

# EIR

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LaRouche on Middle East: War, or Peace?  
Ashcroft Unveils 'Freedom's Corpse' Program  
Military's CINCs Warn Congress on Iraq War

## Arab Peace Moves Challenge Clash of Civilizations

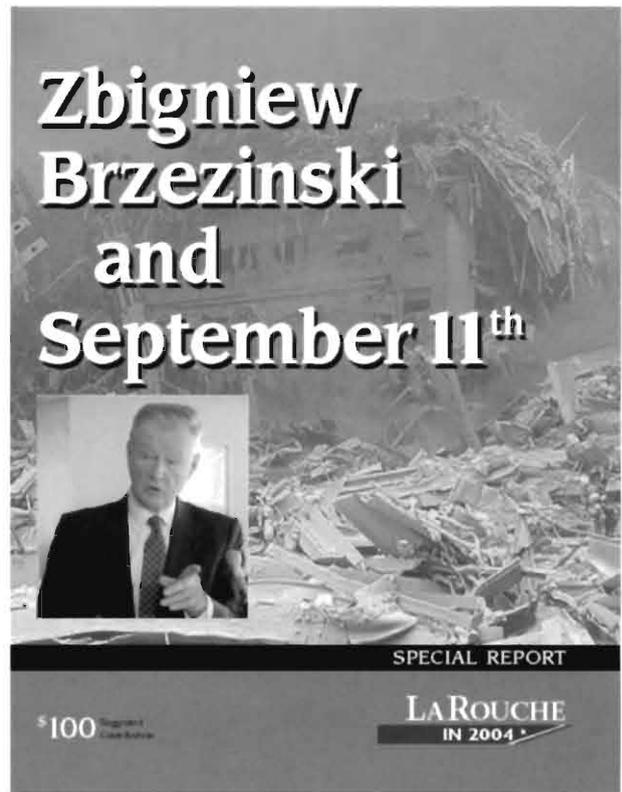


# Zbigniew Brzezinski and September 11<sup>th</sup>

A Special Report featuring Lyndon LaRouche's analysis of September 11<sup>th</sup> as an attempted coup d'état against the government of the United States, intended to bring about the 'Clash of Civilizations' central to the world-imperialist thrust of the circles of Zbigniew Brzezinski and Samuel P. Huntington.

INCLUDES:

- By LaRouche: Jan. 24, 2002 webcast, "And Now, A Year Later"; "Continue the American Revolution!"; "Zbigniew Brzezinski and September 11<sup>th</sup>";
- Dossiers on the theoreticians of the Clash of Civilizations; the principal think-tanks and foundations gunning for global war; the "Mega" apparatus of Israeli spies and agents of influence;
- Appendices: H.G. Wells' *The Open Conspiracy*; Henry Kissinger's 1982 Chatham House speech; "The Enigma of the Fulbright Memorandum"; and a speech by Egyptian Maj. Gen. (ret.) Dr. Mahmoud Khalaf, on the events of Sept. 11.



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## From the Associate Editor

We go to press on a Good Friday in which the Holy Land is plunging into a tragedy from which many can see no escape. There *is* a way out, but it will require a fundamental change of axioms—and not only on the part of the two peoples living together in that narrow strip of land between the Jordan River and the Mediterranean Sea.

Lyndon LaRouche, in a memorandum dated March 26, points that way out, as he has done so often before. We are in a time of such turbulence, he writes, that no one can predict what is going to happen, either in the Mideast, or anywhere else. Will the United States go to war against Iraq soon? Will Israel strike first, using its nuclear weapons? Nobody can forecast accurately, because no one in authority really knows what they themselves are going to do. What we can state with confidence, is that “something is about to break,” and that it will be seismic in its effects. We can identify some of the range of alternatives—as we do in various articles in this week’s issue—but we cannot say which will be chosen, in a world where “the inmates” are running the asylum.

“The world-system,” LaRouche writes, “has entered a phase in which only the sudden adoption of wrenching changes in axiomatic assumptions of practice could free the planet from the grip of the maelstrom of fury which now encloses more parts of this planet than are prepared to admit that truth of the situation. No solutions exist within the framework of the axiomatic assumptions implicit in the model of world-economy and prevalent cultural paradigms of the recent thirty-five years’ trend. Only a sudden and radical reversal of that trend, in the direction of earlier generations, could provide any nation of this planet with livable choices of options.”

LaRouche discussed the required changes in axioms of economic policymaking, with a highly receptive audience of business and political leaders in Milan, Italy (see *International*). Our *Feature* provides an overview of the current Mideast situation, including an interview with LaRouche which will soon be circulating throughout the Arab world, and a report on how the proven methods of Franklin D. Roosevelt in developing the Tennessee Valley could be applied to the Jordan Valley: the “TVA on the Jordan” project, which was drafted 50 years ago, but never implemented.



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*Secretary General of the Arab League Amr Mussa (left), Lebanese Foreign Minister Mahmoud Hammud, and Saudi Arabia's Foreign Minister Prince Saud al-Faisal (right) at a press conference during the Arab League Summit in Beirut on March 28, 2002.*



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Carlos Cota Meza (1953-2002).

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## Robert Rubin Was Cited

by Lyndon H. LaRouche, Jr.

March 24, 2002

During the course of my travels of this past week, the following report was relayed to me for my comment.

TOKYO (Reuters)—Wed. Mar. 20, 2:34 AM ET

### RUBIN SEES LONG-TERM JAPAN GROWTH.

Former U.S. Treasury Secretary Robert Rubin said on Wednesday it was “highly likely” Japan would achieve long-term economic growth but that the government had yet to properly address the issue of reform. “A country which had remarkable achievement over the past 40 years leading up to 1989 is highly likely to have sustained and long-term economic growth,” said Rubin.

Rubin, chairman of U.S. financial giant Citigroup Inc.’s executive committee, made the comments at a news conference held by Citigroup in Tokyo to mark its 100th year of operations in Japan. Citigroup Chairman and Chief Executive Sanford Weill urged Japanese banks to take action, just as U.S. banks had done to overcome their own bad-loan problems. “However, as the people of Japan know better than anyone else, great and difficult challenges must be met with real and serious measures in order to move to that track from where the Japanese economy is today,” Rubin added. He said those challenges included overall economic reform, banking sector issues, corporate restructuring, restoring fiscal discipline and further trade liberalization. “But the longer the decisions are deferred, the more difficult the problems would become and more difficult and more extended the adjustment period is likely to be.”

Did Rubin actually say “further trade liberalization,” or was that specific construction merely attributed to him? More generally, was he speaking in his capacity as a responsible

spokesman for Citigroup?—or as many corporate and government officials do, representing his client, rather than his own, private judgment?

Let me assume the worst for the purposes of this discussion. Let me accept, for the moment, the unlikely assumption that a news medium honestly reported an event; let me, therefore, assume that he was fairly represented by the news report. I emphasize, I tolerate those assumptions only conditionally, as the premise for a dialogue on the subject of “trade liberalization.”

I present that comment for public information, not because I assume that the report of Rubin’s views is entirely accurate, but, rather, because the debatable issues raised are of currently urgent importance for the world at large. Any attempt to preserve a commitment to “trade liberalization” at this historical juncture would ensure the accelerated collapse of the world’s economy into a general, physical collapse, from which civilization might reemerge only one or two generations, or more, later.

### Thirty-Five Years of Mass-Insanity

With the so-called “cultural-paradigm shift” which, like the utopian U.S. war in Indo-China, became the prevalent trend of the past thirty-seven years, the popular culture and national policy-framework of the U.S.A. and other nations was shifted, from the traditional producer-oriented culture on which the U.S. independence had been founded, to a pathetically utopian, inherently parasitical belief in “consumer society.”

The policy of “trade liberalization” generalized by the Administration of President Carter under the direction of utopian madman Zbigniew “Leporello” Brzezinski, did more than any other post-1965 U.S. administration, to destroy the once growing economies of western Europe, Japan, and the Americas. This shift away from the traditionally protectionist policies of the U.S.A. and its law-making, has been responsi-

ble for the continuing, post-1977 collapse of the real incomes of the lower eighty-percentile of our family households, and for the generalized monetary-financial crisis and physical-economic collapse of the economies of Europe, the Americas, and Japan today.

It can be fairly said, that if you see any head of government or economist smiling over the state of the economy today, what you are witnessing is the grin, called “risus sardonicus,” caused by liberal doses of free-trade strychnine. Any continued such dosages, and the economy will be surely dead, and very, very many of us with it. “Free trade” has achieved, today, a potential for mass homicide rivalled only by mass asteroid collisions with Earth, or general thermonuclear warfare. Admittedly, for those who are addicted to Pokémon or Nintendo games generally, that would be a truly thrilling experience, but not for any sane person. Thus, the key to understanding the problems of the world economy today, is to recognize that “liberalization of trade” is a form of mass-insanity.

The Creator of the universe has built into the design of our free will, the freedom to choose between cultures which are viable, and those which eliminate themselves, or nearly so, through calamities such as those which repeatedly brought about the self-destruction of the cultures of ancient Mesopotamia and the first and second Roman empires. You have the freedom to choose “free trade;” but, if you continue to do so, it is by your own choice that you will see your nation and its culture destroyed. That is precisely the cause of economic distress which our nation, and others, are suffering now.

As I have documented in various published locations, the doctrine of “free trade” was spread into modern European culture from the curious gnostic religious sect known technically as the “Bogomils” or “Cathars,” and commonly referenced in English slang as “the buggers.” These “buggers” believed, as Thomas Hobbes, John Locke, Bernard Mandeville, Adam Smith, Baroness Thatcher, and the cult of the American Enterprise Institute did, and do, in the virtual existence of certain “little green men” operating from “under the floorboards” of sense-certainty. In effect, the theory of creation and distribution of wealth among these gnostics, the choice of who shall prosper, and which shall starve to death, is made by a roll of the dice cast by these little green men. It is for that reason, that all such believers, such as the followers of Adam Smith, are classed as gnostics, as their forerunners, the “buggers,” were.

In principle, all those who believe in “free trade” today, are actually pagan religious gnostics in precisely the same sense as those “buggers” of medieval Europe from whom the empiricist followers of Venice’s Paolo Sarpi and his lackey Galileo, derived the modern English-language “free trade” dogma.

The significance of my emphasis on gnostic religious dogma, is that it is only from the standpoint of treating all leading facets of the past thirty-seven years’ cultural-paradigm-shift as an expression of the same pathological state of



*Did Robert Rubin actually say, “further trade liberalization” in Tokyo? After 35 years of destruction of economies, that disastrous axiom is finished.*

superstition as belief in “free trade,” that we can understand the generalized moral decay which has overtaken so much of the culture of Europe and the Americas over the course of this time.

### **The Economic Specifics**

In the real universe, “profit” is measured primarily in physical, not financial terms. It is only in the case that an estimated financial profit corresponds to a separately determined margin of physical profitability, that the estimated margin of financial profit is truthfully determined.

Any distinction between micro-economics and macro-economics, is not only intrinsically incompetent, but a potentially dangerous mental aberration, a delusion. In a real economy, the cost of production expressed in the case of the particular enterprise, must take into account the full costs which the enterprise owes to the economy as a whole. In other words, the public education, the water management, the power production, and the necessary costs of government are an incurred physical cost of each and every private enterprise. Each enterprise must pay its share of those physical costs.

The essential function of the most important kinds of private enterprises, are the owner-operated farms and firms which generate improved applications of technology to create improved designs of products and production-processes.



*“Among the most essential functions of any sane form of government . . . is to provide protection to the fair-price levels of enterprises, and of the income of the member of the household employed.” Price must maintain “physical, rather than merely financial capital.”*

These so-called “closely held” entrepreneurships of agriculture, manufacturing, and professional or quasi-professional qualities of scientific and related services, are the driving element of expression of true creativity within the pores of the national economy.

The function of the national economy’s other structures, is to create and maintain the platform on which the work of the creative individual mind can make those contributions on which general progress of society depends absolutely. Thus, there is a reciprocal relationship between that platform and the closely-held entrepreneurship or related activity. The creative individual mind supplies the innovations on which the existence of actually earned profit depends, but that on which the success, even the continued existence of the individual innovator depends, is the maintenance and improvement of the platform.

Among the most essential functions of any sane form of government (a rare form of government these past thirty-five years), is to provide protection to the fair-price levels of enterprises, and of the income of the member of the household employed by those enterprises.

This function of governmental protection, is most simply exhibited by considering the relationship between price and the maintenance of physical, rather than merely financial capital. A fair price must include a provision for maintaining the

technological potential of the needed enterprise. This means adequate wage-levels and adequate margins for maintaining and increasing relevant levels for both physical-capital formation and technological progress, and also for the general expansion of useful forms of productive activity.

So-called monetarist, or neo-liberal applications of free trade, ensure a kind of auto-cannibalistic self-destruction of the real, physical economy of any and all nations. That is the essential point to be understood, to identify the causes for the accelerating degeneration of the world economy, especially those of Europe, Japan, and the Americas, from the overall successful economy of the 1945-1965 interval. The shift from a society committed to producer values, to one premised on the lunatic fancies of a consumer’s paradise, is the source of the rot from which the world is suffering today.

The trick is to become suddenly sane again. This means to return to the protectionist outlook of the fixed-exchange-rate system as it operated during 1945-1965, and to take down all of the novelties of monetarist lunacy which have ruined what had been the most successful economy the world had known up to that time. Without a cessation of recent trends in free-trade liberalization, there is no hope, ever, for a recovery of the present international economy, at least not in the forms which have become predominant during the recent thirty-odd years.

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# Greenspan and Volcker Play Public For Suckers

by John Hoefle

With talk of recovery coming out of one side of the U.S. Federal Reserve's mouth, and discussions of the possibility of emergency market interventions coming out of the other side, the disparity between the propaganda and reality is growing by the day. While the suckers are bombarded with false statements and fake statistics designed to induce the hope that all is well, financial corporations are rushing to plug holes in their balance sheets, and both current Fed Chairman Alan Greenspan and his predecessor, Paul Volcker, are struggling to keep the seismic shocks hitting the global financial system from bringing the entire house of cards down.

If anything is clear in the post-Enron period, it is that the financial speculators cannot be trusted to police their own behavior, and that the Federal government must abandon the policy of deregulation—a policy which has blown up in their faces—and return to a sane regulatory policy which keeps the speculators' addiction to cheating and corner-cutting in check. Enron's wild hiding of losses and debt should be enough to convince any sentient being that relying on crooks to police themselves is a prescription for disaster. But, as is often the case, what is obvious to most, is not obvious to the Fed's Dr. Greenspan, who continues to insist that regulation—not fast and loose, book-cooking corruption—is the real danger.

## 'Trust Us,' He Pleads

In a March 26, speech at the Stern School of Business at New York University, the Chairman of the Bubble did allow that "our most recent experiences with the bankruptcy of Enron and, preceding that, several lesser such incidents, suggest that the governance of our corporations has strayed from our perceptions of how it is supposed to work." Despite the fact that you could drive a truckload of weasels through that sentence, it does at least seem to admit that there is the possibility of an appearance of a potential problem. Still, Greenspan suggests, the marketplace is the best regulator, relying on corporate officers, backed by shareholder pressure when needed, to keep companies in line. The one thing we don't want, he said, is more regulation.

"We have to be careful, however, not to look to a significant expansion of regulation as the solution to our current

problems, especially as price-earnings ratios increasingly reflect the market's perception of the quality of accounting," Greenspan said. "Regulation has, over the years, proven only partially successful in dissuading individuals from playing with the rules of accounting."

It's perfectly normal to want to scream when reading such a sentence, with its deadpan call for the inmates to be allowed to run the asylum. The part about the price-earnings ratios is especially cute, since in these days of falling corporate income, a rising P/E ratio is often an indication that profits are falling faster than the stock price.

What Greenspan is actually saying, is that in times of crisis—and we're in the big one—it is important to keep all options open, including the ability to cook the books as needed to maintain the perception of solvency. The rule of the day is: See no bankruptcy, hear no bankruptcy, speak no bankruptcy.

That same point is being made by the Fed's Queen Mother, Paul Volcker, who is attempting to ride to the rescue of Arthur Andersen, the accounting firm which seems to specialize in being hoodwinked by its clients.

Andersen was indicted by the Federal government for obstruction of justice, after the company engaged in widespread shredding of Enron-related documents in several of its offices around the world. Hit with a criminal indictment, Andersen's customers began defecting in droves. In response, Volcker forced out Andersen Chief Executive Joseph Berardino and proposed to the Department of Justice that he would appoint a new board to run the firm, if the Feds would drop the indictment.

Volcker is an old hand at this. He joined the Fed in 1979 to implement the New York Council on Foreign Relations' "controlled disintegration" deindustrialization policy; his role is not so much to protect Andersen, as to make sure that any investigation into Andersen's activities doesn't expose the larger scam of which Andersen was a part. Volcker knows where the bodies are buried, because he helped dig the graves.

Both Volcker and Greenspan have the same job, that of keeping the U.S. government out of the hair of the international financier oligarchy, while the oligarchy tries to manage the collapse of its financial system by pushing the losses onto the public.

TABLE 1

### Changes at J.P. Morgan Chase & Co. and Its Lead Banks During Fourth Quarter 2001

(\$ Billions)

	Assets	Derivatives
Third Quarter		
Chase Manhattan Bank	435	17,996
Morgan Guaranty Trust	228	12,597
Two banks combined	663	30,593
Fourth Quarter		
JP Morgan Chase Bank	538	23,533
Change	-125	-7,061
Holding Company		
Third Quarter	799	24,148
Fourth Quarter	694	23,904
Change	-106	-244

Sources: Office of the Comptroller of the Currency, *EIR*.

### Melting Down

The evidence is growing that what Greenspan and Volcker are so desperate to cover up, is a major derivatives disaster which occurred in mid-2001, and remains unsettled. Such events are never publicly announced, but the responses to them are often visible.

The most dramatic example that something went seriously awry can be found on the books of J.P. Morgan Chase & Co., which bears the deadly distinction of being the world's top derivatives bank. The bank is actually a combination of three top derivative banks: Chemical Bank bought Chase Manhattan in 1996, changing its name to Chase; then bought J.P. Morgan & Co., in a deal which closed at the end of 2000. During the fourth quarter of 2001, the bank holding company merged its two lead banks, Chase Manhattan Bank and Morgan Guaranty Trust, into a new bank, J.P. Morgan Chase Bank. It appears that this merger was used to hide significant problems.

At the end of the third quarter, Chase Manhattan Bank and Morgan Guaranty Trust had combined assets of \$663 billion, and \$30.6 trillion in derivatives (**Table 1**). Three months later, the newly formed J.P. Morgan Chase Bank had \$538 billion in assets and \$23.5 trillion in derivatives, a decline of \$125 billion in assets and \$7.1 trillion in derivatives. In terms of assets, that's the equivalent of losing a Top Ten bank (number nine, National City Corp., had \$106 billion in assets at the end of 2001), while the drop in derivatives is more than the total assets of the U.S. banking system (\$6.6 trillion at year's end). It is also the equivalent of losing the fourth-largest derivatives bank holding com-

TABLE 2

### Assets and Derivatives at Top U.S. Derivatives Bank Holding Companies

(\$ Billions)

Rank	Bank Holding Company	Assets	Derivatives
1	J.P. Morgan Chase & Co.	694	23,904
2	Bank Of America Corp.	622	9,399
3	Citigroup Inc.	1,051	9,191
4	Wachovia Corp.	330	2,088
5	Wells Fargo & Co.	308	843
6	Bank One Corp.	269	798
7	Bank Of New York Co.	81	379
8	HSBC North America	110	353
9	FleetBoston Financial	204	312
10	Countrywide Credit Ind.	37	279

Source: Office of the Comptroller of the Currency.

pany in the nation (**Table 2**).

These staggering changes went largely unmentioned. J.P. Morgan Chase & Co.'s explanation of its asset decline, in a press release announcing its fourth-quarter results, blamed "the majority of the reduction" in the assets of the holding company on "the resolution of the industry-wide clearing and settlement problems experienced in September." That statement raises more questions than it answers, since the existence of such post-Sept. 11 problems was roundly denied at the time.

Then we have the giant Citigroup, which sold 21% of its Travelers Property Casualty unit in an initial public offering on March 21, raising \$4 billion. Citigroup said it was spinning off Travelers (it will distribute the remaining 79% to shareholders later this year) to concentrate on faster-growing businesses, but that explanation also raises questions. After all, when Travelers bought Citicorp in 1997, it cited the supposed synergy from the combination of commercial banking, investment banking, and insurance. So, either the synergy didn't work out, or the bank needs the money for reasons it prefers not to disclose. Our guess is that both are true, since most big bank mergers are actually bailouts in disguise.

Morgan Stanley also got into the act, borrowing \$7.3 billion through bond sales on March 27, the largest bond sale ever conducted by a securities firm.

Another company which may be in trouble is General Electric, which borrowed \$11 billion through bond sales in March, and is reportedly considering selling its Employers Re unit, the world's fourth-largest reinsurance company. GE is both a major industrial company and a financial company, getting half its income from its industrial operations and half from its financial operations and its NBC

broadcasting unit.

On the industrial side, GE is likely being hit hard by the overall decline in manufacturing in the United States, as well as a significant decline in its power systems unit, due to the drying up of orders for natural gas turbines for the electricity market. In the post-Enron period, many of the energy pirates have dramatically scaled back their plans for new natural gas electricity-generating plants. Power Systems accounted for one-third of GE's non-financial operating profit in 2001, pulling in \$5.2 billion, compared to \$2.8 billion in 2000.

GE has also been in the news due to its involvement with Enron, having been partners in some of Enron's off-balance-sheet deals and its New Power Company retail power company. Given that GE has been widely praised for its financial machinations in recent years, including off-balance-sheet activities, serious questions exist about what might be lurking on and off the company's books.

One person raising questions about GE is Bill Gross, the head of Pacific Investment Management Co. (PIMCO), the world's largest bond fund. In his March newsletter, Gross called GE "a conglomerate financed by a money machine—its subsidiary GE Capital . . . using near hedge-fund leverage." "Without benefit of this leverage afforded them by

[Wall] Street," Gross wrote, "their operations to me resemble more closely the failed conglomerates of yesteryear such as Gulf + Western and LTV. PIMCO will own no GE commercial paper in the foreseeable future."

## Unsustainable

Despite all the behind-closed-doors maneuvering of Greenspan, Volcker, and company, their system is collapsing. While the physical economy goes under, the level of debt, derivatives, and other financial aggregates continues to soar. The derivatives holdings of U.S. commercial banks increased by \$11 trillion in 2001, up 27% over 2000, while credit-market debt rose by \$2 trillion, or 7%. This combination of rising claims and physical decline, defines a process which is clearly unsustainable.

The suspicion is growing that many of the headlines we see today, are actually reflections of a big derivatives blowout last year, involving J.P. Morgan Chase and Citigroup. The presence of these banks, as well as Arthur Andersen, at a number of high-profile disasters over the last few months, also suggests the possibility that, contrary to the impression given in the press of a series of random bankruptcies, a particular network is being rolled up, as part of a larger derivatives workout process.

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# More Nations Revolt From WTO Free Trade

by Anita Gallagher

President George Bush's March 23-24 trip to Peru and El Salvador, where he presented "free-trade" access to U.S. markets as the "magic wand" for Central America's economic problems, must be viewed as a charade—the President had just imposed steel and lumber tariffs—or, as what 2004 Presidential pre-candidate Lyndon LaRouche has described in several recent policy papers as the "free trade/fair trade paradox." President Bush's tariff moves, more powerful than his "free trade" words, are opening wide cracks in the World Trade Organization (WTO) regime.

Bush promoted the NAFTA-like, and now unlikely, Andean Trade Preference Act. Later, he lectured Peru's President Alejandro Toledo, "Development aid pales in comparison to the amount of capital that's generated through trade in the marketplace." But American imports from Central and South America have already crashed in economic depression. Back home, Gov. Mike Easley of North Carolina, together with U.S. textile industry and union spokesmen, were rallying for the same kind of protection the steel industry had just won; textile bankruptcies and job losses parallel those in steel.

U.S. Trade Representative Robert Zoellick, defending "fair trade" in steel, was deployed to Brazil to push ahead with a scheme for a "Free Trade Area of the Americas" (FTAA), which Brazil was supposed to co-chair with the United States, but now has pulled back from. Zoellick spoke to a March 13 Chamber of Commerce meeting in São Paulo, and asserted that the steel tariff had been caused by "other governments" that refused to deal with "global overcapacity." Above all, Zoellick demanded that the Brazilians stick to debating these tariffs entirely within the WTO framework.

In " 'Fair Trade' As a Phase-Shift" (*EIR*, March 29, 2002), LaRouche explained, "Although President Bush has taken one important step away from the preceding decades commitment to 'free trade,' that does not mean that Bush's Presidency really understands what it is doing. It has reacted to the fact that without returning to traditionally American protectionist policies, this nation could not possibly muster the economic sinews required to support the Bush Administration's current, aggressive military policy. Nonetheless, [Senate Majority Leader] Daschle, Bush, et al. have moved in the right direction in taking this first step toward a 'fair trade' policy, whether either understood the deeper implications of that, or not."

Thus, the "free trade/fair trade" paradox blooms in the Bush Administration's contradictory actions. Meanwhile, na-

tions with a modicum of production-oriented leadership, are using Bush's steel tariffs to proceed with their own revolt against the WTO and globalization.

## Anything But 'Protectionism'

On March 27, the European Union (EU) announced tariffs of 14.9-26% on imports of 15 types of hot- and cold-rolled steel, nearly identical to those categories covered by the U.S. tariffs. The European tariffs—which are renewable—begin April 3 and last 200 days; they will apply to imports over set quotas in those categories. The EU fears a flood, from big-producer nations like China and South Korea, of steel that would have been exported to the United States before the Bush tariffs. Under its own trade rules, the EU says it can take tariff action if it can show such a flood even threatens, before any damage to its steel industries actually occurs. Steel producers in less-developed countries will be exempt, or partially exempt, from the EU tariffs, while Russia, Kazakstan, and Ukraine, which are not part of the WTO, are exempt because they already have quota agreements with the EU.

While the European Commission statement on March 27 mildly terms the tariffs "safeguard measures," EU Trade Commissioner Pascal Lamy, considered a zealous crusader for free trade and globalization, lashed out, "Unfounded, unnecessary and unfair U.S. action has forced us to take temporary steps to look after EU industry and EU workers. . . . But we have done this without indulging in protectionism." EU trade spokesman Anthony Gooch's statement echoed Lamy's: The actions are intended "to protect our market without being protectionist."

Hence, besides its "safeguards," the EU has initiated WTO proceedings to win \$2 billion in compensation for the higher U.S. tariffs—which, if granted, would be in the form of reduced U.S. tariffs on other EU products. If no agreement on compensation is reached, the EU has been circulating a list of products that could be hit with retaliatory tariffs—citrus, steel, textiles, Harley-Davidson motorcycles—which originate in states that are now "toss-ups" in the November Congressional elections. Lamy has acknowledged that the targets have been chosen for maximum political effect, according to the *New York Times* of March 27, where reporter Paul Meller states, "A new round of global trade liberalization talks underway may be undone, and according to European diplomats and trade lawyers, *the World Trade Organization itself could easily become a casualty*" (emphasis added).

Meanwhile, U.S. Trade Commissioner Zoellick responded to the EU's decision by threatening to file a complaint with the WTO, on the ground that U.S. steel exports to Europe would be harmed. "We will seek consultations with the EU under WTO rules and will consider filing a WTO action," Zoellick said on March 27.

China, only a member of the World Trade Organization since December, has launched its first dispute in the WTO over the U.S. steel tariffs, stating that they violated a range



*During a visit to Central America on March 24, President Bush preached to El Salvador's President Francisco Flores (right) about salvation through "free trade." But it is action—tariffs and "fair trade"—not words, which are at work, and the entire WTO "may wind up a casualty."*

of basic WTO open trading rules. A Chinese delegation to Washington March 23-24—the same time President Bush was preaching "free trade" in San Salvador—demanded compensation from the United States, under the WTO's "Safeguards Agreement." That provides for countries imposing tariffs in one area, to offer to make up the imports stopped by lowering tariffs in other areas. A total of 23 countries, including the 15 in the European Union, have already protested the U.S. tariffs to the WTO; the other countries are Japan, South Korea, Australia, Brazil, Malaysia, Norway, and New Zealand. The investigation process triggered takes 18 months—which, in today's rapid economic meltdown, makes WTO bureaucratic remedies irrelevant.

### **Malaysia Imposes Tariffs**

Malaysia has also imposed a 50% tariff on imported steel, without mentioning the U.S. tariffs. The International Trade and Industry Ministry's Parliamentary Secretary, Katuk Fu Ah Kiow, said that Malaysia's steel industry had been affected for the past year by the "dumping" of steel products from the former U.S.S.R. and South American countries. "The duty was imposed in view of an oversupply situation," he said, "and a weaker demand in the world market for steel products. There are many cases of dumping reported, and there is presently a price war going on. Prices have fallen so low for steel plate and other steel products from countries like Ukraine, that they are now selling at \$200 per ton—40% to 50% lower than our products at \$347 per ton. Even with the imposition of the 50% import duty, the price of imported steel products will still be lower than our products." So, the same

impulse to save the national steel sector that moved Bush, also moved Malaysia's government.

In Canada, steelmakers and the United Steelworkers Union (USWA) are lobbying the government to impose tariffs that match those of the United States. While Canada and Mexico, as partners in the NAFTA "free trade" agreement, were exempt from the U.S. tariffs, the Canadian USWA says Canada is becoming a "dumping ground." On March 22, Canada launched a "safeguard investigation" to see if increased imports are hurting Canada's steel industry. Oussamah Tamim, spokesman for Canada's Department of Foreign Affairs and International Trade, said that if "safeguards" are imposed, they will be tariffs, not quotas.

Mexico has already imposed "safeguard" tariffs as high as 35% on

its steel imports.

Nor is Canada-United States-Mexico NAFTA life going smoothly on other fronts. Canada will ask that a panel within NAFTA be formed to investigate the new U.S. duties on Canadian softwood lumber, which average 29%. Canadian Trade Minister Pierre Pettigrew said this was his country's prelude to "pursu[ing] the litigation track." Canada has already appealed to the WTO. Layoffs could hit 30,000 of the 90,000 currently employed in the softwood lumber sector, according to the Toronto *Globe and Mail*. The United States imported about \$6.4 billion in Canadian softwood lumber during 2000, accounting for about one-third of U.S. consumption. Days after the U.S. softwood lumber tariffs, another Canadian investigation led Canada to impose provisional duties as high as 71% on U.S. tomato exports. Canada said the timing was "pure coincidence."

There are institutions which hold to old, discredited axioms even more tenaciously, when reality strongly contradicts them. A case in point is the "authoritative" *Wall Street Journal*, which cited New Zealand on its March 18 front page, as hurt by the now "hypocritical" tariff policy of the United States and EU. In fact, in 1953, when New Zealand's tariffs had been among the highest in the world, it ranked third in the world in GDP per capita. Today it ranks 23rd—as a result of following the globalization program of deregulation, privatization, and virtually eliminating tariffs since the 1980s. While the hysterics at the *Journal* advise New Zealand to "Join NAFTA," it is clear that the ranks of nations are stampeding the other way—toward protectionism and the identity of "producer nations."

# Russia Confronts 'Free Trade' Damage, Debates National Economic Strategy

by Rachel Douglas

At Russian State Duma (lower house of Parliament) hearings on how to ensure national economic development under conditions of a global financial crash, held last June, a central idea was the importance of breaking with the axioms of policy that led to that collapse. The bankruptcy of the "free trade," deregulation, and globalization doctrine, evidenced in the U.S. resort to protective tariffs on imported steel, provides a golden opportunity for every nation to shift to national economic development and "fair trade."

