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Israel Bombs Targets Inside Syria

In response to the Saturday, Oct. 5 suicide bombing in Haifa, which killed 19 people, Israel launched bombing raids on camps inside Syrian territory on Sunday, Oct. 6. According to one well-placed Arab source, the Israeli action was taken, after the Quartet (U.S., Russia, European Union and United Nations Secretary General Kofi Annan) failed to strongly condemn Israel's continuing targeted assassinations of Palestinians, in their joint statement from New York City.

This Week You Need To Know

HITLER & SCHWARZENEGGER AS BEAST-MEN

by Lyndon H. LaRouche, Jr. October 4, 2003

Many Californians and others have found it difficult to explain how and why Hollywood geek-act Arnold Schwarzenegger could have become so suddenly a prominent contender in an impromptu race for Governor. They have been caught off guard by Schwarzenegger, because they never really understood how Adolf Hitler came to power in Germany. They have overlooked the fact that Schwarzenegger was chosen for politics because he is in real life the unhuman beast-man whose role has been his most lucrative Hollywood screen-role. They do not understand what fascism really was, and is.

Schwarzenegger was thought of as only the kind of actor whose natural talent was giving Narcissus a bad name, for a co-starring role in real-life sleazy peep-shows, on or off stage. If they liked his movies, it was because they liked the smell that reaks around dirty peep-shows. How did he suddenly get into politics? Schwarzenegger was never really an actor, not a political thinker; he was, like the worst of his film characters, essentially a freak: a "Freddie," a "Jason" from "Friday the Thirteenth."

Hitler, too, was a freak, a bizarre, predatory beast from the pages of Satan-cultist Friedrich Nietzsche. It was his success in training as an actor that Hitler was trained to play the theatrical role through which he campaigned for and became the beast-man dictator of Germany. Schwarzenegger was selected because his training for film-acting had produced a type who fit the essentially satanic, "beast-man" role played by leading fascists such as Benito Mussolini, Adolf Hitler, Francisco Franco, and so on. He was another such "Dionysos" from the pages of Friedrich Nietzsche's wild rants. The role Schwarzenegger was selected to perform on the California political stage was a Hollywood "remake" of a kind of evil which modern history has met in leading figures of France's Jacobin Terror, in Napoleon Bonaparte, and in each of the whole pack of leading fascist figures from the 1922-1945 interval.

The origin of those political figures in what has become known as the fascist tradition, is an exotic freemasonic cult, known originally as the Martinists, which was used by a relevant network of private bankers to launch the French Revolution and the tyranny of Napoleon Bonaparte. It was the same Martinist cult, known during the Twentieth Century as the Synarchist International, which created the fascist beast-man figures of the 1922-1945 interval, and has produced a new batch of Synarchist figures, including the U.S. neo-conservatives and Arnold Schwarzenegger today.

Schwarzenegger, like Hitler, is set apart in a certain way from more ordinary neo-conservatives such as Wolfowitz, Lewis Libby, and so on. Those neo-conservatives are beastly in their own way, but they lack that exotic appeal implied by the term charisma. Hitler was developed as a figure of charisma. Schwarzenegger has been transformed to similar effect, by Hollywood productions. Transformed from a sleaze-ball sex-freak of the body-builder sweat parlors, into a figure of charisma of a special kind: the charisma of the beast-man.

There is nothing really mysterious about the quality of charisma as represented by the images of Arnold Schwarzenegger or the Hitler who is his original role-model. The street name for Hitler's and Arnie's charisma, is fear, the mystical impression that this is a man to be feared, awfully feared. According to the original doctrine of the beast-man developed by Martinists such as Joseph de Maistre, fear of such predatory tyrants is not the fear of the power they are believed to represent, but the kind of wild irrationality associated with Roman Caesars such as Caligula or Nero, or that image of the Spanish Inquisition which the Martinists admired.

In short, select geek-act-artist Schwarzenegger to play a role like that a Caligula, Nero, Mussolini, or Hitler, on the living-theater stage of improvisatory real politics. Draw upon the pro-Hitler imageries which that actor had acquired from his family household and other elements of his surroundings, and then make the state of California the stage on which he is cast to act out that role.

The relevant lesson to be learned from the current situation in Iraq, is that neo-conservatives such as the fascists Vice-President Cheney, Richard Perle, Donald Rumsfeld, Paul Wolfowitz, and so on and so on, are not exactly geniuses. Their power lies not in the development of their mental powers but their lack of morals or rationality. Their power lies in their disposition to act in ways no sane and moral person would do. Their appeal lies entirely in the fear they instill because of the part they are disposed to play, in whatever roles, on or off stage, they are cast.

Latest from LaRouche

LaRouche Campaign Leaflet Issued: "The Return of the Beast"

On Oct. 3, 2003, Democratic Party presidential pre-candidate Lyndon LaRouche's campaign committee issued a mass-distribution leaflet which begins: "Read the above quotes, study the photographs carefully, and ask yourself: Is Arnold Schwarzenegger the kind of man you wish to see in the Governor's mansion in Sacramento in these times of crisis? Didn't we all learn the lessons of Hitler's Holocaust?"

I admired Hitler... because he came from being a little man with almost no formal education, up to power. And I admire him for being such a good public speaker and for his way of getting to the people and so on...

We can't live without authority. Because I feel that a certain amount of people who were meant to do this and control; and larger amount, like 95% of the people, who we have to tell what to do and how to keep order. That is why I am all for it... I feel if you want to create a strong nation and a strong country you cannot let everybody be an individual, because everybody has his own opinions and you can't just stick together as a strong nation. Then you have to tell people what to do and you can't just let them float away. In Germany there was a lot of unity. The German soldiers were the best, and with the police force and everything...

America.... There is one thing I don't like here and that people go on their own little trips too much. The unity isn't there anymore. And I don't think it's too much the people's fault. I think it's because we don't have a strong leader here...

To speak to maybe 50,000 people at one time and have them cheer, or like Hitler in the Nuremberg Stadium, and have all those people scream at you and just being in total agreement with whatever you say.

—**Arnold Schwarzenegger, from 1977 transcript of interview with George Butler.**

Schwarzenegger didn't shy away from controversial views. He often got into heated battles with Rick Wayne—a black bodybuilder from St. Lucia, a Caribbean island—about one of the most emotional issues of the 1970s: racial segregation in South Africa. Wayne said Schwarzenegger defended the apartheid system and argued that white South Africans could not turn power over to black South Africans without ruining the nation. "At the time, I just thought he was an out-and-out racist," Wayne said in a recent interview.

—**San Jose Mercury News, Aug. 24, 2003.**

Arnold is a true definition of a Nietzschean "man of will." Arnold saw himself and sees himself as a superman, as a man superior to other beings.

—**David Wyles, line producer of *Pumping Iron*, in interview with New York Times, Oct. 4, 2003.**

Read the above quotes, study the photographs carefully, and ask yourself: Is Arnold Schwarzenegger the kind of man you wish to see in the Governor's mansion in Sacramento in these times of crisis? Didn't we all learn the lessons of Hitler's Holocaust? Beyond his familial ties to the Nazi Party (his father, Gustav, was a member of the Nazi Party in his native Austria and served in Hitler's *Sturmabteilung*, the notorious Brownshirts), Schwarzenegger, like Hitler before him, is the kind of "Beast-man" personality who is tapped, in a time of great crisis, to intimidate a population into submission, out of terror, to the most murderous policies.

As Lyndon LaRouche, the tenth Democratic Party Presidential candidate in the 2004 elections, said, a Hitler does not start a movement; powerful financier forces create a movement of the enraged and desperate, and then look around for the "Beast-man" personality, to impose upon the mob. Schwarzenegger, like Hitler before him, was a less than nothing, trained as a freak out of a Wagnerian opera—the "Terminator Man." As the above quotes suggest, once on stage, the "Beast-man," Arnie, will play his part by instinct. Just as Nazi Finance Minister Hjalmar Schacht and Bank of England head Montagu Norman selected and bankrolled Hitler's rise to power, today, Schwarzenegger is backed by leading banking circles, typified by his energy pirate and speculator-partner, Warren Buffett.

In January and February 1933, the German Social Democrats made the fatal mistake of underestimating Hitler. They assumed he would be a passing fad, removed from power in a few short months. Then came the Reichstag Fire, and the Hitler-Nazi dictatorship, the concentration camps, World War II.

LaRouche warns: Do not underestimate the consequences, for California, for the United States, and for the world, if "Beast-man" Arnold Schwarzenegger is unleashed.

Turn out on Oct. 7. Mobilize your family, your friends, your neighbors to defeat the recall. California doesn't need "Exterminator Man!"

LaRouche Warns Democratic Party National Leadership: Don't Blow California Recall Victory

On Oct. 1, Lyndon LaRouche, the tenth Democratic Party Presidential candidate, issued a stern warning to the national Democratic Party leadership in Washington: Don't blow the still-winnable California Recall fight, or there will be Hell to

pay.

Following LaRouche's own successful visit to Los Angeles from Sept. 10-12, and former President Bill Clinton's California intervention several days later, the path had been clearly set for the defeat of the Recall effort. However, subsequent failures by the national leadership of the Democratic Party, now jeopardize what had been a near-certain victory over the forces aiming to once again loot the state of California, on behalf of the Dick Cheney-linked energy pirates, and their "geek act" performer, Arnold Schwarzenegger.

The LaRouche campaign, led by hundreds of LaRouche Youth Movement activists, has so far distributed nearly a million pamphlets, in English and Spanish, exposing the Cheney crowd's looting of California, and offering a LaRouche-authored energy reregulation and reconstruction plan, that would create thousands of new productive jobs and restore and expand the State's energy grid. But back in Washington, top Democratic Party "strategists" have outright sabotaged the defeat-the-Recall campaign, by shifting the focus away from the only winnable approach: a fullscale exposé of the Cheney deregulators and their \$70 billion ripoff of California.

LaRouche warned that it is not too late for the national Democratic leadership to do their job, and still secure a decisive victory on Oct. 7. But they must stop "horseing around," and join a final days' mobilization of the Democratic electorate in California. If the Recall is not defeated, it will only be the national Democratic Party leadership who will be to blame, LaRouche concluded, and he vowed to personally lead the effort to "take the scalps" of those responsible officials.

Links to articles from *Executive Intelligence Review*.*

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Feature:

Shakespeare As a Scholar: U.S. Politics As Tragedy

By Lyndon H. LaRouche, Jr.

``My subject ... is politics for a time of crisis; the real, no longer postponeable political issues facing our nation's approach to the 2004 general election today. That subject is one which could never be understood competently, except from the vantage-point of a deep insight into the essential role of Classical art in the education of the modern statesman. The contemporary, even urgent relevance of these references to Shakespeare, will be emphasized in the course of ... this report.'

Herbart and Riemann on the Mind: Overcoming Your Fears by Increasing Your *Geistesmassen*

A speech by **Helga Zepp-LaRouche** to the ICLC/Schiller Institute Labor Day conference in Reston, Virginia on Aug. 31.

This presentation was given as a keynote to the ICLC/Schiller Institute Labor Day annual conference, on Aug. 31, 2003. Mrs. LaRouche was introduced by Schiller Institute Vice- President and civil rights heroine Mrs. Amelia Boynton Robinson.

Economics:

'Vulture Funds' Descend On Dying Third World Economies

by Dennis Small

Argentine Finance Minister Roberto Lavagna used the high-profile forum of the annual meeting of the International Monetary Fund (IMF) and World Bank in Dubai, United Arab Emirates, to unveil on Sept. 22 Argentina's long-awaited proposal to restructure some \$94.3 billion in public debt, on which the government had defaulted in December 2001. Lavagna's proposed 'solution' to the world's longest-running and biggest public debt default, was to write off 75% of the debt's face value, and service the remaining 25% somewhere down the line.

'There Is New Pressure To Develop the Mekong'

An interview with Joern Kristensen.

Joern Kristensen is the Chief Executive of the Mekong River Commission (MRC). The Commission was created in 1995 by the governments of Vietnam, Cambodia, Laos, and Thailand to deal with matters of the economic and related development of the Mekong River Basin. A delegation from the MRC arrives in the United States in October to study the management of the Mississippi River. Mr. Kristensen was interviewed by phone from Pnomh Penh by Michael and Gail Billington and Marcia Baker on Aug. 25.

'Dam-Buster'-Ideologue Hosts May Ruin Mekong River Commission Visit to U.S.

by Marcia Merry Baker

"... We were founded in 1973 to increase the number of rivers protected by the national Wild and Scenic Rivers System and to prevent the construction of large new dams on our last wild rivers. Today, in addition, . . . we focus on dam removal and reform.' Andrew Fahlund, Senior Director, Dams Program, of American Rivers, lists his favorite river movie as 'Dambusters, a British film from the 1950s about a World War II bomber squadron that blows up dams on the Rhone River.'

How Will Europe Fill Its Huge Energy Gap in the 21st Century?

The latest power blackouts have made it manifest, that by 2020, more than 200 Gigawatts of electricity capacity must be replaced in the European Union countries, simply due to the aging of existing power facilities; other demands, for growth, make the ``energy gap" nearly as large as the entire power grid of the United States.

