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## **The Fall of the House of McAuliffe**

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

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Among my ten rivals who filed for the Democratic Presidential nomination after I had done so, none, so far, have done anything in the campaign to qualify them for serious consideration by the actually thinking variety of my fellow-citizens. The only apparent exception is that of Representative Dennis Kucinich (D-OH) whose work in the Congress, if not his campaign, does have merit. The rest are acting—as candidates—as mere populist sophists, as charlatans peddling political snake-oil.

Some of those ten represent very bad, rather than merely inadequate choices. Lieberman and Sharpton are, most notably, very bad performances. The more general, politically fatal short-coming of all of them, so far, has been their commitment to the shallow-minded sophistry of opportunists' mindless appeals to popular opinion, as Howard Dean has done with rather malicious calculation, rather than anything resembling actually relevant attention to the critical problems facing our nation today.

A European friend has made a scholarly emphasis on the role of sophistry in bringing about that self-destruction of the once powerful Athens of Pericles by the Peloponnesian War; similarly, the sophistry of National Committee Chairman McAuliffe and his current crop of ten political dwarves, on the issue of Vice-President Dick Cheney's Iraq war, and on the crisis of the U.S. economy, is threatening to plunge the Democratic Party into perhaps terminal political bankruptcy during the weeks and months ahead.

That national party's recently adopted obsession with playing the loser in the matter of the California recall campaign, by dropping the issue of Enron and Cheney, is typical of the national party organization's potentially fatal inclination for folly and failure today.

For example: Judging by the content of their campaigns, at least nine of my ten rivals can not be regarded as actually running to become President. Instead, they are trying so desperately to become the darlings of the mass media and the pollsters, that they avoid every issue which might define the competence of the next President of the U.S.A. It is virtually a miracle, of some kind or other, if President Bush's Karl Rove is not paying off the lemming-like losers of McAuliffe's National Committee leadership. Rove should be paying for services supplied, and the current National Committee leadership has earned its thirty pieces of silver from Rove's hand.

A successful street-prostitute could do no less than the nine indicated rivals of mine. They are operating on the sophist's assumption, that "If I am the most popular candidate, because of my reputation for a smile or smell, I will be chosen; that will be my qualification to govern"! Unfortunately, the suckers—that is, many of the voters—fall for that sophistry, because they, too are so corrupt by their wishful, opportunistic desires, that many would rather be seen as photographed

with the winner of the next election, than be the kind of citizen who selects a candidate qualified to serve the most urgent interests of our nation.

Now, U.S. politics are sitting on the hot stove of a looming monetary-financial collapse, a collapse which, allowed to run its course, will produce effects far worse than those which halved U.S. income under President Herbert Hoover.

For example: Among the leading candidates for triggering the disaster, is the explosive accumulation of financial derivatives predicated upon a current hyperinflation in the market for mortgage-backed securities. A potential collapse of as much as fifty percent in real estate values in Western and Central Europe, as in the Americas, is only one of the potential options for the period immediately ahead. The collapse might prefer to break out in other areas of the world's present monetary-financial bubble.

That crash, in whatever form it chooses to break out, will also change politics around the world. For example, such a collapse in the U.S. markets would hit a China still heavily dependent upon exports to the U.S.A. very hard. Such a crisis of China would have turbulent, chain-reaction political effects in the world at large. Similarly, the attempted rape of Argentina by U.S.-based "vulture funds," threatens to set off a political-financial chain-reaction around much of the planet. Under these conditions, the same faction of the U.S. establishment which brought us the horrors of Sept. 11, 2001, may strike here, or perhaps in Europe, seeking to create the form of crisis which would keep Vice-President Dick Cheney and his neo-cons in control of shattered U.S. internal politics.

What are my principal rivals for the Democratic nomination doing, in this circumstance? Of them it can be said, as of the Emperor in Hans Christian Andersen's "The Emperor's New Suit of Clothes": "But, Daddy, he has nothing on." A candidate advised by experts like those tailors who sold the Emperor on wearing, and paying for, a non-existent suit of clothes, may be duped into thinking that the sophistry of the sort practiced by those campaign advisors, pays. The question is, "Pays what to whom?"

Corrupt Democratic candidates do not call it "sophistry;" they call it "politics." The two words mean the same thing. The fault of both those rivals and their campaign advisors, is therefore more in the nature of a moral, than merely intellectual bankruptcy.

## **But, Then, What Are Crises?**

As I summarized this during my recent Los Angeles address, to understand the people of the United States, and their behavior today, one must recall the succession of demoralizing crises built into the multi-generational memory of our nation since the days of Coolidge and Hoover. A study of that multi-generational experience illustrates the way in which crises such as the present one are allowed to come about.

Like the Baby Boomers of today, the "Flapper Age" of Coolidge-ism was a bootlegger's world of the Charleston and wild-eyed pleasure-seeking of F. Scott Fitzgerald's useless rich and their would-be imitators. Babbitt reigned in Middle America. The ordinary people—being more or less poor—admired, or, bitterly, even hatefully envied the useless wealthier pleasure-chasing class. They shared lies with visiting friends and neighbors, and then gossiped against those guests the moment the guests were let safely out the door. Then came the Depression which Coolidge brought, and which Hoover made much worse. As "Hickey" said, forlornly, in Eugene O'Neill's *The Iceman Cometh*, "suddenly, the life had been taken out of the booze. The U.S. population experienced a great shock, and passed the emotional experience into the memory of coming generations.

A shattered U.S. population was lifted out of despondency by Franklin Roosevelt's leadership, but at a time when London and New York bankers had funded Hitler's takeover in Hjalmar Schacht's Germany. We won the war, and had risen from

wretched poverty to become virtually the only world power at the close of World War II. But with the death of Franklin Roosevelt, and Truman's launching of needless nuclear attacks on the civilian populations of Hiroshima and Nagasaki, we went into the pit again. A sweeping right-wing turn erupted under a Truman whose folly led us into a needless Korean War adventure. The American military traditionalist Eisenhower rescued the United States from what the inventor of "McCarthyism," wild-eyed nuclear utopian Truman, had set into motion. But the effects of what became known as Truman's and Roy M. Cohn's "McCarthyism," piled upon memory of Hoover's Depression, sent most of the returning heroes of World War II into fearful retreat from reality, while the mothers of today's Baby Boomer generation warned their children: "Don't be heard or seen saying or doing anything that will get our family into trouble."

Then came Eisenhower's retirement. The pro-fascist gang around Allen Dulles and his creepy James J. Angleton brought us the Bay of Pigs, the 1962 Missiles Crisis, the assassination of President Kennedy, and many kindred things in many parts of the world. For several days during the hot phase of the Missiles Crisis, the U.S. population went insane with sheer terror of an impending nuclear war which "might end it all." The Baby Boomer generation, in Europe and the Americas, has never recovered from the effect of those shocks, shocks combined with the official launching of the 1964-72 war in Indo-China. Such is the deep psychological and moral flaw embedded in the culture of the generation of Americans and Europeans presently in their fifties and early sixties.

The flight from frightening reality took the form of a managed slide of the emerging young adults of the 1960s into the swamp-like refuge of a post-industrial pleasure society, a consumer society, a no-future society of "little me" and my personal security and pleasure now. Two governments, under the guidance of Harvard-trained, pro-fascist National Security Advisors Henry A. Kissinger and Zbigniew Brzezinski, ruled the U.S.A. from Johnson until Reagan. During the quarter-century from January 1969 to January 1981, the process of destruction of the U.S. economy, and of the conditions of life of the lower eighty percentiles of our family households, was set fully into motion.

Through the change from that engine of prosperity known as the original Bretton Woods monetary-financial system, until the middle of the 1960s, the welfare of the economies and populations of the Americas, Western Europe, Japan, and elsewhere had improved more or less secularly, even despite Arthur Burns' bad advice to President Eisenhower. From the fiscal budget of 1966-67, the U.S.A. has been on a generally downward economic trend, a trend which spread into Europe and elsewhere following the 1972-1975 establishment and initial consolidation of the post-Bretton Woods "floating exchange-rate" monetary system. Sub-Saharan Africa was plunged into the abyss of genocide which has gripped it increasingly to the present time.

Under the floating exchange-rate monetary system, the U.S.A., in particular, was enabled to rig monetary crises, and impose artificial devaluations of the currencies of Central and South America, and elsewhere, to such effect that the debt of those nations has been more than paid fully today, when honest accounting is employed. We, the British Commonwealth, and to a lesser degree western Europe, have looted the so-called developing sector of the world. We shut down our productive enterprises, and our places of productive employment in agriculture, industry, and related categories, while relying on "out-sourcing" from the looted virtual bodies of the poor of Mexico and other relevant cheap-labor markets of the world.

This transformation of much of the population of the United States into discarded categories of once-skilled labor, and the elevation of financial parasites into the super-rich, fostered in our Baby Boomer generation the delusion that we had a right to be a consumer society living off the backs of the desperately poor cheap-labor out-sourcing system. This morally and intellectually pathological trend in our population corresponds to the arrival of neo-conservative (read: fascist) Bartley as editorial page editor of the *Wall Street Journal*.

The system of radicalized "free trade" which emerged from the continuing moral, intellectual, and economic decadence of the upper twenty percent of U.S. family-income brackets, the so-called "suburbanite" constituency of the pro-fascist Democratic Leadership Council (DLC), has now come to a fateful point of general monetary-financial collapse of the

present world system as a whole.

Now, a new great cultural shock is being experienced by the emerging young-adult generation of the world, especially in the Americas and Europe. The Baby Boomer generation's long-inbred character as the no-future generation, has left the generation in the 18-25 university-age range, and the adolescent generation coming up behind them, with a society which offers no visible future worth having. The resulting conflict between Baby Boomer and youth generations is now the characteristic, determining feature of the world entering the 2004 election-campaign. One way or another, the age of the reign of the Baby Boomer generation, the age of the "suburbanite" right-wing ideology of Roy M. Cohn's political heir Dick Morris and Al Gore's opportunistic affinities for avowed fascist Newt Gingrich, is over.

Either we return, so to speak, to the place where the U.S. economy made the wrong turn in the road—and in U.S. political trends—or the U.S.A. is soon finished as a world power; and, unfortunately, given the nuclear age, much of the rest of the world besides. The facts are clear; only desperate fanatics cling to denial, shrieking: "I will never believe what you have just said." The truth of the matter will be decided not as they choose, but by the process which chooses the fate of those gripped by such hysterical denial of reality as they express.

History has always worked in such ways, as the case of the role of sophistry in causing the doom of Greece through the Peloponnesian War, attests. Societies go to Hell, usually, because they have adopted foolish axiomatic, ruling assumptions of reigning opinion. The society so afflicted stumbles on, like prosperous pleasure-mad Pompeii, until the smoking volcano, which is the reality of false axiomatic assumptions, speaks. Thus, history of civilizations goes from crisis to crisis, as the false axiomatic beliefs of one or two generations, or more, present the bill for deferred payment.

The greatest enemy of the American people today, and of the Democratic National Committee's leading pack of pathetic sophists in particular, is the bad habits which have become customary popular opinion. Foolish people react opportunistically to such crises by appealing to the supposed authority of popular opinion, the popular mass media, "what my friends and neighbors tell me," and so forth. Then an undeniable shock occurs, like that in progress now. The wise leaders force a change in those habituated, but false assumptions which have led us into the worsening mess our nation, in particular, has become, since the time President John F. Kennedy was assassinated. I am such a wise leader, a man of the future among a collection of prematurely aged political antiques.

You ask the question, "Will we survive?" I answer with a question: "Are you, personally, ready to change?"

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

### **China and A Community Of Principle**

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

*Lyndon LaRouche, candidate for the Democratic Party Presidential nomination in 2004, was a featured speaker at a Moscow conference, on "China in the 21st Century: Chances and Challenges of Globalization," held from Sept. 23-25. The conference was organized by the Russian Academy of Sciences, with its Academic Council for Comprehensive Studies of Contemporary China; its Institute of Far Eastern Studies; and the Russian Association of Sinologists. These sessions were the 14th International Conference on "China, Chinese Civilization and the World: Past, Present and Future."*

At the Sept. 23 opening session of the conference, LaRouche spoke on a "Vision for the 21st Century." He represented the Schiller Institute in the United States and Germany, and was also introduced to the conference as an American Presidential candidate.

The Moscow conference also featured Russian speakers from the Institute of Far Eastern Studies and other institutions, as well as speakers from Jilin Academy of Social Sciences in China. Subsequent panels discussed economic reforms in China; China's history and historiography; policy and social relations in China; and problems and prospects of inter-civilizational liaisons between China and other nations, in the era of globalization.

LaRouche prepared the paper we publish here as a written attachment to the proceedings of the conference. Further coverage of this important international event will appear in a forthcoming issue.

We may regard the often-expressed proposal to establish "a multipolar world," as, in and for itself, an understandable rejection of the imperialist intent expressed by certain circles currently occupying key positions in the government of the U.S.A. Since the 1989-1992 collapse of the Soviet Union, those circles have foreseen what they have expressed as belief in the opportunity to create a global "American," or "Anglo-American" empire. They have declared their intention to create such an empire, otherwise identified as "world government," by means of revival of Bertrand Russell's 1940s doctrine of Anglo-American "preventive nuclear warfare." Russell's original threat ended, for a time, with the successful Soviet testing of a thermonuclear weapon-prototype; that threat has been revived by U.S. Vice-President Cheney and others, as official U.S. policy, in the aftermath of the shocking events of Sept. 11, 2001.

During post-1988 Administration of President George H.W. Bush, U.S. Secretary of Defense Dick Cheney had already attempted to revive Russell's old threat; but his proposal was rejected at that time by Bush, Sr. Nearly a decade later, in the aftermath of Sept. 11, 2001, the preventive nuclear warfare policy has been successfully pushed by the same Dick Cheney, now as Vice-President, up to the present time. As some leading circles in various governments already know, a continuation of that new imperial policy beyond the present occupation of Iraq, threatens to drive the world toward a point of desperation which could become the brink of a more or less global, but asymmetric form of nuclear-armed warfare.

Unless Cheney and his neo-conservative confederates were removed from power, the risk of that form of warfare would not only persist, but increase spectacularly. The poorer the other military capabilities of the U.S.A. prove to be, the greater the temptation of Cheney's co-thinkers to launch nuclear warfare. Fortunately, the timely ouster of Cheney is now possible, if, unfortunately, not yet assured.

On this issue, I agree—up to a point—with the concerns expressed by today's proponents of a "multipolar world," but not with that proposal itself. I agree that we must prevent the implementation of the new imperialist doctrines associated with Cheney, et al. Yet, I also see a new source of dangers in the notion of "a multi-polar world" as that term is broadly, and loosely understood today. I think it important to explain why I, speaking from the standpoint of one among several currently leading U.S. Presidential candidates for the November 2004 election, have proposed the notion of a community of principle among sovereign states, as a specific alternative to the inherently self-contradictory concept of a multipolar world. What is needed in the present circumstance, is more or less global support for a clear, positive, unifying, ecumenical principle, such as the principle of "the advantage of the other," which was the pivotal feature of that Treaty of Westphalia which brought the imperial, religious, and related reactionary warfare of the 1511-1648 interval to an end.

My choice of anti-imperialist alternative, is, as I shall explain, the establishment of a global community of principle among perfectly sovereign nation-states. I have presented one aspect of this proposal in a paper entitled, *The Sovereign States of the Americas*, which is being widely circulated currently by my U.S. Presidential campaign. It is not sufficient to defend the principle of national sovereignty; there must be a unifying and integral principle of positive cooperation, a principle which requires each of us to defend the sovereignty of the other nations, as what we see clearly as an indispensable source of historical benefit to our own. The present leaning toward a system of treaty-agreements which would provide much-needed economic benefits, and also efficient security arrangements, throughout the Eurasian continent, points toward the timeliness of the adoption of such a community of principle.

I explain.

I present the case for the adoption of such a principle, in the setting of the challenge presented by the presently ongoing, terminal phase of collapse of the world's present form of monetary-financial system, the floating-exchange-rate system as it has continued to degenerate in both principle and practice since it was initially established during 1971-1972. My argument here will focus upon what I regard as the unavoidable interconnection between two of the leading factors determining the issues and outcome of the current world conflict. I define those factors as follows.

In the first case, my primary focus is upon current new trends in Western continental Europe pointing toward long-term economic cooperation with China and other nations of central and east Eurasia. That trend in policy-making defines an implicit commitment to developing a Eurasian economic bloc of long-term economic cooperation and mutual security among states. This tendency is not yet a solid commitment, but the tendency in that direction has been strengthened during recent years, first since the Autumn of 1998, and, more recently, since the looming of the current general war-danger during the last months of 2002. The hopeful trend in direction of such Eurasian cooperation implies a new quality of long-term economic treaty-agreements throughout much, perhaps all of the Eurasian continent. The success of a treaty-driven Eurasian initiative of that sort would set a pattern for a much-needed, broader reform of relations among nations world-wide.

On the second point: as soon as we put our attention on the subject of Eurasian cooperation, we are compelled to ask ourselves, would such an Eurasian bloc be possible, unless the U.S.A. were induced to reject the presently ominous influence of its own current, imperialist war-party faction? The crucial questions is: Can the present U.S. government be brought to the point, that it will reject the current form of geopolitical war policies of the so-called neo-conservatives, and, then, even tolerate the implementation of a policy of cooperation in economy and security among the nations of Eurasia? Why is U.S. cooperation essential to the successful, longer-term implementation of such a Eurasia policy? Therefore, is such a change in current U.S. policy likely? I know that such a change is possible, but it will be possible only to the degree some of us muster the will and influence to cause it to occur. I shall return to review those questions at the close of this presentation.

Since man is a creature of free will, it is impossible to predict changes in general human behavior of nations in a statistical way. It would be deadly incompetence to propose that we can do better than forecast forks in the road of policy-making by, and among nations. We can foresee the dangers embedded in the future outcome of an ongoing bad policy, and the benefits of an alternative policy.

For example, we know man must explore space, not because we know in advance what we shall find there, but because we must discover what is lurking there, as knowledge of the future opportunities and dangers for mankind on this planet.