In Russia, as elsewhere, such a shift is demanded also by the national economy's approach toward physical boundaries: the depletion of the productive base, in the form of equipment and infrastructure exhaustion, as well as the attrition of skilled manpower. (See Jonathan Tennenbaum, "Russia's Economy 1999-2001: Strong Growth, But Exhausting Its Foundation," *EIR*, Feb. 1, 2002.) This state of affairs was on the agenda of several economic strategy meetings during March, in which Russian President Vladimir Putin took part. At none of these sessions, however, was there a clear-cut shift to principles of national, physical economy; in each instance, an impulse in that direction threatens to be stymied by adherence to the failed "rules of the game" of free trade and globalization.

The new round of Russian Presidential and government deliberations on science policy, national investment policy, the defense and auto industries, and national food security, coincided with a backlash in Russian business and government circles, against joining the World Trade Organization (WTO) on terms prejudicial to Russian industrial development. On the heels of the anti-WTO maneuvers in Russia, reported here last week, came a March 20 government meeting on measures to assist the Russian automobile industry. Prime Minister Mikhail Kasyanov told the cabinet, "I do not exclude that we will need to take temporary protectionist measures" for auto. Minister of Industry, Science, and Technology Ilya Klebanov presented a proposal for new tariffs on foreign car imports, which calls for a 25% tariff on foreign cars up to seven years old for three years, then a 35% tariff for the next five years, then reduction of the tariff by 5% per year. The meeting reviewed a plan to raise \$15 billion in investments in the sector over the next seven years.

Mikhail Delyagin, an economist who argues that Russia should either stay out of the WTO, or join it only if its preroga-

tives to protect Russian industry are preserved, was named an adviser to Prime Minister Kasyanov on March 10. Also in early March, the State Duma's Committee on Credit and Finance began to debate a proposal to restrict the financial activity of foreigners in Russia, designed to protect fledgling Russian financial markets in the event of WTO membership.

On March 20, Putin chaired a Defense Ministry meeting on the overall perspective for Russia's strategic posture and defense industry performance. On March 13, the government paper *Rossiyskaya Gazeta* reported on plans for a "food security doctrine," aiming to double agricultural output and achieve food self-sufficiency by 2010.

## A Science Driver?

A joint session of the Security Council, the Presidium of the State Council, and the recently commissioned Council on Science and Advanced Technologies, held March 20, took up the question of a national policy for science. The new Council presented a draft "Basic Principles of Scientific and Technological Policy," which Putin welcomed as shifting the discussion of this vital policy area to a higher level than the lip-service it has received in government decrees during the past decade. "The choice of a path for the development of our country's science is a choice of the prospects we have as a nation," he told the meeting.

This event reminded Dan Medovnikov, writing in the March 25 issue of *Ekspert* weekly, of slogans about making "science the country's main productive force," which "date back to the time of KEPS [the Commission for the Study of the National Productive Forces of Russia], founded in 1914 on the initiative of Vladimir Vernadsky." Below the surface, however, the meeting was the scene of an intense policy battle. The draft "Basic Principles" have encountered opposition, especially from Ministry of Finance officials who object to budget allocations for science at the level of 4% (the currently mandated level, but only a fraction of the funding is actually disbursed).

From another side, there is concern on the part of some people in the Russian Academy of Sciences, that the plan to concentrate on ten frontier areas of scientific research will involve rationalization, with the shutdown of significant research facilities. The priority areas include power generation, energy conservation, biotechnology, medicine, new materi-

als, chemicals, electronics, ecology, and “possibly transport and space.” According to *Ekspert*, the draft plan does call for the closing of “inefficient research institutes and laboratories,” with the freed-up funds to be used to promote small, innovative companies instead.

Putin lamented that “these days everybody advocates the pathway of innovation, but nothing has actually been done.” He noted that since 1991, Russia has lost half its scientific personnel, who either emigrated, or turned to other work in order to survive. The same day as the meeting, the daily *Izvestia* commented that this brain drain raises the question of even “saving science,” not to mention developing it. “The Finance Ministry promises [to really disburse 4% of budget spending] only by around 2010. By then, science will have died out for good,” one Academician told *Izvestia*. There is a question of who will be alive to pursue scientific work, since the average age of Russian scientists is already 56.

*Itoji* magazine of March 28 cited government and State Duma sources, who said that the science plan features a new approach to “defense industry conversion,” beginning with “declassification of some items in state defense contracts.” Former first deputy prime minister and now chairman of the State Duma’s Committee for Industry, Construction, and Science-Intensive Technologies Yuri Maslyukov, one of the world’s experts on the relationship of science, the defense sector, and the economy at large, laid out how broader availability of knowledge about defense-sector projects could begin to transform Russia’s technology policy. He hopes to achieve spinoff effects in the civilian sector, as in the best cases of the U.S. defense/civilian sector R&D interface.

## What Kind of Investment?

On March 15, Maslyukov was invited with Dr. Sergei Glazyev, chairman of the State Duma’s Committee on Economic Policy, and Academicians Nikolai Petrakov and Dmitri Lvov to a discussion with President Putin, also attended by Communist Party leader Gennadi Zyuganov. Petrakov later told a Washington audience that the meeting was occasioned by Putin’s “frustration with the lack of new ideas” from his usual economic advisers.

According to a report in *Novyye Izvestiya*, their discussion focussed on a crucial question for Russia: the relationship between raw materials exports, and the survival of domestic manufacturing and infrastructure. Putin agreed with the economists that earnings from the exploitation of Russia’s natural resources should benefit the nation. This was the topic raised by Academician Lvov at the June 29, 2001 Duma hearings on the defense of the national economy during a worldwide crash (convened by Glazyev), after Lyndon LaRouche’s keynote testimony at those hearings. It was then taken up in depth in LaRouche’s essay, “What Is ‘Primitive Accumulation’?” (*EIR*, Aug. 17, 2001).

Putin commissioned new legislative initiatives from these economists. Glazyev presented the President with the left po-

litical bloc’s “alternative socio-economic program,” which includes a critique of the WTO. Glazyev termed the discussion “constructive,” adding that the proposals handed to Putin emphasize a state industrial investment policy, among other development priorities.

In any consideration of investment policy, the axioms of globalization and national economy collide:

**Natural monopolies policy:** The infamous liberal economist Anatoli Chubais advocates a surge of foreign investment into United Energy Systems (UES), the Russian national electricity company he now chairs. But his selling point is the pending segregation of the generating, delivery, and financial components of UES into separate companies, modelled on deregulation in British Commonwealth countries and the United States during recent decades, where “investment” regularly went hand in hand with price-gouging and asset-stripping. On March 18, Deputy Energy Minister Viktor Kudryavy—the government’s representative on the UES board—voted against the Chubais scheme as “premature,” legally unfounded, and dangerously hasty. Academician Petrakov reports that Putin, too, now doubts the advisability of carving up UES, the national rail system, and other so-called “natural monopolies.”

**Banking:** Even amid signs of a serious Russian turn against “free trade,” Putin named monetarist Deputy Finance Minister Sergei Ignatyev to succeed Viktor Gerashchenko as chairman of the Bank of Russia. The appointment of Ignatyev, previously associated with liberal reformer Yegor Gaidar, was assessed by many as a victory for liberal monetarist Finance Minister A. Kudrin. Ignatyev would allegedly open up the banking sector to more foreign involvement and guidance.

Pleased with some of Ignatyev’s first statements in office, the London *Financial Times* demanded in a March 19 editorial that he take aim at Russia’s state savings bank: “Mr. Ignatyev must reduce Sberbank’s dominance. This cannot be rushed, as it runs the only national financial network. But Sberbank’s 80% share of retail deposits stifles competition. The Kremlin should prepare for some form of break-up and the privatization of the Central Bank’s 63% stake.” By contrast, the State Council’s “Ishayev Report” on national economic development, prepared at Putin’s request two years ago, proposed that the Sberbank deposit base be used to generate credit for domestic investment.

**Great projects:** Several big infrastructure schemes, including some rail projects promoted by former Railways Minister N. Aksyonenko, have recently been scaled back out of budgetary considerations. The Siberian Branch of the Academy of Sciences, however, has produced a 20-year “Program for the Strategic Development of Siberia,” as requested from them by Putin in 2000. Now, Presidential Envoy to the Siberian Federal District Leonid Drachevsky accuses the Minister of Economic Development and Trade, German Gref, of blocking the program’s adoption, once again due to following the rules of fiscal austerity.

# Business Briefs

## Commodities

### Press Promotes 'Gold Rush' In Japan

"A modern-day gold rush is sweeping the nation," Japan's *Nikkei Weekly* reported on March 18. "Many wealthy citizens are changing their asset allocations from bank deposits to other investment tools such as gold, and the move has steadily pushed up prices of the metal. Gold imports tripled year-on-year to 8.17 metric tons in January, up 110% from last December. The quantity of gold sold in February at Tanaka Kikinzoku Kogyo retail stores nationwide, increased ninefold from the same month last year.

"Below Japan's Zen-like surface calm, a big fish is roiling the lower depths: consumer unease about the direction of the yen, the economy and the banks," the *New York Times* reported on March 14. "Since last November, the surge in Japanese gold sales has contributed to a 10% strengthening in world gold prices. Measured in yen terms, the jump was 18%. Investment demand for gold in Japan has had an impact on the global gold market. "The topping at \$300 per troy ounce early in February in the New York market was caused in part by Japan's growing demand for gold," said Koichiro Kamei, managing director at Market Strategy Institute.

## Trade

### U.S. Trade Deficit Continues To Rise

In January, America's trade deficit on goods and services rose to \$28 billion, from a December 2001 deficit of \$24.7 billion, and its trade deficit on merchandise (physical) goods alone rose to \$34.1 billion, from \$31.0 billion in December.

The principal reason for the growth in the deficit is that imports rose, while exports remained the same. Some economists tried to present a widening trade deficit as a good sign. Britain's Reuters news service claimed that the deficit occurred as "an improving [U.S.] economy boosted demand for foreign

oil and other imports."

But there are three reasons that this "analysis" is bunk.

First, about 40% of the physical goods imports increase in January, relative to December, was due to imports of consumer goods, which could fall back. One-sixth of the increase in imports was due to an increase in the dollar value of oil imports, which in turn reflected mostly a price increase in petroleum in January.

Second, while this January, import levels increased relative to their very depressed levels in December, January's physical goods import levels, at \$106.5 billion, are still down 13.7% from the \$123.4 billion level of January 2001. This January's physical goods exports, at \$54.8 billion, are also sharply down—by 15.7% from the \$65 billion level of January 2001.

Third, America's appetite for such a large volume of physical goods imports is not a sign of health, but rather reflects the fundamental condition that America can no longer reproduce its own existence by its own productive facilities, and must siphon off physical goods, imported from the rest of the world, to prevent an increase in the rate of collapse.

## Pensions

### Bankrupt Steel's Benefit Costs Loom

The United Steel Workers of America is promising a fierce fight to assure that its members and retirees retain their benefits from the 32 (and counting) steel corporations which have gone bankrupt. A March 13 statement from union President Leo Gerard says that the battle over the "Steel Industry Retiree Benefits Protection Act of 2002," expected to be introduced into the Congress, will be "the fight of our lives, . . . a fight that will make the battle to secure tariff remedies seem easy." It urges locals to begin to gear up for demonstrations in support of the measure.

Gerard testified on March 14 before the Senate Committee on Health, Education, Labor and Pensions, chaired by Barbara Mikulski (D-Md.). He reviewed various Bush

Administration general proposals for increasing health benefits, such as tax credits and the "Medicare Prescription Drug" legislation; pointed to their obvious inadequacies; and declared that the USWA insists that honoring pension and health benefit promises is as important as tariff relief. Gerard told the committee, "No one is asking us to bail out the bosses; this is to help real working people who have suffered."

While continuing his attack on unfair trade policies, Gerard refrained from direct attacks on alleged "competitor" nations such as China and Russia, and in a welcome departure from previous statements, made no reference to "world overproduction of steel."

In once steel-heavy Pennsylvania, state Democrats have introduced a bill for Harrisburg to pay full medical benefits to 5,000 retirees of the bankrupt LTV steel company, who would each pay a \$100 a month premium. But there is no sign that Pennsylvania has the money to do so. Health-care and other benefits will also soon run out for thousands of newly unemployed steel workers, as well as the retirees. Will state Republicans, who control the legislature, pass the bill? While some in the GOP are riding the crest of President Bush's new image as "friend of steel," they are not jumping to authorize new spending laws, with the state facing a \$777 million deficit in fiscal 2002, which ends in June.

In Harrisburg, the Commerce Committee held an "informational hearing" on important state funds, including pensions. State Rep. Harold James (D-Phila.) demanded an accounting of the size of the financial-derivatives involvement of these funds.

## Demographics

### World Population Growth Keeps Falling

The United Nations Population Division is considering another drastic revision downwards, in its long-term projection for the world's population, according to the United States East-West Center in Hawaii.

Demographers held meetings at the UN in the middle of March, reportedly to consider reducing the agency's forecast of hu-

man population for the year 2050, to 7.9 billion people.

While no forecast will be formally released until later this year, such a drop would be very large, reflecting the continuing ravages of lower fertility, increasing mortality and decreasing life expectancies in many countries gripped by economic collapse or war, or both.

As recently as the late 1980s, demographic agencies' forecasts for human population in 2050 ranged from 10-12 billion, depending on varying assumptions for fertility under birth-control regimes, but never assuming that mortality would increase. In the first half of the 1990s, the UN's own 50-year forecast called for 9.4-9.5 billion; only in the UN's *State of the World Population* report of 2000, was the projection lowered to 9 billion. Another reduction in 2002, this time by a billion people or more, would be astonishing.

For an idea of how fast the human population's future is shrinking, consider that only in 2000, the UN Population Division forecast just under 7.9 people on Earth in 2025—the projection they now may be about to adopt, for 2050. This would correspond to a tiny annual population growth rate of about one-half of 1%.

## ***Economic 'Recovery'***

### **New York City Sees Homelessness Soar**

The number of homeless people in New York City has skyrocketed in the last 12 months, with an average of 32,000 people sleeping in shelters each night in February, up 23% over the same month last year. According to an article in the *New York Times Magazine* on March 24, "To Be Young and Homeless," by Jennifer Egan, this is the biggest one-year increase in the city's shelter history, and, possibly since the Great Depression. The number of homeless is higher than the previous record, reached in 1987, of 28,737 sleeping in shelters on an average night.

Most troubling is the fact that *families* now make up 75% of New York's shelter population: 13,000 children slept in shelters and temporary apartments provided by the

city, on any given night this past Winter.

Beginning in the 1990s, Mayor Rudolph Giuliani's administration forced the homeless to undergo arduous procedures to "prove" their homelessness, in order to receive assistance. The person or family was placed in a shelter or temporary "apartment," with sparse furnishings and few amenities, while an investigation was conducted to determine whether alternatives, such as relatives, existed to city-provided housing.

According to the *Times*, the typical homeless child is under five years of age, "very poor, and living with a sibling and single mother." Nationally, "in an era regarded as generally prosperous," the *Times* noted, "the numbers are staggering: Between 900,000 and 1.4 million children in America are homeless for a time in a given year."

## ***Labor***

### **Italian Unions Plan General Strike**

The three main labor federations of Italy—CGIL, CISL, and UIL—announced their commitment to hold a nationwide strike for eight hours on April 16. The CGIL, by itself, organized a protest rally in Rome on March 24, which drew well over 1 million people, Italy's largest labor protest ever. The strikes are occurring against new Italian government labor rules which will cause job losses, in turn stemming from the European Union's Maastricht Treaty austerity provisions. After Mario Biagi, the government official who was helping formulate the new regulations, was assassinated on March 19, by the intelligence agency-linked "Red Brigades" terrorists, the unionists included an anti-terrorism plank in their protests.

Also in Germany, labor is beginning to show unrest, with warning strikes of between 4,000 and 5,000 metal workers in the eastern states, notably in Saxony and Berlin. The metal workers in the western states are set to begin warning strikes on March 29, when the "conciliation period," which is mandatory under German tariff bargaining regulations, expires.

**DEFENSE** capital goods orders in the United States rose a huge 78% in February, driving durable goods orders to rise 1.5%, when they otherwise would have fallen by about that amount. Orders for computers and electrical products fell 2.4%; for semiconductors, 8.9%; and primary metals orders fell 3.1%. Unsold durable goods inventories rose by 0.5% in February.

**ARGENTINA'S** biggest gas distributor, Metrogas, will default on \$425 million in bonds, loans and notes. The announcement on March 25 added to the financial panic caused by the collapse of the Argentine peso to 3.5 to the dollar; the company blamed its default on the currency panic. Metrogas is owned by British and Spanish gas producers.

**MARCONI**, the 116-year-old British electrical engineering company once known as General Electric Co., is going bankrupt. About three years ago, Marconi Plc abandoned its defense-equipment production, and instead spent more than \$8 billion to become one of Europe's largest producers of Internet equipment. Since the peak of the "New Economy" euphoria about two years ago, Marconi's sales have collapsed, and the company had to fire 13,000 workers. On March 22, Marconi announced that its main creditor banks had refused to grant any new loans.

**MAJOR U.S. ENERGY** companies saw a decline in their 2001 profits. Net incomes for 22 big energy firms fell 65% in the fourth quarter of 2001, compared to the last quarter of 2000, and 15% for the year overall, according to the Energy Information Administration. The year also saw a spate of mergers, led by Chevron-Texaco, El Paso-Coastal, and Phillips-Tosco. In March 2002, the most rapid increase in gasoline prices in 50 years took place.

**THE NUMBER** of U.S. workers filing new claims for jobless benefits is running unexpectedly high, reaching 394,000 per week in late March.

## Breakthroughs at Arab Summit Confront Israel and the U.S.

by Hussein Al-Nadeem

Putting gossip and Arab mass media's "harem" behavior aside, one should emphasize that the Arab Summit held in Beirut, Lebanon on March 27-28 took actions critical for the Arab nations and the Middle East in general. Although 12 of the 22 nations were not represented by their heads of state, this summit was able to pass two historic changes in the Arab nations' relationship with Israel. Both pose challenges for the policies of the United States, and for the Mideast war policy of the Sharon government; the Arab Summit actions were taken at a critical moment for the very survival of Yasser Arafat and the Palestinian Authority.

First, the Arab states offered Israel a comprehensive peace initiative accepted by all Arab countries. Second, the Arab nations settled some old scores among themselves, especially the situation between Iraq and Kuwait. The representatives of Iraq and Kuwait signed written commitments to cooperate in settling all differences that have emerged since the Iraqi invasion of Kuwait in 1990 and the ensuing Gulf War in 1991.

However, this does not mean that the region is immediately closer to peace. The adoption of what had been known as the "Abdullah Plan," and the surprising Kuwait-Iraq agreement, may well be met by an escalation by the war-minded Israeli leadership and the Clash of Civilizations factions in Washington. Israel invaded cities of the West Bank the day after the summit concluded. The immediate reaction to the Arab Summit actions by Washington and Tel Aviv, was denial. Even the reporters at State Department spokesman Richard Boucher's March 28 press briefing, accused him of denying that there has been a substantial break by the Arab nations with U.S. policy on Iraq.

### **The 'Arab Peace Initiative'**

As expected, Saudi Crown Prince Abdullah bin Abdul Aziz made his peace offer to the Israelis public, in his speech on March 27 following the opening remarks by the summit's host, President Emad Lahoud of Lebanon. Prince Abdullah in-



*The March 27-28 Arab League Summit in Beirut took place under virtual war conditions, and was severely shaken, but then pulled together two critical agreements which challenge the Clash of Civilizations forces. Saudi Foreign Minister Saud al-Faisal briefs the press on March 28, with Arab League Secretary General Amr Moussa (left) and Lebanese Foreign Minister Mahmoud Hammud (center).*

voked the main principle of peace the Arabs had accepted in earlier occasions, which is “land for peace.” Addressing the Arab leaders, Prince Abdullah said: “It is clear in our minds, and in the minds of our brethren in Palestine, Syria and Lebanon, that the only acceptable objective of the peace process is the full Israeli withdrawal from all the occupied Arab territories, the establishment of an independent Palestinian state with al-Quds al-Shareef (East Jerusalem) as its capital, and the return of refugees.”

Prince Abdullah then “directly address[ed] the Israeli people, to say to them that the use of violence, for more than 50 years, has only resulted in more violence and destruction, and that the Israeli people are as far as they have ever been from security and peace, notwithstanding military superiority and despite efforts to subdue and oppress. . . . I would further say to the Israeli people that if their government abandons the policy of force and oppression and embraces true peace, we will not hesitate to accept the right of the Israeli people to live in security with the people of the region. . . . Only within the context of true peace can normal relations flourish between the people of the region and allow the region to pursue development rather than war and destruction.”

The Crown Prince urged the member-states of the Arab League to “put forward a clear and unanimous initiative addressed to the United Nations Security Council based on two basic issues: normal relations and security for Israel, in exchange for full withdrawal from all occupied Arab territories, recognition of an independent Palestinian state with al-Quds

al-Shareef (East Jerusalem) as its capital, and the return of refugees.”

The initiative proposed was actually then drafted by a committee consisting of the “frontline states”—Syria, Lebanon, Jordan, and Egypt in addition to Saudi Arabia and Morocco, the Chairman of the Jerusalem Committee. A final draft was presented to the final session on March 28, called the “Arab Peace Initiative” (see box), and ratified by all Arab states.

The initiative has two objectives. In the short term, it may be an offer to which Israeli Prime Minister Ariel Sharon, given his policies, cannot say “yes.” It is intended to expose Sharon’s unwillingness to opt for peace, and by that means contribute to his ousting. On the long term, this initiative will become a complete package for comprehensive peace between Israel and the Arab nations, whose parts cannot be divided and negotiated separately. It also implies that future negotiations could be conducted by the Arab states as a group with Israeli representatives; thus, that Arafat would not again be cornered at a Camp David, squeezed between a U.S. President and an Israeli Prime Minister trying to extract agreements from him on the most sensitive issues.

### **Sabotage Over Arafat’s Trip**

Sharon’s desperate Israeli government tried to sabotage this summit by preventing the “bridegroom,” Palestinian Authority President Arafat, from attending the “wedding” in Beirut. This was done by imposing humiliating conditions on

him, such as getting personal permission from Sharon himself, and letting Sharon censor the content of the speech to be delivered by Arafat. The real problem, however, was not Sharon. It was the Bush Administration's unwillingness to put pressure on Sharon and force him to give all the assurances necessary for Arafat's safe round trip.

This prompted a serious reaction from the one Arab nation which is the leading U.S. ally and has a peace agreement with Israel—Egypt. According to the Egyptian State Information Service, President Hosni Mubarak advised the Palestinian President not to go to the summit; Mubarak, as well, did not go himself. He told an interviewer on March 27 that his advice to Yasser Arafat had actually saved the summit. "The Arab leaders would have been put in an intolerable fix had Arafat gone to Beirut and been denied access back to the Palestinian

territories, especially as the Arabs have no party to resort to in order to convince Israeli Prime Minister Ariel Sharon to allow Arafat back," Mubarak said.

Mubarak stayed away not only in solidarity with Arafat, but as a protest against the U.S. Administration's lack of interest in facilitating Arafat's participation in a summit which could bring about historic changes toward peace with Israel. Mubarak's protest action was followed by a last-minute decision by Jordan's King Abdullah also not to attend.

"The conditions set by the Israelis have turned the whole matter into a means to blackmail the Palestinian Authority and people," Mubarak said. "They do not want to implement [the] Tenet plans, for they keep making remarks to change them, and also to change [the] Mitchell recommendations, and then they come out with Zinni's paper, and later on they

## Arab Summit Endorses Abdullah Peace Plan

*The following resolution, entitled "The Arab Peace Initiative," was passed by the Council of Arab States during its session on March 27-28, 2002.*

The Council of Arab States at the Summit Level at its Fourteenth Ordinary Session,

Reaffirming the resolution taken in June 1996 at the Cairo Extraordinary Arab Summit, that a just and comprehensive peace in the Middle East is the strategic option of the Arab countries, to be achieved in accordance with international legality, and which would require a comparable commitment on the part of the Israeli government,

Having listened to the statement made by His Royal Highness Prince Abdullah bin Abdul Aziz, Crown Prince of the Kingdom of Saudi Arabia, in which His Highness presented his initiative calling for full Israeli withdrawal from all the Arab territories occupied since June 1967, in implementation of Security Council Resolutions 242 and 338, reaffirmed by the Madrid Conference of 1991 and the land-for-peace principle, and Israel's acceptance of an independent Palestinian state with East Jerusalem as its capital, in return for the establishment of normal relations in the context of a comprehensive peace with Israel,

Emanating from the conviction of the Arab countries that a military solution to the conflict will not achieve peace or provide security for the parties, the Council:

1. Requests Israel to reconsider its policies and declare that a just peace is its strategic option as well.
2. Further calls upon Israel to affirm:
  - I. Full Israeli withdrawal from all the territories occu-

pled since 1967, including the Syrian Golan Heights, to the June 4, 1967 lines, as well as the remaining occupied Lebanese territories in the south of Lebanon.

II. Achievement of a just solution to the Palestinian refugee problem to be agreed upon in accordance with UN General Assembly Resolution 194.

III. The acceptance of the establishment of a sovereign independent Palestinian state on the Palestinian territories occupied since June 4, 1967 in the West Bank and Gaza Strip, with East Jerusalem as its capital.

3. Consequently, the Arab countries affirm the following:

I. Consider the Arab-Israeli conflict ended, and enter into a peace agreement with Israel, and provide security for all the states of the region.

II. Establish normal relations with Israel in the context of this comprehensive peace.

4. Assures the rejection of all forms of Palestinian repatriation that conflict with the special circumstances of the Arab host countries.

5. Calls upon the government of Israel and all Israelis to accept this initiative in order to safeguard the prospects for peace and stop the further shedding of blood, enabling the Arab countries and Israel to live in peace and good neighborliness and provide future generations with security, stability, and prosperity.

6. Invites the international community and all countries and organizations to support this initiative.

7. Requests the chairman of the summit to form a special committee composed of some of its concerned member states and the secretary general of the League of Arab States to pursue the necessary contacts to gain support for this initiative at all levels, particularly from the United Nations, the Security Council, the United States of America, the Russian Federation, the Muslim states, and the European Union.

demand that Arafat inform them of the contents of the speech that he was supposed to give before the summit, had he been allowed to go. There is no humiliation more than that; I felt dismay and anger to see an Arab leader being treated in such a way. If Sharon thinks that putting more pressures on Arafat would make him respond to the Israeli demands or lay off, . . . he is just fueling the hatred in the people's hearts."

Arafat was represented at the summit by Palestine Liberation Organization Foreign Minister Farouk Kaddoumi. However, under circumstances that remain mysterious, the chairman and host of the conference, President Lahoud, blocked Arafat's live address to the Arab leaders via satellite. This prompted the Palestinian delegation to withdraw. Other delegations decreased their representation at the summit, and for a moment the summit seemed to have collapsed.

However, the Arab leaders managed, overnight, to bridge all the differences, and emerged united the next day. This reflects the existence of a pre-established common agreement, to pass the resolutions necessary to meet the grave threats the region is expecting.

### **The Iraq-Kuwait Settlement**

The other major breakthrough was the surprising attitude of conciliation among Iraq, Kuwait, and Saudi Arabia. In the past few months, the Iraqi leadership has made serious diplomatic moves to regain confidence with the other Arab states, especially in the Persian Gulf. The Secretary General of the Arab League Organization, Amr Mousa, visited Iraq earlier this year and was asked by Iraqi President Saddam Hussein to convey specific initiatives for reconciliation with Saudi Arabia and Kuwait. The Saudi leadership welcomed the proposals, but Kuwait continued to claim that it could never trust the Iraqi leadership again.

The most important sign of a shift in the Arab mood toward Iraq, and toward American policy on Iraq, was the response to U.S. Vice President Dick Cheney's mid-March tour in the region. Every Arab leader Cheney met, including Saudi Arabia's King Fahd and Crown Prince Abdullah, and even the Kuwaiti leaders, informed him that they rejected any military action against Iraq, and that Saudi Arabia will not provide any basing. (British press reports at the end of March claimed that the United States would shift its staging buildup to Qatar, instead.)

At the Arab Summit, Iraqi Vice President Ezzat Ibrahim responded: It was announced on March 28 that Iraq and Kuwait reached and signed an agreement on recognizing each other's sovereignty, borders, and the necessity of preserving their national security and territorial integrity. Iraq has also reportedly pledged not to repeat the August 1990 invasion of Kuwait. This agreement was negotiated by the governments of Qatar and Oman.

Notably, the Iraqi delegation did not oppose the Saudi peace initiative with Israel, a major shift, and television coverage showed Crown Prince Abdullah embracing Iraqi Vice President Ibrahim.

In the final statement of the summit, this agreement between Iraq and Kuwait was referenced and welcomed by all Arab states: "The Council welcomes the assurances by the Republic of Iraq that it will respect the independence, sovereignty, and security of the state of Kuwait and safeguard its territorial integrity. Within the same framework, the leaders emphasize the importance of suspending media campaigns and negative statements to create a positive atmosphere. . . . The Council calls for respecting Iraq's independence, sovereignty, security, territorial integrity, and regional safety. The Council calls on Iraq to cooperate in seeking a . . . definitive solution to the issue of the Kuwaiti prisoners and detainees and returning [Kuwaiti] properties. The Council also calls on Kuwait to cooperate with what Iraq offers with respect to its nationals who are reported as missing through the International Committee of the Red Cross. . . . The Council calls for lifting the sanctions on Iraq and ending the tribulation of the fraternal Iraqi people. The Council rejects threats of aggression against some Arab states, particularly Iraq, and reiterates categorical rejection of attacking Iraq."

This, and Iraq's readiness to reopen the dialogue with the United Nations on accepting international inspectors for "weapons of mass destruction" back in Iraq, will pose a major obstacle for the Anglo-American plans for launching a major military offensive against Iraq. *EIR* had warned the Arab leaders in an open memorandum to the summit, which was widely circulated in the Arab world and in the press, that this would create a major "public relations" crisis between the United States and the rest of the world; but that it does not mean the "utopian" military factions inside the U.S. power structures would be thwarted from their Clash of Civilizations war on Iraq. The only solution, as the *EIR* memo stressed, would be to tell the truth and expose the connections of those behind the Sept. 11th attacks, to the Brzezinski-Kissinger-Huntington "new Roman Empire" faction in the United States and Britain.

This fundamental responsibility for the war crisis was not addressed by the Arab leaders, who left that issue to fate. The other major matter they did not address, is the question of establishing a new, just world financial and economic system, proposed by U.S. Presidential pre-candidate Lyndon LaRouche as the main requirement for world peace. The Arab states were only interested in the pan-Arab, and inter-Arab economic and trade developments, without referring to the real economic-financial crisis engulfing the world today. Even within that limited framework, the Arab leaders did not address the real economic issues—large-scale economic infrastructure and water projects, including nuclear-powered water desalination for the region.

With the political and ideological breakthroughs achieved at the Lebanon summit, the Middle East and the world do not seem closer to peace. The problem does not lie with the Arab leaders themselves—except by crucial omissions—but with an insane group of "universal fascists" in the United States, Britain, and Israel.

# On the Current Mideast Situation

by Lyndon H. LaRouche, Jr.

*Hussein al-Nadeem of EIR submitted questions to Lyndon LaRouche on March 26—on the eve of the Arab League summit meeting—on developments in the Middle East, the new war threats in the region, and the possibility of a solution.*

**EIR:** U.S. Vice-President Dick Cheney has just concluded an 11-nation tour in the Middle East. In each of these states, leaders gave him a clear “No” signal on the U.S. plans to launch a new military strike against Iraq. On the other hand, they expressed their deep concerns about the Israeli Army’s brutal practices against the Palestinian people and its leadership. However, upon returning to Washington, Cheney stressed that he got a message contrary to this, from the Arab leaders, concerning Iraq. What is your assessment of such behavior?

