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

### **The Assassination in Mosul**

The assassination of Saddam Hussein's two sons in Mosul this past week, tells a story that goes to the heart of the moral and psychological flaw of Defense Secretary Donald Rumsfeld, Vice President Dick Cheney, and the Chickenhawk crew which they head. It demonstrates that this Administration has taken up an explicit policy of assassination, which moves it *morally* in the direction of Nazism.

The reports indicate that the operation began with an exchange of small-arms fire between what appears to have been a small special-warfare operations force, and the occupants of the house. When the numerous hours of assault were not successful, someone apparently gave the order for the opening of tank-fire from the 101st Airborne unit, with the resulting destruction of the house, Saddam Hussein's two sons, and two others inside.

What was going on here? According to the July 20 Sunday *Telegraph* of London, Donald Rumsfeld had commissioned "Task Force 20," a special operations team, to operate in Iraq as part of the "Gray Fox" operation, which is centered in the Defense Department under Stephen Cambone, the Undersecretary of Defense for Intelligence. *EIR's* intelligence sources report that Gray Fox has been constituted as Rumsfeld's personal assassination squad, a re-creation of the Vietnam-era "Phoenix" assassination program. Ostensibly, the special hit squad was on the verge of carrying out their assassination assignment against the Hussein brothers, but needed help. They got it, and got their men.

There is one glaring problem. This is the stuff of which Nazi war-crimes are made! Every competent military commander understands that the use of politically motivated assassinations could spell disaster for the occupying power—and a place in a Nuremberg Tribunal-style dock.

To start with, assassinations of foreign leaders are contrary to the stated policy of the United States government. This policy, even if honored in the breach, was put into place by President Gerald Ford in 1976, and has been formally extended by all subsequent Presidents.

More importantly, political assassinations are contrary to the rules of the civilized world. These rules were established for all to see in the conduct of the victorious United States, toward the defeated Nazi regime. After the war ended, Washington opposed summary executions of the leaders of Nazi Germany and imperial Japan, and insisted that they be placed on trial—and even given lawyers!

Supreme Court Justice Robert H. Jackson, who presided over the Nuremberg trials, argued that the United States had no choice but to provide these rights. He declared: "The President of the United States has no power to convict anyone. He can only accuse." In his opening statement to the Nuremberg tribunal, Jackson said, "That four great nations, flushed with victory and stung with injury, stay the hand of vengeance and voluntarily submit their captive enemies to the judgment of law, is one of the most significant tributes that power has ever paid to reason." Jackson feared that taking the opposite path, of summary executions, would erode the moral high ground of the victorious powers.

Yet, surrendering that moral high ground is precisely what the Bush Administration is doing. It chose to use overwhelming force against four men, in order to demonstrate its ruthlessness and power. This mentality reflects that of the Nazi policy of *Schrecklichkeit*, of attempting to terrorize the enemy into submission, rather than winning the peace.

Thus, what we see in this "bloody example," is the mentality of Cheney, Rumsfeld, and the Chickenhawks—the controllers of that Trilby-style mental case, President George Bush. Their mentality is that of the new fascists, who are not far distant in their thinking from those demonic apparatchiks who ordered the razing of the Warsaw Ghetto, to celebrate Hitler's birthday.

It's traditional for fascists, dictators, and Roman emperors to hang up their bloodied victims before the populace, to instill fear and submission. With this assassination, the Cheney-acs in the Bush Administration have shown their determination to set the United States on the road to that tradition. Are there enough moral Americans to stop them?

### **King George, or Richard III: 'W' as in 'Watergate'**

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

The word in Washington, D.C. is that the Bush family is following in the footsteps of former President Richard Nixon, determined to stonewall all the way! Unless 'W' and his family change their ways very soon, future historians will record the tragic history of 'W's' Administration as a disgustingly poor quality of remake of Shakespeare's Richard III.

## **Latest From LaRouche**

### **LaRouche To Youth Movement: - 'What This Planet Needs Now, For Humanity, Is A Future' - July 26, 2003**

Well, folks, we're at a very interesting point in world history. This is *really* something. It's something that doesn't come along, nothing comparable comes along in pretty much less than a century, and something like this, we're really going back. We're going back to the 17th or 16th Century, that kind of thing.

So, we're in an interesting time. We're in a time of crisis. We exist under the world domination of a monetary-financial system which was set up, the IMF system of this form, was set up initially in 1971-72: first, by Nixon in August of 1971—I understand some of you weren't born yet; and then in 1972 at an Azores meeting, there was an agreement of submission to the United States prescription, on a floating exchange rate monetary system.

Now, that monetary system, and the financial system associated with it, is dying. It is more than the financial system associated with it, and the monetary system—there's something else. There was a transformation in the United States, and the United Kingdom, in the middle of the 1960s, in the wake of the Kennedy assassination, the wake of the previous missile crisis, the wake of the launching of the U.S. war in Indochina, and the arrival of the Wilson, Harold Wilson Administration, the first one, in London. As a result of that in London, and in the United States, there was a change in policy, not so big a change for the British, but big for us: a change from what *we* had been, during the entire period from the Roosevelt recovery through the end of the war. We had emerged as the world's biggest, most productive economy in the world. We had a lot of faults. There were a lot of shortcomings, and failures, and some evil being done, but our economy was, nonetheless, despite all these, under its existing policy, the most productive economy in the world, per capita.

Now, in the middle of the 1960s, that changed. We went through a reaction to a young generation, adolescent generation,

for most of your parents' generation, who were coming out of adolescence in the early '60s, or middle '60s, and going on in many cases to university, in the middle to late '60s. These became known, the campus crowd, became known as the '68ers, and they were characterized, at the worst, by what was called the rock-drug-sex-counterculture. They were the precedent for an anti-industrial, anti-production consumerist mentality, which was essentially Malthusian: that is, against technological progress, and so forth, and so on.

All right. But it was not just those '68ers that became part of the Baby Boomer generation. The demoralization which hit the United States, the whole population of the United States, of people of that generation, the whole population of Western Europe, of that generation, and spread beyond, into South and Central America, went through a transformation, a cultural shift, from a production-oriented world, to a consumerist-oriented world. That was part of the system.

Now, the consumerist-oriented world combined with the financial and monetary system in the following way: The United States and Britain were able to dictate, essentially, the terms of trade, the terms of values of currencies, through manipulation of markets, all over the world. So, therefore, the markets, and debts, of the countries of South America, of Africa, of Europe, and other parts of the world, were increased artificially, relative to the dollar, and the pound sterling, of course. So therefore, the United States, in the process of going out of production, shifted into cheap labor, from Central and South America, and looting of resources in these parts of the world, so that we began to get, in the United States, we began to live, and suck the blood, of the rest of the world, through this combination of a consumerist orientation inside the United States and Western Europe—and it took off in Europe more slowly than in the United States and Britain—and we were sucking the blood of the world because of these methods. We were using cheap labor, which we forced to be cheap, by dictating currency values, by imposing debts, and so forth, artificially, we began to live on the blood that we were sucking, of the rest of the world. And we called it prosperity.

Now, actually the prosperity was fake. Because if you look at the physical parameters of consumption, without even considering the social conditions of family life, but just the physical parameters—food, and job opportunities, and so forth, and incomes—the lower 80 percent of the U.S. population has been losing income catastrophically—that is, real income—per family household over the past period since 1977. It's worse because there's been a massive inflation, but the inflation has been concealed by a completely artificial lies, by the Federal Reserve System, and by the Federal government, which, with this Quality Adjustment Index, had faked the figures to show a low rate of inflation, when actually there has been a very high rate of inflation.

There's been a movement of financial capital, and so forth, out of industry, production, agriculture, into financial markets, investment in financial markets. And these have been hyperinflationary. So therefore, the conditions of life, the welfare of our people, and so forth, have deteriorated.

Now, we've come to the point that this system is about to collapse. And the system is about to collapse because the accumulation of nominal financial assets, in current monetary terms, have zoomed, have skyrocketed, while the physical values, of consumption and production by the population, have collapsed.

So, therefore, we've reached the point that the ability to maintain the financial system, on the physical basis—it's collapsed. There's no basis for it. So, we're now in the terminal phase of the system. We're not in a depression, we're in something worse than a depression; we're in a general breakdown crisis. That is, the present system could never come back, could never have a recovery, in its present form.

And that is what makes this period of history so special.

Now, this has been in process, it's been obvious since the period of the Carter Administration, when the deregulation set things into motion. Then the Kemp-Roth legislation, the cut of taxes on capital gains, and shifting the burden to other parts

of the economy.

So, we've gone through a shift of this type, which has been gradually leading into a general collapse—we've now reached the outer limit. The reason is that the rate at which money has to be printed, or printed electronically, in order to maintain the present financial system, to prevent its collapsing, has reached the point that we're nearly at the zero interest rate and discount rates in the United States. And when the United States dollar gets close to a zero discount rate, done to maintain the financial system, or prevent it from collapse, then you know you're at the end of the road. This thing is going to go, and nothing can stop it.

## **The 1928-1933 Parallel**

Now, the nearest approximation of a world experience, like the world experience today, is the 1928 to 1933 period, that is, the period of the failure of the Young Plan negotiations, the collapse of the Mueller government in Germany as a result of it, through Hitler's accession to power, in 1933. This is a crucial period in history, of systemic collapse of the Versailles monetary-financial system, which was based on using the German war debt to prop up the economies of France and Germany, and thus in turn, prop up the creditors of France and Germany, the United States. So, this is a comparable period.

Then, when the financial system was threatened with a blowout, you had two ways to go: One way was typified by Franklin Roosevelt's recovery program, the other way was Adolf Hitler. And for a time, Adolf Hitler won. And Adolf Hitler was put into power by key financial interests, which were afraid that, under conditions of financial collapse, that governments would intervene to save the economy, at the expense of the financiers' interest-control over the economy.

So, rather than accept that, financial interests, typified by Lazard Freres in France, and so forth, moved to set up a dictatorship, they hoped in the United States, and also in Germany. And in France, and in Italy, and in Spain.

So, we went into a period where Europe was dominated by fascism, by the fascists in Italy, the first ones. The fascists in Austria. The fascists in Spain. The fascists in Germany. And also the fascists who became the Laval government, and the Petain government, in post-1940 France.

So, the United States was faced with a threat of consolidated fascist war against the United States, and if they had succeeded, in getting the British fascists to take control of the United Kingdom, then we would have had the entirety of Western Europe, with its navies, and the Japan navy, which is part of this, allied against the United States. And then if Germany had moved eastward, to destroy the Soviet Union, with the support of France, Italy, Spain, England, and so forth, under those conditions, all Eurasia would be controlled by this fascist empire, which had the greatest naval power in the world, and we would be up the creek. We, as the United States, could not have survived.

Under those conditions at that time, Winston Churchill, who represented a group in Britain who were not willing to accept the consequence of Britain becoming an also-ran part of a fascist empire based on continental Europe, Churchill appealed to Franklin Roosevelt, President of the United States, to help Britain escape from the fascist trap, of fascists like, pro-Nazis like Lord Halifax and so forth in Britain. And so, the people who were behind Edward VIII, who was a pro-Nazi, the King Edward VIII, these people were pushed to the side, and an alliance between Britain and the United States, or that faction in Britain, existed. And that became the basis for the history of World War II, and the postwar period.

We're in a period like that.

Now, the threat does not come from Western Europe. The threat comes from inside the United States.

Now, the financier interests in Europe, as well as in the United States, behind fascism then, are the same crowd today. The difference today is, that the United States, because of nuclear weaponry, is a relative military power of such overreach, that the United States is the power to beat. So, in the United States, you have a faction, which is associated with the people we call the Neo-Cons, on the surface, which includes people like Vice President Cheney, who's not quite human. Behind them are certain bankers, banking financial interests, including some of the same financial interests who were behind the Hitler plot, back in the 1920s and 1930s. They are moving to a coup d'etat, which occurred on Sept. 11, 2001, in which Cheney and company, as the political lackeys, took control of the puppet President of the United States—this damn fool George Bush—and have been controlling him, more or less, up to the present time.

Under this set of conditions, the United States is moving toward a fascist dictatorship *inside* the United States, typified by Ashcroft, the Attorney General, and by the Patriot Act. And at the same time, it is moving toward world war, nuclear wars against all kinds of nations, especially in Asia. And they intend to use nuclear weapons. They'll find the first pretext they can to use nuclear weapons. The fact that the Iraq war didn't turn out they wanted, has jammed the works up a little bit. We have been able to jam the works up, with my attack focussed on Cheney, and related things. Only from *us* have you had the initiative, which has been picked up by other forces in Europe, as well as the United States, have we been able to jam the works up a bit, and prevent this thing from going as it was planned.

Now admittedly I have a lot of support from people who may not be directly talking to me, but they're supporting this effort: from the military, from other institutions from within our government, from sources outside the government, private resources, as well resources in Europe. They are moving to prevent the United States from becoming a fascist terror of the world.

Therefore I have focussed, understanding the circumstances, on the fact that certain financier interests, now as back then, are moving to establish a fascist world system, as their answer to a general collapse of the financial monetary system. Because they want *them* to be in charge, when the collapse occurs, and not us—that is, not the people, not the governments. Therefore, that's the fight. We're in a similar period. Here we are. Right.

## The Youth Movement

Now, we're having some success, as you know, and the youth movement has been a key factor in the success, because the youth movement has delivered a *shock* value, into the political system inside the United States, and to some degree, outside, which has managed to push people in certain directions, to respond. And they're responding to me, largely because of the added factor of the impact of the youth movement. Plus the fact that events have proved I've been correct, on all of these crucial issues. And therefore, a lot of people are saying, "Okay, okay, he's right, we've got to work with him."

And, we're doing it. We have no guarantee of victory. None whatsoever. We have the opportunity for victory, but no guarantee of it.

And that's where we stand. We are in that kind of crisis.

Now, there is another aspect to this, which the youth movement as such is dealing with, which I realized was necessary. This youth movement, of which you are participating with this event, is different than all other youth movements of the past century. This is a youth movement based on a principle of truth; not a protest movement, not an explosion of adolescent rage, or something, against the present system. This is a calculating intellectual youth movement, based on discovering a truth, at a time that the generation of the parents of the present youth, are off wandering in never-never land, looking for the fifth sex, as a kind of recreational way of getting through the next six months, or the next year.

That is, the consumerist generation, now in their 50s and 60s, the generation that is generally running the government, and running most institutions, is actually in Never-Neverland. It's called the "Now" generation. The pleasure and satisfaction they get *now*, the pleasure from having a lifestyle *now*, even if it's only a fad, is the beginning and end of most of their day-to-day controlling concerns. They're not in the real world.

However, *you*, the generation of their children, find yourselves dumped on the street, so to speak, in a "no-future" generation. And therefore, you recognize your parents, your parents' generation, are the children of this time, and you, relatively speaking, morally, the adults. That you recognize you must convince your parents' generation to become human again. That is, to adopt a future-oriented view of policy-making and of society. This means that you can not go by mere tradition, because the tradition that your parents represent, that is, the period 1964-2003—that tradition stinks, and that will get you nowhere except into the gutter, always. Therefore, you can not go by tradition. You can not say *traditional* popular opinion, *traditional* institutions. It doesn't work. They're all too corrupt! And if you're going to get into that boat, the boat is sinking. So therefore, you have to come along with a new set of values—not new to history, but new, at least to this time of history—which is based on *truth*. And the truth involves *what*?

The essential issue of truth is: What is the difference between man and a monkey? Now, most people, in Congress and elsewhere, perhaps, at least in the Democratic Party leadership, or in the White House, don't know what that difference is. I mean, you know, imagine a monkey coming along and saying, "I'm a Christian fundamentalist." I mean, what do you think of that? The President of the U.S., who makes Mortimer Snerd, the famous puppet, Edgar Bergen's puppet, look like a genius! And this guy says he's a fundamentalist Christian. The man is acting like a monkey; and he's acting with this rage—he's showing his teeth, as he did recently on the question of the display of two bodies of the sons of Saddam Hussein—a disgusting exhibition. And he's acting like a monkey, showing his teeth, and screaming, like a monkey. And he's saying "I'm a Christian." Well, a monkey can't be a Christian, because a monkey isn't human. A monkey can't be Jewish, because a monkey's not human. A monkey can't be Islamic. People who believe in Islam are human.

