

## Financial Crash, U.S. Blunders Set Off Mideast Conflagration

by Dean Andromidas

The world has entered an extraordinary new phase, in which there is a combination of an already-in-motion global financial crash, and war in the Middle East, the which is taking a form unlike any previous conflict in the region. These combined events are occurring, precisely in the time-frame in which American political statesman Lyndon LaRouche warned they would happen, and are both, as he also warned, the lead features of a global systemic crisis. To put it mildly, we are now entering uncharted territory: There is no possibility of returning to some kind of *status quo ante*, by various tactical measures. This is a qualitatively new situation, and both the financial crisis and the Middle East situation must be understood on that level, and in no other way.

Only a commitment to in-depth economic reconstruction and recovery, along the lines of LaRouche's widely circulated New Bretton Woods program, can provide the framework for a possible positive resolution, and for avoiding massive chaos and general breakdown. LaRouche emphasized, that his recent warnings of the war danger in the Middle East, have now been proven 100% correct, and that the world is witnessing the devastating consequences, of the ruthless suppression of LaRouche's Presidential candidacy, by the U.S. Democratic Party leadership, earlier this year. LaRouche also referenced those in the U.S. policy structure who foolishly reacted to his Mideast proposals by insisting that "LaRouche doesn't understand the situation." Clinton did *not* insist on the strategy of immediate economic development, which alone could outflank the pressures for war from inside and outside the region.

The danger is not simply a new regional war; the Israelis and the Palestinians are already at war. The real danger is that the financial crisis will drive this new "Middle East" war into a global strategic crisis.

When an army and security establishment as strong as that of Israel confronts thousands of rock-throwing youths and a few gunmen with the full force of the Israeli army,

including special forces, tanks, and helicopter gunships, it should be clear where appropriate pressure must be applied.

As of this writing, the Israeli army has put the Palestinian territories under a state of siege. Tanks and helicopter gunships have been deployed, striking at points throughout the territories, including the offices of the Palestinian officials and even the headquarters of Palestinian Authority President Yasser Arafat. Events are moving so rapidly, that a description of events on the ground or in the diplomatic field will be irrelevant by the time our readers see this article.

What can be identified are the two fundamental miscalculations upon which the major players continue to base their actions. At the center of these miscalculations is President Clinton's failure to grasp the implications of his abandonment of his position as "honest broker," by basing his "peace making" on an electoral pact with the right-wing American Zionist lobby, in order to secure election victories for his wife and Al Gore.

That is the reality of why Clinton's meeting with the late Syrian President Hafez Assad, and the later Camp David meetings, failed. For the Arabs, it signalled that Clinton fully backed the Israeli position. For the Israelis, it has not simply strengthened the resolve of the right wing, but has laid the basis for a new Israeli consensus around demands which are wholly unacceptable to the Palestinians and the Arab world.

What has to be understood is that, as of the beginning of October, not only are all the old rules that determined Middle East policy obsolete, but also if they are applied, the situation will only grow worse.

### A Renewal of Arab Unity

Ariel Sharon's provocation — his deliberate "invasion" on Sept. 28, with Israeli police forces, of Islam's sacred Al-Aqsa mosque — has sparked a political unity in the Arab and Islamic world that has not been witnessed for over two decades.



*Port side view showing the damage sustained by the guided missile destroyer USS Cole, after a suspected terrorist bomb exploded during a refueling operation in the port of Aden on Oct. 12. The incident took place in the context of the rapid escalation of violence in Israel and the Palestinian occupied territories, and illustrates the fact that the crisis there has entered a qualitatively new phase.*

LaRouche and *EIR* have warned for the past 20 years, that just such a “Temple Mount” provocation, in that holy spot, would be the trigger for generalized, spreading religious war in an economically impoverished Mideast. It is rapidly making irrelevant the Kissingerian policy of putting pressure on the moderate Arabs in order to crush the radicals.

