

International Intelligence

Israel Spends Billions In Occupied Territories

A team of *Ha'aretz* researchers has finished a study of how much money the Israeli government spends in the occupied territories, whose results the newspaper published on Sept. 23. The team could not discover how much the Israeli Defense Ministry has spent—which could equal, or even double, the figure of \$500 million which it could verify for this year alone. Since the territories are administered by the military, whose budget is not transparent, no one really knows.

In any case, the figure *Ha'aertz* comes up with is 2.5 billion shekels, which is over \$500 million a year; and 45 billion shekels since 1967; but this must be an underestimate. In itself, it translates to over 10,000 shekels (\$2,000) per settler annually, over and above what is spent by the government on a per-capita basis for Israelis in the country as a whole. The figure does not include the amounts spent on land acquisitions, nor on several hundreds of non-profit organizations.

Despite the deep cuts to welfare and education in Israel's current budget, the cuts slated for the settlements come to only 150 million shekels (\$30 million), and whether that cut will be made remains unclear.

These amounts are outrageous and fly in the face of U.S. law, that forbids American aid to be used in or for the occupied territories. The Bush Administration still has not cut anything, for this reason, from the \$9 billion in loan guarantees granted Israel, even though the Administration already announced that such deductions would be policy. In fact, \$1.6 billion of the loan guarantee funds has already been dispersed.

India and Israel Ready Military Exercise

According to the Sept. 23 issue of *Pioneer*, a pro-government English news daily based in New Delhi, India and Israel will hold for

the first time a joint military exercise with their Special Forces. Israel is also likely to supply specialized weapons for Indian commandos. The decision to hold such an exercise was decided shortly before Prime Minister Ariel Sharon's recent visit to India. The joint military exercise will take place in India, but the timetable has not been decided yet.

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

Election Writes Off Schröder Economic Plan

The Sept. 21 elections for state parliament in Bavaria, which saw the nationally governing Social Democratic Party (SPD) there drop disastrously from the 28.7% which they gained in 1999, to only 19.6%, pose an urgent message to Chancellor Gerhard Schröder to stop the rapid erosion of SPD constituencies, by changing his economic policy from "free-trade" and deregulation, toward a production/employment policy. Of those Bavarian voters who decided not to vote at all last Sunday, thereby causing a drop in total voter turnout from 1999's 69.8% to 57.3%, most, by far, were SPD voters.

In absolute numbers, the SPD lost more than one-third in comparison with the elections in 1999: Then, the party still had 3.5 million votes; whereas now, it has only 2 million—42% fewer voters this time! And, whereas in 1999, the SPD could still win 5 seats in the parliament by direct vote in districts, this time all 92 direct seats were won by the Bavaria state-governing Christian Social Union (CSU).

The election disaster has sparked a resumed intra-SPD debate on the usefulness of the Schröder government's neo-liberalist "reforms," which many former SPD voters told opinion polls had frustrated and angered them so much, that they abstained from voting for their party's candidates. Given the specific intra-party dynamics of threats and blackmail, compromise and cowardice, this internal SPD opposition may not pose an immediate threat to the Chancellor; but his main challenge is the economic and labor market situation, which is not going to improve in the near future. It will rather worsen, with the jobless figure crossing the 5-million mark this Winter.

The fact that Bavarian State Governor Edmund Stoiber, the big winner of the Sunday elections, is supportive of major aspects of the Schröder "reform" package—which would be reflected in the vote on the package in the CDU-CSU-dominated upper house of the parliament, the Bundesrat—will not help Schröder much, once the economic depression worsens in the coming few weeks. And it might well be that even if the European Union (EU) okays, as scheduled, the Tremonti Plan and the Franco-German appendix to that, at the November EU Summit in Rome, the positive effects might arrive too late for Schröder to restore his reputation in economic policy among German voters.

A Grand Coalition of the SPD and CDU-CSU, in an economic-social emergency situation, or early elections for national parliament, are more likely to come next Spring, if the Chancellor doesn't change course now, as the Helga LaRouche-led BÜSo party has directed.

Malaysia Is Trusted Friend of China

Reports in Malaysia's press on Sept. 21, of the extraordinarily successful visit of Deputy Prime Minister Abdullah Badawi to China, can't say enough about the success of the trip. Malaysia's Foreign Minister Syed Hamid Albar reportedly was especially pleased that meetings with the most senior

LIBERIA peacekeeper force of up to 15,000 was unanimously approved by the UN Security Council on Sept. 19. The force may operate under a Chapter 7 mandate, giving it the widest powers available under the UN Charter. Jacques Paul Klein, chief UN envoy for Liberia, said, "The general consensus is that this is a failed state. Now we have to rebuild the state." Monrovia's central electricity supply will be restored within a few days, EU emissary Geoffrey Rudd told reporters Sept 17. It will take longer to repair the network of power lines, most of which have been broken for 10 years.