Well then, what's going on here?

They believe in physical pleasure. They believe in manipulation. They believe in monkey games. They believe in being apes. Aping one another. The idea of: What is human? Well, human is very special. Being human is different than being an animal, because no animal could discover a universal physical principle of the universe, and act upon it. Now, if man were as he is, physically, and if you said, well, man were an ape, then the human population on this planet for the past 2 million years could never have exceeded, at any time, much more than several million individuals living at that time. We now have 6 billion. How'd that happen? Therefore, we're not an ape. Man is not a monkey. Because man is capable of discovering and transmitting discoveries of universal physical principles, from generation to another. And by applying these discovered principles to control nature, and to change the way we behave, in general, we're able to increase man's power over the universe, per capita and per square kilometer of the Earth's surface. And that power is not limited. It can go on and on, and there's no limit to it.

So it's this ability of people who are mortal—that is, we all die; we're all born, and we die—and in the course of history, that lifespan is really very short, it's within 100 years, generally. And that's fairly short, when you think about history. The events of history involve thousands, tens of thousands of years. So how does this work? Well, it works in the fact that we, as individual human beings, by acquiring discoveries of those before us, adding to that stock of discoveries, and passing the improved stock on to those who follow us, create the continuity of humanity's existence on this planet.

And therefore, you have, in a simple expression of this, the grandparents who devoted their life to ensuring that their children, and grandchildren, in particular, would have a better future than they had experienced. So this future orientation in society, among relatively simple people, like the farmer who built up the farm from taking over a piece of land which was nothing but wilderness land, and building up a prosperous farm over two or three generations—that is typical in U.S.

history of the individual's future orientation. The parent who says, "I'm going to give my children a better education than I had," who fights to improve the school system, and so forth, to ensure that occurs. Who works for better conditions in the community for the benefit of their children and grandchildren. This was the typical future orientation of sane and moral individuals. That is what has been lost over the 1964-2003 period, at least for the generation now in their 50s and 60s, by and large.

That doesn't mean they don't know about that entirely; it's they don't have a feeling of conviction about it. They say, "Yes, that may be true, but I have to think about my pleasure. I've got to think about my lifestyle. I have to get through tomorrow, and I need to have my lifestyle in order to get through tomorrow, psychologically." And that's what they pass on. So that's the situation.

That's the key thing we have to do in order to mobilize people against the onrush of fascism, led, particularly at this moment, by Dick Cheney in the U.S. What we have to do, is we have to not only mobilize the older generation, as well as the younger ones, to fight for the necessary changes—we will not succeed in that unless we become a revolution of ideas. The revolution of ideas is essentially, first of all, to rediscover the principle of truth, as scientific effectiveness defines a sense of truth, and to put the value of a human being—all parts of the human family—put the value of a human being, as being in this characteristic of an individual person to discover universal physical principles, and related kinds of principles, to pick them up from previous generation, value them as gifts from earlier generation, from all over the world, in point of fact, as gifts we must transmit, enhanced, to future generations. *That* is a sense of the future, a commitment to the future, which gives us the ability to mobilize ourselves for all kinds of good things.

Now what's the problem? The problem about universal physical principles? And I've addressed this in many writings over the course of years, but most recently on this subject of visualizing the complex domain. We have what we think are perceptions of the world around us. We call these sense perceptions. We talk about "sense-certainty." We talk about "I know because I smelled"—that is, not I radiated a smell, but I perceived one. Some people just radiate a smell. Because they believe that senses are a picture of the actual world outside their skins. That's not true. Our sense organs are part of our biological organism, living organism. These sense organs, therefore, react to what the world does, how the world impinges upon our senses. This is sense-perception. Therefore, we do not know the real world outside our skins, so to speak, from sense-experience, not directly. What we *know* from our sense-perception, are the *shadows* of the outside world. By being able to understand certain errors which occur in the picture of the universe provided by these shadows, we are able to discover the presence of some *unseen hand*, beyond sense-perception, which is controlling what we experience.

Generally, these things we discover are *universal physical principles*, chiefly. Like gravitation, or a principle of universal least action. These are principles which exist out there—you can't see them, you can't touch them, you can't taste them—you don't know them as sense-perception. But you know them as a result of the *errors* in sense-perception. That sense-perception makes mistakes, and by understanding those mistakes, you're able to detect the *cause* of the mistake. The cause of the mistake says that the *cause* of the way sense-perception is behaving to create these mistakes is some physical principle, such as gravitation, acting beyond the ability of the senses to directly sense it. These are called universal physical principles. They are the unseen. They are the essence of the complex domain.

We have two geometries: the geometry of what we can experience as sense-perception; then we have the hidden geometry, beyond, of principles which are acting from outside the range of sense-perception, and fiddling up, shall we say, the things we perceive. Only human beings can do that.

And thus, the most important thing for us is to get across to people in society, what an idea is. All ideas, including artistic ideas of any value, are ideas which exist—are expressions of principle which lie outside the range of sense-perception. Therefore, the most important thing for us, is to know what these ideas are. Or to know their nature, to understand them, to become familiar with them. Because it's around *ideas*, ideas that determine the future of mankind, ideas that enable us to

understand the *past* of mankind, ideas that enable us to understand *who we are*, as human beings, in the midst of this continuity from past to present to future—and that's what we're doing.

We're building a youth movement based on mobilizing the adult-erated population—not the Baby Boomers—the adult-erated population, mobilizing them to find their humanity again, and trying to make them part of a force for change that must be made now. But to do that, we must motivate them around ideas, not simply greed. Therefore, *we* must understand, at least many of us, must understand what an idea is, and what truth, in terms of ideas, *means*, so that we can mobilize people around ideas. Because only by mobilization around ideas, can you cause people to commit themselves to create a future. And what this planet needs now, for humanity, is a future. And you have to play a key, catalytic role in bringing that future into being.

And therefore, these are the kinds of items which come up on our agenda of discussion.

Now, your turn.

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

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## Feature:

### The Case for Impeachment of Vice President Richard Cheney

#### By The Editors

In the face of the gathering storm against the George W. Bush Administration, for engaging in a pattern of lies to justify a pre-determined course of launching illegal war against Iraq, there is a sore temptation on the part of both the uninformed, and the opportunistic, to train their guns on President George W. Bush, and to call for his impeachment. Such an impeachment proceeding against the President would be a strategic and legal error which, if successful, would put the chief culprit, Vice-President Dick Cheney, into the Presidency, and effectively consolidate the coup which he and his chickenhawks' coterie have carried out.

### King George, or Richard III: 'W' as in 'Watergate'

#### by Lyndon H. LaRouche, Jr.

The word in Washington, D.C. is that the Bush family is following in the footsteps of former President Richard Nixon, determined to stonewall all the way! Unless 'W' and his family change their ways very soon, future historians will record the tragic history of 'W's' Administration as a disgustingly poor quality of remake of Shakespeare's Richard III.

- **Chronology of Key Events Around The Faked Yellowcake Evidence**

Here is an outline of key events around the Niger uranium yellowcake fakery, as known to date; and more broadly, the development of the doctrine of pre-emptive, nuclear war—with emphasis on those aspects Vice-President Dick Cheney's role which are publicly known.

### Cheney Invented Today's 'Bush Doctrine' in 1990

#### by Edward Spannaus and Jeff Steinberg

On Sept. 22, 2002, Lyndon LaRouche issued his first call for Vice President Dick Cheney to resign .... What triggered LaRouche's dramatic call for Cheney to step down, was the accumulated evidence that Cheney and a small group of his long-time collaborators, centered around Deputy Secretary of Defense Paul Wolfowitz, and Cheney's Chief of Staff Lewis Libby, have willfully lied to the American public, to Congress, and to the President himself, about the circumstances under which they have promoted the so-called 'war on terrorism,' the drive for a new war against Iraq,



and the fraudulent and dangerous new National Security Strategy.

- [Iraq Is a Fuse, but Cheney Built the Bomb](#)  
by Lyndon H. LaRouche, Jr.

## Economics:

### [A Needless Decade of Despair: Developing Nations Are Dying](#) by Mary Jane Freeman

The decade of the 1990s was one of growing poverty and genocide for vast parts of the human population, as evidenced by data released on July 8 in the United Nations' Human Development Report for 2003. While the report is a mixed bag, some of its conclusions are not only horrifying, but they also bear out the veracity of Lyndon LaRouche's and EIR's forecasts over that same decade...

### [Trans-European Transport Networks Get New Push](#) by Lothar Komp

All the European economies are stuck in the mud. To make matters worse, the heads of many politicians and top managers seem to be quite muddied as well. After ten years of budget cutting in order to fulfill the requirements of the European Union's Maastricht Treaty, the deficits of public budgets in Europe are now larger than ever before....But, finally, some fresh wind is hitting the economic debate in Europe.

- [Euro-Russian Energy Accord Makes Sense](#)  
by Rainer Apel

Meetings took place in Moscow on July 21, between European Union envoy Christian Cleutin and Russian Deputy Energy Minister Aleksandr Voronin, which may prove important for finalization of a project that has been discussed for three years: the continental Strategic Energy Partnership proposal, made by Russian President Vladimir Putin in September 2000.

### [Interview: Dr. Rushdi Said](#)

#### [Egypt's Development Under Nasser: Lessons for Today](#)

Dr. Rushdi Said, geologist, has had long experience in the post-World War II economic development of Egypt. Among his many achievements are the founding of the Egyptian Geological Survey, and a definitive book on the history of the Nile River (The River Nile—Geology, Hydrology and Utilization, Pergamon Press, 1993). He was interviewed June 27, 2003, by **Marcia Merry Baker**.

### [Swedish Premier Bucks 'European New Deal'](#) by Ulf Sandmark

By putting on the table its Tremonti Plan for infrastructure investments, Italy has forced a European-wide economic policy fight out into the open. The Tremonti Plan offers Europe a chance to get out of the current deep economic depression,...But crawling out of the woodwork everywhere in Europe, are the fanatical Maastricht Treaty budget-cutters, promoters of financial speculation and other shady players on the financial markets, complaining that the Tremonti Plan violates the Stability Pact of the European Monetary Union. One of them is Swedish Prime Minister Göran Persson.

## International:

### ['Ibykus Principle' Is Hunting Britain's Blair](#) by Mark Burdman

To understand the extraordinary political drama unfolding in Britain since the July 17 death of Dr. David Kelly, Britain's paramount expert on Iraqi 'weapons of mass destruction' (WMD), one may read the great German poet Friedrich Schiller's ballad, 'The Cranes of Ibykus.' Schiller's poem depicts how the Greek poet Ibykus is murdered, and as he dies, calls on cranes flying overhead to avenge him. When his murderers attend a festival—where Ibykus was expected to offer his famous poetry—they see the cranes, and, impelled by conscience to cry out, 'See there, the cranes

of Ibykus,' give themselves away.

## Will Sharon Be Cheney's Hand Grenade vs. Iran?

**by Dean Andromidas**

American Presidential pre-candidate Lyndon LaRouche warned on July 17 that Vice President Dick Cheney's 'chicken-hawks' could soon unleash a military confrontation with Iran, unless stopped by being put out of office. LaRouche described Israeli Prime Minister Ariel Sharon as Cheney's potential 'hand grenade' in launching a pre-emptive strike on Iran's nuclear complex, a repeat of Israel's 1981 attack on Iraq's Osirak reactor—but this time, the use of nuclear weapons could not be ruled out.

## Neo-Cons Push Korea Conflict To Divert From Iraq Failure

**by Kathy Wolfe**

Under attack for fraud in Iraq, Vice President Dick Cheney and fellow neo-cons such as Defense Secretary Donald Rumsfeld have escalated threats against North Korea to divert attention from their Iraq failures. They proclaimed it a 'serious concern' July 15 that Pyongyang reprocessed 8,000 fuel rods for nuclear weapons, and they released a provocative new war plan against the North.

## Iraq Occupying Powers Caught In Legal Vise

**by Muriel Mirak-Weissbach**

The urgency of implementing Lyndon LaRouche's exit strategy from Iraq—'Get Paul Bremer out; get the United States troops out; get the United Nations in'—is reinforced by several developments. The escalating guerrilla warfare being waged against American troops will not abate following the killing of Saddam Hussein's two sons on July 23. The United States has demonstrated its inability to provide the services required under international law, to the civilian population under occupation. Thirdly, there is no way, within the context of international law, for the occupying powers to take the steps required to reconstruct the country.

## Preparing Today's Youth To Take Over the World

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

*Lyndon LaRouche gave the following address by telephone to a cadre school of the LaRouche Youth Movement in Hanover, Germany on July 13. "The question is, under what conditions shall the younger generation, those who are in the college age, move to take over the world? What are the limitations that they must impose upon themselves, in doing this?"*

# **National:**

## LaRouche Campaign Is Outspending Rivals

**by Anita Gallagher**

Vice President Cheney will be unhappy to hear that Lyndon LaRouche's Presidential campaign is outspending all other candidates for President to date, LaRouche said, upon being informed of that feature of the July 2003 Quarterly campaign reports filed with the Federal Election Commission (FEC).

## Dick Cheney Has Long Planned To Loot Iraqi Oil

**by Scott Thompson**

As this week's Feature highlights, Vice President Dick Cheney has been plotting the conquest of Iraq since he was Secretary of Defense in President George H.W. Bush's Administration—a plan then considered insane aggression. Moreover, on July 17, 2003, Judicial Watch announced that Cheney's Energy Task Force had developed a map of Iraq dated March 2001, as well as maps of the neighboring United Arab Emirates (U.A.E.) and Saudi Arabia, which show that Cheney knew precisely how much the conquest of Iraq would be worth.

## LaRouche Tells Pakistani-Americans 'We Are United' To Create Better World

**by EIR Staff**

Democratic Presidential pre-candidate Lyndon LaRouche was the featured speaker at the June 28 gathering of the Pakistani-American Tameer-e-Millat (National Building) Foundation in New York City. The audience of approximately 350 included the leadership of the Pakistani community in the New York-New Jersey area, as well as representatives from Pakistan and elsewhere.

## Congressional Closeup

**by Carl Osgood**

### Senate GOP Defeats Dem Amendments on Iraq

Senate Democrats failed, on July 16, to use the defense appropriations bill as a platform for forcing the Bush Administration to be more forthcoming about its plans in Iraq. The GOP defeated, by near party-line votes, a series of Democratic amendments that, if passed, would have forced the Administration to report on everything from its budget, to operations, to the use of intelligence to justify the war.

## National News

## **Editorial:**

### The Assassination in Mosul

The assassination of Saddam Hussein's two sons in Mosul this past week, tells a story that goes to the heart of the moral and psychological flaw of Defense Secretary Donald Rumsfeld, Vice-President Dick Cheney, and the chicken-hawk crew which they head. It demonstrates that this Administration has taken up an explicit policy of assassination, which moves it *morally* in the direction of Nazism.

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

### **'Bubbles' Bernanke: Fed Could Cut Rates to Zero**

Federal Reserve Governor Ben Bernanke said the central bank would continue its hyperinflationary liquidity pumping. "Monetary ease appears to be indicated for a considerable period," he told the Economics Roundtable of the University of California at San Diego on July 23. The Federal Reserve could either maintain the Federal funds rate at its current level, he said, or cut overnight borrowing costs again. The Fed, he indicated, "should be willing to cut the funds rate to zero, should that prove necessary," ostensibly to prevent a fall in inflation. If the Fed were to do so, he added, it could still use "non-traditional" methods, such as buying long-term bonds.

### **No Recovery from Money-Pumping: Job Loss Permanent**

Pumping money won't lead to economic recovery, since firms are moving factories overseas so that U.S. unemployment will not be cyclical, but permanent, in both manufacturing and the service sector:

\* *The Wall Street Journal* July 21, echoing the National Association of Manufacturers' recent warning, highlights the "historic" shift in the disappearance of U.S. manufacturing jobs, as companies are moving factories abroad. In a front-page article entitled, "Lasting Shift: Laid-Off Factory Workers Find Jobs Are Drying Up for Good," the *Journal* acknowledges the breakdown of the U.S. manufacturing sector. "While hundreds of factories close in any given year, something historic and fundamentally different is occurring now," it notes, adding that "for manufacturing, this isn't a cyclical downturn." Factory jobs that have moved overseas are unlikely to return to the U.S., it warns, while manufacturing-related jobs have also disappeared.

