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THIS WEEK YOU NEED TO KNOW

A LaRouche Idea Whose Time Has Come

On Wednesday, July 3, Lyndon LaRouche addressed a gathering of over 100 prominent elected officials, economists, Vatican representatives and civic leaders at the Sala Auditorium of the Basilica of Santa Maria degli Agnelli, in Rome, Italy, on the subject of his longstanding proposal for the convening of a New Bretton Woods Conference, to put the present bankrupt world monetary and financial system through an orderly bankruptcy reorganization. The goal of such an effort by sovereign governments would be to create the preconditions for the launching of a global economic recovery, through the issuance of long-term, low-interest credits, earmarked for large-scale high-technology development projects, centered around LaRouche's proposal for the Eurasian Land-Bridge.

Among the leading Italian political figures who joined LaRouche were Dr. Nino Galloni, the director general of the Italian Labor Ministry; and Senator Oskar Peterlini, the author of an Italian Senate and Chamber of Deputies resolution, calling upon the Italian government to take the lead in convoking a conference of nation-states to establish a new global monetary system.

The Rome gathering, and the private meetings that occurred around it, were the most important events of the past week, coming in the context of a growing threat of financial collapse and war.

Over the past 60 days, Lyndon LaRouche has been a featured speaker at major policy conferences, and intensive private discussions, in the United Arab Emirates; in Sao Paulo, Brazil; in Switzerland; and Rome. It may fairly be said that Lyndon LaRouche is one of the most in-demand policy makers on the planet today—and for good reason.

The present world monetary system is finished. Signs of the death of the post-Bretton Woods System are everywhere, from Brazil, Argentina, Uruguay, and Chile in the Southern Cone of South America, where one country after another is facing sovereign default on long-unpayable debts; to Japan, where any honest accounting would judge that the entire commercial banking system is hopelessly bankrupt, and, indeed, drowning in non-performing debt; to Great Britain, where the rail system has been bankrupted by privatization and looting, and where a real estate bubble is expected to burst at any time that the Bank of England raises interest rates; to continental Europe, which is confronted with the immediate need to nationalize major sectors of the economy, from construction and entertainment (Germany) to telecommunications (Germany and France).

But the true epicenter of the global systemic crash is the United States, the so-called "last superpower standing" and "consumer of last resort" for the rest of the world. Last week, *Executive Intelligence Review* and *Electronic Intelligence Weekly* published a report by Richard Freeman and John Hoefle, presenting a stark picture of the U.S. debt.

Using the best available U.S. government data, *EIR* found that the total indebtedness of the United States—including government debt at all levels, commercial debt, and household debt—was in the range of \$32 trillion. The total U.S. Gross

National Product was officially listed at \$10 trillion. Of course, as the recent cases of Enron, Global Crossing, Xerox, WorldCom, ImClone, etc., suggest, a sizeable portion of the U.S. GNP is fake. While *EIR* had preliminarily estimated that the annual debt service on the \$32-trillion in national debt was in the range of \$5.7 trillion, consultations with economists at the U.S. Federal Reserve Bank, and at a variety of financial research organizations, placed that figure at closer to \$7.3 trillion! In other words, 73% of the entire U.S. GNP is going to debt service.

Under the conditions of a growing productive economy, it is not unreasonable to maintain a large debt. However, the U.S. economy is shrinking, and the manufacturing sector is shrinking at the greatest rate.

Put all of these elements together, add in the approximately \$400 billion in annual trade deficit, consider the looming explosion of the U.S. real estate bubble, and it becomes clear: The United States, by any honest accounting standards, is bankrupt! The U.S. economy is the dead-man-walking of the world economy, and it is only a matter of time—brief time—before some triggering event brings down the entire global financial and monetary system.

The 'Wall of Money' Revisited

Over the past week, two so-called "solutions" to this crisis have been put forward by leading figures within the Anglo-American financial establishment. At a recent conference in London, George Soros, in an obvious state of panic over Brazil's looming sovereign default, called for the world's central banks to throw another "wall of money" at the debt-strapped countries. Soros was referring to the policy adopted by Federal Reserve chairman Alan Greenspan in October 1998, when, following the Russian GKO default and the collapse of the hedge fund LTCM (Long-Term Capital Management), the Fed launched a hyperinflationary printing-press operation, to reflate the U.S. and global stock markets as a time-buying measure. Greenspan's "wall of money" policy, as LaRouche forecast all along, blew up, beginning in the spring of 2000, wiping out trillions of dollars in nominal stock and bond values, but simultaneously robbing the household and retirement savings of countless Americans.

The *Washington Post's* resident "Limp" ("Liberal Imperialist"), former London Economist bureau chief Sebastian Mallaby, seconded Soros's furtive plea, in a June 29 *Washington Post* op ed in which he warned that a failure to come through with a new round of International Monetary Fund bailouts for Argentina, Brazil, and other developing-sector nations would lead to radical measures. He was implicitly talking about LaRouche's New Bretton Woods call, as he specifically cited the 1982 actions by Mexican President Jose Lopez Portillo, who, faced with an unpayable debt, nationalized the banking system, after a famous meeting with LaRouche, after which the American political economist issued his Operation Juarez plan for a global bankruptcy reorganization.

The 'New Hitler Project'

Anyone in their right mind knows that the Soros-Mallaby calls for a new hyperinflationary "wall of money" scheme would hardly last through the summer, before triggering an even bigger financial blowout. The real game for the Anglo-American oligarchy is what might fairly be called the "New Hitler Project."

In 1932-33, British and allied Wall Street financiers poured millions of dollars into the Nazi Party coffers, to literally raise Hitler's party from the dead. Their goal was to Hitlerize and rearm Germany, and provoke a geopolitical war between the Third Reich and the Soviet Union—to prevent any German alliance with a United States under the leadership of Franklin Delano Roosevelt, as had been the explicit policy of the German Friedrich List Society.

The same lunatic faction within the Anglo-American oligarchy is today seeking to provoke a new geopolitical war, as a way out of the financial collapse of their post-Bretton Woods System. This geopolitical war is the "Clash of Civilizations,"

and the presently designated "New Hitler" is Israel's Jabotinskyite regime under Ariel Sharon.

As Lyndon LaRouche warned, in his Rome address on July 3, following President George W. Bush's disastrous Rose Garden speech of June 24, Ariel Sharon was unleashed to provoke a new Middle East war, which would serve as a flashpoint for precisely the "Clash of Civilizations" war on Islam, prescribed by Britain's senior Orientalist Dr. Bernard Lewis and his epigone Samuel P. Huntington.

On June 30, Wall Street berserker Lawrence Kudlow penned a *Washington Times* op ed in which he spilled the beans on the plans of the utopian war party in Washington. "Decisive shock therapy to revive the American spirit would surely come with a U.S. invasion of Iraq," he ranted. "The shock therapy of decisive war will elevate the stock market by a couple thousand points."

A moment of truth has arrived. The option of muddling through the financial turmoil has been taken off the table. Either world leaders step forward to openly embrace Lyndon LaRouche's call for the revival of the FDR American System solution to the end of the present monetary system, or an increasingly insane Anglo-American financial oligarchy will go for hyperinflation and war. The post-post Bretton Woods System is about to come into existence, and it will either be a LaRouche-centered revival of the best features of the original 1944 Bretton Woods System, leading to an era of potential unprecedented global peace and prosperity; or the world will plunge into a New Dark Age, lasting many generations.

U.S. ECONOMIC/FINANCIAL NEWS

Wall Street: Housing Bubble Is 'Waiting To Pop'

The *Wall Street Journal* was forced to admit July 3 that the residential housing market is "a bubble waiting to pop," as money continues to pour into a wide range of property investments at the fastest rate in years. Some new investors in real estate worry that they are getting in at the top of the market, and face getting burned as they did by falling stocks.

Sales of new and existing homes hit \$522 billion so far this year, up from \$451.3 billion a year ago; and \$2.41 billion has flowed into real estate mutual funds, compared with only \$307 million in the same period last year.

Fannie Mae, Freddie Mac No Longer Exempt from Law

Fannie Mae and Freddie Mac will be required to follow the same financial disclosure practices as other companies, including registering their mortgage-backed securities with the Securities and Exchange Commission, reversing the present exemption from Federal securities laws, under a new rule being developed by the the Office of Federal Housing Enterprise Oversight (OFHEO), the Federal regulator for the bankrupt mortgage-finance giants.

The proposed rule, as outlined in a June 28 letter from OFHEO Director Armando Falcon to the White House Office of Management and Budget, would require Fannie and Freddie to: 1) File quarterly and annual reports with the SEC, as comprehensive as those required of SEC-registered companies; 2) register their offerings of stock and debt; and 3) disclose information on interest-rate risk, derivatives, and mortgage-backed securities.

U.S. Layoffs Rise 12% in June on Telecom Meltdown

Layoffs rose 12% in June over the previous month, to 94,766, as telecom job cuts more than doubled to 30,455, with no signs of improvement in the second half of the year, according to a report issued July 2 by employment outplacement firm

Challenger, Gray and Christmas. Waning investor confidence will likely lead to more layoffs, the study noted, starting with the financial sector. "We will probably continue to see significant job cutting," said CEO John Challenger.

WorldCom Defaults on \$4.25 Billion in Loan Agreements

WorldCom, heading for bankruptcy, has defaulted on \$4.25 billion in loan agreements, giving banks the right to demand immediate repayment of some of its debt; and it is being forced to repay \$1.2 billion in loans backed by customer bills. The Nasdaq "high-tech" stock market told WorldCom that its shares would be delisted on July 5, unless the company appeals.

WorldCom, charged by the Securities and Exchange Commission with \$3.85 billion in fraud for hiding losses during the past five quarters, said it is investigating possible new accounting problems with its reserve accounts. "Criminal charges may be too good for the people who brought about this mess," said SEC Chairman Harvey Pitt on NBC's Today program July 1. "The American people can be sure that there's a very tough cop on the beat here and that we are going to clean this mess up."

