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

### **Powell Apparent Victim of Hoax**

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

Feb. 7—With the 2004 U.S. Presidential campaign now in motion, there are more than a few reasons to doubt that any of my visible rivals for that office have the combined intellectual and moral qualifications needed to deal with the combined onrush of a general economic collapse and a desperate push toward a spreading dark age of world wars from which no actual exit is foreseen.

A suddenly unleashing, already raging international scandal over certain dubious elements included in U.S. Secretary of State Colin Powell's UNO Security Council address, tends to discredit my Democratic Party rivals even more than a Powell who was plainly carrying out a mission crafted by others.

For example, U.S. credibility is under assault as today's *Reuters* "World News" dispatches featured breaking news which strongly suggests that Colin Powell's UNO Security Council address was, in significant part, a hoax based on cooked-up documents of Britain's Blair government.

According to *Reuters*, "Glen Rangwala, an Iraq specialist at Cambridge University, who analyzed the Downing Street dossier" praised by Powell, "told *Reuters* that 11 of its 19 pages were 'taken wholesale from academic papers'.... Sections in the dossier on Saddam's security apparatus drew heavily on an article written last year by Ibrahim al-Marashi, an American postgraduate student of Iraqi descent who works at the Monterrey Institute of International Studies in California."

*Reuters* described the British dossier referenced by Powell: "It claimed to draw upon 'a number of sources, including intelligence material.' But Friday, officials admitted whole swathes were lifted word for word—grammatical slips and all—from a student thesis."

### **Today, as in 1928-33**

The challenge posed to U.S. citizens by the alleged Blair dossier, is that no one is competent for nomination as a 2004 Democratic Presidential candidate who does not meet a standard of international leadership posed by comparing today's crisis-situation with the situation in Germany and the U.S.A. over the period from 1928, when the German Mueller government collapsed, through the appointment of Adolf Hitler as Germany's Nazi Chancellor, on Jan. 30, 1933. We must not only recognize the similarities of today's world's economic and military crisis to those of the 1928-29 interval; today's threat is far worse than that of 1928-33.

How must we assess a Democratic candidate who, today, would be panicked by a tainted report, such as that Powell was assigned to carry into the UNO, into pushing the U.S.A. into a war from which the U.S.A. itself might ultimately not

return, a war such as the "Clash of Civilizations" war against the Arab world, and who knows besides, which the Chickenhawk consortium of Vice President Cheney and stained Senators John McCain and Joe Lieberman continue to push, so feverishly, today?

Compare the challenge to the U.S. Presidency today by the standards of the contrast between the roles of Presidents Franklin Roosevelt and Paul von Hindenburg in a time so much like today's, 1931-33.

Once again, as during 1928-33, the world is gripped by an accelerating economic collapse of the world's failed, 1971-2003 international monetary-financial system. In such periods of economic history, a monetary-financial collapse which has already entered its terminal phase, as during 1928-33 or today, is a period in which dictatorships and world wars erupt as a result of the failures of leading governments and political parties. Such is the situation today. In such a period, the failure to find, and select an exceptional leader, such as Franklin Roosevelt, means that some foolish nation, such as Hindenburg's Germany, will probably hand its fate over to something like a new Adolf Hitler, or, perhaps, a Senator John "Bull Moose" McCain.

None of my supposed rivals among the currently visible candidates for the 2004 Presidential nomination measures up to the standard required for a period of crisis such as that ongoing now.

## **Appendix: — What They Are Saying**

The following are excerpts from news slugs which appeared in the ICLC AM Daily Briefing of Saturday morning, Feb. 8, 2003.

The following are only a sample of the updates and discussions in which I dealt yesterday. They are a sample of what a President should have reviewed, as I did yesterday. They are, therefore, also a sample of what any serious candidate for a Presidential nomination should have been reviewing yesterday. Should any among these be seriously considered for a Presidential nomination under the conditions of economic collapse and threat of more or less world-wide war, in the world today?

They are referenced here for the purpose of affording the readers a sense of the avalanche of reports on the mass of disinformation which the office of Britain's Prime Minister Tony Blair contrived to jam into Secretary Powell's presentation to the UNO Security Council.

ITEM #1: First, on the report presented as the British Prime Minister's dossier:

[Source: Feb. 7 *BBC*]

Feb. 7—BRITISH SOURCES YET AGAIN UNDERCUT THE ANGLO-AMERICAN ANTI-IRAQ HYSTERIA, by revealing that a British dossier on Iraq, released on Feb. 4, and lavishly praised in the UN speech by Colin Powell the next day, is significantly based on material produced by a graduate student. This is causing quite a stir in Britain itself, and is being used against the Tony Blair government.

In his speech, while rambling on against Iraq, Powell declared, "I would call my colleagues' attention to the fine paper that the United Kingdom distributed yesterday, which describes, in exquisite detail, Iraqi deception activities."

The problem is, as Britain's Channel 4 reported after Powell spoke, that the dossier includes plagiarized material, and information that is 12 years out of date. Channel 4 charged that most of the data came from two academics and a graduate

student, and that certain wording was changed by the British government, to make a stronger case against Iraq. *BBC* writes today: "The Channel 4 report said that even typographical and grammatical errors from the student's work were included in the U.K. Morning government dossier. It also noted that the student acknowledged that the information was 12 years old in his report, but the government doesn't make the same acknowledgment."

The British Conservative Party's Shadow Defence Secretary Bernard Jenkin said that the Tories are deeply concerned by all this: "The government's reaction to the Channel 4 News report utterly fails to explain, deny, or excuse the allegations made in it. This document has been cited by the Prime Minister and Colin Powell, as the basis for possible war. Who is responsible for such an incredible failure of judgment?"

Liberal Democrat foreign affairs spokesman Menzies Campbell added: "This is the intelligence equivalent of being caught stealing the spoons. The dossier may not amount to much, but this is a considerable embarrassment for a government trying still to make a case for war." (mjb)

ITEM #2: What about Powell's report of links between Iraq and al-Qaeda?

[source: *Wall Street Journal* A6, Feb. 7, 2003]

GERMAN INTERIOR MINISTER, INTELLIGENCE AND COUNTER-TERRORISM OFFICERS, QUESTION COLIN POWELL'S EVIDENCE OF IRAQ-AL-QAEDA LINKS. German officials, including Minister of Interior Otto Schily, questioned the assertion of U.S. Secretary of State Colin Powell on Feb. 5 to the UNSC, that a terrorist named Abu Mussah al-Zarqawi provided a firm link between al-Qaeda and Iraq. German counter-terrorism experts, after an 18-month investigation, have compiled their own dossier of "hundreds of pages" on Zarqawi and his organization Al Tawhid—and they say none of it supports the Powell argument that Zarqawi worked cooperatively with Baghdad.

"It's possible the U.S. has sources unavailable to German intelligence, but we don't see any links between Zarqawi and Iraq," one German intelligence official said. "We assume that the secular ideology of Iraq is too distant from the religion of al-Qaeda for them to cooperate." German Minister of Interior Otto Schily said German intelligence didn't show Zarqawi operated in areas of Iraq controlled by Baghdad, nor that terrorists such as al-Qaeda had linked up with a state like Iraq.

German officials scored a break a year ago, by rounding up a dozen members of Al Tawhid. Its members said that while Zarqawi was their leader, they had planned attacks on Israel and Jewish sites in Germany. Members of the cell say *Iraq never figured in the picture*; they say Al Tawhid focussed on the Palestinian cause and establishing a theocracy in Jordan. They say Zarqawi was not himself a core operative of al-Qaeda. Counter-terrorism experts in Germany say that at best an indirect link exists between al-Qaeda and Iraq.

Meanwhile, in a commentary in today's *New York Post*, aptly titled "Godfather of Terror," universal fascist Michael Ledeen went into "spin" overdrive, claiming that Germany *endorses* Powell's position. Ledeen crows: "We're certainly making progress when [Germany] one of our most reluctant allies is the source of such devastating intelligence."

ITEM #3: Expert opinion by a leading retired CIA officer, Dr. Stephen Pelletiere, a professional with leading experience in the Middle East:

Feb. 7 (EIRNS)—"IT'S ALL JUST SHOW BUSINESS," SAYS FORMER CIA ANALYST, OF POWELL'S SPEECH. Dr. Stephen C. Pelletiere, the CIA's senior political analyst on Iraq during the Iran-Iraq war, and a professor at the U.S. Army War College from 1988 to 2000, told *EIR* today that he did not find Secretary of State Powell's presentation to the UN Security Council to be persuasive.

"The al-Qaeda connection is the one that's falling apart most spectacularly," Pelletiere said. He pointed to two articles in yesterday's *New York Times*, one an interview with the head of the al-Ansar group, who's living in exile in Norway, who said he had no awareness of any connection to al-Qaeda, and who said that he had no knowledge of Zarqawi, the so-called high-ranking al-Qaeda operative whom he's supposed to be sheltering.

"All of that raises a question," Pelletiere said, adding that "the Kurds, who are ringing the al-Ansar enclave, and who are assumed to be fairly knowledgeable about what goes on in that part of the world, claim that the town that Powell singled out as an Aswar enclave, actually is in the possession of a rival group, the Komola."

"I know the Komola, because I worked on them when I was at the Agency in the 1980s, so that's a bona fide group," Pelletiere said.

"The Ansar is a new group, but it may be an old group with a new name. because there has always been a small group of Kurds in the north who oppose the secularist Kurds of the two warlords—Talebani and Barzani. This little group was Islamist," Pelletiere stated. "So it would appear Powell's just got his information wrong."

When he was told about the statements by German officials—that they have conducted an extensive investigation of Zarqawi, and that they have no information supporting Powell's that he works closely with Saddam Hussein, Pelletiere called that "disturbing," saying that "it makes you wonder if the Administration is just going through the motions."

"They've determined that they're going to invade Iraq, and they're aware that they need a cover from the UN," Pelletiere said, "but they're really not going out of their way, to make a very good case, if it can be shot down that easily."

"When you take that, on top of the Blair dossier, you get the impression that this is all just show business. There isn't any real intelligence investigation going on here."

Feb. 7 (EIRNS)—WHAT DO THE "NERVE GAS" INTERCEPTS SIGNIFY? When asked about the intercepts of alleged conversations cited by Secretary of State Powell, former CIA analyst Stephen Pelletiere said in an interview with *EIR*, that the statement cited by Powell—"Don't mention 'nerve gas'" in any of your dispatches"—could have just been a routine dissemination of advice from the Iraqi government, based on knowledge of how the U.S. gathers "sigint" (signals intelligence). "We routinely take thousands of hours and hours of conversations, and then the computer trolls through and picks out certain phrases," Pelletiere explained. "So if they don't want their conversations taped, they would make sense to advise their subordinates to stop using certain key words, because that's going to trigger the sigint."

"The guy isn't actually saying that 'We've got this stuff.' He's just saying: 'Don't use that phrase.'"

Feb. 7 (EIRNS)—INTELLIGENCE ANALYSTS UPSET OVER "POLITICIZATION" OF INTELLIGENCE. Citing his experience in the CIA in the 1980s under then-director William Casey, former CIA analyst Stephen Pelletiere told *EIR* that he is afraid that this kind of "politicization" is resurfacing. "And of course the Agency was badly shaken by that, back in the '80s, and there was a reaction away from it, and I understand that there are a number of Agency analysts who are speaking out, and are very unhappy with what they see."

"I've seen a lot of this at Langley, and I've seen a lot of this in Britain," Pelletiere noted. "British Intelligence leaked the material on Blair, in which they showed that they didn't have any proof of links with al-Qaeda, and then Jack Straw came out and said, 'Blair doesn't give a damn.'"

"Obviously, there's a lot of dissent in the intelligence community."

ITEM #4: From another relevant U.S. intelligence specialist:

[Source: *cfr.org*, Feb. 5]

**SENIOR CFR OFFICIAL SAYS VOICE INTERCEPTS CAN BE FAKED.** Michael Peters, a career military officer, who is now the Executive Vice President of the New York Council on Foreign Relations, was interviewed about Secretary of State Powell's UN Security Council presentation, by *cfr.org* editor Bernard Gwertzman.

One of the questions asked to Peters, was: "You can always fake voice intercepts?" Peters answered: "Right. Any kind of intelligence, but especially signals intelligence. Messages are so truncated and cryptic that there are a lot of blanks to fill in."

Peters also said that the Administration used Powell, because he is a much more effective messenger than Bush. He added that he does not think that a war can start before March, or even April, because of the time needed to get equipment to Turkey.

ITEM #5: Now look at what some would-be Presidential nominees have been saying on the issue of launching a war against the Arab world. Do those would-be Democratic Presidential candidates meet the standard of persons we should trust with the fateful decision of war or peace?:

[source: various wire and newspaper accounts, and individuals' web sites, Feb. 5-7, 2003]

**DEMOCRATIC CANDIDATES AND LEADERS QUOTED ON IRAQ, AND REACTING TO POWELL'S UN SPEECH:** \* Senator JOSEPH LIEBERMAN (Connecticut), in a statement released after Powell's speech:

"Patience is a virtue, but too much patience with dangerous lawlessness is a vice. In my view, the case against Saddam is clear, and it is compelling. The time for containment has passed. The time for patience with Saddam's deceit in the face of Saddam's danger is over."

\* Senator JOHN EDWARDS (North Carolina) said on Wednesday, that Secretary of State Colin L. Powell made a powerful case before the United Nations that Saddam Hussein violated a Security Council resolution on Iraq's possession of weapons of mass destruction.

"I have long argued that Saddam Hussein is a grave threat and that he must be disarmed. Iraq's behavior during the past few months has done nothing to change my mind," Sen. Edwards said.

"Secretary of State Powell made a powerful case. This is a real challenge for the Security Council to act. Saddam Hussein is on notice," he added.