\* There won't be a recovery in the U.S. economy from increasing money funnelled to companies, because any corporate investment will just be to move jobs and production overseas, argues *New York Times* columnist Louis Uchitelle on July 20. Rosy forecasts of an economic uptick are "detached" from reality, he writes, because the economy has "deviated" from the business cycle, as companies move production abroad, especially to China and India, in order to cut costs.

\* U.S. corporations are planning to move an additional 3 million white-collar service-sector jobs, including highly paid positions, to countries such as China and India by 2015, Forrester Research estimates. Two top IBM officials, in a conference call, urged the company to accelerate efforts to move white-collar jobs now done in the U.S., to other countries, including India, in order to reduce costs. Software maker Oracle plans to increase its jobs in India to 6,000 from 3,200.

Ironically, "Increased global trade was supposed to lead to better jobs and higher standards of living," noted Donald Manzullo (R-Ill), at a House Small Business Committee hearing on June 18.

### ***Journal:* Bond Market Crash Threatens Economy**

Soaring bond yields and rising mortgage rates are already slowing down the housing and mortgage-refinancing boom, which has fuelled consumer spending for the past two years; a sudden further rate rise could have catastrophic consequences for home buying and consumer spending, the *Wall Street Journal* reported July 24. The boost in rates also saddles debt-laden households with higher interest costs. Higher bond yields could drive down the stock market, if investors move money out of stocks and into government bonds.

In the past month, yields on 10-year Treasury bonds have jumped a full percentage point. Interest rates on 30-year fixed-rate mortgages rose to nearly 6% on July 24, the highest level since January.

Applications to refinance mortgages plummeted by 38% in the week ending July 18, compared to their late-May peak, said the Mortgage Bankers Association of America.

Household debt has risen in the past two years at the fastest pace since the mid-1980s, to 111% of disposable income, the *Urinal* notes, meaning that "the economy is far more vulnerable to an increase in interest rates than before."

### **Mis-Fortune 500 Companies Announce Job Cuts**

Not even the "blue-blood" corporations are immune from effects of the disintegrating U.S. economy. Some of the latest reports:

\* **Eastman Kodak** will slash 4,500-6,000 jobs this year, in order to cut costs at its struggling photographic film unit, after it said profit plunged by 61% in the second quarter. Jobs will be eliminated in its administrative, manufacturing, and research and development departments, as well as in its consumer imaging and Kodak professional operations. The new job cuts, blamed in part on "persistent economic weakness," come on top of 7,300 jobs cut last year. Since 1998, the photo giant has chopped its workforce by 19%.

\* Tool maker **Snap-On** will eliminate 560 jobs by early 2004, when it closes factories in Kenosha and Mount Carmel, Ill. Production at the two factories, which make hand tools and power tools, will be phased out starting on Oct. 1.

\* Software maker **Siebel Systems** eliminated 490 jobs, as sales fell for the eighth straight quarter, amid weak corporate demand. The company also is moving jobs overseas and consolidating facilities in order to cut costs, warning that "economic conditions continue to be a challenge." Last year Siebel slashed 1,150 jobs, 16% of its workforce.

### **New Report Shows Freddie Mac Flim-Flamming on Earnings**

On July 23, a 107-page report was released by Freddie Mac, after seven months of study by a so-called "independent"

investigative team led by law firm Baker Botts, covering ways in which the mortgage lender acted to damp the appearance of volatility, by deferring bubble-high earnings into the future. Besides paperwork and files, the report draws on 11,000 minutes of taped conversations with derivatives traders.

The principal story being reported from the new study, is based on a chain of events in 2001. In summer that year, the company decided that a big surplus of net interest income that was piling up, should be shunted off to be reported in the future, when income would be expected to go down. A series of derivatives deals—"linked swaps"—were entered into, continuing from September through December. By then, \$420 million had been shifted into later reporting periods.

Why is this now being scrutinized? A soap opera account is given: In October 2002, two anonymous letters were sent by a Freddie Mac whistle-blower (as yet not named) to the Bank of America and to the SEC, charging flim-flam accounting by Freddie Mac. (In March, Freddie Mac had dumped Arthur Andersen, and hired Price Waterhouse Coopers as its accounting firm, which later claimed Freddie's accounting practices were unorthodox.)

In December 2002, the board of Freddie Mac decided to commission an "outside" investigation of its own accounting practices. It hired Baker Botts, the Schlumberger/Lazard-connected law firm of the Bush League's James A. Baker III. (Recall that Lazard also played a role in the Enron coverup.)

Not being reported in the coverage this week, are some of the outstanding principals active with Freddie Mac during the 2001 infractions, and up to the present time.

In 2001, Citigroup was involved in \$204 billion of securities transactions with Freddie Mac, including the notional value of derivatives (according to Freddie Mac's 2002 proxy). Thomas W. Jones, Chief Executive of Global Investment Management and Private Banking for Citigroup, is chairman of Freddie Mac's Audit Committee.

A top Cheney/Halliburton man, David Gribbin, is on the Freddie Mac Board, having been appointed by President Bush earlier this year. Gribbin headed the Washington, D.C. office of Halliburton at the time Cheney ran the company. Prior to Gribbin's appointment, he was involved in lobbying for Freddie Mac, through his firm Clark & Weinstock, for the past five years.

In June 2003, Freddie announced the departure of three top executives, saying that some \$6.9 billion in pre-tax profits had been understated in recent years, and things would improve. The latest projection by Freddie Mac officials is that the company will complete its restatement of its financial position by the end of September, though it will not be able to file its 2002 statement with the Securities and Exchange Commission until sometime in 2004.

The report, which *EIR* has not yet reviewed, reportedly mentions that Freddie needed to set aside earnings for some hard times down the road, which coheres with our suspicion that the current wave of mortgage refinancings is setting Freddie Mac and Fannie Mae up for big losses in the future.

Freddie Mac is the fourth largest financial entity, by assets, in the United States, and directly owns 19% of all the home mortgages in the nation.

## **Fannie/Freddie Debt Price Hits Two-Month Low**

Freddie Mac/Fannie Mae's debt price hit a two-month low on rumors that European central banks had been urged to reduce holding, the *Financial Times* reported July 22. A sell-off of debt issued by the mortgage finance companies, was triggered by unconfirmed reports that the European Central Bank had recommended central banks cut their substantial holdings.

The falling price of debt would raise the companies' future funding costs, which could increase their financial risk and restrict their ability to purchase more mortgages from banks.

Central banks are big buyers of securities issued by Fannie and Freddie. As of mid-July, \$184 billion of agency securities were held in custody accounts, up from \$88 billion three years ago.

## **Michigan Crisis Reflects National Economic Breakdown**

Some key parameters, as reported in the *Detroit Free Press* and the *Detroit News* July 17:

\* The official jobless rate in Michigan stands at 7.2%, which means actual joblessness is far worse. The official number of unemployed is given at 368,000. Over the last 12 months, the number of unemployed has increased by 17%, or 54,000 persons. The auto sector alone has cut 10,000 jobs in Michigan since June 2002.

\* Policy reaction? Corporate cuts, cuts, cuts. Ford implemented massive cuts earlier this year, so that it could keep its second-quarter earnings decline to "merely" 27% over the same time year earlier! State government services cut. Some \$900 million in cuts throughout state and local governments, and public universities, go into effect with the Sept. 1, 2004 fiscal year. (A \$700-million windfall Federal infusion is preventing a budget emergency). But the policy of implementing cuts already mandated for FY 2003 under former Governor Engler is having obvious and drastic impact. For example, as of last February, \$4.7 million was cut from many state social aid programs, such as the sweeping elimination of child daycare payments for low-income workers (by raising the income ceiling for who is eligible). An estimated 3,300 households are losing this assistance; hardest hit are low-income families, some of whom now can't afford to work!

The state is raising fees of all kinds, to attempt to plug the unpluggable budget deficit. Hikes cover all range of fees, from state park entry to drivers' licenses, rising from 10% to 75%.

### **State workers are facing \$250 million in cuts in their wages and benefits.**

\* Detroit Medical Center—the operator of two key city hospitals is facing on shutdown, typifying the emergency status of key service institutions throughout the state. A \$50-million emergency infusion was promised by Gov. Jennifer Granholm last week, as a "bridge" to help stabilize the DMC, which is losing \$5 million a month. But what happens in five months—the end of the "stabilization" period? No one knows for sure. Meantime, staff are leaving two DMC city facilities—the Detroit Receiving Hospital and the Hutzel Women's Hospital, which are targetted for 1,000 lay-offs, and potential shutdown.

## **World Economic News**

### **Guardian: U.S. Deficit Threatens Global Fallout**

The global financial system is rotten and might soon collapse, states *Guardian* economics editor Larry Elliott in an extended piece July 21, headlined "American Deficit Dependency: Kill or Cure, The Fallout Is Global." The U.S. today is running a giant trade deficit, presently amounting to \$50 million every single hour. One contributing factor for this growing imbalance, Elliott writes, is "the break-up of the Bretton Woods fixed-exchange-rate system.... The breakdown of Bretton Woods, following Richard Nixon's decision [in August 1971—ed.] to sustain convertibility of dollars into gold, means there is no longer an adjustment mechanism. The U.S. has permitted itself to run bigger and bigger trade deficits, a

cumulative \$3 trillion since the early 1970s, financing them by printing dollars."

The result of all of this, he says, has been the creation of "a reservoir of global liquidity, growing bigger and bigger all the time. The extra liquidity sloshing around in the global financial system lay behind the explosion of credit, not only in those countries running trade surpluses but in the U.S. as well, because that was where the creditor countries reinvested their dollars." Elliott quotes Richard Duncan's book *Dollar Crisis*, to the effect that the current international monetary system has inherent flaws "that will eventually cause it to collapse in crisis."

Elliott also cites "American analyst" Kurt Richebaecher saying that "for the first time ever in the postwar period, many countries around the world, not only in America, are experiencing a prolonged economic downturn in the absence of any monetary tightening." Particularly the U.S. economy has reached the stage "where it requires permanent, massive monetary and fiscal stimulus to garner just a tepid economic response—and to prevent the bubbles from deflating."

"The dangers should be obvious," Elliott concludes. The dollar could go down gradually, but is "more likely to come down with a crash.... The plunging dollar will spread America's recession to the rest of the world. There is no global financial system worthy of the name, merely a Potemkin village. Could this be the big one? You bet."

### **Gold Share Market: A New Scheme To Loot Investors?**

According to a report in the London *Times* on July 21, the Financial Services Authority (FSA) in Britain and the Securities and Exchange Commission (SEC) in the U.S. are now considering a proposal by the World Gold Council to set up the trading of "gold shares" in London and New York. While the buying of physical gold is, presently, quite a cumbersome process, the establishment of gold-share trading would allow investors to sell and buy gold as easily as trading corporate stocks. Dealing in gold shares is already underway on the Australian stock exchange, where Gold Bullion, a company linked to the World Gold Council, created a market backed by 3.5 tons of gold four months ago. Gold Bullion chairman Graham Tuckwell is quoted saying, "The plan is to create a platform on which anyone, anywhere can buy gold, and the cost of entry is like any other share." As the *Times* explains, each gold share traded in London would represent one-tenth of a troy ounce of actual gold, which can be traced back to a specific bar of metal, located at a secret HSBC gold depository somewhere in the City of London.

The plans for establishing a gold-share market are coming at a time where there is very strong demand for gold, including by investors who have lost any confidence in paper money, due to unprecedented liquidity-pumping by central banks. The new scheme would absorb some of that demand. However, the investors will not receive any physical gold for their money, just pieces of paper claiming ownership of gold deposited in a hidden bunker of a private financial institution.

### **Brazil Gouges Living Standards To Pay Foreign Debt**

Between January and April of this year, Brazil's primary budget surplus was 6.5% of GDP—far above the 4.5% figure on which the Lula government had agreed with the International Monetary Fund. This means that they have been working overtime gouging living standards, and whatever else can be found to gouge, to ensure the foreign debt is paid. On July 21, *Clarin's* Sao Paulo correspondent asked: If Finance Minister Antonio Palocci doesn't start to loosen up on spending, doesn't this imply that the government actually promised the IMF a higher surplus than the 4.5% officially announced? That agreement also includes the insane notion that public-sector investments are to be considered as deficits!

There are daily reports on the depth of economic decline. Volkswagen announced July 21 that it would cut 4,000 jobs in Brazil, due to weak demand. In the first half of this year, domestic car sales fell 37.6% compared to the same period of 2002, while electronics sales stand at pre-1994 levels. General Motors is also laying off workers in Brazil. The IBGE



statistical institute reported July 18 industrial employment dropped 0.1% between April and May, the fourth monthly decline in a row. Between Jan. and May, the total drop was 1.1%. On July 23, the government released figures showing that unemployment had increased from 12.8% to 13% in June, a record high.

As expected, the Central Bank's Monetary Policy Committee lowered the benchmark interest rate (known as the SELIC rate) when it met on July 23, from 26%, to 24.5%. Such a small cut isn't expected to have any major impact on the worsening Brazilian economy, or on credit availability. Right now, the average rate for a business loan is 80.9%, and 98.1% for a personal loan!

Pressure on President Lula da Silva to make some significant policy changes is intensifying. Thus, the statements by Finance Minister Antonio Palocci to *TV Globo* as the interest-rate decision was being made, that there is "no date set" for growth to commence, and that the priority for Brazil is to control inflation, only fuelled anger among the population and business sectors.

## **Mexico's Trade Is Collapsing—With U.S. Economy**

Mexico is losing its stature as the model free-trade economy: Its overall trade dropped by 3.5% in April 2003, over April 2002, and was 4.3% less, year on year, in May 2003. Ninety percent of the country's trade is with the collapsing U.S. economy.

The International Consultants firm reports that nearly 370,000 jobs were lost between January and May. Unemployment hit its highest level in nearly five years in June, the government reported. But, the government's statistics are worthless. It claims unemployment stood at 3.17% in June (up from 2.72% in May), but the government calculates unemployment as anyone over 12 [!] years of age who looked for work, but didn't work for more than **one hour a month!** If someone works for more than one hour a month, they're considered "employed."

While the Roman Catholic Church in Mexico says 75 million of Mexico's 100 million people live in poverty, the government claims that "only" 53.7 million people—i.e., more than half—are poor. Yet, the IMF is again demanding that the government impose a Value Added Tax on food and medicine. When the Vicente Fox Administration tried to ram through a 15% VAT tax on food and medicine in 2001, Mexico's Congress refused. Now, the Treasury Secretary is considering trying to get Congress to cave in, and accept a tax of 5-6% on the basics needed by the population to survive.

## **HIV/AIDS Could Turn South Africa into an Economic Catastrophe**

A study just released by the World Bank and Heidelberg University in Germany, "The Long-Run Economic Costs of AIDS: Theory and an Application to South Africa," projects that if nothing dramatic is done to stem the spread of HIV/AIDS, South Africa faces an inescapable descent into the economic backwardness of past centuries, dependent upon child labor, with no infrastructure,

Professor Hans Gersbach, one of the authors, writes, "The real economic threat of AIDS is its potential to kill young adults. By doing that, it prevents the transfer of human capital from one generation to another." As young adults die off, more children will be taken out of school and pushed into the workforce; the nation's intellectual capacity will rapidly erode, as the children of engineers are forced to become subsistence farmers. There are signs, they say, that this is already happening in some sub-Saharan countries, where the phone system is deteriorating because of the AIDS-related shortage of qualified technicians.

The report is available from [www1.worldbank.org/hiv\\_aids](http://www1.worldbank.org/hiv_aids).



# United States News Digest

## Cheney Remains Target of Congressional Questions

Representative Dennis Kucinich (D-Ohio) and two other members of Congress sent a personal letter dated July 21 to Vice President Dick Cheney with 10 questions on his role in the fabricated intelligence for the Iraq war.