D.C. Telecom Sector Imploding, Real Estate Bubble Next

The Greater Washington, D.C. area—including Northern Virginia and adjacent counties in Maryland—with its many telecom companies, is considered by many to be Silicon Valley II. For example, the second-largest long-distance telephone company, MCI Communications, still has its headquarters in Washington.

By late 1999-early 2000, the share price of the telecom companies, and the larger "New Economy" sector, had reached their peak, pushing up residential and commercial real-estate values. At the market peak, in the Washington area, the collective stock valuation of the 27 telecom companies listed below, reached between \$350 and \$400 billion, or more.

Stock Price of 27 Telecom Companies — In Greater Washington, D.C.

	Peak Price	Price on 6/28/02
Acterna	\$ 41.37	\$0.41
Aether Systems	315.00	2.95
Ardent Commun.	43.00	0.03
Ciena	149.50	4.19
Corvis	108.00	0.65
Digex	94.00	0.22
E-spire Commun.	15.75	0.01
Global Telesystems	45.00	0.00
Iridium World Commun.	70.69	0.11
LCC Int'l	45.00	1.43
MCIT	19.09	1.68

Metrocall	15.75	0.01
Motient	40.00	0.00
Ntelos	46.00	1.41
Network Access Solutions	36.50	0.01
Net2000 Communications	37.25	0.00
Nextel	79.81	3.21
Primus Telecom	51.69	0.70
PSINet	59.81	0.00
Savvis Communications	24.62	0.05
Startec Global Comm.	29.87	0.01
Talk America	20.12	4.13
Teligent Inc.	97.00	0.00
Tessco Technology	22.25	9.80
Via Net Works	71.75	1.42
WorldCom	61.99	0.83
XO Communications	66.00	0.02

source: *Washington Post, Bloomberg*

As of June 28, some 12 of the 27 listed companies had stock values of \$0.05 per share or less.

The telecom shakeout now threatens to blow out the Washington-area commercial and residential real-estate markets. According to the *Washington Post* July 1, "If WorldCom Inc. ... were to shut down tomorrow, pack up, send its 8,000 Washington area employees home, and put 'for rent' signs in front of all its facilities, Loudoun County's already high office-vacancy rate of 17% would almost double to a staggering 32.9% rate." The official commercial building vacancy rate for Northern Virginia is 15%, and in actuality, much higher.

The telecom sector, employing thousands, helped build up the Greater Washington home real-estate bubble: By March 2002, the average home price reached \$340,000. Now, with the acceleration of the telecom sector layoffs, this bubble is primed to blow out.

U.S. Corporate Bankruptcies To Break Historic Records—Again

Last year, 255 publicly traded U.S. companies, with total assets of \$260 billion. filed for bankruptcy protection, according to *Bloomberg* July 3. In terms of assets eliminated, this was the worst year ever in U.S. corporate history, almost tripling the previous record of one decade before. The 2001 bankruptcies included Enron, with \$63.4 billion in assets—the biggest ever U.S. bankruptcy—so far.

However, bankruptcy filings continue to surge, and 2002 will most likely surpass last year's record. Already in the first 6 months, 113 listed companies with \$149.3 billion in assets have filed for Chapter 11. In the last two weeks of June alone, **Adelphia Communications** with \$24.4 billion in assets went bankrupt, as did **XO Communications** and **Farmland**

Industries, the largest U.S. farm cooperative. Five of the eight largest Chapter 11 cases in history have been filed since December 2001: **Enron** (\$63.4 billion in assets), **Global Crossing** (\$25.5 billion), **Adelphia** (\$24.4 billion), K-Mart (\$17 billion), and **NTL** (\$16.8 billion). Many more bankruptcies of large corporations are expected in the second half of this year, in particular in the airlines, energy, telecom, and metal processing sectors.

WorldCom, the troubled U.S. telecom group which, according to its own statements, runs half of the global Internet traffic, could be the next big shoe to drop. With \$103.8 billion in assets, a bankruptcy of WorldCom would dwarf even that of Enron.

WORLD ECONOMIC NEWS

Telecom Meltdown Hitting Europe, Too

The meltdown of the telecom sector, which *EIW* has been reporting in detail over recent weeks, has by no means been confined to U.S. shores. Like their American counterparts, Europe's former "model" high-tech firms, based on information technology and privatized infrastructure, are now crumbling beneath excessive debt, the global tech meltdown, and "shareholder value" stupidity, if not outright fraud.

In the telecom sector, the stock price of Germany's **Deutsche Telekom**, in the last week of June, sank to just above 8 euros, the lowest level ever, and only about one-half of the IPO price in 1996. While Deutsche Telekom's takeover mania has produced an incredible mountain of debt, at 65 billion euros, since March 2000, the company has sunk the investments of millions of small stockholders.

France Telecom, at a debt level similar to its German cousin, is now paying the price for "successfully" entering the German telecom market. Its bailout of the German mobil-phone operator MobilCom will probably drive up its debt to 75 billion euros by year-end. As a consequence, Moody's, on June 24, downgraded the giant French company to just one level above junk.

Another large French conglomerate, **Vivendi Universal**, saw its stock price plunge to the lowest level since September 1996, after it became known on June 21 that the second-largest media company in the world had just received a 1.4-billion-euro cash injection by Deutsche Bank to overcome a liquidity crisis. Vivendi has about 30 billion euros in debt, with about one-quarter coming due within the next few months, and the company posted a record loss in 2001. On June 25, the fourth member of Vivendi's board of directors this year stepped down; and its mighty CEO, Jean-Marie Messier, was forced to resign on July 1.

Alcatel, the largest European producer of telecom equipment, announced June 26 that it will cancel another 10,000 jobs, on top of the huge job cuts announced in the last two years. At the beginning of last year, Alcatel still employed 110,000 people. By the end of 2003, the Alcatel workforce is projected to shrink to 65,000.

Cap Gemini, Europe's largest computer-services company, will cut another 5,500 jobs, or one-tenth of its workforce. CEO Paul Hermelin argued on June 26: "We can no longer wait for a hypothetical recovery at some point in the future."

In Britain, the mobil-phone giant **Vodafone** just reported the largest annual corporate loss in European history, while the Italian telecom equipment producer **Marconi**, formerly a successful defense contractor, is struggling to stave off bankruptcy.

Railtrack, the company that ran down the privatized British rail system in a failed attempt to boost "shareholder value,"

has already declared bankruptcy. The 37,000-km railway infrastructure will now be re-nationalized into the newly created, state-controlled Network Rail holding.

IMF Chief Hints at G-7 Action To Rescue Dollar

As London's *Financial Times* reported July 5, IMF managing director Horst Koehler "signalled" on last Thursday that "The International Monetary Fund could seek international coordination of exchange rates if nervousness in currency markets led to a run on the dollar." Koehler told the *FT* that, if the dollar were to fall rapidly and in a disorderly fashion, "no intervention at all is not the right answer."

Fund Manager: Markets To Decline For 5-10 Years

Stock markets will continue sliding for five to 10 years ahead, the London-based hedge-fund manager Hugh Hendry told the *Frankfurter Allgemeine Zeitung*, in an extended interview published July 2. Stocks will have to crash for another 35%, states Hendry, and thereby the "stock market culture will be eradicated."

The top central bankers, and, in particular, the U.S. Federal Reserve, are to be blamed for the disaster on world stock markets. They have pumped massive liquidity into the markets in an attempt to prop them up, and now, as investors lose confidence in corporations and their stocks, this liquidity is ending up in physical assets like gold, raw materials, and real estate.

It all started in 1971, states Hendry, echoing Lyndon LaRouche, when the dollar was decoupled from gold. Since then, central banks, again and again, have created money to rescue the stock markets. In addition, semi-public agencies like Fannie Mae and Freddie Mac were used to create huge amounts of cheap credit for consumers.

The last stock market bubble, based on the "New Economy" Nasdaq, was triggered by none other than Alan Greenspan, "who played James Bond, rescuing the world." Therefore, Hendry wouldn't be surprised at all if the Federal Reserve intervened directly as a buyer at stock markets. Greenspan is very worried about the huge liquidity which he himself created, and which is no longer tied to stock markets.

For the U.S. economy, with all the implications for the rest of the world, there are only two possible scenarios, states Hendry. First, a long, and worldwide recession, triggered by the U.S., which could take on the dimensions of a 1930s-style depression. Alternatively, states Hendry, central banks could create even more liquidity trying to rescue the stock markets. In this case, there will be a huge inflationary push, and in the end, investors will lose confidence in any paper values. We would then see the return to a gold standard, he said.

Venezuela Faces Even More Brutal Austerity

The regime of President Hugo Chávez is planning another round of austerity, even more brutal than what was previously announced, guaranteeing Venezuela's descent into chaos. The reason for the harsher measures is that the IMF has just "discovered" a 2.7-billion-bolivar deficit, which puts the total deficit at 4.4 billion (2.7% of GDP)—and this doesn't include 5 billion bolivares (about \$4 billion) in debt-service payments due this year. Francisco Rodriguez, economic adviser to the National Assembly, thinks the deficit is actually higher, around 6% of GDP, but monetarist Planning Minister Felipe Perez says he "trusts" the IMF figure as the true one.

Should the National Assembly approve the new package, it will immediately mean higher taxes. Under discussion is the establishment of a differentiated VAT tax, depending on the type of services provided. So, for example, there would be an

8% tax on electricity, which is now tax-exempt, and which will raise rates substantially. One goal of this is to reduce consumption, since very low water levels at the El Guri dam have made supply very erratic. The tax on phone service, also now tax-exempt, would be at the same 8% rate, and the tax on other goods and services, now at 14.5%, would be raised to 16%.

Another factor guaranteed to enrage the population, is the increase in the gasoline price, which has always been low in this oil-rich country. As of September, there will be only one leaded gasoline, instead of three, available at 70 bolivares/liter, a 10 bolivares increase, and one unleaded gasoline at the current price of 90 bolivares/liter. The cheapest leaded gasoline is the one most commonly consumed now, especially by taxi and bus drivers, who will only accept the new rate. if they're allowed to increase the rates they charge customers.

