

Federal government has increased its efforts again, to solve this crisis with political means. Together with our French friends, with Russia, China, and the majority of the world Security Council (UNSC), we are more convinced than before that the disarmament of Iraq can be achieved through peaceful means.

"The reports of the weapons inspectors show that under the pressure of the international community, Iraq is meanwhile cooperating better and more actively. The destruction of the Al-Samoud missiles is a visible sign of real disarmament. This proves that inspections are an effective instrument. It is still possible to solve this conflict peacefully. With an expanded inspections regime, we can achieve a lasting and verifiable disarmament.

"And, therefore, it was the right choice, and still is, that we insisted on the logic of peace, rather than entering a logic of war. Iraq must disarm comprehensively and verifiably under international control—so that also the economic sanctions, from which the Iraqi people have been suffering, can be eased, and, later on, lifted. These are conditions under which peace and freedom can blossom."

The Chancellor added that Germany is committed to continuing to work on creating a "multipolar world order of peace and of law."

In interviews with radio and television stations, Schroeder made three points:

- 1) He has increasing doubts that war still can be prevented.
- 2) In spite of the general constellation, the government of Germany will continue to work with others, notably France, Russia, and China, to prevent war and achieve a peaceful solution.
- 3) But the final decision on war or peace lies in the hands of the American President.

## **Russia and Central Asia News Digest**

### **Active Russian Diplomacy Seeks To Prevent War**

Russian President Vladimir Putin held several phone consultations with other world leaders during the week of March 10, while his Foreign Minister and other diplomats worked overtime.

On March 9, Putin's press secretary announced that the Russian President had taken a call from President Jacques Chirac of France, to consult about Iraq. Gromov said that the two expressed satisfaction that chief UN weapons inspector Hans Blix's opinion—"that there are no grounds for not continuing the inspections in Iraq"—is supported by the majority of UN Security Council members. Putin and Chirac both stated their support "for a peaceful, political-diplomatic solution of the Iraq problem," with continued use of the framework provided by UN Security Council Resolution 1441.

The next day, Putin spoke by phone with Chancellor Gerhard Schroeder of Germany. They concurred that the latest UN inspectors' reports demonstrate the real possibility for a political solution of the Iraq crisis. Meanwhile, Russian Deputy Foreign Minister G.E. Mamedov met the German Foreign Ministry's political director for G-8 affairs, M. Schaeffer, for in-depth discussion of global issues. They emphasized "the need for active efforts by the world community to prevent the unilateral use of force, in circumvention of the United Nations Organization." It was agreed that the intense Russo-German dialogue regarding strategic security will be continued in the near future, due to the crises in Iraq and Korea.

Another Russian Deputy Foreign Minister, Yuri Fedotov, met French Ambassador Blanchemaïson almost every day of that week, "to develop the continuing close Russo-French consultations on the problem of an Iraq settlement."

On March 12, Putin spoke with President George Bush by phone, urging him to pursue diplomatic solutions.

### **Igor Ivanov Promises Russian Veto of U.S.-U.K. Resolution**

Russian Foreign Minister Igor Ivanov toured Iran, Afghanistan, and Tajikistan the week of March 10. Before his departure, Ivanov told TV journalists, in the most explicit terms yet, that Russia was prepared to veto the U.S.-British resolution before the UN Security Council.

"We believe there is no need for any new resolution," said Ivanov. "What is necessary, rather, is to provide comprehensive support for the IAEA and UNMOVIC inspectors, who have already demonstrated and publicly stated to the UNSC session, that they are capable of carrying out their task regarding the disarmament of Iraq, as provided in the relevant SC resolutions.

"As for the draft resolution, presented by Great Britain, the United States, and Spain, it is our view that the ultimata contained in this resolution are, first of all, impossible to fulfill and, secondly, contradict the line, currently being implemented on the basis of the preceding resolution, 1441. Therefore Russia has already stated, and states again, that it cannot support such a resolution. We believe that it would be inappropriate to submit such a resolution to the UNSC. At the same time, if it is presented, Russia will vote against it.

"I repeat: There now exist all necessary conditions for settling the situation around Iraq politically. And the international community should make use of this fact. We call upon all countries, particularly the UNSC members, to take a responsible approach ... and to decide in favor of a political settlement around Iraq."

At a press conference in Tehran two days later, Ivanov reiterated, "We will not give in to American pressure and will veto the new UN Security Council resolution.... [President] Putin is resolved to use the right [of veto] in the Security Council and Russia is against any resolution which opens the way for the use of force. Russia wants UN inspectors to continue work in Iraq, while the U.S. and Britain intend to unleash a war and change the regime in Baghdad," *IRNA* quoted him as saying.

### **Ivanov: Globalization Is the Root of Security Threats**

The role of economic globalization as a destabilizing influence in the world was the topic of Foreign Minister Igor Ivanov's March 10 speech at the Moscow State Foreign Languages University, which trains Russian diplomats. Ivanov said that the difficulties in creating a new system of international security after the Cold War stemmed from "the uneven process of globalization." Among the biggest world security threats, he said, are financial and economic crises, and epidemics.

Globalization, whereby a small group of countries attempts to run the world, is hurting most of humanity, said Ivanov. But the Russian Foreign Minister did not pose this as some "objective," inevitable process; rather, as the result of bad policies and the lack of intervention by leading nations to regulate economic globalization. He charged that "the manipulation of globalization" through "investment and credit diplomacy," withholding of loans, etc., has become a sort of "political engineering." He also linked this "engineering" to a "unipolar scheme."

Ivanov said that the architects of a would-be "unipolar world" have found, in the course of the Iraq crisis, that they cannot count on smaller countries to go along with them as under the old "bloc discipline," which was based on fear of becoming a target of nuclear attack. The Non-Aligned Movement summit in Kuala Lumpur, most recently, showed that more countries



view themselves as having a role in solving world problems. Therefore, "the advocates of unipolarity have encountered a broad front of nations, unprepared to shape their national priorities according to narrow molds, imposed from outside."

The UN, Ivanov concluded, must be the kernel of a global system through which nations act in solidarity, to confront common threats. The Iraq crisis has shown the urgency of such an approach. Ivanov said that humanity is capable of "creating ways to maintain strategic stability, prevent major regional conflicts, keep ordinary financial and economic conjunctural fluctuations from becoming catastrophic crises, foresee possible 'shocks,' and rapidly mobilize resources to deal with them." If such a strategy rests on "moral and ethical principles," he said, it will work.

In an interview with the Iranian newspaper *Iran*, Ivanov took up these themes again, saying: "Iraq's peaceful disarmament in full compliance with UN Security Council resolutions, which is our common goal, will break legal ground paving the way for political settlement of other conflicts, first of all in the Middle East."

On March 13, the Russian Foreign Minister issued a brief official statement, noting that the March 11-12 debate about Iraq, held as an open UN Security Council session with over 50 nations taking part, "showed clearly that the overwhelming majority of nations are decidedly in favor of continuing the inspections process," which is producing ever better results. "Under these conditions," the statement said, "plans for unilateral force actions against Iraq, especially without UNSC sanction, are not accepted by the international community and cause alarm, due to the inevitable negative consequences they would have ... on the entire system of international security, based on the UN Charter."