Carolyn B. Maloney (D-N.Y.) and Bernie Sanders (I-Vt.) co-signed the letter, which begins: "While it has been widely reported that the President made a false assertion in his State of the Union address concerning unsubstantiated intelligence that Iraq purchased uranium from Niger, your own role in the dissemination of that disinformation has not been explained by you or the White House. Yet, you reportedly paid direct personal visits to CIA's Iraq analysts; your request for investigation of the Niger uranium claim resulted in an investigation by a former U.S. ambassador, and you made several high-profile public assertions about Iraq's alleged pursuit of nuclear weapons. We hope that you will take the opportunity to provide responses to the following 10 questions."

The questions cover the basics: How many visits to the CIA, to what purpose? Did you direct or encourage CIA analysts to disseminate unreliable intelligence, or request or demand rewriting of intelligence assessments concerning the existence of weapons of mass destruction in Iraq? Who in the office of Vice President was informed of the contents of Ambassador Wilson's report, and what was done to disseminate the findings to the President, National Security Adviser, and Secretary of Defense? Since your address to the VFW occurred nearly seven months after Ambassador Wilson reported his findings to the CIA and State Department, what evidence did you have for the assertion that Iraq was continuing "to pursue the nuclear program" and that Saddam had "resumed his efforts to acquire nuclear weapons"? What was the basis for your assertion on national television that IAEA head ElBaradei was wrong in his assessment that the Niger documents were forgeries?

See *EIW* Feature this week for the ["Case for Impeachment of Dick Cheney."](#)

## Durbin, Schumer Demand Investigation of Intimidation of Joseph Wilson

Senator Charles Schumer (D-N.Y.) called on the FBI to investigate the exposure of former Ambassador Joe Wilson's wife as a CIA agent, reported the *Washington Post* on July 25. Schumer, who called the illegal leak "part of an apparent attempt to impugn Wilson's credibility and to intimidate others from speaking out against the Administration," was following Sen. Richard Durbin (D-Ill.), who made the same demand earlier this week.

On July 21, 2003, Wilson, who was Acting Ambassador to Iraq in 1990-91, who reported to the CIA in early 2002 that the story on Iraq shopping for yellowcake in Niger was bogus, said in an *NBC News* interview exclusive, that he and his wife have been targetted and pressured by the White House. He charged that the White House deliberately leaked his wife's identity as a covert CIA operative, to compromise her career, and did this after Wilson criticized the Administration on "Meet the Press," and in the *New York Times*.

Wilson told *NBC* correspondent Andrea Mitchell, "It's a shot across the bow to those who might step forward. Those unnamed analysts who said they were pressured by the White House, for example, would think twice about having their own families' names being dragged through this particular mud."

On July 22, according to *Canadian Press*, Wilson said that authorities should investigate how national security has been breached by White House officials. Wilson said, "I fully expect the appropriate authorities will look into it, as well they

should if, in fact, it's a violation of U.S. law."

White House spokesman Scott McClellan denied Wilson's charges that he and his wife are being pressured. "This is not the way that this President or this White House operates, and I've seen no evidence to suggest there's any truth to it," according to the report by Beth Gorham in the *Canadian Press*.

On July 22, Sen. Durbin demanded that Wilson's charges be investigated because, "It's not only unacceptable, it may be criminal." Durbin is demanding that the Senate investigate whether the Administration did illegally reveal that Wilson's wife works as a CIA operative. Durbin said, "That's about as serious as it gets in this town."

Durbin further charged that the White House is trying to have him removed from the Senate Intelligence Committee. The Committee is holding closed hearings on whether intelligence was hyped to promote approval of making war on Iraq.

Durbin said on July 22 that the White House has floated a false story that he has leaked classified information on Iraq's suspected weapons of mass destruction. Durbin said on the Senate floor, "The White House allegations ... were, in fact, false, and inaccurate."

Durbin said, "Sadly, what we have here is a continuing pattern by this White House. If any member of this Senate ... questions this White House policy ... be prepared for the worst." He called on his colleagues to persevere in determining the extent of the exaggerations by the Administration.

Sen. Tom Daschle (D-S.D.), Senate Minority Leader, said, "I don't know who is trying to intimidate him, but I know that efforts are being made from various sources to undermine his credibility."

## **Powell Supports Palestinian Ceasefire; Reversal of Previous U.S. Policy**

With Palestinian National Authority Prime Minister Mahmoud Abbas (Abu Mazen) visiting President George W. Bush at the White House, and visiting with U.S. lawmakers on Capital Hill, Secretary of State Colin Powell, in a concession, changed his view on the potential future of Hamas and Islamic Jihad, reported the *Washington Times* July 25.

One month ago, Powell had said, "It is no longer possible to separate one part of Hamas from another part of Hamas," and he added that both are an "enemy of peace." However, speaking with reporters July 24, Powell said he now agreed with a plan broached by some members of the Palestinian Authority when he was on tour in the Middle East last month, that it might be possible for Hamas and Islamic Jihad to be allowed to become political parties if they got rid of their military wings. Powell now says that if Hamas and Islamic Jihad were disarmed, they could conduct useful welfare operations.

Powell told the Lebanese Broadcast Corp. and London-based *Al-Hayat* that "I think it is still possible to keep going and then speed things up as more confidence is gained." Powell added that Hamas and Islamic Jihad did not have to be broken up if they eliminate "all capability to conduct terrorist activity."

Meanwhile, a Palestinian official close to Abbas said to Congressional leaders in a closed-door session that "if Congress continues blindly to support Israel without considering Palestinian concerns, President Bush's vision [of two states living in peace side-by-side] will not be attainable."

It is expected that the Sharon Cabinet will react to the Abbas trip to Washington and Powell's statements in two ways: with escalated provocations against Palestinian citizens which would aim to have the Palestinians break the fragile ceasefire;

and with an escalation of political threats against President Bush in Washington that exploit the deep Likud connections in the Administration through the Cheney "cabal," and in the Congress through Christian Zionist collaborator Rep. Tom DeLay (R-Texas).

## **Bush Criticizes Sharon's 'Apartheid Wall'**

On July 26, after meeting with Palestinian Prime Minister Mahmoud Abbas (Abu Mazen), President Bush called Ariel Sharon's wall around the West Bank "a problem" that makes it "very difficult to develop confidence between the Palestinians and Israel." But at the same time, Bush said that other issues of importance to the Palestinians, such as the settlements, cannot be addressed until there is a "firm and continued commitment to fight terror" on the part of the Palestinians. Bush said he discussed the fence issue with Sharon, and will raise it again when Sharon comes to Washington July 29.

## **DeLay Threatens Bush's Right-Wing Support Over Palestine**

According to the account in the *New York Times* of July 25, GOP Majority Whip Rep. Tom DeLay (R-Texas) will go to Israel, Jordan, and Iraq, with a mission to stop the Road Map for a Palestinian state. He will meet with Ariel Sharon, Mahmoud Abbas (Abu Mazen) and Jordan's King Abdullah, on a junket intended to deliver a "dissenting message" to "remind the Bush Administration to pay heed to its right flank...." DeLay is quoted, "I'm sure there are some in the Administration who are smarter than me, but I can't imagine in the very near future that a Palestinian state could ever happen." Interviewed on July 24, as he prepared for his weeklong tour, DeLay said, "I can't imagine this President supporting a state of terrorists, a sovereign state of terrorists. You'd have to change almost an entire generation's culture."

The *Times* noted that DeLay has in the past called the Administration's peace plan "a road map to destruction," and that DeLay is "the most prominent member in Washington of the Christian Zionist movement...."

## **Troops in Iraq Could Remain '50 Years From Now'**

In an op-ed in the *Washington Times* of July 21, Rep. Ike Skelton (D-Mo.), the ranking Democrat on the House Armed Services Committee, said that without an exit strategy, "American troops may well be in Iraq 50 years from now." Skelton believes the Bush Administration has not competently addressed important questions about the U.S. occupation of Iraq, including the military and economic role the U.S. should play even if Iraq asked the U.S. to continue occupying the country, or how long-range reconstruction could really be accomplished. He said an extended occupation must not "accidentally" happen.

## **Pentagon vs. U.S. Soldier-Critics**

High-ranking Pentagon officials are apparently unhappy with members of the 2nd Brigade of the Third Infantry Division, who told reporters from *ABC's* "Good Morning America" show exactly how they feel about being in Iraq, and whose officers now fear retaliation, according to the July 18 *San Francisco Chronicle*. One soldier had said he felt like he'd been "kicked in the guts, slapped in the face," by the on-again, off-again orders to send the units home, which are now apparently off once again. Another said Secretary of Defense Donald Rumsfeld should quit. One officer said, "It was the end of the world. It went all the way up to President Bush and back down again.... At least six of us here will lose our careers."

The *ABC* show followed, by two days, an equally bitter e-mail, allegedly from soldiers of the Third Infantry Division, saying, "Our morale is not high or even low. Our morale is nonexistent. We have been told twice that we were going

home, and twice we have received a 'stop' movement to stay in Iraq."

The complaints are anything but "routine," and soldiers from other units are making the same complaints. One told the *Chronicle*, "We liberated Iraq. Now the people don't want us here, and guess what? We don't want to be here, either. So, why are we still here? Why don't they bring us home?"

## **Justice Department IG: 'Dozens' of Rights Abuses**

The new internal report from the Department of Justice's (DOJ) Inspector General, made public July 20, identifies 34 cases since passage of the Patriot Act, in which Justice Department employees have been accused of serious civil rights violations involving enforcement of the anti-terrorism "Patriot Act," including accusations that Muslim and Arab immigrants in Federal detention centers had been beaten. Accused are employees of the several agencies under DOJ, including the Bureau of Prisons, the FBI, Drug Enforcement Administration (DEA), and the Immigration and Naturalization Service (INS)—which was recently incorporated into the new Department of Homeland Security. The Inspector General said he received 1,073 complaints "suggesting a Patriot Act-related" abuse of civil rights; 272 fell within his jurisdiction, and 34 were substantiated "on their face."

Abuses ranged from physical beatings and verbal assaults to unauthorized searches. The report was submitted to the House and Senate Judiciary Committees on July 17, and was made available to the *New York Times* by Rep. John Conyers (D-Mich.), the ranking Democrat on the House Judiciary Committee.

## **Congress Rolling Back FCC's Legalization of Media 'Big Brother' Control**

A U.S. House of Representatives vote on June 23 rolled back the Federal Communications Commission's (FCC) ruling, issued June 2, allowing media companies to own TV stations serving up to 45% of the country's viewers. The vote on the appropriations bill with an amendment blocking the key changes in the ruling, was 400-21. While FCC chairman Michael Powell remained defiant, Rep. David Obey (D-Wisc.), the sponsor of the original amendment in the Appropriations Committee, declared victory—but admitted there will still be a fight to keep the language in the bill over a threatened Presidential veto.

Back on June 2, when the FCC issued a new ruling that legalized media monopolies even further, Lyndon LaRouche warned that this deregulation scheme must be stopped as a threat to U.S. national security. Computer-controlled radio stations inaccessible to local police and fire officials, and increased ownership of U.S. media outlets by foreign ideologues pushing an Imperial agenda, such as the British Commonwealth's Rupert Murdoch, or the British-Canadian Hollinger Corp.'s Conrad Black, represent dangers to U.S. national security. Many members of Congress from both parties expressed outrage at the FCC decision at the time, but action to overturn the ruling did not occur until later.

On July 15, Senators Byron Dorgan (D-N.D.) and Trent Lott (R-Miss.) announced that they would be introducing a privileged resolution to overturn the June 2 FCC ruling loosening up media ownership rules. The resolution invokes a special procedure in the Senate for overturning Federal regulations, once the sponsor has collected at least 30 signatures on a letter asking for the resolution to be discharged from committee consideration. Dorgan gathered signatures of 35 Senators, from both parties, on the letter, and that he had been told by Senate Commerce, Science and Transportation Committee chairman John McCain (R-Ariz.) that "he will hold a mark-up and proceed to move this resolution to the floor of the Senate."

The July 23 House vote is all the more significant since Energy and Commerce Committee chairman Billy Tauzin (R-La.) had said he would oppose an effort in the House to override the FCC. Tauzin had said, "The Appropriations Committee is

the last place you should be making this decision." But Rep. David Obey retorted that "If we don't move here, absolutely nothing will happen."

## Ibero-American News Digest

### Argentine President Meets Bush, LaRouche Youth Movement, in Washington

On July 19, U.S. and Argentine officials announced that President George Bush would receive Argentine President Nestor Kirchner—not at the end of September, as planned, but on July 23, immediately upon Kirchner's return from Europe. There was much speculation as to why Bush changed the meeting date, and certainly Argentina's current negotiations with the IMF are a factor, as Kirchner wants negotiations concluded with the IMF by Sept. 9, the date on which Argentina must pay the Fund \$2.9 billion. Without an agreement, which the government hopes will include a rollover of all payments due between now and 2006, Argentina will be faced with the choice of using its own reserves to make the payment, or else defaulting.

The meeting between the two Presidents was said to be cordial, but all Kirchner appeared to get from it, was insane advice that he negotiate with the rotting corpse of the IMF, as well as noncommittal support for some distant "recovery"—which will certainly remain distant as long as the IMF is involved. Unexpectedly for Kirchner, Bush was accompanied by U.S. Trade Representative Robert Zoellick and Treasury Secretary John Snow, presumably to lend weight to his message.

While Argentina remains a devastated economy, all Bush was willing to offer was, "We're with you all the way." Bush told Kirchner that he would give support to *whatever* agreement Argentina and the IMF "were capable of achieving." If "you help yourselves, we will also help you," he said, but in the end, "it is Argentina that has to negotiate with the Fund, and no one else." Kirchner told reporters after his meeting that he had received "unconditional support" and "an extended hand" from Bush for negotiations with the Fund, but the White House clarified that it supported an agreement, "but would not intervene to facilitate it."

The LaRouche Youth Movement (LYM), however, made sure the Argentine President learned that the IMF is not the only power in Washington. Kirchner was greeted by LYM members, who called out to him when he passed by an organizing table, and then had two encounters with Argentinian LYM members, who attended a reception the Argentine embassy held for the Argentine community later that afternoon. One organizer told Kirchner the LYM was there "to ask you to invite Mr. LaRouche to Argentina," adding, "We appreciate and agree with your mentioning of the New Deal of FDR. Mr. LaRouche is the only candidate talking about this in the United States." A copy of *EIR's* Special Report, "How To Reconstruct a Bankrupt World," was given to Kirchner before he left.

### IMF Turns the Screws on Argentina

While Presidents Bush and Kirchner were meeting, back in Buenos Aires the IMF was spelling out its killer demands. On July 30, a 20-man mission will begin to elaborate an economic program (in "cooperation" with the Argentines), and negotiate a three-year agreement over the following three weeks. But whether the agreement is finally concluded, is contingent on the government's imposing, *before Aug. 31*, certain pending IMF demands. These include compensating banks for the forced pesification of their dollar debts in early 2002—which the government cannot afford to do; passing legislation regarding Central Bank autonomy (and immunity of its directors from prosecution) and the operations of financial entities, as well as getting a commitment on raising rates of privatized utility companies, on which the government is balking. The government and the IMF will also have to agree on the content of a "sustainable" economic program, on which the two are still far apart.

The size of the primary budget surplus is a key bone of contention—Kirchner wants it to remain at 2.5%, while the Fund wants it to go up to 4.5%, Brazilian style.

## **Neo-Con Brokers Oil Deal with Chavez Regime**

A scandal is building over the contract negotiated last January—in the middle of the general strike against the Hugo Chavez regime in Venezuela—between the Venezuelan Ministry of Mines and Energy and a little-known company bearing the subtle name of "Free Market Petroleum" (FMP). Under the contract, which runs for three years, Venezuela will sell FMP 50,000 bpd of oil, at under world market prices; FMP is to broker the oil into the U.S. Strategic Oil Reserves, and nowhere else. An integral part of the deal, reportedly, is that FMP is to raise a \$1-billion bank loan for the Venezuelan government, backed by the revenues from the oil sales—that is, the Venezuelan government would be putting \$1 billion of its future oil revenues into hock.