\* Representative RICHARD GEPHARDT (Missouri) said, "I believe Secretary Powell made a compelling case that Iraq is concealing its weapons of mass destruction and is in material breach of UN Security Council Resolution 1441." Gephardt said that he hoped the presentation "will strengthen our alliance with other nations about the course of action ahead. I encourage the Administration to work with our allies during the upcoming weeks on how best to resolve this matter in the interest of our mutual security."

\* Senator BOB GRAHAM (Florida), who may campaign for President once he recovers from recent heart bypass surgery, said, "In my opinion, this linkage of Saddam Hussein's weapons of mass destruction and groups like al-Qaeda and Hezbollah, with a substantial number of trained terrorist operatives placed inside the United States, represents the greatest danger to our people. I continue to urge the President, in the relatively few days left before the start of war with Iraq, to use every measure to protect Americans by dismantling these international terrorist organizations here and abroad."

\* Senator JOHN F. KERRY (Massachusetts) said Powell had laid out a "compelling case." Kerry said he would back using military force to disarm Iraq, but urged the Administration to continue seeking support from the world community.

\* Former Governor HOWARD DEAN (Vermont) said in an interview, "While it is clear that Saddam Hussein is a dreadful person, that is not reason to disarm him unilaterally. I don't think the evidence rises to the level of an imminent threat to the United States and therefore that military action is justified."

Dean said he had not been moved by Powell's arguments—although he made clear that he was not opposed to action to remove Saddam Hussein if Iraq was not in compliance with the United Nations, as opposed to action by the United States alone. He said, "I'm not convinced: I don't think the case has been made for unilateral action."

\* The Rev. AL SHARPTON (New York) did not return reporters' calls seeking comment. He has been consistently opposed to a military strike on Iraq.

## **Latest from LaRouche**

### **Facing the Question of Immortality**

*This is an edited transcript of the discussion which followed Lyndon LaRouche's Feb. 1 presentation to the combined East Coast/West Coast youth cadre schools. The entire discussion can be found at [www.larouchein2004.com](http://www.larouchein2004.com); it will also be published in EIR Feb. 21, 2003.*

### **On the Latest Shuttle Failure: Blame the Bookkeeper Mentality**

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

"No one should draw a premature conclusion respecting the immediate causes for Saturday's awful news of the breakup of the Columbia. Nevertheless, we can be, and must be aware of a certain degree of preventable risk under which the NASA program has been compelled to operate..."

### **LaRouche: Chavez's Insanity Must Be Reined In — Before It Triggers a 'Pinochet' Solution in Venezuela**

"Venezuelan President Hugo Chavez has responded in his characteristically unstable and provocative manner to the useful efforts of former U.S. President Jimmy Carter and the Lula [da Silva] government in Brazil, to defuse the explosive Venezuelan crisis, and initiate serious negotiations between the government and opposition there," U.S. Democratic Presidential pre-candidate Lyndon LaRouche commented Feb. 7.

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

### **Fed Oversight Agency Wants Receivership Authority in Case Fannie Mae/Freddie Mac Fail**

The Office of Federal Housing Enterprise Oversight (OFHEO), which regulates Fannie Mae and Freddie Mac, government-

sponsored Enterprises involved in the secondary mortgage market, sent a report on Feb. 4 to the Senate Banking Committee and the House Financial Services Committee, titled "Systemic Risk: Fannie Mae, Freddie Mac and the Role of OFHEO." In it, OFHEO called on Congress to grant it receivership authority, "to allow the Agency to close and appoint a receiver to manage the affairs of an insolvent Enterprise," by amending the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. If an Enterprise is not viable, the report stated, then OFHEO should have authority to "place it into receivership and wind down the business of the company"—liquidate or otherwise dispose of its assets, and use the proceeds to pay the institution's creditors.

OFHEO also recommended that Congress permanently fund the Agency, and exempt it from the appropriations process—so OFHEO has adequate resources to deal with "serious problems."

Major global securities firms and commercial banks that serve as counterparties to the financial derivatives contracts that the Enterprises use, OFHEO warned, would face "serious [credit] exposures" and "solvency or liquidity problems," were one of the Enterprises to fail. More than 30% of commercial banks with assets above \$1 billion, OFHEO estimated, held debt of Fannie or Freddie exceeding 10% of their equity—while one bank with over \$50 billion in assets (unnamed, but unmistakably JP Morgan) held Fannie Mae debt in excess of 25% of its equity. "Changes in market conditions in securities or derivatives markets, could impose losses on, and increase the risk of, Fannie Mae and Freddie Mac and other financial institutions that participate in those markets." The interdependencies are so large that, "if either Enterprise became insolvent or illiquid, investors in its debt and, potentially, its derivatives counterparties could incur losses."

OFHEO considered three "hypothetical" scenarios of deteriorating financial conditions. In Scenario #1, a period of reduced liquidity, the Enterprises help to lessen systemic risk. In Scenario #2, one Enterprise develops serious solvency problems but remains liquid, there are few adverse economic effects, and no "systemic event" occurs.

In Scenario #3, Enterprise A suffers large losses and becomes illiquid—resulting in a "systemic event." Investors doubt the Enterprise is viable and "are uncertain about whether it will default, about the size of any credit losses they may incur, and about the future liquidity of its debt." As a result, there is widespread selling of the Enterprise's debt, as well as a large decline in the market prices of its mortgage-backed securities.

Under some circumstances, the sell-off becomes a panic. "Illiquidity in the market for Enterprise A's debt and the plunge in the market value of its MBS, exacerbate liquidity problems at many banks and thrifts. Those problems increase the risk of contagious ill-liquidity spreading through the banking system, the markets for the obligations of other GSEs, and the financial sector as a whole, adversely affecting the U.S. and the global economy." For example, foreign investors would sell dollar-denominated assets. Mortgage rates would skyrocket, GDP and employment would plummet; pension funds would be hit hard. In this case, OFHEO stated, "The Federal government faces difficult choices." Without government action, "The potential decline in aggregate economic activity may be very large."

The potential that an Enterprise failure could seriously threaten a collapse of the housing finance system, or a disruption of the global financial markets, OFHEO warned, is much greater now than it was in 1992—when Fannie/Freddie's outstanding debt was much lower, and they were just beginning to use financial derivatives. Fannie and Freddie had \$1.7 trillion in derivatives outstanding at the end of 2001, according to OFHEO Director Armando Falcon, up from \$72 billion at the end of 1993. Fannie Mae's debt has increased fivefold, and that of Freddie Mac by 20 times.

(Falcon, by the way, was fired from the Bush Administration just hours before he released this two-year study, according to the *Washington Post* of Feb. 6—presumably for the contents of the report.)

## **Economy Collapsing Faster Under Bush Than Under Hoover**



U.S. stocks have lost \$4.8 trillion of value since Bush took office, falling from \$14.7 trillion on Jan. 20, 2001, to \$9.9 trillion last week, and in percentage terms, the market has fallen more in Bush's first two years than in the first two years of any modern President, including Herbert Hoover, wrote Allan Sloan in a commentary appearing in the *Washington Post* and *Newsweek*. He cited a study by Philly money management firm Aronson+Johnson+ Ortiz (AJO). The AJO study also shows Bush leading the pack in the decline of the S&P 500 at 33%, compared to Hoover's 29%, even though Hoover's first two years included the crash of 1929. Unemployment is up more than 40% since Bush took office, gigantic projected Federal surpluses have turned to deficits, and the dollar has plunged sharply against the euro, Sloan said.

Furthermore, notes Sloan, the Bush plunge can't be blamed on 9/11, since stocks fell at a much faster rate from his inauguration through Sept. 10, 2001, than they have since; the S&P 500 fell at an annual rate of 28% before 9/11, versus less than half that rate after.

Bush's OMB projects that the fiscal 2003 deficit could be \$300 billion, but that includes the \$175 billion Social Security surplus, "so the government is really in the hole by \$475 billion," which, at a 4% interest rate, means \$19 billion a year in interest payments (more than the \$15 billion a year Bush proposed for his Africa AIDS initiative).

"The dreary economic numbers make you wonder whether Bush's remedies have a chance of curing the patient anytime soon," Sloan says. "His prescription—cut taxes—is exactly what he prescribed when the economy seemed healthy. With the patient not responding, he wants to cut taxes more. With Bush, it always seems to be tax- cut time."

"None of this is to say that Bush is fated to go down in history as an economic failure like Herbert Hoover," Sloan continues. "It's only halftime; the game's not over. So far, the president has talked a great game but hasn't played anything resembling a great game. It's time to start watching what the scoreboard has to say, rather than relying on the mere word of the cheerleader in chief. Optimism certainly matters—but the numbers are what really matter. And they're not good."

Curiously, Sloan comes to the conclusion that "Sooner or later the economy will fix itself, because it always does. The question is whether Bush's policies will advance the recovery—or delay it."

## **U.S. Aviation Sector Contracting**

\* Northwest Airlines announced the closing of four aircraft-maintenance stations and layoffs of 60 more pilots to cut costs.

\* American Airlines will cut 750 flight-attendant jobs in St. Louis by May, because too few attendants took leaves from their jobs in the last round of cuts, and so crews are considered by accountants to be "overstocked"!

\* American Airlines stock down 88% since January 2002. The management firm for part of American's 401(k) plan says the stock of AMR (American's parent company) is too risky for American workers to have in their portfolio! U.S. Trust dropped AMR stock last week, in its first action after being hired as the independent fiduciary for the employee stock-purchase portion of the 401(k).

\* American is losing \$5 million cash a day, according to wire reports in *USA Today* and the *Washington Post*.

\* American execs are asking for a 25%—\$1.8 billion—worker pay cut per year for five years, in a formal request made Feb. 4 by AMR management (owners of American Airlines). In addition, American is seeking concessions from its vendors, and is shutting two (Norfolk and Las Vegas) of its 10 domestic reservation offices, and eliminating 910 reservation-agent jobs.



The pattern here is cut-and-gut, to the point that the entire operation is killed in the name of "saving" it.

Meanwhile, the head of Amtrak last week declared that U.S. train service will never make a profit, and that Amtrak must have more than what's in President Bush's new budget even to exist. David Gunn said Amtrak has approximately \$4 billion in debt—much acquired after the 1997 Amtrak Reform Council was created. The new Bush budget and Transportation Department commentary, mandate the elimination of many long-distance routes, in the name of "saving" the railroad by killing it.

Already, Amtrak has scaled back the Philadelphia-Chicago route to a New York-Pittsburgh route, and has cut Louisville from the stations the Kentucky Cardinal serves.

Amtrak spokesman Dan Stessel told CNN Feb. 3, "It remains our position that maintaining a national network of trains is a Federal responsibility, and we're committed to preserving that network."

### **Boeing Warns of Further Downturn in Airlines**

Phil Condit, chairman of Boeing Corporation, the world's largest aerospace-defense group, warned Jan. 30 that the year "2003 looks a lot like 2002 from the [new plane] order standpoint," and that the downturn in commercial aviation "remains severe."

The severity of the problem is underscored by two points: of the 275-300 planes Boeing has projected for delivery in 2004, three-quarters are to non-U.S. companies; the U.S. market for new planes has dried up, amid the bankruptcy of U.S. Airways, United Airlines, etc. Second, at the start of 2001, Boeing had projected that it would deliver 470 planes in 2003. Thus, even Boeing's hopeful projection of a 2004 "pickup," falls 37%-42% below what it expected back in 2001.

Boeing will also be affected by the explosion of the Columbia Space Shuttle. Rockwell International built the Shuttle, but Boeing acquired Rockwell in 1996, and is one of the two largest contractors in building and maintaining NASA's manned space missions. Boeing represents a tremendous, integrated capability of advanced machine-tool design and skilled workers, now being dismantled.

### **U.S. Steel Industry in De-Structuring Madness**

\*Bethlehem Steel has agreed to be bought out by the International Steel Group (ISG), backed by the Wall Street scavenger house of W.L. Ross & Co., according to Bethlehem's announcement Feb. 5. On Feb. 8, Bethlehem's Board of Directors will meet to vote on the deal, after which the Federal bankruptcy court has to approve it.

\*U.S. Steel buyout of National is still a live option. A.K. Steel, which outbid U.S. Steel, has been declared the official "stalking horse" (lead bidder) in Federal bankruptcy court. Among other things, this did not sit well with the United Steelworkers Union (USWA), which had just concluded a year-long labor dispute with A.K. and which clearly prefers a U.S. Steel buyout. Neither bidder plans to pick up legacy costs, and buyout will proceed along the lines of new USWA contact with ISG or worse, as will the Bethlehem buyout, in which Bethlehem seeks to shed pension and health insurance plans for retired workers.

### **States' Aggregate Deficits Soar 50% in Two Months**

From November 2002 to end of January 2003, the cumulative revenue shortfall for all U.S. states grew from an estimated \$17.5 billion to \$26 billion, according to a just-released survey done by the National Conference of State Legislatures

(NCSL). The primary decline has been in income tax revenue collections, as layoffs mount. And this is not the worst of it. NCSL projects a aggregate deficit for states in the next fiscal year—which in all but four states begins July 1—will be \$68.5 billion, with one-third of the states *not* yet reporting estimates for FY 2004. So even this "official," and *EIR* believes understated, estimate *will* get bigger.

The rose-colored glasses have come off, and NCSL now reports, "State budgets are under siege. The faltering economy, declines in the stock market, contractions in the manufacturing and high-tech sectors, and soaring health costs have combined to undermine the stability of state budgets." The full depth of the economic collapse, however, has yet to be acknowledged.

Budget gaps between revenues in and expenditures for FY 2004 already exceed 5% in 33 states, with 18 of those having gaps bigger than 10%. For example, a conservative estimate of California's gap is 30%, while New Jersey's is estimated at 18.5%, and Minnesota's is 15%.