Since that provocation, hundreds of thousands have demonstrated in Egypt, Jordan, Yemen, Saudi Arabia, Iraq, and Iran. In the Kingdom of Morocco, long considered one of the key players in the peace process, half a million people marched through the streets of Rabat, led by the Moroccan Prime Minister and with the blessing of the King. The governments of Egypt, Jordan, Saudi Arabia, and Bahrain airlifted Palestinian casualties from the West Bank and Gaza Strip to hospitals in their respective countries. A television marathon on Saudi Arabia’s government-backed network raised \$30 million for the Palestinians in one evening, while the United Arab Emirates donated \$30 million to a Palestinian Defense Fund.

Saudi Crown Prince Abdullah warned on Oct. 9, that Israeli Prime Minister Ehud “Barak has to think before taking any step . . . and nobody should think that the Kingdom of Saudi Arabia and the whole Arab and Islamic nation would just watch with their hands tied.” The Crown Prince also warned the participants in the peace process—that is, the United States and Israel—that their interlocutors would not compromise Arab and Muslim rights in Jerusalem.

“We have an historic and legal right and a just cause. . . . It is time for the Israeli side and all who are involved in the

peace process to realize what Al-Aqsa means for us as Arabs and Muslims. . . . There is no compromise on that.”

Writing in the Arabic international daily *Al Hayat*, Mideast historian Patrick Seale underscored that the widespread support for the Palestinian cause represents a shift in the strategic situation in the region. This has been bolstered, according to Seale, by the failure of the U.S. “dual containment” policy against Iran and Iraq. He pointed out that Iran has fully normalized relations not only with the other Persian Gulf states, including Saudi Arabia, but also with Egypt and Algeria, and is a major player in the Organization of Petroleum Exporting Countries and the Arab and Islamic world. In addition, the breaking of the air embargo against Iraq, has ended its isolation, particularly among the Arabs.

The most important development has been Egypt’s calling for an Arab Summit, on Oct. 21. For the first time in a decade, both Iraq and Kuwait have agreed to attend.

Egyptian Minister of Information Safwat el Sherif issued preconditions for President Hosni Mubarak to host a four-way summit with himself, Barak, Arafat, and Clinton. The conditions, which are in line with Palestinian demands, call for: “First, the withdrawal of Israeli forces from Palestinian territories. Second, the cessation and withdrawal of Israeli warnings and threats directed at the Palestinian Authority or any Arab country.” While reiterating that Clinton would always be welcome in Egypt, the Minister warned, “It is important that Israel accept these steps. If it does not, then Egypt is utterly sorry, but it will not hold a four-way summit on its land.”

It appears that the old pattern, whereby Arab League summits issue statements in support of the Palestinians, and then do what the Americans want, is about to end.

### **‘Fundamentalist Zionism’**

The most dangerous development is the failure to understand that a new consensus has been reached in the Israeli political military elite, around a policy of implementing militarily what Arafat would not accept at the negotiating table. This is the only way to understand recent events within Israel.

On Oct. 6, Barak, speaking on Israeli television, prepared Israel for war: “The moment it is clear to us that there is no peace and there is violence, we will fight and defend our soldiers and citizens, even if it will be against all the world. Full stop.” He later said that Israel would “win any war.”

The Israeli government and public opinion is unified around the line that Ariel Sharon did not trigger the current

conflagration, but that he only gave Arafat the excuse to implement the Palestinian plan to “win through violence what he refuses to accept in negotiations.” Thus, the notion that “Arafat is a terrorist” has been revived. The reality is the very opposite.

One has to go back to the framework agreement negotiated in 1995, and made public only last month. It had been negotiated by Yossi Beilin, currently Israeli Justice Minister, and Abu Mazen, one of Arafat’s closest advisers. As we wrote in our Sept. 29 issue, the same assassin’s bullet that killed Israeli Prime Minister Yitzhak Rabin on Nov. 4, 1995, killed that agreement (“The Peace that Was Killed by an Assassin’s Bullet”). It is now reported that the same document was presented to Barak nine months ago, and he rejected it. Instead, Barak drafted his own plan that involved the annexation of settlement blocks encompassing 80% of the settlers and territory where no less than 100,000 Palestinians live.