That is what has become public, so far, about the deal—which is stirring up controversy in both Venezuela and the United States. Venezuelans ask why the government is selling at below-market prices to "a company in a suitcase." The *Washington Times* reported on July 15 the comments of a Petroleum Industry Research Foundation analyst who questioned the Free Market deal, as not being in the interests of either nation.

The chairman of FMP is Jack Kemp, the former football player, neo-con free-trader, HUD Secretary, and Vice Presidential candidate, associated with the international synarchists around world-currency advocate Robert Mundell (see ["WSJ Editor Reveals Synarchist Plan for World Currency and Super-Bank," \*EIW\* #27](#)).

FMP, which appears to have been created solely "as a vehicle to conclude oil and financing transactions ... with the Bolivarian Republic of Venezuela," is mainly owned by Free Market Holdings (FMH), which Kemp chairs also. FMH has interests in finance, real estate, telecommunications, and a gas and power project in Ghana.

The deal provides a fascinating example of how the "left" and "right" Synarchists are part of a single operation. The Cuba-aligned, leftist Chavez regime has been trying to set itself up as a strategic oil supplier to the Bush Administration for some time, without success—until Kemp, reportedly a close friend of Venezuela's Ambassador to the United States, Bernardo Alvarez, stepped up to the plate.

The Chavez regime clearly intends to parlay this deal into bigger deals with U.S. oil interests. Its embassy organized a symposium in Washington, D.C. July 17-18, on "Venezuela, A Reliable Partner: Securing U.S. Energy Needs, Enhancing Business Opportunities," during which Venezuelan Energy Minister Rafael Ramirez urged foreign investment in Venezuelan energy development, "because private capital is a friend for the Venezuela government."

## **Venezuela: The Entire Nation Is Unemployed**

Venezuelan unemployment stands at nearly 24%, with almost 2.7 million of the economically active population (EAP) out of work, according to the trade-union-linked Documentation and Analysis Center (CENDA). The government admits officially that 19.2% of the EAP is unemployed. But those figures do not include the 5 million who lack stable jobs, and survive in the so-called "informal sector"—street sales, off-the-books cottage industry, etc. The result is that of every 10 people 18 years or older, eight do not have work, or only work "informally," says Jorge Bolti, president of Consecomercio, Venezuela's services and trade association.

Oil, construction, and agriculture were the sectors hardest hit this year. Three out of four agronomists in the country are without work in their area of specialty. Construction activity fell 64% in the first quarter of the year, according to the

Central Bank, leading to the loss of some 600,000 jobs. The Chavez government fired, and never rehired, 18,000 oil workers and technicians during the national strike in early 2003.

The head of the National Economic Council projects that average per capita income will fall from \$5,300 in 2001, to \$2,200 by the end of 2003.

### **Brazil's Jacobin 'Homeless Movement' Opens New Urban Front**

Some 3,200 people invaded five buildings in the center of the industrial city of Sao Paulo in the dawn hours of July 21, threatening to occupy them until the government agrees to provide housing for the 3,500 families represented in the seizure, plus another 2,000 families by the end of the year. The operation was organized by the so-called "Homeless Movement," which in Portuguese has the same initials as the Landless Movement—MST—of which it is, in fact, an integral part. MST leaders claim all five buildings have been unoccupied for the last two years.

This is the largest operation yet mounted in a major city by this Jacobin movement, which, as *EIR* has documented, is heavily supported by the British Crown, and linked to the Colombian narcoterrorist FARC.

Over the weekend, MST forces also invaded a property owned by Volkswagen in Sao Bernardo do Campo, a city in the industrial belt of Sao Paulo province.

### **Brazilian Judges To Join Strike Against Pension Reform**

Angry over reneging by the Brazilian government of Lula da Silva on last-minute revisions to the IMF-dictated pension reform, the Association of Brazilian Magistrates (AMB), some chapters of the National Association of Labor and Justice Magistrates, and some military judges have voted to strike Aug. 5-12, joining the ongoing strike of other civil servants in Brazil. Judges are irate that late on July 17, the government suddenly reversed an agreement that would have kept judges' pensions at 90.25% of the salary of a Supreme Court judge, reducing them instead to 75%. The change negatively affects pension parity between state and Federal judges, among other things.

There is not total unanimity among the judges regarding the strike. Supreme Court magistrate Mauricio Correa appealed to other judges not to strike, warning that it would be unconstitutional. But AMB president Claudio Bladino Maciel said a strike is the only alternative, warning of an attempt to dismantle the judiciary, weaken its independence, possibly leading to a reform that would damage the separation of powers, and even remove the Brazilian judiciary's "Constitutional right of expression." Francisco Fausto, president of the Supreme Labor Tribunal, who last week identified the IMF as the author of the pension reform, said the latest reform means "the dismantling of the Brazilian judiciary."

Denouncing charges that judges are only worried about their "privileges," Maciel said the government has deliberately sought confrontation. Calling the reform an "affront," he explained it is now structured such that future pensioners will be forced to go to private pension funds, backed by powerful financial interests, whom he identified as the real winners in this fight.

### **Attack on Argentina's Sovereignty: Military Extraditions One Step Closer**

Arrests began around July 23, of 46 former Argentine military officers, whose extradition has now been officially requested by Spanish magistrate and One-Worldist Baltazar Garzon, to prosecute them in Madrid for alleged human rights abuses. Their extradition won't necessarily be immediately guaranteed. President Nestor Kirchner overturned the decree prohibiting automatic extradition in such cases on July 25, and so the final decision is left in the hands of the justice



system, where there is an openness to sending the officers abroad for trial, even though it violates Argentina's judicial sovereignty.

The arrests, combined with other recent actions, reflect one of Kirchner's key vulnerabilities, which could backfire on him very badly: his willingness to let Transparency International agents within his government proceed with a campaign against such national institutions as the military, other security agencies, and the justice system. This is not unlike Brazilian President Lula da Silva letting MST agents run amok inside his government. In an interview published in the July 24 *Washington Post*, Kirchner argued, fallaciously, that tracking down officers charged with human rights abuses during the 1970s war on terrorism was the same as the search for Nazi war criminals over the past several decades.

"There can be no impunity in Argentina," he vowed, promising also to have an independent and "transparent" court system. These actions are provoking serious unrest among the Armed Forces and the police, seen in the public statement July 22 by former Army Chief-of-Staff, Lt. Gen. (ret.) Ricardo Brinzoni. There is no reason "to return to the past on the military issue," he said, "and it doesn't seem useful to me to pose things that happened 25 years ago to public opinion now, when the Armed Forces are looking toward the future."

## Western European News Digest

### No French Troops for Iraq, Foreign Minister Says

In what is seen as a direct rebuff to President Bush's call on July 23 for broader international military engagement in Iraq, France's Foreign Minister Dominique de Villepin said in a radio interview with *France-Inter* July 24 that sending more troops makes no sense.

"To build on a system that now exists and to add foreign forces to the coalition forces, doesn't appear to us the best way to guarantee security in Iraq," he said. "Adding to the other forces present on the ground, runs the risk of seeing the present situation perpetuated."

Instead, a swift return to a UN-backed administration in Iraq, with a central role of the UN there, is what France is preferring to military deployments, de Villepin said.

### German Population Has Doubts About Official 9/11 Story

A survey conducted for the leading German weekly *Die Zeit*, and released July 23, showed that 19% of all Germans, and as many as 33% of all Germans under age 30, would not rule out that the 9/11 terrorism was actually carried out by people in the present Bush Administration.

Among western Germans, 16% think so, and among eastern Germans, 29%. The full report on the survey will be published in the new issue of the weekly, released July 24.

### Think-Tank Director Says Bush Doctrine at Risk Over WMD

Jeffrey Gedmin, director of the Aspen Institute in Berlin, said in an interview with the July 21 *Focus* magazine that if the Bush Administration fails to "find weapons of mass destruction [in Iraq], this will likely be the end of Bush's doctrine of preemptive strikes." Finding WMDs is also crucial in getting the U.S. population's support for the military presence in Iraq, Gedmin said. "I could imagine that the biggest problem in the coming years will be that we simply pull our troops out



of there." Gedmin himself has been a staunch supporter of the military intervention in Iraq.

## **British Mood Is Like a Powderkeg, Yet Some Play with Matches**

An astute observer from Glasgow, Scotland reports that Britain "is like a powderkeg, while some people are playing with matches." There is gigantic mistrust of Prime Minister Tony Blair, especially in the wake of the shocking death of senior weapons inspector Dr. David Kelly. Blair's high-profile diplomacy of the past days—first his receiving the adulation of the U.S. Congress, and then his visits to Japan, South Korea, and China—have had no effect whatsoever on reversing this.

The main thing that is keeping Blair afloat, is a widespread fear about what would happen after him—i.e., a variant of what LaRouche has often called "the Hamlet problem." The form this takes in certain British Labour Party circles is that people recall what happened to the Conservative Party with the fall of Margaret Thatcher. She fell in 1990, and was followed by the inept John Major, during and after whose rule as Prime Minister, the Conservative Party fell into shambles. There is fear—frankly, irrational—that something similar would happen to a post-Blair Labour Party.

## **Social Psychologist Agrees with 'Powderkeg' Diagnosis**

"There is a lot of anger in this country," said a British social psychologist to whom we recently spoke. "People are sick and tired of the lying, on top of the fact that the economic situation in Britain is getting worse and worse, with many losing their jobs, and a vast cheating on pensions. The situation, frankly, could explode, and this reality goes far beyond the fate of Blair, whether he stays in power or not."

This individual went on: "I think back to the 1980s miners' strike, the last failed, significant attempt by the British working class to engage in such massive protest. But next time, the ferment will be far more effective, because lessons will have been learned. And it will spread, this time, to the middle classes, who are becoming increasingly angry. That, to me, is an important factor about the death of this man Kelly. He was a quiet, intelligent man, of the middle class. His death could catalyze certain things. I tell you, people all over are so fed up with the lying, especially now that it has become so crude."

## **Behavior of British Leaders Disgraceful**

One of Britain's leading strategic-military experts commented to *EIW* July 22 that the behavior of Prime Minister Tony Blair and his media czar Alastair Campbell in the case of senior weapons inspector David Kelly has led to a big shift in the popular mood toward great distrust in Tony Blair. "He and Alastair Campbell are now in the greatest political difficulty."

He emphasized: "What was done to Kelly, goes against the entire civil service ethos that has prevailed in Britain for an extremely long time. Here you have a scientist, a quiet family man, unused to political controversies and the public limelight, suddenly dragged out in public, under pressures. From that standpoint, I am personally convinced that he committed suicide, because he cracked, under what was done to him. Who ever heard of a public servant being treated this way in Britain? Normally, when a problem like this comes up, the department chief, for example in the Ministry of Defence, would come out, to explain what is going on, not a man working deep in the background."

The British strategist also expressed utter contempt for Blair's current so-called "international diplomacy," in the United States and Asia: "Look at this amazing contrast. Blair appears on television, or his picture is in the newspapers, looking haggard beyond belief. The next minute, he is shown enthusiastically, on this ridiculous world tour, as the international salesman. Frankly, I think this man is now mentally ill. All he is, is persona, and there is no substance."

## **Chinese Students Grill Britain's Prime Minister**

In a dialogue with students at China's Tsinghua University July 22, British Prime Minister Tony Blair was grilled over Britain's support for the war in Iraq.

One student asked Blair: "You are the same age as my father. Can you tell me honestly, like you were talking to your own child, that you never lied about the Iraq war?"

Another, referring to the death of Dr. David Kelly, asked: "Can you tell us frankly what was your feeling when you heard the news of the death [of Kelly] on the way to Japan? How do you get through this and regain people's trust?"

After Blair refused to reply, another student asked if this were the toughest time of Blair's political career, citing Kelly's death and the lack of hard evidence on weapons of mass destruction in Iraq. This forced Blair to retreat to his "Iraq was trying to develop these weapons" line.

Asked if he regretted the war on Iraq, Blair stated emphatically "No."

But then he was hit by another student, who asked if it were right for the government of one country to "liberate" the people of another, and finally, Blair had to face a question on whether his Asian tour was an attempt to distract attention from the Iraqi weapons question.

## **China's Press Did Not Spare Blair Over Iraq and Kelly**

During Tony Blair's trip to China, the Chinese press did not spare Britain's Prime Minister, *The Times* of London noted in its coverage, describing his reception as a "pointed display of discourtesy." The widespread opposition to the Iraq war in China, has fuelled this coverage, *The Times* reported. On the eve of his arrival July 19, *China Daily* ran a nasty commentary, stating that Blair "has paid a political price for his unbending partnership with George Bush."

The *China Daily*, the "household newspaper for the diplomatic community," as *The Times* called it, ran an editorial headlined "Scientist's death rocks the United Kingdom," referring to the death of David Kelly. Other press covered a British journalist's probing question to Blair in South Korea, when he asked Blair if he had "blood on his hands," referring to Kelly. *Xinhua* cited the claims that Alistair Campbell had "sexed up" reports on Iraq, while the state television, *CCTV*, invited British correspondents yesterday to a 30-minute discussion program on the death of Dr. Kelly.

## **French Ambassador to Niger Refutes Uranium Story**

Denis Vene, France's Ambassador to Niger, insisted that it would have been impossible for Iraq to have secretly obtained uranium from the country without French officials being aware of it, London's *Independent* reported July 21.

France has a substantial stake in the two companies that mine, process, and export uranium, and any movements are "perfectly controlled," Vene said. "The mining companies check and monitor the amounts that leave Niger all the way from the mines to the ports," he said. "If any were to go missing, it would be very obvious and the inspectors would pick it up straight away."

Ambassador Vene's statements were supported by Rabiou Hassanne Yari, Niger's Minister of Mines, who said that he was "sure and certain" that his country had never sold uranium to Iraq. Regarding Tony Blair's claim that 270 tons had been purchased in the 1980s, he said: "It's not true. The Iraqis asked, but there were never any transactions." The Iraqi request

was not a secret, he said, but it was "officially made and officially turned down." He also pointed out that Niger's uranium production was subject to scrutiny by the International Atomic Energy Agency.

## **Spanish Foreign Minister: No Proof of Iraq WMD**

Ana Palacio said there was "no proof" Saddam Hussein had an active nuclear weapons program, there was just a "presumption." Mrs. Palacio's comments mark a shift from Spain's heretofore steadfast backing of Vice President Cheney's pro-war stance. In an interview with the *Washington Times*, Spain's Foreign Minister also cited IAEA chief Mohamed ElBaradei's March 7 report, which concluded that there was no indication of resumed nuclear activities in buildings monitored by satellite imagery.

## **Weapons Inspector's Family Seeks Thorough Investigation**

The July 20 *Sunday Herald* reported that the wife and daughters of British weapons inspector David Kelly issued a joint statement July 19, read by Kelly's brother-in-law Derek Vawdrey: "Those who are responsible for what has happened can be sure that we will not let the matter rest here." Vawdrey's wife, who is Kelly's sister, added, "I think the politicians, especially the government, have a lot of questions to answer."

Kelly was remembered at a civic service at Lichfield Anglican Cathedral July 20, with the Most Rev. Vincent Nichols, Roman Catholic Archbishop of Birmingham presiding. He said: "It distresses me deeply to think that there are people in positions of eminent public responsibility who know the answer to the questions Dr. Kelly was being asked. Yet they remain silent, believing that the confidentiality of their sources is more important than one man's life. I think not."

Nichols added: "Nor do we know the kind of political and personal pressure put on Dr. Kelly ... When public life and the media are so devoid of compassion, and become cavalier with the truth, they become a distortion of their true purpose."

## **Kelly Was Preparing for a Trip to Iraq**

David Kelly was preparing a trip to Iraq, the *Observer's* Martin Bright reported July 20. Kelly, Britain's senior scientific adviser on Iraqi WMD, was preparing to lead a British team to hunt for weapons of mass destruction in Iraq, and had contacted former UN inspectors as recently as two weeks ago to form a new mission, before his death July 19, shortly after his grilling over the allegedly "sexed-up" report on Iraqi WMD.

A former UN inspector said he had received an e-mail from Kelly two weeks ago asking him to join a survey group mission. Kelly was working directly under Brig. Gen. John Devereil, the British second in command of the survey group. Kelly was regarded as the British government's most senior chemical and biological weapons scientist.