International:

LaRouche Gives 'Wake-Up Call' to Moscow Conference on China

by Karl-Michael Vitt

On September 23-25, 2003, the 14th Conference on 'China, Chinese Civilization and the World: Past, Present and Future,' took place in Moscow. The main subject of this year's conference was: 'China in the 21st Century—Chances and Challenges of Globalization.' Among the organizers were the Russian Academy of Sciences, the Academic Council for Comprehensive Studies of Contemporary China, the Institute of Far Eastern Studies, and the Russian Association of Sinologists. The conference was dedicated to 87-year-old Academician S.L. Tikhvinsky, one of the leading Sinologists of Russia during the past decades.

Mahathir, at UN, Calls For New Bretton Woods

by Mike Billington

Speaking at the UN General Assembly on Sept. 25, Malaysian Prime Minister Dr. Mahathir bin Mohamad went beyond complaints about the exploitation of the poor nations by the rich, and pointed to the crisis in the world financial system as a whole. ... The elder world statesman from Malaysia had begun to point to a new Bretton Woods monetary reform.

Is Europe Sincere?

A commentary by Lyndon H. LaRouche, Jr.

Written for the October issue of the Turkish magazine of political economy, *Yarin*.

"...On the surface of things, Europe appears to be dropping its earlier reluctance to accept Turkey's entry into the European Common Market on conditions acceptable to Turkey. For good reasons, Turkey must wonder: is this real, this time?"

Mexico: Targetting of Cardinal Sandoval Triggers Religious Warfare Potential

by Gretchen Small

The Synarchist strategy to set off a new religious war in Mexico exploded upon the country's political scene at September's close. Once again, Mexico is being polarized on religious grounds, as it was in the 19th Century, and again in the late 1920s Cristero War, each time with devastating consequences.

Iran's Nuclear Energy: A Cheney Casus Belli?

by Muriel Mirak-Weissbach

'First Iraq; then come Syria and Iran.' So runs the agenda of numerous neo-conservative think-tanks in the United States, planning the radical redrawing of the map in the entire region of the Middle East and the Persian Gulf. Whether it be Michael Ledeen of the American Enterprise Institute, or a wildeyed ideologue at the Hudson Institute, among the many 'rogue nations' in the world that make up so many 'axes of evil,' the Islamic Republic of Iran is high on the list.

An Iranian View of the Nuclear Controversy

by V.B.

"The discussion between the IAEA and Iran, under pressure from the United States and Israel, reminds me of the movement in Iran for the nationalization of oil..."

National:

LaRouche-Led Assault On Cheney Is Drawing Blood

by Jeffrey Steinberg

On Sept. 20, 2002, Lyndon LaRouche, the tenth candidate for the Democratic Party Presidential nomination, issued campaign statement, calling on Vice President Dick Cheney to resign from office... LaRouche has kept up the focussed exposures of the Vice President's role, as the chief architect of the disastrous Iraq war, and the intelligence fakery that led a too-gullible Congress to give the White House carte blanche to prosecute, what Cheney and his neoconservative cohorts view as a 'perpetual war'...

- **Documentation LaRouche's Record:**

Why Cheney Must Be Removed

by EIR Staff

For more than a year Democratic Presidential pre-candidate Lyndon LaRouche has identified Vice-President Dick Cheney as the crucial character within the Bush Administration who has, 1) been pursuing his own long-term strategy of turning the United States into a new Roman Empire, and 2) been exercising Svengali-like power over President George W. Bush in order to achieve his ends....

Who Is Renting Howard Dean?

by Anton Chaitkin and Scott Thompson

Multi-billionaire speculator George Soros held a \$1,000 person private fundraiser for Howard Dean's Presidential campaign over the Sept. 27-28 weekend at Soros's mansion in Katonah, New York. After years of impoverishing Russia and Eastern European economies, looting raw materials, preying on currencies in the name of 'philanthropy,' Soros is now moving millions of dollars into the U.S. Democratic Party.

U.S. Economic/Financial News

'Consumer Confidence' Down as Midwest Manufactures Plunge

The pace of manufacturing activity in the U.S. Midwest slowed sharply in September, while "consumer confidence" plunged. The Institute for Supply Management said Sept. 30 that its monthly index for the Chicago area fell to 51.2 in September, from 58.9 in August, based on surveys of purchasing managers. The index "fell off a cliff," said an economist at Deutsche Bank Securities. For example, the employment component dropped to 45.3 from 51.2, indicating more lay-offs.

Meanwhile, the Conference Board (a private group) said its consumer confidence index fell to 76.8, from 81.7 the previous month, due to worries about jobs. The report's "jobs hard to get" component jumped to 35.3—the highest level since December 1993.

Americans Without Health Insurance Now 43.6 Million

The number of uninsured people shot up last year by 2.4 million, the Census Bureau reported Sept. 30, raising the total to 43.6 million uninsured, or about 15.2% of all Americans. The continued erosion of jobs and employer-sponsored health coverage were seen as the main causes for the latest increase. The number of people with employer insurance declined by 1.3 million last year, from 62.6% in 2001 to 61.3% in 2002.

The number of full-time workers without health insurance rose by nearly 900,000 last year to 19.9 million, or about 17% of full-time workers. About 24% of part-time workers are without insurance, as are 26% of the unemployed. Also lacking insurance: about 32.4% of Hispanics and 33.4% of foreign born individuals. The U.S. Chamber of Commerce says the number of people earning over \$50,000 who are without coverage is also growing.

Gov't Insurance Programs Expected To Shrink as Bankrupt States Cut Back

While more than one-fourth of the U.S. populaion is covered by Federal-state health programs for the poor and disabled, this percentage is likely to shrink, as bankrupt states cut back Medicaid and State Children's Health Insurance program (SCHIP). People covered by Medicaid, the Federal-state health program for the indigent and disabled, and SCHIP, rose to 25.7% last year, from 25.3% a year earlier. For instance, Texas, which has the highest number of uninsured residents—24.7%—cut back Medicaid and SCHIP this year. So, expect the number of uninsured to explode next year.

Wal-Mart Slashes Employee Health Benefits; Retirees Get Zilch

Wal-Mart, the world's biggest retailer, has refused to pay for flu shots, eye exams, child vaccinations, and other treatments, and demands \$1,000 deductibles—triple the norm, the *Wall Street Journal* reported Sept. 30. As the nation's biggest employer, with 1.16 million on its payroll, it could set a trend for other struggling employers. The company has raised premiums 50% in the last two years. new hourly employees wait six months before they are allowed to sign up for benefits, and Wal-Mart won't pay for treatment of pre-existing conditions for the first year of coverage.

Senate Prepares Huge Tax Windfall for Overseas Companies

The U.S. Senate is preparing a huge windfall for companies that have deferred paying taxes on foreign profits, so they can reduce their massive debt loads, or pump up Wall Street. The Senate Finance Committee approved a controversial bill that would allow U.S. companies to bring back, at a sharply reduced tax rate, profits that were sheltered overseas—to be repatriated at 5.25% tax, instead of the current 35%, if the money is invested in the U.S. rather than overseas. Beneficiaries of the measure, who could reap from \$135-300 billion, include pharmaceutical giants such as Merck and Eli Lilly, plus IT firms such as Hewlett-Packard.

Bill Archer, the former chairman of the House Ways and Means Committee, and now a lobbyist for the coalition backing

the measure, is pushing the tax "holiday." DLC'er Sen. John Breaux (D-La), who is fighting it as an incentive for companies to leave the U.S., unsuccessfully presented an amendment to require companies to reinvest the profits in equipment.

Although peddled as a way to increase investment and create jobs, Hewlett said much of its \$14.5 billion windfall would be used to pay down its debt.

The bill is expected to pass, and President Bush has said he will not veto it.

New Round of State, Local Budget Crises Show Depth of Depression

The Sept. 30 close of the Federal fiscal year—with a soaring rate of national budget deficit. Many state- and local-level situations as well are in a spiral of revenue collapse, program cuts, and blame-game political chaos. Alabama, Connecticut, and other locations have been in emergency session; Iowa is arguing over whether to call one, etc. Some recent reports from local press, and first-hand accounts from state legislators.

SOUTH

ALABAMA. The last week of September, after a referendum to increase taxes (by restructuring the state's tax system) was overwhelmingly defeated, final approval was given to impose massive budget cuts on Oct. 1, meaning hundreds of layoffs. Most state agencies will have their budgets cut 18%. One example, from the Sept. 29 *Mobile Register*: Local volunteer fire departments will have half the funding from the state, that they received in recent years. Last year (2002-2003) \$2,483,878 from the state's General Fund was earmarked for rural and community fire protection. This year, it will be, \$1,241,939.

MIDWEST

IOWA. The state has a \$63.9 million hole in its Y2003 budget, which technically ended on June 30, but the books aren't closed until Dec. 31. The state had passed a "balanced" budget plan, but then, state revenues came in way below all expectations. There is intense political wrangling, with Gov. Tom Vilsack (D) saying on Sept. 25 he can transfer \$50 million from a still-existent rainy day reserve, and then call a special legislative session to make cuts. Republicans say no. No resolution is in sight under the prevailing attitudes (*Sioux City Journal*, Sept. 26).

INDIANA. State officials are currently scrambling to find any kind of help for households where a developmentally disabled person is being cared for by someone 60 years of age or older—a category which includes at least 10,000 households, because the state's service program for these disabled people was ordered to return \$15 million last year to the state's general fund, as part of the attempt to deal with the budget deficit (WISH TV, Sept. 29).

EAST

MARYLAND. The state now faces an \$800-million gap in its budget in the fiscal year that begins next July, despite extreme cuts—including 1,000 jobs, with another 715 in the works by Dec. 1, made to obviate this, so a new round of government program cuts is being haggled over politically for the mid-year.

VIRGINIA. On Sept. 26, Gov. Mark Warner (D) promised Wall Street analysts that the state will commit to double its emergency reserve fund by July, to satisfy "markets" that the no effects of Hurricane Isabel or prospects of declining revenue, will hurt the state's bond ratings (*Virginian Pilot*, Sept. 27).

WEST

CALIFORNIA. On the eve of the Recall vote, the state finds itself in a legal bind over plans to finance its depleted employee pension funds and the \$38 billion budget deficit. A state judge has ruled that a \$2 billion bond issuance for the pensions, approved as part of the emergency budget package, is illegal because the voters weren't asked to approve it. And, a right-wing outfit, Pacific Legal Foundation (Richard Mellon Scaife et al.) has filed suit against plans to issue \$10.7 billion in revenue bonds to reduce the budget deficit, also charging that the voters weren't consulted. The moves appear timed to focus attention on the problems the beleaguered Gov. Gray Davis has in managing the state's finances, thus hoping to fuel the Recall vote (*San Francisco Chronicle*, Sept. 25).

Earlier this year, the state legislature and Gov. Davis cut \$11 billion from the budget and agreed to a multi-billion dollar borrowing program—a doomed scenario in its own right.

States Starve Inmates to Meet Bottom Line

So desperate are the governments of several states, that they are trimming amounts and reducing (still further!) quality and quantity of food served to prison inmates, a measure that has provoked inmate protests in the past, and is drawing complaints from families of inmates, the *New York Times* reported Sept. 30. Among the states cutting food portions are Arizona, Iowa, Minnesota, North Carolina, Texas, and Virginia. "If inmates want to act out violently about their food, we have another place to put them," said Ray Allen, a Republican state representative from Texas. In Virginia, the prison system in January is now serving only two meals a day on Saturdays, Sundays, and holidays. Parents of some young inmates have expressed concern that the portions served are not sufficient for their sons to maintain muscle mass or bodyweight, and that the money saved through failure to provide an adequate diet, will only result in additional health-care expenses later.

Federal Home Loan Bank Dumps \$1 Billion in Risky Securities

The Federal Home Loan Bank of New York dumped nearly \$1 billion in asset-backed securities due to credit risk, reflecting the financial crisis among borrowers and lenders in the real estate markets, the *Wall Street Journal* said Sept. 30. The bank announced that it chose to sell \$944 million of securities backed by home and business loans—even though the sale resulted in a \$6.6 million loss—because the bonds "no longer met the credit standards of the bank, due to recent deterioration in the credit quality of the servicer." Servicers, which collect payments on loans, often also originate the loans (such as mortgages) that are bundled into asset-backed securities.

The twelve regional Federal Home Loan Banks borrow money from Wall Street to lend to commercial banks, thrifts, and credit unions, who in turn, make loans to home buyers.

American Electric Power Sued for Market Manipulation

The Commodity Futures Trading Commission filed a lawsuit against American Electric Power, one of North America's largest utility holding companies, accusing it of manipulating energy prices. AEP, cashing in on the deregulation boondoggle, reaped \$63.6 million by falsely reporting as much as 78% of natural gas trades during November 2000-October 2002, the Federal agency said. The lawsuit seeks up to \$355 million in penalties. "The bottom line is false reporting, and manipulation was an addiction for this company," said CFTC enforcement chief Gregory Mocek.

The commission has collected \$96 million in civil penalties from once-mighty energy pirates such as Dynegy, El Paso, Williams, and Duke Energy.

WALL STREET POLICE BLOTTER

Two major trials are now underway:

* **Former Tyco chief Dennis Kozlowski** has been charged with looting Tyco and its shareholders of \$600 million to fund his lavish lifestyle.. .