## Ibero-American News Digest

### Base of Brazil's Ruling Party Sees Betrayal in Austerity Economics

Predictably, a brawl has erupted within Brazil's ruling Workers' Party (PT) over the issue of economic policy, following President Lula da Silva's return from an official visit to Europe. On return, Lula had to huddle with PT President Jose Genoino and his chief of Cabinet Jose Dirceu, to figure out how to manage growing dissent from the PT's more radical wing, which opposes the austerity policies imposed by Lula's Finance Minister Antonio Palocci. Palocci, they say, is continuing the policies of former Brazilian President Fernando Henrique Cardoso.

Palocci held a very tense meeting with the PT's Congressional bloc, where he justified the decision to impose whatever policy is necessary to ensure that Brazil "honors its contracts," that is, pays the debt, reported *Bloomberg* newswire on Feb. 4. Palocci argued that Lula's election platform included the promise to honor foreign obligations and related policies, and rejected any change in policy other than what was spelled out during the electoral campaign. Bloomberg adds that Palocci warned that higher interest rates and a tight budget were required to avoid a "collapse" of Brazil.

It is being reported this week that Brazil's foreign debt comes due in 2003. *EIRNS* has been unable to confirm this, but there is no doubt as to the panic in financial circles over the likelihood of a default. In its Feb. 4 report, *Bloomberg* worries that the PT may obstruct Palocci's efforts to impose the austerity policies necessary to avoid default—freezing wages, raising interest rates, overhauling social security, etc. "If the opposition continues," said one analyst, "the party may even split."

### LaRouche Friends Sworn in, in Brazil's Congress

On Feb. 1, the friends of American Presidential pre-candidate Lyndon LaRouche's friends in Brazil—Dr. Eneas Carneiro, and the five other deputies elected from his PRONA Party—were officially sworn in as Congressmen, when the new Congress convened. Thus was defeated the hailstorm of fraudulent legal actions aimed at stripping the PRONA bloc of their election victory. Because they are now officially sitting Congressmen, the multiple actions have to go through new procedures, the making it almost impossible to strip them of their posts.

Another battle will have to be fought over the next two weeks: that of securing PRONA's right to constitute itself as a "parliamentary fraction," with the right to name a leader, who would be Dr. Eneas. A parliamentary fraction is granted a number of political prerogatives, such as the right to speak before the plenary of the Chamber of Deputies, on subjects of national importance.

## **Brazil: Budget Cuts Increase National Debt**

The Brazil case study proves that cutting the national budget to please the IMF only makes things worse. On Feb. 7, Brazilian Finance Minister Antonio Palocci announced that the Lula government's target primary budget surplus for 2003 will be 4.25% of GDP, a target higher even than that "achieved" by the Cardoso government. This is supposedly to "prove" to "the markets" that Brazil's debt is sustainable. Under the IMF agreements operating since 1999, Brazil has been required to run ever-greater "primary budget surpluses," the which are calculated by subtracting all government expenditures except debt service, from all revenues. The surplus then goes to pay debt service.

Thus, from 1999 to 2002, the Cardoso government generated 163 billion reais more in revenues than it spent. At today's exchange rate, that's over \$46.5 billion, all of which was used to pay debts. Each year the amount extracted was larger: in 2001, R\$43.6 billion was extracted; in 2002, R\$52.4 billion; and for 2003, the expected target is more than R\$60 billion.

To produce the surplus, the Cardoso government savaged investments in electrical production (leading to nationwide electricity rationing), highway repair (many national highways are today impassable), law enforcement (the drug mob loved it), health (the AIDS virus loved it), and social programs. The US\$46.5 billion-plus paid did less than nothing to reduce the debt, however. The debt, Brazilian daily *O Globo* pointed out on Jan. 31, grew from 1999 to 2002, by R\$495 billion, a good US\$141 billion, at today's exchange rate!

## **Mexico: 50,000 Farmers Protest NAFTA Agricultural Clauses**

About 50,000 farmers marched in Mexico City on Jan. 31, to protest implementation of NAFTA's agricultural clauses. Three major groups—El Barzon, the Permanent Agrarian Congress, and an organization called "the Countryside Can't Take Any More"—led the demonstration, which brought farmers from around the country, with their tractors and farm animals, to demand that President Vicente Fox immediately begin negotiations with them over the issue of U.S. agricultural imports.

Since before Jan. 1, when Mexico had to eliminate protective tariffs on all but a handful of U.S. food imports, as per NAFTA's timetable, farmers have been protesting, warning that they will be wiped out by a flood of cheaper imports. However, instead of demanding NAFTA's abolition, their leaders are urging renegotiation, thereby letting stand the faulty premise that free-trade is "good" for Mexico. There are also demands for more government subsidies and a new farm policy altogether.

The Fox government has indicated it is ready to hold dialogue with farm leaders, as long as there are no conditions attached to it, and has rejected any idea of renegotiating NAFTA. Indicating what farmers think of Fox, one of the protesters was a burro, which sauntered down the main Reforma avenue of Mexico City, with "Fox" written in bright letters on its side. The Jan. 31 protest also included Jacobin elements, including some from the Zapatista National Liberation Army, Greenpeace, and other environmentalist groups. A leader of the national telephone workers union, who is also an official at the National Workers' Union Federation, said his group is prepared to support the farmers with a national strike.

## **U.S. Financial Collapse Spills into Mexico**

In the shadow of the U.S. financial collapse, Mexican businessmen are sparring over economic policy. Hector Rangel Domene, president of the Mont Pelerin-influenced CCE businessmen's association, says that Mexico is now in an "orderly recession," which can only be resolved by government adoption of "structural reforms," such as privatization of the electricity sector. The political infighting which has delayed these reforms must stop, he demanded. Otherwise, Mexico won't be able to attain the necessary "sustained development."

Yeidckol Polevnsky, president of the Canacintra business federation, disagrees. Failure to carry out structural reform can't be used as an excuse to explain Mexico's problems, he said in a Feb. 3 press conference. The government can't sit around and wait to see what happens with the failing U.S. economy, to decide whether the country is going to survive or not. It must have a plan to build the internal market and diversify its export markets. What is needed immediately, is a revival of the construction industry, to build both housing and infrastructure; yet the government has practically ceased investing in infrastructure altogether, Polevnsky said. It is the government's policies which have made Mexico less competitive, and less attractive to investors, both foreign and national. Polevnsky reported that some Mexican businessmen are even considering moving to China, seeing it as an attractive location for productive investment!

## **Narcoterror Wave Expands in Colombia**

Colombia's Arauca is the "pilot program" of warfare between the state and narcoterrorists. As of Feb. 4, the Colombian government had declared curfew in six of Arauca province's seven townships, after terrorists blew up an electricity tower that plunged the entire region into darkness. Arauca is an oil-rich province along the northeastern border with Venezuela, and has been a traditional battleground for territory between the FARC/ELN narcoterrorists and the paramilitaries. The Uribe government has put most of the province under military control, as a "pilot program" for its war against narcoterrorism, and the enemy is responding with everything in its arsenal, ranging from ambushes, sabotage and kidnappings, to car-bombings and selective assassinations. The chief of staff of the governor was shot in the head as she left her home for work.

The government is considering using the Army engineering battalions to build much-needed public works projects in the province, Defense Minister Marta Lucia Ramirez told *El Tiempo* on Feb. 1. The problem the government faces, is that until the government can reestablish control over the province, a good portion of any monies which the government provides either as royalties to municipalities, or for private contractors working on public projects, ends up in the pockets of one or another of the narcoterrorist gangs. Using the Army engineers is put forward as a way to counter the seizing of funds by the narcoterrorist forces.

But, skewing Colombian President Uribe's battle for territorial sovereignty in Arauca, however, is the recent arrival of some 70 special U.S. military instructors, to train Colombian soldiers as part of the U.S. project to create a separate military force dedicated to protecting *only* the oil pipeline running through Arauca, which is jointly owned by the Colombian state and Occidental Petroleum. The strategic pipeline has been dynamited hundreds of times in recent years by the narcoterrorists, but this deployment of U.S. military forces into Arauca reflects the Bush Administration's view that the pipeline is in the category of a "U.S. national security concern."

President Uribe has, however, firmly rejected a proposal made Feb. 2 by the UN Human Rights Commission, for the Colombian government to engage in "regional" peace negotiations with the FARC/ELN as a way of supposedly protecting human rights in Arauca. Said Defense Minister Martha Lucia Ramirez, "That is the UN's proposal. It is not the national government's position."

## **IMF Policy Closes Colombia's Symphony Orchestra**

The appearance last December of a newspaper article by former Colombian Finance Minister, current Presidential adviser, and IMF lackey Rudolf Hommes, urging the closure of Colombia's National Symphony Orchestra, marked the signal for budget cutbacks—in line with IMF demands—that led inexorably to the official shutdown of Colombia's Symphonic Orchestra and National Band on Jan. 30. Every one of the 75 young orchestra and band members—the nation's finest—received a pink slip, and many of them are now seeking to emigrate and work in the United States.

In an interview that appeared in *EIR* in early January with the acting concert mistress of the Colombian Symphony

Orchestra, Liz Angela Garcia condemned this policy of the Colombian state as "following the absurd model of privatization and globalization." She further warned that such a decision could well define "which way the country is going to go." After all, she insisted, "We are the real educators. With all due respect to Mr. Hommes, he doesn't know what he's talking about. Music, culture, and the education of a people are very important for any nation and for its economy. These are values that cannot be counted in money."

## **IMF Praises Ecuador's Austerity**

The IMF rewarded debt-strapped Ecuador with a \$200-million standby loan, and with praise for Ecuador's willingness to impose harsh austerity measures. The program, which has to be approved by the Fund's executive board, will then reportedly open the door for another \$300 million in loans from the other multilateral lenders. The plan includes such measures as overhauling management of the country's customs and ports—possibly privatizing them—"reforming" the civil service (cutting wages), and tax reform. Finance Minister Mauricio Pozo announced a package of \$600 million in "savings" last week, to come from freezing public sector wages, raising the fuel price by 35%, and imposing a 12% Value Added Tax, among other things. Great emphasis is placed on making state-owned companies more "efficient," i.e., downsizing. An IMF statement underscores that these reforms are "consistent with dollarization."

President Lucio Gutierrez, who ran as a "radical" boasted to the media that his government had set a "world record" in reaching an agreement with the Fund in only 16 days, adding, "It's a sign the IMF believes in our government." On Feb. 5, Standard & Poor's also absurdly revised Ecuador's sovereign debt rating upward, noting the government's progress in establishing "fiscal discipline." The *Financial Times'* Feb. 1 report was slightly more reality-based, noting that the IMF financing and fiscal cuts would avert a default at least for this year, providing the government is able to get legislation with the requisite reforms through the Congress, which is highly doubtful.

## **Argentina Now: Growth in Poverty, Child Labor, Trade Collapse**

In Argentina, 57.8% of its people are now officially classified as poor; an increasing number of people cannot afford the cost of the monthly market basket, which increased by an incredible 75% in 2002! At the same time, wages, pensions, and income remained frozen. The government's monthly subsidy of 150 pesos to heads of households classified as poor, hardly makes a difference when the cost of the monthly market basket is 716 pesos. Most of the people who account for the 4% increase in poverty between May and October of 2002, are former members of the middle class who have lost their jobs, or whose income is insufficient to cover the cost of food and other necessities. These are Argentina's working poor.

Official unemployment stands at 23%, or 3 million people. If the 3 million officially unemployed, are added to the 3 million who work in the informal economy, plus 2.8 million retirees with pensions under 400 pesos, the result is almost 9 million people in Argentina who cannot purchase the basic monthly market basket of goods and services. It goes without saying that these poor also have no medical insurance.

Another part of the picture is that child labor has grown incredibly, as a result of the IMF-provoked collapse. Between 1995 and 2000, the number of children between the ages of 5 and 14 who were forced to take jobs of some kind, grew by 91.6%—from 252,000 to 482,000. Miguel Schapiro, an official of the International Labor Organization who was visiting the country, expressed "concern" over the increase, noting that, historically, rates of child labor in Argentina were relatively low.

Improvement is nowhere on the horizon. For example, Argentina's record trade surplus for 2002, of \$16.4 billion is due solely to a 56% collapse of imports. Exports themselves actually dropped slightly, compared to 2001. Exports to Mercosur (Common Market of the South), in which Brazil is Argentina's primary trading partner, declined by 25%. Of the dramatic plunge in imports, the drop in capital goods imports was especially large, at 69%, followed by auto at 68%, and consumer



goods at 56%.

## **Uruguay: Rumors of Argentine-Style Bank Holiday**

Uruguay was awash with rumors of a bank holiday, Jan. 31, combined with reports that dollar deposits in banks would be "pesified"—forcibly converted to pesos, as occurred in Argentina a year ago. There was a run on the banks, as well, as depositors lined up to withdraw dollars. Finally, the government was forced to issue a statement, denying that any such measures were contemplated. Government sources told Argentina's *Clarín* they fear a speculative attack on the peso.

Uruguay is currently holding talks with the IMF, which agency withheld a scheduled \$390-million disbursement last December, because specific fiscal discipline targets hadn't been met. The government wants those funds to be released, and hopes it can get an additional \$700 million by promising to impose harsh austerity. Fear that the country will default on its \$12-billion debt is such, that the Fund recently recommended that the debt be restructured.

## **Western European News Digest**

### **Former British MP and Minister Interviews Saddam Hussein**

Former British Labour Party MP and Minister Tony Benn (previously known as Anthony Wedgewood Benn) has become the first Westerner to interview Saddam Hussein in 12 years (in 1991, Benn interviewed Saddam, and that interview was credited by some with leading to the release of Britons thought to have been being used as human shields against the then looming Desert Storm). The took place during Benn's recent trip to Baghdad, and he announced it would be made available to any television station which pledged to show it in its entirety. According to Benn, Saddam told him that he is "optimistic" about the chances of avoiding a war.