## **British Press Picks Up on Possible Threats to Kelly**

Shortly before his death on July 19, Dr. David Kelly had written in an e-mail warning about "dark actors playing games" against him. Subsequently, British press have picked up on this theme.

The *Evening Standard Online* edition July 21 raised the possibility that Kelly was "threatened with loss of pension, or prosecution under the Official Secrets Act." Neither of these is a small thing. Kelly, 59 years of age, was due to retire in a year or so, and was married, with three children. The financial loss alone, from having his pension lifted, would be great, but even worse would be the massive humiliation to a man who had served his country for decades, often operating, with courage, in very difficult circumstances, in very sensitive assignments, as a leading expert on biological and chemical

weapons.

Should he have been prosecuted under the Official Secrets Act, this could have meant imprisonment, and other serious consequences.

But undoubtedly, the threats went beyond that. The fact is, Dr. Kelly was the classical case of the "man who knew too much," and the Cheney-Blair mob would have wanted him out of the way. Now that *BBC* has formally stated, on July 20, that he was the main contact for *BBC* Defense Correspondent Andrew Gilligan, who had charged that Blair media czar Alastair Campbell had "sexed up" the September 2002 Iraq weapons dossier, it is clear, and most extraordinary given who he was, what Kelly was up to (although Kelly himself, appearing before a Parliamentary panel days before his death, had seemed to deny that he was the source for Gilligan's charges). And it matters not a bit, whether Gilligan somewhat exaggerated Kelly's account.

Kelly had been in Iraq 38 times, and was preparing to go again. According to his friend Tom Mangold, himself a former *BBC* journalist, Kelly was the man most feared by Saddam Hussein, and hated by the Iraqi Mukharabat secret service, because he was the most persistent and insistent, among weapons inspectors, in tracking down leads. That such a man would go to Gilligan and encourage him to debunk, on the government-owned *BBC*, the Blair government's propaganda about Iraqi weapons—if in fact Kelly did so—means that Kelly was irate, that his life's work was being misused and abused, to start a war. Such a man, alive, would be very dangerous for Cheney and Blair.

In any case, two facts are irrefutable. First, the desperate Blair-Cheney cabal would have wanted Dr. Kelly silenced. Second, he is now dead.

## Russia and Central Asia News Digest

### Eurasian Railway Corridor Development Discussed at Moscow Conference

Railway experts from Germany, Poland, Belarus, and Russia met at the Russian Railway Ministry on July 22, to discuss an array of measures to make transfer of goods by rail across their countries more efficient. The meeting was addressed by Russia's Deputy Railway Minister Khasyan Zyabirov, who said: "The European Transport Corridor No. 2 is not only highly optimized for the direct rail axis Moscow-Minsk-Warsaw-Berlin, but has in its continuation the shortest and most promising bridge between Europe and Asia."

Of interest in the context of this meeting is the news released July 23, that container rail/sea freight between Germany and Russia increased by 35% during the past 12 months.

### Russia May Shift From Dollar to Euro for European Energy Sales

Germany's *Der Spiegel* reported the week of July 21 that EU Commission President Romano Prodi recently told journalists he expects Russia soon to be handling its crude oil and natural gas exports to the EU in euros, instead of dollars. Russian President Vladimir Putin wants to "drastically upgrade relations to Europe," Prodi said, referring to close contacts he has to Russian policy-making circles. Hints in this direction have repeatedly been made earlier in Russian media, but this is the first time a leading European Union politician confirmed it.

(For related coverage, see the article in this week's [In-Depth](#) section on EU-Russia energy diplomacy.)

## **Russia and China To Develop Nuclear Power Plants for Space**

On July 21 Russian Atomic Energy Ministry spokesman Nikolai Shingaryov announced a joint Russian-Chinese nuclear power development project. On the eve of a meeting of the Sino-Russian subcommittee on nuclear cooperation, he said the group would discuss cooperation in developing technologies for the use of nuclear energy in space. Those meetings were co-chaired by Russian Atomic Energy Minister Alexander Rumyantsev, and Chairman of the Chinese Committee on Defense Sciences, Technology and Industry Zhan Yunchuan, who arrived in Moscow July 21.

It was confirmed during the week (see also our Asia News Digest), that the two sides also discussed cooperation in building floating nuclear power plants, which Russia has already developed for power and heating in coastal cities in Russia's far north. Last November, the Russian Ministry of Atomic Energy had announced plans to build small floating nuclear power plants to provide power to remote areas, as well as heat and power for water desalination. The Ministry said at that time that the project was "short of investments," and that it had to develop a program for financing it. Now, Chinese financing is a possibility.

On July 23, a spokesman for the state-owned company that runs the country's nuclear power plants, Rosenergoatom, said that it would cost \$145 million to build the first plant, and that the ship would be built in Severodvinsk in northern Russia. Russia is hoping that China will provide a loan for between half and all of the costs to get the project moving forward. In the future, China could build barges for floating nuclear plants at its shipyards, Rosenergoatom said, as officials were discussing the project.

## **Russia and South Korea Meet on Economic Cooperation**

The fifth session of the Korea-Russia Joint Committee on Economic, Scientific and Technological Cooperation took place July 21-22 in Seoul, according to a pre-announcement from the Korean Ministry of Finance and Economy (MOFE) on July 18. The Ministry said the meeting would give Seoul and Moscow an opportunity to further expand bilateral cooperation on several fronts. It is the first such meeting since President Roh Moo-hyun took office in February, and was expected to lay the foundation for future exchanges in such fields as trade, investment, fishing rights, finances and energy development. MOFE said that Minister Kim Jin-pyo would lead the Korean delegation, which also included a vice minister from the Ministry of Construction and Transportation and deputy minister-level officials from other related government agencies.

## **Russia Prepares for 'Worst-Case' Korean Peninsula Scenario**

In a July 18 interview published in *Izvestia* of July 21, Russian Deputy Foreign Minister Alexander Losyukov made gloomy remarks about the possibility of an escalating crisis between the United States and North Korea. He said that while the Russian government is still engaged in efforts to find a diplomatic solution, Russia also has to be prepared for a situation that continues to escalate. A worst-case scenario, with nuclear war between the Americans and North Koreans, could not be ruled out: "There are, unfortunately, negative scenarios which we have to think about."

Without going into details, Losyukov hinted that measures were being taken all over Russia, but primarily in the Primorye region of the Far East, where Russia shares has several kilometers of common border with North Korea. This does not necessarily involve military measures alone, he added.

Following up Losyukov's interview, an unnamed Russian diplomat was quoted in wire dispatches on July 22 as saying: "The course of events shows that the North Korean crisis may become even worse, and a military outcome is possible. The Primorye and Khabarovsk regions may find themselves affected by the use of nuclear weapons, thus the Ministry deems it

reasonable to consider the worst situation and prepare without waiting for an impending solution."

Oleg Melnikov, the head of the Primorye region's emergency situations commission, is cited as saying that his region is "ready for any course of events concerning the North Korea conflict." His officials regularly check civil defense sites, and preparations are being made to put the emergency network on immediate alert. On July 23, Governor Sergei Darkin of Primorye announced more of the contingency plans for the eventuality of a U.S. attack on North Korea. *Kommersant* reported a speech in which Darkin said that his region could absorb up to 200,000 people fleeing North Korea in case of a U.S. military strike. Darkin added, however, that cities in the region are not prepared to deal with a wave of radioactive fallout from an attack on North Korean nuclear facilities.

## **Russia Wants UNSC Session and New UN Resolution on Iraq**

Russian Foreign Minister Igor Ivanov said July 22 that the United Nations Security Council needs to pass a new resolution, to prevent further deterioration of the situation in Iraq. Addressing a conference in Moscow, Ivanov said that to halt this deterioration will take the efforts of the international community, as well as Iraqis. A new resolution would set a date for forming a real Iraqi government, and reinvolve the UN in Iraq.

The previous week, during his tour of several Middle Eastern countries, Ivanov had already called for the UNSC to convene for the purpose of working out "appropriate decisions on the Iraqi problem." On July 17, Deputy Foreign Minister Yuri Fedotov told *Interfax* that Russian troops could be involved—if the UN were to mandate an international peacekeeping force. Under "the coalition of countries occupying Iraq" at present, however, Fedotov said that "Russian participation is ruled out."

## **Richard Perle in Moscow, Defending Iraq War—and Khodorkovsky's Yukos Oil**

Richard Perle, a kingpin of the Cheney-led war party in Washington, was in Moscow the week of July 21 in his capacity as an American Enterprise Institute operative. Perle addressed a conference at the Moscow Institute of Political Studies, a Project Democracy-type outfit specializing in "democracy, market relations, law and order, and deregulation."

The *Los Angeles Times*, one of the few U.S. press to cover the Perle trip, reported July 23 that when meeting Russian political analysts, Perle "had an unsolicited word of advice: Lay off Yukos Oil Co." Like Ambassador Alexander Vershbow a week earlier, Perle made threatening statements about "real damage to the prospects for future Russian economic growth," due to the anti-Yukos campaign.

Perle held forth in a June 22 interview on *Radio Echo* of Moscow, fielding such questions as, "Richard, they didn't find any WMD. Are you sure they'll be found? If so, when—and how long will the search be, 200 years, 300?" Perle's bald-faced reply was that WMD are hard to find, but the invasion was justified to "put an end to a regime, which ran a harsh regime of terror for 30 years." Perle also talked in undiplomatic fashion about faction fights in Russia, saying of Moscow's failure to welcome the invasion of Iraq, "I have the impression that there were debates in the Kremlin, over what position to take. Unfortunately, the bad guys—as we call them—won."

## **Chechen Rebel Emissary Received in Washington**

Salambek Maigov, an envoy of Chechen separatist "President" Aslan Maskhadov, was in Washington for a five-day visit the week of July 14, the *Associated Press* reported. He met with U.S. officials and legislators—all unnamed.

## **Cache of Suicide-Bomber Equipment Found in Moscow**

*RIA Novosti* reported early July 25 that a combined FSB (internal security) and Prosecutor General's task force had located six suicide-bomber belts, armed and ready for use, in a Moscow-area flat. The area was cordoned off. After 16 people died in suicide bombings at an open-air concert in Moscow earlier in July, Russian security officials said "teams" of Chechen suicide bombers were believed to be operating in the city.

## Mideast News Digest

### Chalabi Reconstituting Iraq Secret Police with U.S. Okay

The *New York Times* reported on July 22 that, amidst U.S. pro-consul Paul Bremer's campaign to "de-Baathify" Iraq, Ahmed Chalabi's Iraqi National Congress (INC) is reconstituting Saddam Hussein's dreaded secret intelligence service, the Mukhabarat, with full backing from U.S. Defense Secretary Donald Rumsfeld.

Chalabi's confederate, Abdelaziz Kubaisi, told *Times* reporters Bannerjee and Jehl that he has been rehiring the members of the Iran and Turkey branch of the Mukhabarat, on behalf of Rumsfeld, who wants Iraq's intelligence capability against Iran. Recruitment efforts began two months ago.

While Kubaisi tries to claim that his activities are aimed to reestablish this branch of Mukhabarat only after Iraq has its own government, the reporters vouch that the rehired intelligence officers are in fact working every day in a Baghdad building—although they have yet to receive their first paycheck. Not only that, but Rumsfeld's representatives have expressed interest in the Syria branch of Mukhabarat as well.

The rehired Mukhabarat agents have been told that they will be working closely with the Muhajeddin-e Khalq (MEK) Iranian terrorists. This caused at least one veteran Mukhabarat officer to turn down the offer for his old job. Sabi al-Hamed, a Mukhabarat officer since 1976, said he had worked with the MEK during the Iran-Iraq war, and called them butchers, saying he had seen the bodies of the people they had executed.

The U.S. Army has turned policy 180 degrees on the MEK during this year's war: First bombing them seriously, then turning around to conclude a truce which would allow them to keep weapons, and then finally turning around again and demanding their capitulation and disarmament. Since then, there have been no reports, until this one.

### Continued Turkish-U.S. Conflicts over Iraq

On July 18, Turkish Foreign Minister Gul denied reports, published in the Turkish daily *Sabah*, that Turkey and the U.S. have reached an agreement about pulling out Turkish troops from northern Iraq. "So long as the power vacuum in Iraq is not eliminated, and the terrorist activities in the region continue," he said, "Turkey's military forces will maintain their strong presence in northern part of Iraq." He added that if the terrorist groups ceased their attacks, "we too would pull out our forces immediately." The forces referred to are the PKK Kurdish terrorists, now called KADEK. Turkey has defended its military presence in the north, with the argument that it must fight terrorism. In reality, Turkey is also concerned about the growing Kurdish political and ethnic domination of the north, since the Iraq war, and fears a Kurdish state could emerge.

The U.S. wants Turkish troops out. The recent provocation, mounted when U.S. authorities arrested 11 Turkish soldiers, was one clear sign of growing tensions. Now it appears the U.S. is saying it will fight the terrorists. U.S. Ambassador to Turkey Robert Pearson told the mass-circulation Turkish daily *Hurriyet* that the United States is determined to purge northern Iraq of PKK militants. "We want no threat to Turkey from the PKK to remain in Iraq," Pearson was quoted as

saying July 20. "They will either surrender or face the alternative of not doing so.... The alternative is the use of military force. They are Turkish citizens, not Iraqis. They should return home, to Turkey," he added.

*AFP* commented: "Turkish officials believe that up to 5,000 rebels have found refuge in mountainous northern Iraq, which is run by their Iraqi kinsmen. Turkish troops have been based in the region since 1997 to hunt for the rebels. Observers here believe that Washington would like to see an end to the Turkish military presence in northern Iraq."

Paradoxically, the U.S. has been simultaneously pressing for Turkey to commit troops to the U.S.-led occupation—under American command. Turkey has responded with a series of conditions—including a Turkish deputy commander and deputy civilian coordinator for the overall occupation—which are sure to be rejected outright by the Bush Administration.

## **U.S.-Anglo Dutch Consortium Wins Spoils of War**

*U.S.A Today* reported on July 21 that it was to be announced that BearingPoint, Inc. would be given the U.S. AID contract to run the Iraqi economy. This U.S. AID contract provides for BearingPoint to "create a budget, write business laws, collect taxes," and set trade and customs rules for Iraq. Moreover it is to privatize all Iraqi state-owned enterprises by auctioning them off. The normally sovereign authority to create currency and set exchange rates will also be assumed by BearingPoint. To re-open banks and kick-start small businesses, BearingPoint is expected to enlist J.P. Morgan, Citigroup, and Bank of America as subcontractors to aid in providing start up loans.

BearingPoint was formerly known as KPMG Consulting, which in 2000 split off from KPMG, one of the big accounting firms—the result of a merger between Peat Marwick and a Dutch firm. Overall, KPMG is the combination of U.S.-Anglo-Dutch accounting firms, and BearingPoint retains that outlook. Today BearingPoint lists among its 2,100 client organizations: "all 14 Cabinet-level department of the U.S. Federal government"; nine of the top 10 global wireless carriers; the top five Fortune 100 diversified financial companies; and "all of the software, electronics, and pharmaceutical companies in the Fortune 100."

## **Saudi Arabia To Convene Arab Summit on Iraq**

*Arabic News* reported July 21 that Saudi Arabia hopes to convene an Arab meeting on Iraq. Saudi Foreign Minister Prince Saud Al-Faisal reported the plan during his visit to Cairo on July 21. He reported that Saudi Arabia will make contacts with the Arab states in order "to convene a meeting on Iraq and discuss the future of Iraq, and the future of the Arab group after what happened in Iraq." He also announced that there will be no representation office for the [Coalition-created] Iraqi Governing Council on Saudi territories, as diplomatic representation should follow the establishment of a legitimate government in Baghdad. The Foreign Minister delivered a message from Crown Prince Abdullah to Egyptian President Hosni Mubarak, during his visit.