So, similarly, we can estimate the location of that fork in the road of history where the forecast decision among choices must be made. We must see the looming future as an opportunity to make great beneficial changes in world affairs. Then, we must prepare ourselves to effect the needed changes in direction, when that fork in the road of decision-making is reached.

We have now reached such a fork in the road of world history. The prospect is, on the one side, terrifying to anyone with the courage to see what lies presently before us; but, the alternatives are wonderful, if we have the wisdom and will to bring those changes about. The prospect of a new dynamic form of Eurasian cooperation is wonderful; we must all work to aid its success. We must also proceed to bring about similar changes in relations among states in the world as a whole.

For my purposes here, I combine the two topics, the Eurasian option and the present crisis in U.S. policy, as inseparable matters. I ask you to join me in reviewing the two prospects, positive or negative, in the light of the strategic implications

of the crisis-wracked political-economic situation inside the U.S.A. today. I begin with the second of the two topics, U.S. policy, which I have just identified here.

## **1. The Threat of Asymmetric Strategic Conflict**

Briefly, the present global strategic crisis is broadly comparable to that of the 1928-1933 interval of collapse of that then-dominant world monetary-financial system which had been adopted in the Versailles Treaty proceedings. There are broad political and economic similarities between that crisis and today's, although I warn that the present economic crisis of Europe and the Americas is much deeper than that of the 1933-1939 interval. Also, given nuclear weapons and related arsenals, the failure to conquer the economic crisis today, would be more threatening to humanity as a whole than anything since the June 1940 actions by U.S. President Franklin Roosevelt and then British Defence Secretary Winston Churchill. I refer to those 1940 actions, taken in the context of the British Expeditionary Forces' evacuation from Dunkirk, actions which produced the initial preconditions for what later proved to be not only the ultimate defeat, by chiefly an Anglo-American and Soviet alliance, of the global imperial ambitions of the Adolf Hitler regime at that moment, but the doom of that regime itself.

The same type of danger experienced during 1936-1940 has now reappeared in a new form, as a relatively immediate risk, a risk which has been accelerating since the series of seismic, global monetary-financial crises of the 1997-1998 interval. The present threat to the planet now posed by Vice-President Cheney's policies, is an outgrowth of the failure of the U.S. government, and others, to deal competently with preceding phases of occasional eruptions—now expressed as the presently onrushing crisis—during the 1996-1998 interval.

To restate the preceding point with greater precision, the threat identified by Cheney's policies is best understood by recognizing his presently expressed intent for nuclear warfare, as the fourth comparable such internal threat to European civilization since Summer 1789. Each and all of the principal threats of this type have characteristic features in common. The first was the 1789 French Revolution with its built-in Napoleonic outcome; the second, the geopolitical war of 1914; the third, the 1939-1945 war; and the fourth, the present re-eruption of what had been the global nuclear-warfare threat launched during 1945-46. All these crises were produced as reactions by a leading circle of private bankers in the 14th-Century Lombard banking tradition, reactions to what they considered a mortal threat to their collective, global monetary-financial interests.

In all four cases, including the case of so-called "neo-conservatives" associated with Cheney, the central political feature of the launching of intended warfare was the role of a notorious freemasonry deployed by a syndicate of those bankers. This freemasonic cult was known originally as the Lyon, France-based Martinists, and has also been known, since the close of the 1914-1917 war, as that Synarchist International which produced the fascist regimes of Italy's Benito Mussolini, Germany's Adolf Hitler, Spain's Francisco Franco, the Vichy and Laval regimes of France, the Japan war-party of the Second Sino-Japanese war, and kindred groups throughout Europe and the Americas. In the U.S.A. today, they are merely typified by the self-styled "neo-conservatives."

All four of these threats have coincided with the eruption of systemic general economic crises. The first, was the financial crisis of the French monarchy, which had been orchestrated over the 1782-1789 interval by the sometime British Prime Minister, the British East India Company's Lord Shelburne. The second, was the set of economic crises of 1905, organized chiefly by the British monarchy of King Edward VII, in his preparations for what became, shortly after his death, the geopolitical 1914-1917 war. The third, following the great financial crises of 1928-1933, was the aborted effort by the Synarchists behind Hitler, Mussolini, and Franco, to combine the naval and other forces of Western and Central Europe for the two-fold objective of, first, destroying the Soviet Union, and, then, conquering the U.S.A. and the other parts of the Americas. The fourth, is the effort, which had been led initially by Russell, to establish world government through terror of nuclear weapons. The latter, renewed effort by the same continuing faction among private bankers and their Synarchist assets today—by the same faction which had been behind putting Mussolini, Hitler, Franco, et al., into power

then—reflects the impact of the presently systemic collapse of the world's 1972-2003, floating-exchange-rate form of the IMF monetary-financial system.

It is calculably foreseeable, that this pattern of the 1789-2003 period of globally extended European history will persist, either until civilization plunges itself into a new dark age of humanity, or until the nations bring an end to the hegemonic role of those so-called independent central-banking systems which are often more powerful than the governments over which they reign. These independent central banking systems represent the special interest of the kind of Venice-style syndicates of merchant banking which was behind the pattern of warfare typified by those four outstanding cases. In the presently evolved state of world affairs, the only way in which such a remedy could be obtained, is through a form of international monetary-financial relations suited to the long-term requirements of that kind of economic partnership among sovereign nations which is now struggling, awkwardly, to emerge on much of the Eurasian continent today.

Stated in those terms, the great strategic issue of today, can be redefined in terms of the need for long-term agreements among sovereign states premised upon public credit at rates of between 1% and 2% simple interest. The presently increasing tendency for long-term economic cooperation among Western and Central Europe, and with both Russia and the nations of Central, East, Southeast, and South Asia, requires a foreseeably massive flow of newly created credit; that, over an initial period of up to two generations' duration. Such a mass of long-term credit for development must occur largely in the form of corresponding treaty-agreements among nations and regional groups of nations. For that purpose, a system of approximately fixed-exchange-rate currencies, akin to the original Bretton Woods system, is required.

The painful lessons of the 1971 collapse of the original Bretton Woods system, show us two things of crucial strategic importance for today. First, that, despite certain radical changes from U.S. President Franklin Roosevelt's post-war intentions under U.S. President Harry Truman, the surviving elements of Roosevelt's original intention of Bretton Woods worked very well in fostering post-war reconstruction in western Europe and many other parts of the world, until approximately the middle to close of the 1960s. Second, that the spread of measures of so-called financial deregulation introduced from the U.S.A. and Britain during the late 1960s, through the 1970s, and beyond, wrecked the original Bretton Woods agreements, and led, stepwise, to the presently hopeless bankruptcy of the present form of IMF system.

It is no accident, that what is happening to the present, floating-exchange-rate monetary system, is, in principle, an echo of that same kind of financial collapse as Europe's so-called "New Dark Age," which overtook the usurious Lombard banking system of the Fourteenth Century. The late-1960s seizure of political control by private interests representing so-called "shareholder value," has produced a cancer-like increase of the ratio of financial gains to physical-economic growth, a process which has driven physical-economic output below a true breakeven-point, but has maintained nominal financial profits of shareholders through an implicitly hyper-inflationary spiral of nominal financial assets driven by wild-eyed monetary expansion.

The result is, that the total of the extant financial claims implicit in the world's present monetary-financial system, far exceeds the foreseeable physical assets of the world economy as a whole. At this point, the U.S. economy is kept from collapsing under the increasing threat of general financial disorder, only by the nearly depleted ability of governments to continue subsidizing the existing monetary-financial bubble with new masses of nominal, essentially fictitious, even electronic-printing-press monetary assets.

So, Europe's Lombard banking system plunged itself into the Fourteenth-Century New Dark Age, during which no less than an estimated one-third of the existing population-level was wiped out. Now, as then, the crucial political issue is: shall government cancel, or defer payment of the unpayable portion of hyperinflated financial debt: or shall financier interest loot the government and its population to the degree of causing a recurrence of something resembling that New Dark Age? Shall the government protect the nation and its people, or defend the private financier interest by destroying much of its own population? Nothing less deadly than that is the choice before the nations now. That has been, increasingly, the general state of world affairs for more and more of the world, since the October 1987 collapse on the U.S. stock exchange.



The nexus of modern society's financial crises and wars, is essentially the following.

As long as nations remain sovereign, they have the lawful authority, under the superior rule of natural law, to put bankrupt financial institutions into receivership for government-supervised financial reorganization. This means the authority to extinguish the fictive existence of useless enterprises and financial claims, and to sustain and promote those bankrupt, public or private enterprises which are needed in service of the essential public interest. In such proceedings, the natural-law principle known by such names as "the general welfare" and "common good," rightly prevails over contrary claims which might be advanced by special interests. Under conditions such as those, the usurious shareholder-interest becomes the menacing adversary of the very existence of any government which is committed to the natural-law principle of the general welfare. Under such conditions, predatory wars between nations, become likely. Under such conditions, the impulse from among much of private financier interest, is expressed as the wish either to destroy the existence of all sovereign nation-states, or to reduce existing nations or other forms of local self-government to mere objects of some form of an imperial rule established on behalf of rentier-financier interests.

## **The Shelburne Syndrome**

In medieval and modern European history, the relevant model for new empires is the Rome of the Caesars, as the British East India Company's Lord Shelburne's imperial will was expressed by such among his lackeys, as the historian Gibbon, the so-called economist Adam Smith, and the leader of his Secret Committee, Jeremy Bentham. The case of Shelburne's decades-long preparations, since 1763, for, and direction of the period of the successive phases of the 1789-1815 French Revolution, is the model for such a modern European form of that quality of imperial design.

However, to understand extended European history since 1789, we must add a qualification. Although Shelburne's referenced model of Empire is that of the Caesars, the more immediate variety of that model is that of that de facto imperial maritime power of the financier oligarchy of medieval Venice, an imperial power which Venice maintained through such forms of collaboration with the Norman chivalry as those so-called Crusades of the interval from the Norman conquest of England, deep into the Thirteenth Century. During the course of the Seventeenth Century, the emergence of the Anglo-Dutch Liberal model of imperial maritime power as the successor to Venice, a power exerted by a financier oligarchy, emerged to become the principal factor in determining the history of European civilization to date. On this account, the British East India Company of the Eighteenth Century defined itself as "the Venetian Party." The development of the doctrine of geopolitics by the British Fabian Society, is symptomatic of the way Shelburne's Britain earlier had seen the imperial conflict between the Anglo-Dutch form of maritime power, and the threats it located in sources of resistance to that maritime power from the Americas and mainland Eurasia.

So, we have the history of Shelburne's fostering and use of that Lyons-centered, Martinist, neo-Dionysian form of freemasonic cult, that of Cagliostro, Mesmer, and Joseph de Maistre, which was behind both the Jacobin Terror and the rise of Napoleon Bonaparte's empire. The operations of this cult were originally conceived and directed to the ends of preventing that 1776-1783 virtual alliance of France and the Americas, and of the League of Armed Neutrality, which was, at that time, the principal challenge to the imperial designs of Shelburne's British East India Company. The alliance of Spain's Charles III with both the American and French cause, represented, together with the broad sympathy for the cause of U.S. Independence across pre-1789 Europe, a massive threat to the future power of the emerging British empire.

The proposal by Shelburne's lackey Gibbon, for the establishment of a paganist revival of the Roman Empire as a British Empire, and the "free trade" dogma of another Shelburne lackey, Adam Smith, were among the most characteristic expressions of the Anglo-Dutch Liberal model which has played a determining role in global extended European history, from that time to the present. Since that time, the model of Napoleon Bonaparte's imperial tyranny has been what became known as, variously, the Synarchist International and fascism, during the decades following the 1914-1917 war. The cultish

formation known as Martinists or Synarchists, is, today, as then, the creature of a concert of private financier interests corresponding to the neo-Venetian, Anglo-Dutch Liberal model.

To bring the picture up to date, the following amendment must be taken into account.

The special war-time relationship which developed in June 1940, between U.S. President Franklin Roosevelt and then British Defence Secretary Winston Churchill, was premised upon the evidence that certain pro-Hitler forces within the British oligarchy were disposed to join with defeated France in an anti-American, anti-Soviet pact with Hitler's Germany. Churchill was among those in the U.K. whose abhorrence of becoming appendages of Hitler's world empire, prompted them to form a national-patriotic alliance with Roosevelt, against Hitler. Until the war was virtually won, with the 1944 breakthrough at Normandy, even those financier interests of Britain and the U.S.A. which had supported Hitler's rise to power in Germany, remained temporarily loyal to the role of U.S. President Roosevelt's war-time leadership.

After the Normandy breakthrough, a profound shift in loyalties came to the surface, notably in the support for U.S. Senator Harry S Truman's nomination as a Vice-Presidential candidate at the Summer 1944 Democratic Party convention. The nuclear bombing of Hiroshima and Nagasaki, the brutal military suppression of the independence of former French, Dutch, and other colonies, and Winston Churchill's "Iron Curtain" speech, marked the sharp turn to the wild-eyed right which persisted throughout the Truman Presidency, and was checked, temporarily, by the Presidency of the military traditionalist Dwight Eisenhower.

Since the missiles crisis of 1962 and the assassination of President John F. Kennedy, an accelerating process of change came over the U.S.A. and Britain, leading through the U.S. Indo-China war, and through the 1971-72 establishment of the floating-exchange-rate IMF system, into the present, global monetary-financial catastrophe.

Presently, the events of Sept. 11, 2001 have brought the U.S. to the brink of being transformed into an imperial form of fascist dictatorship bent on preventive nuclear wars. Fortunately, the neo-conservative cabal, presently grouped around Vice-President Cheney and Attorney General John Ashcroft, has not yet succeeded in consolidating its intended power, and might be ousted. Nonetheless, it is made clear that a U.S. controlled by that Synarchist interest expressed by the neo-conservatives, is bent upon succeeding where Hitler failed. The difference between 1940 and today, is that, in June 1940, Roosevelt and Churchill cooperated to defend the world from Hitler's global imperial ambitions; whereas, today, the Cheney-Blair partnership typifies the threat of a fascist world empire imposed by an English-speaking interest now centered in what had been formerly President Franklin Roosevelt's war-time U.S.A.

So far, I have done as much as I have actually accomplished in the effort to free the U.S. government from the grip of the so-called neo-conservatives, only because an increasing number of influential patriots have acted in support of what I have been doing in leading the internal resistance to the circles associated with Cheney and Ashcroft. The U.S. of Abraham Lincoln and Franklin Roosevelt has become virtually a sleeping, now slowly awakening giant inside the U.S. institutions. The neo-conservatives and their financial backers are still but a vulnerable, actually tiny, if extremely aggressive minority, which can be defeated if the giant is fully aroused in time. My objective is to rely upon awakening that sleeping giant, so that we might succeed today where true heroes such as Bailly and Lafayette were defeated by the sundry post-1787 follies of a French King and his Habsburg wife, in July 1789. For us, Bailly, Lafayette, Lazare Carnot, and their like are not forgotten; they are our comrades-in-arms in the continuing battle for the cause of civilization. Their war goes on, in our time, and by our hands.

The point has been reached, at which that Synarchist threat could be, and must not merely be defeated, as it was only set back in June 1940. This time, the existence of contemporary means of warfare requires that the Synarchist threat must be eradicated, and the private rentier-financier interest of so-called "shareholder value," must be tucked safely into appropriately regulated constitutional cages within which its inbred, Venetian disposition for rapacity can be kept under

control. We have no choice but to act so; the human and related costs of a new land-war in Asia would be too great for any among us to allow the conditions for that war to be brought about.

## 2. The Eurasian Option

The 1971-1972 creation of the decadent, floating-exchange-rate mode of the IMF monetary-financial system, has produced a complex of paradoxical shifts in the relations among Europe, English-speaking North America, and Australia-New Zealand, on the one side, and the rise of some of the leading economies of East, Southeast, and South Asia.

As a result of a 1971-1972 rigging of the international monetary-financial markets—a rigging effected through agencies including the IMF and World Bank—the relative value of currencies has been rigged to the effect of lowering the relative value of currencies in nations exploited for cheap-labor production of exports for consumption by the G-7 economies; meanwhile, the G-7 economies, led by the U.S.A. and U.K., have been destroying their own relatively "high-priced" forms of basic economic infrastructure and productive employment. The gamblers have taken over the economy, and transformed our farms and factories into virtual mere casinos.

Thus, the 1971-2003 interval has accomplished the common ruin of the prevalent conditions of life of the majorities of populations, in both the G-7 nations, and many of the so-called developing nations, while sending sub-Saharan Africa to a sojourn in Hell. In this process, the internal economies of the G-7 nations, have shifted their essential characteristics, from their former role as producer societies, into an increasingly parasitical, decadent form of "consumer," or "pleasure" societies, a turn reminiscent of the decadence of ultimately doomed ancient imperial Rome. The U.S.A. and U.K. have led in this process, since about the time of the first Harold Wilson government of the U.K.; but, the economies of continental Europe and Japan have also moved in the same general, downward direction.

In this process, there has been a relative advance in the relative technological competitiveness of certain nations of East, Southeast, and South Asia, led by, notably, China, India, South Korea, and Malaysia. This pattern among those nations within Asia is complemented by Japan's continued, but declining success as an industrial-export nation, despite the downshift toward some post-industrial habits, especially since the mid-1980s impact of the notorious "Plaza Accords." Meanwhile, the growth of population in this region, as typified by the cases of India and China, requires a large increase in long-term investment in basic economic infrastructure, long-term investment with increasing emphasis on investment high-technology capital goods. The leading requirement is for rapid increase in long-term gains in productivity per capita and per square kilometer; and, as in the case of China, transforming large areas within its territory into the form of prosperous future communities. The complementary requirement, is for the development of mineral and other natural resources needed to feed the requirements in the more densely populated regions of that continent.

These combined requirements define a new quality of natural partnership of: on the one side, East, Southeast, and South Asia; on the other side, Western and Central Europe; and, in the middle, the characteristically Eurasian economies of the CIS nations. So, Japan has no reasonable economic future, unless it shifts back to a role as a hard-commodity exporter, especially of capital goods, especially to the growing market represented by its neighbors in Asia. The present markets for high-value hard-commodity products from Western and Central Europe, are represented, on the one hand, by high-gain development in East, Southeast, and South Asia, and also the potential Eurasian market typified by Russia and Kazakhstan, which must play a crucial mediating role in economic relations between Europe and the indicated nations of East, Southeast, and South Asia.