### **Russian Official: Americans Don't Know What They're Doing**

"The Americans don't know what they are getting into," declared Mikhail Margelov, chairman of the Russian Federation Council (Senate) Foreign Affairs Committee, in a March 8 interview with the popular radio station *Ekho Moskvy*. Margelov spoke of a hectic and "tense" visit to Washington a week earlier, where he met with members of the U.S. National Security Council and upper levels of the Administration, with members of Congress and think-tanks, in the context of last-minute U.S.-Russian efforts to reach some kind of consensus on the Iraq crisis.

Characterizing a U.S. invasion of Iraq as probable, Margelov declared: "I am very skeptical about the ability of the Americans to recognize and understand, what they are really getting into." Very few of his interlocutors had any significant knowledge of the history and circumstances of Iraq and the surrounding region, he remarked. For example, "I warned them, that any day, Saddam might suddenly grant independence to the Kurds.... At that moment, Iran explodes, Syria explodes, Jordan explodes, Turkey explodes.... What are you going to do then?" Margelov said his query brought only blank stares. But Saddam, a despot of a particular Mideastern type, is capable of making that sort of unexpected actions, he warned.

"Without our help, or that of those British people who understand the area, the Americans are going to get into big trouble," said Margelov. One should never forget, that Iraq is an "extremely complex, structured society," including "not only the Kurdish minority, but also Sunni and Shia [Islamic denominations], as well as ancient Christian peoples, the Assyrians, the Chaldeans, Jews.... You can't look at this in a black-and-white, Texan way," he warned. One must also not forget the long history of foreign involvement in Iraq, Margelov said, citing not only the case of the British and Russians, but also the famous Baghdad Railroad plan of imperial Germany, which represented a "major economic and political intervention."

Unfortunately, he said, decision-makers in Washington seem "incapable of thinking about more than one problem at a time." As a result, he predicted, that an Iraq operation will result in a terrible mess, which the U.S. will need Russian and other outside help to solve.

### **U.S. Ambassador Threatens Russia**



In an interview with *Izvestia*, U.S. Ambassador to Russia Alexander Vershbow warned that there could be serious economic and political consequences if Russia vetoes a UN resolution authorizing war against Iraq. Vershbow was asked about Secretary of State Colin Powell's recent warnings about consequences for France, and whether the same would be the case for Russia.

"The latest statement of Foreign Minister Ivanov testifies to the ever-increasing probability that Russia will set a veto," answered Vershbow. "Unfortunately, this will have some consequences for our relations. We will, perhaps, agree with Russian friends that we have too many joint interests not to cope with such damage. But we should admit: there will be damage...."

Question: "So consequences will still follow for Russia if it vetoes the U.S.-British resolution?"

Vershbow: "I am afraid they will, at least in the short-term outlook. Sure enough, it's a pity, since we have a very extensive agenda [together]. Thus, we could considerably expand cooperation in the energy sphere, increase American investment in the Russian energy sector, work out new forms of interaction in the area of security, and cooperate in the area of missile defense. We could expand cooperation in the fight with terrorism. We believe that Russian partners might be of great importance in assisting us in outer space after the Columbia disaster. Relations between Russia and NATO are just beginning to yield results. It will be a great pity if progress in those spheres is postponed or reversed at all because of serious differences on Iraq...."

Commenting after Vershbow's speech, Sergei Karaganov of the Russian Foreign and Defense Policy Council told radio *Ekho Moskvy*, "The American Administration, or some of its members, are now on the verge of panic. They realize that they have lost the information and propaganda war, and that support for their policies on Iraq has waned since two or three months ago," Karaganov said. "But I still hope that the Americans will define their interests soberly, cast emotions aside and understand that in this particular situation postponing the operation is not a defeat but a major victory, which the whole world will greet with applause."

As to the statements by Vershbow, warning that certain programs will be scrapped, "there are few such programs," Karaganov said. "The scrapping of some of them—cooperation in space and a number of economic programs—may be painful for Russia. However, most of these programs, for instance the much-talked-about collaboration in power engineering, have been so far [only] of a political and virtual nature.... so we can hardly speak here about any serious economic damage."

### **Russia-Iran Nuclear Cooperation Proceeds**

As Russian Foreign Minister Igor Ivanov visited Tehran, Iranian officials March 11 announced that the Bushehr reactor in Iran will receive its first shipment of enriched uranium from Russia this May. Ninety tons of fuel will be supplied for the reactor, which is to come on line next year. Its purity is 3%, which is fuel-grade—as opposed to 90%, weapons-grade uranium. The spent fuel will be shipped back to Russia.

Feasibility studies for completing a second reactor at Bushehr are under way.

### **China-Russia-Japan-Korea Multiple Oil Pipeline Projects Take Shape**

China and Russia are about to finalize plans for a long-awaited, 2,500-mile oil pipeline from Russia's east Siberian reserves to China, both Koreas, and Japan, *China Daily* reported March 3, in what a Chinese official called "the most important deal between the two neighbors for at least two decades." China has agreed to Russia's new plan, which was confirmed at a

Russian government meeting March 13, to connect an extra pipeline to Japan to the main Sino-Russia line, as long as it guarantees adequate supplies for China, a Chinese official told *China Daily*.

Emerging in early February, this latest proposal provides for building the 1,200-mile line to China first, and later adding links from the Siberian city of Chita to Russia's port of Nakhodka to supply Japan, Korea. and even the United States. The investment of more than U.S.\$5 billion was originally to deliver 20 million tons of oil annually from Angarsk to Daqing from 2005. The amount will rise to 30 million tons by 2010. China hopes the Angarsk-Daqing pipeline will reduce its heavy reliance on the Middle East. This compromise plan—as opposed to a scenario, under which the Angarsk-Daqing project would have been scrapped, in favor of Angarsk-Nakhodka alone—seems to be the most favored option, with Russia's Ministry of Energy describing it as in the "national interest."

## **Putin Consolidates Security Organizations**

By Presidential decrees issued March 11, Russia's Federal Security Service (FSB) has incorporated several other agencies. One of the successor agencies to the Soviet KGB, the FSB will now more nearly approximate that former institution's centralized security function. Foreign intelligence remains under a separate roof.

Disbanded, with their functions now coming under the FSB, are the Federal Agency for Governmental Communication and Information (FAPSI) and the Federal Border Guard Service (FSP). Former FAPSI Director Vladimir Matyushin will now chair a new State Defense Procurement Committee at the Defense Ministry. Former FSP head Gen. Col. Konstantin Totsky has been named Russia's envoy to NATO (prompting more than one analyst to ask, if his assignment has to do with NATO's approach to Russian borders).

Putin also abolished the Federal Tax Police Service (FSNP), assigning its job to the Ministry of Internal Affairs. He brought his representative to the Northwest Federal District, Viktor Cherkosov, back to Moscow to head up a new State Committee on Drug Trafficking. Deputy Prime Minister Valentina Matviyenko replaces Cherkosov in the Northwest District.