* **Credit Suisse First Boston investment banker Frank Quattrone**, the Silicon Valley hotshot, has been charged with obstruction of justice and witness tampering arising out of an investigation into CSFB's allocation of shares in IPOs during the Internet boom.

* The IPO investigations have also claimed **J.P. Morgan Chase**, which, the SEC said has agreed to pay \$25 million to settle an investigation of its own IPO chicanery.

* New York State Attorney General Eliot Spitzer's probe of hedge funds' illicit dealings with mutual funds has claimed some new heads. **Prudential Securities**, now a unit of **Wachovia Bank**, has ousted 12 brokers, including the head of its Boston office. On Sept. 30, **Alliance Capital Management** suspended two executives over the Spitzer probe. Alliance, a unit of French insurance giant **AXA**, is familiar both for its role at **Enron** (a board seat), and its vice-chairman **Roger Hertog**.

World Economic News

G-7 Accepts Weakened Dollar

An article in *La Tribune* on Oct. 1, one of two major financial dailies in France, says that the U.S. dollar is currently in a free fall. Isabelle Croizard states that while, "At the Dubai meeting, the partners of Uncle Sam within the Group of Seven accepted the final communique, calling for bigger flexibility in the exchange rates, [it was] only in return for assurances that a weekend dollar would help the U.S. recover its role of locomotive of the world economy. The problem however, is not only that the dollar continues to fall, but its reflux is beginning to get out of control." We are not exactly undergoing a "soft landing" as the monetary gendarmes of the world had wished would happen.

Croizard further worries about the fact that the Japanese situation is also out of control; in spite of the fact that they used \$40 billion to defend the yen in September, they were not able to stop the fall. Only the rumors that the Federal Reserve intervened in favor of the Bank of Japan, buying dollars, was able to stop the trend, says *La Tribune*, reporting however that the Fed has refused to confirm the news.

German Economy Needs More Domestic Investments

If there were more domestic investments, German industry could have the full benefit of machine innovations, Hans Joerg Bullinger, president of the Fraunhofer Society, said Sept. 30. Although the German economy is in a downward spiral, there are sectors that show an upward potential, like the machine-builders: with more than 4,000 new patents listed in 2002, Germany has the absolute lead there, on a global scale. The share of almost 20% of the entire global market for machines, which Germany gained in 2002, reflects the attractiveness abroad of that sector's production, Bullinger said. However, domestic German industry investments are too low, generally, and Germany's industry thus cannot benefit from the innovative powers of the machine-building sector, he said.

India To Give \$1 Billion for Asia Bond Fund

India has offered \$1 billion to set up the Asia Bond Fund, according to Thai Foreign Minister Surakiart Sathirathai, speaking in New York, the *Bangkok Post* reported Sept. 30. The proposal, in the form of a technical paper, would be considered by finance ministers under the Asian Cooperation Dialogue (ACD) framework, Sukariart said during a speech at an ACD meeting in New York. The Asia Bond scheme, proposed by Prime Minister Thaksin Shinawatra, would enable any surplus capital in Asia to be used for investment in the region's poorer nations, and defend against speculators. ACD now has 22 member nations. Four new members—Kazakhstan, Oman, Kuwait and Sri Lanka—attended the ACD talks for the first time. It was also the first ACD forum to be attended by ministers from India and Pakistan.

Nigeria, Euro Space Agency Launch Moon Mission

Europe's first mission to the Moon blasted off on Sept. 27 from Kourou, French Guiana, aboard an Ariane 5 rocket, the *New York Times* reported Sept. 28. The mission was the Smart-1 Moon exploration probe, which will take 15 months to reach lunar orbit, and remain there for up to 30 months.

On the same day, Nigeria achieved the launching of its first space satellite, which was launched aboard a Russian rocket from the Plesetsk cosmodrome in Russia. The government plans to use the Landsat-type satellite to monitor water resources, soil erosion, deforestation, and potentially to monitor natural disasters, said space agency spokesman Solomon Olaniyi to Associated Press. AP quoted a security guard in Lagos, "It makes me proud to be a Nigerian. It shows our nation is progressing. We've joined the space age."

United States News Digest

Ambassador Wilson Skewers Cheney and Rove in 'Nightline' Interview

ABC-TV's "Nightline" ran a special edition on Sept. 30, highlighting the probe into White House leaks concerning Ambassador Joe Wilson's wife's employment as an undercover CIA operative. Host Ted Koppel played the scandal to the hilt, focussing on Vice President Dick Cheney and White House political consultant Karl Rove, and drawing out the parallels to the early stages of the original Watergate affair.

Following a 10-minute introduction, Koppel engaged Wilson in an extensive interview, in which the former Ambassador was able to lay out the entire account of his trip to Niger, the conclusion of which was that there was no Iraq-Niger "yellow-cake" deal. Wilson emphasized that it was the Office of the Vice President that tasked the CIA to probe the yellow-cake allegations. He also reported that several Washington journalists had called him, right after speaking with Rove, who had told the reporters, "Joe Wilson's wife is fair game."

Scandals Mount Over 'Worthless' and 'Fragmentary' Evidence Against Iraq

The U.S. paid \$1 million for so-called intelligence from Iraqi exile Ahmed Chalabi and his Iraqi National Council, but it was worthless, says a classified DIA report obtained by the *New York Times*, and reported on Sept. 29. The DIA was tasked to deal with this "intelligence" at a certain point. Chalabi's gang arranged interviews with defectors, but many were not the people they claimed to be—usually "top WMD scientists"—according to the DIA report. The DIA analysts say they cannot determine whether the informants deliberately attempted to mislead the U.S., or simply didn't know what they were talking about.

However, for those familiar with Iraqi exile politics, there is no question that Chalabi and his cohorts were deliberately

"playing" the system for the political end of getting the U.S. to overthrow Saddam Hussein. Going back to 1996, *EIR* has reported on interviews with former intelligence agents and analysts, who had warned that Chalabi was untrustworthy, and had repeatedly made statements—later discovered to be false—in order to garner political support, both in Washington, and in London, where he was the favorite of the Foreign Office.

In another development, both Democratic and Republican Party leaders of the House Intelligence Committee have charged that the intelligence leading to the Iraq war was "circumstantial," "fragmentary," and out-of-date, with "too many uncertainties" to allege that Iraq had WMD or ties to al-Qaeda. Both Rep. Porter Goss (R-Fla), committee chairman, and Rep. Jane Harman (D-Calif), ranking Democrat, found "significant deficiencies" in the U.S. intelligence community's ability to gather new information on Iraq, and said it relied on "past assessments," made before 1998, as well as "some new 'piecemeal' intelligence"—both of which "were not challenged as a routine matter." The letter, signed by both leaders, to CIA Director George Tenet, was reported in the *Washington Post* Sept. 28.

"The absence of proof that chemical and biological weapons and their related development programs had been destroyed, was considered proof that they continued to exist," they charged.

The letter indicates one significant difference between the two committee leaders. Harman said the judgments in the October 2002 National Intelligence Estimate (NIE) on Iraq, "were deficient with regard to the analysis and presentation." Goss, a former CIA agent, on the other hand, believes the judgments were not deficient, and were properly couched to reflect the incomplete nature of the intelligence.

See this week's InDepth for full analysis of how the Iraq war debacle the disinformation leading to the war, is becoming "Cheneygate."

Putin Gives Nothing to Bush on 'Axis of Evil'

The Sept. 26 summit between President George W. Bush and Russian President Vladimir Putin did little more for Bush than provide some photo ops. Bush had gone in there with instructions from Cheney's neo-con Chickenhawks to seek concessions from his Russian counterpart on issues concerning the Cheneyacs' "Axis of Evil"—Iraq, Iran, and North Korea—but, based public reports and other indications, he returned empty-handed.

In statements made following the summit, it became clear that the Russians were sticking to their line of resisting any attempts to involve them in the "postwar" occupation of Iraq; they continue to argue that this should be handled by the United Nations, not the U.S. They are not likely to veto any new U.N. resolution on Iraq, but nor will they send any troops.

On Iran, the Russians are not going to back any efforts to block the Iranian nuclear program, which the Russians are involved in building, and which they, like the Iranians, insist is for the peaceful development of Iran's economy. Bush was not able to obtain any concessions about support for some kind of UN resolution, around an inspection regime.

On the issue of North Korea, Putin was direct and pointed. Putin stated at his Sept. 27 joint press conference with Bush that the nations who have been negotiating in the so-called "Six Power" process with Pyongyang over its nuclear program - Russia, the U.S., Japan, China, and South Korea—must give the North Koreans an unequivocal security guarantee.

With Bush looking on in silence, Putin declared, "Russia believes that ensuring a nuclear non-proliferation regime should be accompanied by extending to North Korea guarantees in the sphere of security." China's Foreign Minister was also reported by the Korean press to have very strongly pressed President Bush on the security guarantee for North Korea in a private New York meeting. This policy has now been echoed by all other nations in the negotiating process with the exception of the U.S., including in statements in the last week at the UN.

See this week's Russia Digest for further Putin statements, and the post-summit meeting with Russia's military.

U.S. Failure in Iraq, Cheney Role Highlighted at Forum

In response to a question from an *EIR* reporter on the role of Vice President Dick Cheney, and his former Gulf War I aides, Paul Wolfowitz and Lewis Libby, in pursuing a war with Iraq for the past 12 years, Carnegie Endowment specialist Joseph Cirincione, who had just returned from a four-day trip to Iraq, organized by the Department of Defense, said that the only thing more rapid than the *rise of the neo-cons*, was how quickly their policies are failing.

Cirincione and Jessica Mathews, President of the Carnegie Endowment were speaking in Washington, D.C. Sept. 30, at a Carnegie forum, just after their Iraq trip. In no uncertain terms, Mathews said that there is no military solution to the crisis in Iraq.

More troops will not help, Mathews stated, and that serious mistakes were made in the de-Baathification, and the dismantling of the Iraqi Army. She reported that the number of ambushes on convoys has increased, the daily attacks against coalition forces have increased by 40%, and that there is an influx of foreigners joining the attacks. In addition, the 35,000 Iraqi police that have been trained are not qualified. Regarding "regime change," Mathews said even though one-third of the so called "55 Deck of Cards" (with names and photos of the top figures in Saddam Hussein's government) have been arrested, no significant intelligence has been gained. She went on to say that even if the UN were to take over, she believes there is only a 50% chance that the situation will get better.

Cirincione, a Senior Associate at Carnegie, said that all the intelligence used by the White House was based on the National Intelligence Estimate (NIE) which was influenced by Vice President Dick Cheney and his chief of staff Lewis "Scooter" Libby. Cirincione doubted that the Pentagon chief of weapons inspections, David Kay's recent report concerning weapons of mass destruction (WMD) would ever be made public. He said that all the evidence that Kay, who oversaw a 1,200-1,500-person Pentagon team of inspectors, operating for five months, points to conclusions opposite to those sought by the White House: 1) that there was no active chemical, biological, or nuclear-WMD program at the time of the invasion; and 2) that there had been no buildup of WMD after 1991.

Both Mathews and Cirincione said that one has to reluctantly admit that Saddam Hussein was telling the truth about not having a WMD program, a conclusion also reached by UN Inspector Hans Blix. Therefore, concluded Cirincione, the Administration cannot allow Kay's report to be made public. He said that the joint letter by Congressmen Porter Goss (R-Fla) and Jane Harman (D-Calif) was based on the realization that there has been no real intelligence about Iraq's alleged WMD programs since 1998.

Bill To Repeal Patriot Act Introduced

Legislation to repeal the worst features of the 2001 U.S.A. Patriot Act has been introduced by Rep. Dennis Kucinich (D-OH) and a number of other Congressional Democrats. Announcing this on Sept. 24, Kucinich said that since the Sept. 11 attacks, "this nation has undergone a dramatic political change, leading to an unprecedented assault on the United States Constitution and the Bill of Rights."

"Today, our nation has reached a critical turning point," he said. "Will we live in perpetual fear and continue to allow the disintegration of our basic rights and liberties? Will we stand by as the Administration formulates a second, more dangerous Patriot Act because, in the President's words, 'the first bill did not go far enough'? " Accompanying Kucinich were Representatives Barbara Lee (D-Calif), Sam Farr (D-Calif), Pete Stark (D-Calif), Jim McDermott (D-Wash), and

Janice Shakowsky (D-Ill). McDermott asserted, "Today, I will tell you that the most dangerous man to Americans is John Ashcroft. Without exception, every day, he comes out with some way to further take away our rights."

Kucinich's bill, which is labelled the "Benjamin Franklin True Patriot Act," would repeal those sections of the Patriot Act that authorize warrantless sneak-and-peek searches, warrantless library, medical, and financial record searches, and the detention and deportation of non-citizens without meaningful judicial review.

Meanwhile, Attorney General John Ashcroft and President Bush are calling for new legislation giving the Justice Department still more police-state powers, Ashcroft has also gone on the offensive against his critics, labelling them as "hysterics," and as people who want to tip off the terrorists.

It has also been disclosed that powers granted to the FBI and DOJ under the Patriot Act, are being used in many criminal investigations that have nothing to do with terrorism. As many predicted, the 9/11 attacks were used as the pretext to ram through the Congress additional powers which can be used against anyone. And pending legislation, characterized as "Patriot II," now being pushed by the Administration, would make it far worse.