Before leaving for Baghdad, Benn declared that "all my good friends are telling me I'll be ripped apart, and called me a stooge of the Iraqis, but I would never forgive myself, for not trying to bring back something that could stop this war. I feel I have to go, because a lot of people in the world would like to know if there is an alternative to war, and that is what I am exploring."

The interview lasted an hour, and was broadcast in part on Britain's Channel 4. Filmed by an Iraqi crew, the entire interview is to be put up for sale by the recently launched Arab Television.

Benn said remarked at a news conference after the interview that the Iraqi President had been "courteous and forthcoming. ... I think the cause of peace requires us to hear the President just as we hear President Bush and Prime Minister Blair."

Among the questions broadcast by Channel 4, were these: "Does Iraq have Weapons of Mass Destruction?" and "Does Iraq have ties with al-Qaeda?"

Saddam Hussein declared: "Iraq is free of Weapons of Mass Destruction, and I challenge anyone who claims that we have them to come forward with their evidence and present it before public opinion." Saddam insisted that the reason the U.S. and U.K. want a war with Iraq is to seize Middle East oil. In terms of the second question, Saddam said that "If we had a relationship with al-Qaeda and if we believed in the relationship, we wouldn't be ashamed to admit it.... [However], the answer is no, we do not have any relationship with al-Qaeda."

As *CNN.com* notes, the broadcast came one day before Secretary of State Colin Powell addressed the UN Security Council.

At the press conference after the interview, a couple of American reporters suggested that Benn had lent himself to be used by Saddam Hussein. Benn responded that he had anticipated hostility to his visit and expected more when he returned to Britain. But, the 77-year-old elder statesman added, "I've reached an age where I am too old to bother."

### **'Vilnius Group' Nations Join the 'Gang of Eight' in Backing U.S. on Iraq War**

Week before last, as we reported at the time, eight European countries—Britain, Spain, Portugal, Italy, Poland, Hungary, Czech Republic, and Denmark (known as the "Gang of Eight" by pro-peace forces)—signed an open letter asserting that they disagreed with the Franco-German efforts to stave off war with Iraq, and were instead backing the U.S. and implicitly, its drive for war. This was part of the subtext for U.S. Defense Secretary Donald Rumsfeld's reference to France and Germany as "Old Europe," and his citing of Central and Eastern Europe as "New Europe," the latter supporting the United States.

Now, this past week, 10 Central and Eastern European countries published a letter of support for U.S. policy on Iraq after Colin Powell delivered his UN speech. The 10 nations, known as the Vilnius Group, are Albania, Croatia, Macedonia, Bulgaria, Romania, Estonia, Latvia, Lithuania, Slovakia, and Slovenia.

To counter this pro-war propaganda drive, the European co-thinkers of Lyndon LaRouche are mobilizing organizing events. For example, on Feb. 3, Helga Zepp LaRouche and Jacques Cheminade were featured at an event in Paris, held under the banner "The Old Europe Fights Back."

At least 140 people attended the seminar, including representatives from nine embassies, among them Japan, China, Ukraine, Morocco, and Jordan.

### **Wehrkunde Meeting: Rumsfeld Says Risk of War Has To Be Balanced Against Risk of Not Acting**

In his speech at the 39th Munich Conference on Security, known as the Wehrkunde, last week, U.S. Secretary of Defense Donald Rumsfeld delivered a clear message:

Sure, there are old allies, but there are also new "friends," for example, in Eastern Europe, which no one would have expected, only a few years ago, to be asserting such whole-hearted support for the U.S. cause against Iraq. The (Gang of Eight) signers of the support letter show that "momentum is building throughout the world" for the case against Saddam Hussein, Rumsfeld said.

He said that "no one wants war" (really?!), but that "the risk of war must be balanced against the risk of doing nothing, while Iraq keeps pursuing weapons of mass destruction." Rumsfeld went so far as to twist the words of West Germany's first postwar Chancellor, Konrad Adenauer, as saying that "history is the sum of things that could have been avoided," to make his own case against Baghdad.

Rumsfeld warned "those who are undermining NATO," and then lashed out against the United Nations, as an institution that was just about to elect "one terrorist state"—namely, Iraq—as chairman of the UN disarmament commission, and "another terrorist state"—Libya—as chairman of the UN Human Rights Commission. "That these acts of irresponsibility could happen now, at this moment of history, is breathtaking," Rumsfeld said.

In what looked like an orchestrated division of labor, Sen. John McCain (R-Ariz) took the role of the provocateur at the Wehrkunde meeting, denouncing the UN inspections in Iraq as useless, and calling for regime change in Baghdad, to send



out a signal to all Arabs who want to change their own regimes. He said that at present, North Korea is even more of a problem, but that is why Iraq must be disarmed by force, in order to prevent it from becoming another North Korea. People should finally listen to Winston Churchill's warning that "feeding the crocodile out of hope that it will eat you last," was the wrong approach.

The Franco-German resistance to war is a shock, he said, because these two, formerly among the United States' closest allies, have decided to step out of international solidarity against Saddam, and he warned that the Iraq issue would decide the fate of NATO, just as the case of Abyssinia in the 1930s decided the fate of the League of Nations. In this context, McCain praised the Gang of Eight letter as the "real bond between Europe and the United States."

French Defense Minister Michele Alliot-Marie criticized "those who consider replacing NATO by new coalitions"—obviously meaning the Americans—and asserted that "alliance means dialogue and respect for the other—unnecessary accusations against the other should be avoided."

She added that the inspections in Iraq have not failed, but have been rather successful, and when she was touring the United States last November, she was deeply disappointed by the fact that there were some who even attacked the UN inspectors personally.

Meantime, Sen. Joe Lieberman (D-Conn), a Democratic Presidential hopeful, bragged that he and John McCain gave up on containment of Saddam Hussein five years ago, when they introduced the Iraq Liberation Act, which made regime change in Baghdad official U.S. policy. "You might therefore say," he said, "that when it comes to Iraq, President Bush is just enforcing the McCain-Lieberman policy."

### **German Legal Expert: 'Pax Americana' Strategy Blow Against International Law**

In an interview with *Sueddeutsche Zeitung* Feb. 1, Bruno Simma, an internationally renowned legal expert who also works as an official adviser to the German government, said he is concerned about Bush Administration armtwisting at the UN: Should the Europeans give in, it would be the end of international law as we have known it, he charges. A coerced UN Security Council resolution for war might look legal, but it would not be legitimate, Simma said: "Not everything that can be done is legitimate."

As for nuclear non-proliferation, Simma asked the following: "Well, who was the first to have such weapons? What is the difference between the possession of nuclear weapons by a superpower or a country such as Pakistan? Is it established that countries like the U.S.A. are so much more under control and more rational than others?"

If one reads, as the interviewer does, the new U.S. global strategy as a rejection of international law, "This undoubtedly is a heavy blow against international law," Simma went on. "If, therefore, a U.S. strike against Iraq that had no mandate were to establish a precedent, the ban on violence, as the bulwark of international law, would be largely destroyed.

"It cannot be ruled out that the concept of empire, of a Pax Americana, will succeed in driving back the system of the Peace of Westphalia, with its principle of that all states are equality. But even the U.S.A. would not be able to enforce an order on a global scale," Simma said, adding that he would wish the Europeans to become a counterweight against an imperial United States.

### **German Interior Minister Schily Hears LaRouche Analysis, Attacks Iraq War**

Lyndon LaRouche's "State of the Union" analysis was brought into a Jan. 30 meeting of the Aspen Institute in Berlin,

featuring German Interior Minister Otto Schily. As the first questioner following Schily's problematic keynote on the conference topic—"Is it Necessary to Curb Freedoms in the Fight Against Terrorism?"—LaRouche Jonathan Tennenbaum briefed the audience on what LaRouche had said in his historic State of the Union webcast, just hours before Bush's address, about the real nature of international terrorism and the dangerous idiocy of John Ashcroft's "Homeland Defense" policy. Tennenbaum pointed to warnings by Sen. Robert Byrd (D-WVa) and others that the Rumsfeld-Cheney preemptive war doctrine runs counter to the U.S. Constitution, and emphasized the blatant disregard for truth in post-Sept. 11 attempts to conjure up a new "enemy image" in the form of a supposedly autonomous "Islamic terrorist" threat. After all, weren't agencies of the U.S. government deeply involved in building up the Afghan Mujaheddin, and Osama bin Laden personally, all the way up through the 1980s? All of this, and above all the mention of LaRouche, caused a considerable stir in the audience.

Schily answered: "In a friendly spirit, I would say that I do not consider LaRouche an expert on these matters." But he followed that by saying, "The Americans made a very big mistake" in supporting the bin Laden networks. Then he insisted: "But that has no relevance today! We have to concentrate on the present situation!" When the next questioner brought up the Iraq war danger, Schily declared that he was absolutely opposed to the war. "We must be careful. We must realize, that so-called collateral damage is a very serious matter. We must ask, what will be the impact on the Islamic world? Won't the danger of terrorism be greatly increased, both in America and in Germany? I demand we should handle this without splitting the U.S.-German friendship that has been so important. Let's not allow all this to be destroyed.... I was an opponent of the Indochina war and I still think it was a great error. But at the time I could always speak openly with the Americans...."

### **EU Commissioner Chris Patten in Tehran, To Promote Ties**

European Union Commissioner Chris Patten visited the Iranian capital Tehran last week ago, starting Feb. 3, to promote stronger EU-Iran ties. First on the agenda was the second round of negotiations on a mutual trade and cooperation agreement, he told *IRNA* news agency. Also to be discussed were politics, terrorism, human rights, and the regional crisis, including Iraq. He said that Iran and the EU have differences of view, "and we have been discussing those issues in a civilized manner," and he called the EU's expanding relations with Iran of strategic importance, in the interest of the region and the world. Patten was to meet President Mohammad Khatami, as well as the Foreign Minister, and leading parliamentarians. After Iran, he planned to visit Turkey and Lebanon.

### **Smashing SPD Defeat in Two State Elections in Germany**

The disastrous electoral losses for Germany's ruling Social Democrats (SPD) in the two Feb. 2 elections for state parliament—down 10.3% in Hesse, 14.5% in Lower Saxony—have to do largely with voter abstention by core SPD constituencies, out of discontent with Chancellor Gerhard Schroeder's failure to turn the depressed economy around. Also, the stream of neo-liberal SPD leadership proposals for budget cuts in labor, health, and social programs contributed to the election disaster. Furthermore, January showed another drastic increase of unemployment, an additional 280,000 in December, to 4.5 million.

The strong anti-Iraq war mobilization which the SPD launched during the last two weeks of the election campaign certainly compensated for some of the lost constituencies; otherwise, the SPD, which reached a total vote of 29.1% in Hesse and 33.4% in Lower Saxony, would have ended at the 22-25% margin which most of the latest opinion polls gave it, because of the bad economic-social policy performance of the Schroeder government.

By comparison, the Christian Democrats (CDU) managed to mobilize additional voters from latent constituencies, reaching 48.3% of the vote in Lower Saxony and 48.8% in Hesse.

Worth noting is that the LaRouche BueSo party, the only party to address the combination of "Financial Crash and Threat of War" in its main campaign slogan, doubled or tripled the vote it received in the last elections, in both states. The 0.8% which the BueSo reached in Wiesbaden, the Hesse state capital, and the 0.5-0.6% won in several election districts of Hanover, the Lower Saxony state capital, indicate an increased recognition of the LaRouche programmatic input among voters.

### **German Labor Urges Government: Ignore Maastricht, Invest in Public Sector**

The German labor federation the DGB, is urging the government to emphasize more public-sector investments, at the expense of the Maastricht Treaty austerity criteria. "This country needs an investment offensive," Michael Sommer, national chairman of the labor federation DGB, said in a radio interview in Berlin last week. A combination of visibly increased public-sector and private-sector investments, as well as incentives for increasing mass consumption, is required in this particular economic situation, Sommer said.

To pursue a strict Maastricht budget-balancing policy is "profoundly wrong" at present, he added. The government should interpret the Maastricht criteria in a "more flexible way" for the time being.

The Maastricht Treaty underlies the single-currency European Union, and demands strangling austerity measures in the national budgets of EU member states.

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

### **Russian Foreign Minister: No to Unilateral Action Against Iraq**

At an unusual closed session of the Russian State Duma, held Feb. 7 on the eve of President Vladimir Putin's visit to Germany and France, Foreign Minister Igor Ivanov briefed deputies on the situation around Iraq. Emerging from the meeting, Ivanov declared to the press that unilateral action by the United States against Iraq would "be a blow to the international structures and the authority of the UNO, and would lead to a split in the anti-terror coalition." The economic and political importance of the Iraq question is so great, that Russia must continue to insist on a political resolution, he explained. Justifying the unusual closed briefing to the Duma, Ivanov said that "this moment is an extremely decisive moment in the evolution of the situation around Iraq, and the parliamentarians must be prepared for any possible situation, in order to take correct decisions, in accordance with the interests of the country."

### **Putin Meets Italian PM Berlusconi**

Russian President Vladimir Put met in Moscow Feb. 3 with Silvio Berlusconi, the Prime Minister of Italy. In remarks after their talks, Putin reiterated Russia's position that UN weapons inspections in Iraq should continue. Insisting that a peaceful solution to the Iraq crisis can be found, Putin called for turning "the Iraq issue from political matter into a technical one." The use of military force would be acceptable only "in the most extreme case," he asserted.

### **Pakistani President Visits Moscow**

President Pervez Musharraf of Pakistan, during a three-day visit to Moscow, warned Feb. 6 that there would be "fall-out in public sentiment in Pakistan," if the U.S. attacked Iraq. Musharraf made this statement to the press after meetings with Russian President Putin and Foreign Minister Ivan Ivanov. Musharraf said the Pakistani population's sentiments "are against military action generally in Iraq."