Motivating this consolidation, Putin told a meeting of security officials that the major task of law enforcement must be to protect citizens from crimes against life and property, as well as to prevent terrorism and drug-related crimes. The full text of the conclusions and recommendations of the meeting are to be published only several weeks from now. Several Russian media forecast that Putin's shake-up of law enforcement is not yet over.

KGB veterans, interviewed on *TV Channel 5* March 13, welcomed the moves. "The disintegration of the special services in Yeltsin's era was part of disintegration of the country," said retired Colonel Vladimir Yegerev. "For over a decade, cooperation among the former directorates was practically impossible. This inability for the intelligence community to function was certainly favorable for the oligarchs and criminal traders."

## **Finance Minister Pleads With Population Not To Dump Dollars**

On March 9, Russian Finance Minister Alexei Kudrin went on national TV to urge the population not to rush to cash in their U.S. dollars. The precipitous fall of the dollar against the euro had led to panic selling of dollars at various locations in Russia. Estimates of cash dollars held in Russia range up to \$40 billion. Kudrin said, "We can of course talk about some speculative fluctuation, but I would calm everyone: The dollar will not fall dramatically, and to run away from investment in dollars is not necessary."

Kudrin voiced confidence in the U.S. economy, a view disputed by more and more Russian analysts. The Russian Central

Bank itself, earlier this year, announced a diversification of its gold and currency reserves, to include relatively fewer dollars and more gold and euros.

## Mideast News Digest

### **LaRouche: U.S. Must Denounce Israeli Army Killing of American Woman**

On March 16, U.S. Democratic Party Presidential pre-candidate Lyndon LaRouche said that if George W. Bush cares as much about the lives of Americans as he insists he does, and as he gives as the reason for the Iraq crisis, then the United States should immediately denounce the killing of the 23-year-old American woman Rachel Corrie by the Israel Defense Forces bulldozer on March 16, when she was crushed to death by a tank at the Rafah refugee camp in the Gaza Strip as one of a group of peace volunteers who are protesting the deadly IDF demolitions of Palestinian homes.

"The point is, the U.S. must make an immediate denunciation of the Israeli killing of an American woman in this incident," said LaRouche. "All this talk about defending Americans lives. Doesn't the President think an American life is worth anything?"

LaRouche has also condemned the actions by the government of Ariel Sharon in Israeli military invasions of the occupied territories in violation of UN Security Council resolutions, and the killing of Palestinians in the West Bank and the Gaza Strip in recent weeks. "Sharon is manufacturing the evidence for his own coming war crimes trial," said LaRouche.

### **FBI Investigating Faked Evidence on Iraq Nuclear Program**

On March 13, the *Washington Post* and *MSNBC-TV* reported that the FBI is looking into the forgery of documents purporting to link the Iraqi government to purchases of materials and equipment for developing nuclear weapons. According to the *Washington Post*, the FBI is looking into the possibility that a foreign government was trying to use the forged documents to influence U.S. policy and to foster support for a military attack on Iraq.

The documents are reported to have come to British and U.S. intelligence from a third country. The existence of the fake documents was disclosed last week by the Director of the International Atomic Energy Agency, Mohammed ElBaradei.

Some sources have reported that the documents were first provided to British Intelligence, and then to the United States. The U.S. Central Intelligence Agency had questions about their reliability, and decided not to include them in its file on Iraq's Weapons of Mass Destruction (WMD) program.

The *Post* article notes that the FBI has jurisdiction over foreign counterintelligence operations by foreign governments against the United States. A number of sources have advised *EIW* that Israel is at the top of the list of suspects as having been the source of the forged documents.

### **Bush 41 to Cheney and Wolfowitz: You Were Wrong About Saddam in 1991 ... and Wrong Now**

On March 10, two of the world's leading English-language publications—*Business Week*, and *The Times* of London—wrote articles saying that former President Bush "41" has intervened on his son, President George W. Bush "43," to warn the current President against going to war outside of the UN Security Council.

The warning came in a public speech at Tufts University Feb. 26, not a private chat. *EIW* obtained the full speech, which

contains an extremely clear reference to the 1991 imperial war plan of Cheney-Libby-Wolfowitz to "march on Baghdad" that was rejected by Bush 41 at the time. Bush 41 told the audience at Tufts that after Desert Storm, when he went to the Madrid Conference and saw "a room full of Arabs and Israelis sitting across from each other beginning to talk about peace," it made a "profound impression" on him. He said, "It can happen again. As long as I live I can't get it out of my mind...."

But, he added: "Incidentally, the Madrid conference would never have happened if the international coalition that fought together in Desert Storm had exceeded the UN mandate and gone on its own, had gone into Baghdad after Saddam and his forces had surrendered and agreed to disarm. The coalition would have instantly shattered. And the political capital that we had gained as a result of our principled restraint to jumpstart the peace process would have been lost. We would have lost all support from our coalition, with the possible exception of England. And we would have lost all support from the smaller nations in the UN as well."

*The Times* commentary characterizes the message as Bush 41 telling 43 to "bridge the rift" with France and Germany, and "resist his tendency to bear grudges." It should also be noted that *Business Week* last week had a very powerful attack on the Christian fundies and their influence on the White House. The full text of Bush 41's speech is on the Tuft University website.

### **Kofi Annan: U.S. in Danger of Violating UN Charter**

In a press conference on March 10, UN Secretary-General Kofi Annan stated: "If the U.S. and others were to go outside the Council and take military action it would not be in conformity with the UN Charter." Annan strongly promoted the need for unity at the UN, and citing the intense discussions prior to Resolution 1441, he said that the Security Council "faces a great choice," and that a unified decision is possible "even at this late hour."

But, unlike President Bush, who likes to threaten the UN with becoming irrelevant if it doesn't support the U.S. position, Kofi Annan says that "the legitimacy and support for any such action [taken outside the UN Security Council] will be seriously impaired...."

"War must always be a last resort, arrived at only if and when every reasonable avenue of achieving Iraq's disarmament by peaceful means has been exhausted."

### **Israel Kills 11 Palestinians Within 24 Hours**

During the interval between the evening of March 13 and early morning of March 14, the Israel Defense Forces (IDF) killed 11 Palestinians in the West Bank. Six were killed in the Jenin refugee camp, when IDF troops backed by 10 tanks, surrounded a house, shooting everyone inside. Another five were killed in the nearby village of Tamoun during house-to-house searches.

One wonders whether these were revenge killings for the IDF's own mistaken killing of two Israelis on March 13. The killing of the two Israeli guards by Israeli troops, is a prime example of how the Israeli military rules of engagement have been reduced to "Shoot first, ask questions later."

The two Israeli guards had been guarding a so-called illegal outpost, which the IDF is supposed to defend. Although the military claims they had reports of a potential attack in the area, their intelligence did not indicate a car.

According to eyewitness reports appearing in the March 14 issue of the Israeli paper *Ha'aretz*, the car was just sitting by the

roadside, and a man was standing outside of it, apparently armed. When he was shot, the other Israeli guard, who was some meters distance away, ran to give aid to the fatally wounded man, at which point an Israeli helicopter hit the second man with a rocket.

It turns out the car was clearly marked as a security car, and yet it was totally riddled with bullet holes.