A new DOJ report, recently released to the Congress, shows that the expanded "anti-terrorism" powers given to DOJ under the Patriot Act are also being used in investigations of white-collar crime, blackmail, drug-trafficking, money laundering, and investigations of allegedly-corrupt foreign leaders.

Anti-Immigrant Initiative Pushed for Arizona Ballot

A local racist group called "Protect Arizona Now" is promoting a referendum for the 2004 election, that would cut off services in the state for undocumented immigrants. Though the group is backed by some Arizona politicians, and is thus said to be connected to the "right wing of the Republican Party," its more important booster is the "Clash of Civilizations"-promoting Center for Immigration Studies (CIS) based in Washington, D.C.

CIS stresses the danger of terrorism from unguarded borders, and is a significant propaganda center for post-9/11 fear-mongering, publicizing analyses by Samuel P. Huntington, one of the fathers of the "Clash of Civilizations" theory, and by anti-Islam fanatic, Daniel Pipes. CIS warns of the fundamental clash of cultures demarcated by the U.S.-Mexican border, which could feed into the cover environment for the use of the Synarchist terrorist networks of such fascist promoters as Spain's Blas Pinar.

Ibero-American News Digest

LaRouche: Targetting Cardinal Sandoval Could Trigger Religious Warfare in Mexico

In a campaign statement issued on Sept. 29, Democratic Presidential pre-candidate Lyndon H. LaRouche 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, who, along with his family, is being investigated on drug-money laundering instigated by Jorge Carpizo McGregor, Attorney General under President Carlos Salinas de Gortari (1988-94), "is seen by experts in such matters as an attempt to reactivate a religious-warfare-like destabilization of Mexico." See In-Depth section for full LaRouche statement, and background article.

Bolivia Stands at the Point of Disintegration

Social upheaval is spreading across Bolivia, as protesters from various popular layers, led by coca-producers tied to mega-speculator George Soros, threaten a continuation of the nationwide shutdown, until President Gonzalo Sanchez de Lozada resigns. The violence which erupted in mid-September has escalated, ostensibly over the government's plans to export natural gas to the United States through Chilean ports. What makes the country a powderkeg, however, is the fact that it has been looted to the bone by two decades of IMF privatization and free-trade "reforms." Sanchez de Lozada, with a 9% popularity rating, is hanging by a thread.

By Sept. 26, road blockades had cut off the capital of La Paz from other cities, leading to food shortages as markets shut down, and price speculation took off. An indefinite general strike began Sept. 29, and have since escalated across the country. Despite efforts of the Catholic Church to mediate, all attempts at dialogue have broken down, and at least one of the government's coalition partners is threatening to exit.

On Oct. 2, agricultural and business interests in the southeastern city of Santa Cruz, a region with a history of separatist tendencies, suggested that now might be the time to make such a move. Ruben Costas of the Pro Santa Cruz Committee and Juan Armando Antelo of the Eastern Agricultural Chamber, proposed that either the country be "refounded," along the lines they propose, or each region of the country should just go its "own way."

Interior Minister Yerko Kukoc asked on Sept. 24: "Where is the money coming from?" to support the activities of tens of thousands of protesters, providing them with food, vehicles, and other necessities. He mentioned the presence of people "from Colombia," a reference to reports that members of the narcoterrorist FARC have been identified in Bolivia's coca-producing region. Others have called attention to the cozy relationship between cocalero leader Evo Morales and Venezuela's "leftist" synarchist President Hugo Chavez. The two say they have alternate plans to market Bolivian gas through Chavez's proposed continental oil company, "Petro-America." Morales, who missed becoming President by a hair in last year's Presidential elections, was in Libya the last week of September, and will be going to Venezuela, Switzerland, Cuba, and Mexico in October, "strengthening international relations," as he looks forward to becoming President in the near future.

Even crazier than Morales is cocalero leader Felipe Quispe, head of the Peasant Workers Labor Confederation (CSUTCB), who applauded the Sept. 11, 2001 terrorist attack on the World Trade Center. Quispe said on Sept. 29 that it's time an Indian became President of Bolivia. "We'll be in the Government Palace, with the smell of coca, of the Indian, of Pachamama [Earth mother], and that's what we propose, because we are the majority." He warned that if the government doesn't accept his terms for dialogue, then "the Indian nation, which is the majority, will become independent, and we will found the Republic of Kollasuyo."

Fox Suggests Pemex Could Leave the Country

Energy privatization "reforms" were high on Mexican President Vicente Fox's agenda in his meetings with businessmen while he was in New York City for the opening of the United Nations General Assembly on Sept. 23. According to Mexican daily *El Universal*, he met with businessmen in a Wall Street hotel, and told them that if foreign capital was not permitted to invest in the national oil company, Pemex, "Pemex would leave Mexico." To explain this stunning statement, he used Petroleos de Venezuela (PDVSA) as an example: PDVSA refines oil abroad because it's cheaper that way. Pemex is beginning to do the same, he said, because the Constitution prohibits association with foreign capital only *inside* Mexico. Outside Mexico, anything goes, apparently, to Fox's mind.

Energy reforms were reportedly the subject at various meetings, *El Universal* reported.

Message to Fox: 'Our Country Is Not for Sale'

Under this slogan, thousands of members of the Mexico's Electrical Workers Union filled Mexico City's famous Zocalo plaza on Oct. 1, joined by supporters from many other labor unions, teachers, and students, to show their opposition to plans to privatize the country's energy sector. Chants included: "Congress, watch out, our electricity's not for sale," and no to President Vicente Fox's "humiliating surrender" to "foreign looters."

It is widely acknowledged that Fox must strike a deal with the PRI, in order to get the constitutional changes required to ram through the privatization of Mexico's electricity and oil, and PRI head Roberto Madrazo appears ready to clinch that deal. However, a substantial opposition within the PRI leadership is battling Madrazo, with some demanding a party assembly to force Madrazo to defend his sell-out position to the rank and file.

PRI Sen. Manuel Bartlett, in fact, was a featured speaker, along with PRD Congressional coordinator Pablo Gomez, at the meeting of thousands of electrical workers where the march was announced Sept. 28. "The apostles of privatization no longer use the examples of privatization in other countries, because they ended in disaster," Bartlett told the meeting. "Now they say the problem is that the state has no money to invest. They lie.... We can no longer trust anyone but the rank and file, because all the privatizations have been done stealthily, in agreements made at the top, behind the people's backs."

At the Zocalo demo, both Fox and PRI legislative bloc leader Elba Esther Gordillo, an ally with Madrazo in supporting the reforms demanded by Wall Street, were repeatedly booed, with Gordillo receiving special denunciations as a "traitor," "sell-out," "PAN accomplice," and "daughter of Fox."

At least eight of the PRI's 17 governors have come out in favor of a deal with the Fox government, the majority of them from the north. The only PRI governor who has gone public in opposition is from the southern state of Oaxaca, Jose Murat. However, more than 20 PRI senators have taken a hard stand against any attempted constitutional changes on energy policy, and three of those—Manuel Bartlett, Oscar Canton and Miguel Angel Navarro—gave a press conference Sept. 30, to challenge PRI president Madrazo to call a PRI national assembly, while reminding the PRI governors that the time for their party's submission to the ruling PAN is over, and that "in no way can the governors speak in the name of legislators."

One, Two, Many Recall Referendums in Venezuela

Venezuela's National Election Council announced Oct. 1 that it had accepted the opposition's request that a referendum be held on whether President Hugo Chavez should be forced to step down, and that it had also accepted the Chavez government's request for referenda to remove 46 public officials from the opposition: seven governors 38 National Assembly deputies, and the Mayor of Caracas. When, how, and where all these referenda are to be held is still to be announced.

The Council had issued a new set of rules for holding the Chavez recall referendum on Sept. 26, which pushed the anti-Chavez referendum into 2004.

The Council had recently invalidated the millions of petition signatures gathered by the opposition earlier this year, claiming they had been collected prior to a constitutionally-mandated date. The new rules give the opposition four days to gather a minimum of 2.5 million signatures, after which the Council can take up to 97 days to validate, or invalidate them. The opposition is hoping to get twice the minimum required. Once validated, the recall vote could be held as early as next February, barring challenges and other stalling tactics the Chavez regime might cook up.

The opposition petition-gathering will begin in about three weeks, which is how long the opposition believes it will take to ready the signature gathering booths around the country, and the personnel to staff them. It is widely believed that Chavez would badly lose such a recall vote, if it were held today. Fully aware that that is the case, it is expected that the Chavez regime will throw everything—from court challenges to full-scale thuggery, against the recall initiative.

Chavez Wants to Stack Venezuelan Supreme Court

Venezuelan President Hugo Chavez is attempting to force through new laws that would make it easier for his majority-controlled National Assembly to impeach Supreme Court justices, thereby consolidating his control over the nation's judiciary. A skirmish broke out in the Assembly last week, when opposition and pro-Chavez legislators went at each other. Opposition Congressman Cesar Perez Vivas held a press conference, blood streaming down his face, demanding an investigation into the incident. Perez is in the forefront of the opposition's recall initiative against Chavez.

Chavez's new law would allow removal of judges by a simple majority, instead of the usual two-thirds majority. The opposition insists this is one more move by Chavez to consolidate a dictatorship in the country. Chavez currently controls the National Assembly by a narrow majority.

Brazil Blasts Zoellick as 'Infantile'

The U.S. and Brazil are in a brawl over trade policy, in the wake of the collapse of the World Trade Organization (WTO) negotiations in Cancun last month. On Sept. 22, U.S. Trade Representative and neo-con thug Robert Zoellick published an article in the *Financial Times*, which targetted Brazil as a leader of the "won't do" countries on free trade, who will have to be pushed aside for the "can-do" countries. Foreign Ministry official Luis Felipe de Macedo Soares, heading the Brazilian negotiating team at Free Trade Accord of the Americas (FTAA) talks currently being held in Trinidad and Tobago, while never mentioning Zoellick's name, used his address to the meeting to denounce those who "invent a manichean division between 'can do' and 'won't do' countries, as 'infantile' and 'ill-intentioned.'"

The U.S. and Brazil co-chair the negotiations for FTAA, which negotiations were scheduled to be completed by Jan. 1, 2005. The Brazilian daily *Valor* reports that Brazil now argues that the collapse of the WTO talks means that the January 2005 deadline is no longer viable, and negotiations must be stretched out—a position vociferously opposed by the U.S.

Soros Mucking Around in Ibero-America

Financial vulture George Soros made a point of meeting with Ibero-American Heads of State who were in New York City for the opening of the United Nations General Assembly in the last week of September. Soros sought a private meeting with Argentine President Nestor Kirchner, and took the opportunity to lecture him on the need to impose "structural reforms," while expressing concern about what he described as Kirchner's "statist" tendencies. Press sources report that Kirchner assured him that he intended to be "the most liberal [economically] of everyone, in the true sense of the word." By that, he said, he meant that he intended to guarantee real "juridical and taxation certainty," to attract foreign investment. He assured Soros that, were he to discover that foreign private investors hadn't complied with privatization contracts," he would revoke those contracts, but they would be replaced by "private companies, not the state."

Aside from this, Soros was invited by the Mexican mission to the UN to attend the special dinner held for Mexican President Vicente Fox; Soros also showed up at Brazilian President Lula da Silva's presentation to the Council on Foreign Relations. Whether there was an exchange between the two, is not known to EIW.

Western European News Digest

Synarchist Founder of "Propaganda 2" Freemasonic Lodge Surfaces in Interview

From 1981 onward, Executive Intelligence Review served as the publication of record informing its international readership of the networks involved in the Synarchist secret organization, Propaganda 2, a Freemasonic lodge headed by Licio Gelli. Among the "people above suspicion" involved in P-2 were former Secretary of State Henry Kissinger, and former NATO Secretary General, and Secretary of State, Alexander Haig. Through P-2 networks, terrorist operations of the Nazi-Communist International were able to flourish and escape from prosecution. For a historical perspective on this subject, reader are referred to the Sept. 5, 2003 issue of EIR, which published Lyndon LaRouche's article, "Religion and National Security: The Threat from Terrorist Cults," a Presidential policy study issued by the LaRouche in 2004 campaign committee.

On Sept. 28, in the Italian publication, *La Repubblica*, Licio Gelli, the founder of the secret Freemasonic lodge, Propaganda-2, surfaced to say that he continues to be a "puppet-master" in Italy. The interview, titled in Italian, "Avevo scritto tutto 30 anni fa," ("I wrote everything 30 years ago") was conducted by reporter Concita de Gregorio.

In the interview, Gelli, whose P-2 Lodge was uncovered and disbanded in 1981, sends messages at several levels: to the government, to blackmail it; to the opposition, to wave a red flag in front of it and ignite a left-right scenario; and to insiders, to convey that the Synarchist project — which has been uncovered by EIR founder, and U.S. Democratic Party presidential pre-candidate, Lyndon LaRouche — is alive and aggressive.

Gelli is now 84 years old, but he still receives people as in the good old days, when he was the "puppet-master" of Italian politics, as he defined himself in an historic interview, given before the existence of his secret lodge became known.