Uruguay's Reservers Drop by More Than Half

Uruguay's reserves dropped 52.5% in the first six months of this year, falling 20% just in the month of June to \$1.5 billion, Reuters reported from Montevideo July 2. Dollar bank deposits fell by 29% in the first five months of the year. The drain on reserves was largely due to depositors withdrawing their funds from banks. The government used \$500 million of a \$1.5-billion IMF loan, to shore up reserves.

Chile's Economy Has Run Out of 'Miracles'

The only "miracle" left in Chile's economy is that it is still there. On July 2, the peso plummeted to a new low of 702 to the dollar. The government and business sectors are so concerned about Brazil, that they have set up a special joint committee, whose only purpose is to monitor the Brazil crisis, and evaluate its effect on Chilean companies in that country, as well as exports to the Brazilian market. Chile's exports, overall, dropped by 32.5% during the first four months of this year. The government is frantically looking for new markets for the country's products, but isn't likely to find them. Chile's industrial output fell in May by 3.8%, compared to a year earlier. Unemployment rose to 9.1% in the period between March and May, up from 8.8%.

Singapore: Derivatives Soaring While Stocks Tank

Hopes of an earnings recovery by most Singapore technology companies in the second half of 2002 have all but evaporated, with their share prices tumbling more than 30% in the last three months. "New Economy" exports account for some 60% of overall non-oil trade. But while the stock market is in the doldrums, the Singapore Exchange's derivatives market is booming, with total volumes traded in the first six months of 2002 breaking last year's record. The January-June period this year saw a total of about 15.62 million contracts traded, rising 3.2% from last year's record of 15.13 million contracts.

Last month alone, about 3.05 million contracts were traded—16.5% higher than the 2.62 million contracts traded a year ago.

Credit Card Bubble Exploding in Philippines

Deputy Governor of the Central Bank of the Philippines Alberto Reyes, warns that the government may ban the issuing of any new credit cards, because of the rapid rise in defaults on credit-card debt in the first quarter, the Singapore *Business Times* reported July 2.

Almost half of credit-card loans were overdue in the January-March quarter, up from about one-fifth in the preceding

quarter. Credit-card purchases accounted for 97% of nearly \$1 billion in credit-card sales in the first quarter. Although credit-card interest rates run as high as 40%, this has not deterred people from continuing to buy. Foreign banks, led by Citibank, HSBC, and Standard Chartered, have been the most aggressive promoters, cornering 46% of new cardholders.

China and South Korea Sign Swap Agreement

China and South Korea have signed a \$2-billion swap agreement as part of the Chiang Mai Initiative of the ASEAN+3. This comes in the context of increased worry across Asia in about the dollar collapse, and the concern that perhaps the U.S. recovery is about as real as WorldCom's profit reports. Even Reuters acknowledges this July 2, while saying there is no particular reason for angst, since "the region is in much better shape" than when the Chiang Mai Initiative of May 2000, created the ASEAN+3 and an Asian Monetary Fund.

The latest \$2-billion deal, the seventh such swap agreement, brings the total to \$19 billion, with more in the works. *Nihon Keizai Shimbun* reported June 30 that Japan plans to sign swap agreements with Singapore and Indonesia in the fall.

UNITED STATES NEWS DIGEST

Investigative Lead: Ft. Bragg Special Forces Tied to Reported Anthrax 'Suspect'

The fact that information concerning an alleged suspect in the FBI investigation of the anthrax letter attacks that began in October 2001, leads to U.S. Army special forces at Ft. Bragg in Fayetteville, N.C., and to U.S. military connections to Rhodesia/Zimbabwe special warfare operations in Africa, should raise a red flag about the "rogue U.S. military operations" Lyndon LaRouche warned of in his campaign special report of last fall, "Brzezinski and Sept. 11." There, as he warned on the morning of Sept. 11 itself, LaRouche said, "We must examine [the Sept. 11] events as immediately a reflection of an included, intended military coup d'etat, a military rogue operation attempted by a high-ranking, implicitly treasonous element with the U.S. military establishment."

EIR has reportedly extensively about the connections of Ft. Bragg to so-called "Islamic terrorism," through the person of Special Forces Sgt. Ali Mohamed—who pleaded guilty in October 2000, to participating in a terrorist conspiracy "with Osama bin Laden," to murder Americans. Ali Mohamed had been held for over two years before his plea, which related to the 1998 bombings of the U.S. embassies in Nairobi, Kenya, and Dar-es-Salaam, Tanzania. Now, information has emerged identifying another special forces operative who has been identified by some as a leading suspect in the anthrax investigation.

A series of articles that appeared in the last two weeks in a broad spectrum of publications—the *Independent-on-Line* (South Africa) of July 1; the *American Prospect* of June 27; the *Hartford Courant* of June 27—name Steven Hatfill as an FBI suspect in the anthrax attacks, whose home was reportedly searched by the FBI on June 26. In those articles, Hatfill has been identified as a senior U.S. scientist who is a biowarfare specialist, who spent much of the 1970s and '80s in Rhodesia (now Zimbabwe) and South Africa, working with right-wing military and paramilitary forces.

Based on those published sources, *EIW* is raising a serious national security concern about the U.S. biowarfare operations that utilized Hatfill for his expertise, despite his involvement in the racist operations of the Rhodesian military—an army which apparently conducted an anthrax attack on black farmers as part of their operations.

On July 2, *New York Times* columnist Nicholas Kristoff also wrote about the FBI anthrax investigation saying that some people in the bio-defense community think that a man he only identifies as "Mr. Z" is a likely culprit. "If Mr. Z were an Arab national, he would have been imprisoned long ago," writes Kristoff, "But he is a true-blue American with close ties to

the U.S. Defense Department, the CIA, and the American biodefense program."

Hatfill and Kristoff's "Mr. Z." have the links to the racist Rhodesian Army, and a deadly anthrax outbreak among black farmers in Rhodesia, that has been identified as a biowarfare attack.

American born, Hatfill worked at the U.S. Army biological weapons research facility at Fort Detrick, Md., from 1997 to 1999, and boasted of an early, extensive history with U.S. special warfare operations at Fort Bragg. Prior to his work at Ft. Detrick, Hatfill also worked at the National Institute of Health (NIH), and later in 1999, moved into working for Science Applications International Corp. (SAIC) in McLean, Va. until this year. In 1999, while at SAIC, reports the *Baltimore Sun*, he commissioned a study of a hypothetical anthrax attack by mail. - U.S. Covert Operations? -

From 1975-78, Hatfill was with the U.S. Army Institute for Military Assistance at Fort Bragg (the home of the Special Forces), while simultaneously working with the Special Air Squadron (SAS) in Rhodesia. This is according to his own résumé, says the *American Prospect*. The Institute for Military Assistance began as the Army Psychological Warfare School in the 1950s, and then became the Special Warfare School; it is now known as the JFK School for Special Warfare. Further information on his special warfare background came in June 1998, at a forum at George Washington University, sponsored by the Potomac Institute; Hatfill was introduced as having served with the U.S. Army Special Forces, and having spent 14 months at the Antarctic Research Station doing research for NASA.

The most disturbing element of the profile is that Hatfill's stint in the Rhodesian Army, from 1975-80, and with the notorious Selous Scouts (special unit), coincided with an anthrax outbreak among black farmers that killed 182 and sickened 10,000. The *Hartford Courant* quotes a former Rhodesian special forces officer who claimed that this anthrax outbreak was a biowarfare attack, launched by the Army. Kristoff also mentions this incident, saying, "There is evidence that the anthrax was released by the white Rhodesian Army fighting against black guerrillas, and Mr. Z has claimed he participated in the white army's much-feared Selous Scouts." Kristoff asks if "rogue elements of the U.S. military" might have backed the Rhodesian Army in anthrax and cholera attacks against Rhodesian blacks.

Hatfill's career is alarming—whether or not he is involved in the U.S. anthrax attacks. And, as Kristoff asks about his "Mr. Z.," why is it "that the U.S. Defense Department would pick an American who had served in the armed forces of two white-racist regimes to work in the American biodefense program with some of the world's deadliest germs?"

Spannaus Senate Race Takes on Bush Democrats

Word was received July 3 that LaRouche Democrat Nancy Spannaus, a well-known political figure in Virginia, has qualified to be on the state ballot as an Independent in November, running for U.S. Senate against incumbent Republican Senator John Warner. Spannaus has run for statewide office several times before.

With Spannaus's ballot status, Lyndon LaRouche's campaign for economic recovery will be on the ballot, and will be organized for, in political forums across Virginia over the next four months.

As far as is known, Spannaus will face two contenders on the ballot, Sen. John Warner and Jacob Hornberger (I), a Libertarian. The Democratic line will say "no candidate."

With the explosion of the telecom/IT/"New Economy" bubble which dominates Northern Virginia's economy, Spannaus's campaign on the basics of LaRouche's economic perspective is expected to have extremely high impact—recalling the effect of Spannaus's leadership of the 1994 effort to defeat Ollie North in his Senate race, an effort that was successful despite the inertia of an otiose Democratic leadership.

Will the Democratic Party Self-Destruct?

Over the recent period, Democratic Presidential pre-candidate Lyndon LaRouche has remarked that one of the major differences between the spectacular economic/financial meltdown crisis of today, and that of the early 1930s, is the fact that there is no Franklin Delano Roosevelt on the scene, except himself. LaRouche was understating the problem. Even worse, Democratic Party officialdom, dominated by the orientation toward Lieberman-McCain, is doing its best to drive Democrats in the FDR tradition out of the party.

The tell-tale sign of the problem is the fact that the party's top election consultants are telling Democrats *not* to bring up the *economic collapse*, and how to deal with it, as a major electoral issue.

The exclusion of LaRouche at the top, by DNC chairmen beginning with Don Fowler, is the most suicidal move the party has taken. Nothing underscored this more than Al Gore's loss in Arkansas in the 2000 general election, by almost precisely the same margin of votes which he had *stolen* from LaRouche in the Democratic Presidential primary that year.

Fundamentally, the reason for excluding LaRouche lies in the desperate attempt of the financial oligarchy controlling the party hacks to suppress the reality of the economic breakdown, and the necessity for his alternative. And, even though this exclusion has driven away millions of voters, the party hacks are prepared to stick to it. And it doesn't stop with LaRouche.