The fulsome realization of the great objective economic potential this represents for all those partners, requires a new monetary-financial system of relatively fixed exchange-rates within Eurasia. Under such a reformed system, the credit needed to generate adequate flows of hard-commodity exports, can be generated largely through long-term treaty-agreements designed to create the needed state-backed credits for such growing volumes of trade. Implicitly, this requires a

new international monetary-financial system, as the context within which Eurasian development proceeds over the coming terms of twenty-five to fifty years of capital cycling (two generations).

This also requires a subsumed system of long-term protective pricing arrangements, and related tariff and trade agreements. In general, the states which become party to such agreements must recognize, that the essential responsibility of a government, in creating an issue of national currency, is to take such regulatory measures as are necessary to prevent the price of money from soaring above the former price of standard market-baskets of physical goods and essential services.

That much said, we must now recognize that the attempt to define costs and prices on the basis of competition within a monetary system, is useful only up to a certain limit. When the implications of factors such as basic economic infrastructure are taken into account, policy-shaping must shift emphasis from monetary, to physical-economic considerations. We must examine the situation from the standpoint of the principles of physical economy, rather than some form of monetary doctrine.

## **Money and Physical Economy**

The remaining key question is twofold. First, how should Eurasia develop its economy at this point in history. Second, what is the specific role which the U.S.A. should play in a world which must tend to become dominated by a new Eurasian development-process?

The needed keystone of the arch of progress in Eurasia, from the Atlantic to the Pacific, and to the Indian Ocean, is not money-economy, but physical economy. When we add regard for the future role of the mineral and related potential of North and Central Asia, physical economy means the principles implied by scientist V.I. Vernadsky's notion of the Noösphere. I mean the view of both the ecology and economy of our planet from the standpoint of reference of the three great, phase-space classes of universal physical principles, abiotic, biotic, and noëtic, as defined by Vernadsky's extension of the notion of experimental physical chemistry to the larger domain of geobiochemistry.

As I look at the Eurasian continent from my standpoint in the history of my own republic, the United States, modern European civilization has been divided, by opinion, among principally three, distinct concepts of economy. One of these three, is national economy, a concept of physical economy which the founders of the U.S. republic derived from the successive contributions of France's Jean-Baptiste Colbert and Leibniz's founding of physical economy as a body of science. The second, is the Anglo-Dutch Liberal model, often called "capitalism" today, as codified by the British East India Company's Haileybury School of Shelburne's crew, by such Shelburne lackeys as Adam Smith and Jeremy Bentham. The third is the range of socialist models associated variously with the continental social-democracy and the Soviet system. The collapse of the Soviet and Comecon economies, toward the close of the 1980s, was often perceived by the credulous Americans and Europeans as final proof of the superiority of the Anglo-Dutch Liberal version of "capitalism"; unfortunately for all concerned, the world's most successful form of modern economy, the American System of political-economy of Franklin, Hamilton, Friedrich List, and Henry C. Carey, was not taken into the general equation during that 1989-1992 interval.

Now, the hegemonic present world economic system, a radical version of the imperial British East India Company model, is gripped by the closing phase of a decades-long slide into its present state of general collapse. The characteristic feature of this collapse is the inevitable outcome of any system of political-economy which pursues the increase of nominal monetary and financial values by means of the destruction of the physical-productive forces of what Vernadsky defined as the Noösphere. The currently onrushing general collapse of the U.S. system of generation and distribution of power, a collapse caused by that predatory financial speculation set in motion by deregulation of that system, typifies the mental disease which must now be eradicated from the world's economic thinking. What must be eradicated is blind religious-cult-like belief in that London-born cut-purse of usury, the alleged god of Bernard Mandeville and Adam Smith known as "The

Invisible Hand." What must be eradicated, in effect, is what has become known as the contemporary, radically monetarist definition of "capitalism." What is required is something which is neither the former Soviet model, nor the Anglo-Dutch Liberal model. What is required is a new global standard for measuring the performance of a money-economy, the standard of physical economy. A glance at some essential features of the work of Vernadsky provides the best way of approaching such a review of the history of the world's present political-economic crisis.

The historical root of the present problem is the known history of forms of society, such as legendary Sparta or imperial Rome, in which some people hunted, or herded and culled populations of other people as they were human forms of cattle. The essential immorality of these forms of society was that they, in both doctrine and practice, denied the existence of a fundamental distinction between man and beast. For, if man were merely a beast, than how else should society be composed, but as Thomas Hobbes and John Locke prescribed, as man behaving as a beast toward man, man as a candidate for the Lockean status of another man's property?

In the Anglo-Dutch Liberal model, and its economic dogmas, there is no room for the role of that which sets the human individual apart from and above the mere beasts, the role of what Vernadsky defines as the specifically human, noetic principle of Classical scientific and artistic composition. The entirety of the true progress of modern European civilization and its influence, since Europe's Fifteenth Century, has been premised on elevating all persons to their recognizable place as apart from and above the beasts, as persons whose economic and cultural development to higher powers is the principal obligation of that modern state sometimes known as a "commonwealth." So, national territories ceased to be mere farms on which landlords milked or culled human cattle; modern Europe began to transform those mere farms, thus, into nation-states governed by their obligation to promote the general welfare of all humanity within that realm.

In respect to the role of physical science as such, the source of physical-economic progress, as measured per capita and per square kilometer, is the application of technologies which are derived from the discovery of universal physical principles. No true profit is generated within any economy except as the fruit of the kind of change in cultural practice typified by scientific and technological progress. It is by means of this noëtic capacity, and nothing else, that mankind's population has been increased from the potential of several millions living individuals, available to species of higher apes, to more than six billions today. To call anything else "profit," is to make the name of "profit" a dirty word fit only for the mouths of such depraved creatures as thieves and gamblers.

This specifically human faculty is reflected in mathematical physics by that notion of the complex domain which Carl Gauss specified, in opposition to a sophistry by Euler and Lagrange, in a 1799 paper; a Gaussian notion developed to a certain degree of approximate completeness by Bernhard Riemann.

The related, essential concept bearing upon a science of physical economy, is the understanding that the human sense-organs are part of our biological apparatus, such that our senses shadow the impact of the real universe around us, but imperfectly. As the point is illustrated by modern progress in microphysics, there exist universal physical principles, beyond the direct reach of sense-perception, which we discover as experimentally proven mental solutions to the paradoxes of sense-perception. The significance of the mathematically complex domain for physics, is that it reflects the discrepancy between the shadow-world of sense-perception, and the real universe behind the shadows.

These solutions, as they appear in the domains of both physical science and Classical artistic composition, represent the accumulated heritage of present and preceding generations of mankind, combined, and are the principles by aid of which mankind is able to increase its potential relative population-density as no other species can imitate this. The crucial implication of this for political-economy, is that true profit of an economy as a whole is produced solely as the result of the application of accumulated discoveries of this sort. This poses the crucial problem of all attempts to define a rational form of economic science. The task is to foster that cultural progress associated with the notion of scientific and technological progress; there is no other source, than that, of true profit, of true value.

The great paradox of economy is that true human creativity, as typified by the discovery of experimentally validated universal physical principles, occurs only within the sovereign bounds of the individual personality. However, the realization of these discoveries occurs only through a social process, and also requires those forms of mankind's alteration of the total area of habitation which economists classify as basic economic infrastructure. In a viable form of modern economy, no less than approximately half of the total expenditure of economic effort of society must be allotted to the development and maintenance of basic economic infrastructure. Money is properly created, and managed, only by the sovereign nation-state, and used as a necessary, useful-fictional bridge between the individual and the reality of social processes of the national economy as an integrated process.

This is reflected in the American System of political-economy, as described by Treasury Secretary Alexander Hamilton, as a necessary general division of labor between entrepreneurial ventures such as those of agriculture and manufactures, and the responsibility of government for developing the basic economic infrastructure of the area of the whole nation. In that system, the physical functions of a notion of entrepreneurship premised on sovereign individual powers of creativity—not so-called "shareholder values"—constitute the accepted notion of the legal right to exist of business enterprises. The recent decades of systemic destruction of the true entrepreneur, as in the U.S.A. and Germany, in favor of the financiers' large corporations, typifies the means by which the spread of something worse than economic mediocrity has infested the Americas and Europe. The hypocrites of these times speak much of "human freedom," but do all in their financial-corporate power to crush actual creativity out of its rightful essential place in the economy at large.

Meanwhile, the mental disease called "free trade," has the effect of driving prices on the world market to levels below the true cost of production. The result is a vast destruction of essential physical capital in both the private production of goods and in essential basic economic infrastructure of such categories as production and distribution of power, water management and general sanitation, mass transport of people and goods within both the nation at large and the local communities, and in health-care and education. The result of the recent decades' rampage of monetarist "free trade" dogmas has been a disastrous lowering of the physical income of much of even that portion of the world which had been generators of net physical progress earlier. In effect, the actually produced physical income has fallen, as in the U.S.A. today, below that needed to produce the labor-force at its recent levels.

Money is, by its nature, worse than an idiot, and knows nothing about real economy. Money is needed as a mediation of the role of the creative individual within the society at large; but, money must be regulated to the following included effects: a.) That the price of goods sold must be "a fair price," which reflects nothing less than the true physical price of production, including the physical costs to society of public infrastructure; b.) That the price of labor must reflect the true costs of producing and maintaining the family household at levels of physical improvement consistent with the adopted goals of economic progress; c.) That the accounted costs of improving and replenishing the environment in ways consistent with the long-term goals of society, must include mankind's management and improvement of the Biosphere and its essential abiotic substructure.

The latter consideration strikes with great force as we turn to the physical-economic role of the regions of Central and North Asia in the present and future development of the growing economies of Eurasia as a whole. We have come to the threshold of the need to think of managing and replenishing of the essential mineral resources of that region in accord with the increasing per-capita needs of the growing populations of regions such as East, Southeast, and South Asia.

## **'The Advantage of the Other'**

The crucial political challenge in Eurasia today, is the need to overcome the discrepancy between perceived and actual self-interest of nations and peoples. Currently, Western and Central Europe need East, Southeast, and South Asia, and those regions of Asia need Europe. For both parties, the fulfilment of that need requires the success of the progress of the other. Asia's success depends upon the benefits supplied from Europe, and Europe's economic security requires the successful

growth of the economies of Asia. Both require the keystone cooperation of that Eurasian nation known as Russia. Both require the unleashing of Russia's largely fallow economic-technological potential; and Russia needs the needs of Europe and Asia on this account. The future of all of these requires the relevant development of Central and North Asia.

This specific concept was put forward by the peace-maker Cardinal Mazarin during the period of the 1618-1648 Thirty Years War. The desired outcome of the Treaty of Westphalia was expressed by the work of Mazarin's collaborator, Jean-Baptiste Colbert, in launching the general revival of the economy of France and the scientific progress of all Europe, during the period preceding the great follies of France's King Louis XIV.

The crippling folly of Europe since Louis XIV pushed Colbert from power, has been Europe's general accession, to the present day, to the independent power, superimposed upon the will of governments, of consortia of private merchant-bankers and related financial institutions: the contemporary institution of the "independent central banking system." Originally, the 1787-1789 establishment of the Federal Constitution of the U.S.A., had banned private financier institutions from exerting control over the currency and credit of the U.S. republic. This had been intended to spread to a constitutional reform of France's monarchy, and, thence, to other parts of Europe. The intervention of the London-directed French Revolution prevented that. Since that time, a relatively weakened, or betrayed U.S. government has consented to domination of the U.S. economy by the influence of the British gold standard-system, or, more directly, the U.S. Federal Reserve System installed in the interest of British King Edward VII's New York City asset Jacob Schiff.

However, President Abraham Lincoln had reactivated that Constitutional authority, as President Franklin Roosevelt did, to a large degree, later. The original constitutional design of the U.S. republic gives that authority to the U.S. Federal government; even in the darkest periods, the tradition of that authority lurks, ready to strike to regain its original authority.

In contrast, the Anglo-Dutch Liberal model of parliamentary government is inherently enslaved to the yoke of an independent central banking system. As the history of Europe shows, since 1789, the combined effect of a Habsburg legacy and its rival, the Anglo-Dutch Liberal model, has led to many awful upheavals in European governments, upheavals which reflect, chiefly, the inherent weaknesses built into the Anglo-Dutch Liberal model. Thus, despite the great Civil War which Britain's Lord Palmerston orchestrated in the U.S.A., the U.S. Federal Constitution remains essentially intact, as a form of government today; no nation of Europe, barring the special case of Switzerland, could claim the same.

This means, that if, and when the U.S.A. returns to the original intention assigned to it by the great European Classical humanist movement which sponsored its coming-into-being, it has a special kind of inherent moral authority which could, and must be put to work to the advantage of the world at this present time of crisis. There are two points on which this historically determined, potential role of the U.S.A. is of special importance to the world at large. First, to help in inducing other nations to free themselves from the tyranny of so-called independent central banking systems. Second, to project the intention referenced by the United States' John Quincy Adams for the Americas, in particular, and, implicitly, for the world in general: the establishment of a community of principle among sovereign nation-states. That principle is what the 1648 Treaty of Westphalia recognized as "the advantage of the other."

In contrast, unfortunately, the notion of a multipolar world implies a peaceful arrangement among a collection of individually Hobbesian states. The logic of such a simplistic defense of national sovereignty, is that it leads toward what that pair of British fascists in fact, H.G. Wells and "preventive nuclear warrior" Bertrand Russell, defined as a "world government" derived from the axiomatic assumptions listed in Wells' 1928 *The Open Conspiracy*. All such notions of a peace reached through negotiation of arithmetic calculation of *a priori* axiomatic assumptions, must seek peace, but produce war.

There must be an affirmative principle, not an *a priori* one, but rooted in reality, as any scientific principle is. The principle is the nature of humanity, of the individual as set apart from, and above the beasts. The common defense of our species, so

defined, through an alliance among sovereign peoples each distinguished by dedication to common choice for enjoyment and development of a national cultural heritage, must be adopted as the arrangement through which the species interest of humanity as a whole is assembled for deliberations on common purposes and common actions. The expressed concern by one nation for the advantage of the other, is the bond which brings these nations together for durable forms of peaceful collaboration.

We have passed the time that war should be considered for anything but strategic defense, and that danger itself avoided by developing a community of nations each dedicated to the advantage of the other. The challenge of today's Eurasian continent has become thus the principal battlefield of ideas on whose outcome the future of humanity will depend for generations to come. The United States must, hopefully, play its part in service of that cause.

## **LaRouche in 2004 Press Release**

### **LaRouche: 'The Targetting of Cardinal Sandoval Is an Attempt to Reactivate a Religious-warfare-like Destabilization of Mexico'**

Leesburg, Sept. 29, 2003—Democratic presidential pre-candidate Lyndon H. LaRouche today issued a statement "to express my concern about the attempt by some people to invoke the name of anti-clericalism, to stir up what would be recognized as a Cristero War atmosphere in Mexico." LaRouche warned in particular that "the targetting of the Cardinal [of Guadalajara, Juan Sandoval Iniguez] is seen by experts in such matters as an attempt to reactivate a religious-warfare-like destabilization of Mexico."

LaRouche was referring to reports in the Mexican media last week that Mexico's Attorney General, Rafael Macedo, had opened a criminal investigation into Cardinal Sandoval, his deceased mother, his numerous siblings, and others associated with him, on allegations of drug money laundering. The case was opened at the behest of Jorge Carpizo McGregor, Attorney General under President Carlos Salinas de Gortari (1988-1994).

Carpizo submitted to the current Attorney General's office a document allegedly prepared by an unnamed Mexican government intelligence agency, which charges that Cardinal Sandoval and his predecessor, the murdered Cardinal Juan Jesus Posadas Ocampo, were part of a Vatican strategy to get resources from the drug trade, "a third way of financing.... Cardinal Sandoval Iniguez is the Papacy's man for the full development of the project of financing the Church through funds of suspicious origin," the document handed over by Carpizo reportedly says.

Cardinal Sandoval maintains his innocence, and says that the charges are politically-motivated and relate to the cover-up of the Cardinal Posadas assassination. Carpizo was Attorney General at the time that Cardinal Posadas was murdered on May 24, 1993, and announced, within hours of the assassination, before any investigation had taken place, that Posadas was killed "by accident" in crossfire between two rival drug gangs. Forensic evidence later proved that the 57 bullets which killed the Cardinal came from one direction only, at close range.

The charges against Cardinal Sandoval have begun to polarize Mexico. For example, leading congressional figures have backed the investigation; and on Sunday, Sept. 28, tens of thousands of people in Guadalajara marched in defense of the Cardinal.

The full text of LaRouche's comments are as follows:

"I express my concern about the attempt by some people to invoke the name of anti-clericalism, to stir up what would be recognized as a Cristero War atmosphere in Mexico. I, as a Presidential candidate of the United States, and a defender of



the Lincoln tradition in our relations with Mexico, cannot ignore the fact that very obvious international forces are moving again to try to provoke religious war in Mexico as a way of destroying that nation, as in the 1860s, and on several occasions following that.

"Furthermore, since Mexico is a bordering State with many close family relations across that border, we cannot fail to express concern against such relics of past antics of that same Synarchist International which has become increasingly active in targetting the Americas for destabilizations, as from international fascist leader Blas Pinar's bases in Spain, France, Italy, and elsewhere, since late 2002.

"It is not to be overlooked that the Synarchist International, which is still active today, was the network which brought fascists such as Mussolini, Hitler, Franco, and others to power during the 1921-1945 interval. This Synarchist International is a continuation of the same Martinist freemasonic cult behind both the Jacobin Terror and Napoleon Bonaparte's rule in France. That is the same cult represented by Napoleon III's installation of his puppet Maximilian as the virtual Adolf Hitler of early 1860s Mexico. We also know, that, during the late 1930s and early 1940s, the Nazi Party used a Spain-based Synarchist network inside Mexico for Nazi penetration of many parts of Central and South America. The Synarchist International's agents then included Paul Rivet, and Jean de Menil, and the Jacques Soustelle later used for such Spain-based operations as the attempted, fascist assassination of France's President Charles de Gaulle. This same network has been recently reactivated for operations including the targetting of Central and South America, around international figures such as Spain's Blas Pinar.