The P-2 had 962 known members, among them numerous politicians, all the heads of the armed services and intelligence agencies, and major business leaders. Among the politicians were Silvio Berlusconi—now Prime Minister—and the new coordinator of his party, Fabrizio Cicchitto. The P-2 had also many non-Italian members, including the Argentine junta, that led the country in the Malvinas war.

Another prominent P-2 member and operative identified in the early 1980's was Michael Ledeen, today with the neo-cons' American Enterprise Institute. During the 1978 kidnapping of former Prime Minister Aldo Moro, the crisis management committee established by Interior Minister Francesco Cossiga was entirely composed of P-2 members, including Ledeen.

Later, Gelli and P-2 intelligence officials were caught protecting the right-wing terrorists involved in the 1980 Bologna train station bombing, which killed 82 people.

Prosecutors also discovered a plan drafted by Gelli for Italy's transformation, entitled "Plan for Democratic Rebirth." Gelli's blueprint is the subject of the interview. Gelli told his interviewer: "I look at the country, read the newspapers and think: Look, everything is being implemented, little by little, piece after piece. Maybe, I should ask for authorship rights. Justice, television, police reforms: I wrote everything 30 years ago."

Italian Synarchist Boasts of His Fascist Ties

In the same *La Repubblica* interview of Sept. 28, P-2 founder Licio Gelli recounts his friendship with the founder of the neo-Fascist party, the Italian Social Movement (MSI), Giorgio Almirante: "We were good friends, we were in [Mussolini's] Social Republic together. I financed him two times: The second time for Fini [currently deputy prime minister]. He was a real promising guy, Fini. In the last couple of years, he's sort of faded."

On Prime Minister Silvio Berlusconi: "He is an above-average man. I remember well, already at the time of our first meetings, that he had this characteristic: He knew how to implement his projects. A man of action. We need those people in Italy—no talk, action." Do you still speak to Berlusconi? "What an impertinent question," and then, completed his

response, that his most recent book was published by the company that publishes only three authors: Gelli, the Pope, and Berlusconi.

He continued, "Berlusconi was right in cleaning up his party recently, to put it in the hands of a man like [Fabrizio] Cicchitto. I know Cicchitto well: He is good, competent." But, said Repubblica, the real coordinator of the party is Enrico Bondi. "Yes, sure. I think that Bondi is competent too. He is a product of party discipline." Yes, from the Communist Party. "Doesn't matter. What matters is discipline and the respect for hierarchy."

There are several puppet-masters around today, asks the interviewer. Gelli replies, "No, there is only one puppet-master; there cannot be more than one." And who is he? "Now? This is a very modest, mediocre political class. They are all blackmailable." Everybody? Even [Lega Nord leader Umberto] Bossi? "Bossi created his fortress with Padania [Northern Italy] and has elected 80 members to Parliament. He was clever. But he had a lot of debts.... To recover the country you need money..."

Gelli returns to the subject, that what Italy needs is his old project. Repubblica asked: Were the 962 P-2 members too few to make it successful? "No, they are even too many. You need far fewer people." But none of them repented, Gelli claimed. "Look, I do not owe anything to anybody. But all of those whom I met, owe something to me. There are some rebels, whose lives I have saved, and, still today, when they meet me, they embrace me." Rebels? "Yes, those rebels, who were on the mountains, during the war. I was an officer between the Italian and the German command, and I saved a lot of them." You are talking about partisans. "Call them whatever you like, we were on opposite sides, but when you are in front of a friend, the uniform doesn't count for anything. Friendship and loyalty to a friend come before anything else."

Apropos of friendship, the reporter tells Gelli that former Italian President Francesco Cossiga said he is a friend of yours, and told me, "Ask Gelli what he thought about Aldo Moro," (the Italian Prime Minister who was kidnapped and killed by Italian terrorists).

Gelli's response: "I went to Moro to present my credentials, when I was the consul for a South American country. He told me: You come in the name of a dictatorship, but Italy is a democracy. He explained to me that democracy is like a bean soup: To cook them, you must be very patient. I answered: Take care that your beans are not left without water, Signor Ministro."

What would you have done, had you had the opportunity to save Moro? "I would have done nothing. He had been a Fascist in his youth, like Fanfani, by the way, but afterwards he became too different from us." Gelli ends the interview, telling the interviewer to greet Cossiga for him.

Russia and Central Asia News Digest

Putin Meets With Military Leadership

Back in Russia after his trip to the United Nations General Assembly and two-day summit with President George W. Bush, Russian President Vladimir Putin held a session Oct. 2 with the top leadership of Russia's Armed Forces, on their tasks in the current strategic situation. In addition to the ongoing discussion of measures for modernization of the Armed Forces (which include rationalization measures and meeting the manpower challenge, as well as armaments matters), Putin in remarks to the session repeatedly emphasized the need to meet new types of threats, and to conduct "constant military and strategic analysis of the situation."

Putin strongly endorsed the report given by Minister of Defense Sergei Ivanov. He also, in concluding remarks,

underscored the still powerful Russian strategic nuclear missile forces—"the main foundation of Russia's national security"—emphasizing that it comprises dozens of missiles with, as Chief of Staff Kvashnin confirmed, "hundreds of nuclear warheads." Putin said, "These missiles were produced not yesterday and not today, but in a certain sense they are new products. They still have a quite significant useful lifespan. And their combat capabilities, including overcoming any anti-missile defense systems, are unrivalled."

As during his visit to the Federal Nuclear Center weapons lab at Sarov, last summer, Putin went on to stress the need "to work in a planned fashion, without big leaps, but persistently and in a systematic way, on creating new models of 21st Century weapons." He said that he would personally be on top of the implementation of the work planned in this regard, including in "quite sensitive areas" of anti-missile defense and other projects, which he had also discussed with President Bush at Camp David.

Russia Reviews Military Strategy

Defense Minister Sergei Ivanov's report to the Oct. 2 meeting of the Russian military leadership with President Putin, was based on a new Ministry of Defense document, "Open Military Doctrine for Modernization of the Armed Forces," released at the meeting.

Izvestia of Oct. 3 reported on the document, under the headline "Russia Is Prepared To Change Its Nuclear Strategy." The newspaper highlighted this quotation from the paper: "Russia is attentively following the process of NATO's transformation, and counts on the removal of direct and oblique anti-Russian components from both the military planning and the political declarations of NATO members. If, however, NATO continues to exist as a military alliance with the offensive military doctrine it has today, this will require a fundamental reshaping of Russian military planning and of the principles of development of the Russian Armed Forces, including a change in Russian nuclear strategy." One measure under consideration, according to the document, would be "a limited combat utilization of individual components of the strategic deterrent forces" (i.e., the nuclear arsenal) as an element of national military strategy. The strategic deterrent remains committed "to preventing any type of forcible pressure and aggression against Russia or its allies," and is "based on the capability of inflicting retaliatory damage, on a scale that would call into question the achievement of the goals of the possible aggression."

In its coverage, the Oct. 3 *Nezavisimaya Gazeta* stressed a different aspect, under the headline "A Preemptive Strike From Ivanov." Here, the point is to assert that Russia reserves certain prerogatives. The defense minister is quoted: "Current external threats require the Armed Forces to perform various types of missions in various regions of the world. We do not absolutely exclude the preemptive use of force, if required by the interests of Russia or its obligations to allies." Relevant threats to Russian interests would include "interference in the internal affairs of the Russian Federation by foreign nations, or organizations supported by foreign nations," as well as "instability in countries adjacent [to Russia], born of the weakness of their central governments."

No Commitment of Russian Troops for Iraq

Presidents George W. Bush and Vladimir Putin emerged from their summit at Camp David Sept. 27 as friendly as ever, but no closer to agreement on certain issues relating to Iraq. Putin raised the Iraq issue, first, when the two appeared before reporters, saying that both he and Bush wanted to see a free and democratic Iraq, and that both the governing council and the UN should play a important role in solving the problems faced by the Iraqi people. As for any further Russian commitment of resources to Iraq, Putin said Russia is interested in participating in the normalization of Iraq "as soon as possible," but "The degree and extent and level of Russia's participation in the restoration of Iraq will be determined after we know the parameters of the resolution—of the new [UN] resolution on Iraq."

The other major issue they discussed with reporters was nuclear weapons in Iran and North Korea. Putin said that Russia "believes that ensuring the nuclear non-proliferation regime should be accompanied by extending to North Korea guarantees in this sphere of security." On Iran, he said, "It is our conviction that we shall give a clear but respectful signal to Iran about the necessity to continue to expand its cooperation with IAEA."

Putin Surprises Bush Over Afghanistan

During the Camp David talks of Sept. 27, *AFP* reported, President Putin disclosed that Moscow had been approached by unnamed entities, offering Russia assistance to fight U.S. troops in Afghanistan; this was allegedly disclosed by a senior U.S. official on Sept. 29. According to this report, Putin allegedly told President Bush that Russia's response to the offer might have been different, had Putin not previously developed a close personal friendship with Bush. Putin is said to have told Bush, "When counter-terrorist operations began in Afghanistan, we were approached by people through several channels. We were approached by people who intended to fight against Americans in Afghanistan." He offered no further identification of those who made the approach nor why he waited until now to disclose it. U.S. Ambassador to Russia Alexander Vershbow added that such claims had not previously come up between the two leaders, nor with Bush's Administration.

France, Russia 'Not Satisfied' by Draft Resolution on Iraq

Speaking to reporters at the World Economic Forum in Moscow on Oct. 3, Russian President Putin said of the latest draft resolution on Iraq: "We are not satisfied with the draft by our American partners, though they are trying to find a compromise.... I believe that if we are guided by these principles, we can expect to find such a compromise." Namely, the UN Security Council Resolution "must give the international community greater responsibility for taking part in the rebirth of Iraq.... In this way, I believe we can achieve serious progress in the reconstruction of the country."

Putin went on at some length about how the Iraqis would place "greater trust in its traditional [economic] allies" than the coalition forces.

French Foreign Ministry spokesman Herve Ladsous said of the U.S. resolution on Iraq that: "Our first impression is ... this revised project does not incorporate the change in approach that we are advocating."

French and German Government Leaders to Moscow

French Prime Minister Jean Pierre Raffarin and German Chancellor Gerhard Schroeder will be in Russia at the same time. Schroeder will confer with President Vladimir Putin in Yekaterinburg, Oct. 8-9, on subjects ranging from the crisis spots in the Mideast, North Korea, Iran, Iraq, to bilateral issues of economic cooperation and to foreign affairs cooperation in the framework of the United Nations. Raffarin will be in Moscow, to confer with Prime Minister Mikhail Kasyanov, primarily on perspectives for enhanced economic and technological cooperation. They will attend the FranceTech exhibit of 150 French firms, in Moscow Oct. 7-10. Prominent at this exhibit will be aviation and space technology, energy technology, construction, automotives, medical systems.

New Container Terminal For North-South Eurasian Corridor

Russia has opened its first container terminal on the Caspian Sea, to create a cargo "hub" for trade with India and other countries on the North-South Eurasian Transport Corridor, *Press Trust* of India reported Oct. 2. The facility, located in the Volga delta region of Astrakhan, will be capable of handling 500,000 metric tons of cargo every year. It will function in the framework of the North-South Corridor, a set of agreements reached over the past three years among Russia, India, and Iran, to speed up transport. Other agreements have to do with easing customs and other matters; now, some new

infrastructure is also being built.

The corridor will shorten shipping time: Indian goods sent on this route, will reach Europe in 15-23 days, making the shipping 40% cheaper than using the Suez Canal, which takes 35-40 days. Russia is now shipping some heavy equipment for the Kudankulam nuclear power plant, which it is helping India build in Tamil Nadu, via the North-South corridor.

At the Third International Conference on Eurasian Transport, held in St. Petersburg in September, Belarus and Kazakstan joined the North-South corridor project. The Russian Transport Ministry reports that Tajikistan, Armenia, Syria, and Oman are "close" to joining.

China and Russia Enhance Border Cooperation

Governor Zhang Zuoji of China's Heilongjiang Province has signed agreements on economic cooperation, with the Russian border provinces of Chinta, Amur, the Jewish Autonomous District, and Khabarovsk and Primorsky Territories, *Xinhua* reported Oct. 2, and will be visiting these regions later this year. The meetings are part of strategic plans for Russia to develop its Far East—which has been devastated since the collapse of the Soviet Union—and for China to revive its formerly industrial northeast. Trade between Heilongjiang and eastern Russia was worth US\$2.3 billion in 2002, or 20% of total China-Russia trade.

Congress of Religions Held in Kazakstan

The first-ever Congress of World and Traditional Religions was held in Astana, Kazakstan, on Sept. 23-24. Seventeen delegations participated, representing the most important world religions: Islam, Christianity, Judaism, Buddhism, Taoism, Shintoism, and the Anglican churches, as well as special guests, and representatives of international organizations, such as the UNO, OSCE, UNESCO and UNICEF.