Take the situation in Nevada. There veteran Democratic State Senator Joe Neal, a self-avowed Roosevelt Democrat and 30-year veteran of the State Legislature, has filed to challenge the incumbent Governor, the first-term Republican Kenny Guinn, in this fall's election. While there are three lesser-known Democrats also filed for the Democratic primary, one would think that the Democratic Party would jump at the chance to promote Neal. Yet, the party, in a move reminiscent of the Virginia Democrats, who refused to challenge Republican incumbent Senator John Warner, is backing away from a serious race.

Not only that, but the state AFL-CIO has now come out and endorsed the Republican incumbent.

Neal, who has worked with LaRouche on such policies as opposing energy deregulation, is African-American, has a history as a fighter for civil rights, an opponent of the death penalty, and a strong proponent of increasing taxation on the state's lucrative gambling "industry," in order to put the monies toward underfunded schools. He has been consistently pro-labor, and led the successful fight to stop the ripoff called electricity deregulation.

According to local press coverage, the Democratic Party's spurning of Neal is due to his confrontation with the gaming industry, and to his support for the Yucca Mountain nuclear-waste facility (with certain negotiated qualifications). But it's really Neal's principled commitment to FDR-style policies that's the issue.

Nor is this orientation of the official party a "practical" matter. Take Kathleen Kennedy Townsend, Maryland's Lt. Governor, now running for Governor in a totally Democratic state. She decided to recruit a former Republican conservative to join her ticket.

Or take the witchhunt by Democratic Party-affiliated Zionist lobby circles against African-American Democrat Earl Hilliard, in the recent Alabama Democratic primary. Hilliard is a known vote-getter, unlike his opponent.

As the shock deepens, will the real FDR Democrats take their party back?

Gore's Home State Shut Down, One of 47 State Budget Crises

With a budget report recently released from Austin, the state of Texas joined 46 other states facing massive budget deficits. The projected shortfall in the Texas budget is reportedly \$5 billion.

However, it was Al Gore's home state of Tennessee which held the budget crisis spotlight in the days leading up to the July 4 holiday. Unable to reach a solution to the crisis by the June 30 end of the fiscal year, despite an all-night session of the state legislature June 30 and an official stopping of the clock at 11:45 p.m., the state had to declare itself without a budget on Monday, July 1. All but what were described as "essential services" were shut down while the legislature went into emergency session. Some 22,000 state workers were placed on unpaid leave, the state's low-income health-care program, which serves 1.5 million poor people, was operating with a skeleton crew, and residents were being turned away from DMVs and State University classes. As protesters massed outside the state capital, and cars with horns honking circled the capital grounds, legislators debated the merits of introducing a state income tax or increasing Tennessee's already-high sales taxes to paper over an estimated \$1.5-billion gap. There was no public acknowledgement that Tennessee's crisis was part of the larger collapse of the world economy, and all plans had a built-in assumption of a non-existent economic recovery.

Finally, late on July 3, the legislature passed an increase of the state sales tax by a penny, passing the burden of the budget crisis onto consumers. No one expected this to be more than a stop-gap measure, and some legislators noted that it would unfairly tax the poor, bringing the sales tax rate up to almost 10% in some parts of the state. Tennessee has no income tax and relies largely on the regressive sales tax for state funding. State Rep. Ulysses Jones, Jr. (D) reportedly commented, "First we had the voodoo budget. Then we had the hoo-doo budget. And the budget we've got now smells, so I call it the doo-doo budget."

It should not be forgotten that during the 2000 Presidential campaign, when Tennessee had in fact a \$500-million deficit, candidate Al Gore did not want a budget crisis in his home state, so that fiscal year the legislature solved the budget crisis by simply "revising" the next year's projected tax revenues by \$500 million (Gore failed to carry the state anyway). By June 2002, all state reserve monies have already been raided, including the the tobacco funds and the rainy day funds, and the budget has already been cut to the bone. While the world economic collapse was driving the crisis, under pressure from Gore, reality was ignored and politicians started "cooking the books," knowing full well that they would have to face a crisis after the election. They are suffering the consequences of that decision now.

As the Tennessee crisis temporarily abated, Michigan legislators wrestled in marathon sessions with a \$700-million budget shortfall, and threatened cuts of \$150 million to areas such as fire protection services, disease prevention programs, and art grants. As of July 3, a budget plan approved by the House would raise the cigarette tax by 50 cents to a total of \$1.25 a pack (the third highest in the country), delay a planned decrease of the Small Business Tax, and draw down the state's rainy day fund by an estimated \$1 billion over three years. Even this budget plan includes a 1% across-the-board cut in state departments. The plan is expected to go to the Senate on July 9, but all kinds of special interest groups are raising single-issue objections, and Michigan could end up deadlocked.

Halliburton and the White House: No 'Free Passes'

Securities and Exchange Commission chairman Harvey Pitt declared, "If anybody violates the law, we go after them," in an interview on ABC-TV's "This Week" on June 30. Asked if Vice President Dick Cheney would "have to pay," were the SEC to find wrongdoing under Mr. Cheney's reign as Halliburton chief, Pitt responded, "I head an independent regulatory agency. We don't give anyone a pass." The SEC is investigating Halliburton Co., an oil company headed by Cheney for several years until August 2000, for improperly booking cost overruns on energy-related construction jobs.

Meanwhile, *New York Times* economics writer Paul Krugman ran a lengthy story about the dealings of Harken Energy of Texas in 1988-89, where insider trading charges were investigated by the SEC (although ultimately, the SEC decided there was no basis for the charges). Harken Energy was one of President George W. Bush's unsuccessful businesses.

IBERO-AMERICAN NEWS DIGEST

LaRouche Movement Tells Desperate Mercosur Leaders: Time for New Bretton Woods

The Ibero-American Solidarity Movement (MSIA) issued the following declaration July 3 in capitals of the continent, on the occasion of the summit of the Mercosur (Common Market of the South) countries, Argentina, Brazil, Paraguay, and Uruguay, with the Presidents of Bolivia, Chile, and Mexico, in Buenos Aires. The statement was immediately endorsed as its own, by the Movement for National Identity and Ibero-American Integration (MINEII), the political movement associated with Argentine Col. Mohamed Ali Seineldin. The text of the statement follows.

Argentina-Brazil-Mexico: Joint Negotiation, Now!

The simultaneity of the crises suffered by Argentina, Brazil, and Mexico, to name only nations of the Ibero-American continent, leaves no room for doubt that we are face to face with a global systemic crisis, whose dynamic is leading towards social explosions which threaten to dissolve the sovereign nation-state and its basic institutions. Even more serious, is the state of economic and political decomposition of the United States itself, whose government is attempting to ignore the implosion of the global financial bubble, stupidly taking recourse to a militaristic solution which desperately seeks to create an enemy at any cost. As Presidential pre-candidate Lyndon LaRouche explained during his visit to Sao Paulo, Brazil in the second week of June, we face an empire which is collapsing under the weight of its own delusions, confusing real wealth with a virtual wealth which never existed, except in the *sui generis* accounting of the capital markets, which today evaporates in the light of day. Yesterday Enron, today Worldcom, tomorrow Xerox, General Electric and many more will go down the sewage pipe of bankruptcy.

The Ibero-American nations cannot wait until the whole continent becomes a gigantic no-man's-land where only desperation, hunger, misery, and the organized crime of narcoterrorism at the service of Wall Street, reign—conditions produced by the impossible attempt to pay a debt which is part of the world speculative bubble, without any connection to the process of production of real wealth.

Twenty years ago, when this whole neo-colonial process was put together—the which was later baptized with the euphemism of "globalization"—it was possible to stop it, and avoid its present consequences, when Mexican President Jose Lopez Portillo took the historic and heroic decision to suspend payments on the foreign debt in August 1982, and proceeded to impose exchange controls and nationalize the country's Central Bank. On that occasion, everything was ready, had Brazil and Argentina supported it, to open a new era of sovereign negotiations, dedicated to achieving a more just new world economic order. At that time, Lyndon LaRouche made available to all patriotic forces an economic survival plan which he called "Operation Juarez," a plan whose point of departure was the necessity of forming a debtors cartel to advance the project for the physical integration of the continent; the formation of a customs union, and even the creation of an Ibero-American currency to mediate intra-regional trade. With this kind of global reorganization, even the banks could have survived. This, 20 years ago.

But the governments of these nations were captivated by the infantile argument that each nation was a separate case, and that, of course, their situation was better than that of Mexico. Mexico was isolated, and lost its sovereignty, opening the way for the gradual process of occupation and economic annexation to the United States which we see today in the North American Free Trade Agreement and its sequel, the FTAA.

Twenty years later, we return to a similar situation. The crisis exploded in Argentina and brought this nation to the brink of dissolution in endless social chaos. It is presented as a special case, different from that of Mexico or Brazil, with the intention of once again blocking necessary collective action. Any attempt by the governments in the form of "business as usual" will not only be useless, but, de facto, will tend to worsen the consequences.

- The History of 20 Years Ago Must Not Be Repeated - In this context, and facing a reality which increasingly insists upon violating ideological manuals and academic prescriptions, the three largest economies of Ibero-America—Argentina, Brazil, and Mexico—should unite, not only to defend their legitimate interests, but also to establish a powerful bloc which, together with countries such as Russia, China, India, South Africa, Malaysia, and others, would be in a position to pressure for a workable and responsible reorganization of the international financial and monetary system, today fatally dominated and corroded by sterile financial speculation.

A feasible proposal already exists for this reorganization, a "New Bretton Woods" along the lines proposed by Lyndon LaRouche, which we have insistently defended since 1997, which would ensure a return to the best characteristics of the original system which made possible the great economic recovery and development of the postwar period. As LaRouche emphasized in his speech in the auditorium of the Latin American Parliament in Sao Paulo, on June 11, there is no sensible alternative to that of changing the current "rules of the game."

This time it is hoped that the lessons will have been learned. Separated, it is certain that we will be devastated, as Argentina is being devastated. United, we could make prevail the fundamental interests of our peoples, which are also those of all humanity.