**LaRouche:** Since Vice-President Cheney has permitted no disclosure of the content of these privileged exchanges, we must assess the situation in light of both our knowledge of the situation and the high degree of unreliability of most official U.S. statements on these and related matters. Mr. Cheney must be appreciated as speaking publicly for effect, just as the usual practice of his administration has been on virtually every other topical area, and increasingly so, over the course of recent months. We must continue to view such matters in light of the persisting absence of any truthful representation of the actual conduct of Israel’s government and military forces, from the U.S. government during recent months.

In addition to other considerations, knowledgeable U.S. political observers will continue to take into account the impact of the scheduled November U.S. elections, on the current behavior of the administration on all topics, concerning all areas of the world, especially the Middle East.

**EIR:** In view of your insight into the American political and economic-financial situation, is the United States capable of launching a new major war, either individually or together with Britain and Israel, against Iraq or any of the so-called “rogue states,” and what is the time frame for such an operation, if it really exists?

**LaRouche:** From a military standpoint, any U.S. attack upon Iraq, excepting a preemptive nuclear strike against a non-nuclear state, is currently estimated, among relevant military and related circles, to require between 200,000 and 300,000 troops. It is estimated that this could not be put into place

earlier than the Autumn, and, politically, not before the November 2002 Federal and state elections. However, under present circumstances, all normal sorts of estimates and related forecasts are put into doubt. Anything is possible, at any time. The fact that some option is insane, on logistical or other premises, does not mean that the governments involved in the threatened attack are sane, or realistic in any other sense.

To illustrate that point, look at the current situation in Afghanistan, which the United States claims to have virtually won, at precisely the moment the expected long-range phase of the war has just recently only begun. All rational military expectations, including studies of both British Nineteenth-Century experience there, and the Soviet experience during the 1980s, implied that no sane power would ever make so foolish a mistake, as to repeat the Soviet experience in mountain warfare in that area. To strike a posture of a wider, “hundred years-long” war in many parts of the world, including Iraq, while suppressing reports of the embarrassing recent developments in Afghanistan, is not the behavior of a realistic strategic power, but a government made desperate by the combinations of an impossible global economic-financial and strategic situation. One thinks of England’s fabled Richard III crying out in desperation for a horse.

**EIR:** What is the role of Israel’s Prime Minister Sharon and the commanders of the Israeli Defense Forces in creating a pretext for an enlarged Arab-Israeli conflict, and probably a worldwide religious war?

**LaRouche:** The assassination of Israel’s Prime Minister Rabin, and the refusal of the currently reigning Israeli institutions to punish the institutions behind that killing, shows us an Israel gripped ideologically by the suicidal lunacy of an “Eretz Israel/Masada” complex. The rising rivalry of Sharon and Netanyahu accentuates the growing sense of desperation in those Israeli circles.

This situation inside Israel is aggravated by the impulses from the utopian Clash of Civilizations faction around Brzezinski, Huntington, Kissinger, the Smith Richardson Foundation, American Enterprise Institute, Cato Institute, et al., inside the U.S. policy establishment. The very intimate interlinks between those fascist circles in Israel, associated with both Sharon and Netanyahu, and the universal fascist circles of Brzezinski et al. among the U.S. utopians, are, for the present moment, the principal threat to global civilization.

In this connection, Iraq is not really the issue; the use of an attack on Iraq as a detonator for a global Clash of Civilizations war, is the crucial element of motive for both Israel and its U.S. utopian co-thinkers. The latter are as deeply embedded in the Democratic Party circles of former Vice-President Gore and Senator Lieberman, as they are among Senator McCain’s Republicans.

The problem is, that the world situation is such, that the U.S. utopians can not accept any course of action which does not lead directly toward global spread of total warfare. There



*“Mr. Cheney must be appreciated as speaking publicly for effect” on preparations for an Iraq war, and its impact on the Middle East as a whole, “just as the usual practice of the [Bush] Administration has been on virtually every other topical area, and increasingly so, over the course of recent months.”*

exist alternatives for the present global economic collapse, but no alternatives which are acceptable to the leading, entrenched desperadoes in Israel and the U.S.A. Only if they are forced to accept alternatives they would not willingly tolerate, is there any hope of avoidance of the very worst outcome from this present period of global crises.

We are therefore gripped by a world situation, in which no usual sort of forecast can be made with any degree of reliability. Whenever a civilization has entered a similar predicament in the past, the result has been ultimately awful for most of the parts of humanity involved. Like the collapse of two Roman Empires of the past, when survival of a culture requires its acceptance of alternatives which it can not, as a culture, accept, the likely result is a plunge of that culture into a self-inflicted, mass-homicidal form of new dark age.

**EIR:** Is the leaking of the Pentagon’s “Nuclear Posture Review” to the press—on possible preemptive nuclear targetting of non-nuclear nations—a case of the “inmates taking over the asylum” in U.S. military policy-making? Or, is it part of the psychological warfare being practiced by what you called the “utopian” empire faction in the United States and Britain?

**LaRouche:** Since the 1789 adoption of the draft U.S. Federal Constitution of 1787, the world has been dominated by the radiating effects of the fact that that Constitution represented a mortal threat, to both the British monarchy’s system and the Habsburg-typified relics of continental European feudalism.

Thus, we had the world’s first fascist state, that of the Emperor Napoleon Bonaparte; and the emergence of the post-1814 cooperation of the mortal rivals—the British monarchy and Holy Alliance—both of which were united, as Henry A. Kissinger has described this, by a common desire to cut one another’s throats, but an overwhelming desire to crush the United States out of existence first; a view which Henry Kissinger has shared, and publicly stated, for about fifty years to date.

For example, when the British monarchy put Adolf Hitler into power, beginning January 1933, that monarchy’s original intention was to keep the U.S.A. out of the new war which Britain intended for Europe. However, when London discovered that the Hitler regime’s intended strategy was to strike against Britain and France first, London dumped the now-embarrassing King Edward VIII, and sought Franklin Roosevelt’s commitment to build up

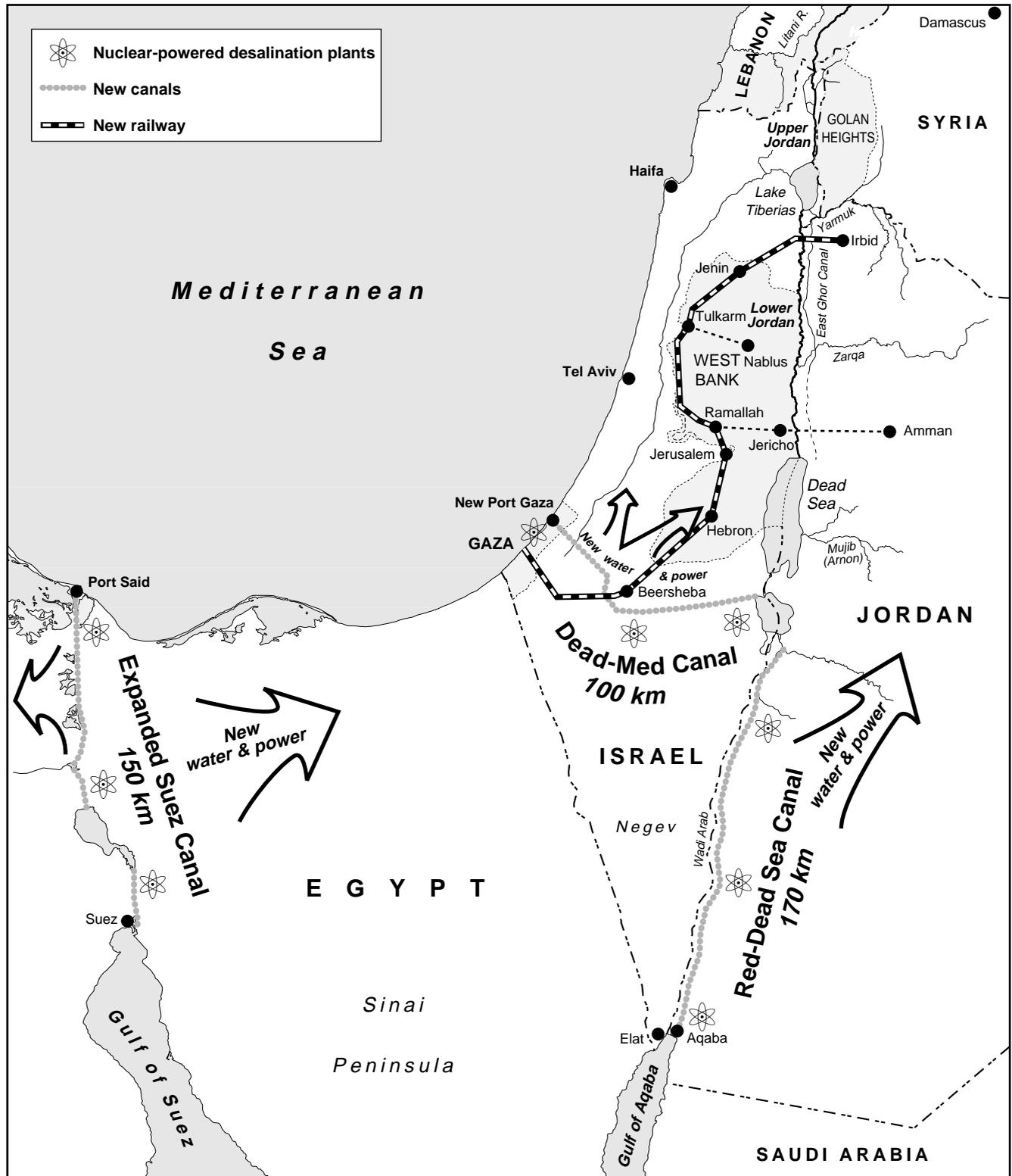
for a war against Hitler.

In the meantime, with the successful 1901 assassination of U.S. President William McKinley, by terrorist circles associated with New York City’s Emma Goldmann, the Presidencies of pro-Confederacy Theodore Roosevelt, Ku Klux Klan fanatic Woodrow Wilson, and the Coolidge-Mellon clique of the 1920s, transformed the United States into a virtual member of the British monarchy’s Commonwealth. Only President Franklin Roosevelt and, while he lived, President Kennedy, have been notable exceptions to the dominant role of a financier clique which regards itself as both a virtual member and rival of the British monarchy’s Commonwealth, as Sir Henry A. Kissinger merely typifies this.

After that war, and the ouster of General of the Armies Douglas MacArthur, a radical shift in military policy was introduced. With the close of the Eisenhower Presidency, this new policy, which both Eisenhower and MacArthur denounced, modelled on both the ancient imperial legions of Rome and the Nazi Waffen-SS, grabbed for power, in partnership with co-thinkers in Spain, France, and elsewhere. The attempted assassination of France’s President Charles de Gaulle was typical of this change.

With the 1989-1991 collapse of the Soviet Union, the utopian faction of Brzezinski et al. launched its long-range effort to eradicate the existence of the sovereign nation-state in all parts of this planet. “Globalization” is one typical expression of this. Their policy is what Kissinger crony Michael

# The 'Oasis Plan' for Middle East Development



LaRouche stressed in his recent open letter, "Peace Between Two Presidents," that Middle East peace depends absolutely on economic development, and especially water/desalination development. His "Oasis Plan" development conception of nearly three decades, is represented in this 1997 EIR Special Report map.

Ledeen has aptly described as “universal fascism”: a revival, in principle, of the goals of the Nazi Waffen-SS, as Sharon’s policies toward the Palestinians copy exactly the SS practices against the Warsaw Ghetto. Their strategic policies are parodies of those of the ancient Roman Empire and its legions; that is the meaning of the attack on Afghanistan and the threat to Iraq.

**EIR:** What do you think the Arab leaders and their states should do in this situation, in order to prevent Sharon’s “final solution” against the Palestinians and a war against Iraq?

**LaRouche:** The strategic key to any durable solution is to be found only in a kind of reform of the world’s currently collapsing world monetary-financial system for which I have dedicated my efforts over more than thirty years. In brief, an appropriate revival of the protectionist Bretton Woods system of the 1945-1965 interval, this time including all nations as partners in a common effort by a community of respectively sovereign nation-states. This means a long-range commitment, to rebuilding the world economy in a just manner. Peaceful cooperation in large-scale infrastructure development throughout Eurasia should be the keystone of that rebuilding-process, with development of Africa occurring as a by-product of developments in Eurasia.

The crucial point to be emphasized, is that the 1945-1965 monetary system worked, whereas the changes of the past thirty-five years, especially since August 1971, have been a catastrophe. To make sudden changes, it were better to begin with models which worked in the recent past, and to proceed from there to further improvements.

**EIR:** What is the alternative to the current policies?

**LaRouche:** A dialogue of cultures should not be approached as a negotiation among religions, but, rather, as a process of defining, not the details, but the common principles under which we should agree to be governed in our respective states. Crucial is the principle known as the “general welfare,” or “common good,” which should be the constitutional requirement of governments, and of the pursuit of mutually beneficial cooperation among states. The 1648 Treaty of Westphalia, whose principal stipulation was that the peoples which had been in thirty years of religious warfare, must love one another despite their differences, is a standard applicable to the present reality.

**EIR:** U.S. Federal Reserve Chairman Alan Greenspan, and Wall Street, have been talking about an economic recovery. Is this a mere fantasy? Or, is it part of the wish for a war-time military industrial mobilization?

**LaRouche:** It is worse than a fantasy. It is an intentional lie. There is no recovery in process, but only a gigantic swindle which attempts to deceive the foolish and credulous majority of the population for a little time longer. The recent leak of reports on the minutes of a recent Federal Open Market

Committee session, points to the outright frauds being undertaken by the U.S. Federal Reserve System to deceive public opinion for a short time to come. It will never work. The so-called war-like military mobilization is, in its present form, a farce.

**EIR:** Since Sept. 11th, the hopes for a dialogue of civilizations seem to have been fading, a dialogue of the sort which Iran’s President Khatami called for in his UN General Assembly speech in 2000; or the one you called for in a Khartoum, Sudan conference in January 2001. Can such a dialogue be revived? What is the basis upon which such a dialogue can be built?

**LaRouche:** It could work, but only if the prospective participants are brought together under conditions in which they recognize the awful penalty of failing to succeed in such a dialogue. Most people will cling tenaciously to little points of difference, until they are aware that failure to reach reasonable agreement would be an awful catastrophe for all concerned. That was the secret of the success of the 1648 Treaty of Westphalia, after thirty years of terrible religious warfare.

**EIR:** How is this related to the rebuilding of the world’s economic and financial system?

**LaRouche:** This takes our attention to the fundamental issue of economic science, the fundamental issue of my speciality, the science of physical economy. There is no sustainable form of fixed social or technological model of economy. The imperative is progress or death through attrition. It is the individual’s sense of participation in reliving both the great discoveries and related achievements of the past, and bringing forth the improvements needed for the future, which imparts to that individual a sense of meaningful participation, as a creature in the image of the Creator, in making the future possible.

The recent decades’ popularization of evil ideas, such as the notion that the planet is overpopulated. builds the form of hatred based in the desire expressed by the most evil among the Israelis, that others (the Palestinians) must die, so that the Israeli settlements may steal more land and more water on which to live. That is, in fact, Hitler’s doctrine of *Lebensraum*, copied by the present-day followers of the avowed fascist, and one-time Hitler admirer, Vladimir Jabotinsky.

Contrary to the Nazi-like ideas of the forces associated with Sharon, the development of the land and water of the Middle East is the only durable basis for peace in that region. The situation around the world, whether in the interior of China, or elsewhere, is similar. We as human beings, must do good for future generations, and must find some way in which we, as individuals, can participate in the production of that good.

Once we are rid of that evil dogma of the brutal Thomas Hobbes, the Hobbes whose philosophy Kissinger has avowed he prefers, durable peace on this planet will be possible.

# TVA on the Jordan: A Predecessor To LaRouche's Oasis Plan

by Marsha Freeman

*Fifty years ago, a proposal was put forward to use the model of the Tennessee Valley Authority to economically develop the nations of the Middle East. While the TVA is best known for the dams it built in the seven-state Tennessee Valley, what was unique to this Franklin D. Roosevelt-era agency was the concept of multi-purpose dams, for integrated economic development projects. The TVA's dams were designed to provide not only flood control, but crop irrigation, hydroelectric power, navigation, and recreation, because the goal of the TVA was not to build dams, but to transform the Tennessee Valley. In addition to water projects, the TVA built schools, libraries, health-care facilities, transportation, and other infrastructure.*

*If such an integrated water and economic development approach had been implemented 50 years ago, when the TVA presented it, there would be no threat of war in the Middle East today. In the past five decades, technologies have advanced, and the shortage of water in the Middle East has worsened. Along with dams for water control, new water must be created, using technologies such as nuclear desalination. This idea was the core of Lyndon H. LaRouche's proposed "Oasis Plan," first issued in 1990, during the build-up to the Gulf War. The approach of the TVA, for the integrated development of natural resources, agriculture, and industry,*



*Palestinians in Jordan wait in line to get water. The scarcity of water in the Mideast is the vital issue that must be addressed, before there is any hope of peace. The TVA approach shows the way.*

*and the standard of living for the population that this requires, still stands as the model for the great project approach to economic development.*

*This article appeared in the New Federalist newspaper on Feb. 18, 1991, at the time of the Gulf War.*

Lyndon LaRouche has insisted for over 15 years that the only way to achieve a lasting peace in the volatile Middle East is through region-wide integrated economic development projects. Given the arid conditions now prevailing in the region, these development projects must necessarily center around the construction of water projects for agriculture, industry, and cities.

In the mid-1950s, the men who had played key leadership roles in the Tennessee Valley Authority (TVA) presented a plan to the nations of the Middle East and to the United Nations, to develop this region as an alternative to political strife and war. The plan was based on the remarkable success that the TVA had demonstrated during the previous two decades in the transformation of the southeastern region of the United States during the Great Depression.

The TVA, established at the trough of the U.S. economic collapse in May 1933, built a series of 20 dams in less than 20 years to control flooding and expand navigation on the Tennessee River and its tributaries. The program introduced electricity to virtually every farm and household in an area spanning seven states, developed improved fertilizers and advanced agricultural methods, and introduced health care and literacy to a region and population not very different, at that time, from those of many Third World nations.

Internationally, the TVA gave hope and optimism for the future to hundreds of millions of people, especially in nations which had only recently won their independence at the end of World War II.

According to then-TVA head David Lilienthal, writing in 1954, representatives of nearly every nation in the world had visited the TVA over its first 20 years. These included Israeli Prime Minister David Ben-Gurion and officials from many Arab countries. The TVA experts proposed to build a "TVA on the Jordan."

## Transforming the Mideast

The area of what was called Palestine in the 1940s is slightly over 10,000 square miles, or approximately one-quarter the area of the Tennessee Valley. The major water supply for Palestine and Israel originates in Lebanon, Syria, and Jordan. Lilienthal wrote in 1944 that "cooperation between Israel and the adjacent Arab states would be absolutely essential to the successful execution of the proposed overall plan;

only small portions could be developed to an individual country's advantage without such cooperation."

It was proposed that the water resources be developed for power and irrigation through a series of dams on the upper Jordan River and its tributaries, which could store water and also divert some into a network of irrigation canals. In order to compensate the Dead Sea for the loss of these waters, seawater from the Mediterranean would be introduced starting at a point near Haifa and conducted through tunnels and canals down the below-sea-level Jordan depression to the Dead Sea.

As this seawater dropped into the Jordan rift, there would be almost 1,300 feet of effective fall for the development of hydroelectric power. It was also proposed to develop underground water resources along the coastal plain from the northern border with Lebanon, south to the Egyptian border. The plan was to be completed in eight stages.

It was estimated that irrigation would provide for at least 606,000 newly cultivated acres, and produce 660 million kilowatt-hours of electrical energy per year.

In the mid-1950s, the United Nations Economic Survey Mission for the Middle East was also proposing economic development programs. Gordon Clapp, who had been the general manager of the TVA, served as the head of the UN Economic Survey Mission for the Middle East.

For the Middle Eastern States of Syria, Lebanon, and Jordan, the UN recommended "pilot demonstration" projects on the Orontes and Litani Rivers, and the Wadis Zerka and Qilt Rivers. Reclamation of the large swamps on the Orontes River in western Syria would add 183,000 acres to the land already under irrigation. The Litani River in Lebanon could provide 350 megawatts of power capacity. The experts determined that a dam on the Wadis Zerka in Jordan could double the dry-season flow and double the irrigable land.

There were many people from the TVA in the UN project. Van Court Hare, from the TVA office of chief engineer, served as a member of the mission's engineering development staff, headed by William L. Voorduin, who was formerly the head project planning engineer for TVA. James B. Hayes, formerly project manager of TVA's South Holston project and an irrigation and power engineer with over 30 years of experience, was the Palestine Commission's chief engineer for the development plan. Other TVA people assisted, including Col. Theodore B. Parker, former chief engineer of TVA.

## Development of Iran

In southwestern Iran, north of the Persian Gulf, lies the Khuzistan region, with an area of 58,000 square miles and a population of 2.5 million. It is an oil-producing region where the local population suffers a poor standard of living. After World War II, Iran embarked upon a Seven Year Plan which yielded disappointing results due to political, financial, and other difficulties. In the mid-1950s, Iran launched a second plan headed by Abol Hassan Ebtahaj, an economist and banker.

FIGURE 1

## The Area Served by a TVA on the Jordan



In 1955, Ebtahaj invited Lilienthal and Clapp to visit Iran. They arrived in 1956, and were asked to prepare a comprehensive program for the integrated development of this region, and to commit themselves to also *implement* the plan. A two-year program of surveys and investigations was completed, leading to the recommendation for an action program.

The study found that a virtually unlimited amount of natural gas existed in the region. The five rivers which are fed from mountain snow contain enough water to irrigate 2.5 million acres, and the hydroelectric potential was more than 6 million kilowatts.

The TVA team recommended: 1) the construction of a high, thin arch dam on the Dez River for irrigation, power, and flood control, and that eventually 14 dams be built on that river; 2) that a 132-kilovolt transmission line from Abadan north to Ahwaz be built to utilize idle capacity from a steam plant owned by the oil companies until power from the dam was available; 3) that an agency be formed to manage electricity production and distribution; 4) that a 10,000-acre sugar cane plantation be developed, with a mill and refinery; 5) that the agricultural groundwork be laid to prepare for future irrigation projects including the testing and demonstration of

the economic use of fertilizers; and 6) that a polyvinyl chloride manufacturing plant be built as the first step in a comprehensive industrial complex based in part on the abundant reserves of gas.

The program was approved, though the polyvinyl plant was abandoned due to lack of money. Over 200 contracts were awarded, including to companies in Great Britain, Italy, Holland, France, Japan, the United States, Germany, and Sweden. Out of the 400 non-Iranian employees, about half were Americans, and over 30 had TVA experience.

By 1967, the initial plan was essentially complete. Electricity consumption had increased 300% since 1958 when the transmission line had been completed. A 50,000 acre pilot irrigation area for improved agriculture, fertilizer use, and improved seed varieties was in operation. As Clapp reported at that time, "in the pilot irrigation project, the desert truly has been made to bloom; and during the next four years, the irrigation network will be expanded to bring controlled flow of water to 360,000 acres."

By 1967, Iran had invested over \$190 million in the series of projects for the region, including \$42 million loaned from World Bank, with the rest from oil revenues.

Clapp reports that "in the beginning, there was a great amount of cynicism about the Khuzistan program. When plans for the dam and sugar cane factory were announced, only a small minority thought they would actually be built. Once started, many believed that the projects would never be finished. Once finished, it was assumed they probably wouldn't work. But as predictions, one after another, have come to pass, the old spirit of pessimism and cynicism has begun to fade. There is now new hope for a better future in Khuzistan."

### **'Enterprise on a Large Scale'**

The approach of the people who created and led the work of the TVA was distinctly different than the "economic" gobbledygook put forward in 1932 by many "professional economists" as a way to get out of the Depression—gobbledygook which is often repeated today. "The Authority was established in the U.S. of A. at a time of economic distress, in the gravest worldwide economic depression ever recorded. It came into being when governments were taking the desperate course of restricting production and destroying produce in the hope of restoring economic welfare," wrote author Herman Finer near the end of World War II.

"The TVA represented an altogether different conception of the management of a modern nation's economic resources: that of enterprise on a large scale, deliberately undertaken by the public authorities, with certain social and economic purposes clearly in mind from the beginning. It represented an economic policy of hope and expansion in which the government would play a dynamic part," Finer wrote.

As TVA chairman, David Lilienthal became one of the most outspoken advocates for national governments assum-

ing their responsibility to develop the infrastructure prerequisite to economic growth.

The TVA on the Jordan was not started in 1954, and the Suez crisis two years later demonstrated the future of the region without such a perspective.

In the Summer of 1960 a meeting was held at the Weizmann Institute of Science in Rehovoth, Israel. That year, 17 new nations were coming into being, largely in Africa, and were entering the United Nations. About 120 delegates came to the International Conference on Science in the Advancement of New States.

At that conference, the new nations of Africa looked to Israel, in particular, standing at the crossroads of Africa and Asia, for direction on how to develop their peoples. Nigeria was six weeks away from the birth of its independence. The day the conference opened, the Republic of Congo (Brazzaville) was born, on Aug. 15, 1960.

One delegate from Nigeria reminded the delegates at the meeting, "There can be no peace when there is not enough food to eat, not enough clothing, not enough shelter for everybody." At that time, eight out of every ten infants died before the age of one year in Sierra Leone.

David Ben-Gurion, Prime Minister of Israel, told the Third World delegates that, "independence alone will not meet their needs. They require agricultural and industrial development, better education, housing, and health services, material and spiritual progress. . . ."

He described the "second revolution" taking place—the intellectual and scientific revolution. "The day is not far distant when the energy available to man will be multiplied, when scientists will succeed in achieving for peaceful purposes not only the fission of the atom but also the fusion of atoms." This will open an age of unlimited energy for the fructification of deserts, he envisioned.

Director-general for water planning for Israel, Aaron Wiener, spoke at the conference on the planning for water development. He reported that "the idea of linking rehabilitation with bold water undertakings was in itself not new." It was "formulated in engineering terms by the late James B. Hayes in his report of 1948 entitled, 'T.V.A. on the Jordan.'" Systematic work on water development in Israel was begun in 1956, but all hopes for the political integration of development for the entire region were destroyed by the Anglo-American manipulations, which have once again today engulfed the Middle East in the flames of war.

The situation in much of the world is, unfortunately, hardly different today than it was in the 1950s. Today, while hundreds of thousands of American troops try to destroy as much as they can of the military and economic infrastructure of at least two nations of the Middle East [during Operation Desert Storm], the words of M.R. Masini in April 1952, who was a former mayor of Bombay, should be juxtaposed: "The United States has no better ambassador-at-large in Asia than the one which bears the initials T.V.A."

# Israeli Women's Movement Follows A Lesson Taken From Aristophanes

by Dean Andromidas

In the Seventh Century B.C., Sparta asked Athens to send a great general to aid them in their war against the Messenians; the Athenians, in their wisdom, sent Tyrtæus, the crippled poet, whose poems inspired the Spartan soldiers on to victory. Two centuries later, when Athens and Sparta led two opposing factions in a bitter civil war which almost destroyed Greece, another poet, Aristophanes, the insightful writer of ancient comedies, used the power of poetry in an effort to bring peace. In his masterpiece, *Lysistrata*, the women of Athens and Sparta waged a campaign for peace with the strategy of denying their husbands their conjugal rights. The strategy brought the men to their senses, and they established peace, as Aristophanes writes, "Made by the power of Love." Aristophanes used the poetical principle that lies at the center of true humor in order to create within his audience, the conception that only through an act of love, could peace be brought to Greece.

A movement among the women of Israel today has taken a lesson from Aristophanes. Although not using precisely the tactics of his heroine, Lysistrata, they hope to become a powerful force for peace where the political leadership, dominated by men, has miserably failed.

The first manifestation of this poetic principle, was the 53 Israeli reserve soldiers and officers signing the now-famous "Combatants Letter," refusing to serve in the Israeli occupied territories. Since the letter first appeared at the end of January, close to 400 soldiers have signed; 10 are already serving prison terms. One, Itai Haviv, a reserve captain in the artillery corps, wrote a statement expressing why he signed the letter:

"I accuse you, Palestinians, of crossing all the red lines, in your struggle for freedom. Of not raising your voice when your brothers exploded and crushed the essence of humanity.

"I accuse myself. I was silent in face of the occupation. I accuse us of ruling another people. Of being indifferent to the suffering of others, despite our persecuted past. . . . Of being afraid. Afraid of shouting too loud. Afraid to pay a personal price to defend the moral image of this land. Of betraying the human dignity of others and ourselves. Of crushing the right of freedom."

Captain Haviv's statement is poetic, and an act of love. The moral impact of these few soldiers struck a powerful chord among growing numbers of Israeli wives, mothers, and

sisters, who not only fear for the men they love, but more importantly, fear the destruction of those virtues for which they love their husbands, sons, and brothers. They have begun to take action.

## Potential Ally in Senator Mitchell

In an interview appearing recently in the *Palestinian Report*, former U.S. Sen. George Mitchell, who is trying to make peace in Palestine and Israel, spoke of his own personal experience when he played the role of peacemaker in Northern Ireland. At one point, after violence had brought talks to a crashing halt, "a very unique and interesting thing happened. Irish women, on both sides of the conflict, intervened. They intervened with their families, they intervened institutionally, and they made their views known. Without the leadership of women in Northern Ireland, there would have been no political solution and we would have had more bombs. When the women of Israel and the women of Palestine get together and demand peace, and demand an end to violence, then we will have a political solution."

The "Lysistrata" movement is complex. One mother who signed a petition in support of the Combatants Letter was Ofra Mayerson, mother of more than one reserve officer, and wife of retired Gen. Rafael Eitan, a leading right-wing personality in Israel, Ariel Sharon's former chief of staff, and founder of the ultra-right Tsomet Party. General Eitan has withdrawn from politics but has not changed his own political views. Mayerson told the Israeli daily *Ha'aretz*, "I try to convince everyone that I know not to enlist, to refuse!" Her son's reaction was to say, "Mom, you're bothering me," she related. "It's hard for me, knowing that I'm disturbing my sons, because this month, they're both going to reserve duty, and they need mothers and wives and girlfriends who will keep their mouths shut . . . and greet them happily when they return on furlough and feed them and iron for them and be proud of them. But I'm 'bothering' my sons."

Shoshan Brosh-Weitz, of the group called Re'ot (Friends)—mothers, wives, and girlfriends who support the signers of the Combatants Letter—told *Ha'aretz* that she uses more aggressive tactics which she calls "pedagogy from a distance. . . . Calling them all the time on their cell phones, sending them letters, writing them candid letters." She says

## Israeli War Economy Implodes

The value of goods and services in the Israeli Gross National Product is approximately \$100 billion, so that a \$1 billion loss represents about 1%. Last year, Israel lost 41 billion shekels (\$8.5 billion) in these areas, meaning a loss of 8.5% in national product, according to the daily *Ma'ariv* on March 15. That loss is the equivalent to the entire education budget plus all transfer payments for the needy; six times greater than the state budget for public security. This is not just the result of the Intifada, which has added 4.9 billion shekels in security expenditures.

*Ma'ariv* journalist Yossi Greenstein reports that Israel has plunged, within months, "to depression, . . . thrown into the deepest recession in 50 years."