"These activations of the Synarchist International were and remain a major, recently reactivated threat to the security of both Mexico and the U.S.A., among other nations. The targetting of the Cardinal is seen by experts in such matters as an attempt to reactivate a religious-warfare-like destabilization of Mexico."

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

**\*Requires Adobe Reader®.**

## History Feature:

### **The American Republics' Fight For Sovereignty, Since 1776**

**by an EIR Research Team**

A common struggle for economic development, and against financiers' imperialism and feudalism, has joined the efforts of patriots in the United States, Mexico, and South America since the U.S. alliance with France and Spain in the American Revolutionary War.

## Economics:

### **CALIFORNIA :**

#### **'Recall De-Reg, Not Davis': Rebuilding Energy and Economy**

**by Marcia Merry Baker and Richard Freeman**

This is excerpted from the LaRouche in 2004 pamphlet, Return to Sanity: Make California a Pilot Project for the Nation, released on Sept. 22 as an intervention into the battle against the Recall in California.

### **The Wreck of Cancún and the End of the 'Washington Consensus'**

**by Lothar Komp**

The Finance Ministers and central bank chiefs from the seven 'leading industrial nations' met once again on Sept. 20, in Dubai, in the United Arab

Emirates, and consulted on the fate of the world economy. Immediately thereafter, the same characters got together at the semi-annual meeting of the International Monetary Fund (IMF) and World Bank, and occupied themselves, among other things, with the possible threats to the global financial system. 'Business as usual,' one might say. But that would be quite mistaken.

## **China Says 'No' To 'Plaza Accord' Pressure**

**by Mary Burdman**

All the continued hullabaloo by the George W. Bush Administration about the fixed exchange rate of the Chinese currency, the renminbi, to the dollar, is getting nowhere. The Chinese remain determined that they are not going to give into the U.S. pressure for the currency to 'float,' by which Washington really means to drastically revalue the renminbi upward against the dollar.

## **In Ukraine, the Economy Has Reached a 'Zero Point'**

**by Taras Telyha**

The end of uncertainty. The start of revival? Each August's anniversary of Ukraine's independence is followed with a multitude of articles, reviews, analytical materials in mass media, with various views on the period since 1991, and attempts to look into the near or distant future. Such reviews allows us to focus upon major problems of development, to crystalize the major items characterizing the essence of the country's reality.

## **International:**

### **Annan's Challenge, Not Bush's Speech, Is the Story at UN**

**by Muriel Mirak-Wiessbach**

As the United Nations General Assembly (UNGA) annual session opened on Sept. 23 in New York, it was clear that the issue of the future of Iraq would be brought onto center stage, and it was hoped that steps to be taken to reestablish the country's sovereignty and independence would be outlined.

### **Israeli Pilots Refuse Occupation Orders**

**by Dean Andromidas**

Twenty-seven Israeli pilots have signed a letter refusing to serve combat missions in the Israeli occupied territories. Although over 500 Israeli reserve Army soldiers have signed a similar letter since early 2002, the signatories of this letter are all officers, including a brigadier general and two lieutenant colonels, making it without precedent in Israel's history.

### **Time and Policy Almost Exhausted in Afghanistan**

**by Ramtanu Maitra**

The Bush Administration, running out of time in Afghanistan, is making yet another half-hearted effort to restore peace and stability in that country. On Sept. 23, President George Bush named his special envoy Zalmay Khalilzad to Afghanistan the new Ambassador to that country. Prior to Khalilzad's official appointment, and in the wake of mounting violence and a worsening security situation, U.S. Defense Secretary Donald Rumsfeld was in Kabul on Sept. 7; and on Sept. 18, Treasury Secretary John Snow. What exactly these senior Bush Cabinet members did in Afghanistan, beyond assuring the increasingly jittery interim Afghan President, Hamid Karzai, is anybody's guess.

## **National:**

### **California Recall Showdown On: LaRouche Forces Out To Defeat It**

**by Harley Schlanger**

With the fate of government in California and the nation at stake in the Oct. 7 vote to recall Gov. Gray Davis, the LaRouche in 2004 campaign is intensifying its efforts to deliver a blow to Vice President Dick Cheney, by defeating the Recall put on the ballot by his corrupt friends and associates.

### **Casino Candidate Bustamante Loses Chips**

### **by Michele Steinberg and Roch Steinbach**

The California Recall 'election,' the end result of Vice President Dick Cheney's energy deregulation policy bankrupting the state, has hit some major bumps in the road. Republican candidate Arnold Schwarzenegger, backed by notorious mega-buck looters like Warren Buffett and George Shultz, has become as popular as a low-budget movie.

### **Mideast Policymakers Tell Bush, Break With Neo-Cons' Debacle in the Region**

#### **by Michele Steinberg**

President George W. Bush's speech to the United Nations General Assembly on Sept. 23 dug him deeper into the hole of isolating of the United States—and distancing himself from voters, such that only 26% of Americans support, or believe in, his request for an immediate \$87 billion more for the Iraq occupation.

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

### **Behind the Hype Over Scarcity of Oil and Gas: U.S. Energy Pirates**

The recent media hype over scarcity of oil and natural gas signals a new round of hyperinflation and financial manipulation by those positioned in commodities, thanks to deregulation. Some updates:

\* The OPEC output cut is being used to justify higher prices this winter. "OPEC cut likely to raise heating bills," blares *USA Today* in a front-page business article Sept. 25. The Organization of Petroleum Exporting Countries voted to cut oil production by 3.5% starting November 1. "Prices are going up," said ABN Amro's head of global commodity marketing. OPEC's decision, said the Atlanta Journal-Constitution, is "certain to raise energy costs."

\* U.S. natural gas: a new report demands more supplies, more deregulation. A National Petroleum Council study was released Sept. 25, which warns that U.S. consumers will pay \$1 trillion in higher gas prices over the next 20 years unless new sources are rapidly developed; it urges construction of pipeline from Alaska, increased drilling in currently protected Federal lands (such as the Rocky Mountains) and coastal areas in Lower 48, etc. Note: Warren Buffett, himself, now a top controller of California "Governator" candidate Arnie Schwarzenegger, is the leading natural-gas-pipeline baron, in the post-Enron era. Mid-American Energy Holdings (majority-owned by Berkshire Hathaway, which is majority owned by Buffett), now owns the major line ("Kern River" pipeline) from the Rockies-to-Calif., acquired from Enron, via Dynegy, in 2002; and also owns the huge Northern Natural Gas Line, acquired from Williams in 2001.

\* Attempts by energy pirates to get in on Russian oil and gas system; U.S. Commerce Secretary Don Evans was in Moscow last week, urging Russia's state pipeline operator, A.O. Transneft, to offer shares to American companies, of the projected new Arctic pipeline. At the top of Evans' agenda: getting in on the prospective oil pipeline to Murmansk—the deepwater port from which tankers could proceed to eastern U.S., etc. Another project, is for liquified natural gas. The idea involves developing the natural gas fields in the Barents Sea, building a liquified-natural-gas plant, a fleet of tankers, an offshore pipeline, and an underwater pipeline to shore.

### **Post's Pearlstein: Gov't, Not Market, Must Build Infrastructure**

The government, not the free market, must take the responsibility to modernize infrastructure, writes Steven Pearlstein, in the *Washington Post* Sept. 25., thus echoing Lyndon LaRouche's campaign for an FDR approach to the problem. Pearlstein notes that the U.S. is still dependent on a 19th-Century innovation, i.e., telegraph poles, which a strong gust of wind could bring down, as hundreds of thousands experienced when Hurricane Isabel ripped through their neighborhoods. The nation has neglected and underinvested in other vital public goods—electric power and natural gas, roads and transit systems, water-supply systems, he writes, due to "misguided" deregulation, and "mindless" tax- and rate-cutting.

Contrary to popular opinion, he points out, the "free" market can not provide these vital services, because private firms would not recoup their investment, as the benefit of investments spreads to the economy as a whole. This is the reason, in fact, why "these activities were originally set up as government activities, or regulated private utilities—and why they still need to be today."

For example, utility companies dismissed the idea of buying more power lines, claiming it would be too expensive. But, as regulated utilities, Pearlstein says, "that's not their decision—it's the American people's call."

## **Even the Media Balks at Fraud of 'Recovery'**

The Bush Administration's "recovery" hoax has become too much even for the news media in recent days:

\* "Is Fed's Recovery Talk All Spin?" asks Peter Morton, rhetorically, in Canada's *National Post*. Federal Reserve governors and presidents are on a massive campaign, "putting out the word that the U.S. is on the road to wellness"; at the same time, pushing the "blame China" line over job losses in manufacturing. Yet, a UCLA Anderson School study found that neither consumers nor businesses have the buying or investment power typically seen in economic recoveries. The Bush Administration is trying to talk down the U.S. dollar, claiming this would stimulate jobs and exports. "The best this administration can do, is try to talk up the economy on the hopes that sooner, or later, everyone believes it," Morton concludes.

\* "Dollar Crash Could Wreck U.S. Economy," warns Ken Moritsugu in the *Detroit Free Press*, a paper in the decimated auto/manufacturing city. As the record U.S. current-account deficit continues to grow, foreign investors could dump their dollar holdings and U.S. investments (such as stocks and bonds), which have propped up the economy, triggering a collapse in the value of the dollar. This would pummel the stock market, drive up interest rates, and push up the prices of imports, he cautions, as well as slam countries dependent on exporting to the U.S. Then, the "herd mentality" of the financial markets could turn the gradual decline, into an "all-out run" on the dollar, a "self-reinforcing downward spiral." "America has in essence been living beyond its means, importing more than it exports, and relying on money from abroad to get by," Moritsugu warns.

\* "Bush Bid To Weaken Currency Could Backfire," cautions the *Washington Post's* Jonathan Weisman, by creating a sudden spike in interest rates and a stock-market collapse. Top Administration officials have urged China and Japan to allow their currencies to rise against the dollar, a move that subjects the world economy to significant risks, some international economists say, all for the sake of appearing to take manufacturers' concerns seriously. As the dollar falls, currency traders would dump dollars on the market, pushing its value to dangerously low levels. Foreign investors, as a result, may reduce their purchases of U.S. Treasury securities. The U.S., in turn, would be forced to boost interest rates, increasing the cost of financing the soaring budget deficit, and raising rates on mortgage and car loans.

## **Wall Street Journal Opposes Asian Currency Revaluation**

Even the Benthamite *Wall Street Journal* is warning against an Asian currency revaluation to drive down the value of the U.S. dollar, a political move peddled by the Bush Administration and rammed through last week's Group of 7 meeting in Dubai. Instead, the *Journal* Sept. 23 urges a hyperinflationary printing of more dollars, relative to the yen, to weaken the dollar—a central bank measure, in opposition to government intervention.

China's pegging of its currency to the U.S. dollar, the editorial insists, is not the problem, despite Treasury Secretary John "Snow's currency job."

Such currency manipulation, the Wall Street mouthpiece warns, could create instability that triggers financial crises, as happened during the late 1990s in Asia, and in the 1970s in Britain. If the U.S. begins to "manipulate currencies for narrow political purposes," i.e., Bush's re-election, then "all bets are off for the rest of the world," the editorial cautions, as "beggar-thy-neighbor" devaluations return.

## **Freddie Mac Delays Earnings Restatement Until November**

Mortgage-finance giant Freddie Mac, under fire over bogus accounting methods related to massive derivatives holdings, said that the restatement of its earnings, which could exceed \$4.5 billion, for the 2000-2002 period, originally scheduled for Sept. 30, will be delayed until November. In addition, the restatement could now be more than the \$1.5-4.5 billion range the company had previously announced.

Freddie Mac blamed the delay not on new accounting errors, but on computer-system changes needed to account for asset transfers and securitizations (the sale of pools of home loans to create mortgage-backed securities).

Meanwhile, the Federal Home Loan Bank of New York, faces troubles because of \$183 million in losses on investments in bonds backed by mobile-home loans, due to rising defaults. FHLB-NY, one of 12 banks nationwide which provide money to home lenders in local communities, has suspended payment of its October dividend to customer banks.

Freddie Mac and Fannie Mae, which buy home loans from banks and other lenders, then bundle them into securities for sale on Wall Street, owned, or had financed, 45% of the \$7.2 trillion U.S. mortgage debt outstanding as of the end of March.

## **World Economic News**

### **Argentina President Kirchner: "I could have brought down the whole IMF."**

For 24 hours after the Sept. 9 deadline, on which Argentina was supposed to pay \$2.9 billion to the IMF, the government didn't pay, leaving the Fund and the international financial community on tenterhooks. "We were in default for more than 24 hours," Kirchner told his closest allies, during his plane ride to New York on Sept. 22. "I could have fallen, but had that happened, the whole IMF would have fallen with me."

Kirchner is right. Lyndon LaRouche remarked after Kirchner signed with the IMF, that Argentina had missed an opportunity to bring down the whole system. Kirchner seems to have realized he had that power in his hands — but failed to use it.

Instead, he subjected himself to a Sept. 23 meeting with nutty George W. Bush in New York, who reportedly greeted Kirchner with a manic shout, "Here comes the man who conquered the IMF!" While private creditors are shrieking about Kirchner's proposal to restructure \$93 billion in debt, with a 75% writedown, George told his Argentine counterpart, "Why, you just keep negotiating hard, don't back down, and fight right down to the last penny with those private [creditors]." Kirchner's government has already made clear it won't be able to complete the restructuring by mid-2004, as the IMF demands, and will have to extend the timeframe to the end of 2004 or even into 2005. It also hopes to convince the Fund to keep rolling over the country's debt, into 2014!

### **German Exports to Asia Increase Five-Fold Since 1993**

Celebrating the 10th anniversary of its founding in Berlin Sept. 24, the Asia-Pacific Committee of the German Industry (APA) reported that trade with the entire Asian and Pacific region has jumped from 28 billion euros to 134 billion, during the past 10 years.

Direct investments of German firms in China have increased by a factor of five, during the same period, which to a significant extent is the work of *Mittelstand* (small and medium-sized) firms. But also Siemens, one of the big firms, has invested massively, and employs 21,000 Chinese workers and engineers, already. All in all, Germany's exports to China increased by 30% during the first six months of 2003, machine exports even by 36%. The increase in exports to Vietnam is 38%, and to Malaysia and the Philippines 17% each, during the same period.

Also India, South Korea, and Russia rank prominently (no figures given here, unfortunately) on the list of leading importers of machines from Germany, the APA said.

The role of the German machine-building sector as a crucial catalyst in that is, however, being undermined by the private banks: VDMA general manager Dieter Klingelberg charged at a Frankfurt press conference. Banks have cut credit lines to *Mittelstand* firms even more, during recent months, so that if that trend is not reversed, 10%, or even 15%, of German firms in the machine-building sector will not be able to survive, he said.

### **Chinese Imports Help German Machine-Builders To Survive**

As the VDMA, the association of machine-building firms in Germany stated Sept. 24, the rapid growth, by 36%, of machine exports to China during the first six months of 2003, has made China the number three importer of German machines, globally, replacing Japan, which has held this position after the EU and the U.S., in the past.

Big infrastructure projects and the related, immense increase of newly established industrial enterprises in China, have created a massive increase in the demand for German machines, the VDMA reports. This trend includes the expansion of German firms in the Chinese market that have begun to establish a sizeable on-site production there, which means they import vital machinery from Germany. Certain categories of machines and machine-tools, as well as special products of electric engineering, have seen an increase of up to 60%, during the first six months of this year, as compared to the same period in 2002.

The Chinese boom, which is also reflected in other Asian countries, has contributed to pushing Germany far ahead of other machine-building countries, internationally: Whereas German machine-builders exported 53% of their annual production in 1992, it rose to 68% in 2002. German machine exporters conquered 19% of the world market in this sector in 2002, leaving far behind the United States with 14.9%, Japan with 12.2%, and Italy with 9.7%.

### **Markets Welcome G-7 Show with Sell-Offs, Currency Turmoil**

Without naming China, Japan, or other Asian countries, the communique of the G-7 Finance Ministers and central bank chiefs gathered in Dubai last week issued calls for "more flexibility in exchange rates." This would be "desirable for major countries or economic areas to promote smooth and widespread adjustments in the international financial system." The statement immediately triggered a dramatic rise of the Japanese yen and the South Korean won against the U.S. dollar on Sept. 22, in both cases, the biggest rise in more than two years. Currency traders bet that the pressure on Asian governments is intensifying, and that they might be forced to stop interventions on the foreign-exchange markets to prevent their currencies from rising too fast against the sinking dollar. The dollar fell sharply against the euro as well, almost hitting the \$1.15 mark.

The currency turmoil was accompanied by another big one-day rise of the gold price. In Asia, the gold price hit \$386 per ounce, compared to the \$381 closing price in New York on Friday, Sept. 19. This brought the price of gold to near the 6-1/2 year high of \$389 reached on Feb. 5 this year, when Colin Powell presented his so-called "proofs" of Iraqi WMD to the UN Security Council to justify the war.

Worldwide, stock markets fell sharply on the same day—most spectacularly in Asia. The Japanese Nikkei index fell by 463 points or 4.24%, the biggest one-day decline in two years. The South Korean stock index Kospi plunged by 4.5%. At the same time, and unusual for U.S. markets, Treasuries were dumped parallel to the stock market sell-off. So much for the overall confidence in G-7 leaders, paper currencies, and the global economic recovery.

## United States News Digest

### Congressional Report Shows Cheney Lied About Halliburton Links

A new report from the Congressional Research Service by Sen. Frank R. Lautenberg (D-N.J.) confirms that Vice President Dick Cheney receives Halliburton deferred salary and stock options. Therefore, Cheney lied Sept. 14, that he has no "financial interest" in Halliburton. The following is taken from a press release today, from the office of Sen. Frank Lautenberg (D-N.J.):

"Senator Frank R. Lautenberg released a CRS Report today that confirms that receiving deferred salary and holding stock options in a corporation does constitute a 'financial interest' under Federal ethics standards. This finding directly conflicts with statements released by the Vice President's office after it was revealed that the Vice President continues to receive deferred salary from Halliburton and holds 433,333 Halliburton stock options. The controversy arose when Vice President Cheney made the following statement on the September 14th edition of Meet the Press:

"'And since I left Halliburton to become George Bush's vice president, I've severed all my ties with the company, gotten rid of all my financial interest. I have no financial interest in Halliburton of any kind and haven't had, now, for over three years.'