Ibero-American Leaders in Commotion Over Economic Crisis

The July 5 expanded Mercosur summit, bringing together the Presidents of Bolivia, Chile, Mexico, Argentina, Brazil, Paraguay, and Uruguay, has leaders facing an existential crisis, at the same time that the Bush Administration's credibility in the region has completely collapsed.

In a June 27 interview with Mexican television, Brazilian President Fernando Henrique Cardoso charged that the Bush Administration considers Ibero-America—about which it is "ignorant"—"irrelevant," but suggested that may not be a disadvantage. Asked what Latin America could do to combat the U.S. indifference, Cardoso said he wasn't sure it was worth combatting.

According to *Folha de Sao Paulo*, Cardoso said:

"The fact of being irrelevant gives us the space to do what we want." [It opens the possibility of] "inserting ourselves in the international economy in the way which is most favorable to us. At this time when it appears that we are most irrelevant, let us try to take care of ourselves, and also establish ties such as we have with Mexico, such as Mexico did with Europe, such as Chile did with Europe [a reference to free trade accords]. We have to broaden this network of trade and economic ties so that, at a later time, when it is possible to gain more relevance in the international scene, we have greater force."

As for Brazil's financial "turbulence," Cardoso compared the financial markets today to George Orwell's novel, *1984*: "Big Brother exists today, not in the way we imagined, as a dictator, but in the form of the markets. The financial market is the Big Brother."

Argentina's *Clarín* commented this was Cardoso's way of promoting a common strategy to confront the financial crisis affecting the continent. "And he did so on the eve of an important Presidential summit in Buenos Aires."

Brazil: Imperialists Worried After LaRouche Trip

Lyndon LaRouche was the unnamed subject of a July 1 *Washington Post* warning on Brazil's debt crisis. Sebastian Mallaby, the *Washington Post's* resident Brit, who is the "Liberal Imperialist" who penned the *Foreign Affairs* article earlier this year, calling for a revival of the old British Mandate colonial system under U.S. direction, wrote an op-ed called "Between a Rock and a Bailout," which made an unmistakable warning reference to Lyndon LaRouche, without mentioning his name. Recall that it was the *Washington Post's* Steven Rosenfeld, who, in 1976, laid down the law to all U.S. media, to never mention LaRouche, except in a slanderous context, and *never* identify his policies in any other way.

Mallaby's op-ed warns that President Bush will soon have to abandon his "no bailout" policy towards Third World countries that get into debt trouble. He cited Brazil as the most dangerous case of a looming default and "dreaded meltdown," blaming it on regional and domestic problems, including the strong showing at the polls of Presidential candidate Lula, but never mentioning the global financial crash as the root cause of the Brazilian crisis. Then he got to his central point, and his warning to Bush to abandon the "no bailout" orthodoxy: If the IMF and related methods of crisis management are not used, countries may resort to "crazy policies"—like Mexican President Lopez Portillo's 1982 nationalization of the banks.

Mallaby wrote, "The unmanaged chaos of the 1980s debt crisis triggered a wave of crazy policies across Latin America, where the bailouts of the Clinton period minimized the wacky stuff. After defaulting in 1982, for example, Mexico nationalized its banks. After being rescued by the Clinton team in 1995, by contrast, Mexico stuck to orthodox policies. The mantra of the "no bailout" people—that a crisis is the medicine that will cure bad policies—may sometimes be exactly wrong. Crises can be the poison that brings on even worse policies—both in Latin economies and in Israel lately." Mallaby concluded, "So the Bush team faces some tough choices. On the one hand, bailouts are no panacea. On the other, standing back can cause problems to grow deeper. If giant Brazil gets more wobbly in the run-up to its October elections, will Bush really refuse help?... The betting is that Bush would end up wading in, even if he's only got a half-baked plan and even if the mess is basically insoluble."

Brazilian Congressman Greet 'Moment of Truth' Seminar

Luis Carlos Heinze, Brazilian Federal Deputy, of the Brazilian Progressive Party (PPB), sent greetings to the Fifth Brazil-Argentina: Moment of Truth seminar, held on June 14 in Sao Paulo, in the auditorium of the ADESG (Association of Graduates of the Superior War College). American economist and Presidential pre-candidate Lyndon LaRouche delivered a groundbreaking address to the meeting. The text of the greetings follows.

June 13, 2002

To: His Excellency Adauto Roccheto

Delegate, Association of Graduates of the Superior

War College.

Sao Paulo, Sao Paulo

In cordially greeting you, I refer to the Fifth Brazil-Argentina: the Moment of Truth seminar, to be held in that city tomorrow, June 14, with the most important participation of Mr. Lyndon LaRouche.

Unfortunately, I will not be able to attend this important event, as I would have wished, as I have other previously scheduled, unpostponable commitments in the Capital on that date.

I understand that Dr. Lyndon [LaRouche] will be discussing important matters related to the new financial system, along the lines of the New Bretton Woods conference.

Would your Excellency be so kind as to transmit my sincere apologies to Mr. Lyndon LaRouche, for not being able to attend such an important seminar.

Cordial regards

Luis Carlos Heinze, Federal Deputy

Brazilian Progressive Party—Rio Grande do Sul

Colombia Paralyzed by Pastrana's Inaction Against FARC Threats

Since Tuesday, July 2, another 120 mayors have resigned in Colombia under threat from the narcoterrorist FARC that they must either leave office or be named "military targets." Judges and city councilmen are also leaving their posts in droves, and whichever mayors are sticking it out, are doing so from army barracks or urban centers as far as 200 miles away. Officials in at least 25 of the nation's 32 departments have received threats. The result of these resignations is that city government operations don't exist—courts and law enforcement are not operating, no taxes are collected, no city payrolls are met, no garbage is collected, no roads are repaired.

The executive director of the Federation of Councilmen reports that FARC threats have reached 6,400 city councils. The Federal government admits that 180 towns are presently without any police or military presence, making defense of elected officials impossible. The director of the Colombian Federation of Townships, representing nearly 1,100 mayors, is demanding that President Pastrana declare a state of siege and the call-up of reserves, which Pastrana refuses to do.

Despite Pastrana's insistence that the resignations "will not be accepted," and his latest denunciation of elected officials who "are running at the first phone call or fax" threat, the reality is that the government has no ability to defend these people or their families. All the government has been able to offer is bullet-proof vests and armored cars. Interior Minister Armando Estrada declared that life insurance contracts for the threatened mayors were "under study." As one measure of "deterrence," Pastrana has offered \$2 million a head for information leading to the capture of the top FARC leadership, which most Colombians have scoffed at.

Although President-elect Uribe Velez, who will be inaugurated on Aug. 7, has promised to take a hard-line with the narcoterrorists, he is obviously going to be handed an ungovernable nation by the time he takes office.

WESTERN EUROPEAN NEWS DIGEST

BueSo Candidate Zepp LaRouche Leads Dialogue of Cultures Initiative

Helga Zepp LaRouche, the lead candidate of Germany's Buergerrechts Bewegung-Solidaritaet (BueSo, Civil Rights Movement-Solidarity) election slate, keynoted an impressive conference in the German capital city of Berlin on June 29. The conference, called "Dialogue of Cultures Along the New Silk Road," brought together speakers and intellectuals from

the Middle East, Africa, Ibero-America, Europe, and the United States.

Zepp LaRouche, who is the wife of American political leader Lyndon LaRouche, spoke on the subject of "The Cradle of Progress Belongs to Humanity as a Whole." Her speech addressed three issues: the dangerous global strategic situation due to the onrushing financial and economic collapse; the solution embodied in the economic development program of the Eurasian Land-Bridge; and the concept of the dialogue of cultures. She addressed the escalating Middle East conflict, and how all this was already prepared by Henry Kissinger and Zbigniew Brzezinski in the 1970s. In the second part, she referred also to the speech by Lyndon LaRouche in Abu Dhabi in June, and the water problem as a reference point for what real infrastructure programs mean.

The answer to the problems of mankind can only be given by the poets and thinkers, emphasized Zepp LaRouche, because these are the real actors of universal history. She went through the similarities of the Old World cultures, as the Indian author Tilak described it from the standpoint of astronomy. Then she described the influence of the Arab world on the European civilization, addressing the parallels in thinking between Plato and Al Farabi, particularly on the concepts of Plato's philosopher-king, and also on the unity of faith and reason. Finally, she mentioned the relationship between Avicenna (Ibn Sina), the Renaissance thinker Nicholas Cusanus, and Gottfried Leibniz, and finished her speech with the recitation of two short poems by the Persian poet Saadi.

The event was strategically and philosophically powerful, with observers commenting that no other political party could conduct a dialogue at such a high level. Mrs. Amelia Boynton Robinson, a close collaborator of the LaRouches, and vice president of the Schiller Institute in the United States, also participated, having just completed a visit to Iran (see [EIW 17](#)).

London's Tony Dye Issues New Warnings Over Derivatives

The London financial analyst who was "hounded out" for predicting—in February 2000—a coming market blowout, and the danger of derivatives, is now being praised.

The London *Daily Telegraph* reported a "lurking time bomb" in the derivatives market, according to Tony Dye, one of the few investment fund managers with any brains, who issued the warning when he spoke at a hedge fund conference in London, on July 2.

The value of contracts for over-the-counter derivatives contracts is up to \$110 trillion, three times the value of the world economy, Dye said. [He was citing the official Bank for International Settlements figure, which according to *EIR* analysts is grossly underestimated.]

Dye added: "The question is why people are using them so much. The real reason must be because some people are using these for 'creative accounting' purposes.... My guess is that there'll be some real nasties in the derivatives market in the next 12-18 months."

Dye said he has a negative view of stock markets and the U.S. economy, and warned of a fall to "fair value." While he only estimated that at 60% of the current level, he went on to say if that crash came in the next six months, "it is going to be very awful."

The end of the 1990s bull market is exposing "the aggressiveness of chief executives and accountants in creating fictitious numbers," Dye warned.

"We are coming to that period when we'll see all the fraudulent practices come to the surface. I would like to remind people

that in 1991-92, people didn't realize that Japanese banks were almost bankrupt."