- In 2000, the Israeli economy grew by 6.4%. In 2001, the economy shrank by 0.5%.
- Production in the business sector shot up 8.5% in 2000. It dropped 2.2% in 2001. Industrial production grew by 11% in 2000. In 2001, it dropped 6%. High-tech production grew by 26% in 2000. In 2001, it dropped by 24%.
- In 2000, the per-capita national product rose 3.6%. In 2001 it dropped 3%.

- Investment in the Israeli economy in 2000 grew by 9.5%. In 2001 it dropped by 11%. Foreign investors withdrew \$1.2 billion from the Tel Aviv market in 2001. Direct investments in the economy (factories, businesses, and real estate) dropped in 2001 by 33%, to \$3 billion.

- Compared with 46,100 building starts in 2000, there were only 31,700 starts in 2001, a 31% drop. Building sector production overall, in 2001, dropped 11%. Investments in the building sector dropped 16%. Real estate transactions dropped by 12%.

- Israeli farmers suffer from a shortage of workers, due to the closure of the West Bank and Gaza to Palestinians. Foreign workers are being imported from Thailand and China, but are not as effective.

- The number of unemployed jumped from 40,000 to an all-time record of 260,000, and unemployment is expected to cross the 10% barrier, reaching 300,000 by the end of 2002.

- Purchases of new cars dropped 0.5% in 2001; sales of electrical appliances dropped 10%, after a rise of 17% in 2000.

The Finance Ministry had projected growth of 4.5% in 2001, but, as noted above, the economy contracted by 0.5%. Bank of Israel Governor David Klein said growth would be 0% in 2002. The expected loss of 8.5% of the national product will lead to a 14 billion shekel drop in tax revenue, and consequent increase in the budget deficit. 2002 is another lost year.

women can change the situation if we "teach ourselves to interfere and nag. . . . Let us interfere, let us tell him what to do." Brosh-Weitz relates how during her husband's last reserve duty, she went and stood guard with him at a roadblock. At that time, she did not have a sign, but "today I'd go with a megaphone and stand there with slogans like 'Muli, I'm worried about you. Service in the territories is corrupting your virtues;' or, 'At the checkpoint you're going to, soldiers have killed, babies and sick people have died, people have been humiliated. Does this suit you?'"

According to *Ha'aretz*, when Brosh-Weitz asked her husband how he would react if she were to make good her threat, he replied, "It would disturb my work as a commander, and my functioning and that of my soldiers, so I would have no choice but to come home with you."

*Ha'aretz* on March 15 also quoted another Israel activist, Tamara Rabinowitz, who lost her son in the military: "Zionism is about building, establishing, creating, defending, but the words we hear now are 'destroying,' 'encircling,' 'cleansing,' 'burning,' 'assassinating.' It is totally counter to Judaism, which to me means humanism and the sanctification of life. It's anti-Jewish to believe and act as if land can be more

important than human life. . . . The order that sends soldiers to serve in the territories means making them have no choice but to commit acts that are neither humanist or moral, because the sanctity of life doesn't mean the sanctity of our lives and no one else's."

### Sharon's 'Consensus' Collapsed

In recent months, many groups like Re'ot have been formed. Another, called Profil Hadash, founded in 1998, is committed to "demilitarizing" Israeli society. Its charter declares, "While taught to believe that the country is faced by threats beyond its control, we now realize that the words 'national security' have often masked calculated decisions to choose military action for the achievement of political goals. We are no longer willing to take part in such choices."

Not all the women's groups support the reserve soldiers who refuse to serve in the territories. In fact the question of refusal continues to be controversial within the peace camp. The recently formed Seventh Day movement—which does not support the "Combatants' Letter" reservists—is expected to have a great impact on public opinion. The movement is an outgrowth of the Four Mothers movement which was

## IDF Accused of War Crimes, Looting

Israeli Defense Forces (IDF) officers and soldiers were accused again of war crimes, and for the first time, of looting—always a sign of military demoralization—during the invasions and partial destruction of Palestinian refugee camps and cities in March.

Speaking on March 19 to French parliamentarians visiting Palestine, Rene Kosirnik, the head of the Red Cross in Israel and the Palestinian Authority, said the IDF had committed war crimes on a large scale, and “wantonly and crudely trampled” the Fourth Geneva Convention which forbids such crimes. Kosirnik judges that in his 25 years in the field, he has not seen anything like it. In the recent period, four doctors, as well as medics and Palestinian ambulance drivers, have been seriously wounded, while others have been “murdered,” he said. “I was shocked and deeply hurt. I expected much more of the IDF. Nothing justifies such behavior.” Kosirnik said he has yet to see any evidence to back up the IDF’s charges that ambulances are used to aid Palestinian fighters to carry out their attacks.

The IDF command has, in the past, come down hard on the most despicable of war crimes: looting, rape, and massacres. But even this is starting to change. *Ha’aretz*

correspondent Amira Hass reports that in the latest military operations, Israeli soldiers engaged in widespread vandalism and looting. In one particularly serious case, the cardiology department at the Ramallah Hospital was vandalized extensively by the Israeli soldiers who occupied it during the attacks on the city. Files were strewn all over the offices, valuable and irreplaceable medical equipment was destroyed, and computer disk drives were stolen.

In addition, according to reports, during the occupations of the Palestinian cities and camps, there was widespread theft, including of computers, video cameras, and other valuables—even, in some cases, a few shekels found in the houses of refugees when they were being searched for “terrorists.”

Hass writes, “The Palestinians have concluded that the IDF has gone through a major change. Human rights activists and ordinary people say they never encountered soldiers who stole out of homes during the first Intifada [in 1987]. In recent days, as residents paid condolence calls on families with relatives killed during the incursion, the topic of the day was, what kind of army allows its soldiers to commit vandalism. After all, a tank bumping into an electric pole . . . is not the same as a soldier deliberately smashing a television owned by a family with four children. . . . People do notice the soldiers who behave humanely . . . but draw the conclusion that those soldiers and officers have no influence over those who find the opportunity . . . to destroy, vandalize, and even steal.”

formed in the 1990s by mothers who demanded that Israel withdraw from southern Lebanon, a goal that was eventually attained. The Seventh Day movement calls for unilateral withdrawal from the territories occupied since the June 1967 war.

Just as the reservists are also lawyers, doctors, bus drivers, or farmers, the “Lysistratas” include university professors, professionals, trade unionists, and some women with former professional military and security careers themselves. They can have a profound impact on Israel, especially now that the 18 months of the Intifada, with its unbearable death toll, is having a profound impact on public consciousness.

The failure of the Sharon government to bring about security, and the collapse of the Israeli economy, have led to the crumbling of the “consensus” that brought Sharon to power. A recent survey published in the daily *Ma’ariv*, showed that 60% of the voters support the establishment of a Palestinian state and for Israel to evacuate some of the settlements, while 35% favor a compromise on the status of Jerusalem.

But the Likud-Labor unity government has not collapsed. The Labor Party members, led by Foreign Minister Shimon Peres and Defense Minister Benjamin Ben-Eliezer, remain

“firmly glued,” commentators say, to their cabinet seats.

In the face of this lack of national leadership, grassroots groups have taken shape, the most significant being those of the soldiers and women, because they are openly challenging the norms of Israeli politics and society. Nonetheless, the failure of a powerful national leadership to emerge, and the fact that the Bush Administration continues to support Sharon, make the situation ever more dangerous. For Sharon, the real danger is not Palestinian Authority President Yasser Arafat, but this growing movement in Israel which threatens the nightmares Sharon holds in store for the Middle East.

Commentator Yuli Tamir warned in *Ha’aretz* on March 24 that “the suspicion will grow that the defined aim of the Israeli government—‘mopping up the territory’ followed by ‘readiness for painful concessions’—is meant to soften public opposition to a series of military actions that will have the purpose of foiling a future political move. If this suspicion turns out to be correct, it will be . . . an act that is liable to lead to Israel’s destruction as a Jewish democratic state.”

Sensing this danger, the women of Israel hope for the same success as those in Aristophanes’ play, who brought peace to all of Greece.

## LaRouche, in Milan: ‘Real Leadership Is Needed’

by Claudio Celani

On March 21-22, U.S. Presidential pre-candidate Lyndon LaRouche visited Milan, Italy, where he held private and public meetings with legislators, businessmen, and supporters. On March 21, LaRouche was the guest of honor at a dinner with about 100 representatives of the productive industries of the Lombardy region, organized by regional legislators. On March 22, LaRouche was officially received by the presidency of the regional parliament, and later the same day, addressed a public meeting organized by Iniziativa Italiana, an association of small entrepreneurs. In addition, LaRouche had private meetings with national legislators, journalists, and local politicians. In all his meetings, he intersected strong disapproval of current U.S. foreign policy, as well as preoccupation with the consequences of the Mideast conflict and a possible war against Iraq. This was a major issue in the discussions, as were the global economic crisis and the perspectives for reversing the collapse.

Lombardy is in a delicate moment of transition, as it is about to assume broader legislative and administrative powers due to a recent “devolution” reform of Italy’s government. Italy’s 20 regions will assume responsibilities which have been held by the central government—which will be left with control of only foreign, defense, and monetary policies. Lombardy’s elite, especially small and medium-size entrepreneurs, are conscious of the larger role and also of the risks they will face in the new situation. With 9 million inhabitants, Lombardy is one of the four richest regions of Europe (along with Baden-Württemberg, Germany; Rhône-Alps, France; and Catalonia, Spain). It alone produces one-fifth of Italian Gross National Product, and has a rate of employment well over the national average.

### **The Role of the Entrepreneur**

These issues provided the backdrop to questions addressed by LaRouche during his visit. At the March 21 dinner and the March 22 public event, he developed the theme that the entrepreneur has an important role to play in the current strategic and economic crisis. Describing the long waves of history that influenced Twentieth-Century politics, starting from Roosevelt’s Presidency in 1933, LaRouche described the shift into the post-industrial society that occurred in 1966, and the genesis and the nature of the “utopian” military faction in the United States, the faction which is leading the current Clash of Civilizations policy.

The United States has shifted from a production-oriented economy to a consumer-oriented society, he said, and this is the reason for the current economic crisis. This is not a simple depression, but a breakdown crisis. The role of the entrepreneur in this situation is to use his influence in society to force a reversal in economic policies, back to a production-oriented society. The way to do this is to create a locomotive for a recovery in Europe, which is based in the development of the Eurasian continent. The real entrepreneur, as distinct from the owner of a large corporation who is interested only in profits, has a sense of mission, of creating something which is good for society in the form of an improved product or a product design, stressed LaRouche.

Participants posed questions ranging from U.S. policy on Iraq, the Middle East, and Colombia, to Federal Reserve Board Chairman Alan Greenspan’s ritual prophecies of a coming recovery; from the problem represented by the lack of an entrepreneurial mentality in Russia, to the perspectives of the planned enlargement of the European Union to include

countries such as Poland and the Czech Republic; from the origins of Israeli Prime Minister Ariel Sharon's racist policies, to the future of telecommunications industry.

### **'Where Is the President?'**

The most ironic response was provoked by LaRouche's answer to the question, "Where is bin Laden?" raised by a regional legislator. President George Bush was asked the same question a few days ago, LaRouche said, and he answered, "I do not care"—the same President Bush who brought us a war in Afghanistan for the sole purpose of capturing bin Laden! Bush does not know what he is doing, the Presidential candidate said. He reads speech cards written by somebody else, and becomes emotional about what he reads. He then asks his advisers for an interpretation of what he has just read, and gets homicidal about anyone who tries to stop him. Therefore, you raised the wrong question, LaRouche said. The right question is: "Where is George Bush?"

At the March 22 meeting, which took place in the historic Palazzo dei Giureconsulti, in the center of Milan, Danilo Broggi, chairman of Iniziativa Italia, who is also president of the Milan Association of Small Industries, introduced LaRouche, saying that if he were asked to reduce LaRouche's economic thought to one slogan, this would be "less finance and more production." It is impossible to disagree with that approach, said Broggi, especially for a representative of small and medium-sized enterprises. Furthermore, he said, LaRouche asserts the centrality of man in productive processes, which is fundamental in small enterprises.

Later, in summary, Broggi said that his sentiments about LaRouche's views had been strengthened, and listed three main points, which, in his view, are guidelines for policymaking: 1) the values of reference, expressed by the concept of the Common Good; 2) the capacity of the economic system to express pivotal elements in the process that leads to values of reference; 3) the extraordinary importance of infrastructure investment as the physical economic aspect of the Common Good.

A distinguished guest, Prof. Roberto Panizza, an expert who has worked on Third World debt policy for the Vatican, intervened from the audience to praise LaRouche's capacity "to surprise us each time" with his accurate forecasts. In particular, he said, LaRouche had forecasted the Argentinian crisis well ahead of time, and even the Enron bankruptcy.

In the meeting with the presidency of the regional parliament, which had taken place earlier, Lombardy legislators discussed for almost one hour, questions related to the reform process they are currently involved in. LaRouche was received by the Office of the Presidency, by a delegation which included Vice President Fiorenza Bassoli, Secretary Councilmen Luciano Valaguzza and Giuseppe Adamoli, and legislators Carlo Porcari and Massimo Guarischi. The presi-

dent of the Lombardy Regional Council, Attilio Fontana, could not participate because he had been called to a national meeting of regional presidents; he had met LaRouche the evening before.

### **The American Intellectual Tradition**

Mrs. Bassoli outlined to LaRouche the "federalist" reform taking place in Italy, and asked for advice, on the basis of the American experience of constitutional relationships between states and the central government. LaRouche explained that the history of state-federal government relationships in the United States, must be seen in light of the history of the conflict between two opposing traditions: the so-called American intellectual tradition, which extends from the Founding Fathers to President Abraham Lincoln, to President Franklin Roosevelt and LaRouche himself; and the Tory tradition, which is the alliance between the Southern slaveowners and the New York bankers.

In this context, he invited the legislators to look at the period starting with Roosevelt's economic recovery mobilization, in 1933, until 1966, when the Roosevelt legacy started to be dismantled. Under conditions of economic mobilization, the states had to enact regulations for trade and finance, both for intra- and inter-state trade. This is the same challenge facing Italian regions now, LaRouche said. The new responsibilities involve a burden which some of you will see as a curse, he said, because of the collapse of tax revenues. Therefore, legislative activity must focus on regulations for trade and finance under conditions of a recovery program, which must maintain the export orientation of the Lombardy enterprises. This means to promote the Eurasian Land-Bridge project, and at the same time, the sources of credit needed for carrying out such development.

The legislators thanked the American economist and economist for his advice, asking questions such as: How can we find the necessary unity to realize such a project when, not only is the divergence between America and Europe increasing, but Europe itself is internally divided? And, what of the dramatic moment Italy is going through, with the recrudescence of terrorism?

On the basis of his experience in the study of the terrorist phenomenon, LaRouche said, such dramatic moments generally correspond to dramatic situations in the Anglo-American camp. He invited the legislators to look at the role of former U.S. Secretary of State Henry Kissinger, who is notorious for having threatened Italy's Prime Minister Aldo Moro shortly before Moro was kidnapped and killed in 1978, and who was in Rome at the beginning of the week when, on March 19, 2002, government adviser Marco Biagi was killed.

As for the divisions in Europe and in the world, LaRouche said that the problem is the lack of real leadership. If there is clear leadership, people will tend to unite and support a recovery project.

# Entrepreneurship and the Moral Mission-Orientation of Economics

*Lyndon H. LaRouche, Jr. spoke to a forum of the Iniziativa Italiana, held on March 22 at the Judicial Palace in Milan, Italy, for two hours of remarks and question-and-answer dialogue. This is LaRouche's opening presentation.*

There are three things that I take up with you, today: one, the nature of the crisis, its inevitability; secondly, the problem that this represents, for Europe, in particular, and the general remedy for the problem; and, thirdly, the specific function of the non-corporate—essentially—producer and entrepreneur, in this process of recovery and restabilizing society.

First of all, on the question of the economy: One should understand that the world monetary and financial system, in its present form, is doomed, and nothing can save it in its present form. This is a result of the changes in policy, which were introduced from the United States and Britain, during the period of approximately 1966 on. There was a change, as many of your know, who are older, there was a change, from an orientation toward a society based on production values, to one which was called a “consumer” or “consumption society.” The change was—in the former period, we used to think of solving problems, in terms of production, in terms of better-quality products, more products, producing more. . . . The general way to solve unemployment, was productive employment. We used, often, productive employment in infrastructure, as a way of stimulating employment, because the productivity of an entire economy, is not the sum of the profits of the firms. The productivity of an entire economy, is the output of the economy, relative to the total population, especially the total adult population. And, therefore, if you have unemployed people, *that lowers productivity*, because part of the society is not producing. And, therefore, if you can get useful production going, of whatever form—infrastructure, whatever other form—that is useful: It improves productivity, because more people are producing. And, if it's done intelligently, it can not help but benefit the economy as a whole.

That is the way we used to think. We used to think about minimal amounts of unemployment. We used to think about improving the quality of employment. We used to think about raising the productivity, in physical terms, in production; increasing skill levels, use-skill levels; more investment in technology; less repetition; more innovation. These were the ways we tried to solve problems.

From 1966 on, this changed. There was a change in values, which hit first at the university-age youth of the late second

half of the 1960s—a shift against these values; a shift for so-called “consumer values.” The producer, the laborer, the worker, was considered the enemy of the proper culture. We had to go to a “post-industrial culture,” which meant a “post-productive culture.” We had to go to a “post-agriculture culture,” as well as a “post-infrastructure culture.” We had to lower our standard of living to have a simpler life, based only on consumption. We had to eliminate blue collars, and wear only white collars—that sort of thing.

## ‘We Don’t Produce. We Import!’

This change occurred, and spread throughout the world, and resulted in great social, and moral, and cultural convulsions, over the period of the past 35 years. Now, today, people say, “We don’t produce any more. We import!” We import cheap goods, produced by cheap labor, in other countries. How do we pay for it? On credit! We borrow the money—or we steal it, from them. We ruin the currencies of countries that produce, and thereby, we get what they produce, cheaply. We lower their standard of living. We get things more cheaply. We buy on credit. We go into debt. But, we don’t worry: because we have the power. We can go into debt indefinitely.

Now, we have gone into debt so much, *that we are all bankrupt*. And, this happened over 35 years.

Obviously, what we have to do, is find some way to get back to sanity. We have to abandon the consumer-value society, and go to a producer-value society, in which we produce the means on which we live, or the equivalent—we produce something useful for the world; we exchange our products with other parts of the world; we invest at home, we invest abroad, in order to do this. We give credit, in order to encourage people to buy our products; and that sort of thing. The way we used to solve problems. The way we solved the problems of the postwar period. The way in which Franklin Roosevelt led the United States out of a Depression, caused by the silliness of his predecessors, Teddy Roosevelt, Woodrow Wilson, and Calvin Coolidge, and so forth. And, the way we got through the war; the way Europe was rebuilt, reconstructed, in the postwar period, up to the middle of the 1960s. That worked.

Now, that system included many things that were unfair, unfair to many people. The world was divided by a strategic conflict, between the Soviet system, and the Anglo-American and allied systems. That was unjust: Justice was not given to



Lyndon LaRouche addresses the *Iniziativa Italiana* business forum in Milan on March 22; his hosts and interlocutors included *Iniziativa* Vice-Chairman Alberto Sandoli (shaking hands), and Danilo Broggi (on LaRouche's right), chairman of the API association of small industries.



the so-called “developing sector.” Roosevelt had promised the freedom of all nations, from the colonial powers of Portugal, of the Netherlands, of Belgium, of England, and of France. That wasn’t done: Colonialism was reimposed at the point of a bayonet. And, other forms of police were imposed: Africa was given freedom, but it was given no “freedom.” It was given the freedom to enslave itself, not true freedom to develop. Similarly in other parts of the world.

So, there were many injustices in this system, but the system worked. The system produced, for those who benefited from it, the nations that benefitted, it produced an improvement in the standard of living, in the progress of humanity.

That began to come to an end, 35 years ago. From 35 years ago, we have become increasingly insane. One of the benchmarks of insanity, was Nixon’s decision of August 1971: We destroyed a fixed-exchange rate system, on which international progress had depended. We introduced a floating-exchange-rate system of insanity, which is the basis for the collapse of much of international trade and development. We stopped regulation of economies, especially under Carter—we destroyed it. We changed the IMF into a monster: From being the instrument of nations, it became the monster that ate nations—including what it did to Italy, beginning in 1976, and that sort of thing.

So, now, we’ve come to the point that the system is bankrupt. It’s hopelessly bankrupt. The system in its present form, can not be saved. It can only be saved by a bankruptcy reorganization. Since you can not destroy a nation, when you put it through bankruptcy, you must find means to *save the nation*, from its own bankruptcy. You must save the true values. You must wipe out things that can’t be saved, you wipe them off the books, in order to get the economy moving again. You must create new credit, expand employment, inject new technologies—all the other things that have been done in the past, to enable nations or the world to recover from depressions.

## Europe in Bankruptcy

This is not a normal depression: It’s much worse than a depression. This is much worse than the Depression that hit between 1929 and 1933, in most of the world, in Europe and in the Americas. It’s far worse. This is what’s called “a general breakdown crisis.” This does not mean [merely] that a depression sinks us into a deep slacking of our production, of mass unemployment, no. It means disorganization, destruction, obliteration, of the institutions of government and nationhood. That’s where we’re at.

The alternative is fairly clear. Now, Europe is now operating at a level of bankruptcy—Western Europe. That is, Western Europe is no longer producing enough to meet its current needs, to maintain its current levels of consumption and production. Typical is the case of Germany. Germany has become the keystone nation of Western Europe. All the other economies—the Benelux countries, Italy, France, and so forth—have depended, for a number of years—especially since about 1976—have depended upon the role of Germany as an export-driven economy, in order to stabilize Europe as a whole; through credits and other mechanisms; and also, Germany as a market, for other parts of Europe.

Now, that’s come to an end. Germany has lost its position in export, in every country, *except* growth in China, and in Russia. And, a very large, continued level of exports to India. Germany is collapsing. As you know in Italy, the rest of the markets of Europe are collapsing, too. The United States has ceased to be the importer of last resort. China must accept a 40% reduction in its expected exports. Other countries, similarly: Southeast Asia, and so forth. Japan is about to disintegrate. The fight between the former Foreign Minister, Mrs. Tanaka, and Koizumi expresses an underlying tension, an explosion waiting to blow up in Japan. Korea has been destroyed, largely by the United States, in the aftermath of 1997: a looting operation, followed by an actual, intentional wrecking crew. South Korea is still a viable economy. It could be

brought back. But, it's living on the edge of being crushed. As I say, China's in a crisis. Its external market of cheap goods, to the United States and elsewhere, has come to an end. It is now turning to its own, internal market—investment in the deep interior, in the poorest sections of China, and in infrastructure generally, to try to maintain the Chinese economy at something like the present rate. India is in a crisis. Southeast Asia is being crushed, by the effects of this collapse.

### **The Strategic Triangle and Capital Goods**

So, the question is: How does Europe get out of this? And, the basic answer is, exports. A revival of exports, but of a specific type. The principal market for West European exports, is Russia and Asia. It's a market which has three legs: Russia, China, and India. Not these nations alone, but these nations if they cooperate, with the intention of bringing Asia into a phase of general development. Then European high-technology and related exports, become the means needed to assist Russia and the rest of Asia, to begin to come up again, and at the rate needed.

China needs technology. It has some advanced industries. It has made much progress—but, it has a large population, many of whom are extremely poor. And, if we're going to meet the requirements of the interior of China, and the people as a whole, more technology must be injected into China, on the basis of medium- to long-term credit, than China could generate, presently, by its own means.

India is a somewhat different economy, but it represents a similar kind of opportunity. It has high-technology capabilities. It has reservoirs of well-trained, well-educated cadres. But it needs—again—infusions of additional technology, from outside India, in order to meet the requirements of *all* of its internal population—a growing population, which will soon officially reach the level of 1 billion people. And, India's only one of a group of nations, including Pakistan, Bangladesh, and others, which are in similar straits, or worse straits (Pakistan, in particular).

Iran is a land with complications, but it, essentially, is a very strong culture, a very ancient culture—or assimilation of many ancient cultures, blending of them—which has been the crossroads between the Subcontinent, the Far East, and Europe, for a long period of time. Remember things like the Arab Renaissance under the Caliph Haroun al-Rashid and the Abbasid dynasty. We remember things of the great florescent period of Iran. We remember the transmission of advanced culture, at the time the Roman Empire was disintegrating, from India, through Iran and through the Middle East, into feudal Europe, and so forth.

So, these are areas, which all have a peculiar kind of potential—differences in culture, different forms of potential, but they all have potential. And, if they're able to cooperate, they represent a great and durable market, for technology supplies, of various kinds, and technological assistance of other types, from Europe into these markets. If the long-term credit can be

mustered—that is, credit at base rates of 1-2% simple interest, over periods of up to 25 years, for infrastructure and for other things; or for credit to banking systems or credit systems, for rollover credit, in trade and so forth, over a period of time—then we have a sustained, long-term, great market for the products of Western Europe, which are *useful* to the peoples in Russia, and the peoples in Asia, generally.

And that is the way that Europe can recover, together with internal developments. We have to, of course, go back to an emphasis on technological progress, of the type of emphasis we had, prior to 1966. We must go back to science-driven technological progress.

### **Entrepreneurs Have a Mission**

Now, there's another aspect to this, in which the entrepreneur, as such, [is key,] as distinct from the corporate form of stock corporation, the absentee ownership. The problem with the absentee owner—the large corporation, the large industry—has been that the ownership, residing in people who are interested in the profits from the stock, not the product of the company, are not progressive, normally, although with government stimulation, they become somewhat progressive. And, the way you control that, is generally by regulation. You set up rules and regulations of government, of finance, and taxation, and supervision, which, in a sense, fight against the reactionary tendencies of the stockholders, to become simply bloodsuckers on the corporation, and [you] allow the corporation to concentrate itself on technological progress and improved qualities of product.

In the case of the entrepreneur, it's different: The entrepreneur, who is sitting in the firm he or she or his circles own, as a closely held enterprise, has a mission-orientation. It's the way most entrepreneurships start. You have cases in Italy, where people started—or their grandfather, or their father, or they themselves—started as workmen in some industry, as skilled workmen; they went out, and often started a business, in order to use something from their skill, they thought they could market as a product, or as a type of product, or type of service, and succeeded. And, they are people who are mission-driven, to succeed, and mission-driven to accomplish something useful, in the community, and for society in general. In other words, there's a *personal* sense of personal pride and identity, in accomplishing a job done by building this firm and its activities.

You will find, in history, especially in modern history, that it is entrepreneurs of this type—particularly the “science-driver” entrepreneur—who tend to be the infusers of technological progress into the economy as a whole.

For example: You take the case of space projects (which I've been involved in, to some degree). Now, you had a firm, I'm told, [and] what happened in the 1989-90 period: the firm Messerschmidt-Bolkow-Blöhm, in Germany. It was an aerospace firm, which employed about 10,000 skilled cadres, of machine-tool grade. This firm is not really important, in

itself, for the aerospace industry, but its technological progress required it to call upon small industries of high technology throughout Germany. Often these smaller industries were owned by a scientist, or a scientist and a few engineers, or group of engineers. They would develop a technology. A firm, like an aerospace firm, would go to these vendors, and they would procure from them, an improvement in technology, necessary for the new product they were designing. A firm like this aerospace firm would go to larger firms, which built aircraft, or built other things—spacecraft—and they would contribute *their* component into the total effort of such spacecraft, or whatever.

So, that's the way industry tended to function. In the United States, it was not the large automobile industries that made the successes in the automobile industry; it was the smaller firms, their vendors, who developed the products which, as components or elements, were included in the design of the vehicle, and made it work. So, it was the entrepreneur, the person who broke his back, in a sense, in order to *achieve* something—more than profit—and expected to make a living, and expected to have his company grow, as a result of those efforts. The same thing is true today.

### Morality and Discovery

Now, there is a very specific problem here: The problem is a moral one. What is a moral way of generating a profit? *Moral* way of generating a profit? Well, first of all, what's moral? What is morality? Some people have lists they paste on the wall, "Don't do this; do this." Mothers do that, sometimes, with children. Employers do that, sometimes, with employees: "Do this, don't spit here; spit here; don't—" and so forth. Well, that is not morality. That is an attempt to manage. And, business management is a very bad thing! It is not morality; it is not good economics.

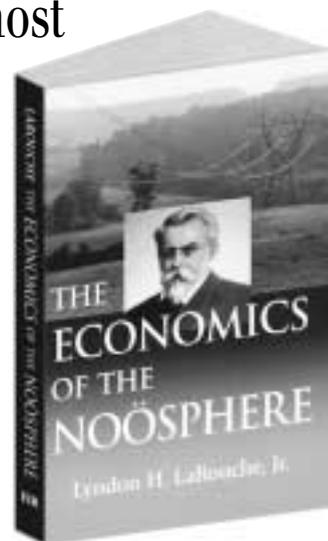
Morality is an understanding—this is especially clear in Christianity, or should be, clear to those who profess to be Christians—it's an understanding of a fundamental difference between any animal species and humanity, the human individual. Only the human individual has those powers of discovery of universal principles, by which man is able to increase our species' power to exist in the universe. No other species but man, is capable of increasing its so-called "ecological potential." Only mankind can do it. Mankind does this, through creativity. By creativity, we often mean—typified by Leonardo da Vinci, or Johannes Kepler, or others—we often refer to physical scientific discoveries of universal principle: Like Kepler's discovery of a principle of universal gravitation, first reported in 1609, in the book called *The New Astronomy*, where the process of discovery is detailed in great length, to be studied again, today, for people who want to learn how to make discoveries.

But, also, there are other areas of discovery, which are important. When you discover a principle, a true, universal principle, and you test it, how do you communicate that dis-

covery to somebody else? You have to share with them, the reliving of the process of discovery; they have to relive the experience of the problem, the paradox, which could not be explained, without the discovery. They have to relive the effort to find the solution to that paradox. They have to relive the experience of the kind of experimental test, which demonstrates whether that proposed solution is true, or not. Therefore, it is social relations among people, of this form, in communication of discovery of creative ideas, which is the basis for the ability of society to apply discoveries of fundamental principle, to nature. In other words, a society is not improved by one person making a discovery, and running out and screaming, "Eureka!" in the streets, thinking he's Archimedes. Discoveries are made by individuals. And, only the individual human mind can make a discovery. *But:* How do you get members of a society to *cooperate*, in developing and using a discovery? They must *share* the experience, of making that discovery—re-enact it.

For example: If you had a good science education, you didn't learn from a textbook. You never learned from a textbook. A textbook was a nuisance. It distracted you. You learned, by reliving the individual act of discovery, by a specific discoverer. You are presented the problem; you relive the agony of trying to deal with the paradox. You thought you saw the solution to the paradox. And, then, with the aid of a

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classroom teacher or someone else, you came to recognize whether this discovery you thought you'd made, was true or not. Then, you both had had the experience; now you can share that experience, and cooperate. That was a good scientific education: that you shared the experience of discoveries, made by people from many thousands and hundreds of years before.

### **The Common Good**

This is called a "Classical education," as opposed to a textbook education, as opposed to a drill-and-grill education, of the type that people tend to get, today.

So, therefore, the social relations among people, as typified by that quality of education, that approach to education, is the basis for people's ability to cooperate, and apply discoveries, to increase the human race's power, in nature, and over nature. That's the difference between man and an animal.

Therefore, since we recognize, by that standard, that man is *not* an animal, that man has a creative power, which we otherwise can attribute only to the Creator of the universe, therefore, every person has a sacred quality, because of this natural endowment of every person. Morality is regard for what that implies. Morality is what Plato, and what Paul, and the Apostle John, also, referred to as *agape*, which is, sometimes called, in English, it's called the "General Welfare." Or it's called, in theology, sometimes, the "Common Good." This principle of *agapē*, typified, for example in Christianity, by I Corinthians 13, *it is the essence of morality*. It is not do's and don't's, as the Apostle Paul emphasizes in that source. *It is true love of mankind*; love of mankind, in the

sense, that man, as each individual embodies the image of the Creator of the universe. And, therefore, our relations to other people, must be *creative* relations, or relations based on this creativity. We must organize our activities, not to repeat what we already know, but to create new solutions, and to share those solutions and their benefits. It is the *process* of progress, not any fixed result, which is precious.