"After the Vice President was confronted with information to the contrary, his office continued to deny any financial tie, arguing that by taking out an insurance policy on the deferred salary and assigning his after-tax proceeds from the sale of unexercised options to charity, a financial interest no longer existed. The CRS Report explicitly rejects this dubious line of reasoning, finding that financial ties continue despite those steps."

The new report also addresses the issue of the President and Vice President both being exempt from the enforcement of ethics laws—because it might interfere with their Constitutionally mandated performance of their duties. But the Lautenberg release reports: "The Constitution provides its own remedies against the President and Vice President for ethical breaches."

Figures and specifics are provided by the CRS study, as reported by Lautenberg, for the dollar value of the Halliburton deferred salary payments to Vice President Cheney: \$205,298 in 2001; and \$162,392 in 2002.

Also there is an accounting of the stock options held by Cheney:

\* 100,000 shares at \$54.5000 (vested), expire 12-03-07



\* 33,333 shares at \$28.1250 (vested), expire 12-02-08

\* 300,000 shares at \$39.5000 (vested), expire 12-02-09/

"The Vice President's deferred compensation and stock option benefits are in addition to a \$20 million retirement package paid to him by Halliburton after only five years of employment; a \$1.4 million cash bonus paid to him by Halliburton in 2001; and additional millions of dollars in compensation paid to him while he was employed by the company."

In "an ethically untenable situation," Vice President Dick Cheney "should stop accepting Halliburton compensation while he is in office," demanded Sen. Frank Lautenberg (D-N.J.) on Sept. 23. Lautenberg also officially requested that the Governmental Affairs Committee hold immediate hearings into the contracts Halliburton has received from the Administration, supposedly for work in Iraq, as the value of its large no-bid contract has ballooned to \$1.25 billion. "Congress has the responsibility to look into this immediately, before more taxpayer money is placed in Halliburton's bank accounts," he said. Sen. Joe Lieberman (D-Conn) opportunistically co-signed the request in a Sept. 23 letter to Sen. Susan Collins (R-Me), chairman of the Committee.

## **Plan To Call Up Army Reserves Angers Military Families**

The U.S. Army's decision to keep its reservists in Iraq for 12-month tours has sparked a growing movement of protests among the families of those deployed. Websites, created by families of deployed soldiers, are springing up, gathering petition signatures demanding that President Bush bring the troops home. The wife of a deployed soldier in the Michigan National Guard is reporting that three-quarters of his unit are planning to quit as soon as they return home from their tours, which could be four months longer under the new policy.

Florida Sen. Bill Nelson (D) is threatening to put on hold the nomination of James Roche as Army Secretary, if the policy is not changed. Nelson is warning that if National Guardsmen are taken away from their families and jobs for extended periods of time, re-enlistment rates will suffer. An 1,800-man regiment of the Florida National Guard was activated in December and has been in Iraq since April. Some officials are even warning that the stress and strain on the Guard and Reserves could break the system which augments the active-duty force in times of emergency.

## **Islamic U.S. Army Officer Arrested**

U.S. Army officer of Islamic faith who had counselled al-Qaeda prisoners in Guantanamo Bay, Cuba, was arrested in early September by FBI agents in Jacksonville, Florida, as he deplaned from a military charter from Guantanamo. Capt. James J. Yee, a convert to Islam, and a 1990 West Point graduate, was interrogated by Federal agents for two days in Jacksonville, then transferred to the Navy brig in Charleston, South Carolina, where he is being represented by two Army lawyers. The Army has charged him with sedition, aiding the enemy, spying, espionage, and failure to obey a general order—and is said to be weighing charges of treason. However, a law enforcement source told the *Washington Times* on Sept. 23 that it was not the Army, but "the highest levels of government" that made the decision to arrest Yee.

The *Times* also reported that the specifics of the allegations against Yee could not be learned.

After 9/11, Yee—one of 17 Islamic chaplains in the U.S. Army—was the subject of numerous press articles and interviews, in which he spoke on behalf of traditional Islam, repudiating the terrorist attacks as prohibited by Islamic law. He joins U.S. citizens Yasser Hamdi and Jose Padilla—two high-profile "enemy combatants" already under detention at the Charleston brig.



## **Hurricane Isabel Damage Shows Necessity of LaRouche's California Pilot Project**

The lesson for Washington, D.C., and its Hurricane Isabel electricity/water outages: reregulate and re-hire a full utilities workforce to 'make the system work,' until a better one is built. These are specifications from the new LaRouche in 2004 presidential campaign pamphlet, "Return to Sanity—Make California the Pilot Project." The Greater Washington, D.C. Metropolitan area still has extensive outages of electricity and water problems, the result not simply of being in the way of storms, but from the vulnerability of the deregulated utilities infrastructure base, and a severe cutdown in numbers of utilities workers.

As of the evening of Sept. 24th, power was still out to 476,700 Virginia electric customers statewide. One week after hurricane Isabel hit the region, 60,000 in the Washington DC area are still without power; traffic signals are still out; some schools are still closed; and power companies are saying it will still be several days before every household has electricity.

## **Neo-cons Push Air Traffic Control Privatization**

The neo-cons running the Bush Administration have sneaked behind Congress' back to get the first privatization precedents into the U.S. Air Traffic Control system — up until now, the biggest, safest, and best in the world.

On July 24, the Congressional Conference Committee, chaired by Rep. Don Young (R-Ak), under pressure from the Bush Administration, axed the language of bills passed by overwhelming bipartisan majorities in the Senate (56-41) and the House (418-8), which abandoned privatization forever. Instead, the Conference Committee limited the protection of the air traffic control system to only four years, and allowed privatization in 71 towers around the United States.

While the privatization proponents have put out the line that only "rural airports" are involved, in fact, the tower in Van Nuys, California — the eighth-busiest tower in the United States — is included.

## **Who Is In Howard Dean's Empty Suit?**

by **Anton Chaitkin**, Courtesy of the *New Federalist*

The hype in the Wall Street-owned media promoting the Presidential candidacy of former Vermont Governor Howard Brush Dean III, peaked at the beginning of August.

*Time* and *Newsweek* both ran blazing Dean cover stories appearing Monday, Aug. 4 (issues dated Aug. 11). The Aug. 3 *Washington Post* had a big front-page Dean profile.

In the headlines, Dean criticized the Bush Administration's war policies—a political posture which he assumed for the first time in his life at the beginning of 2003.

Meanwhile, Wall Street is assured that Dean is a fiscal conservative. The *Time* story quoted Dean as saying that if welfare recipients "had any self-esteem, they'd be working," and later apologizing for the remark.

## **Learn to Live With Lower Wages**

His recent anti-war rhetoric comes as something of a surprise for Vermonters. During his 1991-2002 governorship, Dean had no national or global focus, outside of "fiscal conservatism." He presided over the disappearance of the state's machine

tool plants, and the decline of its dairy farming and lumbering. But Gov. Dean cut the state's budget. He praised post-industrial yuppie cottage enterprises and the potential of windmills, as the alternative to productive industry with its unpleasant high-paid union labor. Dean was such a darling of his Wall Street friends that they raised Vermont's bond rating, despite the gutted economy.

In his January 1996 State of the State Budget Address to the legislature, Dean said that "some workers are simply not earning as much as they used to.... Lower salaries mean less revenue for state programs." But his *response* to this national economic plunge was *not* to fight for an FDR-style economic recovery. On the contrary, Howard Dean said, "We must eliminate any potential deficit by the end of this fiscal year; balance our budget and live within our means; limit spending ... and establish a budget stabilization fund."

In 1995, Gov. Dean said that the way to balance the budget is for Congress to "cut Social Security," raise the Social Security retirement age to 70, cut defense, Medicare and veterans' pensions, while the states cut almost everything else.

But *AP* reports that when this was pointed out to Dean, on Aug. 6, 2003, he said that yes, he said this in 1995, but no longer thinks it necessary. After all, he now represents himself as "the Democratic wing of the Democratic Party."

## **Yale, Bush, and Wall Street**

Howard Brush Dean III comes from a long line of Wall Street Republicans, with a proximity to the Bush family which has been of little interest to the mass media.

His grandfather, the first Howard Brush Dean, graduated from Yale in 1918, and got into the personal circuit run by the Averell Harriman clique. Grandpa worked 1919-21 for the Guaranty Trust Company, the power base for financier George Herbert Walker, who organized the W.A. Harriman & Co. private bank in November 1919 and became the Harriman bank's chief executive. G.H. Walker's daughter Nancy was a bridesmaid at the wedding of grandpa Dean on April 10, 1920. The following year, Nancy Walker took part in her sister Dorothy's wedding to Prescott Bush, grandfather of the current President.

Also, Dean has boasted that President George W. Bush's mother's mother, Pauline Robinson, was a bridesmaid for Howard's mother's mother, in her Rye, N.Y. wedding.

Perhaps a transfer of power from Bush to Dean would be as natural as—a succession within the royal family.

Yale University students, predominantly members of the Harriman/Bush secret Skull & Bones Society, organized Pan American Airways; many top Pan Am people lived on Florida's Jupiter Island with the Harriman and Bush families. A broker and stock exchange governor, grandpa Dean was vice president and director of Pan Am from 1943 to 1950, while Prescott Bush was a director of Pan Am.

Candidate Dean's father, Howard Dean, Jr., also a Yalie, worked for daddy's Pan Am and then expanded the family fortune as a stock broker.

Howard III, too, went to Yale. He got out of the Vietnam War draft due to a "bad back"—then had a month of luxury skiing at Aspen, Colo. He started out on Wall Street, got bored, became a doctor, got bored again and went into politics.

Throughout his career as Lt. Governor and then Governor, Howard Dean turned over much of the political and economic decision-making to his own personal portfolio manager, Harlan Sylvester, of the Salomon Smith Barney investment firm.

Sylvester today continues as the banking oligarchy's permanent economic controller of Vermont. He explained the necessity of Dean's dramatic tax cut for the wealthy in Dean's first year as Governor: "One-quarter of 1% of Vermonters pay 16% of state income taxes. That's 829 people, and a lot of them are clients of mine."

## **Which Wing of the Democrats?**

Candidate Dean sometimes speaks of peace. But he also demands that President Bush "take a much harder line on Iran and Saudi Arabia." He claims that Iran, Saudi Arabia, Syria and Libya are funding Palestinian terrorists and fuelling terrorism throughout the world.

When he recently suggested, to please liberals, that the U.S. should not take sides between Israel and the Palestinians, and got criticism, Dean immediately backed off and said he didn't mean it.

## **Ibero-American News Digest**

### **Privately, Bankers Admit Ibero-American Debt Risks Are Big**

The "Brazilian economic model" should be followed by Argentina, and all of Ibero-America, World Bank Vice President for Latin America David DeFerranti told Argentine daily *La Nacion* during the IMF annual meeting in Dubai, in an interview published on Sept. 22. DeFerranti waxed poetic on President Lula da Silva's "aggressive program for growth and development," and "healthy fiscal policy," which has "restored [investor] confidence." He did, however, allow a tinge of nervousness to creep into his voice, when the interviewer asked him whether there were any parallel between the Argentine crisis of 2000, and the Brazilian situation today. "The context is different, with a floating exchange rate and profound work in the fiscal area," DeFerranti hastily noted. "Of course, there are always risks, but I don't think you can compare the situations."

On the sidelines of the Dubai conference, private bankers are apparently speaking a little more frankly about Brazil, expressing worry about Brazilian President Lula's ability to handle his country's gigantic debt burden. Argentine Finance Ministry sources told *La Nacion* that the possibility of an eventual Brazilian debt default "is on a lot of people's minds."

### **IMF Threatens Argentina: Kill More People, Or Else.**

Both in its just-released *World Economic Outlook* report, and in comments from Chief Economist Kenneth Rogoff, the International Monetary Fund has told Argentina that its future depends on whether it imposes further murderous "structural reforms." Rogoff, speaking at a Sept. 18 press conference in Dubai, also warned that Argentina must make an acceptable deal with private creditors to restructure \$94.3 billion in debt, on which the government defaulted in December 2001.

Rogoff's blackmail is that if Argentina doesn't reach a deal with creditors, this will affect its international trade, and "it may experience other problems which lead to growth slowing down," such as a loss of trade credits. Besides, he added, the recovery of which the Kirchner government boasts "is not so exciting," when compared to other countries which suffered debt crises—he mentioned Asian nations as an example—but had much better "rebounds," even while they continued to pay their foreign debt. Argentina, on the other hand, has paid almost nothing, he complained. Rogoff then warned that the country's recovery will remain "vulnerable," unless it imposes the killer reforms the IMF demands: a more "flexible labor market" (i.e., no benefits or protections for workers), restructuring the banking system, and imposing more austerity on provinces. Public finances are currently "unsustainable," he said, and "juridical security"—guaranteeing creditors' "rights"—is not yet strong enough.

And as for the debt restructuring plan presented at a Sept. 22 press conference in Dubai by Argentine Finance Minister Roberto Lavagna, Wall Street was furious. Although creditors can swap their old debt for different types of new, long-term discounted bonds—one type reduces the amount of principal, while another reduces only the interest rate—the overall plan is effectively a 75% writedown of the entire amount. Representatives of the creditors were enraged, labeling the plan "scandalous," and "not serious." Many warned they would go to court, rather than accept Argentina's terms.

## **Remittances Are Propping Up Mexico's Finances**

Cash remittances sent back home from Mexicans living in the U.S. are now a larger source of foreign funds for Mexico than direct foreign investment or tourism.

Nowhere is the need for Lyndon LaRouche's Great American Desert infrastructure development program made clearer, than in the following statistics: For the first six months of this year, cash remittances to Mexico from Mexicans resident in the U.S. totalled \$6.13 billion, a 29% increase over the same period last year; and for July, they totalled \$1.12 billion, a 33% increase year on year over July 2002. Should this trend continue, 2003 remittances will exceed the record \$9.81 billion sent in 2002. Even more striking, and revealing the true state of the Mexican economy, is the fact that in four states—Jalisco, Michoacan, Guanajuato and Zacatecas—the remittances sent from U.S.-based Mexicans, were larger than the amount of funds these states receive from the federal government.

President Vicente Fox was so manic about the income flow, that he told the press after meeting with Mexican-American businessmen on Sept. 25, that remittances "are our principal sources of foreign income" (which is not the case, as oil still takes the lead), and that "the 20 million Mexicans in the United States generate a GNP which is slightly greater than the \$600 billion generated by Mexicans in Mexico."

## **Former Salinas Official Launches Dirty War on Mexican Cardinal**

The opening of an investigation by the Mexican Attorney General's office into alleged narco money-laundering charges by the Roman Catholic Cardinal of Guadalajara, Juan Sandoval Iniguez, stinks of the Synarchist's efforts to trigger a re-run of the 1920's-1930's Cristero War in Mexico, to sink the country in chaos. President Vicente Fox's Attorney General, Rafael Macedo, opened the investigation into Cardinal Juan Sandoval Iniguez, his deceased mother, his numerous siblings, and a few others politically associated with him, on behest of Jorge Carpizo McGregor, one of the filthiest politicians in Mexico, who served as Attorney General under President Carlos Salinas de Gortari.

The existence of the investigation, which reportedly started much earlier, was revealed only on Sept. 11 by Reforma daily, which reported that the Attorney General's anti-organized crime and money-laundering divisions had sent an official request to the National Banking and Stock Market Commission, that any and all financial accounts, inside or outside Mexico, of Cardinal Sandoval and his family, be examined. At least one bank account of the Archdiocese of Guadalajara has reportedly been frozen.

Carpizo has gone so far as to hand over to the current Attorney General, a document allegedly prepared by an unnamed Mexican government intelligence agency, which charges that Cardinal Sandoval and his predecessor, the murdered Cardinal Juan Jesus Posadas Ocampo, were part of a Vatican strategy to get resources from the drug trade, as "a third way of financing."

Cardinal Sandoval responded that the Carpizo-initiated investigation is a blatant political hit, which seeks to silence him, and anyone else demanding a real investigation into the assassination of his predecessor, Cardinal Posadas Ocampo, on May 24, 1993.

Carpizo was the Attorney General when Cardinal Posadas was murdered. Within hours of the assassination, he told the nation, before any investigation had taken place, that the Cardinal had been killed "by accident" in crossfire between two drug-trafficking bands. When forensic evidence proved that the 57 bullets which killed him came from one direction only, at close range, Carpizo modified the story, to say that the Cardinal was killed, when one drug gang "mistook" him for the top trafficker of their rival band! That, to this day, is the official line on how Posadas was killed.

Since 1993, Posada's successor, Cardinal Sandoval, has refused to let the case be closed, charging that the assassination was "a state crime," and those responsible must be brought to justice.

The investigation of Sandoval is polarizing the nation, with many of the people taking sides on whether Sandoval should be investigated, doing so according to their profile, whether "Catholic" or "anti-clerical." The "anti-clericals" say no one is above the law, and he must be investigated; some within the Church are talking of this as renewed "persecution of the Church."

### **Salinas Offers to "Help" Fox Get IMF Reforms Passed**

Former Mexican President Carlos Salinas de Gortari announced that he wants to "help" current President Vicente Fox ram through "structural reforms," in a high-profile interview to *Reuters*, published on Sept. 23. Salinas stressed that how important it will be to get fiscal, labor, and energy reforms approved in the next few months. Above all, Wall Street and its affiliated synarchists want to guarantee the privatization of the energy sector, and Salinas has put himself forward as the man to "help" the discredited and weakened Vicente Fox achieve this. In coming months, Salinas said, "the voices that will count, will be those that are well informed, and have a positive and constructive attitude, and among those, you will find mine.

"*Reuters*, of course, boosts Salinas as just the man to "offer the weak Fox government some air," although it adds a comment by a prominent political analyst, who reports that "seven of every ten Mexicans still think [Salinas] is the incarnation of Satan."