## **EU, Iran Spar over IAEA Nuclear Protocol**

The Iranian government is considering signing an enhanced International Atomic Energy Agency inspection protocol, under growing pressure from the European Union. The Iranian Foreign Minister Kharraz said, in Pretoria July 21, "The leaders of Iran will decide on signing this document" after listening to experts from the IAEA it has invited to visit Tehran. On July 21, Foreign Ministry spokesman Hamid-Reza Asefi said in Tehran that "for the moment, the question of signing the additional protocol is not on the agenda," but European foreign ministers meeting in Brussels that day upped the pressure on Iran, calling for its "urgent and unconditional acceptance" of the protocol. "We have been cooperating with the IAEA, so there should not be concern from the European foreign ministers," said Kharraz. "We have asked the IAEA to send a team of legal experts to brief us on different aspects of the new protocol, known as 93+2. They will prepare a



document for our leaders to study and decide whether Iran will sign this protocol or not. At this stage we hope that in the next few days the legal experts will arrive to brief us. Let us see what happens then. The leaders of Iran will decide on signing this document."

The European ministers expressed "increasing concern" over Iran's nuclear program and warned that the EU would review relations with Tehran unless it cooperated fully with the IAEA. "Progress in economic and political relations with Iran should be evaluated in parallel," the text said, adding that the EU expects Iran to "show full transparency and cooperate fully with IAEA." "More intense economic relations can be achieved only if progress is reached in the four areas of concern, namely, human rights, terrorism, non-proliferation and the Middle East peace process," the statement added.

The ministers "decided to review future steps of the cooperation between the EU and Iran in September," adding that their next moves would hinge on a report by the director general of the IAEA, Mohamed ElBaradei.

### **Israeli Police Arrest Jewish Terrorist**

The Israeli paper *Ha'aretz* reported July 21 on the arrest of a leading Jewish terrorist in Hebron. Now police have announced that Yitzhak Paz was part of the terror cell that is accused of planting a powerful bomb in front of a Palestinian girls school in East Jerusalem in April 2002. It is believed that Paz paid for the purchase of the two gas containers that were part of the bomb. His motivation was reportedly to take revenge for the death of his infant daughter, who was killed in 2001.

*Ha'aretz* reports that Shin Beth, the Israeli domestic intelligence agency, is investigating Jewish terrorists "responsible for a series of shooting attacks that have left at least seven Palestinians dead and 19 wounded," and "responsible for planting explosive devices in Palestinian schools and the wounding of 11 people."

The terror cell that Paz was part of is "Bar Ayin," and includes Orthodox Jews from the Gush Etzion bloc of settlements.

### **Sharon To Visit India in September**

The Indian paper *The Dawn* announced on July 21 that Israeli Prime Minister Ariel Sharon will visit New Delhi in September, ostensibly to discuss counter-terrorism and defense cooperation between the two countries. Sharon was scheduled to visit India in early June, but rescheduled the trip because of the Israeli-Palestinian talks initiated by Washington.

On the other hand, the visit indicates the increasing closeness of relations between India and Israel. In Washington, on the evening of July 18, the U.S.-based Indians had a big meeting with the American Israel Public Affairs Committee, the official Israel lobby. Congressman Tom Lantos (D-Calif.), the frontman for the India-Israel relations in the United States, said categorically that it is their effort within the United States which cleared the way for India to receive Falcon radars from Israel, for their bombers.

### **Peres Calls for Jerusalem To Be a World Capital**

*Ha'aretz* reported July 28 that Israeli Labor Party head Shimon Peres suggests declaring Jerusalem's Holy Sites a world capital. Speaking before a group of visiting Russian student-diplomats, Peres suggested resolving the Israeli-Palestinian conflict over the holy sites in Jerusalem by putting them under the control of the United Nations. He said the holy sites in the old city should be declared sacred to the Jews, Christians, and Muslims and become a "world capital," with the United Nations Secretary General serving as Mayor. Lyndon LaRouche commented that this is an interesting development, not

inconsistent with prior policies of the Labor-Zionist group in Israel.

## **Sharon Scrambles To Counter Abbas-Bush Meeting**

On July 25, Israeli Prime Minister Ariel Sharon announced a series of actions aimed at giving the surface appearance of cooperation with the Road Map for Israeli-Palestinian peace. The announcement was made the day that President George Bush was meeting with Palestinian Prime Minister Mahmoud Abbas/Abu Mazen, in the first Bush White House meeting with the Palestinian Authority leader. Last month, Bush had met with the PA Finance Minister, in the first Cabinet-level meeting with Palestinians by the President since he took office in January 2001. Sharon announced: 1) The release of several hundred Palestinian prisoners, of whom there are an estimated 6,000; 2) Defense Minister Shaul Mofaz has ordered an overall review of checkpoints in "Judea and Samaria," but, so far, there is only a commitment to remove three of 169 checkpoints in the West Bank; 4) Transfer of security responsibility for two additional cities in "Judea and Samaria" on a decision to be made at the end of the month by Mofaz and the PA Security Chief Muhammad Dahlan; 5) Dismantling of "unauthorized outposts"; 6) Increase the number of Palestinian work permits by 2,500 in the West Bank and 1,000 in Gaza for a total of 8,500; 7) Israel will transfer NIS 72 million to the PA from funds collected by the Airports Authority; 8) Continued negotiations for joint industrial zones; and, 9) Close work between the recently established joint committees.

These concessions enabled Bush to point to Sharon as also working for peace, during his Rose Garden press conference with the Palestinian Prime Minister.

## **Asia News Digest**

### **Thailand Proposes a 'Road Map' for Myanmar Crisis**

In talks on the sidelines of the Asia-Europe Meeting in Bali, Indonesia on July 24, Thai Foreign Minister Surakiart Sathirathai reported keen interest from Indonesia, China, and the European Union, in pulling together six "like-minded" countries, and various political groupings within Myanmar, to draft an agreement to end the stalemate between the Myanmar junta and the party of opposition leader Aung San Suu Kyi, who has been jailed since May 30. Surakiart declined to name participants, but the UN's special envoy to Myanmar, retired Malaysian diplomat Razali Ismail, would be included.

Singapore's *Straits Times* floated July 24 that one of Indonesia's "elder statesmen," former Indonesian Foreign Minister Ali Alatas, has already asked Myanmar's leaders to receive a delegation from ASEAN countries. An ASEAN official indicated the talks would include all opposition parties and refugee groups from Myanmar's minority tribes.

China's Foreign Minister Li Zhaoxing said China supports any constructive measures to achieve national reconciliation in Myanmar. A special meeting on the stalemate was held during the Bali conference, which proposed a special ASEAN mission to Myanmar, but only on condition that Myanmar extends an invitation for the mission.

Thai Foreign Minister Surakiart made clear on July 22 where ASEAN stands on sanctions on Myanmar, telling reporters, "We are trying to find an exit for the Myanmar government and also reduce pressure from the international community, which has imposed sanctions that will have negative repercussions against Myanmar's poor. The meeting is to allow members to exchange views, but is not aimed at putting more pressure on Myanmar. ASEAN has already clearly stated its demand for Myanmar to quickly release Aung San Suu Kyi.

### **Chirac in Historic Visit to Malaysia**

French President Jacques Chirac made a brief but significant six-hour stopover in Malaysia on July 23, becoming the first French head of state to visit the country. In the course of the official state visit, Chirac became the first dignitary to receive the inaugural Kuala Lumpur Peace Prize from Prime Minister Dr. Mahathir bin Mohamad.

Chirac gave high praise to Mahathir in his speech, saying: "We can't accept any longer, given the changes in the world and the attitude of the people, the law of the jungle." Each individual and nation, he said, should be heard for their contribution to the betterment of the world.

During a joint press conference, the two were asked about the continuing detention in Myanmar of opposition leader Aung San Suu Kyi. Dr. Mahathir said wryly: "Whatever we do, we must not think about invading Myanmar in order to achieve regime change." Chirac said he "endorsed the sentiment of that statement," but added that he did not approve of Suu Kyi's detention and urged her release, and that of her colleagues.

In an interview with the *New Straits Times* July 21, Mahathir had said, "We have already informed them [Myanmar] that we are very disappointed with the turn of events, and we hope that Aung San Suu Kyi will be released as soon as possible."

## **Russia and China Expand Nuclear Cooperation**

Russian Atomic Energy Ministry spokesman Nikolai Shingaryov said July 21 that China and Russia would jointly develop nuclear power plants in space. The Sino-Russian subcommittee on nuclear cooperation planned to meet in Moscow the week of July 21 to discuss the plan.

The two sides are also expected to discuss cooperation in building floating nuclear power plants. Last November, the Russian Ministry of Atomic Energy announced its plans to build small 70-megawatt floating nuclear power plants that could provide power to remote areas. The plants would also provide heat and power for water desalination. The Ministry said at that time that the project was "short of investments," and that it had to develop a program for financing it.

In the future, China could build barges for floating nuclear plants at its shipyards. Floating nuclear plants could provide power in underdeveloped and remote regions in both Russia and China, and the plan is to export them to coastal areas in Asia and Africa.

Russian officials also announced that they would complete construction of the first of two nuclear power plants in China in December 2004, as planned.

## **China To Launch Its First Astronaut in October**

The long-awaited and much-anticipated launch of the first Chinese astronaut is now slated for October, officials in the program told *Agence France Presse* July 23. Previously, the Chinese have more generally stated the launch would be "at the end of this year." There is no indication yet if there will be more than one astronaut. The Earth-orbital mission is slated for a daytime launch, unlike the first four unmanned Shenzhou spacecraft, which were all launched at night. Officials say this is to allow for more moderate temperatures for the ground crews, who launched the first four in below-freezing temperatures.

## **U.S. Commander in Afghanistan Says Taliban Is Returning**

According to *The Telegraph* of London July 21, American Commander in Afghanistan, Gen. F.L. Hagenbeck, reported that the Taliban is recruiting heavily from the religious schools in and around Quetta in Balochistan, Pakistan, and preparing for a push into Afghanistan. The Taliban fighters, aided by al-Qaeda commanders who are establishing new cells and are financing the capture of American troops, are now coming inside Afghanistan in large and small groups. Hagenbeck claims the Taliban campaign is financed by opium harvested in the southern Helmand province, where the opium is pretty much under the control of the Taliban.

*The Telegraph* quotes Hagenbeck to point out that Gulbuddin Hekmatyar, the renegade Mujahideen commander who has since joined hands with the Taliban, is "operating on the Jalalabad road, moving up and down" along the Pakistan-Afghanistan borders. Also, "there are second- and third-level al-Qaeda leaders trying to establish cells on the road between Khost and Gardez along the Pakistan-Afghanistan borders." Jalalabad sits on the main road between the Pakistani city of Peshawar and Kabul.

## **Indians Call for Reopening the Burma Road to China**

The Indian *Business Standard* reported July 22 that the Indian Chamber of Commerce in Calcutta has urged the central government to consider opening up trade routes through the northeast of India to Myanmar, and then to southern China. ICC president Vikram Thapar called this proposal the "Initiative for India China Economic Cooperation" (ICON). Thapar said, "Real gains of trade and business opportunities would be felt by opening up of land routes from the northeast through Bangladesh and Myanmar to Kunming in China. This could then be linked up to the proposed Asian highway to link up with Laos, Cambodia, Vietnam, and onward to Southeast Asian countries." Thapar said that opening up this route would boost trade more than the route through Nathu-La, the pass between Sikkim and Tibet which was opened when Prime Minister Vajpayee was in China last month.

It would be necessary to negotiate for transport through Bangladesh, which would help both Bangladesh and India, with increased access to China through Myanmar. The port route via Chittagong would also have to be improved, Thapar said. Chittagong is located in the southeastern section of Bangladesh, and could serve as the port for the easternmost part of India, which is now landlocked. Thapar said that there are opportunities for joint ventures in tea, bamboo, and silk, as well as petrochemicals. The two sides could also jointly create an integrated international tourist circuit, he said.

## **Malaysia May Issue Bonds for the Asian Railroad**

The *Edge* weekly said July 20 that bonds worth \$3.95 billion would be issued for the mammoth rail project, which requires Malaysia's existing rail network to be electrified and converted to double track, as well as the construction of new lines. It will be part of the \$30-billion, 5,500-km trans-Asia line between Singapore and Kunming in southern China.

Quoting sources close to the project, the weekly said several parties had come up with proposals calling for the government to issue paper or guarantee a bond issue for up to 20 years. On July 18, the Malaysia Mining Corp Bhd (MMC), said civil engineering work on the multibillion-dollar project could be completed in three years. MMC is pitching for the job with local infrastructure firm Gamuda Bhd.

Earlier, government-to-government deals with China and India had landed contracts for China Railway Engineering Corp. (CREC) and Indian Railway Construction Co. (IRCON). IRCON was picked to lay an electrified track over a 339-km section in northern Malaysia, while CREC was given a 297-km southern stretch, joined by 174 km of track already being built in the middle. The two were reported in May to have bid 50% more than the \$3.2 billion Malaysia wanted to pay.

## **U.S. Expert Asks: Are North Korean Reports Also Fabricated?**

The summer 2003 issue of the *Naval War College Review* describes CIA reports of ambiguities about North Korean plans to build a uranium enrichment plant, used to make legitimate civilian electric power fuel. Far more equipment and many years would be needed to retool the plants for much higher-grade weapons fuel, they report.

Dr. Jonathan Pollack, chairman of the Strategic Research Department of the Naval War College, writes that "North Korea had no operational enrichment facility" (not built, only planned). "The intelligence community believed North Korea still confronted daunting obstacles even to acquire the production capabilities that might permit such option," he added. "But the stunning disclosure of Japanese Prime Minister Junichiro Koizumi's visit to Pyongyang (in September 2002) triggered movement in U.S. policy," Pollack reveals. "The Bush Administration confronted the prospect of abrupt and unanticipated changes in the northeast Asian political and security environment. The DPRK had opened the door to a new relationship with America's most important Asian ally and, prospectively, a major aid donor to the North. There was a real possibility that U.S. options on the peninsula would be driven increasingly by policy agendas of others."

The U.S. Administration then sent Assistant Secretary James Kelly to Pyongyang on Oct. 4 to create a confrontation over the uranium, Pollack charges. Senior U.S. officials "opted to exploit the intelligence for political purposes," Pollack says. "Is there a parallel with what is now going on, after the fact, in estimates about Iraq?" asks Pollack, in the July 16 *New York Times*. "I think there may be."

## Africa News Digest

### Administration in No Hurry To Answer Liberia's Prayers

Secretary of State Colin Powell took his case for U.S. intervention in Liberia on moral grounds, to the editors of the neo-conservative *Washington Times* in an interview that appeared on its front page July 23. Next day, the neo-con opposition to intervention shot back with a column by Likudnik Leon Fuerth (he was a top adviser to Al Gore) in the *Financial Times* of London. Fuerth argued that Powell was overturning a basic principle of the Bush Administration—that interventions must be based on clearly defined U.S. national security interests. Who should be surprised that the national security adviser of former VP Al Gore should thus be looking out for the purity of alleged Bush Administration principles? Or that he has no idea where U.S. national security interests actually lie?

A *New York Times* editorial, also on July 24, supported Powell, as had Princeton Lyman, a senior fellow of the Council on Foreign Relations and former Ambassador to Nigeria, in a *Washington Post* op-ed July 19 ([see last week's Africa Digest](#)).

The *Times* editorial stated, "Mr. Bush should dispatch 800 to 2,000 American soldiers to lead a temporary multinational intervention force capable of enforcing a cease-fire and paving the way for an African-led peacekeeping mission. Further delay may needlessly condemn thousands of Liberian civilians to death...."

In Senate Armed Services Committee hearings July 24, however, Sen. John Warner (R-Va.) echoed Leon Fuerth.

The continuing unwillingness of the White House to do the urgent minimum to protect more than a million Liberians in Monrovia, the capital, from bullets, mortar fire, cholera, dysentery, and starvation, is a reminder that Straussian neo-con Dick Cheney still controls the President. Some of the details are reported in the stories that follow.

### Marines Head for Liberian Waters—No Decision To Intervene

President Bush's announcement of Marines on their way to Liberian waters offers only a glimmer of hope for useful

intervention there. Bush ordered a naval amphibious force of 2,300 Marines to sail from the Mediterranean to a position off the Liberian coast on July 25. The three-ship Amphibious Ready Group led by a helicopter carrier will arrive in early August. In his Rose Garden appearance with Palestinian Prime Minister Abu Mazen/Mahmoud Abbas July 25, Bush said, "Aid can't get to people. We're worried about the outbreak of disease. And so our commitment is to enable [the Economic Community of West African States, ECOWAS] to go in." Bush had earlier pledged \$10 million to support the ECOWAS mission. He said the UN "will be responsible for developing a political solution."