A review of events since Sept. 28 confirms this assessment. In the days prior to Sharon’s provocation, intelligence chiefs from the Israeli Defense Forces, police, border police, the intelligence agencies, Shin Bet and Mossad, in a meeting in Tel Aviv, determined that Sharon’s visit to Al-Haram al-Sharif would spark a conflagration that Arafat would “exploit.”

As soon as Sharon’s set foot on the Muslim sacred site, a pre-planned military operation called, “Operation High Tide Low Tide,” was implemented. This was, in effect, the contingency plan that was announced by Barak several months ago as a response to Arafat’s threats to unilaterally declare a Palestinian state. The plan calls for the eventual deployment of Israeli armored divisions throughout the West Bank to the Jordan River and the frontier with Syria and Jordan. It would involve the annexing of large blocks of Israeli settlements and laying siege to densely populated Palestinian towns and cities. These centers would revert to bantustans or, more likely, “Warsaw Ghetto”-type Palestinian concentration centers.

According to U.S. satellite intelligence, Israel has been redeploying its forces in preparation for wide-scale military operations in the Occupied Territories.

Contrary to initial reports that the Israelis were surprised by the spontaneous outbreak of clashes among its own Israeli Arab citizens inside Israel, the security forces were not only expecting such a conflagration, but had been prepared for it. The Israeli police had held an exercise on Sept. 6, based on the scenario that Israeli Arabs would show sympathy with the Palestinians if the latter declared a Palestinian state. At that time, it was determined that the police would have to use live ammunition against Israeli citizens; 13 unarmed Arab Israelis died from gunshot wounds in subsequent clashes.

As of this writing, Barak is in the process of forming a national emergency government with Sharon and the Likud Party. Sharon would most likely be made foreign minister.

## EIR Hits OAS Coup Against Peru

Since Peruvian President Alberto Fujimori abruptly cut short his third term in office with his Sept. 16 announcement that new Presidential and Congressional elections would be held, the international media have raised a hue and cry over an alleged threat to democracy coming from the high command of Peru’s military, which, it is said, is preparing a coup d’état, to stay in power.

As usual, the media lie. As *EIR*’s Ibero-American editor, Dennis Small, said on Peruvian national television on Oct. 8, there is, indeed, a live coup attempt ongoing in Peru—but it is not being run by Peru’s military, but rather by Wall Street’s dope bankers, operating through the Organization of American States (OAS), which is working on turning the OAS-run “dialogue committee,” the supposed forum for government-opposition talks on democratic reforms, into the de facto government of Peru.

Small explained that Wall Street and Co. are driven, as *EIR* founder Lyndon LaRouche has explained, by murderous hysteria over the disintegration of their financial system. Their strategy in Peru is similar to that employed in Colombia, where the purported “peace process” committee ensconced in southern Colombia, has become the de facto seat of government, where the narco-terrorist killers of the Revolutionary Armed Forces of Colombia (FARC) dictate the terms of surrender to Colombia’s government. In the Peruvian case, Small said, the OAS coup is directed, step-by-step, by the new OAS Deputy Secretary General, Luigi Einaudi. Fanatically committed to imposing limited sovereignty upon the Western Hemisphere, the ever-arrogant Einaudi has served as the United States’ foremost anti-Peru “hand” from his start at the RAND Corp. in the mid-1960s, through his 25-year State Department career, and his more recent stint at the notorious Inter-American Dialogue.

Small’s charges were aired on the well-watched Sunday political analysis show, “Contrapunto,” on Channel 2 TV, as the last five minutes of a hard-hitting 20-minute program exposing the international offensive aimed at taking apart Peru’s Armed Forces and their alliance with Fujimori over the last decade. The next day, the daily *Expreso* gave favorable, detailed coverage to Small’s interview, under the headline “U.S. Interests Behind Campaign Against Armed Forces” (see below). Channel 2’s television program and *Expreso*’s news article informed millions of Peruvians of LaRouche’s analysis of why foreign financial powers are out to overthrow the Fujimori coalition.

*EIR*’s intervention set off hysteria. Two prominent oppo-