### **Brazil Says Only U.N. Can Secure Peace in Iraq**

"A war can perhaps be won single-handedly. But peace — lasting peace — cannot be secured without the support of all," Brazilian President Lula da Silva stated in his speech before the United Nations General Assembly opening on Sept. 23. Only under the leadership of the U.N. can the "impasse" in Iraq be overcome, and the U.N. must have a guiding role in restoring Iraqi sovereignty, "as soon as possible," he stressed.

There are "worrisome signs" of an attempt to discredit the United Nations, and divest it of its authority. "Let there be no ambiguity on this subject. No matter how invaluable its humanitarian work, the United Nations was conceived to do more than simply clear away the rubble of conflicts it was unable to prevent. Our central task is to preserve people from the scourge of war.... Let us not place greater trust on military might than on the institutions we created with the light of Reason and the vision of History."

The Brazilian President pointedly said that nations which practice democracy, must work to ensure that also takes place in the decision-making in international affairs. He called for the ranks of the permanent members of the U.N. Security Council to be expanded to include developing sector nations, and made clear Brazil wishes to become part of it, to represent its region. The General Assembly, too, has the legal means to provide an alternative "to a veto-induced paralysis."

He returned to his theme that the war that is needed today, is the one against hunger, the hunger which a fourth of the

world's population, including 300 million children, suffers. Lula reiterated his proposal for a Global Fund to Fight Hunger, and proposed that the UNGA set up a World Committee to Fight Hunger, made of Heads of State from all continents.

## **Tensions Rise Between Bush and Lula Administrations**

President Lula da Silva was visibly annoyed during President Bush's address to the UN General Assembly, and barely clapped at its conclusion, in notable contrast to his response to France's Jacques Chirac, Brazilian daily *O Globo* reported Sept. 24. Nor did he attend the heads-of-state reception given by Bush that evening.

The Bush team is not happy with Brazil's role leading developing sector hardliners at the WTO meeting in Cancun. Trade Representative Robert Zoellick singled out Brazil by name at least three times for being a leader of the "culture of protest" at the WTO meeting, in a thuggish op-ed published in the Financial Times on Sept. 22. (What infuriated Zoellick most, is that Brazil declined to work with the U.S. against the European Union, "turning instead to India, which has never supported opening markets.")

Brazilian Foreign Minister Celso Amorim told journalists in New York that Lula had complained to Bush about the singling out of Brazil for the WTO collapse. Lula, for his part, told the Council on Foreign Relations on Sept. 25, that he had told Bush: "We don't want to be treated as second class citizens."

## **Insurrection by Soros-backed Coca Growers Threatens Bolivia**

The FARC-linked coca growers movement in Bolivia, which *Executive Intelligence Review* has documented to be an integral part of George Soros's drug legalization apparatus, launched "a war for gas and coca" in the third week of September. At least seven people have been killed so far, and scores more wounded, as a result of violent confrontations between the Army and coca producers ('cocaleros'), who are blockading highways, seizing hostages, and cutting off food supplies and other commerce from major cities, the capital included.

The ostensible excuse of what is shaping up as a full-scaled uprising against the Sanchez de Lozada government, is opposition to the government's plan to export natural gas to the United States through Chilean ports. The coca producers, including drug legalizer Evo Morales and his cohort Felipe Quispe, aka "El Mallku," are taking advantage of the widespread and quite fervent opposition to the gas plans. The opposition is both because the deal will allow the multinationals sell the gas, at almost nil benefit for the nation, and because it favors Chile. The issue of Bolivia using Chilean ports is an emotional one, stemming from Chile's seizure of Bolivia's Pacific coast during the 1879-1881 War of the Pacific.

The mobilizations are directed against mechanization of agriculture, the Free Trade Area of the Americas (FTAA), and the government's land distribution law, but are also demanding legalization of coca production. On Sept. 19, Morales declared "a war for gas and for coca," while Quispe threatened that road blocks would go on for months, until the "murderers" in the government are ousted. Peasant marches and mobilizations have occurred both in La Paz and Cochabamba, as well as in other locations around the country, but became especially violent over the weekend of Sept. 20-21, when the Army had to rescue 800 tourists who were unable to leave the town of Sorata, because of road blocks. The Army rescued the tourists, but when cocalero snipers shot at the caravan of vehicles bringing them out of the town, a violent confrontation ensued in which five people were killed. Further violent clashes occurred on Sept. 22, after Army troops attempted to remove roadblocks on the highway between the capital of La Paz and the city of Oruro, to the south.

## **Western European News Digest**

## Italian Senators file parliamentary inquiry on Cheney's Role in WMD Fraud

Sen. Oskar Peterlini and nine other Italian senators, two of whom belong to the government majority, have filed a written inquiry with the ministers for Foreign Affairs and Defense, asking, among other things, that the Italian government distance itself from the Cheney-manipulated Iraq war policy and promote an international clarification on the issue. The action was taken during this last week.

The text of the inquiry begins by mentioning the "international debate on the truthfulness of information regarding possession and possible imminent use by Iraq of weapons of mass destruction and of nuclear material, which, during the weeks preceding the Iraq war, have been of decisive importance for the USA, Great Britain, and the other nations in rejecting the UN mediating role and justifying the war against Iraq."

It proceeds: "The American press mainly, but also representatives of American and other countries' institutions, are raising questions about the primary role played by US Vice President Dick Cheney in using dubious information, eventually leading to a justification of the war against Iraq."

The text then mentions Joseph Wilson's mission and statements that Cheney received his reports; Sen. Byrd's June 24 intervention in the Senate; Henry Waxman's letters to government and Congress on Cheney and the Wilson mission; and Robin Cook's *Guardian* interview.

It comes then to a conclusion preceded by the usual stretto: "Considering that ... a war has been fought as a consequence of such information which many insist to be dubious or even false; around these facts the new strategy of preventive war was initiated, and those same representatives of the so-called neo-con group around Cheney in the current US administration, who had advocated a war against Iraq, have presented plans to make more wars against so-called 'rogue states'; this information has been used to neutralize and exclude the United Nations from its international mediating role in situations of severe crises.

"We therefore ask: whether the Italian government is informed of such developments; whether it has initiated an analysis of these facts; whether it intends to reflect on the strategic and military consequences of the abovementioned facts; whether it has already drawn conclusions which could even lead to a review of Italy's strategic-military decisions, such as Italy's participation in military or other kinds of operations; whether it intends to propose in the appropriate international fora — such as the EU, NATO and the UNO — initiatives aimed at bringing more clarity on the case; and whether, above all, it intends to undertake an effort to give back to the UNO its historic and proper role of mediation and war prevention, whose authority has been badly hurt?"

The inquiry has been signed by Senators Peterlini, Cortiana, Fabris, Di Siena, Gubert, Malabarba, Baio Dossi, Betta, Boco, and Forlani.

## Russia and Central Asia News Digest

### Two Triangular Meetings During UN General Assembly Session

The "anti-war three"—Presidents Jacques Chirac and Vladimir Putin of France and Russia, and German Chancellor Gerhard Schroeder—met on Sept. 24 in New York, where they were attending the annual fall session of the United Nations General Assembly. All three leaders reiterated that they do not intend to send troops to Iraq. Russian Deputy Foreign Minister Yuri Fedotov reiterated Sept. 22 that, if anything, Russia would consider joining a UN peace-keeping mission to separate the two conflicting parties of Palestine and Israel. Fedotov said that American troops should leave Iraq, and

instead join such a UN force in the Middle East, which would make more sense in the eyes of Russia.

On Sept. 23, China, India, and Russia agreed to adopt a common approach on Iraq. The three great Eurasian powers held the second "triangular" meeting of their foreign ministers, at the UN General Assembly in New York. This year, the meeting was hosted by India's External Affairs Minister Yashwant Sinha, who met with Foreign Ministers Igor Ivanov of Russia and Li Zhao Xing of China. Afterwards, Sinha announced that there was "unanimity that what was required in Iraq was not sending more troops but a political solution that will see the return of sovereignty to the Iraqi people, a return of governance." Iraq does not need more troops, Sinha said, but a political solution, and return of sovereignty. "This will be the approach and we decided to work together on the new resolution on Iraq," he said.

The three discussed many other issues, but Iraq was most important. Sinha said that India would be working with China and Russia on a new resolution on Iraq that is to be placed before the Security Council. "We have adopted a common approach, and we have asked our ambassadors at the UN to work together on this and, if necessary, take the help of experts to firm up a proposal," Sinha said.

The three nations have also agreed to work out a common approach to reform of the United Nations, and have asked their ambassadors in New York to work on this together, and do what they might think necessary to evolve a common position, Sinha said.

"We also discussed about trilateral cooperation among the three countries, and we decided that this is again something which could be remitted to an expert group which will identify the areas in which there could be trilateral cooperation," Sinha said. He said that the Russian Foreign Minister invited him and the Chinese counterpart to Moscow to have further discussions on the issues. Sinha described the meeting as "very substantive."

## **Putin Stresses Strategic Importance Of United Nations**

Russian President Vladimir Putin devoted his Sept. 25 speech before the United Nations General Assembly, to the theme of the importance of the UN in our time. He reviewed the accomplishments of the UN, urged utmost caution in any moves towards changing its structure, and said that tensions within the UN as a whole, and within the Security Council, stemmed from conflicts among the policies of its member nations. In an indirect attack on the U.S. unilateralism, for which Secretary General Kofi Annan and others had chastised Washington implicitly, Putin said that "to be a great power means to be together with the world community; to be a truly strong, influential state means to see and to solve the problems of small nations and economically weak countries."

## **Putin Active In New York Before Bush Summit**

Speaking at Columbia University Sept. 25, Russian President Vladimir Putin called for new types of studies of Russia and the United States, noting that American Sovietology and the Soviet school of American studies, or, as he said, of American imperialism studies, "searched for weak points in our political systems and collected instruments for dealing various blows to each other, rather than studied the unique and rich civilizations of America and Russia."

Putin also visited the exposition of the Bakhmetyev archive in the Butler Library, Columbia University, which is one of the largest archives of Russian documents abroad. Putin gave the archive a number of duplicate documents, including the June 20, 1808 Decree of Emperor Alexander I about appointing A. Dashkov consul general in Philadelphia and Russian charge d'affaires in the USA, and the message of then Russian Foreign Minister Gorchakov to the Russian envoy in the USA, E. Stekl, about Russia's policy on the Civil War in the United States.



On Sept. 26, before departing to begin two days of meetings with President George W. Bush at Camp David, Putin had a private meeting with Henry Kissinger, and visited the New York Stock Exchange.

Before leaving Russia, Putin gave a four-hour interview to U.S. journalists. Calling the upcoming summit with Bush "a can-do situation," Putin said he did not "exclude more active involvement of Russia in the restoration of Iraq, including the participation of our military in the normalization of the situation." He said that the American military could be in charge, but "what matters here is that this decision be taken by the Security Council of the UN, and that they spell out the terms."

Putin responded to the State Department's human rights attack on Russian activities in Chechnya as a "double standard." "Are you sure everything is all right in Iraq..., or take Afghanistan?... Or, should I recall for you the tragic events that took place?" He also brought up the Guantanamo prisoners, including some Russian citizens.

He insisted that the arrest of Yukos Oil executive Platon Lebedev and the charges against CEO Mikhail Khodorkovsky were not his doing, and that it was "total nonsense" that it had to do with the oligarchs financing opposition parties.

### **Yukos Denies Kissinger Is Paid Agent For Khordorkovsky**

In response to an earlier article in which it was reported that Henry Kissinger was in Moscow as a paid agent for Yukos head Mikhail Khordorkovsky, attempting to arrange a deal between Yukos and ChevronTexaco or another major U.S. oil company, a key Yukos executive has denied that Khordorkovsky pays money to Kissinger, who is a trustee of Khordorkovsky's Open Russia Foundation. "Yukos denies any payment to Kissinger personally or to companies linked to Kissinger in any shape or form for any commercial transaction," said Yukos executive Hugo Erikssen. Erikssen indicates that any communications between the two are limited to Foundation business.

But, John Helmer reported in *The Russia Journal*, another source says that Kissinger has been paid to advise ChevronTexaco in the past. According to sources, Khordorkovsky has told the directors that negotiations are underway for a deal with ChevronTexaco, and that he had met with Putin and obtained his go-ahead for the sale, but this was before the July arrest of Khordorkovsky's partner in Yukos, Platon Lebedev.

The second U.S.-Russia Commercial Energy Summit was held Sept. 22-23 in St. Petersburg, with U.S. Secretary of Commerce Don Evans and Secretary of Energy Spencer Abraham in attendance. Under discussion was U.S. commitment to invest several billion dollars in the Russian gas industrial sector, and the deployment of a team of 60 Russian energy experts to the United States, to probe options for shipment from northern Siberian and Arctic gas and oil fields to the U.S. Furthermore, there was talk about cooperation in transporting liquefied natural gas from Russia to the United States.

### **Shanghai Cooperation Organization Meeting: Economics, Security, Silk Road**

The *Peoples Daily* reported Sept. 23 that the two-day meeting of prime ministers of Shanghai Cooperation Organization (SCO), held Sept. 23-24 in Beijing, would focus on economic cooperation and security, to create a modern Silk Road. Chinese Prime Minister Wen Jiabao called for three proposals to boost economic cooperation, which would eventually lead to a cooperative "free trade" zone among the six member nations. The six are China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan.

Wen Jiabao also called for the SCO nations to cooperate with other nations and organizations all over the world. If the SCO members are "joining hands" to strengthen regional economic cooperation, a modern "Silk Road" will be "explored out" for common development and prosperity of the six SCO members, Wen Jiabao said.

The SCO held a head-of-state summit in Moscow in May, and the September meeting was to carry out the policies agreed to there. The SCO has established regular meetings of economic and trade ministers, and of transportation ministers.

Wen proposed facilitating trade and investment, including by reducing international non-tariff barriers, including by facilitating transport and customs. He called for prioritizing certain large projects on economic and technological cooperation, especially in transportation, energy, and light industry. Eventually, the nations could move towards a free trade zone, he said.

*RIA Novosti* reports that the prime ministers signed six documents, including one providing for the SCO Permanent Secretariat to be opened in Beijing in January 2004, and one on inauguration of the SCO regional anti-terrorist organization headquarters in Tashkent (a shift from its earlier planned location, Bishkek, Kyrgyzstan). These bodies will begin operation on Nov. 1, 2003, and be fully operational by Jan. 1, 2004, Vitali Vorobyov, special envoy of Russian President Putin, announced in Beijing. The prime ministers also signed an agreement to fight narcotics trafficking and expand anti-terrorism work. Russian Prime Minister Kasyanov talked about the great resources of the SCO member countries for implementing specific joint projects. He said a key issue, in addition to transport and energy infrastructure, will be water management, which "is of current importance to Central Asia as never before."

The next SCO summit will be held in May 2004 in Tashkent, Uzbekistan.

## **China-Russia Prime Ministers' Meeting**

Russian Premier Mikhail Kasyanov was in Beijing for four days in all, beginning Sept. 22. After the SCO session, he turned to the eighth regular meeting of the Prime Ministers of the two China and Russia, dedicated this year to their strategic partnership.

Kasyanov told the Chinese press, that the Russia-China strategic cooperative partnership has "great potential." He also noted that this was the first Prime Ministers' meeting with the new Chinese government, where he would meet Chinese Prime Minister Wen Jiabao. The two countries' bilateral trade volume hit a record high of \$12 billion last year, Kasyanov said, but this remains very small. He said that the Russian side hopes to expand trade in machinery, high technology, and new-technology, and high-added-value products. Trade turnover was up 20% for the first seven months of 2003 over a year ago, to over \$8 billion. Itar-Tass said the two sides would concentrate on cooperation in machine building, aircraft exports, and Russia's advanced technologies in the sphere of atomic and nuclear power engineering.

On the eve of Kasyanov's trip, China sent a high-ranking delegation to Moscow to push for finalization of plans for the long-proposed Siberian-China oil pipeline, a project worth, ultimately, \$150 billion in trade. This long-discussed project has been hung up by disputes on the Russian side, over the route of the pipeline (whether only to Manchuria in China, or designed as a spur from a line to Nakhodka on the Pacific Coast) and the nature of its ownership (whether 100% state-owned, or part private, involving the crisis-ridden Yukos Oil Company). *China Daily* acknowledged that "the issue was complicated further by deep rifts between the Kremlin and private oil companies such as Yukos, the project's Russia oil supplier. "At the U.S.-Russian Commercial Energy Summit in St. Petersburg, Russian Economics Minister German Gref thought it "possible" to build two oil export pipelines connecting Angarsk to Daqing, China, and another, from Angarsk to Nakhodka. The second pipeline would supply Japan. Gref claimed that the decision on the pipelines would depend upon "how economical" they would be. There are enough resources to accommodate the pipelines, he said, but prospecting and feasibility studies still have to be done.

The Chinese press portrayed the visit of their delegation, beginning Sept. 12, as the "latest effort to rescue the deal." The Chinese delegation was led by Ma Kai, director of the National Development and Reform Commission, and Ma Fucai, chairman of PetroChina. The Russian Ministry of Natural Resources has been citing "environmental grounds" as a reason

to block the planned route for the Angarsk-Daqing pipeline. There was even discussion of abandoning the project.

After meeting with Wen, Kasyanov reiterated that Russia will carry out the agreement to build the pipeline to China, but he put it in terms of "continuing to study" the project. The communique signed by the two sides, said that the two countries should work toward "the breakthrough of bilateral economic and trade ties and the marked increase of trade volume", which was the consensus reached by Chinese President Hu Jintao and Russian President Vladimir Putin during Hu's Russia tour in May. It emphasized improving commodity structure through expanding trade of machinery and other products with high added value. They agreed to carry out cooperation in using nuclear energy for peaceful purposes, power generation equipment, and other matters.

Wen proposed expanding mutual investment and cooperation in energy and electromechanical fields. China and Russia are both seeing industrial reconstruction and rapid economic growth, and can cooperate, he said. The Russian side welcomed China to participate in the development of its Siberia and Far East regions. China welcomed Russia's participation in its western development.

Wen said that the recent Shanghai Cooperation Organization meeting had concluded a program for multilateral cooperation, and that this will have a profound impact on economic cooperation among SCO members.