The *Telegraph* noted that Dye had been "hounded out" of his position as fund manager for Philipps & Drew in February 2000 for warning about the dangers of the new economy speculative bubble. But, wrote the *Telegraph*, just two weeks later, the Nasdaq started on its long plunge downwards.

Contempt for Bush Policies Dominates London Press

The Bush Administration's drive to launch neo-imperial "preemptive wars" against Iraq and other Arab nations, and the insanity of the "American model" of high finance—from the tech bubble to the Enron/WorldCom/Merrill Lynch, etc. etc. financial scandals—is causing increasingly visible tensions with Europe. The British press in particular expresses the contempt Europe has for the Bush Administration and its policies.

On Sunday, June 30, the leading Tory paper, the *London Telegraph*, owned by Canadian billionaire Conrad Black, reports that top aides to Prime Minister Tony Blair are privately denouncing American "blundering" in the Afghan war. A British cabinet minister negotiating with the Bush regime over steel tariffs said, "You have to remember that this is a rather unpleasant Administration." They report the "rift between Tony Blair and George W. Bush is set to deepen this week as the United States Administration rejects British calls to be spared from steel tariffs."

The London *Observer* joined in with a June 30 an article called "Bye, Bye American Pie," in which columnist Will Hutton said that the U.S. dollar is threatening to become a "toilet currency." Hutton says, "The integrity of the entire system ... is now in question, ... just as America's debts to foreigners and its own consumers' indebtedness have reached unsustainable levels." He sees the revival of the Southern Confederacy in the policies of "take-no-prisoners capitalism"; it is no accident that WorldCom is based in Trent Lott's Mississippi and Enron was from Texas. In a very non-British economic observation, Hutton says, "the need is to reregulate...."

On June 28, the *International Herald Tribune* ran an article called "Perpetual War Poses a Risk to U.S. Power," where commentator Daniel Warner warns, "All imperial powers arrived at a point of overreach that eventually destroyed the empire.... The irony of the current situation is that just at the moment when the Soviet Union imploded and the United States was the lone superpower, America is confronted with a situation that could easily lead to its implosion as well."

Anglo-American Imperial War Plan Against Iraq

"The sense here, is that a war by the United States against Iraq is coming soon; the only questions are, when and how," stated a very well-connected British strategist in London to *EIR* on July 4.

This source pointed to two new developments in the U.S.: first, is the ludicrous story from Miami, Fla. about how "Saddam Hussein's stepson" has been detained by authorities in Florida, for supposedly attempting to take flight courses at an aviation school attended by "one of the Sept. 11 hijackers." The source said: "You don't need to be much of a conspiracy theorist, to see this being used to claim that Saddam is plotting against America."

The second is the planned meeting, on the weekend of July 6-8, of 70 "Iraqi military officers" in Kensington, London. "I personally don't believe that there exists a strong opposition force against Saddam," he noted, "but the scenario I see in this, is that a new 'liberation force' will be created, that will constitute itself as a 'Provisional Government' of some sort. It will issue a call for the Americans to help them, to 'liberate' Iraq, and that will be used as a justification or trigger for the invasion."

The strategist recently participated in a BBC strategic round table, where the main focus was Iraq. He noted that, after discussion was concluded, the moderator of the round table asked, "Given what we've heard here, why would anybody in his right mind invade Iraq?" The strategist said, "That's a good question. But you have to see, that an ill-ease, a malaise, a sense of paralysis is now prevailing in the American government, and other governments. They think they have no options, with the economy and markets going down, and trust and confidence in them nosediving. In such moments, people often turn to war, as an 'option'."

EU Offers To Take Over UN Bosnia Peacekeeping Mission

In face of the Bush Administration threat to veto the mission's renewal unless U.S. peacekeepers are exempted from prosecution in International Criminal Court, the European Union offered to take over the UN's peacekeeping mission in Bosnia. The deadline for renewal of the Bosnia mission was midnight, July 3. The EU was not scheduled to take charge of the mission until January 2003, but EU foreign policy chief Javier Solana said the EU would "do the utmost so that a vacuum is not created with an important mission in the Balkans."

However, the Bush Administration rescinded its threat to withdraw from the Bosnia mission, according to reports of a telephone call between Colin Powell and the Bosnian President. One hint of U.S. concern about the ICC appeared in a Hugo Young column in the London *Guardian*, in which Young, the Washington reporter, wrote that Henry Kissinger is "safe" since the crimes that can be prosecuted (e.g., war crimes) through the ICC are not retroactive.

Kissinger has been dodging subpoenas and court papers during his visits to Brazil and the United Kingdom, stemming from civil suits filed against him alleging his culpability in the overthrow of Chilean President Salvador Allende, and the subsequent human rights atrocities committed against Chilean supporters of Allende.

Cuts in Manpower, Maintenance Seen in Deadly Plane Crash

An automatic air collision warning system had been turned off for maintenance, Swiss air traffic controllers reported on July 3, regarding the horrific crash of a DHL cargo plane and a Russian Bashkirian Airline jet over Lake Constance in Germany on July 2, which killed 71 people, 52 of them Russian children en route for holiday in Spain.

A spokesman for Skyguide, the Swiss air traffic controllers association, reported the "short-term conflict alert system" had been shut down for "routine maintenance," which he added "is always done at night because that is when there is the least traffic." Germany's Transport Minister reported that Zurich flight controllers took over monitoring the Russian plane five minutes before the crash.

Swiss controllers said there was a delay in the Russian jet's response to warnings to reduce altitude 50 seconds before impact with the cargo plane, but German air-traffic controllers said the Russian pilot responded on the second warning, 25 seconds before the crash.

The Swiss controller said 50 seconds, although very close, is still within international standards—"not ideal, but not impossible." Only one air traffic controller was on duty at the time, with an assistant, who was taking a break.

Eastern Europe News Digest

Speculators Set Back, as Eastern European Privatizations Are Reversed

In the Czech Republic and Poland, the industrial powerhouses of Central Europe, some big privatizations of the past decade are in the process of being reversed. The scandals around Enron and WorldCom have prompted people in those countries to demand the truth behind the privatization "success stories" of recent years. Several multibillion-dollar privatizations have been put into the deep freeze.

The notorious accounting wizards from Arthur Andersen were involved in privatizing industry in Eastern Europe. In the Czech Republic alone, Andersen was the auditor for the biggest electricity producer, CEZ; the largest refinery, Ceska Rafinerska; the pharmaceutical producers Levica and Ivax-CR; and the Nova Huta steel company. The government called off the privatization of CEZ and Czech Telecom, as the latter company's stock fell by 18% on June 28. In Poland, Andersen's involvement in the planned privatization of PKN Orlen, the country's largest oil refinery, has prompted the government to postpone it indefinitely. Critics of the scheme are demanding a review of the figures provided by Andersen, in view of its book-cooking at Enron.

Polish Finance Minister Resigns Amid Economic Disputes

Marek Belka stepped down July 2 as Finance Minister of Poland, nominally over the decision of Prime Minister Leszek Miller to increase the 2003 state budget deficit above the 40-billion-zloty mark, which Belka had fought for. The new deficit target of 43 billion zloty does not mark a spectacular increase, but it drives the Polish deficit close to the level of 6% of GDP, which is double the Maastricht budget criterion of the European Union (which Poland wants to join). The projected rise of the deficit is attributed to a drastic drop in tax revenues, caused by a wave of corporate defaults and by shrinking consumer spending.

A visible increase in unemployment is further reducing the number of tax-paying citizens. The government cannot offset the deficit increase by carrying out new privatizations, which are not only increasingly unpopular in the country, but are also impossible, since the worldwide crisis in the so-called New Economy and the repercussions of the Enron and related scandals have soured potential investors on getting into the privatization of Poland's state telecom and utility sectors. The crisis is also driving down the "market value" of state assets, so that privatization is not profitable for the state these days.

Another bone of contention between Belka and other leading members of the governing coalition, was the status of the Central Bank, which strong currents in the coalition government majority want to cut down, if not re-nationalize. Prime Minister Miller himself recently has attacked the Central Bank for its hardline monetarist policy. Even if the Polish government does not fully re-nationalize the Central Bank, it may tighten government and parliamentary controls over it and appoint government representatives to the RPP, the monetary policy board, which would cease to be "independent." The government may also replace Leszek Balcerowicz, the Governor of the Central Bank, whose reputation among monetarist circles in the West as "Mr. Polish Reforms" is not a plus in the eyes of most Poles.

The willingness to abandon neo-liberal policies is indicated by the decision of the government to appoint Grzegorz Kolodko as the new Minister of Finance, three days after Belka's resignation. Not only is he known as a critic of the Central Bank's neo-liberal monetarist dogma, but he endorses higher state deficits, as opposed to budget-balancing, to help fund social and welfare programs, and to create new jobs, especially for the youth, which is the category with the highest joblessness of all—45%. Faced with municipal and regional elections in the autumn, the government has a genuine interest in solving at least some of the problems with the economy, to prevent major social unrest.

In the context of fierce struggles inside Poland over neo-liberal dogmas, Economics Minister Jacek Piechota has come out in defense of state intervention to save at least sizeable parts of the Szczecin Shipyard, which is in default. The week of July 1, he said that the Szczecin crisis was not a local problem, but rather was indicative of the profound crisis in the entire ship-building sector, the survival of which is a matter of the national interest.

Human Rights Trampled in Hungary

Istvan Morvay, formerly a state secretary in the Hungarian Ministry of Interior, has issued a protest of police brutality at a demonstration July 4 in Budapest. The background of the incident is a conflict over charges of vote fraud, after the victory by a thin margin of the Socialist Party in parliamentary elections earlier this year. Since the election, the split in Hungarian society has been deepening, between the Socialist Party (MSZP) and the super-liberal Free Democrats (SZDSZ) on the one side and the supporters of the former conservative government of Viktor Orban (Fidesz-MPP). An official demand from Fidesz for a recount was denied July 5 by the government of Socialist Prime Minister Peter Medgyessy.