Putin and Musharraf have issued a statement calling for the Iraq crisis to be settled through diplomatic means. It said that the two sides "are resolutely opposed to any unilateral use of force or the threat of force, in violation of the UN Charter."

Musharraf also said he doubted what U.S. Secretary of State Colin Powell had said regarding Iraq maintaining ties to al-Qaeda via the Iraqi embassy in Islamabad. "Certainly in Pakistan we think no such activity took place," Musharraf said. Musharraf also said that a possible war in Iraq would hurt Pakistan economically due to the effect on world oil prices.

On Pakistan-India relations, Musharraf said that he and Putin had discussed them: "In Pakistan-India relations, obviously, the focal point is Kashmir, but we didn't get involved in the methodology of resolution of the dispute." Putin said that Russian-Pakistani "relations have been developing quite well, particularly within the anti-terror coalition."

### **Magnitude of Global Financial Meltdown Scrutinized in Russia**

Russian newspapers, which so recently wrote about Russia's main goal being to integrate into the global financial system, are devoting ever more attention to its demise. *Vedomosti* of Feb. 6, for example, showcased a report put out by the Dutch ABN Amro Bank, which estimated the nominal losses in global stockmarkets at \$13 trillion. U.S. market losses were \$7.6 trillion in that period, while the German DAX fell by 42% in 2002 alone, mostly due to the crash of financial and so-called high-tech stocks. "Today, the aggregate capitalization of all German banks does not exceed \$35 billion, less than the capitalization of Barclays Bank," report the authors, who don't expect any recovery for the next 15 years—maybe.

*Vedomosti* cited the views of certain Russian financial analysts, still trying to put a brave face on matters. In the opinion of Sergei Glazer from Alpha Securities, "There is nothing to worry about, as the huge stock capital was fictitious...." Kirill Tremasov, head of the analytical department of the Bank of Moscow, believes that global finances might rebound to the level of three years ago, if only some "very fashionable product" comes along. Valeri Petrov, an analyst at Rosbank, suggests that a revival of the global financial system could happen in just seven years, but only if China, rather than the United States, becomes its locomotive.

### **Russian Observer Sees Bush Administration Trapped in 'Political Depression'**

Alexander Nagorny, deputy editor of the Russian weekly *Zavtra*, wrote in a Feb. 7 commentary that the Bush Administration has trapped itself in a deepening "political depression," as the United States heads for "total economic collapse." Echoing some elements of Lyndon LaRouche's Jan. 28 webcast, Nagorny emphasized the sheer insanity of Bush's State of the Union address, contrasting the reality of a nation in the process of rapidly "losing its international authority and sliding ever deeper into an economic and financial crisis, leading toward total collapse," with the fantasy-world of Bush's "Hollywood blockbuster presentation of a super-empire at the moment of triumph." But the image of the Space Shuttle Columbia breaking up on reentry, is closer to the reality, says Nagorny, "in which every move [by Bush] is only leading to a further worsening of America's situation."

### **Russian Experts Wonder About 'External Factor' in Columbia Disaster**

The widely read Russian news service *RBC* posted an analytical commentary on Feb. 4 which raised the question, "Could the Shuttle have been shot down?" *RBC* noted that NASA has categorically rejected rumors and speculation about foul play or a role of "military experiments in orbit." Furthermore, "according to NASA, any deliberate actions against the Shuttle from the outside would be impossible." But, *RBC* continues, "one should not completely exclude this possibility."

While the main announced hypotheses were failure of a computer or some other onboard component, a failure in the heat shield, or a collision with space junk, *RBC* cited unnamed Russian specialists who reviewed photos of the breakup of and

said "they could not help feeling that some kind of 'external action' occurred. They note evidence of a powerful explosion, out of proportion to the small amount of fuel remaining on the Shuttle for steering purposes during the reentry maneuvers.

"In theory, the Shuttle or any similar object could be destroyed in two ways—by a rocket or using powerful radiation,' *RBC* was told by an expert involved in the military use of space. "To hit an object with trajectory parameters like those of the Shuttle (speed 22000 kilometers per hour) [or roughly 12,500 mph, faster than a speeding bullet—*EIW*] is practically impossible, but one should never absolutely exclude such a possibility.... If we speculate a bit more, we can also find another way to destroy the Shuttle. There exist so-called phased array antennas, that are able to strongly ionize the upper layers of the atmosphere. Such arrays are able to generate high powers of radiation even at very large distances. According to our information, such systems are already functioning in Alaska.

"During the space race in the 1960s and the ensuing 'star wars' in the USA and Soviet Union," *RBC* continued, "many types of space weapons were developed, from killer satellites all the way to lasers. Most of these projects were stopped due to the high cost of their realization. As one of the specialists working in the Soviet space program informed *RBC*, in the 1980s the Soviet Union developed a special 'space punch' for the purposes of destroying American Space Shuttles in the upper layers of the atmosphere. And this weapon was successfully tested—on the Earth, to be precise." (The above evidently refers, at least in part, to the phased-array weapon system of the sort Russia later proposed to develop together with the USA, as publicized in a signal article by Leonid Fituni in *Izvestia* in 1993.)

Another Russian expert quoted by *RBC*, Alexander Khrapchichin, said, "I do not exclude the possibility, that some explosive device was placed on the Shuttle. The American security services are weaker than the Russian ones. True, this might have changed as a result of the wave of anti-terror hysteria there" (i.e., in the United States).

*RBC* concluded with this thought: "Strange also is the moment of the space accident itself—exactly on the eve of the projected war on Iraq, which seemed already to be inevitable. The authors of a new James Bond film scenario might very well propose that perhaps, the catastrophe was a kind of warning to America, about to launch a conflict in the Middle East. If the 'superweapon' could already destroy a Shuttle travelling at such a speed, then a fixed American city would be a much easier target. To verify this curious theory would be simple, for the lovers of 'conspiracy theories'—America should seriously change its policy with respect to Iraq."

## **Even Liberals Worry About Raw Materials Export-Dependency**

Addressing the first Russian government Cabinet session of 2003, on Jan. 28, Minister for Economic Development and Trade Minister German Gref said that the government is committed to moving the Russian economy away from its dependence on the export of raw materials. According to Russian wires, Gref said that the economy's orientation in that direction was causing "serious harm." He suggested fixes, in the domain of tax and tariff incentives for the export of manufactured products, but there was no hint of measures for a fundamental shift of investment flows within the Russian economy.

## **Mideast News Digest**

### **LaRouche Campaign Releases Dossier on Bush War Plan Scandal**

A Feb. 7 statement released by the campaign of U.S. Democratic Party Presidential pre-candidate, Lyndon H. LaRouche, Jr. is a call to arms to *reject* the hoax of "evidence" against Iraq and Saddam Hussein that was apparently foisted on U.S. Secretary of State Colin Powell when he appeared at the UN on Feb. 5.



LaRouche says that the reactions to Powell's speech by his Democratic Party rivals in the upcoming 2003 Presidential primaries, show that they are lacking the "combined intellectual and moral qualifications needed to deal with the combined onrush of a general economic collapse, and a desperate push toward a spreading dark age of world wars."

At issue is "a suddenly unleashing, already raging international scandal over certain dubious elements included in U.S. Secretary of State Colin Powell's U.N.O. Security Council address," says LaRouche, which "tends to discredit my Democratic Party rivals even more than a Powell who was plainly carrying out a mission crafted by others." See this week's *EIW* EDITORIAL for the full dossier released by LaRouche.

### **Leader of Ansar al-Islam Denies Link Between Saddam Hussein and al-Qaeda**

On Sunday, Feb. 1, *The Los Angeles Times* reported that Mullah Krekar, the leader of the Kurdish Ansar al-Islam group which would be cited in Colin Powell's disastrous Feb. 5 UN address, disputes any connection to Iraq's government. Krekar was quoted as saying: "I can say to you that this is not true that I am a link between Saddam Hussein and al-Qaeda."

Krekar also told *The Los Angeles Times* in a telephone interview from Oslo, Norway, where he has asylum: "I will wait until Wednesday [Feb. 5], and if Powell says anything against me, I can use documents to prove it is not true."

Krekar has been interviewed twice by the FBI, but U.S. officials acknowledge that they don't have any evidence to get him extradited to the U.S. as an al-Qaeda combatant or terrorist. He said he told the FBI, "I can come to America and prove it's not true in your court."

Krekar named Secretary of Defense Donald Rumsfeld and Deputy Secretary Paul Wolfowitz as the people pushing President Bush to go to war. He said of his group, "Our aim has always been the toppling of the Iraqi Ba'ath regime," but added that he opposes a U.S. attack, because "Saddam attaches no importance to humanitarian values, and if he is cornered and realizes that he is going to be hit, he will sink the boat with everyone and everything in it."

### **EIR Editorial Board Member Interviewed by Iranian National TV**

On Feb. 5, Iranian TV taped a 30-minute interview with Muriel Mirak-Weissbach, a member of the editorial board of *EIR*, on the subject of Colin Powell's report that same day to the UN, and on U.S. policy towards Iraq. The 30-minute interview with Mirak-Weissbach was to be broadcast on Feb. 7.

The first question was, "What were the crucial, key points in Powell's speech?" Mirak-Weissbach cited LaRouche's characterization of the Iraq policy, and detailed how the "facts" supposedly presented, had no basis in reality, including those attributed to "human sources," defectors, etc. She added, in this context, that the Chinese, and especially Russian, responses were important. She also explained the factional situation inside the U.S. Administration, and LaRouche's role in the institution of the Presidency. She also reported on the contrast between the pro-war party and the view of the majority of the American population, who oppose a war.

At the end of the interview, when asked about the Iranian revolution of 1979, Mirak-Weissbach developed the point that Iran represents a crucial element in the Eurasian Land-Bridge perspective, and, especially under the current government, has rightly identified its foreign policy from this standpoint. She concluded by reporting on the role of the LaRouche movement in campaigning for the Eurasian Land-Bridge, and the LaRouche movement's perspective of organizing the U.S. to support and join the effort, as being in Iran's interest.

### **'Elder Statesmen' Arrive in Baghdad To Stop War Against Iraq**

According to the Feb. 1 issue of *The Times* of London, Hans Von Sponeck, former Assistant Secretary General to the United Nations, arrived in Baghdad as part of a delegation of the Centre for Economic and Social Rights, in an effort to prevent a U.S.-led war against Iraq. Also on Feb. 1, former British "Old Labour" Member of Parliament Tony Benn (Anthony Wedgwood Benn), who had served in British Cabinets and remains a Privy Councillor, arrived in Baghdad on the same mission (see [EUROPEAN DIGEST](#) for Benn's interview with President Saddam Hussein).

It is planned that three former heads of state, including U.S. President Jimmy Carter and South Africa's President Nelson Mandela, will also arrive in Iraq in an effort to avert war.

Von Sponeck was humanitarian coordinator with Iraq at the UN, and resigned in 2000 in disagreement with UN policy of blocking the delivery of humanitarian goods to Iraq under the sanctions regime. He has repeatedly debunked the "weapons of mass destruction" hype, and has eloquently documented the terrible conditions imposed upon the Iraqi population by the economic sanctions. He has been one of the most persistent and convincing opponents of a new war against Iraq.

### ***Washington Post* Hypes Sharon's 'Temple Mount Plot' Against Islam in Jerusalem**

On Sunday, Feb. 1, in the *Washington Post's* Style Section, two articles entitled, "Ancient Jerusalem Scale Models on Exhibit" and " Discoveries Could Rank With Biggest Biblical Finds," served to promote the Christian Zionist and ultra-right-wing Jewish believers' claim to the Temple Mount in Jerusalem.

This *Post* report was part of a \$400,000 mass advertising campaign which Ariel Sharon's backers are carrying out in Israel for rebuilding the Third Temple of Solomon on al-Haram al-Sharif (Temple Mount) in Jerusalem, which is currently occupied by the Dome of the Rock and the Al-Aksa Mosque marking the spot where the Prophet Mohammed is said to have been carried up to Heaven.

One of two articles on the subject in the Feb. 1 *Washington Post* hypes two Temple-related discoveries. The first is the alleged burial box of Jesus' brother James, first announced by the British Quatuor Coronati ("Four Crowns")-affiliated *Biblical Archaeological Review* magazine on Oct. 21, 2002.

The second is an alleged 2,800-year-old Phoenician tablet concerning repairs to the first Temple. *The Post* reports that: "The Temple tablet could also affect the unending religious tensions in the Holy Land that center on the tract Muslims call the Haram Sharif (Noble Sanctuary)... This is Islam's third-holiest site and Muslim leaders often seek to deny that the great Temple ever stood there. The new find could undergird the geography of Judaism."

The *Post* is forced to note, however, that one prominent U.S. archaeologist, Steven M. Ortiz, at New Orleans Baptist Theological Seminary, reported that "initial discussions among scholars speak of a hoax."

The second article is a promotional for a Washington, D.C., exhibition of models of Solomon's Temple commissioned by one Benjamin Adelman, "a retired government worker with a passion for the subject." The models were made by British specialists "based on evidence provided by Dutch archaeologist Leen Ritmeyer." Ritmeyer is the personal archaeologist of the Rothschild family, and figures prominently in the December 2000 *EIR* Special Report, "Who Is Sparking A Religious War in the Middle East?" The models are on display from now through Jan. 11, 2004 at the Pope John Paul II Cultural Center, 3900 Harewood Rd., NE, Washington, D.C.

### ***Swedish Foreign Minister Says Israeli Election Results Endanger Peace***



Speaking at a ceremony awarding the 2002 Olof Palme Prize to Palestinian leader Hanan Ashrawi, Swedish Foreign Minister Anna Lindh declared: "I fear that the Palestinian people soon will lose all hope of an independent state, and that Israel will lose its moral values. Israel is a democracy balancing on a thin line." Lindh's statements were reported on Feb. 3, in the rightwing newspaper, the *Jerusalem Post*.