Kasyanov said Russia wants to improve cooperation with China in oil, natural gas, electric power, spaceflight and civil aviation.

## **Russian Credit For Chinese Nuclear Plant**

Russia is prepared to offer China a credit for construction of a second part of the Tian Wan nuclear power station, Russian Prime Minister Mikhail Kasyanov said in Beijing Sept. 25. The credit would finance a large portion of construction of the plant, including equipment and maintenance.

Currently, Russia is helping build two nuclear reactors at the Tianwan nuclear power station, which should be finished by 2005. During this time, it will be decided if the second "line" of the plant will be built, Kasyanov said.

## **Putin Endorses Orthodox-Catholic Reconciliation**

Speaking Sept. 21, Russian President Vladimir Putin said that it "would be appropriate if the two sister churches rose above their controversies and found a common language. It would also provide an additional step towards the full integration of Russia into the world community." Putin said that he could not invite Pope John Paul II to come to Russia; this would have to proceed under the auspices of the leaders of the Russian Orthodox Church. Putin has met the pontiff before, during visits to Italy.

## **Mideast News Digest**

### **Sharon Planning Gaza Onslaught**

by **Jeffrey Steinberg**, Courtesy of *New Federalist*

Sept. 24 (EIRNS)—Highly placed Mideast sources have warned Executive Intelligence Review that the Israeli government

of Prime Minister Ariel Sharon is planning a massive military raid into the Gaza Strip in early October, as the latest effort to crush the Road Map and all related peace efforts. The sources say that the Sharon Cabinet has decided on a Gaza bloodbath, as an alternative to the assassination of Palestinian Authority President Yasser Arafat, and that Israeli Defense Force reservists are already being called up, in preparation for the October offensive.

The same sources contend that the United States' recent veto of the United Nations Security Council resolution condemning Israeli threats to expel or assassinate Arafat, was part of a deal with the Sharon government, that involved a personal pledge by the Prime Minister that Arafat would not be assassinated. According to one senior U.S. intelligence source, the U.S. had pressed Israel to keep Arafat's status unchanged—i.e., remaining in Ramallah at the Palestinian Authority headquarters—but Israel refused that demand, and only pledged that Arafat would not be killed.

According to one Israeli source, Sharon and the IDF are considering an "Eichmann-style" kidnapping of Arafat, and his jailing at an isolated facility inside Israel.

## **Kill the Peace Process**

Sharon's goal is to destroy the Road Map and stall, for years to come, any progress towards what President Bush has called the "two-state solution" to the Israel-Palestine conflict. By launching a massive military incursion into the Gaza Strip, one of the most densely populated areas of the world, Sharon would certainly trigger an enormous amount of bloodshed and destruction, making it impossible for any Palestinian leader to even be seen in the presence of an Israeli official for years to come. This, the sources say, is Sharon's and the Israeli rightwing's objective.

On Sept. 19, Lyndon LaRouche, the tenth candidate for the 2004 Democratic Party Presidential nomination, reacted strongly to President Bush's comments, made during a Sept. 18 press availability with Jordan's King Abdullah II at Camp David, in which the President condemned Arafat as an obstacle to peace. LaRouche asked: Doesn't Bush understand that any Israeli action against President Arafat would blow up the entire Middle East region, creating an even more impossible situation for the 150,000 American troops inside Iraq?

LaRouche similarly responded to the source reports on the planned Israeli invasion of the Gaza Strip, and reiterated his call, from Sept. 15, for President Bush to sign an Executive Order freezing all American funds to Israel, should Sharon persist in even threatening the expulsion or killing of Arafat. The same approach should be taken, he demanded, if Sharon goes ahead with the planned Gaza invasion: the instant shut-off of all financial flows, including loan guarantees, to Israel.

LaRouche added that the President must take these actions "without DeLay," referring to the fact that the House Republican Whip, Tom DeLay (R-Texas), is waging a blackmail campaign against the Administration, on behalf of Sharon and those who are promoting the "Clash of Civilizations" perpetual war in Eurasia (see article, p. 2). LaRouche denounced DeLay as a thoroughly corrupt kook, whose continuing influence inside the Republican Party represents one of the gravest threats to the national security of the United States and the world.

LaRouche also reiterated his Sept. 15 call for President Bush, and all Presidential candidates, to join him in sponsoring an immediate full probe into the circumstances surrounding the sinking of the U.S.S. Liberty, during the 1967 Arab-Israeli war.

## **Other Peace Initiatives**

Israeli sources have also told this news service that, at the same time that Sharon is putting the finishing touches on his

planned Gaza onslaught, there are new efforts to force a final peace agreement between Israel and the Palestinians—against all odds.

The sources reported that, during the weekend of Sept. 20-21, former President Bill Clinton was in Israel, along with many other world leaders, to celebrate the birthday of Shimon Peres, and proposals were discussed for a one-shot "final solution" agreement. Authors of the peace plan, according to the sources, argued that all efforts at "step-by-step" diplomacy, from the Oslo Accords, to the Mitchell Plan, to the Tenet Plan, to the most recent Road Map, have been easily subverted by extremists on both sides of the Arab-Israeli divide. Given that all of the key features of a just solution were already hammered out at the Taba peace talks, led by President Clinton in December 2000-January 2001, the key to success is to get the U.S. to sponsor, forcefully, such a comprehensive, one-shot solution—including with the deployment of American or international troop contingents to secure the compliance.

In a Sept. 23 op ed in the Washington Post, former President Jimmy Carter weighed in for an emergency American initiative to avoid a regional catastrophe. Carter wrote that the biggest problem in reaching a peace agreement has *always* been Israeli settlements—which are the reason that Israel claims it will not return to the 1967 pre-Six Day War borders.

Carter said there is *only one* choice for Israel: permanent peace with neighbors, or retaining settlements in occupied territories. America's worst betrayal of Israel would be to support the second choice and destroy the chances for a regional peace.

So far there is no indication that President Bush is prepared to take the kinds of bold steps that will be required to preempt Sharon's planned Nazi-like invasion of Gaza.

### **Army Training Document: Mossad Might "Target U.S. Forces And Make It Look Like A Palestinian Arab Act."**

A U.S. Army report received by *EIR* on Sept. 22 under the Freedom of Information Act describes the Israeli Mossad as a "wildcard, ruthless and cunning. Has capability to target U.S. forces and make it look like a Palestinian Arab act." This is a verbatim quote from a section of a report from a training scenario of the School of Advanced Military Studies in Ft. Leavenworth, Kansas. The FOIA request was filed more than a year ago, after a report in the *Washington Times* of April 2, 2002 indicated that a U.S. Army training exercise concerning the deployment of U.S. peacekeeping forces in the Palestinian Territories after a hypothetical "Austin Peace Agreement" would face hostilities from Israeli military posing as Palestinians.

The report that was released under the FOIA was "produced by the SAMS students as a result of a SAMS curriculum exercise." The characterization of the Mossad comes from a section that defines "The Players" in the area, including Palestinian entities and what the report labels "The Arab Terrorists" (Hizbollah, Hamas, PFLP, PFLP-GC, and DFLP), about which the American forces will have to be concerned. It defines the Israeli Defense Forces as: "500 pound gorilla in Israel. Well armed and trained. Operates in both Gaza-WB. Known to disregard International Law to accomplish mission. Very unlikely to fire on American forces. Fratricide a concern especially in air space management."

In a discussion with *EIR* at the time the *Washington Times* report appeared, an officer at SAMS confirmed that an exercise had taken place as described in which the Israelis were depicted as posing as Palestinian terrorists. But the officer would not say whether it was a paper exercise, or something out in the field.

One "Branch One" part of the scenario involves the complete disintegration of the Palestinian Authority, after extremists in Israel and the Palestinian side refuse to accept the "Austin Peace Agreement."

## **The Real Obstacle To Peace Is Sharon, Not Arafat**

Oxford professor and author Avi Shlaim authors a commentary in the Sept. 24 *International Herald Tribune*, exposing the fact that it is Israeli Prime Minister Ariel Sharon, not Palestinian President Yasser Arafat, who is the obstacle to peace.

Shlaim warns that the American veto of the United Nations resolution demanding Israel withdraw its intention to kill Arafat, has created a situation where Israeli leaders will interpret the veto as a tacit approval for their killing of Arafat. He then writes that Arafat is the one who accepted the Oslo peace accords, and continued to be a reliable partner until the assassination of Israel Prime Minister Yitzhak Rabin. Then it was Benjamin Netanyahu who became prime minister and began to derail the Oslo accords. Shlaim writes, "Israel has a remarkable record of accepting peace plans in theory and subverting them in practice." The latest victim is the road map to a Middle East peace.

Shlaim writes that the road Sharon is following is the expansion of settlements, a security wall that bites deep into Palestinian territory, and targetted assassinations of Palestinian leaders. "The real obstacle to peace ... is Ariel Sharon, not Yasser Arafat. Killing Arafat would not bring peace but ring the death knell of Palestinian moderation...."

He then reminds people: "In 1948, Yitzhak Shamir, who later became leader of Likud and prime minister, conspired with his colleagues in the Stern gang to assassinate Count Folke Bernadotte, the UN mediator ... Likud thus has the dubious distinction of counting among its leaders a man who assassinated a UN peace envoy. It can now build on this reputation by assassinating the only democratically-elected leader in the Arab world."

## **Asia News Digest**

### **Mahathir at UN hits new imperialism, floating exchange rates, and George Soros**

Malaysian Prime Minister Dr. Mahathir bin Mohamad, who is also the Chairman of the Non-Aligned Movement, on Sept. 25 used his last UN speech before he steps down as prime minister later this year, to warn of the pending global economic and strategic disaster. He said that the General Assembly is "unfortunately subservient to the United Nations Security Council, which in turn is subservient to any single one of the five victors of a war, fought more than half a century ago. It is hardly a democratic forum but it is all that the great civilisation of the late 20th and early 21st centuries has — a civilisation that is supposed to uphold freedom."

Mahathir warned that "history has a nasty habit of repeating itself. Today we are seeing the resurgence of European Imperialism. At first we thought that colonisation would be virtual. Merely by economic strangulation and financial emasculation, the newly independent countries could be brought to their knees, begging to be recolonised in other forms. But today we are actually faced by the old physical occupation by foreign forces. Puppet regimes are installed, dancing as puppets do.

"And this august institution, the United Nations on which we had pinned so much hope, despite the safeguards supposed to be provided by the Permanent Five, this Organisation is today collapsing on its clay feet, helpless to protect the weak and the poor. This United Nations can just be ignored, pushed aside, gesticulating feebly as it struggles to be relevant. Its organs have been cut out, dissected and reshaped so they may perform the way the puppet masters want. The World Bank, the International Monetary Fund, the World Trade Organisation have now been turned into instruments of hegemony, to impoverish the poor, to enrich the rich. It is not surprising that today the disparities between rich and poor are far greater. With an impotent United Nations and its agencies turned into national organs of the powerful, the small nations are now naked and hapless. Even if we are totally innocent, there is nothing to prevent trumped up charges to be made against us."

On the economy, and Soros, Dr. Mahathir said: "No country is safe from marauding currency traders who in a few short days can demolish the patiently nurtured economies of the developing world. Far from curbing these highway brigands, they are lauded for their philanthropy. Robin Hood at least stole from the rich to give to the poor. These highway men steal from the poor and give a paltry sum to assuage their sense of guilt. They are no philanthropists. The unipolar world dominated by a democratic nation is leading the world to economic chaos, political anarchy, uncertainty and fear. We are not going to recover, and have peace for as long as threats are used for political and economic reforms that most of the world is not ready for and not willing to accept."

On the "free market: "The free market must be recognised for what it is - a market where the bottom line is paramount. It is not a political force for the disciplining of governments.... Exchange rates should be fixed by an International Commission based on relevant issues. Apart from a small commission, no profits may be made by speculating or manipulating exchange rates."

## **China viewed as "stabilizing force" in Southeast Asia**

The 5-day visit of Malaysia's next Prime Minister, Abdullah Badawi, to China the week of Sept. 15 left little ambivalence about the type of relationship Kuala Lumpur wants with China, and even less concern over its territorial designs. Badawi led a 250-member delegation including 8 Cabinet ministers, 4 state chief ministers, 3 deputy ministers, and a large number of leading businessmen for his first visit to China. Malaysia sees only opportunity in China, as its gateway to Southeast Asia.

An official who accompanied Badawi on his state visit said: "Going forward, we see China as a stabilizing force in the region. Chinese government leaders have assured us that they want to share their prosperity with the region. On our part, Malaysia is a natural partner for China in the region."

Malaysia is now China's seventh-largest trading partner and its No. 1 partner in Asean. Between 1996 and last year, Malaysia's trade with China grew threefold, from US\$3.8 billion to US\$11.4 billion.

## **NATO asked to redeploy to thwart a Taliban takeover**

Following his meeting with the Pakistani Foreign Minister Khurshid Ahmed Kasuri on Sept. 24, the U.S. Secretary of State Colin Powell told reporters that the U.S. 'roadmap' on Afghanistan involves the finalizing of the draft constitution for Afghanistan. This will be followed by the adoption of the constitution through a loya jirga (grand council) and general elections in June 2004. The Afghan interim President has announced that the loya jirga will be held in December 2003. During his discussions, Secretary Powell had also sought Pakistan's help to curb the Taliban — who have been reportedly operating from within the Pakistani territories — and to help bring democracy back to Afghanistan.

Meanwhile, reports by an AFP correspondent from Urgan in Paktika province in eastern Afghanistan, indicate that the a group of 125 Taliban militia were spotted in the area armed with assault rifles. All around eastern, southern, and central Afghanistan, the Taliban and anti-U.S., anti-Kabul militia are getting restive and aggressive. Sighting of similar large posse of armed Taliban militia has been reported from a number of provinces in the last three weeks.

In order to prevent the Taliban take-over of major Afghan cities in these areas, Afghan interim President Hamid Karzai has urged the U.S. President Bush, during his private meeting with him this week, to pressure Pakistan to arrest the Taliban. He has also asked the NATO-led International Security Assistance Forces (ISAF) to be extended beyond Kabul into provinces troubled by a resurgent Taliban. Earlier, the UN Secretary-General Kofi Annan had also requested the expansion of the ISAF mandate.

NATO chief, Lord George Robertson, arrived in Kabul on Sept. 26, and he announced that NATO will decide in a few weeks whether it could carry out deployment of ISAF forces outside of Kabul. The NATO Secretary-General, upon arrival in Afghanistan, said: "Afghanistan still faces great challenges. Security must be established throughout the country, and NATO is now examining how best to contribute to that."

German Chancellor Gerhard Schroeder said on Sept. 25 he expected the UN Security Council to agree on deployment of the ISAF to the provinces "in a very short time."

### **India and Israel to hold military exercises**

According to *The Pioneer*, a pro-government English news daily based in New Delhi, on Sept. 23, India and Israel will hold for the first time a joint military exercise with their Special Forces. Israel is also likely to supply specialized weapons for Indian commandos. The decision to hold such an exercise was decided shortly before Prime Minister Ariel Sharon's recent visit to India. The joint military exercise will take place in India, but the timetable has not been decided yet.

New Delhi has also announced the visit of Indian defense experts to Israel next month. This team will seek help to speed up development of India's indigenously-developed missiles and more cooperation in hi-tech military projects. The hi-tech projects involve joint production of unmanned drones and flight-control systems for Indian-built Light Combat Aircraft. India would also seek help from Israel on India's development of two anti-air missiles, Trishul (Trident) and Akash (Sky).

### **India to build a fast breeder reactor**

The Vajpayee Government has approved building a 500 MW fast breeder reactor at Kalpakkam, in the southern Indian state of Tamil Nadu, according to an editorial in *The Hindu* on Sept. 22. The project will take eight years to complete and would cost close to \$800 million. More importantly, this is one of the biggest technology development projects India has taken up, comparable to the Integrated Guided Missile Development Program, the Light Combat Aircraft, and the Nuclear Submarine project. It is also considered a vindication of 25 years of indigenous research and development of fast breeder technology by the Indian nuclear establishment.

It was almost 50 years ago, that India's leading nuclear physicist Dr. Homi Bhabha visualized a three-stage nuclear energy program for utilizing the energy potential of fissionable thorium, which India possesses in abundance. The breeder reactor occupies the second stage. The breeder reactor will use plutonium—formed in the uranium fuel elements of the first stage nuclear power plants—as fuel, and convert thorium placed around the breeder reactor core into uranium-233. U-233, a fissile material, can then be used as fuel with thorium-232, thus deriving energy from thorium. Incidentally, India is the only country committed to using thorium as fuel.

### **The Australian Prime Minister took note of the rift within the Bush Administration**

In an interview printed in *The Australian* of Sept. 14, otherwise focussed on his warning that his nation is "almost certain" to be attacked again by terrorists, Australian Prime Minister John Howard says he is a strong supporter of the way the Bush Administration handled Iraq, but acknowledges some clumsiness in the diplomacy: "Some things could have been done a bit differently, some of the language perhaps on occasions." He also found the lack of cohesion within the U.S. Administration surprising: "The idea that you have an openly different view between the Pentagon and the State Department is not something we're used to." But Howard then fawningly praises G.W. Bush for his "obvious grasp of issues and details."

## **Africa News Digest**



## **How Africa's AIDS Pandemic Will Lead to Armies of Child Soldiers**

Michel de Groulard, UNAIDS' chief adviser for Africa, who spoke about Africa's AIDS pandemic in an interview in Paris, on the eve of a major meeting on the subject, said that the decimation of the rural workforce creates a vicious cycle, creating food shortages, *News24.com* reported Sept. 18. It is a cycle because nutrition is the first line of defense against HIV infection, and the basis for prolonging the productive lives of those already infected. The dying leave behind an army of AIDS orphans, whose numbers are expected to reach 20 million by the end of this decade. "These children fall prey to all kinds of organizations and manipulators, who can turn them into child soldiers or eventually terrorists.... This especially concerns southern Africa—Mozambique, Zimbabwe and to a lesser degree Botswana," he said. Meanwhile, the security forces of these countries are getting progressively weaker. A military conference in Gaborone, the capital of Botswana, was told a week earlier that in southern African countries, as many as 60 percent of troops have HIV, according to *News24*.