One obvious question is: How many totally innocent Palestinians have been killed in this devil-may-care IDF manner?

## **Turkey in Turmoil Over War Pressure**

According to *Agence France Presse* on March 12—the same day that AKP Party chairman Erdogan became Prime Minister of Turkey—the Turkish political fight over U.S. military troop presence, and, more broadly, support for a possible war against Iraq, exploded.

In Parliament, tensions rose when a petition was presented by the main opposition Republican People's Party (CHP) demanding a Parliamentary probe into U.S. military activities, which it said had "turned the country into a theater for war preparations." The AKP-dominated Parliament rejected the petition.

"You are all American footmen," one opposition MP shouted at AKP colleagues, sparking fistfights, scuffles and an exchange of insults. However, Parliament once again rejected a demand for U.S. troops to be deployed in Turkey.

The CHP petition says, despite the no vote by Parliament on March 1, "Some practices have recently turned the country into a theater for war preparations.... It is understood that new logistical bases are being set up, that seaports, land bases, and certain facilities are being rented to foreigners.... The Parliament was not asked to authorize such activities in the motion it approved."

Meanwhile, also on March 12, hundreds of people demonstrated outside Iskenderun, the Turkish port where the U.S. military has been unloading equipment. Police fired warning shots in the air to impose order on the demonstrators, some of whom were chanting "Yankee go home" while others waved banners reading "No to war."

Turkish television showed scuffles between police and demonstrators in the southern port, and *Anatolia News Agency* said several were later taken in for questioning.

## **Bush-Erdogan Phone Call Ends in Acrimony**

*The New York Times* on March 12 quoted White House sources on a telephone call between President George W. Bush and Turkish Prime Minister Erdogan, to the effect that "It was not a great phone call." Bush had phoned to try to get the Turkish leader to hurry a second vote through Parliament, on use of Turkish soil for a U.S. invasion of Iraq.

On March 13, the Turkish Ambassador to the United States told reporters that not only the presence of U.S. ground troops, but also use of Turkish airbases and Turkish airspace, would have to be approved by the Parliament.

Confirming that there really is no alternative to invasion through Turkey, an officer at the U.S. European Command, which includes Turkey, told a reporter: "It's a big deal. There are many options that are available. But ultimately, we've got to wait to see how the Turks work through this."

In a related development, armed Kurds are taking up positions on the Iraqi side of the Iraqi-Turkish border, in response to a large Turkish military convoy which moved to the border area last week. "American officials have been trying to broker a deal between the two sides, but the date of a planned meeting in Turkey has not been set," Kurdish officials told the *Times*.

### **Council on Foreign Relations Waffles on War With Iraq**

On March 11, former Ambassador Thomas Pickering and former Defense Secretary James Rodney Schlesinger made something of an effort by the striped-pants set to warn of the consequences of a war, without really coming out in opposition to it. At a CFR event in Washington, D.C. on that date, the two CFR Task Force chairmen said that the main emphasis of their report was "to win the peace."

The Task Force which worked on the report represents a broad array of individuals, ranging from former Clinton Administration officials such as former chairman of the Joint Chiefs of Staff Gen. John Shalikashvili to old "Bush 41" types like Edward Djerejian of the James Baker III Institute, which had already issued a parallel report. The omnipresent Amb. Pickering straddles both Administrations. The primary concern expressed in the CFR report was that the U.S. not abandon Iraq after the war, but rather stay heavily engaged, politically and economically, with clear commitments of massive aid for Iraqi reconstruction. The report urges "re-engaging" the Europeans and the UN to participate in the reconstruction effort. The report also urges the Administration as soon as possible to bring the other countries in the region into the reconstruction and administration efforts.

The report also called for an immediate revival of the Arab-Israeli peace initiatives and establishing regional economic and security cooperation with the countries in the area. "How the United States deals with the postwar situation in Iraq will determine the future of Iraq as well as the future of the United States in the Middle East," Schlesinger said. While CFR Task Force spokesmen took it for granted that war is inevitable, they are smart enough to realize that the future of the United States and its role in the world is at play in this high-stakes operation. "It's important that the United States be seen as committed to the welfare of Iraqi citizens," Schlesinger said.

In response to a question from *EIW* regarding the real agenda of the "Chickenhawks" in revamping the entire region in line with the new U.S. proconsul role in the region, Pickering ridiculed the "new theology of liberation which seems to be sweeping Washington these days." Schlesinger also took a swipe at this "liberation theology" crowd. "Democracy requires an organic growth," Schlesinger said, adding: "It takes time. What is more important is a stable government. It won't be like the U.S. And don't try to make it a model for the neighborhood. It won't work."

But while some individuals are resigning in protest, the CFR characters hope to remain "relevant" as the "Chickenhawks" take the U.S. into war.

### **State Department Report Questions Bush's 'Democratic Domino' Theory**

Greg Miller, who is with the *Los Angeles Times* Washington, D.C. Bureau, wrote a March 14 article that appears to have received wide distribution, been based on the leak of a Feb. 26 State Department classified report entitled: "Iraq, the Middle East and Change: No Dominoes." This report was issued by the State Department's Bureau of Intelligence and Research (BIR), which Miller said had also been strongly supported by the Central Intelligence Agency and other U.S. intelligence institutions. Most significant, the report was issued on the same day that President George W. Bush, speaking at the neo-con American Enterprise Institute, asserted that: "A new regime in Iraq would serve as a dramatic and inspiring example of freedom for other nations in the region."

This latter is a theme frequently struck by Vice President Dick Cheney, behind whose dominant figure the "Chickenhawks" often slide through their policy, according to Miller. In particular, this theme that "liberal democracy" will arise out of the



ashes of crushing Saddam Hussein, has been propounded by Deputy Defense Secretary Paul Wolfowitz and by chairman of the Defense Policy Board Richard Perle, as Wolfowitz has said that toppling Saddam Hussein would "cast a very large shadow, starting with Syria and Iran but across the whole Arab world." And, Perle has said that reformation of Iraq "has the potential to transform the thinking of people around the world about the potential for democracy, even in Arab countries where people have been disparaging of their potential."

The BIR report finds that 65 million adults in the Middle East cannot read or write, and 14 million are unemployed, with burgeoning, poorly educated youth populations. A BIR officer, who leaked portions of the report, said: "It couldn't hurt. But to sell [the war] on the basis that this is going to cause 1,000 flowers to boom is naive." The report states that "Middle East societies are riven" by political, economic and social problems that would undermine stability "regardless of the nature of any externally influenced or spontaneous, indigenous change." The report cites "high levels of corruption, serious infrastructure degradation, and overpopulation." The report continues: "Liberal democracy would be difficult to achieve," and, it might be exploited by "anti-American elements."

### **U.S. Trains on Southern Flank for Iraq Invasion**

According to *Agence France Presse* March 14, thousands of U.S. troops and hundreds of armored vehicles from the Army's 5th Corps, which now oversees an estimated 100,000 troops in Kuwait, practiced an invasion of Iraq including smashing through obstacles, filling tank traps, etc. Essentially, this exercise was to train the vanguard for thousands of vehicles to enter Iraq.