Lindh added that the outcome of the Israeli election "unfortunately points to continued confrontation, instead of security and of peace. To me this policy is cynical, not least because Israeli authorities fight the work for reform in the Palestinian Authority. That was evident when the Israeli government denied [permission for] three Palestinians to leave the country for a peace conference in London, when universities are closed down, and when timing always seems to be suited to violence, not negotiations."

She also attacked the idea of a wall along the Green Line between Israel and the Palestinian territories. "Now a wall is constructed, about 350 kilometers long, 8 meters high by 60 meters broad. Israelis call it protection. Palestinians call it rightly confiscation."

The Israeli government was chewing the rug, but could not summon Sweden's Ambassador to the Israeli Foreign Ministry, because Sweden has yet to name a new ambassador, since the previous one was withdrawn after being promoted. The Israeli Ambassador to Sweden will have to deliver a protest notice himself.

### **United Nations Praises Iraqi Food Distribution System**

Reporting from Baghdad on Feb. 3, Rajiv Chandrasekaran writes that the UN has called the Iraqi system the largest and most efficient food-distribution system of its kind in the world. Although the piece describes the program as "social control" designed to keep Saddam in power, it also admits that it "reflects the philosophy of Hussein's Ba'ath Party government, which promotes modern, technocratic Arab nationalism, and had invested heavily in education and infrastructure before the 1991 Persian Gulf War."

The program provides every Iraqi with 180 pounds of flour, rice, sugar, oil, beans, peas, tea, soap, and other essentials, each month, all for 60 cents. Since October, everyone is getting double rations so they can stock up in case of the launching of an American bombardment.

### **Iraq War Propagandist Friedman Admits American People Don't Support War**

In the Feb. 4 issue of the *New York Times*, columnist Thomas Friedman, who supports a U.S. attack on Iraq, says that he is struck by the "incredible contrast" between what the Bush Administration intends to do in Iraq (a war, and then supposedly a postwar rebuilding of Iraq along the lines of Germany and Japan after World War II), versus "the narrow base of support that exists in America today for this audacious project."

"I've had a chance to travel all across the country since September," Friedman writes, "and I can say without hesitation there was not a single audience I spoke to where I felt there was a majority in favor of war in Iraq."

Friedman described the dominant mood in the country as follows: "Mr. President, we don't want to be against you in a war on terrorism. But do we really have to do this? My 401(k) is now a 201(k), heading for a 101(k). Osama bin Laden is still on the loose. The Europeans are uncovering new terrorist cells right and left. And I have walked through so many airport metal detectors in the last year that I now glow in the dark. I understand what the Afghan war was about and would have volunteered with a pitchfork—but I just don't get this war."

Friedman adds that he doesn't care what the polls say, that this is the real mood of the American people.

In a similar vein, on Feb. 5, the British *Guardian* reported on a survey of American newspapers by *Editor & Publisher* magazine showed that the further you go from the big cities, the more skeptical the editorial columns are about war on Iraq. Many of the columnists questioned how the Administration can justify the cost of a war when state and local budgets are being slashed.

### **Arab League Convenes Emergency Meeting; Says Powell Evidence is Weak**

Both the web site *Albawaba* and the *Washington Post* report on Feb. 6, that Arab League ministers plan to meet Feb. 16 in Cairo, Egypt, to discuss efforts to head off a U.S.-led attack on Iraq. Also on the agenda will be moving up the League's next summit meeting from March 24 to early March, and holding it in Cairo instead of Bahrain. One unidentified diplomat commented that while the League knows that there are few options left, it wants to send a message to the U.S. and Saddam Hussein: "Iraq should cooperate, and the U.S. needs to hold its horses."

Meanwhile, Arab League Secretary General Amr Mussa commented on Powell's UN speech, saying that "these proofs are insufficient" on their own and must be given to the "inspectors to check" them out. Mussa emphasized, "It is still possible to avoid war. The inspectors must continue and intensify their work and the Iraqi government must ... redouble its cooperation...."

## **Asia News Digest**

### **Overland Route Opens Across Korean DMZ**

On Feb. 5, for the first time since the Korean War began in 1950, some 100 South Korean civilians in 10 buses drove across the DMZ (Demilitarized Zone), inaugurating the new Donghae (East Coast) highway to North Korea's Mt. Kumgang. The travellers were mostly corporate officials of Hyundai Asan, on a pilot run for opening public trips to North Korea at the end of the month. The convoy travelled in North Korean buses about 30 km (18.5 mi) from the southern Customs, Immigration and Quarantine (CIQ) checkpoint at Observatory Tower, to the Northern CIQ at Kosong, arriving at 4 p.m. Despite the tense military situation, no troops of either side were on the ground as the buses passed; military officers watched from observatories at both CIQs.

In Seoul, South Korean Prime Minister Kim Suk-soo told the National Assembly that the two Koreas hope to reconnect both sets of rail and road links through the DMZ before Feb. 25: the Kyongui line up the west coast to China and the Donghae line to Russia on the east. Kim also said he hoped construction of the Kaesong Industrial Complex northwest of the DMZ would begin this month. "We are happy to see the opening of a road between South and North Korea after many twists and turns. I hope the road will accelerate inter-Korean exchanges and cooperation," said Presidential spokeswoman Park Sun-Sook.

Hyundai Asan Chairman Chung Mong-hun and his team also held a ceremony with 200 North Korean dignitaries at the foot of Mt. Kumgang, celebrating the fourth anniversary of the founding of Hyundai Asan, formed to promote North-South travel. Chung's father Chung Ju-yung, founder of the giant Hyundai Group, born in North Korea, dedicated his career to opening relations with Pyongyang and sent large amounts of private aid to the North over many years. "With the opening of the overland route, I expect that more South Korean firms can participate in economic projects in the North. I hope the public supports the new tourism project," Chung Mong-hun said. If the two-day pilot is successful, Hyundai will hold the first public bus tour for 400 guests on Feb. 14, Chung said.

## **Powell Praises Opening of North-South Korea Road**

In his testimony at the Senate Foreign Relations Committee on Feb. 6, Secretary of State Colin Powell praised (and took partial credit for!) the opening of the road between North and South Korea. Questioned about the difference in U.S. treatment of Iraq and Korea, and about North Korea's announcement that they are re-starting their nuclear reactor, Powell responded: "We are in touch with the North Koreans through a variety of channels. And while we note what the North Koreans have said about the reactor start—it's not clear whether it has, but I expect they will start it if they haven't started it—we also note that traffic began moving yesterday between North and South Korea through one of the openings through the DMZ, that we've been working to achieve ... not each one of these issues requires the same set of tools or the same set of solutions."

## **Indonesians Launch 'Dialogue of Civilizations' Effort To Stop Iraq War**

Indonesian religious leaders and national figures have agreed to make a series of foreign trips to Australia and Europe, including the Vatican, to campaign for world peace and to seek support for the increasing opposition to the United States' planned attack on Iraq. Leaders of the largest Islamic organizations, NU and Muhammadiyah, have joined forces with Cardinal Julius Darmaatmadja, head of the Indonesian Bishop's Conference, and others, to assert Indonesia's opposition. Cardinal Julius said this "should not be seen merely as our concern for world peace, but it will be the Asian people's voice against the war."

Delegations will visit Australia from Feb. 9 through Feb. 17, and Europe, including the European Parliament, from Feb. 17 to Feb. 25. Cardinal Julius would lead a delegation to meet with Pope John Paul II.

## **South Korea Presses U.S. To Engage North**

South Korean President-elect Roh Moo-hyun's envoy Chyung Dai-chul told U.S. officials on Feb. 4 that everyone, including Washington, "should work harder for dialogue with North Korea.... We expressed our hope that the United States ... play a more proactive role in engaging in dialogue with North Korea, but also with an international setting, with a multilateral approach." He told reporters that this was his repeated message in meetings with Secretary of State Colin Powell, Defense Secretary Donald Rumsfeld, National Security Adviser Condoleezza Rice and Congressmen of both parties. But President Bush cancelled a scheduled meeting with the Koreans, to fly to Houston to lead the memorial for the Space Shuttle astronauts.

Chyung argued against the imposition of any sanctions on North Korea, in line with Roh's belief in the Sunshine Policy of outgoing President Kim Dae-Jung. North Korea has said it would regard sanctions as a declaration of war. Chyung is carrying a letter from Roh for President Bush, calling for a peaceful solution to the nuclear standoff, Roh's aides said.

Chyung indicated that Seoul "was in no hurry" to see a UN debate on North Korea's nuclear programs, but that South Korea would not frontally fight the U.S. push toward the UN. Asked what South Korea thought of IAEA and UN Security Council action, Chyung said: "The basic position of the Roh Moo-hyun Administration would be that, yes, the IAEA could bring this issue to the UN Security Council. But the solution to this should be sought in a gradual and step-by-step manner." Chyung declined to comment on the conditions Washington has set for talks with the North, and agreed with the U.S. position that North Korea's nuclear programs are an international issue, not just a bilateral matter with the United States. "We agreed that even though this dialogue should be held between the United States and North Korea, this issue involves not only North Korea and the United States," he said.

Chyung said he expected Secretary Powell to attend the inauguration of President Roh on Feb. 25 but did not know for certain. Roh has been urgently invited to Washington by President Bush in March, and officials from both sides are

mindful of the damage to Seoul-Washington relations caused by a bad first summit in March 2001, when Bush openly snubbed South Korean President Kim Dae-Jung.

## **Japan, Russia Oppose Forcing North Korea Crisis to UNSC**

The International Atomic Energy Agency announced late Feb. 3 that it will convene an emergency session Feb. 12, "to declare North Korea in breach of its commitments under the Nuclear Non-Proliferation Treaty, and refer the issue to the United Nations Security Council," South Korean state radio *Radio Korea International* reported Feb. 4.

"The IAEA gave formal notice Monday to its 35 members of its decision to hold the special board meeting to address North Korea's nuclear weapons program," *RKI* said. "North and South Korea have both repeatedly objected to this move." The IAEA acts by consensus, and South Korea's objection stalled the IAEA meeting, planned initially for the week before last. Moving the issue into the UN could threaten North Korea with the same supranational "process" which Iraq has undergone.

Japan and Russia have both criticized the push to force the issue into the Security Council. Japanese Prime Minister Junichiro Koizumi told reporters in Tokyo Feb. 4 that any move to "force" North Korea before the United Nations would be "regrettable," according to *Kyodo News*. He added that Japan is calling for international talks on the future of the Korean Peninsula Energy Development Organization (KEDO), which the U.S. announced Feb. 4 is being completely cut from the U.S. budget; this, Koizumi objected, "will affect bilateral negotiations between Japan and North Korea." "Any decision on the issue should be made through talks with relevant countries," Chief Cabinet Secretary Yasuo Fukuda said, implying U.S. unilateralism was not appreciated. Japan has put billions of dollars into KEDO.

Russian Foreign Ministry spokesman Alexander Yakovenko said it would be "counterproductive" to send the North Korea issue to the UNSC now, "as there still remains the possibility of resolving the dispute through dialogue," *Yonhap News* reported Feb. 4 from Moscow.

## **Project Democracy Caught Fuelling Thai-Cambodia Tensions**

As the leaders of Cambodia and Thailand are attempting to restore friendly relations, Sam Rainsy, the Cambodian puppet of the U.S. neo-conservatives' Project Democracy, was prevented by the Thai government from aggravating the severe crisis anew. When Rainsy, an operative of the International Republican Institute (IRI) wing of Project Democracy (he is also affiliated with related circles in France), announced that he was going to Bangkok on Feb. 1 to hold a press conference, blaming Cambodian Prime Minister Hun Sen for a mob's destruction of the Thai embassy and businesses in Phnom Penh on Jan. 29, Thailand's Prime Minister Thaksin Shinawatra refused Rainsy entry in to Thailand. Foreign Minister Surakiart Sathirathai said the Rainsy visit was "inappropriate and could worsen the situation," which of course was Rainsy's intent. (Former Thai Prime Minister Chuan Leekpai objected, calling for Rainsy to be allowed in.)

Rainsy moved his press conference to Singapore, and from there accused Hun Sen of stirring up anti-Thai sentiment, claiming Hun Sen's acts were like "a mobilization for war." (Rainsy himself is infamous for fanning racial hatred against the Vietnamese within Cambodia, for his own political purposes.)

Cambodia has accepted full blame for the violence and for the failure of the police to stop the violence. Cambodian Foreign Minister Hor Namhong visited Thailand, and met with the King, to express apologies.

## **Thai Prime Minister Bucks IMF**

Openly challenging IMF control of his nation, Thailand's Prime Minister Thaksin Shinawatra dropped plans to raise the value-added tax (VAT) to 10% from 7%, and suggested the tax may even be lowered to 6%. He said that after July, "Thailand will be freed from IMF control and will have no necessity to raise the VAT to 10% for increased revenue." At the same time, the Cabinet approved a draft budget for fiscal year 2004, set to start in October 2003, which will see increased government spending, with a sharply reduced deficit below 100 billion baht.

Finance Minister Somkid Jatusripitak said, "The last thing we want to do is put a greater tax burden on the private sector."

### **Thai Economy Grows With Domestic Stimulus**

Despite collapsing Foreign Direct Investment (FDI), Thailand's economy is growing through domestic stimulus. Finance Minister Somkid Jatusripitak said that government revenues have been steadily rising parallel with economic growth, which is projected to have been 5% last year and at least 4.5% or higher this year. Government income in December rose by about 20%, and it has raised its revenue target for the fiscal year by 5.1%.

And yet this growth came as FDI fell by 83% in the first 11 months of 2002. One cause of this is that overseas companies borrowed at lower interest rates from local banks to pay loans to their parent companies (the Thai Central Bank counts borrowing from parent companies as foreign direct investment). Companies paid a net US\$585 million to their parents in the first 11 months, compared with a net investment of US\$322 million a year earlier.