Now, the true entrepreneur, or the entrepreneur who has discovered this, about themselves, and their own role in life, has a special morality. We're all going to die. And, so, therefore, what we accomplish within our life, as such, does not mean much: We die. We don't take that with us. But, what do we leave after us? What is never taken away from us? We have contributed to the process, of the progress of humanity. We have done something good, today; we

have done something good this year. We have made things better, and we have created a foundation, a platform, on which humanity can build further. We become a part of an eternity, which, in a sense, exists, in simultaneity. We are part of humanity, from all past history, and all future history.

And, it's that sense of personal identity, that enables, the true entrepreneur—particularly as the great inventor, who sometimes spends generations in trying to develop, 25 to 50 years—there are individuals who have done that, who spend 25 to 50 years of their life, trying to bring a problem to a solution. And, therefore, what's the motivation of somebody who does that? Next year's profit? No. It's being able to keep the business alive, keep it going, to get to the next step; to get to the next program, the next product, the next challenge.

### **Profit Is Only a Means**

Many of you were involved in this, in export areas; not only within Europe, but outside Europe, outside the European Community, particularly to other countries like Russia, for example. You faced very special kinds of problems, which are not the problems that are familiar in Europe. How does the entrepreneur succeed? Some of you work at this, I'm sure. (I don't know, individually, but I'm sure some of you do this.)

You find yourself, for example, in Russia: In Russia, there is no understanding of entrepreneurship. That was the problem with the Soviet system. The Soviet system *undervalued* the individual. Undervalued the individual morally. The tendency in Russia, was to do the same thing, over and over and over again: You could not introduce changes. Where did Russia make changes? In the military-scientific field! Why?

Because they didn't think it was economics. They thought it was patriotism. They thought it was warfare. They thought it was desperation to save the nation, to make it powerful. It was a *mission-orientation*, a mission for scientific progress! And, they did it! They performed miracles in that area. But, the same Russians, in a civilian industry, were failures! When you go into Eastern Europe, the former Soviet Union, or Poland, or other parts of the Comecon, you'll find the same problem: They don't know what entrepreneurship is! And, therefore, you will find great opportunities for partnerships and similar kinds of relations, with people in Russia, or in other countries.

But they don't know what entrepreneurship is.

So, sometimes, the most important thing you take with you, to them, is the fact that you know how to think as an entrepreneur, and they don't. And you'll be able to show them, and introduce to them, the way of thinking as an entrepreneur.

So, what we have to do, essentially—in reaching out, around the world—is, we have to have a mission-orientation, as opposed to a corporate profit-orientation. Yes, we're not going to make losses, if we can avoid them. We're going to make profits, because it's necessary to make profits, to keep the enterprise going and progressive. But, we're not in there for profit. We make profit, as a means to an end. Profit is a means to keep going, to keep doing our job. Like a person who does his job for hire: He does his job, and tries to progress on the job, by improving its technology, improving himself. The entrepreneur does the same thing, with an added feature: Improve himself! Improve the enterprise! Be able to take on new challenges; solve new kinds of problems. And with the sense of achievement, that the dying entrepreneur can say, "I have achieved something I give to you to continue. Progress. Do something good for humanity."

And, that's what's required. Therefore, we must organize society, with that in view.

We have, out there, in Eurasia—and Eurasia is the immediate market for Western Europe—. Yes, there's Africa, but that's another problem: We have to do things about that, too. The Americas? That's a different problem. But, Eurasia is the immediate market for Western Europe. So, what's our problem? What do we have to do? Well, first of all, we have to build a system, which realizes what the potential of Eurasia is.

Now, let's look at the central part of Asia: Central Asia, as such, and the northern part of Asia. It's a desert to semi-desert area. In the north, it's a tundra, which is frozen, much of the year, with the permafrost underneath, which never really fully melts. But, in this area, which is, otherwise, somewhat desolate, there's some of the concentration of mineral deposits, that are the most precious on the planet. To get at these things, you have to build an infrastructural corridor of development, to get in there. You have to apply the technology, which enables you to master these areas. You have to move great rivers, like the Lena and Ob, and transfer some of the waters *downward*, into Central Asia, rather than just let them

flow into the Arctic, and waste it. You have to build the infrastructure, which enables you to build urban centers, in the tundra area, which are acceptable for human life and work. That's another challenge. You have to do the same thing with desert areas. You have to do mass projects of water development.

You have to, also, make a transformation in the *character* of the Eurasian continent. Until recent time, in all human existence, the major means of economic development, was by water. Now, this is still true for Italy, in terms of the Mediterranean. The Mediterranean was the basis for the development of the culture of Europe. Egypt, intersecting with the invasions—chiefly from the Peoples of the Sea, such as the Etruscans, and such as Ionian Greeks, and so forth—developed a Mediterranean culture, from which emerged Classical Greek culture and Hellenistic culture, which is the basis for European culture, in general. And, that *still* is the basis, geographically and strategically. And, especially for Italy, which is sitting in the middle of the Mediterranean, poking itself down there; poking towards Tunisia, a short distance beyond Sicily. Poking toward Egypt, which is the bridge to Asia. Poking toward Egypt, which is one of the chief bridges into Africa, where the next great shield of mineral potential is located, in the South African Shield—great sources of minerals for the future: a poor area, which needs development. We have to, as missionaries, in a sense, bring economic development into that region.

## Biosphere and Noösphere

So, what's this challenge in Asia? Well, I should point out to you, a gentleman of some interest, to me: His name is Vladimir Vernadsky. He was a great Russian scientist, who was of the school of Mendeleev; who studied, like Mendeleev, in Germany and in France; who worked with Pasteur's successors, the Curies; who went back to Russia, after the Bolshevik Revolution, and became, really, the most effective, leading scientist of Russia. Who developed the concept of the biosphere. Who went beyond that. Who was the father of modern nuclear technology. Russia, *in 1925*, was committed, under Vernadsky, to develop nuclear energy as a source of power for humanity. He understood it. He was the father of all Russian nuclear technology. It was Vernadsky.

Now, we're out there, looking at this arid world; we have vast mineral deposits; we have what is called an "ecology," a "biosphere," out there, which needs to be transformed. We have human beings who can transform that. But we have to do it right. We can not simply go out, helter-skelter, and try to transform the biosphere, transform this planet, without knowing what we're doing. Therefore, we have to take a science like that of Vernadsky, the science of the biosphere-noösphere: We have to treat that as an applied science, in the development of the concepts, of how to do the greatest engineering job that's ever been done on this planet: the transformation of this vast area of Eurasia, including Central and North Asia, from a permanent/semi-permanent desert, into

one of the rich lodes, on which the future development of Western Europe, [and] other parts of Eurasia, including China, India, and so forth, depend, absolutely.

So, we have a mission-orientation out there. A chance to change the face of humanity, to give a new challenge, a new moral challenge to humanity, to progress. To take the practical problem before us, of bringing this economy, of Western Europe, in particular, out of depression, out of chaos, into something great; something of which your descendants will be proud, and you should be proud in doing. We have out there a great, specific challenge, an immediate challenge, of how do we transform Central Asia and North Asia, from an essentially non-usable area, predominantly—of desert, of wasteland, of tundra—how do we transform that into the potential it represents, *for all of Eurasia*? And, how do we go beyond that, into Africa, and take a similar problem, but different, in Southern Africa? How do we transform *that* area, into something for its own people, and something for all humanity, at the same time?

We have a similar situation in the Americas. South America is *rich*. Argentina has a rich potential, which somebody's trying to *steal*, for nothing, presently. Patagonia: tremendous potential. Italians used to want to flood over there, and conquer the place, because of the rich potential there. Brazil has tremendous potential.

So, similarly, we have great biosphere, great noosphere challenges in various parts of the world. This is not the end. But this is an intermediate term, for the next 50 years, the next 75 years: These are the great challenges, for which we should prepare ourselves, and future generations. In the meantime, in getting in that direction, with that understanding, we must transform the individual's conception of humanity: the most important thing of all. We must understand, what morality is. We must understand, the true significance for practice, of the fact that we can demonstrate in the laboratory, that man is made in the image of the Creator of this universe, *as no other creature is*.

### Producer vs. Consumer Values

And, therefore, human purposes, human missions, human social relations, must be based on that conception of man. We must understand, in particular, the role of true entrepreneurship, as the vehicle, which *mediates* the power of creativity, as generated in our culture, and translates that into practical applications, as solutions for practical problems which arise in the course of business. If we take that view, if we eliminate the nonsense, which pollutes us; if we get away from being a "consumer society," to becoming a society oriented to *producing good*, in the moral sense of *good—produce good for humanity*, by solving particular problems for particular human beings, or groups of human beings: Do good, and achieve, and survive in doing it.

That is what we need. No matter what the program is. Without that kind of change, we will not succeed. We thought

we had succeeded, in rebuilding after the War, in the 20 years from 1945 to the middle of the 1960s. Then look what happened. We had solved many problems. We had succeeded. We had an economy that worked. What did we do? We destroyed it! In a shift from producer value to consumer values. We destroyed it! By denying creativity. We destroyed it! By destroying our educational systems. We don't educate children in schools any more: We blab at them. We tell them to look it up on the Internet. We don't allow them to think any more, we don't encourage it. We destroyed the culture, upon which, from the Renaissance period on, all European achievement was based.

So, the danger is not that we don't know how to succeed. Humanity *has* succeeded before. The danger is that we will throw it away, again, the way we threw it away during the past 35 years. And, therefore, I would say that, apart from all the technical matters, which fascinate me and which motivate me greatly, that this technical concern will fail, unless we can situate that, in terms of reference to a *moral* sense of why do we do, what we do. Why do we choose this system? Why do we not abandon it? Because we keep our eyes on the moral principle, that the human being is made in the image of the Creator of the universe, and we have to deal with each other, and with the universe, accordingly.

Thank you.

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# Who's Been Making U.S. Policy on Colombia?

by Dennis Small

There's stiff competition, but Washington's behavior toward Colombia in the past few years ranks as one of the biggest fiascos of recent U.S. foreign policy. Thankfully, both the Bush Administration and Congress are currently reviewing Colombia policy, although the outcome is far from certain. They are questioning, in particular, the ludicrous, supposed distinction made for years between the "ideological" terrorist activities, and the drug-running "business" side, of the Revolutionary Armed Forces of Colombia (FARC). That phony premise—denounced by Lyndon LaRouche since the early 1980s when he coined the term "narco-terrorist"—has been Washington's cornerstone which, in four short years spanning both the Clinton and the Bush Administrations, has succeeded in:

- Handing about half of Colombia's national territory over to de facto control by the FARC;
- Transforming Colombia into the world's number-one cocaine exporter;
- Overthrowing the one government in the region—that of Alberto Fujimori in Peru—which had both wiped out terrorism and sharply reduced drug production, and was a model for Colombia and for the region.

Whom do we thank for this remarkable track record? The State Department, of course, was involved at every step. But who designed the policy which State's bureaucrats merely executed? Consider two such State Department bureaucrats—Peter Romero and Harold Koh—to get a glimpse of just who has really made Washington's policy. A compressed chronology tells our tale best.

## Romero: Making Nice With the FARC

Peter Romero was the State Department's principal hands-on man for all of Ibero-America, including Colombia, from August 1996 to mid-2001—first as Principal Deputy Assistant Secretary, then as the Assistant Secretary for Inter-American Affairs. By 1997, there was a raging policy debate over how to deal with narco-terrorism.

**April 1997:** Peru's Fujimori government retook the Japanese Ambassador's residence in Lima from MRTA terrorists, after a four-month stand-off, in which hundreds of diplomats and others were held hostage.

**March 31, 1998:** Gen. Charles Wilhelm, head of the U.S. Southern Command, told the House International Relations Committee that his staff was conducting a comparative study

of the war against narco-terrorism in Peru and in Colombia. He described it as "a study in contrast. . . . Peru, which has made steady and measurable progress against the dual threats of insurgency and narco-trafficking . . . [and] Colombia, which has not." Wilhelm promised that this "side-by-side analysis" would provide "a set of benchmarks" for how to address the crisis in Colombia. No official study ever saw the light of day; but *EIR* put its own analysis into print in its May 8, 1998 *Feature*, "Colombia Must Follow Peru's Strategy vs. Narco-Terrorism."

**April 21, 1998:** U.S. anti-drug czar, Gen. (ret.) Barry McCaffrey, visited Peru, where he praised that country's highly successful war against narco-terrorism.

**April 24, 1998:** Gen. Nicolás Hermoza, head of the Peruvian Armed Forces, was invited by General Wilhelm to speak at a Miami conference of the U.S. Southern Command. Wilhelm characterized the Peruvian commando operation to retake the Japanese Ambassador's residence, as "one of the few resounding victories against world terrorism in the last 20 or 30 years."

**May 4, 1998:** General Wilhelm visited Colombia's jungle region, Caguán, to gain first-hand knowledge of the battle against the FARC. The Colombian military presented him with unambiguous evidence that the FARC have become Colombia's largest cocaine cartel. Since 1996, General McCaffrey had been emphatic on this point: "They [the FARC] are guarding drugs, they're moving drugs, they're growing drugs. . . . They're a narco-guerrilla force, period." By early May 1998, the no-nonsense approach of McCaffrey and Wilhelm was gaining the upper hand.

Then, Enter Peter Romero.

**May 15-18, 1998:** The U.S. Embassy in Colombia hosted a three-day "peace seminar" in Cartagena with the presence of 35 U.S. government officials, headed by Peter Romero. The goal was to pressure Colombia, especially its military, into negotiating with the FARC; and to establish, as Romero put it, that *all* Colombian-U.S. contact must go through the "natural channel," the State Department. Colombian observers saw a transparent attack on Generals Wilhelm and McCaffrey.

**Dec. 14-15, 1998:** Romero chose to set the example himself, and sent State's Office of Andean Affairs Director, Philip Chicola, to Costa Rica, for secret face-to-face meetings with the FARC's notorious chief of finances, Raúl Reyes.

## Koh. . . as in 'Caine'

Not everyone in Washington was ready to swallow this insanity. The FARC was on the State Department's own list of international terrorist organizations, with which the U.S. government purportedly refuses to negotiate. The FARC, moreover, answered Romero's Chicola overture by murdering three Americans in February 1999. Lyndon LaRouche and *EIR* had systematically proven that the FARC were, in fact, a drug cartel—backed by Wall Street and City of London

financial interests, and their gaggle of human rights NGOs, such as George Soros's Human Rights Watch and British intelligence's Amnesty International. Many in Washington thought on the same lines as McCaffrey and Wilhelm's initiative. Shouldn't the U.S. government listen to LaRouche, and follow his policy recommendations, giving technological and logistical backing to Colombia's armed forces, and supporting their campaign to defeat the FARC narco-terrorists militarily?

Not if Secretary of State Madeleine Albright, an unrepentant follower of Zbigniew Brzezinski's strategic madness, could help it. To buttress Peter Romero, Albright, in November 1998, brought in Harold Koh as Assistant Secretary for Democracy, Human Rights and Labor. Harold Koh's official State Department biography reports that he studied law at Harvard and Oxford; authored more than 70 articles on international law and human rights; taught at Yale Law; and "has received numerous honors for his human rights work." But the bio conveniently fails to report the politically most significant single fact of his prior career: from at least 1995 until his 1998 recruitment to State by Albright, Koh was a member of the Board of Directors of Human Rights Watch (HRW).

This notorious NGO is funded by George Soros, the world's leading drug legalizer, who also sits on the Advisory Committee of HRW's Americas Division. HRW states that one of its chief missions is "to document and challenge human rights violations caused or exacerbated by efforts to curtail drug trafficking internationally, as well as in the United States." That's exactly what Harold Koh set out to do, from his new post at State.

**February 1999:** The FARC cancelled the start of "peace talks" until the Colombian government purged top military officers who had been particularly tough on drugs and terrorism, and whom the FARC accused of having links to paramilitary forces violating human rights.

**April 9, 1999:** Koh flew to Colombia and backed the FARC's demands. At a conference on "Human Rights: An Open Dialogue" in Medellín, sponsored by the U.S. Embassy, he bludgeoned the Colombian government into going back to the negotiating table, and purging key military officers who were opposed to this policy. Koh demanded: "The Colombian government must cut each and every one of the ties between the military and paramilitary, bringing to trial, even unto the far-reaching consequences, those members of the Armed Forces." He adds that the Colombian government "has to do more to protect the defenders of human rights from attack."

**April 11, 1999:** Colombian Defense Minister Lloreda Caicedo and the office of President Andrés Pastrana himself publicly protested Koh's remarks. But the purges and negotiations were carried out as demanded.

## The 'Grasso Abrazo'

**June 26, 1999:** Wall Street decided the time was ripe for New York Stock Exchange President Richard Grasso to travel to the FARC-controlled DMZ in southern Colombia. Grasso

met with FARC finance chief Raúl Reyes, and was photographed in an embrace with him: the "Grasso Abrazo" since made infamous by *EIR*. Grasso told a press conference that he and Reyes had discussed a "mutual exchange of capitals."

**July 16, 1999:** General McCaffrey sounded the alarm, calling the Colombian situation now "near emergency."

**July 21, 1999:** Albright convinced President Clinton to issue a public letter to President Pastrana, backing negotiations with the FARC. Sources told *EIR* that the Clinton letter, with which Wall Street and London turned the tide, was in fact drafted by Peter Romero.

**Sept. 7, 1999:** Gen. Harold Bedoya, former head of the Colombian Armed Forces, visited Washington and intensely lobbied Congress and the administration against the policy of the "Grasso Abrazo." Returning to Washington in February 2000, General Bedoya held a joint seminar with Lyndon LaRouche, on the subject of "The War on Drugs and the Defense of the Sovereign Nation-State," where Bedoya endorsed LaRouche's policy approach.

**Oct. 15, 1999:** Harold Koh was featured at a day-long seminar at the Rayburn Congressional Office Building, and repeated his earlier charges of the Colombian military's institutional links to paramilitary death squads. An array of human rights NGOs participated, including HRW and Amnesty International.

**Jan. 22, 2000:** Richard Grasso returned to Colombia, meeting in Cartagena with President Pastrana and his "Millennium Group" of advisers. Participants included America Online co-founder Jim Kimsey, former American Express CEO James Robinson, former Canadian Prime Minister Brian Mulroney, Washington power-broker Vernon Jordan, and others. It was the "Grasso Abrazo" writ large. Who organized this meeting? Violy McCausland, president of Violy, Byorum and Partners (VB&P), a high-powered Wall Street investment banking firm "specializing in the volatile, but highly lucrative, world of Latin American investment banking," said one business magazine. A native of Barranquilla, Colombia, McCausland worked for J.P. Morgan for 14 years as their "star Mergers and Acquisitions player." In 1993 she became the top investment banker for the private firm of James Wolfensohn, later head of the World Bank. In 1996, she set up VB&P with Stormy Byorum, who came from a 23-year career at Citicorp. The VB&P Board of Advisers includes former Honduran President Rafael Callejas, former Argentine Finance Minister José Martínez de Hoz, as well as Mulroney and Robinson.

**Feb. 1, 2000:** Seven FARC "comandantes," including Raúl Reyes, took a three-week, six-nation, all-expenses-paid tour of Europe, to promote the "peace process." Secretary of State Albright praised the tour as "remarkable" and "very encouraging."

**Feb. 29, 2000:** Harold Koh was interviewed by the Colombian daily *El Tiempo*, demanding a purge of the Army of elements suspected of "links" to paramilitary groups. Koh admitted his office had no evidence of such links, other than that provided by his former colleagues at Human Rights

Watch. “Human Rights Watch concludes that there are links at every level with the paramilitaries. We have no evidence that this is so. . . . But. . . .”

**March 4, 2000:** AOL’s Kimsey and his sidekick, millionaire real-estate investor Joseph Robert, paid a personal visit to the FARC in its Caguán redoubt. They met for three hours with “Supreme Commander” Manuel Marulanda, on potential U.S. investments with the FARC.

**March 30, 2000:** A FARC communiqué called upon the United States to legalize drugs, and send a Congressional delegation to “their” DMZ to dialogue.

### The Last Straw: Fujimori

The Wall Street-City of London crowd were near their objective. There remained one serious thorn in their side: Fujimori’s Peru, whose mere existence was a constant reminder to the world that there was no need to surrender to the international drug trade and their terrorists.

**June 26, 2000:** Madeleine Albright travelled to Warsaw with Harold Koh, for an international gathering called “Community of Democracies.” On its sidelines, both Albright and Koh met with Alejandro Toledo, the Peruvian economist they were cultivating to overthrow the Fujimori government. George Soros also met Toledo in Warsaw, and gave him \$1 million to finance the plot—as Toledo himself subsequently admitted.

**Sept. 25, 2000:** Koh and Romero visited Peru, and set up the political kill against Fujimori, who had recently capitulated to pressure and fired his chief intelligence adviser, Vladimiro Montesinos.

**Oct. 18, 2000:** Romero’s underling Philip Chicola visited Colombia. His December 1998 secret talks with the FARC were, by then, public. Chicola told the press the United States would support international financing for the FARC “when there is a clear agreement as to where the peace process is going.”

**Nov. 19, 2000:** Peru’s Fujimori resigned.

**Nov. 20, 2000:** Koh travelled to Colombia with General McCaffrey, who told the press, in one of his last public statements as a government official, “I haven’t the slightest hesitation in affirming that the main cocaine-producing organization in the world is the FARC.” But Koh threatened explicitly that unless the “extremely severe” human rights crisis in Colombia was addressed, promised U.S. funding for the Colombian government would be cut off.

**March 8, 2001:** Romero said, “We do not discard the possibility of some [U.S. government] participation in the peace process inside Colombia in the future.”

Where did Peter Romero go, after leaving the State Department in mid-2001? He became a partner at none other than Violy, Byorum & Partners, the Wall Street firm underwriting the campaign for a full-scale international financial deal with the FARC narco-terrorist cartel. These being the makers of Washington’s Colombia policy, is it any wonder that things have turned out as they have?

## Voters Have Rejected Surrender by Pastrana

*This statement was released March 14 by Maximiliano Londoño Penilla, President of the Ibero-American Solidarity Movement (MSIA) in Colombia, and candidate from Bogotá for Colombia’s House of Representatives in the March 10 election, on the Fuerza Colombia slate. The Presidential election is scheduled for May 26.*

In the recent elections for the Colombian Congress, there was a massive rejection of the Pastrana policy, of having surrendered the country to the narco-terrorists, and liquidated what little remained of industrial plant and employment in the country.

Given the President’s inability to offer competent solutions, all the institutions, and especially the political parties, were hard-hit. The ruling Conservative Party was even left without a Presidential candidate, and is now desperately trying to figure out how to survive politically. Several candidates associated with Presidential contender Alvaro Uribe won their elections because an important section of the voting population identifies them as enemies of narco-negotiations.

Unfortunately, Alvaro Uribe, just like (Presidential rivals) Horacio Serpa and Noemí Sanín, is not proposing anything



*Presidential candidate Harold Bedoya Pizarro (left) with Maximiliano Londoño. In a national television debate on March 20, Bedoya said he would renegotiate Colombia’s debt and seek low-interest, long-term reconstruction credits. He said that the FARC were narco-terrorists six years ago; in the debate, he called for more assistance to Colombia against them, but rejected foreign troops.*

that can resolve the real crisis facing the country. Only Gen. Harold Bedoya Pizarro, Presidential candidate of the Fuerza Colombia Movement—which I had the honor to represent in the recent elections, as a congressional aspirant for Bogotá—represents a genuine alternative under the current circumstances in Colombia.

The population's hatred of the current sell-out institutions opens up an enormous potential for change, but this challenge carries with it enormous danger as well. As with what is occurring in Argentina or Venezuela, where the international financial crisis, and its collateral effects in Ibero-America, are sweeping away the old institutions, the dilemma is: What will replace them? Will we remain entangled in a debate over the abstract content of so-called "political reform," without simultaneously addressing the urgent question of economic reconstruction? Will we sink, like Venezuela with Chávez's infamous Constituent Assembly, into another juridical and constitutional limbo promoted by Jacobin anarchists, who are demanding a new Constitution, supposedly as part of "serious negotiations" with the narco-terrorists?

All the world's nations find themselves affected by an existential global crisis which is occurring as a consequence of the final phase of bankruptcy of the International Monetary Fund-based international financial and monetary system. U.S. economist and Presidential pre-candidate for the 2004 elections, Lyndon H. LaRouche, Jr., is the only statesman who has correctly forecast this strategic crisis, and has proposed solutions necessary to reestablishing the general welfare of the people, as the basis for lasting world peace. The George W. Bush administration is a disaster, and this is aggravating the crisis. Europe's leaders are also failing to take competent action, and are intimidated.

Facing this most difficult crossroads in our existence as a nation, General Bedoya has responded to the challenge:

- Bedoya was one of the first to recognize and denounce the FARC, in 1996, as the "Third Cartel" of cocaine.
- Bedoya has denounced the alliance of Wall Street with the narco-terrorists, captured in the infamous photograph of the "Grasso Abrazo," where the New York Stock Market chairman Richard Grasso travelled to the demilitarized zone to embrace the FARC's so-called "Commander Raúl Reyes," and to coordinate "mutual investments."
- Bedoya has denounced the IMF for wanting to include drug crops as part of the Gross National Product, and for imposing austerity policies that are destroying Colombia and the whole world.
- Bedoya proposes great infrastructure, agricultural and industrial development projects to reactivate our economy, and recognizes the need to reorganize the international financial system, as LaRouche has proposed.

Under these current circumstances, the best guarantee for achieving the successful survival of Colombia as a sovereign nation, is to elect Gen. Harold Bedoya as our next President.

## Is Bush's Crusade For Or Against Terrorism?

by Luis Vásquez Medina

The visit that George Bush paid to Peru in late March, the first that a U.S. President has made to this South American country, has left more than one Peruvian cold. Bush's visit not only demonstrated that under his administration, the United States has absolutely nothing to offer Ibero-America, but with his foolish statements, he has left Peruvian national security more precarious than it was before his unfortunate pilgrimage there.

Bush had just come from attending a UN meeting in Monterrey, Mexico, on "financing development," and it too was a great fiasco. He then proceeded to South America, to meet with the Presidents from the Andean region—Ecuador, Colombia, Bolivia, and Peru—at a very difficult moment for the entire continent: with Argentina caught in a spiral of social chaos, resulting from the austerity conditionalities of the International Monetary Fund; with Venezuela on the verge of civil war, due to the IMF Jacobinism of President Hugo Chávez; with Colombia bloodied in the midst of battling a deadly narco-terrorist insurgency. Perhaps Bush and his advisers thought that Peru would be a safe and secure place for his Presidential summit. But in this, too, he was mistaken.

### Shining Path Welcomes Bush

On March 20, barely 48 hours before the U.S. President arrived, a car-bomb exploded across the street from the U.S. Embassy in Lima, practically under the beds of the hundreds of FBI, ATF, and Secret Service agents who had come to provide security for Bush, and whose hotel was not more than 300 yards from the explosion. The attack cost the lives of nine people, left 30 wounded, and put an end to the idea that terrorism in Peru was a thing of the past. Today, the terrorism that was defeated by the government of Alberto Fujimori—who was overthrown in late 2000 by the U.S. State Department—has reappeared with a vengeance.

Although authorship of the terrorist attack has not yet been claimed by any group, in the view of experts, everything points to Sendero Luminoso (Shining Path). This would be a new version of Sendero, modernized and with more advanced training, which would explain the sophisticated bomb with which Bush was welcomed. Shining Path's "enhancements" could well have been acquired through the narco-terrorist Revolutionary Armed Forces of Colombia (FARC), which is itself growing as a result of the financing and logistical



Presidents Bush and Toledo were able to agree on something.



capability acquired from the lucrative drug trade in the Amazon regions it controls.

The unsubstantiated statements made by Peruvian President Alejandro Toledo and Interior Minister Fernando Rospigliosi, to the effect that the terrorist attack was probably authored by a group linked to the Fujimori government and its military allies, only proves how distraught the current Peruvian government is with this new terrorist upsurge.

In the first place, this new Shining Path has been very active in the past seven months. Between October and November of last year, at least eight electricity towers throughout the country were dynamited, including two in the department of Lima. There was a massive theft of dynamite from mines in the Peruvian Sierra, and an organizing presence by Shining Path was detected in the periphery of Lima, where the openly pro-Shining Path labor federation MOTEP operates.

In the coca-growing zones, thanks to the government's willful blindness, there are already four zones where Shining Path forces now operate: Yurimaguas Valley, Huallaga, Apurimac-Ene, and the Ucayali Valley, with a total of at least 1,000 men under (modern) arms.

In the second place, this terrorist wave not surprisingly ended in mid-February, at the very point that a hunger-strike was begun by the 3,500 terrorists in Peru's prisons. It was an action planned and led by Abimael Guzmán, the head of Shining Path, who is serving a life sentence in a Peruvian prison. The strike had the intention of forcing the government into a "dialogue" on prison conditions, and on a peace agreement that would "legalize" both Shining Path and the equally narco-terrorist Tupac Amaru (MRTA), a possibility that has been well received by certain elements in the Executive Branch.

The hunger strike was lifted just hours before the attack against Bush's security team, thanks to the mediation of Jesuit

Bishop Luis Bambarén, who met for more than six hours on the day of the attack with Abimael Guzmán, MRTA chief Víctor Polay, and five other terrorist leaders, at the Naval Base of Callao. After that meeting, Bambarén publicly insisted that neither Shining Path nor the MRTA could have been the authors of the terrorist attack.

### **For Shining Path, Against the Armed Forces**

Undoubtedly contributing to this resurgence of Shining Path, is money from the drug trade and "technical advice" from the FARC, whose footprints have already been detected, even in southern Peru. But this entire process could never have gotten off the ground were it not for the complacency of the Toledo government, and its predecessor, under Javier Paniagua. These two governments had released from jail, under one pretext or another, hundreds of captured terrorists. They also annulled all the military trials of many still-imprisoned terrorists, creating the legal basis for even Guzmán himself to file a *habeas corpus* appeal and get out of jail.

All this has occurred while the national intelligence services have been deliberately dismantled, the national security archives have been thrown open to the public, and numerous military outposts have been shut down, above all in the drug-trafficking strongholds. These are perhaps the only acts which the Paniagua and Toledo governments have carried out efficiently. By late 2001, practically the entire leadership of the Armed Forces had been ousted, under a "restructuring" which has forcibly retired nearly 800 officers. Military budget cut-backs have been such that not only have outposts and bases in the interior of the country been closed, and military service reduced to a minimum, but the main Army headquarters in Lima can only operate from one day to the next, lacking sufficient funds even to pay its electricity bill.

But most dramatic has been the political and judicial per-

secution of officers, and also soldiers, who fought subversion in the 1990s, under the Fujimori government. They are now being accused of human rights violations. It has reached the point that charges have been filed against the military heroes who risked their lives, and rescued hundreds of hostages who had been seized by the MRTA in 1997, at the residence of the Japanese Ambassador. Now, the judiciary—clearly under pressure from the Executive—has accused these heroes of being assassins. Hundreds of officers who saved the nation in the '90s are today in the dock of the accused, without so much as the funds to pay their lawyers. Others have gone into hiding.