Weeks earlier, Medgyessy himself was confronted with a big scandal, when the conservative newspaper *Magyar Nemzet* published that he had been an agent for the counter-espionage department of the Interior Ministry during the period of Communist rule. Zoltan Pokorni, leader of the opposition party Fidesz, spoke in terms of a severe constitutional crisis and demanded the Prime Minister's resignation. In a session of Parliament, Medgyessy confessed to having provided information to the secret services. In his own defense, he argued that, as a leading reformer in the Finance Ministry, he was involved in the 1970s in secret negotiations between Hungary and the IMF and the World Bank. It was important to conceal these negotiations from the Soviet Union and other members of the Warsaw Pact. After the negotiations ended with Hungary's joining the IMF in 1982, he stopped this work for the secret service. Other rumors persist, however, that Medgyessy was a double agent of Eastern and Western intelligence services.

On July 2, Zoltan Pokorni resigned as faction leader in the Parliament and as the president of the Fidesz-MPP party, after press reports that his father had been an agent of the secret police. The father was sentenced in 1952 to 12 years in jail for anti-communist activities. Three years later, the report said, the secret police offered to release him from jail, if he would work for them. He agreed. The son was shocked to learn this, and resigned.

In the morning hours after Pokorni's resignation, a group of people blocked one of the main bridges over the Danube in Budapest, renewing the demand for a recount of the votes. At 9:00 a.m., there were about 500 demonstrators. Police blocked the bridge from both sides and started to beat people brutally. In the afternoon, participants in a 1,000-strong peaceful demonstration in front of the Parliament building were also beaten, and about 60 people were arrested.

Istvan Morvay, a close friend of the Schiller Institute and speaker at Schiller Institute conferences in the 1990s, issued the following public appeal:

"Today, in the evening, this time the Hungarian police, under political pressure from the new Socialist-Free Democrat coalition government, are adopting inhuman, barbarous means against peaceful demonstrators at the Kossuth square in Budapest. The more than 1,000 demonstrators are surrounded by police commando squads, who have divided the mass into several groups, and arrested elderly men and women one at a time, using brutal violence. I have to call the attention of the world, to use every means to stop the spread of the new wave of violence, now beginning in Hungary. As a former statesman of the first democratic government, after the long period of communist dictatorship, I request the support of all nations to act against the current trampling of civil rights in Hungary."

Istvan Morvay

[Former state secretary of the Hungarian Ministry of the Interior]

Croatia: Why Prime Minister Ivica Racan Resigned

On July 5, Prime Minister Ivica Racan of the Republic of Croatia, presented his resignation. Observers in the Croatian

capital, Zagreb, expect President Stipe Mesic to again give Racan, of the Social Democratic Party, the mandate to form a new coalition government. It is also believed that Racan will form a government within the constitutionally mandated period of 30 days. If not, there will be early elections, during which interim, Racan remains Prime Minister.

However, behind the formal details, there is an economic and social reality on the verge of explosion, which is not being addressed.

Governmental official data maintain that unemployment is "only" 23%. But reliable economists calculate that this year, unemployment reached at least 35%, now temporarily smoothed by the tourist season. There is also a rush to privatization as a desperate way to get some "financial fuel to keep the Croatian economy going." IMF and the other supranational institutions are continuing to pressure Croatia to privatize all assets, including even some of the Adriatic islands.

The situation is made worse by the grotesque diktats of the U.S. Administration, to which the government is extremely vulnerable given its eagerness to do everything to be accepted in the "NATO club." On June 19, the *Vecernji List* daily announced that following a visit in Washington by Foreign Minister Tonino Picula, Croatia yielded to pressures from the Bush Administration and cancelled a \$12-million deal with Iran to build amphibian military patrol ships. The deal is badly needed by the Croatian shipyard industry, and cooperation with Iran is a long tradition for Croatia.

Furthermore, recently Hague War Crimes Tribunal Chief Prosecutor Carla Del Ponte apparently leaked to the media that a new wave of Croatian arrests will be announced soon. Last July the beginning of the clash between Dragan Budisa, a former student leader who leads the Social Liberal Party (HSLs), and Prime Minister Racan began around this war crimes issue. Budisa's party's rank and file protested violently against the Racan government decision to extradite two Croatian army officers to the Hague Tribunal.

Now, rivalry is escalating between the Racan and Budisa parties, which were responsible, 30 months ago, for the defeat of the government of late Croatian President Franjo Tudjman and his HDZ party. One issue in the tensions that were already beginning in July 2001, was a recent confrontation over the status of a nuclear plant in neighboring Slovenia that was built jointly by the two countries and supplies up to 25% of the energy for Croatia.

Such issues are considered in Zagreb as pretext, but Budisa has already announced that his party is an "opposition party" and that "early elections should be expected." Racan says he will be able to form a coalition without Budisa. "The clash of personalities, or maybe the clash of egos, is certainly an important factor," said a well-informed political source in Croatia. But this is minor, compared to the social and economic crisis.

Russia and Central Asia News Digest

LaRouche's Abu Dhabi Speech Published in Russia

Lyndon LaRouche's address, "The Middle East as a Strategic Crossroad," delivered June 2 at the conference on "The Role of Oil and Gas in World Politics," held in the United Arab Emirates, was published July 2 in issue No. 27 of the nationalist weekly *Zavtra*. It is featured there and on the www.zavtra.ru Web site, under the headline, "The Middle East: Oil and Water." The nearly complete translation was provided to *Zavtra* by NAMAKON, a think tank founded by ex-intelligence service officers a decade ago. The English text appeared in *EIW* of June 10.

Doubts Over Capital Flight Amnesty

The plan for a partial amnesty on flight capital that is repatriated to Russia, announced in June by President Putin,

continues to raise more doubts than answers. (See *EIW* No. 17, IN DEPTH.) Prominent economist Sergei Glazyev, former Economic Policy Committee chairman in the State Duma and now a gubernatorial candidate in Krasnoyarsk Territory, said June 23 on the "Itogi" talk show, that "The people who spirited their capital out of Russia have no need for a financial amnesty," having made out like bandits. In Krasnoyarsk, Glazyev estimated the level of exported capital at \$2.5 billion, as against \$1.2 billion that remained in the bank accounts of factories in the region. Glazyev called for tighter currency controls and for "bringing order" to the raw materials export sector in general. On June 26, he introduced a bill in the Duma, to institute a supplementary tax on companies that extract oil and natural gas, which Glazyev defines as part of the national wealth.

In his June 28 column in *The Moscow Tribune*, Prof. Stanislav Menshikov wrote that "the problem with capital flight is deeply rooted and structural and needs more than presidential admonishment to cure." Absent some mechanism to channel earnings into capital-starved industries in other sectors, Menshikov pointed out that: "In 1999-2001, investment in export oriented industries increased by 86 percent, but only by 6% in machine-building and electric power, while in the food industry it fell by a third."

Khodorskovsky Pumps Up 'Russia as World's Gas Station'

Trumpeted by a section of the Russian media as "Russia's Present to America on Independence Day," and "A Gift from Siberia," the first Russian oil shipment to the U.S. arrived in Houston on July 3. The shipment of 200,000 metric tons from Mikhail Khodorkovsky's Yukos oil company was purchased by ExxonMobil and another, undisclosed buyer. A second tanker is being loaded and will depart for the U.S. in August. The shipment was met by U.S. Deputy Energy Secretary Michael Smith, and by Reps. Nicolas Lampson and Ken Bentsen, according to Pravda.ru.

Both the Russian press and U.S. wires touted this as a step toward the U.S. goal of reducing its dependence on Middle East oil. The lunacy of this campaign for "Russia as a gas station" was exposed in Muriel Mirak-Weissbach's article in *EIW* of June 3 (IN DEPTH), and debunked by Lyndon LaRouche during his visit to the United Arab Emirates. Khodorkovsky has been in the forefront of it, while being puffed in the *Wall Street Journal* and the *Times* of London as the up-and-coming, genius young business leader for Russia.

Energy Crisis and Floods Raise Tension in Russia

Andrei Trapeznikov, an executive of Anatoli Chubais's United Energy Systems (UES), called June 18 for the Russian government to impose Federal rule in Ulyanovsk Province, where non-payment of electricity bills has led to cut-offs. The provincial leadership, as well as Prime Minister Mikhail Kasyanov, rejected the idea. A protester against the power cuts was killed on June 17, run over while he tried to join a highway blockade.

In Russia's Southern Federal District, more than 100 people have died in floods throughout the region—the North Caucasus and the rich agricultural lands of Krasnodar and Stavropol Territories. The Emergency Situations Ministry estimates the damage at 13.58 billion rubles (\$430 million). On June 25, the government paper *Rossiyskaya Gazeta* reported that 360,000 people were without potable water.

Touring Stavropol on June 28, President Vladimir Putin lashed out at Andrei Rappaport, deputy chairman of the national electric company UES, for proposing to raise rates in order to cover the cost of restoring power in the area. Putin pointed out that neither the Ministry of Railways nor Gazprom, which also suffered damage to their grids, have proposed a rate hike.

Putin's G-8 Accession and Weapons Destruction Program Criticized in Russia

Attached to the upgrading of Russia's status within the Group of Seven, now Group of Eight, industrialized nations—status in a club that so far exhibits no ability to handle the current systemic world economic crisis—was a \$20-billion 10-year plan to destroy nuclear, biological, and chemical weapons from the former Soviet arsenal. The agreement, reached at the Kananaskis G-8 summit on June 27, represents an expansion of the U.S.-Russian program known as "Nunn-Lugar," under which \$4 billion was spent since 1992 on dismantling Soviet weapons. Now the United States will spend \$1 billion each year on these efforts, matched by the same amount to come from a pool, raised by France, Germany, Italy, the United Kingdom, Japan, and Canada.

In private talks with President George Bush, the *Boston Globe* reported on June 28, Russian President Vladimir Putin agreed to allow an unprecedented degree of access to Russia's nuclear, biological and chemical weapons sites. This concession, and the whole G-8 package, brought swift criticism back in Russia. Retired General Leonid Ivashov strongly criticize Putin's agreements with NATO, and now the G-8, at a press conference where Ivashov also blasted the murderous effects of globalization. Interfax reported that Gennadi Zyuganov, the Communist Party leader, said, "It is clear that the billions of dollars to be allocated to Russia by Western countries, are designed to completely annihilate Russia's nuclear missile shield."