Emphasizing the importance of the forum and its significance for peace in the world, were messages of greetings from Pope John Paul II, the Patriarch of Moscow and all Russia Alexei II, Archbishop of Canterbury Rowen Williams, and Patriarch of Constantinople Bartolomei. Greetings from political figures came from UN General Secretary Kofi Anan, U.S. President G. Bush, Russian President V. Putin, Egyptian President H. Mubarak, French President J. Chirac, Italian Prime Minister S. Berlusconi, as well as M. Gorbachov, M. Thatcher, and H.-D. Genscher. All the messages stressed the role of religion; however, some said, religion is often abused by "dark forces"; thus, the need for dialogue. The Astana conference aimed to be a model, a bridge among religions. There, where methods of politics fail, the role of religion remains the only means for reconciliation and hope.

This is the message which Kazakstan's President Nursultan Nazarbayev delivered to the conference. Nazarbayev said he was convinced that the time had come to say, that it is inadmissible to give a political or ideological color to religious differences. This idea was supported by the participants and expressed in a declaration, issued by the meeting. The high point of Congress was the joint prayer of all confessions, which was held at the foot of the "Baiterek" monument, a symbol of the unity of peoples, cultures, and religions.

Russia Needs More Time Before Ratifying Kyoto Protocol

President Vladimir Putin backed away from the promise to quickly ratify the Kyoto Protocol on so-called climate change, at an International Conference on Climate Change held in Moscow, on Sept. 29. In his prepared speech, he stated that Russia needs more time to study the science of climate change. He also concluded his remarks with this comment: "In Russia, you can often hear, either in joke or seriously, that Russia is a northern country. If it were two or three degrees

warmer, this would be no big deal. Maybe it would even be a good thing—we would spend less money on coats and other warm items."

Also at the same conference were some of Putin's top economic aides, like Yuri Israel, who is a member of the Russia Academy of Sciences and Director of the Moscow-based Institute of Global Climatic and Environmental Studies. Israel stated, "We cannot say precisely what impact man-caused factors are having on climate changes, and there is no precise damage evaluation of tentative global warming."

Nikolai Tonkov, a member of the Russian Union of Industrialist and Entrepreneurs, stated, "To ratify the Kyoto Protocol would negatively affect [Russia's] economic growth and endanger the long-term goal of increasing gross domestic product." He further commented, "The Kyoto Protocol is a very dubious document based on a series of scientific assumptions, which even scientific circles do not always accept."

Andrei Illarinov, adviser to President Putin on economic issues, stated that the science of climate change produces more questions than answers. One example he gave was that in the 20th Century, the average temperature rose 0.6 degrees. At the same time, observations show that this is often not linked with the growth of production. For instance, in the 1940s-1970s, when a sharp growth in production was under way in the whole world, the average temperature on the Earth dropped by 0.2 degrees. But in the beginning of the 1920s when the world economy was going through a slump, temperature went up. He also stated, "In particular, according to scientific research, in the past 400,000 years a dramatic rise in temperature on Earth occurred every 100,000 years, and this was not in the least linked to man's activity."

Mideast News Digest

FLASH: Israel Bombs Targets Inside Syria

In response to the Saturday, Oct. 5 suicide bombing in Haifa, which killed 19 people, Israel launched bombing raids on camps inside Syrian territory on Sunday, Oct. 6. According to one well-placed Arab source, the Israeli action was taken, after the Quartet (U.S., Russia, European Union and United Nations Secretary General Kofi Annan) failed to strongly condemn Israel's continuing targeted assassinations of Palestinians, in their joint statement from New York City. The source indicated that he did not expect further Israeli military actions against Syria, and that he did not expect an outbreak of regional war. However, he warned that, in response to the flagrant Israeli provocations and violation of Syrian sovereignty, groups like Hezbollah and Islamic Jihad could escalate their operations against Israeli targets—including Israeli targets outside the "zone of conflict"—ie. the Middle East.

Were Islamic Jihad to begin terrorist attacks on Israeli targets in Europe, it could mean a return to the kind of international terrorism that characterized the 1970s and '80s period.

The source added that the attack on Syria was also intended to be an Israeli message to Iran, which has already warned that the Israelis are planning attacks on the nuclear reactor at Bushear.

The language used by Israeli Prime Minister Ariel Sharon, in announcing the Syrian attacks, was, according to the source, a verbatim repeat of the words used by President George W. Bush, in announcing the American attacks on Iraq. Israel, in effect, is declaring itself to be adopting the "Cheney Doctrine" of preventive war. The source also warned that the unprovoked attack on Syria will likely lead to an acceleration of Hezbollah attacks on northern Israel, meaning a major escalation of conflict in southern Lebanon.

Arab League Head Blasts Iraq Occupation

Iraq is "under occupation" and is not sovereign, said Amr Moussa, the Secretary General of the Arab League, at one of the final meetings of the U.S. Arab Economic Forum held in Detroit Sept. 28-30. Moussa said that economic construction *must* be "parallel to political reconstruction", or it will be meaningless, and he stressed repeatedly that Iraq must be treated — now — as a sovereign country, *not* as a "country in transition." He said that "nobody should disagree" that this sovereignty must be given as soon as possible — while noting that it is not included in the U.S. draft resolution that is currently circulating in the UN.

"Why don't you start now?", said Moussa, rhetorically addressing the Coalition Provisional Authority, whose representative, Richard Greco, was just a few feet away from him, sitting in the audience. Moussa added, "Every minute that you delay begins a move in the opposite direction" from the stability that would be needed before economic reconstruction could ever happen.

Moussa was delivering the final commentary on the Iraq Reconstruction panel — the only panel of the 2-1/2 day conference that addressed the war. Moussa began his remarks saying that the Arab League disagreed with the Iraq war, but said that "now is not the time" to address that — but to move forward and give the Iraqi people "their voice," and their "sovereignty." After describing the "steps" that the U.S. occupation is laying out for Iraqi government — six months of writing a Constitution, and then elections, Moussa said, "What is this?"

New Israeli art student caper

Nine Israeli nationals were arrested in Canada on Sept. 12, in what looks like a replay of the "Israeli art student" caper that flared up in the United States in 2001-02. Beginning Jan. 2001, U.S. law enforcement and intelligence agencies had begun assembling reports about Israeli "art students" attempting to penetrate government buildings, especially military and law enforcement facilities, under the guise of selling works of art. The pattern of incidents was compiled in a 60-page report by the Drug Enforcement Administration in July 2001. The report noted that there were also efforts to profile law enforcement officials and staff for potential recruitment by Israel. After the 9/11 attacks, the investigation was given high priority, and it was determined that most of the "students" had specialized training in explosives and other skills in the Israeli military. Another feature, now replicated almost exactly in Canada, were Israeli "students" selling various toys at airport and shopping center kiosks. Ultimately, over 200 Israelis were detained and deported from the U.S.A. for such unexplained activities.

In Canada, hearings for the nine, who were illegally selling art works, were held by the Immigration and Refugee Board on Sept. 17 and deportation orders were issued. They are expected to be deported. Sources also report that six other Israelis were detained in Saskatoon, Saskatchewan, on Sept. 23, and four others in Calgary.

An article on the arrests was mysteriously pulled from the Ottawa *Sun* web site within hours of its posting on Sept. 19. The article reported that an Ottawa police source had said that the police were told by Canadian immigration authorities that the nine were possible agents of Mossad, the Israeli intelligence agency.

Powell-Bush Meet On Israeli Wall Considers Loan Cuts

The *Washington Post* reported on Oct. 5 that President Bush and Colin Powell met on Oct. 2 with a White House Middle East task force, to review Israel's so-called security fence, and the group discussed scaling back the U.S. \$8 billion loan guarantees to Israel unless they stop the defacto annexation of major parts of the West Bank.

According to news accounts, the Oct. 2 session included Powell, Bush, National Security Advisor Condi Rice, special envoy John Wolf, and NSC resident neocon Elliot Abrams. At the meeting, President Bush agreed that "the wall is a

problem."

The next day, Secretary Powell gave an exclusive interview to the *Washington Post*, which was published on line Oct. 4, in which he warned about the U.S. cutting loan guarantees to Israel. Powell said, "we have not yet come to a conclusion as to what to do.... we are examining the fence [sic] and what our obligations are under the law [i.e., appropriations mandated by Congress]... We've made it clear that the fence, as the president has made clear, is a problem." Of particular concern is what looks like "a contiguous intrusion into Palestinian areas..." Therefore, said Powell, the U.S. was not about to accept the Israel proposal to build the wall with "gaps" because it was clear that the gaps could easily gouge Palestinian land at some future time. He also said that the subtraction of funds for settlement building was also on the agenda.

...And Terrorists Give Sharon a Way Out of U.S. Pressure

The same day the Powell interview with the *Washington Post* was published, issuing a warning to Israel against further construction of the wall, a suicide bomber killed 19 Israelis at an Arab-Jewish co-owned restaurant in the port city of Haifa. The bombing, on Oct. 4, claimed by Islamic Jihad, prompted renewed calls from Ariel Sharon's government for the expulsion of Yassir Arafat. Israeli Army chief Lt. Gen. Moshe Ya'alon told Israeli radio there would be a "harsh" response to the bombing after nightfall Saturday. Israeli Health Minister Dani Naveh said Israeli must not hesitate. "This awful attack today is definitely an opportunity, the correct opportunity to implement the cabinet decision to get rid of Arafat," he said.

Sharon Moves to Grab More West Bank Land

The Israeli daily *Ha'aretz* reported on Sept. 30 that Israeli Prime Minister Ariel Sharon has determined that the separation fence, better known as the Berlin Wall of the Middle East, will include the West Bank settlements of Ariel, Kedumim, Karnei Shomron and Emmanuel on the "Israeli" side of the barrier, security chief in Ariel, Eli Shaviv, said. Ariel is the largest West Bank settlement, with 18,000 residents. The policy is explicitly contrary to the position of the United States. These settlements are located deep in the West Bank, and including them within the wall cuts off a huge area.

The topic of the fence was much discussed between National Security Advisor Condoleezza Rice and Secretary of State Colin Powell and Sharon's top crony, Dov Weisglass, in the past weeks. Rice had voiced concern that the fence posed an obstacle to the road map.

Speaking before the Likud faction at the Knesset, Sharon said, "The separation fence will be built east of Ariel and east of Kedumin. If we reach a certain point when the issue again arouses differences, we will again meet and sit with the Americans."

Defense Minister Shaul Mofaz backed Sharon's statement by saying, "The fence's route will encompass 40,000 Israelis and 4,000 Palestinians." But he did not mention how much farm land and other land it would be stealing from the Palestinians.

Turkish Military Plans To Send Troops to North Iraq

The Turkish military has plans to deploy troops in northern Iraq, as part of the U.S. led occupation, the *Turkish Daily News* reported Oct. 1. The proposed area for Turkish troops involves an area between the northern cities of Kirkuk, Irbil and Tikrit, extended to the northern edge of the capital city of Baghdad, to the Syrian-Jordanian border area.

The Turkish General Staff made this proposal Sept. 26, according to the TDN. The area between Irbil and Kirkuk, which they propose deploying to, is currently controlled by the Kurdish Democratic Party (KDP). The Kurds have said they would

refuse any deployment of Turkish troops in the northern Kurdish area. The U.S. is to give its response sometime this week.

Top U.S. Commander in Iraq Admits Resistance is Organized

Reuters reported Oct. 2 that U.S. commander in Iraq, Lt. Gen. Ricardo Sanchez, has acknowledged signs that the Iraqi resistance is building up far-reaching command structures, and is carrying out increasingly sophisticated attacks — weakly echoing Lyndon LaRouche's contention of an organized national Iraqi resistance to the U.S.-led occupation. Gen. Sanchez told a news conference: "The enemy has evolved. It is a little bit more lethal, little bit more complex, little bit more sophisticated and in some cases, a little bit more tenacious."

"We should not be surprised if one of these days we wake up to find there's been a major firefight or a major terrorist attack," he warned. "We are still fighting," he said; on average, 3-6 soldiers were being killed each week, and about 40 wounded.

Sanchez said there was increasing coordination in attacks, by an enemy often "embedded in the population."

"It's clear that there's local command and control that's operating," he said. "We are still not seeing national command and control structures, and the regional structures — there are some indications that that's beginning to evolve." These candid admissions by Gen. Sanchez strongly contradict statements coming out of senior Pentagon civilians in Washington, including Secretary of Defense Donald Rumsfeld and Deputy Secretary Paul Wolfowitz.

Carnegie Endowment President in Iraq

Jessica Mathews, President of the Carnegie Endowment for Peace, penned a *Washington Post* oped on Sept. 29, reporting on her recent visit to Iraq, warning that the situation inside occupied Iraq is blowing up. U.S. military spokesmen told a visiting delegation, the week of Sept. 21-28, that the average number of attacks against U.S. forces and convoys has increased in recent weeks from 13 to 22 per day, according to Mathews, who was part of the predominantly retired military delegation. She likened the U.S. occupation fiasco to "the French in Algeria, the British in Northern Ireland, the Russians in Chechnya, and the Israelis in the West Bank," with no military solution possible.

Mathews said military leaders think more troops would not help; one said "More people are more targets." She pointed out that "de-Ba'athification," the exclusion of Sunnis from a voice in the U.S.-run scheme of things, and the dispersal of the Iraqi army, has simply fed the ranks of anti-U.S. fighters.

See USA Digest for EIR's exclusive report on the Carnegie Endowment forum where Mathews and other Carnegie experts presented their findings.