Perhaps more destructive than Shining Path's bomb, was the appeal for clemency for terrorist Lori Berenson, an American citizen, which Bush delivered to his Peruvian counterpart, according to U.S. Secretary of State Colin Powell. To intercede for Berenson in Peru is tantamount to a foreigner traveling to the United States, and asking for the release of someone implicated in the attack on New York's World Trade Center. Berenson was convicted after being caught red-handed preparing to blow up the Peruvian Congress, where, along with her MRTA cohorts, she had planned to take hostages to exchange for the release of MRTA prisoners.

Peruvians were stunned that Bush, after all his public declarations against terrorism, would ask for the freedom of a confessed narco-terrorist like Berenson.

Equally foolish was Bush's explicit backing for the "Truth Commission," which he said he would support with an additional \$3.5 million in financing. The Truth Commission in Peru, far from doing honor to its name, is heading up the persecution of military personnel who fought narco-terrorism during the 1990s, thereby setting a precedent for what will happen to any soldier who dares defend his country against a new round of narco-terrorist warfare. One look at who makes up this Commission suffices to reveal its true nature:

**Foreign Minister Diego García Sayán**, financial speculator George Soros' operative in Peru, who openly calls for drug legalization and an end to the war against drugs. García Sayán made jail conditions of terrorist prisoners more flexible, and has freed with impunity dozens of these terrorists, while handing over the prisons to Shining Path and MRTA.

**Iván de Gregori**, a "Senderologist" from the Institute of Peruvian Studies, financed by the Ford Foundation, and an anthropologist with a degree from the San Cristóbal University of Huamanga, where Abimael Guzmán taught.

**Carlos Tapia**, who was a sympathizer of armed struggle in the 1970s, and a member of the ILA (Iniciación de la Lucha Armada) movement then headed by Guzmán in Ayacucho. It is said that Tapia distanced himself from Shining Path when Guzmán stole his girlfriend, Augusta la Torre, whom he ended up marrying.

**Alberto Morote Sánchez**, nephew of Efraín Morote Best, one of Shining Path's bloodiest commanders.

The Jesuit **Msgr. Luis Bambarén**.

Why are millions of dollars going to these men, from a President who says he is at total war against world terrorism?

## Intelligence Intrigues Erupt in Blair's Britain

by Alan Clayton

As political tensions in Great Britain mount, because of the collapsing economy and intensifying opposition to Prime Minister Tony Blair's support for a new American war against Iraq, the fissures and frictions among the political elites may be reflected in a number of strange episodes in the domain of intelligence and security. While no clear pattern yet emerges from these disparate episodes, they all bear watching as signs that things are not exactly "in order," in Her Majesty's domain. There are three such peculiar developments in recent days.

On the 20th of March, the Blair government announced an independent inquiry into the theft of highly sensitive intelligence documents from a top-security police base in East Belfast, in Northern Ireland. Suspicion fell, in this unusual case, on the police themselves; or possibly, on British secret agents. The police refused to reveal the content of the stolen papers, but they are believed to relate to informants. There are fears in certain British security circles, that some of these sources could be at risk and that vital counter-terrorist work may be compromised. Britain is the "headquarters" location for the majority of the 29 organizations on the terrorist list circulated by the U.S. State Department.

### A Very Strange Break-In

The chief constable of Northern Ireland, Sir Ronnie Flanagan, appointed the most senior detective in Belfast, Chief Superintendent Phil Wright, to head a criminal investigation into the break-in at what was once Northern Ireland's main terrorist interrogation center and is still one of the most closely guarded police premises in Western Europe.

Security sources hinted that the raid on the Special Branch office within the fortified complex at Castlereagh in Belfast, bore the hallmarks of an "inside job." They suggested it might have been carried out by disgruntled police officers trying to discredit Special Branch, or by M15 (domestic intelligence), or by military intelligence for some as yet unknown motive. "We are keeping an open mind but it is fair to say at this stage it looks like the perpetrators had detailed insider knowledge of Castlereagh and the security system," said a police source. "It doesn't have the calling card of paramilitaries." "Paramilitaries" refers to the heavily armed Northern Ireland organizations of "Protestant" or "Catholic" profile.

The police spokesman said: “We are still weighing up the significance of what was taken, but it could be that trying to embarrass or discredit Special Branch, just by showing they could stage a break-in, was more important to them than what was actually taken.”

Both Unionist and nationalist politicians in Northern Ireland asked how three men, who were not masked and one of whom had an English accent, got into Castlereagh, found their way to the anonymous first-floor office, struck, bound, and gagged the police officer on duty, took the papers, and escaped unhindered! They would have had to produce identification to get past guards, and also know door codes to reach the office.

The men disappeared with Special Branch notebooks detailing times, places, telephone numbers, codewords, and information supplied by informers. Sources insisted that the stolen material did not relate to any particular investigation. They denied speculation that they were documents relating to the August 1998 terrorist atrocity in the town of Omagh, in which 28 people were killed; or the murders, by MI5-assisted Protestant Loyalist death squads, of lawyers Rosemary Nelson and Pat Finucane.

### **Mystery of a 1994 Crash**

The breach may well be related to possible MI5 implication in the Omagh bombing, and to factions within British intelligence determined to wreck the Northern Ireland peace process.

Coming along with this incident, is the news that the Boeing Corp. of the United States is to do a live re-run of the Mull of Kintyre helicopter crash.

Considerable doubts have emerged, over the hotly disputed decision by senior Royal Air Force (RAF) officers, to blame the pilots for the crash of a Boeing-made Chinook helicopter into the Mull of Kintyre in 1994, killing all 29 people on board, 25 of whom were MI5, army, and Royal Ulster Constabulary (RUC) intelligence officers from Northern Ireland, and four crew.

Papers leaked to *Computer Weekly* magazine show that, in a legal action in the United States, the British Ministry of Defence itself said the software on the Chinook was “unsafe.” An RAF officer told a board of inquiry that problems with the Chinook’s software had resulted in uncontrolled engine acceleration and cutouts and misleading instrument readings in the cockpit.

The Boeing Corp. is determined to prove that its aircraft and its computer software were sound, which raises the question: If the helicopter was safe and the pilots made no human error, what exactly caused a crash, in which so many senior intelligence and military people were killed?

### **The ‘SNLA’ Caper**

Almost at the same time as this was happening, there was a new “terrorism in Scotland” scare, involving the so-called Scottish National Liberation Army, or SNLA. This grouping

was charged with sending packages containing corrosive caustic soda, disguised as aromatherapy oil, to several leading British personalities. The story was played up, for a few days, as something similar to the anthrax scares in the United States in October 2000.

In a telephone call to police, a man claiming to be from the “SNLA” said that 16 packages had been sent. Only two ever arrived. Blair’s wife Cherie is thought to have been the target of the package sent to 10 Downing Street. It was detected at an off-site screening center set up after 11 September.

The Scottish National Liberation Army is typical of a weird kind of intelligence agency-run “throwaway,” or “cut-out,” that can suddenly emerge to public prominence, whenever that is convenient, but with no real threat involved. As the story goes, it was formed in 1980, by a Glasgow-born former soldier, Adam Busby, 53, who declared war on “mass English immigration” to Scotland. Busby now lives in Dublin, the capital of Ireland, to which he fled to seek political asylum in 1983, after having made a series of hoax bomb calls and death threats to the Queen. He lives in a poor district of Dublin, and his address and phone number there are well known to the Scottish press corps, who tend to phone him for quotes on his grandiose claims. Despite this, the British police Special Branch claim they cannot find him!

From time to time, “SNLA scares” pop up in the British press. In September 2001—a month when terrorism was highlighted—the sensationalist *News of the World Sunday* tabloid claimed that Busby had the support of the “Real IRA” terrorists, and was implicated in the Omagh bomb outrage; and that, in addition to this, the Russian Maoist Party, animal rights campaigners, and an American-based pro-Celtic group dedicated to damaging English business interests bankrolled him. This, despite the fact that he reportedly doesn’t have enough money for bus fare in Dublin!

Busby has also claimed, with no apparent evidence, to have access to “anthrax island,” the now-unpopulated island of Gruinard, on the west coast of Scotland, where anthrax was developed on a large scale in 1943, to be used against the German civilian population, if Germany showed signs of defeating Britain in the last war.

That he would be “surfaced” right now, is indicative of the kinds of intelligence games being played, and is obviously a cover for things more sinister, in the underworld of British intelligence operations.

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# Africa Backs Zimbabwe, But Buys Globalization

by Lydia and David Cherry

After the bitter election fight in Zimbabwe, some African leaders have intervened there to mitigate the political mischief and economic wrecking operation run by Britain and its allies. As this work proceeds—likely at a slow pace—Zimbabwe will continue to be a test case for Africa’s sovereign independence from the British empire.

Despite general African acceptance of President Robert Mugabe’s victory over his British-backed challenger—including endorsements by the official observer teams from South Africa and Nigeria—the Presidents of those two countries were instrumental in suspending Zimbabwe from British Commonwealth councils. This is a kind of slap on the wrist against Mugabe for having played rough, to counter British interference in his country’s politics. How did this zig-zag come about? Both South Africa’s President Thabo Mbeki and Nigerian President Olusegun Obasanjo personally recognize the validity of the election and support Mugabe’s land reform program.

## Tony Blair’s Threat

British Prime Minister Tony Blair and the British establishment went into a rage over the outcome of the election, since the British-backed candidate, Morgan Tsvangirai, president of the Movement for Democratic Change (MDC), was defeated. It had been decided beforehand, at the Commonwealth Heads of Government Meeting in Australia, that the Zimbabwe election would be assessed by a troika of Australian Prime Minister John Howard, Mbeki, and Obasanjo, using the report of the Commonwealth Observer Mission (COM) as their only basis. Since the COM included members from countries whose governments had expressed extreme prejudice against Mugabe before the election, it was a rigged game. Nevertheless, the two Presidents had the option to break out of the game by refusing to act because the COM report was so prejudiced; or, of rendering a judgment on the basis of a broader range of testimony, for the same reason.

Obasanjo and Mbeki came under great pressure from the British to agree to an adverse judgment, and impose on Zimbabwe an indefinite suspension from the Commonwealth, along with economic sanctions. Blair threatened to torpedo the G-8 nations’ funding for Mbeki’s and Obasanjo’s cherished New Partnership for Africa’s Development (NEPAD) if they didn’t come through. The two buckled under, but managed to whittle the punishment down to a token one-year suspension, no economic sanctions, and no demand for a re-

run of the elections. At a London press conference, Australian Prime Minister Howard announced the result while Mbeki and Obasanjo stood silent.

Mbeki’s and Obasanjo’s ill-fated NEPAD initiative, to which 19 African countries are committed, is a plan for collective commitment to “democracy and good governance” in exchange for a promise of billions of dollars of investments in Africa from the G-8 industrialized countries. The plan means more globalization and free trade poison for Africa. Mongezi Guma, director of the South African Council of Churches’ ecumenical service for socio-economic transformation, commented, “NEPAD correctly states that current ‘globalization’ policies fail to lift Africa out of socio-economic decline, but then goes on to say that Africa therefore needs more of the same policies.” NEPAD is not based on any physical-economic conception of Africa’s development, but adopts the axioms of free trade, making African leaders vulnerable to Blair’s blackmail.

The chief party whip of South Africa’s ruling African National Congress (ANC), Nosiviewe Napisa-Ngakula, put the case against Britain best: She insisted, in a parliamentary debate on March 19, that Blair’s prejudging of the Zimbabwe elections, and his vow never to accept a victory by Mugabe’s ZANU-PF party, “was not only unfortunate, but extremely dangerous, coming as it did from the head of a former colonial power. . . . We [South Africans] would be extremely naive if we were to believe that Zimbabwe’s future was not linked to our own.”

Napisa-Ngakula’s fingering of Britain followed ANC Secretary General Kgalema Motlanthe’s naming of Britain as the “hostile force” seeking to destabilize Zimbabwe. Said Motlanthe, as he left a three-day ANC executive committee meeting on March 18, “Britain and America seem to have an agenda to remove President Mugabe. . . . We will never align ourselves with the U.S. and Britain. If it is possible for Tony Blair to say the election won’t be free and fair unless one side wins in Zimbabwe, they’ll do the same for South Africa as well, tomorrow.”

In an opinion column in Kenya’s *East African Standard* on March 18, Chaacha Mwita wrote, “In Mugabe, Africa has incidentally found an issue on which they are united against the West. . . . It is difficult to see how Tsvangirai could have won, when he is depicted at home and abroad as a puppet of the West.” Mwita says the election was a referendum on Mugabe’s land redistribution plan: “Few, including myself, may like Mugabe. But many, and that includes me, would cast a vote for him if only to get a piece of land they call theirs.” He concluded, “What’s distressing, is the Western media’s assertion that for Zimbabwe to survive economically, Mugabe has to style-up and cozy-up to the West and the IMF in beggary.”

## Reconciliation and Economic Recovery

It will be a difficult task to stabilize Zimbabwe, given the political polarization and economic collapse to which Britain

has made so generous a contribution. Nigerian President Obasanjo told BBC World Service on March 20, "Whether you run two elections or three elections is not the issue—the problem of Zimbabwe is the reconciliation [between Mugabe and Tsvangirai], the revival of the economy, the shortage of food." But, he added, the political polarization makes it impossible to solve the economic problems.

Obasanjo is but one of numerous intervenors in Zimbabwe's crisis. Also involved are leaders of various factions and strata in Zimbabwe, and leaders of member states of the Southern African Development Community (SADC); in particular, South African President Mbeki, SADC chairman Bakili Muluzi (who is President of Malawi), and Mozambican President Joachim Chissano. The ANC and the Congress of South African Trade Unions (COSATU) also have particularly crucial roles to play. There is an historically strong alliance between COSATU and the Zimbabwe Congress of Trade Unions (ZCTU)—although the same is not true of COSATU and Tsvangirai's political party that came out of the ZCTU in 2000.

In his inaugural address on March 17, Mugabe declared, "Never again shall Zimbabwe be a colony," but he also offered an olive branch to Tsvangirai and his MDC, saying: "As we move now to face up to the two daunting tasks of Zimbabwe, stabilization of our economy and nation-building, we call upon all, including the MDC, to come closer and work together with us as we deliberate in Parliament and even outside Parliament. Let us recognize there are areas where we are different, but there are areas where, even if we want to differ, it is impossible to differ. If you are a Zimbabwean national, you can never be something else. We have the same destiny."

Mugabe stressed that "government must and will invest in productive employment-generating activities, including the infrastructure. . . . We have set out to evolve an integrated rural development strategy that covers provision of enhanced agricultural extension services, infrastructural rehabilitation, dam development, rural electrification."

These words, however, fell short of the kind of generosity towards the Movement for Democratic Change, that would bridge the chasm between the two parties. After all, immediately after Mugabe's victory, paramilitary youth groups were carrying out a campaign of intimidation against known or suspected MDC supporters, with little interference from police. And Tsvangirai and some of his aides were facing imminent treason charges.

South Africa's President Mbeki and Nigeria's President Obasanjo met with Mugabe and then Tsvangirai on March 18, in an attempt to get the two to meet and work together on economic development. The effort failed; Tsvangirai foolishly hopes that sanctions against Zimbabwe will be advantageous to him, and apparently thought that any such meeting might have forestalled the Commonwealth or other sanctions. He still hopes Mugabe can be forced to hold another election.

## ANC States South Africa's Role

When the Mugabe government went ahead with the treason charge against Tsvangirai on March 20, the African National Congress announced that the decision was part of the "process of healing, with the aim of closing the wounds forever." The ANC thus seems to have decided that reconciliation between Mugabe's ZANU-PF and the MDC would be impossible with Tsvangirai at the MDC's helm.

The pro-government newspaper in Harare, *The Herald*, reported on March 26 that—according to its sources in the MDC—Tsvangirai felt the heat and wanted to negotiate with Mugabe, but was dissuaded by "Young Turks" (pro-British ultras) at an MDC national executive council meeting. They now threaten to remove him from the party's presidency.

Tsvangirai knows what he has been doing, in counting on British threats and policies against Zimbabwe's government. When *EIR* interviewed Tsvangirai in 1996, he was head of the ZCTU trade union movement, and was the one opposing the IMF program; President Mugabe, at that time, accepted that destructive program. Tsvangirai told *EIR* then, that the British "are totally patronizing; they still think we are their colony. . . . IMF officials are literally taking over the running of the Ministry of Finance. . . . The Structural Adjustment Program [austerity regime] is making the government totally helpless in directing the resources to where the majority of the people live. The IMF says that the government must keep their hands off, and allow the markets to determine what should happen. Our trade union federation argues strongly against this." Tsvangirai at that time said that Mugabe "is a bit muddled about the whole thing. He was forced into this program."

The theme of cooperation for economic development, sounded by Mbeki and Obasanjo, is also consistently that of the South Africa's independence party. ANC Secretary General Motlanthe on March 17 emphasized that "hostile forces, particularly the United Kingdom," were mobilizing to destabilize Zimbabwe; and insisted that only a united Zimbabwe would defeat that destabilization. Mbeki has now made Motlanthe responsible for overseeing South Africa's contribution to the reconciliation process in Zimbabwe. ANC whip Napisa-Ngakula called on Zimbabweans to unite to "defeat the enemies they have been facing for a long while now, of poverty, landlessness, unemployment, and disease." She noted that South Africa had experience that could contribute to the ideal of peace and nation-building, since South Africans had succeeded in keeping their own country from blowing up.

South Africa will hold discussions with Botswana and Mozambique about getting the three countries to actively participate in a recovery program led by Zimbabwe, according to South Africa's Minister of Trade and Industry, Alec Erwin. The focus will be on the critical areas: stepping up agricultural production and regaining food security; and increasing employment. Erwin noted that economic sanctions against Zimbabwe would not work if members of the SADC do not back them.

# China Targetted by S.E. Asia War Games

by Michael Billington

On March 15, Stratfor on-line news service reported that the United States had called on the Philippines to expand a planned U.S./Philippines military exercise, called Balikatan 2, scheduled for March in the northern island of Luzon, into a multilateral war game, implicitly targetting China. The Philippines government confirmed the request on March 20, and reported that they were considering it positively.

Officially, Philippines National Security Adviser Roilo Golez said that the exercises would “not be targetted at any particular country.” Stratfor, however, was not so coy, reporting that “Beyond Manila, Washington’s proposal demonstrates that, despite the war against terrorism, the U.S. military has not lost sight of longer-term potential challenges to U.S. security—in this case, China.” An unnamed Philippines official was just as candid, telling the *Philippines Inquirer* that the exercise was “a counterfoil to the supposed threat posed by China in the region. This would involve invasion scenarios, with China as the aggressor-nation.”

The Western press has been filled for several months with reports that the vanquished al-Qaeda terrorists are fleeing Afghanistan, many of them into Southeast Asia, and that this supposedly justifies an expansion of the American war on terrorism into the region. But *EIR* has reported that the al-Qaeda and Taliban forces have simply withdrawn into the hills, and are still very much in operation, as Afghanistan becomes a new quagmire. Lyndon LaRouche has warned that the U.S. military deployment into the southern Philippines Province of Mindanao (the Balikatan 1 “exercise,” which has U.S. troops participating in live combat operations against the Abu Sayyaf terrorist gang) is primarily intended to establish a justification for creating new U.S. military bases in the region, to the ultimate purpose of surrounding and confronting China. The announcement of Balikatan 2, targetting China, confirms that warning.

## The Philippines Smells the Skunk

The Philippines has a real—though manageable—terrorist problem, due in part to the U.S. and British 1980s training of Muslim radicals from across the globe to fight the Soviets in Afghanistan. Many came back and continued their profession in their home countries. However, even President Gloria Macapagal-Arroyo admits that there have been no known al-Qaeda connections in the Philippines since 1995. Cer-

tainly there are well-meaning individuals within the U.S. diplomatic and military establishment who wish to help the Philippines fight terrorism. But since the time of President George Bush’s State of the Union Address, the U.S. policy-making process has clearly been dominated by fanatics associated with the Clash of Civilizations project—such as the “Wolfowitz cabal” around Deputy Defense Secretary Paul Wolfowitz—who are driving for a global religious war. With these maniacs in charge, the narrowly conceived fight against terrorism in Southeast Asia is simply a platform to prepare for Zbigniew Brzezinski’s and Samuel Huntington’s war against Islam and Confucianism.

The *Philippines Inquirer*, the leading establishment newspaper in Manila, with impeccable pro-American credentials, could not conceal the obvious implications of the new, expanded exercise in Luzon. Pointing to the more than 2,500 U.S. troops who will be involved, they wrote on March 22: “Certain lawmakers as well as militant groups have expressed alarm at that number, and the frequency of the joint military exercises, saying the United States wanted to make the Philippines a staging ground for greater military presence in the Asian region. . . . The administration [in Manila] may keep referring to year-round war games as ‘training exercises,’ but this won’t disguise the fact that the U.S. military presence is acquiring some permanence.”

Another aspect of Balikatan 2 is that several other Asian nations have been invited as observers: Australia, Brunei, India, Indonesia, Japan, Korea, Malaysia, Singapore, Thailand, and even Mongolia. Besides the obvious omission of China (in keeping with Defense Secretary Donald Rumsfeld’s cancellation of all Chinese participation in U.S. military exercises), there is the even more glaring fact that, combined with the new U.S. military presence in the Central Asian Republics and Pakistan, this amounts to the encirclement of China. Writes Stratfor: “This may be an underlying goal of these ever-more multilateral exercises.”

The Stratfor report suggests that the United States is proposing a linkage of the Balikatan 2 war games with the annual Cobra Gold exercises, which involves American, Thai and Singaporean forces, and 13 observers—including China. Larry Wortzel, the Director of the Asian Studies Center at the Heritage Foundation, speaking at a forum to promote the U.S. military operations in the Philippines, told *EIR* disapprovingly that the problem with Cobra Gold, was that the Thais had insisted on inviting the Chinese.

A third aspect of the Balikatan 2 proposal, revealing a serious problem facing the utopian war-hawks in Washington, is that the United States has asked the Philippines to allow four South Korean and two Japanese C-130 transport planes to move troops around during the exercise. While this serves to draw these two nations into more active involvement in U.S. military adventures, the more serious implication is that the United States simply lacks the necessary equipment to carry out the exercise. Adm. Dennis Blair,

chief of the U.S. Pacific Command, in testimony to the House Armed Services Committee on March 20, when asked if the military were prepared to fight a second war, in Iraq or elsewhere, responded that even current operations were inadequately equipped: “There are shortages of naval forces, of intelligence, surveillance and reconnaissance forces, in particular, that have to be made up for if we are to continue the current level of operations in the Central Command.”

## Indonesia Under Assault

The March 20 *USA Today* published a leak from U.S. Congressional sources that the Pentagon wanted to send troops into Indonesia to deal with al-Qaeda, which is supposedly running rampant throughout the country—a “fact” which has been trumpeted in newspapers and official agencies since January, when Wolfowitz first named Indonesia and the Philippines as “Phase Two” targets of the war on terrorism. The lack of proof of any al-Qaeda presence in the country is of no concern to the lords of the “only super-power.”

It is unlikely that any Philippines-style deployment of U.S. troops will be sent into Indonesia, at least in the immediate future. But the constant barrage of attacks against Jakarta for failing to arrest Islamic militants has created an environment of subversion, both economic and military. The *Washington Post*, in a March 22 editorial entitled “Facing Indonesia,” wrote: “The troubling truth is that [President Megawati Sukarnoputri’s] government is falling far short of stabilizing Indonesia, even as a new threat appears: that extremists from al-Qaeda will use this huge and predominantly Muslim country as a new haven.” They refer to a series of “half measures” which “fall well short of what the UN and the Congress have demanded.” Worst of all, President Megawati was “reluctant to accept the sort of direct U.S. military support now going to the neighboring Philippines.”

That Indonesia is the world’s largest Muslim nation is enough to explain the targeting from the Clash of Civilizations advocates. However, the China question is also a factor. In early February, the Indonesian Coordinating Minister for the Economy, Dr. Dorodjatun Kuntjoro-Jakti, speaking in Washington, surprised the U.S. diplomatic and business community by praising the role of China in Indonesia. He said that China is interested in building basic industry—not process factories for quick profit—and basic infrastructure, including bridges, between Java and its adjoining islands. The obvious contrast with the International Monetary Fund approach to the Indonesian economy did not need to be drawn out.

President Megawati travelled to China on March 24 for a four-day visit. Even worse (to some eyes in Washington), she is then travelling to both North and South Korea. The Indonesian government is not hiding the fact that the President is attempting to overcome the damage done by President Bush’s teleprompter attack on North Korea as part of an



*Deputy Defense Secretary Paul Wolfowitz pushed the ongoing U.S.-Philippine military exercises as the first step in an “imperial” American buildup in Asia; they are now expanding with new exercises clearly aimed at the “encirclement” of China.*

“axis of evil,” an attack which was aimed not only at the North, but at the “Sunshine Policy” of South Korean President Kim Dae-jung as well, and, of course, at China.

Indonesia is standing its ground, however, proudly insisting that it has ended the era of police-state measures associated with the 30-year rule of President Suharto, and will not arrest anyone on the basis of unproven accusations from abroad. In a remarkable event held on March 26 in Jakarta, the two mass-based Muslim organizations in Indonesia, the Nahdlatul Ulama and the Muhammadiyah, together with Islamic political parties, and even the supposedly “terrorist” Laskar Jihad, met with ambassadors and envoys from the United States, Britain, Germany, Australia, and Malaysia, in a “Dialogue Forum: Islam and the West, Working Together for a Peaceful World.”

Such rare goodwill is valuable, but not adequate to stem the tide of war. As the global economic collapse gathers steam, those who are plotting war have many means of creating provocations. Provocations, in fact, are practically inevitable in the U.S. military operations in Mindanao, where several armed separatist and leftist organizations are active in the same region. Such a compromise on national sovereignty as Manila has made, can quickly escalate into disaster.

# U.S. Could Trigger India-Pakistan War

by Ramtanu Maitra

In a *New York Times* interview March 21, a commander of American forces in Afghanistan, Maj. Gen. Franklin Hagenbeck, said that the U.S. troops “might cross the border into Pakistan to capture or kill al-Qaeda and Taliban fighters widely believed to have found sanctuary there.” Declining to give specifics, General Hagenbeck said: “Hot pursuit would probably be my last resort.”

Subsequently, at a March 26 Pentagon briefing in Washington, U.S. Secretary of Defense Donald Rumsfeld, when asked whether U.S. troops are going to cross the Afghanistan-Pakistan border, said, “No.” Why the Defense Secretary chose to undermine his top commander in Afghanistan is anyone’s guess. One obvious reason could be that the admission of such an operation in advance, would compromise intelligence and might lead to the failure of the proposed raids.

## India and Pakistan Troops Still Mobilized

But there is another, more important reason: the plan Rumsfeld chose to deny could trigger an India-Pakistan war. For months now, almost a million troops (700,000 on the Indian side) troops have been facing each other along the India-Pakistan borders. Despite repeated requests by Beijing, London, Moscow, Washington, and other capitals, neither India nor Pakistan has withdrawn its troops or lowered the alert level. In addition, India continues to point out that Pakistan has not slowed down the cross-border terrorism and that Pakistani militants are now infiltrating inside the India-held part of Jammu and Kashmir state at almost the same rate as before. New Delhi has expressed repeated concerns that these terrorist activities may increase further in the Spring when the snows of Kashmir will begin to melt.

Indian intelligence sources confirm continued Pakistani material support to terrorist groups operating in Jammu and Kashmir, in the form of provision of weapons and equipment, undisturbed movement of finances, training of terrorists, and active assistance from the Pakistani Army to the infiltration operations, including suppressive fire support against Indian Army posts.

Although this massive number of troops has remained poised for months now, not a single serious incident along the border has occurred. But, at the same time, New Delhi, in particular, has fought hard to fend off pressures exerted from within to go for “hot pursuit” across the border into the Pakistan-held part of Jammu and Kashmir and to dismantle the

terrorist training camps. India has been resisting this internal pressure because of the support and promises extended by United States and others, that Pakistan would dismantle its terrorist structure and cross-border terrorism would come to an end.

On the other hand, if the United States now chooses to cross the Afghan border into Pakistan, chasing al-Qaeda and Taliban renegades, New Delhi may not be able to hold back any longer the pressure for a “hot pursuit” incursion of its own into Pakistan. Pakistan’s continuing cross-border terrorism has rejuvenated the strong anti-Pakistan elements within India.

## Not An Honest Face

There are also other reasons why the India-Pakistan war may break out. The most important is the unwillingness exhibited by Pakistani President Pervez Musharraf to take on the Islamic jihadis and the terrorists aligned against India.

On Jan. 12, amidst much fanfare, President Musharraf had unveiled his plan to pull Pakistan out of its present state of lawlessness by banning the terrorist and jihadi groups. The speech was applauded far and wide, particularly in the West, which considers President Musharraf, not Pakistan, a key factor in bringing peace and stability to Afghanistan. In addition, the West surely needs an “Islamic friend” at a time when most Islamic nations believe that its intent to fight terrorism is an intent to fight Islam.

But long before the echoes of Musharraf’s speech stopped reverberating, reports out of Pakistan indicated that the Pakistani President, too, is less than honest about his war against jihadis and terrorists. A Pakistani scholar and author of a number of well-researched books on the region, Ahmed Rashid, pointed this out in a recent interview with *Asian Source*. “Unfortunately,” he told the magazine, “the Musharraf regime has not carried out the promised crackdown on these militant groups that it had pledged to do after his Jan. 12 speech. The 2,000 militants who were caught have all been freed, none of them have been charged with anything, and the leadership is now free.”

Rashid also noted that out of the extremist groups who were banned, hardly anyone has been caught, and certainly no one has been charged for the sectarian Sunni-Shi’a killings between Muslims. In addition, it is widely known by now that there exists support among some sections of the military for the now-deposed Taliban. But more important, there is a very powerful group of retired and active duty Pakistani intelligence officers who have, over the last 20 years, built up very effective grids with each other and with militant groups. The Army refuses to discipline these generals, although very senior retired officers among them are making scandalous remarks which are fuelling extremist sentiment in the country, Ahmed Rashid says.

As one Indian analyst pointed out in a vernacular news daily in India, on Feb. 2, Musharraf recently revealed his



*Despite some reports in the United States, Indian and Pakistani troops at their border have not been reduced in number or alert level; the prospect of U.S. forces entering Pakistan from Afghanistan in "hot pursuit," may push India to do the same, and start a broader war.*

strategy in an address to the Joint Session of the Pakistan-held part of Jammu and Kashmir Assembly. He categorically reversed his Jan. 12 position, saying that Kashmir remains the core issue of the conflict with India, and promotion of cross-border action would remain the preferred instrument of state policy.

### **Problem With Washington**

Between Pakistan and the United States a dance is in progress. It is not clear who is setting the dance steps for the other. When the United States and its British allies went pell mell into Afghanistan in October to set the country straight, there was hardly any strategy for how to bring stability in the region. At first, Washington leaned very heavily on Pakistan for intelligence. After receiving a number of setbacks, it dawned on Washington that the intelligence coming out of Islamabad is tainted, and unless the Pakistani Inter-Services Intelligence/al-Qaeda/Taliban nexus is crushed, the victory in Afghanistan will remain illusory.

A case in point are the two recent incidents that involved Americans. First was the kidnapping and killing in Karachi of *Wall Street Journal* reporter Daniel Pearl. The second jolt came on March 17, when the International Protestant Church in the most heavily guarded area in Islamabad was attacked with grenades during Sunday services. The attack caused five deaths—two of which were Americans, and 45 injuries, including the Sri Lankan Ambassador and his family. Pakistani authorities claim they have no suspect to track down. Shortly after this, Islamabad refused to let 1,700 British troops, bound for Afghanistan deployment, land in Pakistan.

The United States has the choice of going with the Russia-Iran-India triangle to help settle the Afghan quagmire, or go-

ing with Pakistan. Pakistan is preferred because it will be less demanding, and will be willing to deliver to Washington what, undoubtedly, the other nations would object to.