## **Asia News Digest**

### **Dr. Mahathir Writes to All Security Council Members**

Malaysia's Prime Minister, Datuk Seri Dr. Mahathir Mohamad, has written to all 15 UN Security Council members on the Non-Aligned Movement's stand against the impending war on Iraq. According to the *New Straits Times* March 9, Foreign Minister Datuk Seri Syed Hamid Albar said Dr. Mahathir, as NAM chairman for the next three years, sent the letters immediately after the NAM summit on Feb. 26.

Asked about UN weapons inspectors' latest report on Iraq, Syed Hamid said Malaysia always believed that UN-appointed inspectors should be relied upon. "For the sake of world peace and stability, there is stronger reason for the UN weapon inspectors to be given more time.... In fact, all reports have shown they have not found anything that can be considered a threat. The reason [for war] given by the U.S. keeps changing ... first it is for a regime change, then it is terrorism and later for the disarmament of weapons of mass destruction.

"We have to hope for a miracle in the name of humanity. The implication of a war is far-reaching. We have to pray that there would be no war."

### **Malaysia Pulls Out of U.S. Cobra Gold Exercises in Thailand**

An observer in the past, Malaysia agreed last year to participate with the U.S., Thailand, and Singapore in the annual exercises held in Thailand, but has now pulled out, the *Bangkok Post* reported March 11. Although Malaysia gave no reason, it is clear that it is in protest over the U.S. war threat against Iraq, which Dr. Mahathir has condemned in all available forums.

### **U.S. Demands South Korea Back War on Iraq**

The U.S. has requested South Korea's support against Iraq, Blue House spokeswoman Song Kyung-hee said March 10, including a formal announcement of support for the war, dispatch of a medical unit and participation in relief efforts. Seoul is furious at the effect this will have on its relations with North Korea, not to mention with the Arab states and oil imports, a government official told the *Korea Times* March 11, but will have to agree or "risk further estranging our U.S. ally.... U.S. Secretary of State Colin Powell made the request personally to President Roh Moo-hyun at his inauguration Feb. 25," he said, "and the request was repeated through diplomatic channels. We will issue a statement pledging our support, but so as to minimize misunderstanding in the Arab world."

Another Seoul official complained to the *Korea Times* that Defense Secretary Donald Rumsfeld's threat to precipitously reduce U.S. troops in South Korea is also forcing South Korea's hand. "The U.S. wants to reduce its troop presence significantly within a shorter time frame than Seoul wants, complicating our relationship, already at the lowest point in decades due to differences over North Korea," he said. "Seoul is putting a lot on the line with overt support of the U.S. war, as the U.S. only has the support of Britain, of the five Permanent Members of the UN Security Council. Also, anti-war sentiment is spreading, not only within Korea, but also worldwide, which may cost Seoul dearly for its pledge of support for the United States."

President Roh Moo-hyun March 10 in a graduation speech at the Korea Military Academy, warned the military to "prepare for a change in military status," adding: but "as long as we are fully prepared, there will be no crisis."

### **Senior Australian Intelligence Analyst Resigns**

Andrew Wilkie, senior analyst at Australia's Office of National Assessments (ONA), resigned March 11, in protest of an Australian role in a war on Iraq. ONA directly advises Prime Minister John Howard on international issues. According to news wires, Wilkie has written an article for the *Bulletin*, which includes his charge that Australia is positioning itself as one of the United States' strongest allies, but without "unrestricted access to all U.S. information on this matter."

ONA Director-General Kim Jones felt compelled to issue a rebuttal, saying Wilkie worked on illegal immigration and "was not responsible for ONA's coverage of Iraq." "The views he has expressed are not those of ONA," said Jones.

A former Army officer, Wilkie told the *Bulletin*: "(The Iraqi) military is very weak. It's a fraction of the size it was when it invaded Kuwait in 1990. Most of what remains is poorly trained, poorly equipped, and of questionable loyalty to the regime." As for Iraqi WMD, Wilkie said these programs are disjointed, limited, and not what they used to be. He is not convinced of links to al-Qaeda, and sees a war as "totally unrelated to the war on terror." His gravest concern is that Saddam "could engineer a humanitarian disaster."

Wilkie's resignation follows those of two U.S. career Foreign Service officers, Brady Kiesling and John H. Brown, both with more than 20 years' service, who oppose this war.

### **War, IMF Program Send South Korean Economy Down Drain**

Panic about imminent war, not only in Iraq but also with North Korea, has sent Seoul's KOSPI stock index down over 30% to its lowest in two years, from the 800 level to 530, as foreign investors, who were set up to control the market by the IMF program, now pull out their hot money. Bank of Korea Governor Park Seung and heads of the country's commercial and state banks on March 11 issued a warning at a conference in Seoul, that the North Korean nuclear issue and other geopolitical factors are having a more serious effect on the Korean economy than expected.

Ban Ki-moon, foreign policy adviser to President Roh Moo-hyun, was on Wall Street last week, meeting desperately with credit-rating agencies, including Moody's, and with Wall Street investors, to request them to actively invest in South Korea. Ban's mission is to insist that South Korea's economy is stable and that North Korea's nuclear issue will be resolved peacefully.

Not helping is a string of scandals with the SK Group and Hyundai, under investigation for illegal stock trades, mostly political charges by the opposition that they gave money to North Korea to "buy" the 2000 Pyongyang Summit between North and South Korea, and thus the Nobel Peace Prize for former South Korean President Kim Dae-jung.

### **Koreas Agree To Relink Railways in Late March**

Officials from South and North Korea on March 11 agreed to start reconnecting two sets of railways in the east and west later this month, the Seoul Ministry of Unification said. Under an accord, after three-day talks in Kaesong, North Korea, the North agreed to provide monthly notifications of use of equipment and materials supplied by the South. Nine technical experts from the South will visit the North this month via temporary roads already connected across the DMZ, one near the west coast Seoul-Pyongyang Kyongui railway and the other near the east coast Tonghae railway. The nine will repair the Kyongui line on March 20-22, and the Tonghae line on March 24-26. The two sides will hold further negotiations on a protocol concerning the operation of trains, the Ministry said. The Kaesong Industrial Complex is a key project on the west coast railway.

### **South Korean President Proposes Tunnel to Japan**

According to the Seoul-based *Korea Times*, South Korean President Roh Moo-hyun, at his summit meeting with Japanese Prime Junichiro Koizumi on inauguration day, Feb. 25, proposed a sharp upgrade of Korea-Japan relations. In particular, the paper said, "Roh also pointed out that an unfulfilled project to build an underwater tunnel connecting the two countries as the part of a grand railroad encompassing Asia and Europe will rekindle the interest of businesspeople, if the North's nuclear problem is resolved." This is the first mention ever in the media of this strategically critical link, which would be one of the longest bridge-tunnel complexes in the world, and change Japan's insular character forever.

Meanwhile, Korean officials urged that the Silk Road now be referred to as the "Tokyo to Pusan to Paris" railway, not just the "Pusan to Paris" railway. *EIR* learned in 1996 that top Japanese officials were studying this plan, but at the time it was feared by some Koreans as a route for Japanese invasion. Roh's invitation shows how much has changed.