U.S. Paid Chalabi \$1 Million for Bum Intelligence

The *New York Times* reported Sept. 29 that the U.S. government paid \$1 million for so-called intelligence from Ahmed Chalabi and the Iraqi National Congress, prior to the Iraq war, but it proved to be worthless, according to a classified Defense Intelligence Agency report obtained by the Times. The DIA was tasked to deal with this "intelligence" at a certain point. Chalabi's gang arranged interviews with defectors, but many were not the top Iraqi weapons of mass destruction scientists they claimed to be, according to the report. The DIA analysts say they cannot determine whether the informants deliberately attempted to mislead the U.S. government, or simply didn't know what they were talking about. The whole subject of the badly off-the-mark pre-war intelligence is now under investigation by several U.S. Congressional committees.

Hamas Claims Arabs Captured Mossad 'Hit Team'

The *Jerusalem Post* and *Reuters* reported on Oct. 2 that Hamas claims it captured a Mossad hit team in an Arab country. Hamas representative in Beirut, Lebanon, Mohammed Nazzal, told *Reuters* that an Israeli hit team that was planning to assassinate Hamas leaders, was arrested in an Arab country. He did not name which country, but it is believed to have been either Syria or Qatar.

"Hamas has received information that cells of the Israeli Mossad intelligence apparatus have started acting in some Arab countries to target Hamas's political leadership," Nazzal said. "An Arab country ... captured a Mossad cell preparing to undertake assassination operations." He added that Arab and foreign nationals were among those arrested, but not Israeli nationals. "Israel's failure in assassinating the Hamas leadership in the Gaza Strip pushed it to attempt its destruction in foreign arenas." But he added again, "The success of the security apparatuses in the Arab country where the cell was discovered confirms that the Mossad is not a legendary apparatus and that its terrorist schemes could be undermined."

The Israeli government refused to confirm or deny the story, only claiming they heard nothing of this nature.

Since Meir Dagan was appointed Mossad chief by Israel Prime Minister Ariel Sharon, the Mossad has conducted two or three assassinations in Lebanon.

Iranian Foreign Minister Warns of Israel Attack on Bushehr

The *Jerusalem Post* reported on Sept. 28 that Iranian Foreign Minister Kamal Kharrazi has warned of the threat of an Israeli military strike on Iran's nuclear program, and declared that Iran would retaliate if attacked. Speaking on ABC's Sunday program "This Week with George Stephanopoulos" on Sept. 28, Kharrazi denied that Iran has "any program to produce weapons of mass destruction." Regarding Israel, Kharrazi said, "Israel knows if it commits such an action, there would be a reaction." He said Iran would not abandon its nuclear program, which he said was for peaceful purposes.

In his *Washington Post* interview, published online Oct. 4, U.S. Secretary of State Colin Powell announced that the United States was pursuing an Iranian government initiative to reopen direct talks, to resolve the differences between the two countries. Powell acknowledged that meetings had already taken place between U.S. and Iranian officials, including during the recent session of the United Nations General Assembly in New York. Such prospects of U.S.-Iranian talks would not be well received by the Sharon government in Israel.

Asia News Digest

Afghan troops deploy to the Pakistan border.

For the first time, on Sept. 30, Afghanistan officially deployed 500 troops along the Pakistani borders to prevent Taliban troops from moving into Afghanistan. On the same day, an American soldier was killed when U.S. troops clashed with suspected Taliban near a coalition base in Shkin, in Paktia province a few miles west of the Pakistani border.

Recently, when Afghan interim President Hamid Karzai was in New York, he told President Bush that Pakistan is pushing the Taliban into Afghanistan and the United States must pressure the Pakistani President to stop such infiltration. Otherwise, he warned, the Afghan situation would get out of hand.

Meanwhile, German Ambassador to the United Nations Gunter Plueger proposed on Sept. 29 at the UN to expand the

international troops beyond Kabul to a number of towns in Afghanistan, creating what he described as "International Security Assistance Forces Islands." These "islands" will contain about 250-300 troops. As of now, the UN mandate does not allow the ISAF to deploy troops beyond Kabul. Ambassador Plueger also said that if the UN Security Council pushes through such a broader mandate, Germany will send more troops to assist the ISAF in Afghanistan.

Pakistani Troops Kill 12 al-Qaeda Fighters

Pakistani troops killed 12 suspected al-Qaeda and Taliban militia members on Oct. 2, *Reuters* reported, in a major operation in an area just a few hundred yards from the Afghan border. The action follows the accusation by Afghan President Hamid Karzai in New York that Pakistan is backing the anti-Kabul, anti-U.S. forces inside Pakistan.

Simultaneously, there was a last-minute decision by U.S. Deputy Secretary of State Richard Armitage to call off his visit to Pakistan. He, along with the Assistant Secretary of State, Christina Rocca, were scheduled to visit Islamabad on Oct. 3. The cancellation appears to stem from a statement by Armitage that Pakistani President Musharraf has been doing his best to stop the infiltration into Afghanistan, but he is not getting full cooperation from his military and intelligence. This has created a row in Pakistan.

Indonesia, Libya Agree on Barter Trade Deal

Indonesia and Libya have agreed to a barter trade of crude oil for commodities and military goods. The deal was signed Sept. 28, during a visit by President Megawati Soekarnoputri to Libya, whose economic prospects have received a major boost since the United Nations earlier this month lifted 15-year-old economic sanctions. The deal covers 5,000 barrels of Libyan crude oil per day, for Indonesian commodities such as building materials, textiles, furniture, and military accessories, according to Indonesian Minister of Industry and Trade Rini Soewandi. Libya has also ordered three patrol boats from PT PAL Indonesia, and are giving consideration to buying a Puma helicopter, an NBO helicopter and also a CN-235 airplane. Indonesia owns aircraft maker PT IPTN in Bandung, and shipbuilder PT PAL in Surabaya.

Relations between the two countries date back to the 1950s when founding President Sukarno, Megawati's father, visited Tripoli. Last year Indonesia opened an embassy in Tripoli.

CIA/Thai Counter-Terror Operation in Bangkok Revealed

A joint CIA/Thai anti-terror campaign has been established in Bangkok, according to the *Wall Street Journal* Oct. 1. Called the "Counter Terrorism Intelligence Center, CTIC, the unit combines three Thai agencies—National Intelligence, Thai Police Intelligence, and Armed Forces Security—with 20 CIA officials, and \$10-20 million in CIA funding. Set up in early 2001, the unit was beefed up after 9/11, and again in recent months, in preparation for the Oct. 20-21 APEC Summit in Bangkok. The unit claims responsibility for the capture of Hambali, a leading terrorist controller from Indonesia, in Thailand last August, and several other accused terrorists.

The article's author Shawn Crispin has been involved in several dirty tricks operations against the Thai government of Prime Minister Thaksin Shinawatra, and the intelligence must be taken in that light, although *EIR* sources in Washington have reported that such an operation does exist. The exposure of the unit by the *Journal*, however, will make Thailand appear to be subservient to U.S. interests, as indeed the title of the article implies: "U.S. and Thai Agents Collaborate in Secret Cold-War-Style Alliance." The *Journal* also claims that Thailand allowed itself to be portrayed as "neutral" in the anti-terror effort as part of a "deliberate effort to lure terror plotters to Thai soil," allowing the covert unit to "monitor their movements without raising suspicion." Such a claim will certainly anger Thais and undermine the government.

General Reyes Back in Office in the Philippines

General Angelo Reyes, fired as the Philippines Defense Minister over charges of corruption and complicity in terrorism, was appointed Oct. 1 to a newly created post of Cabinet rank, called "Ambassador at Large for Counter Terrorism." Although President Gloria Macapagal Arroyo has taken positive steps recently to cool out the Mindanao crisis, by appointing pro-peace Gen. Eduardo Ermita as the Defense Minister to replace Reyes, who is very close to the Rumsfeld crowd at the Pentagon, and by working with Malaysian Prime Minister Mahathir on new peace talks with the MILF, she was obviously put under tremendous pressure while in the U.S. to keep Reyes in a position of influence. Reyes is very close to the Rumsfeld crowd at the Pentagon.

Sources tell *EIR* that the hawks in the Philippine military are not at all happy about "dove" Ermita's appointment as Defense Secretary. Macapagal Arroyo may think she is protecting herself and maintaining a "balance" by giving Reyes the "anti-terror" post, but the primary pressure is certainly from the Pentagon. Reyes will be doing a grand tour of the U.S. in October, visiting Stanford and Harvard Universities, and Homeland Security chief Tom Ridge.

India, China, Maybe Russia, To Sign Friendship Treaty with ASEAN

China, India, and perhaps Russia, will sign a Treaty of Amity with ASEAN, at the ASEAN Summit in Bali, Indonesia Oct. 7-8. It will be the first time foreign powers have adhered to ASEAN's Treaty of Amity and Cooperation (TAC). Russia's signing is awaiting approval from its parliament, ASEAN spokesman M.C. Abad told AFP.

Sundram Pushpanathan, ASEAN's head of external relations, said that by signing, "China and India will come into the inner circle of ASEAN. This reflects the high level of commitment by China and India to the peace and security of the region, and it will pave the way for greater engagements by them in regional political and security matters," he said.

TAC, adopted in 1976, includes renunciation of the threat of use of force, respect among member nations for their sovereignty and territorial integrity, non-interference in each other's affairs, and peaceful settlement of disputes. Under TAC, a High Council is in charge of resolving conflicts among signatories bound by a code of conduct in inter-state relations.

Ultimately, ASEAN wants all of its dialogue partners within the ASEAN Regional Forum, including the U.S., to sign on TAC. However, Mohamed Jawhar Hassan, director general of the Institute of Strategic and International Studies, Malaysia, said the United States was unlikely to adhere to the TAC, saying, "Not only in Southeast Asia but elsewhere, the United States is very hegemonic in its approach and it wants to have freedom to do this and that. So perhaps it feels that submitting to such rules in the region ties its hands up," he said.

Six-Power Nations Urge Security Guarantee for North Korea

Meeting privately in New York Sept. 25, foreign ministers of Russia, South Korea, China, and Japan told U.S. Secretary of State Colin Powell that they "want a clear security guarantee for North Korea, in order for the Six Power talks to proceed, which they must," a Korean diplomat told *EIR*. "This means the U.S. must come up with something new, and something clear," he pointed out, and not just keep repeating unilateral demands for North Korea to disarm.

It was after this that Russian President Vladimir Putin raised the issue personally at his Sept. 27 press conference with Bush, saying that "Russia believes that ensuring a nuclear non-proliferation regime should be accompanied by extending to North Korea guarantees in the sphere of security." China's foreign minister was also reported by the Korean press to have very strongly pressed President Bush on the security guarantee for North Korea in a private New York meeting.

South Korean President Roh also stated Sept. 25 that he can't decide about sending troops to Iraq, while there is no security guarantee for the Korean Peninsula. "Isn't it difficult for the country to accept the dispatch of our troops abroad in such an uncertain situation, as we don't know how the six-way talks will go in the future and what will happen when?" Roh asked a group of reporters on Sept. 24. His office published the comments on the next day. "We need something predictable about stability on the Korean peninsula," he said.

South Korean Foreign Minister Yoon Young-Kwan, in New York, announced then that "The United States is working on a detailed plan to deal with the North Korean nuclear issue in advance of a second round of six-party talks" to "discuss terminating the North Korea's nuclear weapons program and seek ways to ease North Korea's security concerns and economic hardship together." Yoon criticized "hardline skeptics" in Washington who refuse to deal with Pyongyang, saying that North Korea was more engaged with the world during the Cold War, than it is now, thanks to negative pressure which "most likely strengthened the will of North Korea to become a nuclear power."

Korean North-South Economic Development Must Continue

South Korean Unification Minister Jeong Se-Hyun, the only holdover in President Roh Moo-hyung's cabinet from the Kim Dae-jung regime, said in remarks on Sept. 25, that economic cooperation must proceed while the nuclear issue is being discussed. This viewpoint has been under major attack in Washington since the U.S. broke relations with Pyongyang in October 2002. "Settlement of North Korea's nuclear issue and inter-Korean economic cooperation should progress hand-in-hand," Jeong told a cabinet meeting, as economic cooperation creates the mutual trust necessary to deal with nuclear issues.

At a Presidential advisory panel, Jeong even stressed that equal treatment should be given to the infrastructure of the North Korean industrial complex at Kaesong as is given to South Korean industrial parks, to raise the Kaesong complex's international competitiveness. The South Korean government, as a policy, builds all infrastructure, such as water supply and sewage systems, at no cost at industrial parks in the South to lessen the burden on local firms.

Africa News Digest

Canada's Drug Companies Favor Plan for AIDS Generics for Africa

Canada's brand-name drug companies have embraced a plan for a law allowing generics companies to make otherwise patented AIDS drugs available to Africa. Canada's Research-Based Pharmaceutical Companies, the lobby group for brand-name drug industry, announced in a press release Oct. 1 that Canada "has an opportunity to show international leadership" by passing such a law, Canada's *Globe and Mail* reported Oct. 2. The planned legislation is to include drugs for tuberculosis and malaria.