A "senior U.S. official" said, however, that the Marines' presence did not mean that all, or even most of them would go ashore, according to the *Washington Post* July 26. The official added that there had been no "hard decision" that U.S. troops would actually go to Liberia, "and he stressed that the troops would not engage in any peacekeeping mission," but "might be used to make sure humanitarian aid is being distributed should a vanguard of Nigerian troops succeed in stabilizing the situation." The remarks of Deputy Secretary of Defense Paul Wolfowitz July 27, on Fox News and NBC's *Meet the Press*, were in agreement with those of the "senior U.S. official."

But there is no agreement between U.S. and UN negotiators on one side, and Nigerians on the other, over the amount and kinds of logistical and financial support the Nigerian vanguard will receive, after weeks of talks. Nigeria says it is prepared to deploy their forces by Aug. 2 and be fully operational within nine days, if their conditions are met, the *Post* says.

The *Post* account continues, "'I don't think it's going to happen,' said one UN official, referring to the Nigerian deployment schedule. 'I don't blame the Nigerians.'"

A "senior Administration official" cited by the *New York Times* July 26 said Bush's decision was intended to goose ECOWAS into action: "There was something of a stalemate, everyone waiting for everyone else," the official said.

### **Powell Took the Case for U.S. Role in Liberia to Neo-Cons**

Colin Powell made the case for adequate U.S. support for a West African intervention into Liberia before reporters and editors of the *Washington Times* July 23. "We do have some obligation," he said, "not to look away.... We looked away once before in Rwanda, with tragic consequences." He said the U.S. is already stretching its forces, but there are "still unused capabilities." West African governments (ECOWAS) "just don't have the capacity" to sustain field forces, he said.

The U.S. will have "nothing to do" with the transition after President Taylor's departure, he said, evidently meaning that that is up to the UN. Powell is coordinating daily with Kofi Annan, who met not long ago with President Bush to discuss this very topic.

Other reports continue to suggest that the population of especially Monrovia can only be rescued by a peace-making, rather than a peacekeeping, force. This raises the question of whether and how Powell's vision can be fulfilled, since ECOWAS is not contemplating a peace-making intervention. Nigerian President Obasanjo "made it clear that he would not sanction deployment of troops until a ceasefire was in place. To intervene now, he said, would be to step into a raging war and the outcome was unclear," according to the *Independent* (UK) July 23.

### **Fuerth Answers Powell, Opposes Liberia Intervention**

Neo-con Leon Fuerth, former national security adviser to former Vice President Al Gore, brought the Straussians' opposition to a U.S. intervention in Liberia out into the open, in an op-ed in the *Financial Times* July 24, doing a service for his neo-con allies in the Bush Administration by raising the matter first from the Democratic side.

In "Liberia Does Not Fit the Doctrine," Fuerth says, "Liberia simply does not fit the mold of U.S. strategic interest as defined by the Administration and there is no way to use military force there that does not fundamentally contradict policy." Recalling Powell's assertion that the U.S. has an obligation not to ignore the catastrophe, Fuerth writes, "the mere fact that Mr. Powell has uttered these words pierces the Administration's basic philosophy about the use of force.... So, if Mr. Powell is now declaring that the present Administration will consider the use of force where no value other than moral is involved, he has announced a fundamental change." But surely, Fuerth adds, he doesn't mean to do so, but only to "explain why there should be an exception.... But ... if Liberia qualifies, what standard will be used to judge U.S. participation in some other place where terrible things are happening to innocent people, for example, in the Congo?"

No mention here of Pat Robertson's blood diamonds, Barrick Gold, and the rest!

## **Are Weapons Supplies to Liberian Combatants Diminishing?**

Alex Vines, Africa program head at the Royal Institute of International Affairs in London, told the *Financial Times* July 24, "We are probably going to come to a lull in fighting because everyone is running out of ammunition. That is why a stabilization force has to go in—so LURD doesn't have the opportunity to capitalize on the situation." LURD would have the edge in attempting to rearm by hook or crook.

As of July 27, there has been no sign of diminished firepower, raising the question of how many tens of thousands of noncombatants will die of disease and hunger before a lull arrives.

Liberian President Charles Taylor's Press Secretary, Vaani Passawe, however, told *allAfrica* July 23 that his government had "direct evidence" the U.S. was backing LURD. *AllAfrica* writes, "Passawe said aid money given to neighboring Guinea by the U.S. was being used by LURD rebels to lease armaments with U.S. knowledge." The International Crisis Group, in its April 30 report, "Tackling Liberia," wrote that "The U.S. has stepped up military support of Guinea (and some claim the LURD)."

## **Monrovia a Nightmare Since July 21**

The Liberian capital has been a nightmare since July 21, as President Taylor's forces fight to the death with LURD rebels. "A barrage of indiscriminate shelling tore apart the Liberian capital" July 21, wrote *Newsday's* Africa correspondent. "Dozens of mortar bombs slammed into Monrovia's diplomatic quarter," said *Reuters*. The people are "fleeing basically nowhere. There is no shelter, no food, no water," Muktar Farah of the UN Office for the Coordination of Humanitarian Affairs told *Reuters* July 21.

A mortar shell landed in each of the two adjacent U.S. embassy compounds, one of them shortly after 21 Marines were dropped in by helicopter to beef up embassy defenses. The other, landing in the compound across the street, killed 25 of the 10,000 to 25,000 Liberians sheltering there.

The joy of the population when it thought U.S. forces were coming, is now sometimes turning to rage. When the Marines arrived, Robita Christopher, a Liberian on the scene, told *Reuters*, "It shows they value property more than human lives. I hope the rockets hit them in the embassy so they die." *Reuters* reported, "An angry crowd laid 18 bodies, one of them headless, in front of the embassy and hurled abuse at the mission."

Hunger and disease are taking over. "The UN's warehouses are right in the fighting. If they've been looted, the city will run out of food next week," EU aid coordinator David Parker told *The Scotsman* by telephone from Monrovia July 23. The fighting has cut the city off from agricultural areas. And LURD now has control of the port area where the food

warehouses are. They are indeed being looted by LURD. Crowds outside the U.S. embassy are now demanding food. There is no safe water in the city. Aid agencies are logging 350 new cholera cases a week, but many cannot reach the agencies, and the rate will now soar, along with dysentery.

## **AIDS Could Mean Economic Catastrophe for South Africa**

A study just released by the World Bank and Heidelberg University in Germany, "The Long-Run Economic Costs of AIDS: Theory and an Application to South Africa," projects that if nothing dramatic is done to stem the spread of AIDS, South Africa faces an inescapable descent into the economic backwardness of past centuries, dependent upon child labor, with no infrastructure. For the full report, see [Economics News Digest](#) in this issue of *EIW*.

## **Sao Tome Coup Attempt Ends With Victory for Synarchy**

The coup in Sao Tome and Principe has ended with an agreement in line with the synarchist blueprint of the neo-cons' Institute for Advanced Strategic and Political Studies (IASPS). Sao Tome's President Fradique de Menezes returned to his country July 23, accompanied by Nigerian President Obasanjo, after an agreement was reached between himself and the coup leaders, through the mediation of a team of diplomats from the African Union, Portugal, Brazil, and the U.S., led by Congo-Brazzaville Foreign Minister Rodolphe Adada.

Under the agreement, de Menezes remains President and the Parliament remains, and all soldiers involved in the coup may be granted amnesty by vote of Parliament. Parliament met and approved the amnesty. The accord calls for legislation to make government oil dealings more transparent, including a "guarantee committee" with international participation.

The parties agreed to analyze the possibility of a new government. "Political analysts" in Sao Tome, cited by *Reuters* July 25, said a Cabinet reshuffle was more likely, and that Maria das Neves, an IMF hardliner, would probably remain as Prime Minister.

UN IRIN reports that *many* of those involved in the coup were former members of the Buffalo Battalion, a mercenary unit created by the apartheid government in South Africa in the 1970s to fight in Namibia and Angola. They have now been given "special amnesty guarantees." These are primarily or entirely Sao Tome citizens, who run the Christian Democratic Front, a party with no parliamentary seats. They said their coup was to relieve the sufferings of the poor.

The outcome of the bloodless coup—with international oversight of government receipts and expenditures—brings Sao Tome into line with the specifications of IASPS and its Africa Oil Policy Initiative Group (AOPIG).

## **Is U.S. Deliberately Blowing Up the Sudan Talks?**

With explosive issues unresolved in talks between the government of Sudan (GOS) and SPLA rebels, U.S. envoy John Danforth said, at a July 19 press conference in Nairobi, that he has nothing further to suggest. He claimed remaining issues are not serious, that only political will is lacking, and that agreement must be reached within weeks, not months, or the "international community" will withdraw from the process.

The July 12 draft agreement of the Inter-Governmental Authority on Development (IGAD)—which has U.S. backing and overshadows any Arab role—included giving the SPLA a virtual monopoly of power in the South, to the exclusion of other southern political forces; a separate council of ministers, army and central bank in the South; lifting Islamic law in Khartoum during the six years of transition; and carving out a part of Khartoum as a joint capital. GOS said this is inconsistent with the Machakos Protocol of 2002. GOS President Omar al-Beshir responded to them July 14, saying, "Let



IGAD and those behind it go to hell"; he called the draft a "document of war, destruction, and division."

GOS has asked the Arab League and Egypt to intervene with the SPLA and the IGAD mediators. Arab League Secretary General Amr Moussa has "promised to play a fundamental role to narrow the points of view," said Riak Quai, the VP of the GOS ruling party. Egypt's Foreign Minister met with Danforth, but Danforth's July 19 press conference showed the meeting had no noticeable effect.

The International Crisis Group's David Mozerski told *AFP* in Nairobi, "If the international community pulls out, we are looking at the end of the peace process." In that case, he said, there would be an end to promises of development aid, Sudan would not be removed from a U.S. list of states sponsoring terrorism, relations with the West would not be normalized, and punitive provisions of the U.S. Sudan Peace Act would come into effect.

## This Week in History

### July 28-August 3, 1957

This week we turn our attention to an event which began on July 29, 1957, the founding conference of the International Atomic Energy Agency (IAEA) in Vienna, Austria. What this history confronts us with, is the dramatic shift, from scientific and technological optimism, to niggardly pessimism, which has occurred between that time, and today.

Today, the IAEA is constantly in the news, as the United Nations agency which supervises nuclear power operations internationally, monitors non-proliferation, and issues reports on the control, and containment, of any operations which might possibly be used for weapons-oriented nuclear activity. But when the IAEA was founded, at the instigation of American President Dwight D. Eisenhower, it had a much broader, more positive purpose: not only to move toward nuclear disarmament, but also to *promote* the development of peaceful nuclear energy, especially for the Third World.

The concept of the IAEA came under the name of "Atoms for Peace," a plan for which was first put forward at the United Nations General Assembly by President Eisenhower on Dec. 8, 1953.

President Eisenhower's speech did, of course, begin by directing attention to the danger of nuclear war, in light of the balance of terror which was being developed between the United States and Soviet Union at that time. He also took up the topic of a recent UN resolution on the matter of disarmament, and upcoming talks scheduled on this matter, and then dropped this conceptual bomb:

"We shall carry into these private or diplomatic talks a new conception. The United States would seek more than the mere reduction or elimination of atomic materials for military purposes. It is not enough to take this weapon out of the hands of the soldiers. It must be put into the hands of those who will know how to strip its military casing and adapt it to the arts of peace.

"The United States knows that if the fearful trend of atomic military build-up can be reversed, this greatest of destructive forces can be developed into a great boon, for the benefit of all mankind. The United States knows that peaceful power from atomic energy is no dream of the future. The capability, already proved, is here today. Who can doubt that, if the entire body of the world's scientists and engineers had adequate amounts of fissionable material with which to test and develop their ideas, this capability would rapidly be transformed into universal, efficient, and economic usage?"

President Eisenhower then proposed that governments with nuclear materials begin to make contributions from their

stockpiles to an international atomic energy agency, under the aegis of the UN, and that this agency be responsible for impounding, storing, and protecting the materials. Then he continued:

"The more important responsibility of this atomic energy agency would be to devise methods whereby this fissionable material would be allocated to serve the peaceful pursuits of mankind. Experts would be mobilized to apply atomic energy to the needs of agriculture, medicine, and other peaceful activities. A special purpose would be to provide abundant electrical energy in the power-starved areas of the world.

"Thus the contributing Powers would be dedicating some of their strength to serve the needs, rather than the fears of mankind."

All over the world, nuclear energy's benefits captured the imagination of those who were striving to transform society. Indian nuclear pioneer Homi Bhabha, who launched that country's nuclear program, said at the time: "For the full industrialization of the underdeveloped areas, for the continuation of our civilization and its further development, atomic energy is not merely an aid: It is an absolute necessity. The acquisition by man of the knowledge of how to release and use atomic energy must be recognized as the third great epoch in human history."

Two years after Eisenhower's speech, there were 28 research reactors in operation: five in the Soviet Union, four in England, two in Canada, one in France, one in Norway, and the rest in the United States. Fifteen years later, there were 375 research reactors in 50 countries, including 41 in developing nations.

The slogan in the young nuclear industry was "2,000 by 2000"—building 2,000 nuclear plants by 2000. The United States led the way, pioneering in every aspect of the nuclear cycle—fuel enrichment, fuel fabrication, reactor design, power production, breeder reactors, fuel reprocessing, and advanced reactor research. The first nuclear reactor to produce power was a 25-kilowatt-thermal breeder reactor called Clementine at Los Alamos National Laboratory in 1946. A few years later, in 1951, the nation brought online the world's first breeder reactor to produce usable amounts of electricity, the Experimental Breeder Reactor, or EBR-1 which produced 200 kilowatts of electricity at its peak.

The first power-producing reactor was that of the Nuclear Navy, under the direction of Admiral Hyman G. Rickover, sending the *Nautilus* submarine on its first journey in 1954. Rickover demonstrated that nuclear reactors could be built quickly and operate safely. Three years later, in 1957, the first U.S. civilian power reactor came on line, in Shippingport, Pennsylvania. This reactor took just 32 months from construction to power generation. By the early 1960s, other commercial nuclear plants were on line, and many were in construction. Commonwealth Edison of Illinois, for example, put the 207-megawatt Dresden 1 on line in September 1959—built in less than three years at a cost of \$51 million.

Most exciting, plans were on the drawing boards for nuplexes, large agroindustrial complexes that would become centers for urbanizing and industrializing the developing sector. One site, centered on a nuclear power plant, would provide sufficient power to desalinate water for mechanized irrigated agriculture, produce steel for infrastructure construction (with fertilizer as a byproduct), and supply electricity for new communities.

The expectation was that the nuclear industry would continue to expand, to power a growing world and growing economies, in every corner of the globe. In 1962, the U.S. Atomic Energy Agency made projections for the growth of civilian nuclear power to the year 1980. The AEC forecast that the United States would have 40,000 megawatts nuclear in 1980; by 1967, the AEC revised its forecast upwards, to 145,000 MW, and by 1970, the AEC forecast was for 150,000 MW in 1980.

The unfortunate reality is that Eisenhower's objective was never really fulfilled. The financial oligarchy, through its

control of credit and of the rabidly anti-growth, anti-population "environmentalist" movement, killed the nuclear dream. By 1978, the entire concept was gutted, as the "non-proliferation" regime took over from that of promoting peaceful uses of nuclear energy.

In fact, as the Iranian government has pointed out recently again, the mission statement of the IAEA still does commit it to assist "its Member States, in the context of social and economic goals, in planning for and using nuclear science and technology for various peaceful purposes, including the generation of electricity, and facilitates the transfer of such technology and knowledge in a sustainable manner to developing Member States." But this noble goal has been virtually replaced by those in the industrialized nations who instead are committed to "technological apartheid," the withholding of the benefits of nuclear energy from nations of the Third World.

This is the paradigm shift to be reflected on, and to be reversed.

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