### **China Will Draw on Work of 19th/20th-Century U.S., Canada, in Effort To Develop Its West**

China will draw on the work of the United States and Canada in the 19th and early 20th centuries, as well as that of other nations, in its own effort to bring large-scale development to its Great Western Interior, an official announced in Beijing March 8, according to *Xinhua* and *Associated Press*.

"We will take the practices of the United States, Canada, Japan, and Italy as a reference when drafting the overall western development program, said Li Zibin, deputy director of the Office of the Leading Group under the State Council for the Development of the Western Regions, at the annual meeting of the National People's Congress.

"We'll draw on their successful experience to formulate policies geared to the actual conditions of the circumstances in China's western regions, and the overall situation of China," said Li.

"To implement such a colossal program in such a colossal area in an orderly way is an incredible challenge," Li said.

China's west is an area of 4.5 million square kilometers, with 367 million people, 29% of China's population. It has great resources, but big problems. Overall, it is thinly populated.

China must balance the ecological environment with economic growth, Li emphasized. China's west is very dry, and if attention is not paid to water management—which is the key "environment" issue in China—economic growth will not be possible in this huge region, as in Central Asia as a whole. Controlling desertification and forest and grassland protection are key issues.

### **Rumsfeld's Posse to the Philippines Declared Dead by Gen. Reyes**

Defense Minister Gen. Angelo Reyes, testifying before the Philippines Congressional Oversight Committee, said the plan for a live combat "exercise" with the U.S. in Sulu is dead, due to widespread insistence that the Philippines' Constitution not be disregarded. Pressed on why Pentagon officials had announced on Feb. 17 that just such an illegal operation had been agreed to by the Philippines government—the same question asked of Rumsfeld on Feb. 28—Reyes said that Rumsfeld had never authorized anyone to say that. This is not true, since the anonymous spokesman who made the statement had announced that he was so authorized, and since Rumsfeld, when pressed, did not deny that he had authorized it. The entire ploy has functioned to subvert the Philippines government.

Reyes, meanwhile, is under increasing pressure to resign, accused of running the Rumsfeld game behind President Gloria Macapagal Arroyo's back, and of re-launching the war against the MILF—also, perhaps, without approval of the President. President Macapagal Arroyo is now again appealing to Malaysia and Libya to help restart peace talks with the MILF, even while the Army is engaged in fierce battles with them, and while Reyes is trying to have them declared a terrorist group.

## **Africa News Digest**

### **U.S. Coerced African Nations To Vote for UN War Resolution**

At press time, Angola is still officially one of the six members of the UN Security Council who are uncommitted on the issue of a U.S. second resolution against Iraq. There is opposition within the government, but there is also tremendous U.S. pressure in the form of threats and promises. The other two African countries on the UNSC are Guinea-Conakry, which holds the Presidency of the Council for the month of March, and Cameroon.

Contradictory statements have been coming from Angola following visits, telephone calls, and behind-the-scenes pressure from the U.S. and Britain.

### **Angola Officials Say 'No' and 'Yes' to Second UN Resolution**

Angola will not back a second resolution against Iraq in the Security Council, its Deputy Foreign Minister, Jorge Chicote, told *BBC* on March 9, in a broadcast interview. He also exposed an attempt at International Monetary Fund bribery to get Angola's vote. In the interview, Chicote said, "We will not back this resolution ... its terms are not accepted by anyone.... France, China and Russia strongly believe we should find a better solution to the matter.... The spirit of the Security Council is to try and negotiate and reach a consensus."

*News24* of South Africa reports that "Chicote said Angola has been under tremendous pressure to vote in favor of the U.S., but denied reports that Luanda has promised to vote for a resolution favoring war in exchange for IMF and World Bank support. 'It is not \$50 or \$100 million or an increase in aid that will solve Angola's problems,' he said. He added it would be

wrong to link the softening of IMF loan conditions to Angola's vote in the Security Council. 'What I feel is unfair, is people connecting the two things, telling us that before, we did not meet the conditions required by the IMF and today, because of the vote, we do,' he said."

*BBC* was evidently not happy with the interview, although the broadcaster has generally been opposed to an Iraq war. After *AFP*, *IslamOnline*, *Utusan Malaysia Online*, *News24* and *Voice of America* quoted Chicote—and the first three said his comments were from a *BBC* interview—*BBC News Online* confessed, in two buried sentences, "And Angola... seems opposed as well. Its Deputy Foreign Minister Jorge Chicote told the *BBC* that Angola would not support the draft resolution."

One day after Chicote's interview, African and British press reports contradicted the Deputy Foreign Minister's statement. Angolan Foreign Minister Joao Bernardo de Miranda told the press March 10, according to *News24*, "The position of Angola is to back neither France nor the U.S. We must evaluate the consequences of a war and help to reconstruct Iraq. What the international community needs to do now is prepare for what comes after the war." He said that war is "inevitable," according to *News24*. French Foreign Minister Dominique de Villepin, standing next to him, said that war is not inevitable.

Britain's *Daily Telegraph*, in an article called "Angola wooed and blackmailed into backing U.S.," stated that Miranda, "speaking last week during a stop-off on his way to Washington for a week of talks with senior officials, said, 'We understand that if it is necessary to make war to ensure peace, then we will lend our support.' A senior diplomat in Luanda told the *Telegraph*: 'The consensus is that the U.S. and U.K. have already won the Angolan vote.' Diplomats were reluctant to speculate on whether American and Britain had threatened to expose the spectacular corruption of the Angolan elite."

### **Oil Weapon Wielded in Pressure on Angola**

*EIR* notes that Angola depends on \$5 billion in annual oil exports, 63% of which goes to the United States. On the other hand, the current, IASPS-based policy of Vice President Dick Cheney and his pro-war Chickenhawks involves an *increased U.S. dependence on African oil imports*, with Angola playing a major role.

Ironically, as the U.S. and Britain are trying to buy up the votes of the Africans, the neo-conservative warmongers are using the very organization that wrote the Iraq war plan in 1996 to offer the "carrot" of oil deals. As *EIR* has reported, this organization is IASPS—the Institute for Advanced Strategic and Political Studies, a right-wing think tank based in Jerusalem and Washington. In 1996, IASPS was staffed by the likes of Richard Perle, Douglas Feith, and David Wurmser, who are among the top Iraq war "Chickenhawks" in the Bush Administration. At that time, IASPS wrote a detailed war plan against Iraq under the name, "Clean Break: A New Strategy for Securing the Realm," for Israel's Prime Minister at the time, Benjamin Netanyahu.

### **Ivory Coast Still Unstable as First Cabinet Meeting Takes Place**

A new government has been formed in Ivory Coast, but rebels and the opposition RDR Party failed to attend the first Cabinet meeting March 13, citing logistical and security considerations. The next meeting is set for March 20. The Defense and Security portfolios will not go to the rebels, but have not yet been assigned; they will be determined by a National Security Council that includes all major factions.