A six-day meeting in Nairobi of the International Conference on AIDS and STIs (sexually transmitted infections) in Africa (ICASA) began Sept. 21.

## **New Assassination and Genocidal War Threats in D.R. Congo**

A new genocide is being prepared in the eastern part of the Democratic Republic of Congo, according to a report from the *Missionary Service News Agency* (MISNA). An RLAI wire of Sept. 22, reporting the warning from *MISNA*, concludes with this comment: "This confluence of events is... very troubling: the report of preparations for the assassination of Joseph Kabila in December at latest, the rising insecurity on the National No. 1 and in the capital, and now MISNA's alert of a new war against D.R. Congo." The following reports provide some of the details.

## **Belgian Daily Alleges Plot to Assassinate Congo President Kabila**

The Belgian daily *Le Derniere Heure* reported Sept. 10 that the Presidents of Congo-Brazzaville and Gabon have hatched a plot in which a U.S. mercenary would be used to fire a Soleil missile from Congo-Brazzaville to bring down President Kabila's plane. Is there really a plot, or is the story just an attempt to destabilize relations between Kabila and the Presidents of Congo-Brazzaville and Gabon?

The report has created an "icy climate" between the two Presidents and President Kabila, says an RLAI wire of Sept. 15. Both Presidents have denied the charge. The border between the Congos is now closed. The wire says that, should such a plot be executed, it would trigger a genocide greater than any seen in Africa.

The plot is said to be in favor a partisan of former President Mobutu. *Le Derniere Heure* named two such partisans, citing "some well known and, generally, well informed Belgian sources, which required anonymity," and said the first rumors of the plot go back to the end of July. (It is of possible interest that Belgium, since late July, has had the head of Mobutu's Garde Civile, General Kpama Baramoto Kata, in detention, ostensibly because of a visa problem. He arrived in Brussels from the U.S.)

Gabon's President Omar Bongo has responded by calling for a summit including himself, the Presidents of both Congos, and the President of Angola, to discuss questions of peace and security, according to diplomatic sources cited by RLAI. These sources say the summit will be held, in the next days, in either Brazzaville or Kinshasa.

## **New Genocidal War Threatens in D.R. Congo—UN Denies It**

MISNA warned of a new genocide in D.R. Congo in a release of Sept. 20. MISNA makes the following points:

**\*\* Monsignor Xavier Rusengo, Vicar-General of the Archdiocese of Bukavu (North Kivu Province), sent a letter to his flock Sept. 18, stating, "Rumors of a new war have been circulating for some time.... In some part of the diocese, young people are being recruited and supplied with weapons, ammunition and telephones... We have also learned that for some time now, men from our community have been meeting to prepare new attacks."**

**\*\* Voice of the Voiceless (VSV), a Congolese human rights association, issued a document Sept. 19 reporting growing insecurity in North and South Kivu provinces. It also said, "In some areas insecurity is extremely high, and many people have already left their villages and are converging on the main urban centers... [T]he uncertainty is fostered by the circulation of weapons among Rwandan-speaking civilians." VSV says that elements of the pro-Rwandan Congolese Rally for Democracy (RCD-Goma) and of the Rwandan Patriotic Army (APR) have been distributing weapons. RCD-Goma is a part of the national unity government in Kinshasa and APR is officially supposed to have left the Congo. VSV says that the groups that have fought against RCD-Goma and its allies are also rearming, referring to Forces for the Defense of Democracy (FDD), elements linked to the ex-FAR (Rwandan Armed Forces), and Interahamwe. North and South Kivu border on Rwanda.**

**\*\* The Bishop of Kalemie (Katanga, far southeast Congo), Dominique Kimpinde, in a Sept. 1 letter, reported a "massive invasion by Rwandan subjects" of the area surrounding Kalemie, on the border with South Kivu. He says groups of men pass through villages and towns in civilian clothes and only don military uniforms and take out their weapons when they are out of town.**

Patricia Tomé, spokeswoman for the UN Mission in D.R. Congo, told MISNA Sept. 20 that it wasn't happening. "We have received no reports, and we have a lot of men stationed in that part of the country.... In my opinion, the many rumors that have reached us only serve to fuel the tension among the civilian population."

The International Federation for Human Rights (FIDH) and the Lotus Group issued a press release Sept. 22 reinforcing MISNA's warning by reporting the arrival at Bangboka airport (Kisangani) of weapons and ammunition Sept. 4 and 8 on flights of Victoria Air from Goma (Rwandan border). The release also reports that troops are being concentrated in Kisangani and in towns along the Kisangani-Bukavu axis.

## **Bush and Powell to Hold Mini-Summit on Congo Peace in NY**

U.S. President George Bush and Secretary of State Colin Powell were scheduled to hold a mini-summit of central and southern African heads of state on the peace process in D.R. Congo, around the opening of the 58th session of the UN General Assembly. Congo President Joseph Kabila was to participate in both events, according to Digitalcongo.net Sept. 17.

## **Belgian Ministers To Go to Congo in Early October**

Belgian Foreign Minister Louis Michel and the Belgian Minister of Cooperation will be in Kinshasa Oct. 5 to 9 to work on the resumption of Belgium's former, privileged relationship with Congo. The Belgian view is that Congo is on the right path and there is reason for optimism.

## **Liberia: UN Security Council Approves 15,000 Peacekeepers**

The UN Security Council unanimously approved Sept. 19 a force of up to 15,000 peacekeepers for Liberia. The resolution

was proposed by the United States. The force may operate under a Chapter 7 mandate, giving it the widest powers available under the UN Charter. Earlier in the week, Jacques Paul Klein, chief UN envoy for Liberia, said, "The general consensus is that this is a failed state. Now we have to rebuild the state."

Monrovia's central electricity supply will be restored within a few days, EU rep to Liberia Geoffrey Rudd told reporters Sept 17. It will take longer to repair the network of power lines, most of which are broken. Monrovia, a city of almost a million—before displaced persons are counted—has not had a central electricity supply for more than 10 years, thanks to civil war.

## **Ivorian Ex-Rebels Suspend Role in Government, Then Reconsider**

In Cote D'Ivoire, the ex-rebels have suspended their participation in the government and in the disarmament process. This was announced Sept. 23 by MPCCI Secretary General Guillaume Soro at the conclusion of a conference of the leaderships of the three rebel organizations in Bouake. They say the move is to protest the blocking of the Marcoussis peace accords by President Laurent Gbagbo.

The Marcoussis accords contradict the country's Constitution, including its Presidential system. The accords are also at odds with the personal passion of President Gbagbo and his wife Simone to keep northern Ivorians in the status of second-class citizens.

The ex-rebel communique calls on signatories to the Marcoussis accords "to fulfill their responsibilities" and warns that a "return to war is no utopia."

The foreign secretary of the MPCCI, Mamadou Diomandé, then announced in Paris Sept. 24 that the MPCCI is inclined to reconsider its withdrawal from government, in light of the "vigorous" reaction of the guarantors of the Marcoussis accords, PANA reported.

## **France and UN Try To Make Ivorian Government Work**

France and the UN are working to create an integrated, functioning government in Cote D'Ivoire. Whether it will succeed is far from clear, especially in light of the "algebraic" methods being used. The appointment of the ministers of defense and security by the country's National Security Council (CNS) has now received acceptance from the International Committee for Follow-Up of the Marcoussis Peace Accords—chaired by Kofi Annan's special representative for Cote d'Ivoire Albert Tevoedjre—which issued a statement Sept. 16, saying the formation of the reconciliation government was now complete. But the ex-rebels say they will not disarm because they have no confidence in these two ministers.

French Defense Minister Michele Aliot-Marie, in Cote d'Ivoire Oct. 14-15, announced that French troops will soon move into rebel-held territory; that is, some will be deployed northward from the ceasefire line to enlarge the "zone of confidence." Some hundreds could be stationed in Korhogo, the northern capital. This is seen as a step toward the demobilization and disarmament of the rebels. French officials stress that all parties, including the ex-rebels, at all levels, have agreed with this step and are ready to cooperate, according to *AFP* Sept. 16.

But the ex-rebel MPCCI is, at least publicly, opposing the French move. MPCCI Secretary General Guillaume Soro, now government Communications Minister, reportedly exploded over the plan. According to *Le Patriote*, the newspaper of Ouattara's RDR party, Soro told General Joana, chief of the French military mission, that "If France decides to declare war, you French will suffer the consequences," and that French soldiers could suffer what the GIs suffered in Vietnam.

Not all French moves have favored Gbagbo. French Ambassador Gildas Le Lidec was reportedly responsible for insisting to him that ministers be allowed to choose their subordinates, as the ex-rebels demanded.

## **U.S. Pressures Kenya to Adopt Executive Prime Ministership**

The United States is pressuring Kenya to adopt an executive prime ministership: the manipulable, British form of government, as opposed to their American form, in which the President holds executive power and cannot be deposed by a parliamentary vote of no confidence. The U.S. has been pushing this step elsewhere in the world.

President Mwai Kibaki, while still the candidate of the U.S.-steered Rainbow Coalition (NARC), promised his coalition partners that if elected, he would institute such an executive prime ministership. Now that Kibaki is President, he has changed his mind, causing an uproar in elements of his coalition and in the Constitutional Review Conference (CRC) now underway.

The issue became explosive when the chairman of the CRC's Committee on Devolution of Powers, Crispin Odhiambo Mbatia, was assassinated Sept. 14. Mbatia was closely associated with political heavyweight Raila Odinga, leader of the Liberal Democratic Party, which has been part of NARC. It is widely assumed—as yet without evidence—that the government was behind the assassination.

Some CRC delegates now say that they have received death threats. Police have clashed with demonstrators.

Mirugi Kariuki, MP, evidently a part of Kibaki's faction, made "remarks on TV that ministers demanding an executive prime minister should tread carefully and understand why the likes of Mr. J.M. Kariuki, Mr. Tom Mboya and Dr. Robert Ouko had to die," implying that they were assassinated because of overweening political ambition, according to the *Daily Nation* Sept. 16.

CRC members have "vowed that nothing would stop them from completing the Constitution" and the assassination "had only bolstered their resolve," the daily reported.

President Kibaki will come to Washington in October for a three-day state visit. The Bush Administration is organizing a full ceremonial welcome, which it has so far only accorded to Mexico, Poland and the Philippines. There will be a formal dinner at the White House Oct. 6.

## **African Leader at Cancun WTO Meeting Reports U.S. Threats**

Botswanan Trade and Industry Minister Jacob Nkate—head of the Africa, Caribbean and Pacific (ACP) group at Cancun—advised the U.S. not to adopt a "childish or sulking" attitude over the outcome of the WTO meeting. Nkate was speaking to a business group in Johannesburg Sept. 19. He "was responding to warnings from voices in the U.S. Senate that Washington might punish African states for failing to give in to pressure from the First World by toughening its stance in the current free trade area talks between the U.S. and the Southern African Customs Union (SACU)," *Business Day* reported Sept. 19.

## **This Week in History**

### **September 29 - October 5, 1935**

In light of the urgent need for vast new water and power infrastructure projects in the United States, especially California and the Southwest, it is appropriate today that we look back to September 30, 1935, when the Hoover Dam (then called the Boulder Dam) was opened in a grand ceremony, addressed by President Franklin Delano Roosevelt. It was this project which harnessed the Colorado River, and generated the abundant electricity, and supply of fresh water, which "made the desert bloom" in Southern California's Imperial Valley, for decades to come.

This Colorado River dam project was begun under President Herbert Hoover, with the perspective that it could pay for itself eventually, through the sale of electricity from the vast power generators which would be attached to the dam itself. This was a similar concept to that which was eventually put into effect in the TVA project. The control was in the hands of the Federal government, through the Bureau of Reclamation, although most of the work in construction was farmed out to private companies. The first spike was pounded into the rock on September 17, 1930.

Over the next five years, construction proceeded at breakneck speed, with a consortium of six companies running the operation 24 hours a day, 7 days a week. The average number of employees over the entire period was 2500 men, but the spinoff effect in terms of employment and economic growth was enormous, when you consider the fact that a whole new town was built for the workers (Boulder City), and that feeder industries had to gear up enormously to produce the concrete, steel, and other component parts of the diversion tunnels, huge dam, and power plants.

There was nothing idyllic about the working conditions in this pitiless desert area, where temperatures could rise to 130 degrees Fahrenheit. The speed of construction appears to have been related to the drive by the contractors to receive a "bonus" for early completion — and the loss of 112 workers in construction-related accidents.

But the project itself deserves its designation as the Eighth Wonder of the World, or the Seventh Engineering Wonder, in terms of the grandeur of conception, and successful execution of a project that came to provide cheap, reliable power and water for the citizens of the seven state region (Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming), and dramatically improve the productivity of the agriculture of Southern California through providing reliable irrigation.

But we will let President Roosevelt, who addressed 20,000 people at the inauguration of the dam, provide the rather specific account of what the dam accomplished for the people of the United States. Implicitly, you hear him refute those today who argue that such infrastructure projects are "unnecessary," "too expensive," or "bad for the environment." You need only keep in mind that today, 68 years later, we are long overdue in devising newer, and grander, projects to meet our expanded needs, and build a dramatically better future.

"...We are here to celebrate the completion of the greatest dam in the world, rising 726 feet above the bedrock of the river and altering the geography of a whole region; we are here to see the creation of the largest artificial lake in the world—115 miles long, holding enough water, for example, to cover the state of Connecticut to a depth of ten feet; and we are here to see nearing completion a powerhouse which will contain the largest generators and turbines yet installed in this country, machinery that can continuously supply nearly two million horsepower of electric energy.

"All these dimensions are superlative. They represent and embody the accumulated engineering knowledge and experience of centuries; and when we behold them it is fitting that we pay tribute to the genius of their designers. We recognize also the energy, resourcefulness, and zeal of the builders, who, under the greatest physical obstacles, have pushed this work forward to completion two years in advance of the contract requirements. But especially, we express our gratitude to the thousands of workers who gave brain and brawn to this great work of construction.

"Beautiful and great as this structure is, it must also be considered in its relationship to the agricultural and industrial development and in its contribution to the health and comfort of the people of America who live in the Southwest.

"To divert and distribute the waters of an arid region, so that there shall be security of rights and efficiency in service, is one of the greatest problems of law and of administration to be found in any government. The farms, the cities, the people who live along the many thousands of miles of this river and its tributaries—all of them depend upon the conservation, the regulation, and the equitable division of its ever-changing water supply. What has been accomplished on the Colorado in working out such a scheme of distribution is inspiring to the whole country. Through the cooperation of the states whose people depend upon this river, and of the federal government which is concerned in the general welfare, there is being constructed a system of distributive works and of laws and practices which will insure to the millions of people who now dwell in this basin, and the millions of others who will come to dwell here in future generations, a just, safe, and permanent system of water rights. In devising these policies and the means for putting them into practice, the Bureau of Reclamation of the federal government has taken, and is destined to take in the future, a leading and helpful part....

"We know that, as an unregulated river, the Colorado added little of value to the region this dam serves. When in flood, the river was a threatening torrent. In the dry months of the year it shrank to a trickling stream. For a generation the people of Imperial Valley had lived in the shadow of disaster from this river which provided their livelihood, and which is the foundation of their hopes for themselves and their children. Every spring they awaited with dread the coming of a flood, and at the end of nearly every summer they feared a shortage of water would destroy their crops.

"The gates of these great diversion tunnels were closed here at Boulder Dam last February. In June a great flood came down the river. It came roaring down the canyons of the Colorado, through Grand Canyon, Iceberg and Boulder Canyons, but it was caught and safely held behind Boulder Dam.

"Last year a drought of unprecedented severity was visited upon the West. The watershed of this Colorado River did not escape. In July the canals of the Imperial Valley went dry. Crop losses in that valley alone totalled \$10 million that summer. Had Boulder Dam been completed one year earlier, this loss would have been prevented, because the spring flood would have been stored to furnish a steady water supply for the long dry summer and fall.

Across the San Jacinto Mountains southwest of Boulder Dam, the cities of Southern California are constructing an aqueduct to cost \$220 million, which they have raised, for the purpose of carrying the regulated waters of the Colorado River to the Pacific Coast, 259 miles away.

"Across the desert and mountains to the west and south run great electric transmission lines by which factory motors, street and household lights, and irrigation pumps will be operated in southern Arizona and California. Part of this power will be used in pumping the water through the aqueduct to supplement the domestic supplies of Los Angeles and surrounding cities.

"Navigation of the river from Boulder Dam to the Grand Canyon has been made possible, a 115-mile stretch that has been traversed less than half a dozen times in history. An immense new park has been created for the enjoyment of all our people.

"At what cost was this done? Boulder Dam and the powerhouses together cost a total of \$108 million, all of which will be repaid with interest in fifty years under the contracts for sale of the power. Under these contracts, already completed, not only will the cost be repaid, but the way is opened for the provision of needed light and power to the consumer at reduced rates. In the expenditure of the price of Boulder Dam during the depression years, work was provided for four thousand men, most of them heads of families, and many thousands more were enabled to earn a livelihood through manufacture of materials and machinery.

"And this picture is true on different scales in regard to the thousands of projects undertaken by the federal government, by the states, and by the counties and municipalities in recent years. The overwhelming majority of them are of definite and

permanent usefulness.

"Throughout our national history we have had a great program of public improvements, and in these past two years all that we have done has been to accelerate that program. We know, too, that the reason for this speeding up was the need of giving relief to several million men and women whose earning capacity had been destroyed by the complexities and lack of thought of the economic system of the past generation....

"In a little over two years this great national work has accomplished much. We have helped mankind by the works themselves and, at the same time, we have created the necessary purchasing power to throw in the clutch to start the wheels of what we call private industry. Such expenditures on all of these works, great and small, flow out to many beneficiaries; they revive other and more remote industries and businesses. Money is put in circulation. Credit is expanded and the financial and industrial mechanism of America is stimulated to more and more activity. Labor makes wealth. The use of materials makes wealth. To employ workers and materials when private employment has failed is to translate into great national possessions the energy that otherwise would be wasted. Boulder Dam is a splendid symbol of that principle. The mighty waters of the Colorado were running unused to the sea. Today we translate them into a great national possession...."

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