For instance, the media did not notice two statements by President Musharraf during his recent foreign visits. In Washington, as well in Tokyo, he said Pakistan wants to be a part of Central Asia. With the oil- and gas-rich Central Asia perceived to have become the focus of the United States and its Western allies, Pakistan has assumed a pivotal role due to its geographical location, and the stated intent of its President. Eventually, the Clash of Civilizations faction in Washington perceives that the control of Central Asia will lead it to a confrontation against Russia-China, and even against India.

Also, Washington is interested to have a "friend" who must be "democratic." President Musharraf has already announced that he will hold general elections in October 2002. What-

ever the ultimate format of this election turns out to be, Musharraf, with the support of Washington and London, has proposed a referendum which will continue his own Presidency for another five years. All Pakistani political parties have rejected the proposal.

As a result, reports indicate that Musharraf is now wooing the religious leaders for support. A recent report from Islamabad by Internews says the President has sought separate meetings with the chiefs of the three largest religious parties. These leaders were under arrest for their anti-government stance in the post-Sept. 11 period, but all have been released recently. Two of these invitees are Qazi Hussain Ahmed, the Emir of Jamaat-e-Islami, and Maulana Fazlur Rehman of Jamiatul Ulema-e-Islam. Maulana Fazlur is widely recognized as the mentor of the Taliban and has produced thousands of Taliban through his madrassahs, or religious schools.

New Delhi sees a definite pattern in this retreat by Musharraf, tolerated by Washington. Not only the leaders of the Pakistani Islamic parties, but also the leaders and cadres of the various components of the Army of Islam and other sectarian and jihadi groups—who were detained before and after Jan. 12—are out of confinement. Assurances are now being delivered by President Musharraf himself to these religious leaders and jihadi groups, that Islamabad will not betray them and weaken their capability to carry on jihad against India.

Pakistani media reports recently noted that of 50 bank accounts of Afghan groups and individuals seized by the Pakistani authorities, a "disappointingly low amount" of money was found. *The News International* pointed out that the freezing of the accounts "in pieces, gave ample time to most of these account holders to withdraw their money."

# International Intelligence

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## *Iran's Khatami Praises Greek Civilization*

During his visit to Greece in mid-March, Iranian President Mohammad Ali Khatami stressed how much both Islam and Christianity benefitted from ancient Greek thought. In an address to the Pantion University in Athens, on March 14, he stressed the need for dialogue among cultures and peoples, saying that “we as Muslims had this ability in the past, because it is through dialogue that we reach a deeper level of culture and learning, we achieve a deep understanding of peace and security, and ultimately, we enjoy the most beautiful flowers of human existence.

“You, the people of Greece, nurtured the greatest poets and stated the deepest ideas on the nature of poetry,” Khatami said in his speech, which the news agency ANA described as “a hymn to the international importance of the ancient Greek civilization and its impact on both Christianity and Islam.” Before his speech, Khatami visited the Acropolis.

During his three-day stay in Greece, President Khatami also denounced the U.S. new nuclear posture review, which names Iran as one of seven countries against which the United States might use nuclear weapons. “The powers that threaten other peoples with nuclear weapons threaten not just these peoples but all humanity,” Khatami said. “. . . If we have such developments, no people will be safe, not even the leadership of the people, which threatens with the use of nuclear force. . . . They [the United States] have no other road to think of but peace, but we won't have that without respect for other peoples.”

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## *'To Understand Huntington, Read Hitler, Carl Schmitt'*

The only way to understand Harvard geopolitician Samuel Huntington, the author of *The Clash of Civilizations*, is to read Adolf Hitler and Carl Schmitt, said Dr. Arno Grün, in his speech to a March 16-17 conference on the “Clash Over Cultures,” at the Evangelical

Academy in Tutzing, Bavaria. Grün is a psychiatrist from Zürich, Switzerland.

The link between Huntington and the Nazis, he said, was in “the creation of an enemy.” Whereas Hitler created enemies on the basis of “genetic” criteria, Huntington does so on the basis of “culture.” Both believe that one cannot have an identity without having a “hate object,” and that individuality is submerged in a mass that becomes this object of hate. The main difference between Hitler and Huntington, Grün said, is that the latter is more abstract.

Grün said that a better understanding comes from looking at the ideas of “Nazi ideologue Carl Schmitt,” who insisted that “knowing the enemy, is the first step toward self-consciousness.” Although Grün didn't elaborate this in his speech, Schmitt came to this notion, in significant part, through his adaptation of the ideas of Friedrich Nietzsche. (See Barbara Boyd, “Carl Schmitt Revival Designed To Justify Emergency Rule,” *EIR*, Jan. 19, 2001.)

*EIR's* correspondent reports that there was considerable displeasure in the audience over this attack on Huntington, especially from those from academia who objected to “seeing the emotion of hate, in what is only an analysis.”

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## *Chinese Daily Notes Growing Tension With U.S.*

A commentary in the *People's Daily* on March 18 described the growing tensions between the United States and China, noting in particular that “representations between China and the United States” concerning the Taiwan Defense Minister's high-level reception in Florida, “have not come to an end.”

Just before the *Los Angeles Times* leaked provisions of the new, classified U.S. Nuclear Posture Review on March 9—which includes conflicts in the Taiwan Straits as among the “special circumstances” under which the United States could use nuclear weapons against China—there were also “heated disputes” between China and the United States at a regularly scheduled arms control conference on March 4-5. Although

this was no official negotiation, the proximity of this conference to President George Bush's visit to China, gave it added importance. On the “most sensitive question, concerning U.S. arms sale to Taiwan,” there were “serious differences” and “heated disputes” between the two sides, the *People's Daily* reported.

Due to the presence of Deputy Secretary of Defense Paul Wolfowitz, the State Department's James Kelly, and former Defense Secretary Frank Carlucci at the Florida arms meeting with Taiwan, it became the “first ‘bilateral meeting’ of extremely large scale and high specification ever held since the ‘severance of diplomatic relations’ between the United States and Taiwan in 1979,” the article noted.

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## *Pravda: Will U.S. Suffer Fate of the Roman Empire?*

The Russian daily *Pravda* on March 19 described the United States as an increasingly “imperial” regime, economically destroying itself, which could suffer the same kind of decline that led to the fall of the Roman Empire. The following quotes are taken from the newspaper's English-language website:

“As the illegitimate and extremist government of the United States prepares to expend another generation of youth for power, money and resources thousands of kilometers from home, they are negligently and criminally allowing the infrastructure, health and welfare of the United States to deteriorate. As America wages World War III against its 21st Century barbarians—the Taliban and al-Qaeda (the Visigoths and Huns?)—in a war that well could see the use of nuclear weapons, the American Empire seems doomed to duplicate the concluding events of 476 A.D.”

The article quotes from the CIA's *World Fact Book 2001*, as warning that “long-term problems [for the United States] include inadequate investment in economic infrastructure, rapidly rising medical costs of an aging population, sizeable trade deficits, and stagnation of family income in the lower economic groups.” Wide-spread pov-

**AHMED CHALABI**, head of the opposition Iraqi National Congress (INC) and the U.S. Israel Lobby's prime candidate to replace Saddam Hussein, is facing a 20-year jail sentence in Jordan. According to a Jordanian diplomat, Chalabi fled Amman to London in 1988, after he was caught in money-laundering and embezzlement. He was tried in absentia, found guilty, and sentenced to a minimum 20 years in prison. When U.S. Vice President Dick Cheney was in Jordan in mid-March, King Abdullah told reporters that if Chalabi set foot in Jordan, he would immediately be sent to prison.

**THE LONDON** *Guardian* on March 15 noted an "echo of imperial Rome" in the Bush Administration, citing deep divisions between the small group running the secretive "war government," and the rest of the country. "With all these distances—between the fighting and Washington, between the conventional fighting and the covert intelligence work, between the inner circle of decision makers and the rest of the political class, between the politicians and the people, and between Washington and the rest of the country—there is an undeniably imperial feel to things. Rome is on people's minds," wrote commentator Martin Woollacott.

**ITALIAN** Defense Minister Antonio Martino warned on March 19 that a new outbreak of terrorism could emerge in the Balkans, against the multinational military contingents there. Martino noted that out of 10,000 Italian troops engaged in foreign missions, 8,400 are in the Balkans, in particular in Macedonia.

**SRI LANKA'S** peace process got a boost, when voters gave a landslide victory to the ruling United National Party (UNP) of Prime Minister Ranil Wickremesinghe in local elections on March 20; the UNP won 217 of the 222 local government bodies, while the main opposition, the People's Alliance of President Chandrika Kumaratunga won 4, and the radical Janatha Vimukti Peramuna secured 1.

erty being one of the big domestic problems of the United States, the collapse of infrastructure is another one, the article notes, referencing the March 2001 survey of the American Society of Civil Engineers (ASCE), as saying that "America has been seriously under-investing in its infrastructure for decades. ASCE estimated that it would take roughly \$1.3 trillion to fix America's infrastructure."

## Britain Will Bail Out Rail Shareholders

The Blair government on March 25 announced a re-nationalization of British Rail-track Corp. which is widely seen as an outrageous bailout of failed shareholders of a collapsed and looted company. Railtrack resulted from Baroness Margaret Thatcher's privatization of British Rail. In two decades of cutting both workforce and investments, the new management destroyed the railway system, causing a series of catastrophic train accidents and, finally, the bankruptcy of the company. But by today's re-nationalization, the government assumes all the debt added in the meantime, and pays off the shareholders to boot. The 250,000 shareholders of Railtrack will receive a £300 million "compensation" by the government; that is, about 500 million Euro. These shareholder compensations are not at all popular in Britain; before the decision on March 25, they had been ruled out by Transport Minister Stephen Byers.

A newly-created entity called "Network Rail," essentially run by the government, will takeover what has been left of Railtrack's business and infrastructure. By assuming Railtrack's debt, Network Rail will de facto expose the British taxpayer to liabilities of yet another £10.1.

Gwyneth Dunwoody, Labour chairman of the Transport Select Committee, after the decision accused Byers of creating "absolute monstrosities of total confusion, which leave the taxpayer with the ultimate burden, but not with the advantages." David Taylor, Labour MP for North-West Lancashire, stated that the Blair government is obviously trying to create a "risk-free zone" for the

City's speculative investments.

On what the *London Times* described as "a black Monday for the Government", Industry Secretary Patricia Hewitt furthermore announced 15,000 layoffs at the British Post Office, now called Consignia, with another round of 25,000 lay-offs expected to follow soon after, in order to prepare the company for—privatization!

## Israeli Mossad Active On German Territory

German counter-intelligence officials are aware of Mossad espionage operations on German territory, reported the weekly magazine *Focus* on March 25. The story hints that Israeli intelligence operations are being run in Germany "without German authorization." What *Focus* reports is most likely only the tip of the iceberg:

- In 1991-95 an official at the German counter-espionage agency was recruited by the Mossad as an informant, possibly not only for special information on East European and Russian immigrants that came across his desk, but also other sensitive internal information about the counter-espionage agency's work and personnel;

- Sometime before 2000, a Palestinian-born collaborator of the counter-espionage agency, whose job was to evaluate wire-tapped phone calls among Arab and Palestinian exiles who were under surveillance, was also recruited by the Mossad. He ran a pub in Cologne which was frequented by both German intelligence officials, and prominent politicians, including Foreign Minister Joschka Fischer.

Both Mossad recruits had Israeli passports, and they had direct contact with Mossad officers operating through the Israeli diplomatic corps in Germany. In both cases, German authorities and the Mossad reportedly settled the matter behind the scenes, but not without some brawls between German and Israeli officials.

The *Focus* revelations, making these cases public for the first time ever, seem to reflect frictions also inside the German agencies, over the German policy toward Israel.

## Ashcroft Unveils 'Freedom's Corpse' Police-State Program

by Anton Chaitkin

The faction driving America toward a global "Clash of Civilizations" war, now seeks to exploit the fear engendered by the Sept. 11 attacks, to create a gestapo. The White House and Attorney General John Ashcroft have released a plan for recruiting millions of Americans as spies for Federal political police, and for gaining millions of low-wage or free laborers. Termed "U.S.A. Freedom Corps," the outright fascist program was released on Jan. 30, 2002. The day before, the President spoke of the plan in his State of the Union Address, after describing a list of countries as being an "axis of evil."

The present plan is far more menacing than the 1970s

programs of the Law Enforcement Assistance Administration (LEAA) for Federal control of local policing, which were designed to abort popular resistance to Schachtian austerity schemes under conditions of a depression collapse. The LaRouche political movement exposed that scheme, and the discredited LEAA was quietly taken down.

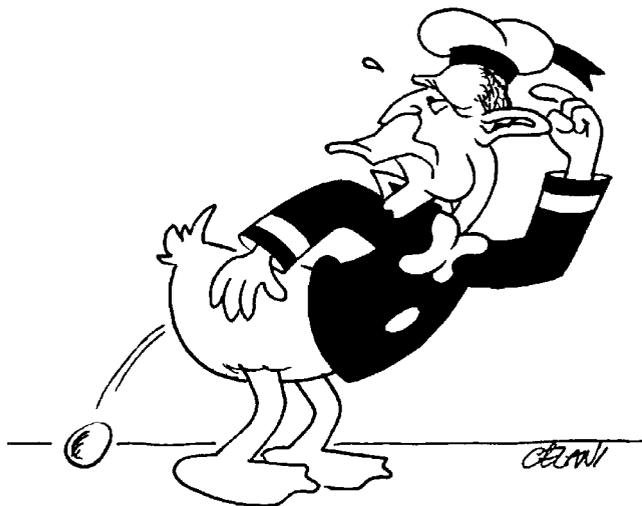
Now the economic/financial collapse is on, and the same faction is moving to create a fascist structure. In January 2001, LaRouche warned that Ashcroft's confirmation as Attorney General must be stopped, because under the conditions of financial catastrophe, the team he represents would try to impose emergency rule. Democratic Senators chose to ignore the warnings, and allowed Ashcroft into the job, despite the fact that the votes were there to defeat him.

The new plan is outlined in a brochure dated Jan. 30, 2002, on the Internet at [www.usafreedomcorps.gov](http://www.usafreedomcorps.gov). One wag has dubbed the program, "Freedom's Corpse."

The Freedom Corps consists of the Citizens Corps, the new domestic spy apparatus; and the existing AmeriCorps and Senior Corps programs, to be greatly expanded, for volunteers or laborers at "poverty level" wages to work at government and other jobs (including police and political spy work). This is aimed at coopting desperate state and local authorities whose collapsing budgets are forcing them to lay off tenured employees; the Freedom Corps brochure mentions \$2.65/hour as a highest "stipend" level.

In each locality within the United States, a **Citizens Corps Council** is to be formed, including business leaders, the police chief, private security firms, hospitals, utilities, and other prominent local individuals. These councils, coordinated nationally by the Federal Emergency Management Agency (FEMA) with the state governors, will deliberate on management of the local security apparatus deploying the political

### President Bush has an idea



spying and emergency response personnel.

**Neighborhood Watch**, which has already about 8,000 units across the country, is to be doubled, and its emphasis changed to detecting terrorists.

No definition of terrorist groups is given in the Freedom Corps brochure. The appropriate authorities will presumably determine how best to employ the suspicions of citizens under their direction.

The Justice Department is coordinating the Neighborhood Watch funding, expansion, and training through the National Sheriffs Association, whose new website, [www.usaonwatch.org](http://www.usaonwatch.org), went live the night of the State of the Union Address.

**Terrorist Information and Prevention Systems (TIPS)** aims at “enlisting millions of American transportation workers, truckers, letter carriers . . . and utility employees” as FBI informers.

As the White House-issued Freedom Corps brochure states, “Operation TIPS will establish a national reporting system that would allow these workers, who have routines and are well positioned to recognize unusual events, to report suspicious activity to the appropriate authorities.” After being cleared by the government, each informer will be given a special hotline number to the FBI.

TIPS is to finish its initial recruiting and go into action in August, aiming at 1 million spies in ten cities chosen for the pilot program.

### ‘We’re in a Brave New World’

A spokesman for the U.S.A. Freedom Corps office in Washington, interviewed by *EIR*, twice used this euphonic expression about the political spy system now under construction: “FEMA is expanding into a brave new world” (the reference is to novelist Aldous Huxley’s utopian, drug-controlled police state). He said, “We are just getting started; this is really big, it’s a whole new idea”—indeed, it discards the essential Constitutional arrangement separating the Federal government and local policing.

Recruitment and organization are just now beginning, but the spokesman volunteered that H. Ross Perot has put himself forward as an unofficial spokesman and booster for the program, and it is going great guns in Dallas, Texas.

Ashcroft has meanwhile launched a bizarre advertising campaign, which does not explain the program the way the official Freedom Corps brochure does. Rather, they have hired Ed McMahon, who was first a straight-man for TV personality Johnny Carson, then became famous promoting a million-dollar prize as a lure for magazine subscriptions. In the “humorous” recruitment ads for the Citizens Corps spy project, McMahon is pictured going to a home, and the resident, upon seeing him, starts screaming, “We’ve won a million dollars!” He then says that he’s not giving away money this time, and vaguely explains that he wants them to help fight terrorism.

The political spy initiative is in its very early stages, and it could well be destroyed by sharp and accurate publicity.

Business, labor, and other organizations are being very confidentially approached by the Justice Department. If most union members, or other citizens concerned about the Constitution, were to learn about this recruitment effort, it could be blown apart.

The American Trucking Association told *EIR* that they are helping the FBI shape the TIPS project, which in certain of its organizational aspects is a Frankenstein’s monster spin-off of the Association’s existing Highway Watch program. But the Association refused to divulge any details on TIPS, or on their work with the Justice Department.

Since truckers and letter carriers were both specified as targets for recruitment as FBI spies, *EIR* interviewed union officials of the International Brotherhood of Teamsters and the National Association of Letter Carriers, to get their reaction to the TIPS program.

The Teamsters’ spokesman told *EIR*, “Our staff is still studying it.”

**EIR**: “What has your contact been with the Justice Department on this program?”

A long pause, then, **IBT**: “It’s been very informal, not extensive.”

**EIR**: “What do you think may be the dangers of this program?”

**IBT**: “I’m not going to comment, until the Teamsters have taken a position.”

The Justice Department has for many years meddled deeply in the Teamsters’ affairs, including taking over the leadership of the union, on the pretext of fighting corruption. The new spying initiative goes much further, with an obvious blackmail potential.

A spokesman for the Letter Carriers told *EIR* that they were “aware” of the TIPS program, but asked for time to consult with the leadership on how to respond to a press inquiry. Later, the spokesman said flatly that they would have no comment—neither about how they are working with the Justice Department on the program, nor what the public should think if the friendly neighborhood mailman has been turned into an FBI snitch.

### Destroying the Constitution

America’s founders spoke very precisely of the enemy, imperial model of government, against which our Revolution was won.

James Wilson was a leading author of the U.S. Constitution, and a spokesman for Benjamin Franklin at the 1787 Constitutional Convention. Wilson later gave lectures on Natural Law to President Washington and his cabinet. He warned of the “Venetian” police system:

“At Venice, where an aristocracy, jealous and tyrannical, absorbs every power, behold the state inquisitors, and the lion’s mouth, at all times open for the secret accusations of spies and informers. In what a situation must the wretched subjects be under such a government, all the powers of which are leagued, in awful combination, against the peace and tran-

quility of their minds!”

The “lion’s mouth” refers to the box, shaped as a lion’s head with his mouth open into which Venetian tattletales could drop anonymous accusations about their neighbors. The target of the gossip might later be found floating in the canal, and the oligarchy ran the state through the corrupt self-policing of the population.

The TV viewer now sees good old Ed McMahon soothingly call a political spy apparatus, “protecting freedom.”

Abraham Lincoln might have been responding to this fraud, when he asked, “How many legs does a dog have if you call the tail a leg?” He answered, “Four. Calling a tail a leg doesn’t make it a leg.”

Lincoln warned against the loss of American freedom under the public delusion of a falsified foreign threat:

“No foreign power or combination of foreign powers could by force take a drink from the Ohio or make a track on the Blue Ridge in a trial of a thousand years. At what point then is the approach of danger to be expected? I answer, if it ever reach us it must spring from among us, it cannot come from abroad. If destruction be our lot, we must ourselves be its author and finisher. As a nation of freemen we must live through all time or die of suicide.”

## Ashcroft’s DOJ Wages Jihad Against Muslim Americans

by Edward Spannaus

Federal agents, acting at the behest of Attorney General John Ashcroft and a multi-agency Federal task force, raided at least 15 offices and homes in northern Virginia on March 20-21, belonging to Islamic institutions and leaders which are universally described as moderates within the Islamic community in the United States.

The raids are part of a pattern, of targetting and disruption of the Islamic community, which is Ashcroft’s own personal contribution to the “war of civilizations” which the actual, domestic, authors of the Sept. 11 attacks hoped to detonate. Despite President Bush’s early efforts to reach out to the Muslim community after Sept. 11, the Justice Department has launched a campaign of dragnets, mass detentions, raids, and interrogations, which Ashcroft openly acknowledges are aimed at disruption of what he calls “potential terrorist networks,” rather than any legitimate law-enforcement purpose.

The raids came on the same day that Ashcroft announced that the Justice Department was going after another 3,000 men, mostly Muslims, for “interviews” about terrorism.

These are mostly young men who had entered the United States on visitors’ visas, and who had lived in countries where al-Qaeda is said to have a presence. “The individuals to be interviewed are not suspected of any criminal activity,” Ashcroft cavalierly admitted.

This is a follow-up to the first round of interrogations of 4,800 Middle Eastern men; the Justice Department has admitted that those interviews did not result in any arrests linked to Sept. 11. And this is in addition to the hundreds of Arab and Muslim men detained, and often held incommunicado, in the aftermath of Sept. 11; it is generally acknowledged that these detentions and interrogations also produced no evidence directly related to the Sept. 11 attacks.

### Northern Virginia Raids

The March 20-21 northern Virginia raids, carried out at gunpoint in both offices and private homes, resulted in no arrests, and no criminal charges; but large quantities of records were seized, and occupants of the facilities and homes were intimidated and interrogated by Federal agents as their premises were being ransacked.

The officially stated purpose of the raids was to gather evidence pertaining to the funding of terrorism. The evidence described in the search warrant as being sought, focussed heavily on the World Islamic Studies Enterprise (WISE), a think-tank based in Tampa, Florida, and loosely affiliated with the University of South Florida (USF).

One of the names listed in the search warrant was that of the first director of WISE, Khalil Shikaki, a highly respected Palestinian-based pollster who works with Hebrew University in Israel, and who recently had an article published in the New York Council on Foreign Relations’ journal *Foreign Affairs*.

The founder of WISE was a USF professor of computer engineering, Sami Al-Arian, who was first singled out by “investigative journalist” Steve Emerson, the Mellon Scaife and Olin Foundation-backed Mossad leaker, whose 1994 PBS documentary film, “Jihad in America,” was an early propaganda piece for the Clash of Civilizations and the war on Islam. The footage for this film was, according to several sources, provided by the Israeli Mossad, and even the translations of speeches of Arabic speakers at political rallies were doctored, to make them appear as militant firebrands.

Sami Al-Arian was viciously attacked by Emerson in that video, and more recently in his book, *American Jihad*, which has an entire chapter (post-Sept. 11) on the Tampa campus-based networks. Based on Emerson’s fraudulent allegations, which were picked up by Mossad-friendly factions in the Justice Department and FBI, WISE was raided in 1995 and records seized. No evidence of terrorist ties was found, and no charges were brought against either WISE or Al-Arian.

As the further result of Emerson’s scribbles, Al-Arian was suspended from his university job, and another professor was actually jailed for three years for immigration violations.



*American Muslim leaders whose homes and offices in Virginia were raided by armed Federal agents on March 20-22, hold a press conference to protest the raids, here addressed by Shaker el Sayed of the Committee for American Islamic Relations. Immediately behind him are Abdul Wahab Alkehbis of the Islamic Institute, and Louay Safi of the International Institute of Islamic Thought.*

Al-Arian is being defended by the faculty union of USF.

In October 2000, Federal immigration Judge R. Kevin McHugh acknowledged that there was no evidence to show that WISE was a front for Hamas and Palestinian Islamic Jihad, as had been alleged; Judge McHugh described WISE as “a reputable and scholarly research center,” and Al-Arian’s Islamic Committee for Palestine (ICP) as “highly regarded.”

In fact, with Tampa being the location of the headquarters of the U.S. Central Command, some WISE members, and other associated USF faculty, are actively involved in doing educational work at McDill Air Force Base, the Centcom headquarters.

### **If At First You Don’t Succeed . . .**

But, in the wake of Sept. 11, that didn’t stop Ashcroft and the Treasury Department’s terrorism task force from giving it another try. The search warrants for the March 20-21 raids were issued out of the Eastern District of Virginia, where Paul McNulty, a key figure in Squeaker of the House Newt Gingrich’s “Conservative Revolution” legal “reforms” of the mid-1990s, and a top aide to Ashcroft during Ashcroft’s bruising confirmation battle, is now the United States Attorney.

In addition to the discredited Steve Emerson, former Justice Department Nazi-hunter John Loftus, who now runs something called the St. Petersburg (Florida) Holocaust Museum, was also central to the planning of the March 20-21 raids. Loftus, who boasts of his access to “highly classified” information from governments on terrorism, and on alleged Saudi financial ties to terrorism, filed a civil lawsuit against Al-Arian on March 20, obviously using much of the same

information that had gone into the drafting of the search warrant. According to the March 24 *Washington Post*, the Justice and Treasury Departments moved up the timetable for the raids, so that they would occur that same day that the Loftus suit was filed.

That *Washington Post* story—the lead story in its Sunday edition—was exactly the type of article, full of leaks from the Justice Department, innuendo, and dark hints of criminality, which the *Washington Post* specialized in running against Lyndon LaRouche during the mid-1980s. Not surprisingly, the lead author of the March 24 story was John Mintz, who also penned most of the *Post*’s 1980s attacks, which built the climate for the Justice Department’s frameup and judicial railroad of LaRouche and his associates.

The *Post* story was headlined, “Finances Prompted Raids on Muslims: U.S. Suspected Terror Ties to N. Va. for Years.” It claimed that the Federal agents who conducted the raids in northern Virginia “were focussing on a tightly interconnected, complicated and very private financial empire with worldwide ties, which has drawn the suspicions of investigators for at least seven years.” The article dwelt on the Saudi financial ties of the schools and other institutions that were raided—the Saudi Arabian government, and its U.S. ties, being an obsessive target of the *Post* since Sept. 11.

But, after all this, and after providing intricate details of alleged financial flows, author Mintz gave the game away, and admitted: “U.S. officials suspect that the ultimate recipients of the funds were linked to terrorists, but they are not sure. . . . Government officials said that even if no crimes are proven, it might serve the counterterrorist cause to simply disrupt the flow of money.”

## ‘Trying To Destroy a Moderate Voice’

Many observers and Islamic leaders were astounded by the raids’ focus on a number of highly respected institutions in northern Virginia—the Graduate School of Islamic Social Sciences (GSISS) in Leesburg, the International Institute of Islamic Thought (IIIT) in Herndon, and the Fiqh Council of North America. The latter is an organization of Islamic clerics which issues religious interpretations for mosques and Islamic centers in the United States.

The GSISS, among other things, trains Islamic chaplains for the U.S. military; nine of the 13 Muslim U.S. military chaplains were trained there. The IIIT is a research group that publishes books and holds seminars; the U.S. State Department had scheduled a visit of Muslims from the Philippines to IIIT at the time of the raids. An official of IIIT described the raids as “trying to destroy a moderate voice in this country.”

Also publicly implicated in the network of organizations hit by the raids, was a Republican Party-linked organization formed to conduct outreach to Arab-Americans, called the Islamic Institute.

An insightful article published March 26 in the Lebanese *Daily Star*, was entitled “Moderate Muslims: The New Target?” It pointed out that the raids of the IIIT and the GSISS “are an attack on the most moderate of American Muslims,” and that the raids “have sent a shiver down the spine of the American Muslim community. . . . This is indeed a war against Muslims and not terrorists.” The article also noted that President Bush had made several appearances with U.S. Muslim leaders in the immediate aftermath of Sept. 11, but that since then, “Bush and his administration have systematically disengaged from the American Muslim community,” and that since the first of the year, “the White House has become completely inaccessible to Muslims.”

What the article does not cite, is that the White House disengagement occurred under heavy pressure from neo-conservative and right-wing Israeli-linked organizations in the United States, which attacked President Bush for his outreach to the Muslim community.

But it is still more insidious than that. The systematic attack on moderate Muslims is reminiscent of the policy of targeting—even assassinating—moderate Palestinian leaders carried out by the Israeli Mossad for years, and more recently by the Sharon government. It is not irrelevant to this, that Sharon was instrumental in creating Hamas in the 1980s as a radical counterweight to the Palestine Liberation Organization. For those such as Sharon who want a pretext for all-out war between Israel and the Palestinians, or the Brzezinski-Huntington gang in the United States and their co-thinkers in the Administration such as Deputy Secretary of Defense Paul Wolfowitz and Defense Policy Board Chairman Richard Perle, Muslim moderates are an obstacle to their plans for a war of civilizations between Islam and the West. That seems to be the key to the strange pattern of the northern Virginia raids.

# Military’s CINCs Warn Congress on Iraq War

by Carl Osgood

During the 1990-91 Desert Shield-Desert Storm operation, the U.S. Air Force moved approximately 90,000 tons of cargo by air into Turkey and the Persian Gulf region, about 10% of the total moved by the all military forces. Though a huge operation, the job was simplified for the logisticians by the modern airports and seaports of Saudi Arabia and other countries, and the network of oil refineries and pipelines that provided a ready fuel supply for ground and air forces deployed in the region.

The current campaign in Afghanistan, however, is a completely different story, as recent testimony in front of Congressional committees, as well as other accounts, tends to show. The logistics system supporting operations in Afghanistan is probably as stressed as it was in 1990-91, even though there are only about 5,000 U.S. troops in Afghanistan, plus some tens of thousands in neighboring countries and in ships in the Arabian Sea, as opposed to the 500,000 that were deployed for the war against Iraq. Afghanistan is a landlocked country, with poor roads and no railroads, destroyed by 23 years of war. Everything that American and other foreign forces need has to be flown in by air, even aviation and motor vehicle fuel. Add the draw-down of the U.S. military during the 1990s, and the collapse of the U.S. industrial economy, and the impossibility of launching other major operations beyond the war in Afghanistan becomes clear.

## ‘Very Troubling’ Testimony

These realities, though ignored by factions pushing a prompt war to eliminate Saddam Hussein, have been reported to Congressional committees by senior military officers. Most recently, Adm. Dennis Blair, commander-in-chief of the Pacific Command, told the House Armed Services Committee on March 20, “We do not have adequate forces to carry out our missions for the Pacific, if the operations in [Afghanistan] continue at their recent past and current pace.” He, and Gen. Joseph Ralston—head of European Command and NATO’s Supreme Allied Commander, Europe—were asked by the committee’s ranking Democrat, Ike Skelton of Missouri, whether they had the forces they needed to carry out all of their current missions as well as a war against Iraq. Skelton found their answers “very troubling.”

General Ralston told the committee, “The answer to your question as you posed it is: I do not have the forces in EUCOM



*Gen. Joseph W. Ralston, NATO's Supreme Allied Commander, Europe, was among the commanders-in-chief who gave what Rep. Ike Skelton called "very troubling testimony" about military preparedness to conduct another major operation such as a war on Iraq.*

today to carry out these missions. I will come back to the Chairman of the Joint Chiefs and the Secretary of Defense and ask for additional forces. Then they are going to have to come up with a choice: Where are they going to take them away from?" He added that "I have not had a marine amphibious ready group since October of last year. . . . This is the primary unit that I use to evacuate Americans if there is a NATO operation taking place in one of those 91 countries [under his command]. And I don't believe I will have a marine amphibious ready group this year, other than just for a few days as they transit the Mediterranean."