At this point, the Bush Administration, in all probability, has more influence over the Ivorian government than it had before the rebellion began; the government of French President Jacques Chirac clearly has less than it did before the rebellion. From the standpoint of a return of peace and effective government, the general picture is more promising than it has been at any earlier time. The new government was formed through the efforts of Ghana's President John Kufuor, with U.S. and



French support. U.S. State Department spokesman Richard Boucher hailed the agreement underlying the new government March 12. A similar endorsement does not appear to have come from the French government.

President Gbagbo presided at the meeting in the official Ivorian capital, Yamoussoukro. Among those present, according to Ivorian radio *RFI*, were the new Prime Minister Seydou Diarra, to whom President Gbagbo has given extensive powers for the next six months; Ghanaian Foreign Affairs Minister Hackman Owusu Agyemang; Interim President of the Commission of the African Union Amara Essy (an Ivorian); and members of the Marcoussis Accord Followup Committee.

The new Cabinet has 41 portfolios, of which Gbagbo's party received 10, including the Ministry of Finance and Economics and the Ministry of Mines and Energy.

The PDCI Party (for years the only party, under President Houphouet-Boigny) led by Henri Konan Bedie, received seven posts, including the Foreign Ministry and the Ministry of Industry and Private Sector Development.

Four small parties received six posts among them.

Le Rassemblement des Republicains (RDR) of IMF apostle Alassane Ouattara, the main opposition party, which is aligned with the northern rebels, received seven posts, of which two are Ministries of State (major portfolios). The names of the posts and of those who will fill them have not yet been made public, however.

The northern rebels, the MPCI, also received seven posts, of which two are Ministries of State, also not yet named.

The two minor rebel movements of the West, MJP and MPIGO, each received one post, not yet named.

"Diplomats said they believed the absence of the rebels and the RDR [from the meeting] was down to the fact they had yet to agree with Gbagbo who should occupy the 16 Ministries allotted between them," according to *Reuters* March 13.

### **After Bush's Executive Order Against Mugabe Government...**

The dirty operations of the British Empire against Zimbabwe got a boost from Washington on March 7, when President George W. Bush signed an Executive Order stating that Zimbabwean President Robert Mugabe's policies constitute an "extraordinary threat" to the foreign policy of the United States. The order freezes all assets in the U.S. belonging to President Robert Mugabe and 76 other Zimbabweans, including Cabinet ministers, the head of the Central Intelligence Organization, and the Speaker of Parliament. The order also bans U.S. citizens from doing business with any of the 77 Zimbabweans named.

The only individual whose name has surfaced as a potential successor to Mugabe, and who is not on the list of those named in Bush's Executive Order, is Simba Makoni, former Minister of Finance and Economic Development, whom Mugabe dumped in late August 2002. Makoni is sympathetic to the World Bank and IMF. He is still a member of the Zanu-PF politburo. He was mentioned in Johannesburg's *Business Day* Feb. 24 as "tipped by observers as a potential future President of Zimbabwe...." Makoni had just concluded a visit to South Africa at the invitation of the government.

**Links to articles from *Executive Intelligence Review*.\***

**\*Requires Adobe Reader®.**

### **Feature:**

## The Essential Fraud Of Leo Strauss

by Lyndon H. LaRouche, Jr.

March 5, 2003

The treatment of Plato in today's U.S. academic and related gossip-circles, is premised chiefly on two competing, Plato-hating schools of interpretation. The first, the pro-Aristotelean hoaxes of Britain's Benjamin Jowett et al.; and, the second, those such as one-time Chicago University figures Leo Strauss and his Allan Bloom...

## Lieberman Gang Moves To Wreck Dem Party

by Anton Chaitkin and Scott Thompson

Behind the recent boasting by Sen. Joseph Lieberman (D-Conn.)—crediting himself with the sabotage of Democratic Party opposition to the disastrous Iraq war adventure—is an explicit, long-standing project by Lieberman's sponsors in the Democratic Leadership Council to wreck the Democratic Party, by organizing a 'Bull Moose' ticket splinter operation.

## Profile: Leo Strauss

### Fascist Godfather Of the Neo-Cons

by Jeffrey Steinberg

In a June 17, 1996 article by Richard Lacayo, Time magazine named the late University of Chicago philosopher Leo Strauss (1899-1973) as one of the most influential and powerful figures in Washington, D.C.—the man most responsible for the Newt Gingrich 'Conservative Revolution' on Capitol Hill, and the intellectual godfather of Newt's 'Contract on America' blueprint for vicious fascist austerity.

### (Documentation)

Strauss and the Neo-Cons As Seen From Europe)

## Appreciation: Marianna Wertz

### One of Schiller's 'Beautiful Souls'

Marianna Wertz, a leader of the Schiller Institute founded by Helga Zepp-LaRouche and Lyndon LaRouche, died early this past Jan. 15 at 54, having fought for many years against cancer and effects of its treatment. As Vice-President of the Schiller Institute, Marianna Wertz's work included the preparation—together with her husband of 27 years, William Wertz—of the three-volume work Friedrich Schiller: Poet of Freedom, by which the Institute uniquely put Schiller's great dramas, poetry, and essays together into circulation in English, some for the first time.

## **Economics:**

### Revenue Crash, War Fear Hang Over Budget Debate

by Carl Osgood

Unlike past years, this year's Federal budget process began with unanswered questions about the budgetary implications of a possible war with Iraq. More than a month after the Bush Administration submitted its Fiscal Year 2004 budget plan, questions related to the potential costs of war and its aftermath remain unanswered...

## States' Fiscal Crises: A National Security Issue

by Mary Jane Freeman

*"Next year, there's going to be draconian cuts in state services. We can get through this year. But next year we're going to hit the wall."*  
—Paul Patton, Kentucky Governor and National Governors Association president

## War Drive Pushes U.S. Airlines Into Free Fall

by Anita Gallagher

The drive for war on Iraq by the 'chicken-hawks' grouped around Vice-President Dick Cheney has put the entire U.S. airline industry, already on the brink of bankruptcy and liquidation, into free fall.

## War Threats Trigger Japan Financial Meltdown

by Kathy Wolfe

Japan's debt-loaded financial system, brought to the melting point by the past three years' sinking of the international freetrade economy into depression, is now burning up under the global threat of 'imperial' U.S. wars in the Mideast and on the Korean Peninsula.

## Fannie/Freddie Blowout Debate Reaches the Fed

by Richard Freeman and Lothar Komp

In a surprising speech on March 10, St. Louis Federal Reserve Bank President William Poole intensified the debate over whether the overleveraged American housing debt bubble generated by the Fannie Mae and Freddie Mac mortgage corporations, threatens to set off a systemic meltdown in the U.S. financial system.

## Unemployed Surge Shows Physical Economy Drops

by Richard Freeman

The sharp rise of American unemployment in February starkly highlighted the unwinding of the U.S. physical economy. In goods-production, especially manufacturing, the job firings are relentless, rendering America, month-by-month, less of a producing nation.

## Reverse the 35-Year Devastation of America's Industry and Labor Force

by Richard Freeman

*The following is the excerpted transcript from a class given to a LaRouche Youth Movement cadre school in Redford, Michigan on Jan. 18, 2003.*  
On Jan. 7, President Bush announced his 'stimulus package,' and in the course of this, he said, 'We are the most creative, powerful economy in the world,' talking about the United States. In fact, at this stage of its development, the United States' economy is not creative, it is not powerful—and I will show you that it's not even an economy....