Also, investments from Singapore, Thailand's biggest foreign direct investor in the past two years, fell by a quarter to US\$1 billion, as the Singapore economy has been hit hard by the collapse in exports to the United States.

### **India Signing Agreement with Thailand, Singapore**

India will sign a "comprehensive economic cooperation agreement" with both Singapore and Thailand in September 2004. Indian Deputy Prime Minister L.K. Advani said he expects the framework agreement to be adopted by both countries, including a Free Trade Agreement, reported the *Bangkok Post* on Feb. 2. Advani arrived in Bangkok on Jan. 29, and held meetings with his counterpart Visanu Krue-ngarm, Prime Minister Thaksin Shinawatra, and others. The two nations also agreed to activate the Thailand-India Joint Working Group on Security, which Prime Ministers of the two countries agreed to set up during Thaksin's visit to India in November 2001.

Indian Prime Minister Atal Behari Vajpayee agreed last year with ASEAN leaders that India would form a Free Trade Agreement with ASEAN within 10 years, following the lead of China.

### **Filipino Doctors Prepare To Leave Philippines in Droves**

Filipino doctors are taking up nursing courses in droves, hoping to land high-paying though less prestigious jobs overseas, an industry association official said on Feb. 4, according to the publication *Business World*. There is greater demand overseas, particularly in the United States, for nurses than there is for doctors, said Rose De Leon, executive director of the Philippine Nurses Association.

De Leon said nursing colleges in the Philippines estimated that 2,000 Filipino doctors are enrolled in nursing courses. Nurses in the United States get higher salaries than doctors in the Philippines, luring even highly trained professionals away, De Leon said.

It is often easier to get a U.S. visa as a nurse than as a doctor. Also, Filipino doctors who migrate do not automatically



qualify as doctors in the United States.

About 7 million Filipinos work overseas. Their earnings are a major source of foreign exchange for the country.

## Africa News Digest

### African Union Summit Condemns War Against Iraq

Thirty-four heads of state, and numerous Foreign Ministers and other top officials, attended the 53-nation African Union summit in Addis Ababa, Ethiopia on Feb. 3; there a strong statement against the war on Iraq, largely reflecting the analysis of AU chairman Thabo Mbeki, the South African President, was adopted. The African Union's Central Organ for Conflict Prevention, Management and Resolution issued a statement Feb. 4 reflecting the position adopted by the heads of state the day before, according to *SAPA-AFP*. The statement says, "The Central Organ is of the view that a military confrontation in Iraq would be a destabilizing factor in the whole region, and would have far-reaching economic and security consequences for all the countries of the world, and particularly, Africa. The territorial integrity of Iraq should be respected; all diplomatic means should be pursued by the international community to ensure that the Iraqi government complies fully with the provisions of Resolution 1441 and that, in any case, any new decision on the matter should emanate from the UN Security Council, after a consideration of the final report of the inspection team."

Chairman Mbeki, when asked about the consequences of a war, pointed to the oil price hikes after the Middle East conflict in 1973, according to *SAPA-AFP*. Mbeki said, "That is the origin of this African debt which cannot be paid now. You have seen what is happening now as regards oil and the financial markets generally; the uncertainty which has arisen around this, has pushed up the price.... It is clear if we get back to that situation of high prices of oil, the same thing will happen again." He added, "We would have to say goodbye" to African development plans.

"Very frankly, we don't see what positive results can be achieved out of this in a situation in which, as far as the Union is concerned, it is possible to resolve the matter of weapons of mass destruction without resort to war," said Mbeki.

### Even Washington's African Defenders Oppose Iraq War

Ethiopian Prime Minister Meles Zenawi, in an interview published Jan. 30, said that any military intervention in Iraq should only come with United Nations approval. And the Ugandan government, forever to the U.S., in an editorial in the government-owned newspaper, *New Vision*, warned, "The United States will have set a very dangerous precedent for the future, the precedent that powerful nations can invade weaker ones that they dislike even if they present no real threat."

*New Vision* noted that the U.S. failed to condemn what it says was Iraq's use of chemical weapons in its war against Iran in the 1980s. "Why were Iraq's chemical weapons acceptable then but not today?" It charged that, in that the Bush Administration has backed out of the global protocols on the development of biological weapons, it has no moral authority on this subject anyway. "It is probably too late to stop the war now. The momentum seems unstoppable.... But we should not deceive ourselves. The cost of the Iraq war will be high...."

### Wall Street Journal Sets Up South Africa on WMD Charge

After South Africa undermined the Anglo-American war party's drive Iraq on Jan. 27, calling for Iraq weapons inspectors to be given time to competently conduct their inspections and disarmament, the *Wall Street Journal* launched an attack, alleging that South Africa is the source of bio-weapons of mass destruction. Only days before, top U.S. officials were pointing to South Africa—in contrast to Saddam Hussein—as an example of "proactive cooperation" with disarmament.

A Jan. 31 article in the *Journal*, "A Cautionary Disarmament" by Robert Block, attacks the government of Thabo Mbeki, who opposes the Iraq war, for not having produced evidence that it had destroyed the germ warfare capability developed by the former apartheid government, and not having control over possible black markets in the weapons.

"U.S. and British officials, as well as nonproliferation experts, are alarmed by mounting evidence that germs and other substances ... are still being stored—and possibly transferred out of the country—in violation of South Africa's treaty obligations."

Author Block cites a new book about the apartheid government's bio-war program, Project Coast, published by the UN Institute for Disarmament Research by Chandre Gould and Peter Folb, who found that "no records are available to confirm that the biological agents were destroyed." The book alleges that a scientist in Project Coast, Daan Goosen, who now runs a laboratory for the South African National Intelligence Agency, had given one Bob Zlockie a sample of "a serum that he said could be an antidote for anthrax." Zlockie, who presented himself as working for the CIA and spoke of possibly obtaining \$5 million for Goosen to develop the antidote, then disappeared. Goosen also allegedly gave Zlockie 2 ml of freeze-dried, genetically modified *Escherischia coli* (*E. coli*), apparently to demonstrate his competence. (Goosen and his lab may have been targets of a sting.)

U.S. officials and scientists are concerned, the article says, because "the substances that Dr. Goosen was handing out should not even exist."

The *Journal's* parting shot is that the South African case shows that the Iraqi inspections will not be reliable.

### **South Africa To Provide Anti-Retrovirals for AIDS**

South African Finance Minister Trevor Manuel, in his budget speech later this month, is expected to announce a major government-financed campaign to give antiretroviral drugs, in pilot schemes, to new mothers. The program will then be expanded to other AIDS sufferers, according to the British *Observer* Feb. 2. This is seen as an end to the deadlock over government funding of antiretrovirals in South Africa.

According to the *Observer*, "British-American giant GlaxoSmithKline has given a license to a KwaZulu drugs manufacturer, Aspen, to make Combivir, the pill that combines AZT and 3TC, two-thirds of the most common anti-AIDS regimen.... What GlaxoSmithKline calls its 'preferential pricing at cost price' for state and non-governmental organizations will cost \$54 per person per month. [Aspen] will sell it for \$31 ... but [Aspen] is restricted to supplying the NGO/state sector."

In KwaZulu, the *Observer* reports, Dr. Patrick McNeil of the Port Shepstone hospital is skeptical of the chances of the program's success, because patients must take the medication every day at the same time for life; otherwise new, drug-resistant strains will emerge. The other difficulty is that these drugs must be taken with food. What happens when the availability of food is irregular?

On this point, *Reuters* reported on Feb. 4 that "Some would say food is the most important drug in the fight against HIV/AIDS," according to James Morris, Executive Director of the UN's World Food Program, at the end of a tour of sub-Saharan Africa. And there is "no question" that AIDS will ultimately have more impact on food supplies than recurrent droughts, he said, because of its impact on agriculture infrastructure, and because it is killing farmers and farm workers.

### **Nigeria and South Africa Will Block Zimbabwe Sanctions**



Nigeria and South Africa will not consider renewing the Commonwealth sanctions against Zimbabwe, which expire in March, leaving Australia, the third member of the Commonwealth troika on Zimbabwe, to decide whether it will take the lead on the empire's fight to punish Zimbabwe.

Nigeria's high commissioner (ambassador) in Zimbabwe, Wilberforce Jutta, said, in the week ending Jan. 24, "The interest of the Commonwealth is to see peace and prosperity.... Ostracizing and maligning the country will not achieve that." He said that sanctions would be "the last resort."

Bheki Khumalo, spokesman for South African President Thabo Mbeki, said Jan. 24, "There is no need for sanctions against Zimbabwe. We are totally opposed to it. It is not even a last resort. There will be total chaos and a meltdown that will threaten the very Zimbabweans we are trying to help."

But the European Union insists it will renew travel sanctions against Zimbabwe, even at the price of postponing or cancelling the April EU-Africa summit in Lisbon. EU sanctions were imposed in February 2002, even before the Zimbabwe elections. The Greek Presidency of the EU, according to *AFP* Feb. 5, "says it is optimistic [that] a new proposal, being presented at the meeting [Feb. 5], will break the deadlock, although diplomats say the result could be a delay in the Lisbon summit."

### **Mugabe Asks Anglican Bishop of Cape Town To Mediate**

Zimbabwe's President Robert Mugabe has invited the Anglican Archbishop of Cape Town, Njongonkulu Ndungane, "to play a mediating role—possibly between Britain and Zimbabwe—to resolve that country's economic and political problems," in the words of the South African Press Association *SAPA* Feb. 1. Ndungane returned to South Africa Jan. 31 after meeting Mugabe, and told reporters, "I'm very hopeful ... it opens a new window ... The fact that we were invited to get involved in the negotiations is a step in the right direction.... According to me, the problems of Zimbabwe are not insurmountable."

However, reports in rightwing publications in the U.S. and South Africa, indicate that a version of a "regime change" threat is being given to President Mugabe, to "resolve" the economic crisis and make his retirement plans clear. Of course, sanctions are adding to the economic woes of the country.

### **Ivorian President Gbagbo: 'Let's Try This New Medicine'**

Ivorian President Laurent Gbagbo—after two weeks of intense domestic and international negotiation—told his countrymen in a TV address Feb. 7, "Let's try this new medicine. If we get better, then we keep it. If not, we try something else." He confirmed the appointment as Prime Minister of the Northerner Seydou Diarra, who has worked under him before. Diarra had been designated Prime Minister in Paris, as an outcome of the peace talks recently ended there.

At the same time, Gbagbo said that he had not yet decided on the composition of the Cabinet, leaving unsettled the question of whether the rebels would get the Defense and Interior portfolios. He said he would not accept the disarming of the regular army. Terms of the French-sponsored peace accord that are at odds with the Ivorian Constitution could not be implemented, he said.

While Gbagbo has not resolved some important questions, this speech breaks with those in his base that rely upon ethnic hatred, and is an essential step for achieving national reconciliation and maintaining Ivory Coast's constitutional and territorial integrity.

One of the leaders of the ethnic hatred faction is the leader of the parliamentary group of his ruling party, Simone Gbagbo, his wife. She was heard on *Europe 1 Radio* only hours before her husband's speech, saying, "We Ivorians don't want the rebels to enter the government. There have been too many dead, too many massacres."

To defeat this faction, its opponents are increasingly exposing the death squads connected to the government. The northern rebels (MPCI) accuse a former aide de camp of Defense Minister Lida Kouassi of leading one of the death squads, and a former aide de camp of Simone Gbagbo of leading the other one.

The UN Security Council, African Union (AU) summit, and Economic Community of West African States (ECOWAS) had all endorsed the Paris peace deal.

AU chairman Thabo Mbeki and ECOWAS chairman John Kufuor indicated, however, that the rebels could be given less critical portfolios in the national unity government than the Defense and Interior (security) portfolios they were assigned in Paris.

According to *Reuters* Feb. 3, Western and West African diplomats "said the post of junior Defense Minister had been proposed to the rebels to calm the protesters [in Abidjan]. Diplomatic sources in Paris said the rebels appeared prepared to accept it. 'It's feasible. It's something we could accept,' a rebel source in Ivory Coast told *Reuters*."

Negotiations between the parties and ECOWAS chairman Kufuor, who is President of neighboring Ghana, continue; Gbagbo met with him Feb. 6 and rebel leaders led by Col. Michel Gueu of the MPCI met with him Feb. 7.

The implicit but clear threat by the French that they could withdraw their troops, allowing the rebels to complete the conquest of the country within hours, has been shaping decisions.

A summit of regional heads of state, rebels, and the Ivorian government is planned for early this week, in Yamoussoukro (capital of Ivory Coast) or Accra, Ghana.

The crisis has been made worse by a faction or factions of the Ivorian government allowing (and likely encouraging) massive anti-French demonstrations and some rioting and destruction, by tens of thousands—sometimes hundreds of thousands—of Abidjan residents. The demonstrators and rioters blame the French government for imposing a peace settlement too favorable to the rebels. Of at least 18,000 French nationals, more than 3,000 have already left, and more are leaving daily. The departure of the bulk of the French from Ivory Coast would tear a gaping hole in the economy.

The UN on Feb. 6 ordered all of its non-essential personnel to leave the country, after declaring a threat level of 4.

A U.S. military advisory team of about 20 men arrived in Abidjan Feb. 5. "A U.S. embassy official, who spoke on condition of anonymity, said the men were ... 'in Abidjan to monitor the situation with us.' The official refused further comment," *AP* reported. An additional 500 French troops have also arrived.

Now that President Gbagbo has opened the way for national reconciliation—and assuming the rebels respond positively—some valuable decisions of the Paris peace conference can be realized. "Ivoryity," a xenophobic concept developed for the purpose of denying true citizenship and economic rights to the 28% immigrant population and keeping the leading Northern figure, Alassane Ouattara, of Burkina Faso origin, out of power—was put on the table and eliminated. The article of the Constitution stating that citizenship belongs only those born of Ivorian father and mother was changed to read "father or mother."