IRAN on Sept. 20 got an offer from France, Germany, and Britain: sign an additional IAEA protocol, in return for technological nuclear-power support. The offer resembles the 1994 Agreed Framework between the United States and North Korea. Iran would receive European assistance in modernization and safety upgrading of civilian nuclear technology, if it signed a special protocol that would allow the IAEA to send inspectors unannounced to Iran's nuclear sites.

ABOUT HALF Iraq's population needs food assistance, with 3.5 million of the more vulnerable needing supplementary food rations through 2004, warns a report by UN World Food Program and the Food and Agriculture Organization. Starvation has been averted, but chronic malnutrition persists. The cereal harvest this year is forecast at 4.1 million tons, about 22% more than last year (good rains, for one reason); but, the U.S.-led military occupation has adversely affected sowing of summer cereal crops and fertilizer production.

IMF REPORT on Sept. 22 said Arafat personally diverted money from the Palestinian Authority (PA), while admitting the money was used for PA purposes, and that the data was released by the PA itself. The IMF's timing and tone clearly feed the threat to Arafat and the Roadmap. Palestinian legislator Hanan Ashrawi called the release timing "suspicious."

Chinese officials invariably spilled over longer than scheduled, in many instances by as much as a half-hour, which was taken as further proof of the close accord between the two countries' leaders.

Syed Hamid Albar, one of whose jobs is to keep meetings on track and on time, was reported very calm and satisfied with the prolonged meetings. He told the press, "This is a dawn of a new era in the relationship of our two countries. Things went very well. We can look forward to closer ties between Malaysia and China."

In the course of the trip, Badawi, who is slated to take over as Malaysia's Prime Minister in October, visited the Xiamen special economic zone, which is the ancestral home of most Malaysian Hokkiens, especially those from Penang. Upon his return to Malaysia, Badawi announced that an Institute of China Studies would be set up to further bilateral relations, and reiterated that 2004 will be designated "Friendship Year" between the two countries, marking the 30th anniversary of formal relations and the 600th anniversary of the voyages of Admiral Zhen He.

Israel Military Escalating in Gaza

A senior Israeli intelligence source, responding to reports that Prime Minister Ariel Sharon is planning a major military operation in the Gaza Strip, told *EIR* that such an operation can be expected, but "you don't have to wait until October; the military has escalated operations already; you just are not hearing about it."

The source said there are operations, expected to last several days, in the West Bank city of Jenin; and Israel has renewed operations in Gaza, although not at the level of an invasion. People have been killed, mass arrests are being made every day, and houses are being demolished: "It's just that no one is reporting it. No one is talking about the Road Map."

The same figure saw President George Bush's attack on Palestinian President Yas-

ser Arafat, during Bush's joint press conference with Jordan's King Abdullah on Sept. 18, as very bad, especially in the presence of King Abdullah; and indicating that policy still is in the hands of Vice President Dick Cheney and Defense Deputy Secretary Paul Wolfowitz. He warned that Jordan is under tremendous strain because of the chaos in Iraq and in the Palestinian lands. Half of Jordan's population—and half of its royal couple—is Palestinian, and there are both Islamists and a very pro-Iraq sentiment. This pro-Iraqi feeling is also felt among the other Jordanians. This could have a profound impact on Jordan, even leading to the overthrow of King Abdullah at some point.

Hoon in Bigger Trouble Than Ever

The release on Sept. 22 of extracts of recently-resigned media czar Alastair Campbell's personal diary, to the Hutton inquiry, has pushed Defense Minister Geoff Hoon another step toward resignation. Hoon had just again denied, to the inquiry, that he played any role in the public "outing" of the late Dr. David Kelly, or that there was a "conspiracy" to name Kelly as an intelligence community source questioning government claims about the invasion of Iraq. But Campbell's diary documented precisely the opposite. It asserts that "GH [Geoff Hoon] and I agreed it would [expletive] Gilligan, if that [David Kelly] was his source." Andrew Gilligan is a BBC correspondent at the center of the controversy. Other entries, using less colorful language, indicate that Campbell and Hoon wanted to use Kelly, in a nefarious way, as part of their plan to discredit BBC-Gilligan's claim, that Campbell and 10 Downing Street had "sexed up" the September 2002 dossier on Iraqi weapons of mass destruction. This abuse of Kelly preceded his apparent suicide on July 17.

The diary, of course, puts Campbell himself in a bad light, but evidently he is playing a game to wreck Hoon, and maybe to get the spotlight off Tony Blair.