## **International:**

## The Drive For War Becomes A Diplomatic Disaster

by Michael Liebig

If one were to summarize the diplomatic developments of the second week of March, around U.S. and British demands for UNSecurity Council endorsement of an invasion of Iraq, one could say that the imperial war policy of the Bush Administration—currently focussed on Iraq—has functioned as a strategic catalyst for unprecedented cooperation in Eurasia, precisely as Lyndon LaRouche had forecast.

## 'Clean Break' Fuels The 'Other' Mideast War

by Dean Andromidas

Despite global focus on an invasion of Iraq, the 'other Middle East war'—between Israel and the Palestinians—continues to rage, bringing catastrophic results on both people, and fuelling the global Clash of Civilizations war sought by the 'get Iraq' warhawks.

## Region's Rejection of War Shows in Tehran

by Muriel Mirak-Weissbach

While the world's television channels worked overtime with film footage of American GIs kissing their wives and children before being moved overseas to the Persian Gulf, and on-site reports of troops maneuvering in Kuwait's desert sands, very little attention was paid to deployments of quite another sort into the Persian Gulf...

## German Clerics Meet Americans Against War

by Rainer Apel

Not too many prominent politicians from Germany are likely to travel to Washington, D.C. to repeat what Angela Merkel, chairwoman of the opposition Christian Democrats, did at the end of February, when she met with pro-war officials in the Bush Administration and affirmed her support for war against Iraq. Her popularity ratings in the polls at home promptly sank by 12%.

## Cheney To Visit East Asia—Delivering War?

by Mike Billington

Vice President Dick Cheney will travel to East Asia in April, visiting Japan, China, and South Korea. His first item of business will be the crisis on the Korean Peninsula.

## Brazil Tries To Evade Imperial Game-Plan

by Silvia Palacios

It will not be easy for Brazilian diplomacy to construct an independent foreign policy whose immediate objective would be to put together a South American bloc, capable of preserving the independence and sovereignty of member-nations.

## FARC Narcos Goad Bush To Invade S. America

by Gretchen Small

It was the classic act of a provocateur: On Feb. 13, South America's largest narco-terrorist force, the FARC (Revolutionary Armed Forces of Colombia), shot down a small U.S. airplane engaged in anti-drug surveillance over the jungles of southern Caqueta' province. On board were one Colombian and four American civilians working as defense contractors for the U.S. Southern Command.

## Australia Dossier

### Sting in the Tail of Timor's Independence

by Robert Barwick

Australia has bullied tiny East Timor into giving up its resources—to Royal Dutch Shell.

## **National:**

## Cheney and Perle To Go Down Like Ollie North?

by Michele Steinberg

New Yorker magazine and its senior investigative reporter, Seymour Hersh, have produced a devastating expose' of the shady dealings of Defense Policy Board Chairman Richard Perle, the self-described 'Prince of Darkness' who works non-stop for a war against Iraq.

## Troops Being Set Up For Gulf War Syndrome II?

by Carl Osgood

The motto engraved in stone on the outside of the Veterans Affairs Department building reads, 'To care for him who has borne the battle.' It is inspired by President Abraham Lincoln, who set it as one of the responsibilities of a government towards those who have defended the nation in war. This might imply that the government might take every precaution available for its troops before sending them to war again.

## **This Week in History**

### **March 17-23**

March 18, 1933 began the second phase of FDR's "Hundred Days" program, the one devoted explicitly to creating jobs. On that day, President Franklin D. Roosevelt met with his closest advisers and called on them to formulate major legislative measures on the job crisis, which had left tens of millions of Americans unemployed. Then, on March 21, the President sent a message to Congress, outlining his objectives.

What the President understood, is one of the major points Lyndon LaRouche has stressed today, and that anti-Hitler German economists had argued, to no avail, in their country: You have to put the unemployed to work, in productive jobs.

This approach will increase the tax-revenue base, and simultaneously mobilize the population for the common good.

FDR's March 21 message called for three different pieces of legislation, aimed at attacking unemployment. The first was an immediate enrollment of workers, *by the Federal government*, for public works. The second was to grant the states monies for relief work. The third was the creation of a broad public works labor-creating program.

It is the first program that immediately went ahead, and became the greatest success. It was the Civilian Conservation Corps, which was devised to deal with the areas of forestry, prevention of soil erosion, flood control, and similar projects, while simultaneously employing as many as 250,000 people by the early summer. In the interest of immediate action, the President chose to use funds already appropriated, and to administer the program through emergency powers and what he called the "existing machinery of the Departments of Labor, Agriculture, War, and Interior."

At the conclusion of his Message, the President summed it up this way: "It is not a panacea for all the unemployment but it is an essential step in this emergency. I ask its adoption."

The Congress did move immediately. The Emergency Conservation Work Act was introduced on March 27, was signed by the President on March 31, and began the recruitment of young men by April 7. The first CCC Camp was opened on April 14, 1933.

Recruitment centers were set up by the Department of Labor, and, in coordination with the Departments of the Army, Agriculture, and the Interior, the enrollees were transported to camps around the country, and put to work. The criteria called for young men between the ages of 17 and 25, who were in reasonable health and unmarried, and whose families were on relief. They would be paid \$30 a month, \$25 of which would be sent to their families, while the youth were given room, board, clothing, and tools at the Conservation camps. The enrollment period was six months, although youth could re-enroll for additional periods, up to two years in total.

In addition to youth, separate camps were set up for World War I veterans. "Locally Experienced Men" were also hired to help in administering the projects, fulfilling the roles of craftsmen, teachers, architects, and the like.

Ultimately, this program brought in between 2.5 and 3 million men, who worked in as many as 3,000 separate camps, each of which was set up to have no more than 200 men in it. While most of the camps were in the West, many of the young men had to be transported (by the Army) to the desired locations.

And what was produced? The emphasis here—as it would be today—was on projects that did not require any heavy capital outlay, but which improved the nation's infrastructural base. These included, first and foremost, the planting of trees, of which three billion are estimated to have been put in the ground over the life of the CCC. Beyond that, however, the CCC built over 100,000 miles of truck trails, 89,000 miles of telephone lines, and 800 new state parks—as well as carrying out flood control and other drainage measures on millions of acres of farm land. Eventually, there were camps in every state of the Union.

An additional element of the program, was the concept of educating the youth who were recruited into it, an aspect which LaRouche's program today would surely include. The implementation of this aspect of the CCC was highly uneven, depending upon the local camp administrators, but it is reported that more than 40,000 men who were unable to read and write when they entered the CCC, did ultimately learn these skills.

The CCC lasted until 1942, and was among the most popular programs of the New Deal. It not only served as a means of getting money into households, and to the suppliers for the camps, but also made tangible contributions in terms of fighting



fires, building recreational facilities, and carrying out water management measures. What was called Roosevelt's "Tree Army" was constantly escaping the budget ax, because even Republicans considered it a major benefit to the nation, contributing much more to economic output, and social benefit, than it cost.

Such an emergency measure, at Federal expense, and very little change in projects, would do the same today.

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