New laws are supposed to be enacted that will result in a massive naturalization process, as well as in loosening the laws restricting access to land ownership for non-nationals. The problem however, is the basic economic cause of this descent into "Ivory," namely, the prolonged economic crisis. (See *EIW*, Vol. 2, #5, INDEPTH for background on this crisis.)

## Paris Conference on Ivory Coast Failed To Address Foreign Aggression

A key element that the Paris conference on Ivory Coast failed to address was the foreign aggression in the conflict. Using the real political and economic problems of Ivory Coast as a pretext, Burkina Faso and Charles Taylor's Liberia have been running the rebellions in the country. Last week's *Le Canard Enchaîné* reports that the French government knew about this involvement but refused to address it, because it would have forced France to honor the Franco-Ivorian defense treaty, which requires Paris to defend the country in the case of "foreign aggression."

According to *Canard*, even before the Sept. 19 coup attempt, French intelligence had told the French government that Burkina Faso was hosting the rebels of the MPCI. French Foreign Minister Dominique de Villepin paid a visit to Libya's Muammar Qaddafi and to Burkina Faso's President Blaise Campaore last October, to tell them to end their interference. But de Villepin made only vague reference to this issue in an interview with *La Croix* Dec. 16, saying "foreign meddlers," and "people supporting the rebels with equipment and weapons," would face consequences (unspecified).

The question that remains open is, for whom these countries are operating and for what purpose? The presence of oil in the Gulf of Guinea, including off Ivory Coast, has been noted in the context that the U.S. is seeking African sources of oil. Walter Kansteiner, U.S. Assistant Secretary of State for Africa, has visited Ivory Coast twice in recent months. However, private international networks, mafia-style, with powerful connections within the governments of both Burkina and Liberia, and also with Gbagbo, may be more important.

*Le Monde* journalist Stephen Smith reveals that Gbagbo's wife has brought him under the control of the International Church of the Foursquare Gospel, an American Pentecostal church, which is an extension of the British-Israelite Elim Foursquare Gospel Alliance of Great Britain. Smith says that it is under the influence of his wife and of that church, that Gbagbo has used death squads against rebels. Other sources report that the churches dominated by the Rev. "Diamond Pat" Robertson's rightwing Christians and Israelis, are strong in Liberia.

## This Week in History

### February 10-16

At this point in world history, there is no more appropriate historical event to commemorate this coming week than the birthday of Abraham Lincoln, Feb. 12, 1809. Abraham Lincoln—whose life culminated in his achievements in the Presidency and the winning of the Civil War, only to be cut short by his assassination—represents the most sublime character to be found in American history, and his life holds deep lessons for those who aspire to bring the United States back to its republican roots.

The revisionist critiques of Lincoln, which have tended to dominate popular culture and the pseudo-intelligentsia in recent decades, should be rejected out of hand. Lincoln represented the Leibnizian commitment of the Founding Fathers of the United States throughout his entire life, and waged war in order to retain the survival of that quality of a republic. He understood the sacrifices that had to be made in order to reach that objective, and put himself personally at risk for that purpose. The fact that he was murdered before he could put to work his own plan for reconciliation of the nation, was a tragedy for the nation, but his achievement in saving the Union did not die.

There is no adequate way, in this short space, to do justice to Lincoln's achievement, but we'll point to certain aspects of his thinking, which led him to go *against* popular opinion, on the basis of his principled commitment to the good of the country.

One can start with his economic program, which he summarized in an 1820s campaign speech as comprised of three simple planks: the national bank, the tariff, and internal improvements. These were the essential components of the American System of Economics, which relied on a sovereign commitment to promoting the improvement of living standard for current and future generations. They stayed with Lincoln all of his political life, leading him to promote visionary schemes such as the Transcontinental Railroad—which he then was able to implement as President.

On foreign relations, Lincoln made a name for himself during his term in Congress, by opposing the Confederate-inspired war against Mexico. Those who today complain that no patriot should dare oppose the unjust war against the Arab world, in the guise of war against Iraq, should take a look at Lincoln's stand in upholding a standard of justice, rather than the populist "support the troops." This approach to the United States' sister republics in the Western Hemisphere was realized in a positive manner during Lincoln's Presidency, when he offered the hand of support to Mexico's Benito Juarez, who was embattled by the oligarchical forces of Europe.

Behind both of these "objective" policy measures, lay Lincoln's commitment to the idea of *every* human being having God-given rights to life, liberty, and the pursuit of happiness—and to the idea that government must provide the conditions under which these rights could be achieved. That this was his self-conscious commitment was demonstrated in two other actions he took, both of which helped lead to his tragic death, while at the same time providing the crucial moral foundations for the post-war survival of the United States, both in its borders, and as a model internationally.

The first action I refer to, is the Emancipation Proclamation, and Lincoln's determination to get rid of slavery. We dealt with this in the first issue of *EIW* for 2003, but it deserves to be mentioned again. Lincoln was engaged in constant battle on the issue of slavery, against those who wished to destroy the Union in order to allegedly abolish slavery, and against those who were determined to preserve it. In fact, either of these extremes would have destroyed the prospect of a free United States, and Lincoln knew it. He chose to hew to his basic commitment that slavery was a *moral evil*, in order to win the conditions to abolish it.

The second action was Lincoln's commitment to reconciliation after the war, a reconciliation in which his approach to economic development in all parts of the nation, represented the only hope. We find this principle expressed more poetically than in any other statement by any American President, in the Gettysburg Address (in which there is no reference to "sides"), and in Lincoln's Second Inaugural Address. This kind of commitment to the highest form of *justice* for all, rather than retribution, is a quality which we find so lacking in most of our public officials today.

Read here the conclusion of that Second Inaugural, given on March 4, 1865:

"With malice toward none, with charity for all, with firmness in the right as God gives us to see the right, let us strive on to finish the work we are in, to bind up the nation's wounds, to care for him who shall have borne the battle and for his widow and his orphan, to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations."

A little more than a month later, the war having finally been won, "Father Abraham" was assassinated at the hand of those committed to preventing that "just and lasting peace." Yet Lincoln's impact was immortal, leading to the incarnation of the principles he fought for all over the world, and eventually, in the Presidency of Franklin Delano Roosevelt, and, today, in the leadership of Lyndon LaRouche.

The world should truly give thanks that Abraham Lincoln was born.

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

**\*Requires Adobe Reader®.**

## **Feature:**

### **LaRouches in India Strengthen the 'Strategic Triangle'**

**by Mary Burdman**

As the international economic and strategic crisis reached a turning point in mid-January, Lyndon LaRouche and his wife Helga Zepp-LaRouche visited India during Jan. 10-22. In India, they made a vital intervention to promote development of the 'Strategic Triangle' of cooperation among India, China, and Russia.

### **LaRouche Speech at the Institute of Economic Growth**

### **The Indispensable Role of the State In Reorganizing a Bankrupt System**

Mr. LaRouche gave this speech on Jan. 16, 2003 to the Institute of Economic Growth, a think-tank at New Delhi University.

### **LaRouche at the University of Jaipur.**

### **Globalization of the World Economy Is a Prescription for Disaster**

Lyndon LaRouche gave this presentation at the University of Jaipur, India, on Jan. 21. He was the guest of the university's Political Science Department and the Federation of Rajasthan University and College Teachers' Association.

See p. 46: **Uncertain Leadership, an Unfocussed India**

**by Ramtanu Maitra**

### **Poverty-AIDS Spiral Is Threat to Indian Nation**

**by Mary Burdman**

Extreme poverty, the fast-spreading plague of addictive drugs, and mass migration to huge, unliveable 'super-cities,' are all coming together to generate a serious threat to the people of India.

## **Economics:**

### **Shuttle 'Fix' Means a Change In Economic Policy Axioms**

**by Marsha Freeman**

It will take some time for the National Aeronautics and Space Administration (NASA), and the independent investigating board appointed on Feb. 2, to determine what happened in the final moments of the flight of the Space Shuttle Columbia, and what led up to its catastrophic accident....Rounding up the 'usual suspects,' however, will provide little insight into what happened; nor will it fix the problem.

### **How Inflation in the U.S. Economy Is Hidden**

**by Richard Freeman**

...Then, some cost-cutting accountant dreamed up the 'donut' substitute for the regular spare tire. It is a scourge of the American driver. The donut is a small kiddy-car-like tire. After putting it on, one's car has three real tires and a kiddy tire, causing it to wobble and making themaximum safe speed45 mph....

### **Bush Sends Irrelevant Budget to Capitol Hill**

**by Carl Osgood**

President George Bush's fiscal year 2004 budget plan arrived on Capitol Hill on Feb. 3 without anybody having a clue as to whether it means anything. For the first time in living memory, a President's budget plan for the next fiscal year was submitted to Congress before the Congress had finished work on the current fiscal year's spending bills.

- [A Cut To Dismantle Amtrak](#)

The Fiscal Year 2004 budget presented by President Bush on Feb. 3 proposes to give the nation's only national railroad, Amtrak, another push toward its dismantlement.

## [Britain Seeks Roman Glory While She Burns](#)

[by Alan Clayton](#)

"The country has ground to a halt. How will we cope if we go to war?" So wrote Richard Alleyne in the London Daily Telegraph on Feb. 1 as commuters across Britain struggled to get home through a snowstorm..."

## [It's the Economy, Herr Schroöder!](#)

### [Report From Germany](#)

[by Rainer Apel](#)

German Chancellor Gerhard Schroöder's Social Democrats (SPD) suffered a devastating defeat in the two Feb. 2 elections for state parliament: The SPD lost more than 10% in Hesse and more than 14% in Lower Saxony. Almost a million voters deserted the SPD, half of them staying home and not casting ballots at all.

## **International:**

## [Israeli Economy Crashing, While Sharon Drives for War](#)

[by Dean Andromidas](#)

As Israeli Prime Minister Ariel Sharon struggles to put together a new government, the fight for a policy alternative is unfolding. The economy is in a tailspin, and Sharon and his generals are stepping up their war crimes against the Palestinian Authority.

## [Commonwealth Revolt Grows vs. Warmongers](#)

[by Mark Burdman](#)

Open political warfare has erupted in Great Britain, and in leading traditional outposts of the British Empire/Commonwealth outposts such as Australia, over the Iraq war. Pro-war Prime Ministers Tony Blair of Britain and John Howard of Australia are getting deeper and deeper into the mire, as they shamelessly support this insane war adventure.

- [Scandal in Britain Over 'Dossier' Cited by Powell](#)

A British dossier on Iraq, released on Feb. 4 and lavishly praised in his UN speech by U.S. Secretary of State Colin Powell the next day, is significantly based on material produced 12 years ago by a graduate student, BBC reported on Feb. 7.

## [Schiller Institute Conference](#)

### [France and Germany: 'Let Us Turn Our Countries Into a Fountain for the Good'](#)

[by Christine Bierre](#)

The fraternal spirit of France's President Charles de Gaulle and Germany's Chancellor Konrad Adenauer was in evidence at a meeting organized in Paris on Feb. 4 by the Schiller Institute, in commemoration of the 40th anniversary of the signing of the Elysée Treaty by de Gaulle and Adenauer.

## [Afghan Karzai Looks To Iran as U.S. Sun Sets](#)

[by Ramtanu Maitra](#)

As the United States brought in its third aircraft carrier, the USS Abraham Lincoln...the ground situation in Afghanistan—the last war—began getting hopeless for the Americans.

## Venezuela:

### The Choices Are Not 'Che' or 'Pinochet'

by [Gretchen Small](#)

International friends of Venezuela attempting to foster an electoral route back from the brink of civil war for the country, have come up against the hard reality that putting a political straitjacket on the megalomaniacal President Hugo Cha´vez is going to require more audacious thinking and action...

## Interview: Aram Karapetian

### Armenian MP Survives Knife Attack, as Presidential Campaign Turns Violent

Armenian Member of Parliament Haik Babookhianian, a leader of the Union for Constitutional Rights (UCR) and longtime friend of the Schiller Institute, was stabbed during a Presidential campaign rally in the town of Artashat on Feb. 4

## National:

### LaRouche Mobilizes Youth To Save a Morally Bankrupt Nation

by [Jeffrey Steinberg](#)

Lyndon LaRouche simultaneously addressed East and West Coast gatherings of his rapidly expanding youth movement on Feb. 1. Nearly 200 men and women between the ages of 18 and 25 engaged in a four-hour dialogue with the Democratic Party 2004 Presidential pre-candidate.

### Powell UN Debacle Shows LaRouche's Crucial Role

by [Michele Steinberg](#)

In his internationally webcast Jan. 28 State of the Union speech, Lyndon LaRouche, candidate for the Democratic Party Presidential nomination in 2004, bluntly stated that there is no reason for the United States to have to engage in war against any country—especially Iraq, or North Korea. There is no threat that the United States cannot handle diplomatically with help from friends and allies, LaRouche said, as the unchallenged political and military power on Earth...

- ['It's All Just Show Business: — A Former CIA Analyst Reviews Powell's Speech](#)

by [Edward Spannaus](#)

One of the United States' most experienced intelligence professionals on the subject of Iraq, says that he did not find Secretary of State Colin Powell's presentation to the United Nations Security Council to be persuasive, and he also told *EIR* that there is much dissatisfaction in both the U.S. and British intelligence communities, over the politicization of intelligence by the Bush Administration and the Blair government in Britain.

### Lewis Libby Bestrides Underworld of Empire

by [Anton Chaitkin](#)

Lewis Libby, chief of staff and national security aide to Vice President Dick Cheney, is a leader of the Administration faction promoting war with Iraq and a global explosion of other conflicts.

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