Likewise, Ralston said he has not had an aircraft carrier in many months. He has also sent AWACS radar surveillance aircraft to support operations in Southwest Asia.

Admiral Blair's assessment was that "there are shortages of naval forces, of intelligence, surveillance and reconnaissance forces, in particular, that have to be made up for if we are to continue the current level of operations in the Central Command [which includes Afghanistan operations]." Asked by Rep. Jo Ann Davis (R-Va.) about the impact of retiring another aircraft carrier, Blair said that would require a shift to land-based air power, creating potential problems in the vast Pacific region. On March 5, he had told the Senate Armed Services Committee that the Afghanistan war had "significantly reduced" the limited worldwide stocks of precision guided munitions, and that restoring the stocks of these weapons "must remain a priority." Other "major readiness concerns": aircraft availability rates in his command and cannibalization of aircraft parts.

Other commands face the same problems. At the March 5 hearing, Maj. Gen. Gary Speer, acting commander of the Southern Command, called the allocations of intelligence, surveillance and reconnaissance assets to his command "insufficient to meet the intelligence requirements that we have. . . ." He reported that many of the assets that his command

would have for anti-drug missions "have been diverted for both Operation Enduring Freedom and Noble Eagle."

Complicating the picture for the regional commands is Operation Noble Eagle, the North American continental defense operation, which has been under way since Sept. 11. Simultaneous with the campaign in Afghanistan is an air defense mission over the United States, which has been comprised of primarily Air National Guard fighter squadrons flying round-the-clock air patrols over Washington, D.C. and New York City, with random patrols and continuous alerts in other parts of the country. NORAD commander Gen. Ralph Eberhardt told the Senate Armed Services Committee on March 20, that 19,000 sorties had been flown, including air refueling tanker support and AWACS surveillance missions. This mission, according to the Air Force, has involved about 275 fighters, 75 air-refueling tankers, and 40 C-130 cargo planes, and about 12,000 people; it included a contingent of NATO AWACS planes that deployed to the United States after the Sept. 11 attacks.

### **No New Capacity, But 'Magic'?**

In contrast to the concerns of the regional commanders, the Pentagon is not only downplaying the strains on the logistics system, but is also failing to implement any kind of economic mobilization, such as that led by President Franklin D. Roosevelt during World War II. Undersecretary of Defense for Acquisition, Technology and Logistics Pete Aldridge reported, during a March 22 press briefing at the Pentagon, that the Defense Department has indeed accelerated the production of precision guided munitions, in response to a utilization rate in Afghanistan that was "certainly above what our peacetime stockpile would support." He could not say whether or not the current production rate could support a future such contingency, however.

Aldridge added that the Pentagon was not considering adding new production facilities, but would rather only "tool up within the facilities we currently have." Asked by *EIR* to comment on the stress on the logistics system, Aldridge admitted that it is, indeed, under stress, because the logistics agencies have had people working 24 hours a day, seven days a week since Sept. 11, to support the current level of operations. He claimed that those on the other end of the supply lines "are delighted" because they're getting everything that they need. When asked if there were any capacity in the system for expanded operations, Aldridge replied "The logistics systems meet the job they are asked to do and it's always been done. And how they do it, it's magic, but they always do it."

Of course, military operations, and the logistics that support them, are physical-economic processes, not magic, and must be supported by a mobilized economy. But for the Bush Administration to lead a proper economic reorganization in the current crisis, would mean abandoning its free trade-globalization orientation.

## Budget Resolution Clears House in Rancorous Debate

On March 20, the House passed the GOP budget resolution, but in a process that generated considerable partisan rancor. Republicans brought to the floor a rule for debate that prevented any amendments from being considered. Rules Committee Chairman David Dreier (R-Calif.) said that while it has been normal procedure to allow any number of substitute amendments to be considered, this time “no real alternatives were offered.” Louise Slaughter (D-N.Y.), a member of the Rules Committee, responded, “The Republican leadership has blocked amendments offered by Democrats, all in an effort to adopt a flawed and disingenuous budget.” The rule was approved by a party-line vote of 222 to 206.

The situation did not improve when the debate moved to the resolution itself. John Spratt (D-S.C.) roasted the GOP plan. He castigated Republicans for including \$1.8 trillion in deficits over the next ten years, all of which, he said, would be paid for by the Social Security Trust Fund. He criticized the GOP for composing a five-year budget, instead of the more customary ten years, and said that the reason for this was so that the GOP could hide the effects of provisions that expire by 2010, including last year’s tax cuts. “This is a concerted strategy to shove everything forward and make the first five years as good as you possibly can by ducking the issue that will come just over the horizon,” he said.

The GOP response was typified by Majority Whip Tom DeLay (R-Tex.), who said that to fail to support the President’s budget, is to offer no budget for national defense, homeland security, or Social Security. “The other party,” he said, “has come here not to

praise any budget but to bury it.”

Simultaneous with the House debate, the Senate Budget Committee passed a Democrat-crafted budget resolution that is likely to be about as well treated by the Senate GOP as Democrats treated the GOP resolution in the House. Senate Republicans are complaining that the Democrat resolution increases domestic spending by some \$600 billion over current law, most of that in mandatory programs, and reduces defense spending \$245 billion below President George Bush’s request.

## FBI Told That Its Problems Must Be Fixed

On March 21, the Senate Judiciary Committee, chaired by Pat Leahy (D-Vt.), held an oversight hearing on the Federal Bureau of Investigation, focussing on the belated production of documents related to the Oklahoma City bombing case. The documents were produced one week before the scheduled execution of Timothy McVeigh, convicted for that bombing. The Department of Justice’s Inspector General had just submitted a report on its investigation of the matter, and the DOJ’s inspector general, Glenn A. Fine, was at the witness table.

In his opening statement, Leahy focussed on the problems admitted in Fine’s report. He said that in the emergency anti-terrorism legislation passed last November, the FBI was given “unprecedented powers. We want to make sure, in a democratic society, that we balance those.” He said what was troubling about the Oklahoma City documents, “was the conclusion that senior FBI personnel failed to notify either the prosecutors . . . or high-ranking Justice Department officials . . . about the belated

document production problems.” He said that among the problems revealed by the IG’s report are “structural and management” and information management problems. He warned Fine and the FBI officials accompanying him, that in return for giving the FBI more powers and more money, “the quid pro quo is that the problems will be fixed. This committee . . . will not authorize more money, nor will the Appropriations Committee appropriate it if the problems are not being fixed.”

Republicans, on the other hand, seemed to be more concerned to establish that the documents had no effect on the convictions of McVeigh or Terry Nichols. Orrin Hatch (R-Utah) said, “I take comfort that the IG uncovered no information that would even suggest that these men were not the perpetrators of the horrible crimes for which they were convicted.” Jeff Sessions (R-Ala.) portrayed the documents as essentially irrelevant. Fine agreed that many of the documents were “utterly useless and insignificant.”

## More Money Sought for Anti-Terrorism War

On March 21, the Bush Administration sent a supplemental appropriations request for more money for the war on terrorism, and for homeland defense, up to Capitol Hill. About \$14 billion would go to the Pentagon and intelligence agencies for the war in Afghanistan and the pursuit of terrorists elsewhere. The rest includes \$5.2 billion for homeland security, \$1.7 billion in international assistance and embassy security, \$750 million for aid to dislocated workers, and \$5.5 billion for assistance to New York City. “I know it’s a lot of money,” President

George Bush said in El Paso, Texas, “but we fight for freedom.”

While significant opposition to the request is not expected, it comes amid a dispute between Congress—especially Senate Democrats—and the White House, over whether Tom Ridge, the director of the White House Office of Homeland Security, should testify before Congress. Senate Majority Leader Tom Daschle (D-S.D.) said on March 21 that “somebody ought to come up and explain just how you’re going to spend [\$38 billion for homeland security] and who it’s going to affect, how the states are going to deal with these new responsibilities.” He said that these questions are going unanswered, “in large measure because Mr. Ridge refuses to testify.”

The White House says that Ridge is a White House adviser and therefore should not testify. On ABC’s “This Week” on March 24, Ridge said that his office was created by Executive Order, and he has no authority over the spending for homeland security. That money is under the control of those agencies, such as Health and Human Services, or the Federal Emergency Management Administration, that get the funds. “I will not oversee the expenditure of those dollars,” he said. Ridge has been negotiating with Senate Appropriations Committee Chairman Robert Byrd (D-W.V.) to find some way to meet the needs of Congress, but in an alternate forum. So far, Byrd has not accepted Ridge’s suggestions for closed-door briefings.

## **W**arner Warns Tenet About Unilateral Attack on Iraq

John Warner (R-Va.) warned of the consequences of a unilateral attack on Iraq by the United States, during a

March 19 hearing of the Senate Armed Services Committee. He said that such an adventure would likely create more terrorism, not less, and would bring down the governments of Islamic nations friendly to the United States.

The witness, CIA head George Tenet, had presented a statement along the lines of the axis of evil, much to the joy of Joe Lieberman (D-Conn.), and said that he could only answer questions on Iraq, in closed session. Warner said that there is speculation in the press every day on “taking out Saddam Hussein militarily if all other avenues diplomatically, in the end, fail.” He agreed that Iraq is a danger, but said: “I think we have an obligation to talk about what are the consequences . . . if we have to go it alone.”

“Who fills the vacuum?” if Saddam Hussein is removed from power, Warner asked. “Are there persons that exist that can step in and gain the confidence of the Iraqi people and lead that nation, hopefully, in a direction that’s more compatible with a degree of democracy and freedom in that part of the world? We will also have to evaluate—and this is my question to you—in the aftermath, what is the likely degree of increase in the threats to this nation by means of terrorism . . . , how do we go about evaluating the degree of the increase of terrorist attacks, particularly by individuals who are ready to give up their lives, willingly, to bring further damage on our nation?”

When Tenet twice gave evasive answers, Warner cut him off. “I think it’s important that we begin to spend a lot of time on this subject and try as best we can to inform the American people and others of the consequences of a significant military action to take out Saddam Hussein,” he said.

Tenet evaded whether a U.S. at-

tack on Iraq might bring down friendly governments. Warner told Tenet that he hoped President George Bush would consult with Congress before launching any action against Iraq. “It is a major, major decision that we’ve got to prepare the American people for what the consequences would be,” he said. “Yes, we would destroy weapons of mass destruction, the ability of that nation to produce it. But in the wake, would we spawn a higher, much higher degree of terrorism?”

## **C**ampaign Finance Reform Will Face Court Test

On March 20, the Senate voted 60-40 to send the campaign finance reform bill to the White House, where President George Bush has said that, while the bill is flawed, he plans to sign it. The vote followed two days of protracted debate, and an agreement to language allowing the bill to be challenged in court almost as soon as it is signed by the President. The provision allows for an expedited procedure in front of a three-judge panel, with appeal directly to the Supreme Court.

Mitch McConnell (R-Ky.), the bill’s leading Senate opponent, said after the vote, “We’ll be going to court, soon.” He said that he is confident that a court will agree to hear the case. The following day, he said that the legal team that will be leading the challenge will include Whitewater prosecutor Kenneth Starr, and Floyd Abrams, the man who argued the Pentagon Papers case for the *New York Times* in the early 1970s. “This is a mission to preserve the fundamental constitutional freedom of all Americans to fully participate in our Democracy,” McConnell said. He said that both sides wish to resolve the case before Nov. 6, the date the bill is to take effect.

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## Kissinger Threatens Use Of U.S. Nuclear Arsenal

"We have a nuclear arsenal with which we are ready to react," former Secretary of State Henry Kissinger told a meeting held under the auspices of the Italian Senate on March 19, the ASCA press agency reports. The speech, titled "Globalization and Geopolitics," was given almost precisely on the anniversary of the kidnapping of former Italian Prime Minister Aldo Moro on March 16, 1978, following threats from the same Kissinger.

"From Iraq and the other rogue states," Kissinger said, "we learned that weapons can be used suddenly against us, but also against Europe. What do we do with countries that have weapons of mass destruction, don't have a democratic system, and have already used these weapons against their own people and their neighbors? Do we wait until these weapons are used or we will find the way to prevent this risk? We Americans gave up our chemical weapons in 1969, but we have a nuclear arsenal with which we are ready to react. Nobody wants a war without consulting our allies, but those who reject the use of weapons must propose an alternative and not just a diplomatic alternative."

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## U.S. Failed in Bid To Oust UN Official

The U.S. government has failed in its effort to oust the chairman of the UN monitoring agency for chemical weapons, José Mauricio Bustani. The attempt had more to do with preparations for a military strike against Iraq's alleged chemical weapons threat, than with the nominal reason for the complaint, allegations of "financial irregularities."

Bustani, a career Brazilian diplomat, opposes the U.S. view that Iraq cannot be dealt with, insists that the UN agency must be neutral (he has argued that inspectors should be sent to the United States, as well), and

favors multilateral dialogue. He is reportedly favorable to Iraq's becoming a member of the agency this year, and, according to *Jornal do Brasil* on March 21, he was negotiating having a team of inspectors sent to Iraq, which team would be recruited by the UN agency, and not by the United States. The "okay" from Baghdad for an inspection by this team was considered "a given," which would throw cold water on the U.S. war plans, a Brazilian Foreign Ministry source told *Jornal do Brasil*.

When Bustani refused to resign at U.S. Ambassador Donald Mahley's request, the United States offered the Brazilian government that it would get a Brazilian diplomat named head of the UN Human Rights Commission (a post Brazil is eagerly eyeing), if it would remove Bustani. Brazilian Foreign Minister Celso Lafer, however, publicly rejected this offer, saying that since Bustani was not working for the Brazilian government, but the UN, he couldn't oblige. Mahley became "violent," demanding Bustani's "immediate removal," Brazilian diplomats report.

A Russian representative to the agency told one of the meetings debating the issue: "This phrase, 'immediate removal,' reminds me of someone. Do you know who? Stalin."

The matter was settled on March 22, when Russia, China, Iran, and Brazil all voted to keep Bustani at his post; because so many other countries abstained, the U.S. delegation could not get the two-thirds vote required to fire Bustani.

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## No Signs of Recovery In Silicon Valley

While U.S. Treasury Secretary Paul O'Neill declares that we were never actually in a recession at all, that's not the way it looks outside the Washington Beltway. The *San Francisco Chronicle* on March 17 reports on the desperate situation in Silicon Valley, the erstwhile capital of the "New Economy." The main indicators of the valley's economic health—job creation, unemployment, office vacancy rates—"are still deteriorating, and are expected to do so for months

to come," Sam Zuckerman writes.

Vacancy rates for valley office space went from 0.6% in the second quarter of 2001 to 15% in the fourth quarter of 2001, with a 25% jump from the third quarter to the fourth quarter of last year. "Start-up" companies that rely on outside venture capital, began running out of cash in the fourth quarter, and are now collapsing at an escalating rate.

Unemployment in the valley now stands at 86,000. In Santa Clara County the unemployment rate in February 2002 was 7.3%, up from 1.6% in January 2001. The article quotes Paul Fassinger, research director of the Association of Bay Area Governments, predicting a rise to 8.5% in coming months. "Jobs and fortunes will continue to be lost, more office space will go crying for tenants, stockholders will still count their losses, and the boom times of the 1990s will fade into memory," the article predicts.

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## Perle Beats the Drums For War Against Iraq

Richard Perle, chairman of the Defense Policy Board and a leading member of the "Clash of Civilizations" cabal in and around the U.S. government, addressed the annual conference of the American-Turkish Council on March 18, calling for war against Iraq, no matter whether other countries support the U.S. or not.

When asked about Arab leaders' unanimous rejection of Vice President Dick Cheney's appeal for support for action against Iraq, Perle said, "Well, I just don't know what they told the Vice President *in private*. . . . The Arab leaders feel there is nothing to be gained by getting ahead of the U.S. on this issue." Perle suggested that at the point the U.S. acted, the Arab leaders would probably all get on board. But, if not, too bad for them.

Regarding Egypt, Perle said, "We should do it anyway and not worry about the Egyptians. Turkey is more important than Egypt." He claimed that compared to 1991, Saddam was much weaker, the U.S. had more sophisticated weaponry, and 11 more years of Saddam Hussein's rule had in-

creased the domestic opposition even from within the Iraqi military. "It would be much quicker, much easier now. Not like 1991. . . . There will probably be dancing on the streets of Baghdad when Saddam falls." A conference participant mentioned objections raised by former Clinton adviser Ken Pollack, who warned that military moves against Iraq would be a long, hard affair. "He's wrong," Perle said. "But we don't have to take Baghdad," he added. "If Saddam retreats to Baghdad, we have the Kurds in the North and the Shiites in the South to keep him boxed in. If Saddam tried to move out of Baghdad, the U.S. Air Force will get him."

When asked if a military attack against Iraq required a relaxation of tension in the Middle East, Perle replied, "No. And we can't let that determine our actions. The Palestinian media is still calling for a holy war against Israel."

Another speaker asked about Gen. Anthony Zinni's sarcastic description of an attack on Iraq as being a "Bay of Goats" invasion, Perle said, "I didn't understand Zinni's remarks when he said them. I don't believe the U.S. will enter a failed operation. Zinni is wrong in his judgment of this administration."

## General Clark Warns of Afghanistan Guerrilla War

Gen. Wesley Clark (ret.), the man who commanded the 1999 bombing campaign against Yugoslavia, and who wanted ground troops to be deployed there, was quoted by the London *Daily Telegraph* on March 22, saying that there are "worrisome signs" that the United States-led coalition is drifting into a position similar to that of the Soviet Union after its invasion of Afghanistan in 1979. Clark told the *Telegraph* that the Soviets "won big victories to start with. It took a year or two for the opposition to build up."

Asked if the coalition forces could be dragged into a war of attrition, like the Soviets were, he said, "I do think it's a possibility. The thing we must have is intelligence domination on the battlefield, and that means hu-

man intelligence, and that means boots on the ground."

He added that the U.S. forces have two major advantages over the Soviets: technology, and the fact that there is no overtly opposing superpower, like the role the United States played in the 1980s. He warned that the war could go wrong, if Allied forces allowed themselves to become involved in guerrilla warfare, or if there were serious factional strife in the country (he apparently did not mention that there already is such strife).

## 'Jane's Digest' Reports Israeli Spying on U.S.

Jane's Intelligence Digest, one of the best-informed British intelligence outlets, on March 15 described the impact of Israeli espionage against the United States as "political dynamite which could result in a political backlash against Israel, which is finding itself increasingly isolated." The scandal has received almost no coverage in the U.S. media, apart from *EIR* and Fox-TV.

The British magazine stresses that "Israel's intelligence organisations have been spying on the U.S.A. and running clandestine operations on U.S. soil since the Jewish state was established. . . . It is rather strange that the U.S. media, with one notable exception, seems to be ignoring what may well prove to be the most explosive story since the 11 September attacks—the alleged break-up of a major Israeli espionage operation in the United States which aimed to infiltrate both the justice and defence departments and which may also have been tracking Al-Qaeda terrorists before the aircraft hijackings took place. . . . Justice Department spokeswoman Susan Dryden dismissed the espionage allegations as 'an urban myth that's been circulating for months.' . . .

"U.S. officials admitted to reporters that the entire investigation had become 'too hot to handle,' but declined to give further details. However, some FBI officials did confirm at the time that the Israelis were running a major eavesdropping operation that had penetrated into the highest echelons of the U.S. administration."

**REP. JOHN CONYERS** (D-Mich.) called the Bush Administration's decision to use secret evidence against a Muslim charity, the Global Relief Foundation, "a slap in the face for those who supported him." The evidence is supposed to demonstrate that the charity is connected to al-Qaeda. "I call on the President to abide by his campaign promise and to cease the practice of gutting the very freedoms we are attempting to protect," Conyers said on March 18.

**CALIFORNIA** Gov. Gray Davis is proposing to close the state's private prisons, citing cost and declining inmate populations. Under the plan, five private prisons would close by the end of June, and four remaining would be closed as their contracts expire in 2007.

**NOAM CHOMSKY**, the linguistic formalist and erstwhile radical "Sixty-Eighter," addressed an audience of 3,500 mostly Baby Boomers in Berkeley, California on March 23, giving his view of "U.S. guilt" for the bloodshed in the Mideast, and blaming the Palestinians for having "unwisely accepted" the Oslo Accords. Asked about possible involvement by U.S. government circles in the Sept. 11 terror attacks, he replied "absolutely not, completely implausible," repeating the formulation several times.

**'JEWISH VOICES** Against Israel's Occupation of Palestinian Territories" was the title of an ad taken out in the *New York Times* on March 17 by a U.S.-based group called Jewish Voices Against the Occupation. The statement calls upon Israel to agree to an international peace-keeping force in the occupied territories; and to cease building or expanding settlements as a first step toward their complete evacuation. It calls on the U.S. government to suspend military aid to Israel that is used to maintain the occupation, until Israel withdraws completely from the occupied territories.

## Editorial

### Carlos Cota Meza (1953-2002)

*EIR* is grieved by the death of our great Mexican friend and colleague, Carlos Cota Meza, "Cali," who passed away early in the morning of March 21, in Mexico City, after a long and painful illness. Cali dedicated his entire adult life to fighting for humanity, and even in the final, most difficult weeks he maintained a lively interest in the state of that humanity. Cali, with his wife Cruz del Carmen and their two children, Carlos (18) and Fernando (11), waged a tenacious battle against the disease which ultimately felled him. He did so with a determination and dignity well known to those of us who worked with him for nearly three decades in the international movement of Lyndon LaRouche.

At the time of his death, Cali served on the Executive Committee of the Ibero-American Labor Committee, and of the Ibero-American Solidarity Movement (MSIA) of Mexico. In his 28 years in the LaRouche movement, he organized not only in Mexico, but also in Colombia, Venezuela, the United States, Guatemala, the Dominican Republic, and Panama. Everywhere, he is remembered for his contagious smile and laugh, and his aggressive organizing style.

In Panama, he was one of the key organizers of the 1988 Second Amphictyonic Congress, of the republics of Ibero-America. A fellow organizer there recalls that Cali "was a student of the history of all the countries of Ibero-America, to the degree that, whatever your nationality, you always considered him one of your own—a true example of what it means to be a LaRouchist."

Carlos Cota Meza authored numerous economic studies which were published in the pages of *EIR* and the Spanish-language *Resumen Ejecutivo de EIR*. He did ground-breaking research on the population of Mex-

ico at the time of arrival of the Spaniards, in the 16th Century. By applying LaRouche's universal metric of potential relative population density, he proved that it was not the case, as claimed by indigenist and other ideologues, that the Spaniards exterminated the vast majority of the indigenous population of Mexico. The original population was, he proved, far smaller than most authors argue; far fewer died at the hands of the Spaniards than the sensationalists claim. Cali demonstrated that the native population of the Americas thrived with the arrival of European Renaissance culture.

He also wrote prolifically on today's Mexican economy, including such his prophetic April 1993 piece, "The 'Mexican Economic Model,' Wall Street's New Potemkin Village," which accurately forecast the Mexican debt-bomb explosion of late 1994.

One of Cali's favorite authors was the German philosopher G.W. Leibniz, who wrote in his 1690 *Memoir for Enlightened Persons*: "One is obligated in conscience to act in such a way that one can give an accounting to God of the time and power he has lent us." Cali is

now giving such an accounting; and for anyone who knew him, the outcome is beyond all doubt.

There are those who take loans—the divine one Leibniz evoked, or commonplace economic ones—and waste them, or mis-invest them in unproductive activities. Cali was not one of those. He could be called a "Hamiltonian" in every sense of the word: he invested that which was lent him in such fashion that it bore fruit, for the benefit of all mankind.

Cali returned more, far more, than what he was lent. For that we honor him, and give thanks.



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• SANTA FE  
Comcast—Ch. 6\*  
• TAOS—Ch. 2  
Thursdays—7 pm

## NEW YORK

• AMSTERDAM  
Time Warner Ch. 16  
Thursdays—4:30 pm  
• BUFFALO  
Adelphia Ch. 18  
Wed.—12:30 pm  
• BROOKLYN—BCAT  
Time Warner Ch. 35  
Cablevision Ch. 68  
Sundays—9 am  
• CHEMUNG/STUEBEN  
Time Warner—Ch. 1  
Mon., Fri.—4:30 pm  
• ERIE COUNTY  
Adelphia Intl. Ch. 20  
Thursdays—10:35 pm  
• ILION—Ch. 10  
Mon. & Wed.—11 am  
Saturdays—11:30 pm  
• IRONDEQUOIT Ch. 15  
Mondays—7:30 pm  
Thursdays—7 pm  
• JEFFERSON/LEWIS  
Time Warner—Ch. 2  
Unscheduled pop-ins  
• JOHNSTOWN—Ch. 16  
Tuesdays—5 pm  
• MANHATTAN—MNN  
T/W Ch. 34; RCN Ch. 109  
Alt. Sundays—9 am  
• NIAGARA COUNTY  
Adelphia Ch. 20  
Thursdays—10:35 pm  
• ONEIDA—Ch. 10  
Thu—8 or 9 pm  
• PENFIELD—Ch. 15  
Penfield Comm. TV\*  
• QUEENSBURY Ch. 71  
Thursdays—7 pm  
• RIVERHEAD Ch. 70  
Thurs.—12 Midnight

## OHIO

• FRANKLIN COUNTY  
Ch. 21: Sun.—6 pm  
• LORAIN COUNTY  
Adelphia Ch. 30  
Daily: 10 am; or  
12 Noon; or 2 pm;  
or 12 Midnight  
• OBERLIN—Ch. 9  
Thursdays—7 pm  
• REYNOLDSBURG  
Ch. 6: Sun.—6 pm

## OREGON

• LINN/BENTON  
AT&T Ch. 99  
Sundays—1 pm  
• PORTLAND  
AT&T  
Tue—6 pm (Ch. 22)  
Thu—3 pm (Ch. 23)  
• SALEM—Ch. 23  
Tuesdays—12 Noon  
Thursdays 8 pm  
Saturdays 10 am  
• SILVERTON  
Charter Ch. 10  
Mon, Tue, Thu, Fri  
Betw. 5 pm - 9 am  
• WASHINGTON ATT  
Ch. 9: Tualatin Valley  
Ch. 23: Regional Area  
Ch. 33: Unincorp. Towns  
Wednesdays—8 pm  
Sundays—9 pm

## RHODE ISLAND

• E. PROV.—Ch. 18  
Tuesdays—6:30 pm  
• STATEWIDE  
R.I. Interconnect\*  
Cox Ch. 13  
Full Ch. 49

## Texas

• DALLAS Ch. 13-B  
Tuesdays—10:30 pm  
• EL PASO COUNTY  
Adelphia Ch. 4  
Tuesdays—8 pm  
Thursdays—11 am

## UTAH

• SEVIER  
Mallard-Suntel  
Richfield Ch. 45  
Peak Cable  
Anabella Ch. 29  
Central Ch. 29  
Elisnor Ch. 29  
Glenwood Ch. 32  
Monroe Ch. 29  
Sun—1 pm & 8 pm  
Mon—1 am & 8 am

## VERMONT

• GREATER FALLS  
Adelphia Ch. 8  
Tuesdays—1 pm  
• VERMONT  
• ALEXANDRIA  
Comcast Ch. 10  
Tuesdays—5:30 pm  
• ARLINGTON  
ACT Ch. 33  
Mondays—4 pm  
Tuesdays—9 am  
• CHESTERFIELD  
Comcast Ch. 6  
Tuesdays—5 pm  
• FAIRFAX—Ch. 10  
Tuesdays—12 Noon  
Thursdays—7 pm  
• LOUDOUN  
Adelphia Ch. 23/24  
Thursdays—7 pm  
• ROANOK—Ch. 9  
Thursdays—2 pm

## WASHINGTON

• KING COUNTY  
AT&T Ch. 29/77  
Sundays—9 pm  
• KENNEWICK  
Charter Ch. 12  
Mondays—12 Noon  
Thursdays—8:30 pm  
• PASCO  
Charter Ch. 12  
Mondays—12 Noon  
Thursdays—8:30 pm  
• RICHLAND  
Charter Ch. 12  
Mondays—12 Noon  
Thursdays—8:30 pm  
• SPOKANE—Ch. 14  
Wednesdays—6 pm  
• YAKIMA—Ch. 9  
Sundays—4 pm

## WISCONSIN

• MADISON—Ch. 4  
Tuesdays—3 pm  
Wednesdays—12 Noon  
• MARATHON COUNTY  
Charter Ch. 10  
Thursdays—9:30 pm;  
Fridays—12 Noon

## WYOMING

• GILLETTE—Ch. 36  
Thursdays—5 pm

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# No to the 'Clash of Civilizations'!

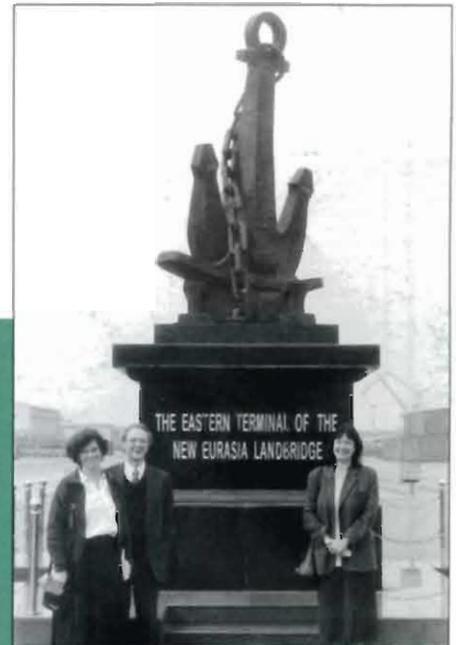
The Anglo-American financier oligarchy is trying to unleash a "Clash of Civilizations," to block the vast potential for Eurasian development. Instead, the Western powers should join in the great project of the new millennium, the Eurasian Land-Bridge.

## The Eurasian Land-Bridge

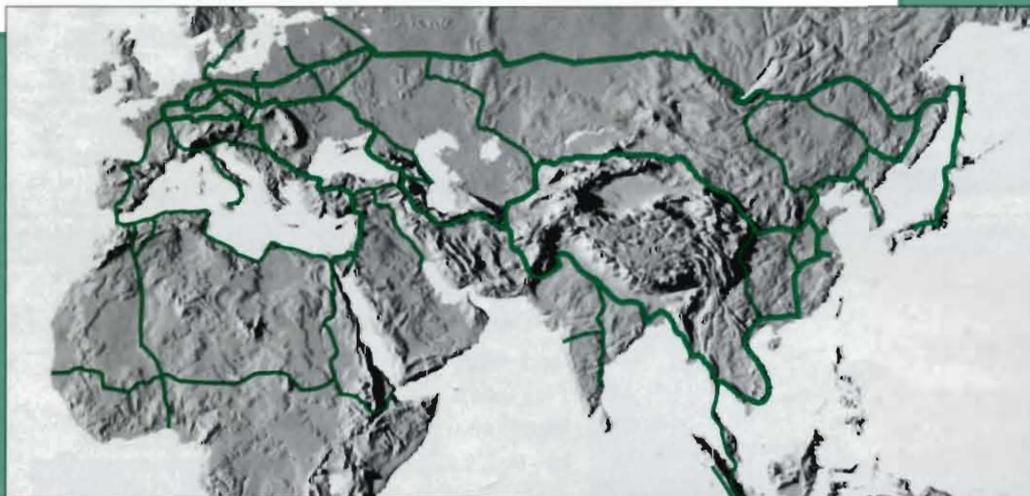
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Helga Zepp-LaRouche (right), known as "the Silk Road Lady," has played a major role in organizing worldwide support for the Eurasian Land-Bridge. She is shown here with Schiller Institute associates at Lianyungang Port in China, October 1998.



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