The Director-General of the International Federation of Pharmaceutical Manufacturers Associations, Harvey Bale, in Geneva, had gone berserk the week before over the alleged danger of "erosion of patent protection," adding that Canadian manufacturers of generics would lose because they would be undercut by Indian and Chinese competition. Jeff Connell of the Canadian Generic Pharmaceutical Association skewered him, saying the project "will not be commercially significant for any of our member companies. They're not going to make money doing this." Bale fumed, it will be a "black eye for Canada" and may "very well affect the investment climate," the *Globe and Mail* reported Sept. 27.

Federal officials still expect tough negotiations with brand-name manufacturers over the scope of patent exemptions.

Industry Minister Allan Rock and Trade Minister Pierre Pettigrew, responding to a call from Canadian Stephen Lewis, the UN special envoy on AIDS in Africa, announced the plan for such a law Sept. 25. Federal officials are working around the

clock to get the law enacted quickly, but some say the legislative agenda seems too full for action this fall. Incoming Prime Minister Paul Martin also supports the proposal.

Half of Malawi's Professionals Could Die of AIDS by 2005

Half of Malawi's professional workforce could die of HIV/AIDS by 2005, according to a World Bank report issued at the opening of the 13th International Conference on AIDS and Sexually Transmitted Infections in Africa (ICASA) in Nairobi Sept. 21. "Professionals in the education and health sectors are particularly affected... as are members of the army and police, the study says," according to AFP.

First Trace of Ramses the Great's Archive Found in Egypt

The first trace of the archive of Pharaoh Ramses II has been found in Egypt. The find, by the German archaeologist Edgar Pusch, was made in the mud along the Nile's eastern delta. A cuneiform fragment measuring 5 x 5 cm, was found 15 cm under the mud. It has 15 lines in cuneiform, the Babylonian language, which was the diplomatic language at the time. "The five-by-five centimeters, change the world," said Pusch, "because they are the corner of an archive; not an archive of books, but a diplomatic correspondence from the period of 1200 BC, between the two major great powers, Egypt and the Hittites."

Ramses II (reigned 1279-1213 BC) is reported to have collected a huge archive, which includes reports of various aspects of life in the oriental world, before everything was destroyed in a sea storm after his death.

Turbulent Developments Continue in D.R. Congo

During the past week, preparations for war in eastern Congo continued, and the assassination threat against President Joseph Kabila was still in the news in Belgium and Zaire. The major English-language press and non-Belgian French-language press continue their blackout of these developments. Decisions are evidently now being made as to which forces controlled by the United States directly, or through Rwanda and Uganda, will be positioned in the government, and which will remain at war with it. The following stories chronicle the week's developments.

Rwanda-Backed "Ex"-Rebels of RCD-Goma Prepare to Hold One-Third of Congo Despite UN's Peacekeepers

The Congolese Minister of Information has accused a faction of RCD-Goma of fomenting a new rebellion, and charged Rwanda with providing political and military assistance to them, according to Voice of America (VOA) Sept. 25. The charge came after "a handful of legislators from the ex-rebel movement... refused to come to the capital and issued a statement denouncing the peace process. The legislators said the eastern territories should remain under the control of RCD," VOA said.

"Senior RCD-Goma members dismiss such accusations and say that those within its midst who oppose the peace process represent a small minority. The Rwandan government also flatly denies it is stirring up unrest in the Congo," according to VOA.

But reports in last week's Africa Digest, and the new reports that follow, tell a different story, as do a few exchanges of gunfire between "ex"-rebels and UN forces.

VOA cites unnamed "western diplomats" who "say the political split in the east ... could re-ignite fighting in the country."

Other voices provide additional specifics:

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

* The RCD-Goma governor of Orientale Province, in a Sept. 16 radio broadcast, ordered the suspension of all activity of political parties except that of RCD-Goma, "to prevent anarchy," according to FIDH and Lotus Group.

* RCD-Goma Sept. 16 shut down Radio Communautaire Ushirika (RACOU) in North Kivu, founded by farmers, and suggested that it merge with an RCD-Goma-run radio station, according to the International Freedom of Expression Clearing House Sept. 24.

* Heritiers de la Justice, a Congolese NGO, reported Sept. 16, at a Kinshasa press conference, that Congolese soldiers based on a Lake Kivu island (north of Bukavu) were leaving the island en masse and fanning out to several locations. The RCD-Goma commander of Bukavu military region has also ordered his men to seek out child soldiers who "deserted," Heritiers said.

Kinshasa Daily: Rwanda Preparing New War Against Congo

"Kigali is actively preparing a new war against the transitional government in Kinshasa," charged a Kinshasa daily, *La Reference Plus*, Sept. 26. It reported that Raphael Katebe Katoto, first vice-president of RCD, after spending several days in Kigali, returned to Goma (North Kivu Province, Congo) and organized several meetings of the people that the press were not permitted to attend. People are saying that these meetings "look strangely like black masses, of which nothing is later said," according to the article. Katoto was unable to explain away these meetings when confronted by the press.

The article includes, inter alia, the following elements: The military organization for the new war will be built around the Rwandan army and the private militia of the Governor of North Kivu Province, Eugene Serufuli. Serufuli is alleged to have said, at the funeral of a Rwandan-Congolese officer a few days ago, "Know that we shall free the eastern country." A declaration of war or secession is said to have been written already, in the name of the "Congo Liberation Front (FLIC)." Some Goma inhabitants say that columns of Rwandan troops are already crossing the border at night. The truth of these elements is as yet uncertain.

U.S.-Controlled Opposition Leader Breaks With RCD-Goma, Returns to Congo From Exile

Congo's U.S.-controlled, veteran opposition leader Dr. Etienne Tshisekedi has broken with the Rwanda-backed RCD-Goma and returned from exile. President Joseph Kabila said through a spokesman that he should be welcomed. Tshisekedi returned to Congo Sept. 28, after nearly two years of self-imposed exile in South Africa. He was met by Minister of Information Vital Kamerhe on behalf of President Kabila. RLAI news service claimed the event was "a decisive turn in national political life."

Tshisekedi continues to have a popular base in his Union for Democracy and Social Progress (UDPS)—he was met at the airport by tens of thousands—and is now in favor of working within the framework of President Kabila's government, bringing his base with him. He is a skillful politician with presidential ambitions.

"RCD[-Goma] could look like an empty shell" without Tshisekedi's base, RLAI claimed Sept. 30. If true, Tshisekedi's

move may help to explain the sudden willingness of the eight recalcitrant RCD-Goma legislators to come to Kinshasa to play their roles in government. The last 4 of the 8 holdouts were to arrive Sept. 30 in a delegation led by the Governor of North Kivu Province, Prof. (and warlord) Eugene Serufuli of RCD-Goma.

Meanwhile, the arrest in Netherlands Sept. 26 of Mobutu's executioner, Col. "King of the Animals" Nzapali, may be a move to undercut the reported assassination plot against President Kabila. Nzapali has been living in Netherlands since 1998, when he requested political asylum. He was granted temporary status only.

Has Kabila gratified the Anglo-American powers by accepting some arrangement with Tshisekedi, only days after Kabila's return from New York? In July 1997, a senior U.S. official told the foreign minister of Kabila's father, President Laurent Kabila, that the senior Kabila could "kiss goodbye" hopes of U.S. help if he didn't appoint Tshisekedi as prime minister. He didn't.

Uganda Sends Troops to D.R. Congo Border on a Pretext

A spokesman for the Ugandan Army announced in Kampala Sept. 30 that the Army was reinforcing its units on the frontier with D.R. Congo to the south of Lake Albert. The spokesman, Commandant Shaban Bantariza, said a group of armed Ugandan rebels with hostile intentions had established a base on the Congo side of the border. AFP reported that Uganda said it had reliable intelligence of an imminent attack from these rebels, but that Commandant Bantariza was not able to identify the group, although he claimed there had been clashes with it last year.

Mulegwa Zihindula, speaking for the Congolese Presidency, told *Le Phare* of Kinshasa, said the Ugandan claim was without foundation.

Uganda was primarily responsible for stirring up the recent ethnic conflict between Hema and Lendu in Congo in this general area, Digitalcongo recalls.

Belgian Daily: Congo President Kabila Still a Target

The Belgian daily *Le Soir* claimed Oct. 1 that D.R. Congo's President Kabila is still targetted for assassination, and Multimedia Congo, publisher of the Digitalcongo website, said it received a report to the same effect in Kinshasa Oct. 1; Digitalcongo had nothing further to say on this latter report.

The original warning was published by another Belgian daily, *Le Derniere Heure* Sept. 10.

Le Soir cites circumstances that might raise the threat level against Kabila, but does not claim knowledge of a specific plot.

Author Colette Braeckman says Belgium is still a rearguard base for Mobutists, and it is notorious that numerous followers of Mobutu there are still trying to organize a coup in Kinshasa. Therefore, she says, if Kabila were to come to Belgium, he should wear a bulletproof vest. Those who do not want the transitional government to succeed, realize their time is running out. That also explains why there is now an influx of armed men in Kinshasa, and a rise in lawlessness there, Braeckman writes.

In a particularly outrageous case of lawlessness, Steve Nyembo, an official in the General Directorate of Taxes, was assassinated Sept. 27.

Kabila does plan to visit Belgium—in November.

Sudan Peace Talks Achieve Breakthrough, But to What?

An agreement on military organization in the Sudan peace talks was signed Sept. 25, after three weeks of talks between Sudanese VP Ali Osman Mohamed Taha and SPLA/M leader John Garang. It is seen as the *sine qua non* for agreements on wealth and power sharing, which are expected to follow more easily.

The agreement "will allow the Sudan People's Liberation Army, or SPLA [during 6-and-a-half years of transition], to retain its forces in southern Sudan—the main area of fighting—while government and rebel forces will be 'integrated' in the capital, Khartoum, and three conflict areas in central Sudan. Both sides' forces will also be downsized at a 'suitable time,' and the troops' command will fall under a joint defense board comprised of rebel and government chiefs of staff and other officers," according to AP Sept. 26. "Under the agreement, the rebels will also withdraw their forces from eastern Sudan, while the government will withdraw all but 12,000 of its 103,000 troops from southern Sudan.... The remaining 12,000 government soldiers will join integrated units in the South," AP says. "South" and "North" are defined by the 1956 line, which leaves the oil deposits in the South.

The U.S. State Department (which forced the agreement) issued a statement Sept. 25 saying, "We salute the extraordinary courage" of the two negotiators.

BBC on Sept. 24, wrote, "The BBC's East Africa correspondent Andrew Harding says ... the main threat to the peace process now comes from the capital, Khartoum, where hardliners in the Islamic government fear the South is heading inexorably towards independence." Is it? What do the oil majors want?

This Week in History

October 6 - 12, 1781

After more than six years of shooting war—if you count from the encounter at Lexington and Concord—the final battle of the American Revolutionary War was waged in Yorktown, Virginia between Oct. 6 and Oct. 17 of 1781. While Yorktown will not go down in the annals of military history as a great strategic confrontation, it is a significant historical turning point, and should be remembered as such.

Crucial to the victory, of course, was the military, as well as political alliance between Louis XVI's France, and the young American Republic. That alliance had been forged by Benjamin Franklin in 1778, and had finally resulted in the deployment of French forces, especially the crucial Navy, to the American continent. The French fleet played a decisive role in Gen. George Washington's outflanking of the British forces.

Going into 1781, the major British force, under Gen. Henry Clinton, was located in New York City, while a force of approximately 7,500 troops under Gen. Charles Cornwallis, about one-quarter of the number of British troops in America, was in the South. Although Cornwallis had been smashing the American Army in the Carolinas, he eventually was forced by Gen. Nathanael Greene's guerrilla tactics to retreat to the Yorktown Peninsula in Virginia. Cornwallis knew he was "holed up," and looking at disaster, if he did not get reinforcements, and he sent to New York to get them.

But Clinton, thinking that Washington was going to attack New York City (which was Washington's original plan), delayed on sending troops, or the fleet which Cornwallis would need in order to break the blockade by sea, which the French Navy under Admiral de Grasse had imposed, by defeating the British Southern fleet under Admiral Graves, at the mouth of

Chesapeake Bay. In effect, that decision doomed Cornwallis, and the British overall effort.

General George Washington personally was commanding ground forces deployed around Yorktown, flanked by the French General Rochambeau, and his two top aides Alexander Hamilton and the Marquis de Lafayette. The joint American-French force amounted to approximately 16,000 men, as against Cornwallis's 7,500. Washington began a siege on Oct. 6, and actual bombardment of the British defenses on Oct. 9. On Oct. 14, Hamilton and Lafayette led the taking of two British redoubts (defensive barriers), and, as Washington expressed it, the battle was decided.

General Cornwallis made a last minute effort to prepare to evacuate across the York River, but a storm made the highly risky attempt, out of the question. On Oct. 17, Cornwallis received a note from Washington calling for an end to the "useless effusion of blood" (Washington was no Rambo), and decided to surrender his entire force to the Americans.

The official surrender occurred on Oct. 19. Because Cornwallis decided to stay in his tent, under the cover of illness, the final submission was made by his second in command, to General Washington's second in command, Gen. Benjamin Lincoln.

When the news of the surrender arrived in London, it hit the war party like a ton of bricks. The government of Lord North fell, and the British began to move toward serious peace negotiations with the Americans, which culminated in the Treaty of Paris in 1783, and put the United States of America on the world map, as the world's premier republic, and victor against the British Empire.

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