Unrest and Warnings Renewed in Kyrgyzstan

Misir Ashyrkulov, chairman of the Security Council of Kyrgyzstan, warned twice during June that the outlawed Islamic Movement of Uzbekistan (IMU) is gathering armed units on the Afghanistan-Tajikistan, in preparation for incursions into Kyrgyzstan like the violent ones in 1999 and 2000. Three hundred-some IMU militants were coming to "commit terrorist acts, take hostages [and] assassinate government officials," Ashyrkulov alleged on June 27. A Kyrgyz general issued a similar warning the next day.

The first secretary of the Chinese embassy in Kyrgyzstan was shot dead, as was his chauffeur, in the capital city of Bishkek on June 29. As of July 2, police spokesmen said they had not confirmed a political motive, though a Interior Ministry official cited in other reports pointed the finger at Uighur militants, who seek to split off parts of western China. Recent demonstrations in opposition to the policies of Kyrgyzstan President Askar Akayev had also taken an anti-China direction, with protests against the cession of territory to China during finalization of the Kyrgyzstan-China border. Those demonstrations resumed in mid-June in the south of Kyrgyzstan.

MIDEAST NEWS DIGEST

LaRouches' UAE Tour Continues To Grab Headlines

Helga Zepp LaRouche's speech on a dialogue of civiliaizations, that was give to the Zayed Center in Abu Dhabi in June, has been covered in all the Arab dailies in the United Arab Emirates. On Saturday, June 29, *Al-Ittihad* (published in Abu Dhabi), *Al-Bayan* (Dubai) and *Khaleej* (Asharjah), the three main daily newspapers in the United Arab Emirates, published an almost-full-page report on her presentation to the Zayed Centre for Coordination and Follow-up. The dailies emphasized the nature of the presentation with headlines on the theme of the dialogue of cultures instead of clash of civilizations. The dailies referred to Helga LaRouche as the founder and president of the Schiller Institute, and also as the wife of "famous American economist and Presidential candidate Lyndon LaRouche." However, the dailies did not mention the conference on "Oil and Gas in International Politics" at which Zepp LaRouche made her presentation. It is reported, as in the ZCCF website, as a separate lecture, giving it a distinguished place among the other events organized by the center.

Sharon Pushing Broader Mideast War

A well-placed Egyptian source told *EIW* on June 30 that Ariel Sharon is focussing on Syria as the next target in his drive to blow up the Middle East and create the context for his "Jordan is Palestine" mass expulsion scheme. Sharon delivered a dossier to the Bush Administration, claiming Iran and Syria are massively building up Hezbollah's military capabilities inside Lebanon. In the context of the recent Martin Van Creveld piece on Sharon's mass expulsion strategy, the source said that Sharon is looking for the pretext to carry out a preemptive military strike against Syria, to knock out the country's missile and fighter plane capabilities. Sharon is playing on the fact that the Bush Administration is angry with Syrian President Bashar Assad, for his refusal to cooperate in any way in U.S. plans to oust Saddam Hussein. Syria maintains the only oil pipeline with Iraq that is not controlled under the humanitarian oil-for-food program. If Syria's military force can be knocked out, Sharon would be one big step closer to his mass-transfer option, the source warned.

Bush Rose Garden Speech 'Made in Israel'?

Israel played a major role in writing President Bush's Middle East policy speech, according to several U.S. sources. "Is Natan Sharansky Working in the White House Speechwriting Office?," queried the headline of an article by Dana Millbank, the *Washington Post* reporter, on July 1. Millbank is the reporter who "watches" the neo-con moles, and who exposed the William Kristol/*Weekly Standard* moles in the White House staff. This time, Millbank made an impressive line-by-line comparison of Sharansky's May 3 *Jerusalem Post* column with Bush's June 24 speech: such as specifying a "three-year period" to Palestinian statehood, specifying a "new" Palestinian leadership "unburdened...by terror" (Sharansky) or "free from terror" (Bush), and several other notable parallels. Sharansky would never call for a freeze on Israeli settlements, says Millbank, but notes that "Sharansky themes are tumbling from the lips of Bush officials." Also, Israelis had a role in the most critical section of the speech, where President Bush called for new leadership in the Palestinian Authority, according to Glenn Kessler of the *Washington Post* on June 30, who wrote an article entitled, "How Bush Decided To Cut Arafat Loose." Apparently, an Israeli Military Intelligence document linking Arafat with a payment to the Al-Aqsa Martyrs' Brigade, now on the State Department terrorist list, helped convince George W. Bush to call for Arafat's ouster in his June 24 Rose Garden speech. According to both the *Washington Post* and *New York Times*, it was Vice President Dick Cheney (who recently went through a self-brainwashing session with Bernard Lewis) who broke Colin Powell's resistance to dumping Arafat. But the crucial element was documents "proving" that Arafat signed off on giving a \$20,000 payment "to a terrorist group that claimed credit for a suicide bombing." This document, says the *Washington Post*, was delivered by "an Israeli military attaché" to the National Security Council on June 20, "just 72 hours" before the Rose Garden speech. Without this document, it wasn't possible to break the impasse that Ariel Sharon encountered in Washington on June 10, when he demanded that Bush publicly denounce Arafat. On June 10, Powell was interviewed after Sharon's visit; at that time he said, "Arafat is the head of a government called the Palestinian Authority," and "the President [Bush] understands that." The top Jabotinskyite agent in the Administration, Richard Perle, crowed about how important the Bush speech was. "This was the largest break with the established view [on the Middle East] that I have ever seen," said Perle. With this victory in hand, Israeli intelligence moles in the Washington establishment are planting documents all over the Bush Administration and with the press, in their attempts to bring about a U.S.-backed war by Israel against Syria and Iran, to wipe out the Palestinian Authority, and start a confrontation with Saudi Arabia.

al-Qaeda-Hezbollah Links Alleged

A dossier allegedly showing the connections between the Lebanon-based Hezbollah, and al-Qaeda is circulating around Washington, according to an article by Douglas Farah in the *Washington Post* on July 30, and the Senate and House Intelligence Committees are now being briefed in closed session about the danger of Hezbollah using its infrastructure to rescue the "hobbled" al-Qaeda so that more attacks against the U.S. here and internationally can be launched. Recall that the Sharon government and its unofficial emissary Benjamin Netanyahu have been stressing the Hezbollah case as a means to justify Israeli attacks on Syria and Iran (if they cannot get the U.S. to do it for them). Senator Bob Graham (D-Fla) told the *Washington Post* that "Hezbollah is the A-team of terrorism." The *Post* says that the collaboration is occurring as "decentralized alliances ... to find common ground: crippling the United States, and forcing the U.S. military out of the Middle East and Israel out of Palestinian territory." The article recounts Hezbollah's role in the 1982 Beirut embassy, and

the 1983 Beirut Marine barracks bombings.

Israeli Cabinet Minister Calls for Arafat's Liquidation

Just as Democratic Party Presidential pre-candidate Lyndon H. LaRouche, Jr. had said after President George W. Bush's June 24 Middle East policy speech, that speech made Palestinian Authority President Yasser Arafat and others close to him targets for assassination. On July 5, the wire services AFP and AP stated that there were already plots afoot to assassinate Arafat. The head of the National Religious Party, Effi Eitam, who is a member of Sharon's Cabinet, called for Arafat to be placed on the list of those to be liquidated. "Arafat and his gang of murderers, responsible for the deaths of hundreds of Israelis, deserve death," Eitam said. Immediately before joining the NRP and Sharon, Eitam was played up in the *Jerusalem Post* as being part of a group of IDF fanatic generals, who were preparing a "forced transfer" of Palestinians. Sharon's main spokesman, Ra'anana Gissin, said that "this is legitimate," because "Israel is a democracy." And *Ha'aretz* on July 4 reported that Eitam had called for the assassination of Marwan Barghouti, the jailed head of the Tanzim militia, who had been Secretary General of the Palestine Liberation Organization and was considered a potential successor to Arafat. Speaking in a synagogue, Eitam told the congregation that Palestinian leader Marwan Barghouti, who is currently in an Israeli prison, should be "taken into a field and shot in the head." He also said that if it were up to him, Yasser Arafat "would be dead in 15 minutes, along with all of his gang." Asked to confirm these statements by Israel Radio, Eitam said: "...My message was clear ... Arafat is a murderer." He then stated that President George Bush would also support this. "Bush has said, 'Friends, get rid of this man and his gang, otherwise there will be no future for the region.' I have always said this, and I say it now. Barghouti should have been on a list of targeted killings." Meanwhile, IDF fanatic Israeli Chief of Staff Shaul Mofaz, who is retiring after serving his four-year term, said July 5 in newspaper interviews and radio broadcasts that Arafat should be "expelled." Mofaz, who had been severely criticized and eventually muzzled for expressing such views, steps down on July 9, and feels free to shoot his mouth off. Responding to charges that he took political stands while in office, Mofaz told Israel radio that: "Those who agreed with me called it a professional opinion. Those who disagreed called it something else." Among the principal complainants had been Foreign Minister Shimon Peres, who was said to have been "devastated" by President Bush's speech agreeing with Prime Minister Ariel "the Butcher" Sharon, that Arafat must be replaced. Mofaz is expected to enter politics in some fanatic rightwing party.

Israeli Concentration Camps Exposed in *Ha'aretz*

In a breach of the Geneva Convention's war crimes statutes, the Israelis have imprisoned up to 10,000 Palestinians in the equivalent of a concentration camp under hideous conditions, according to *Ha'aretz* of July 4. While in Goebbels-style fashion the Israelis refer to this as "administrative detention," which means no charges have been filed against them, the Palestinians are being held in deplorable conditions in the heat of the Negev Desert. *Ha'aretz's* Akiva Eldar publishes extensive quotes of the findings of Knesset member Zahava Gal-On, who visited the Ofer detention center in the environs of Jerusalem. Gal-On is a member of the pro-peace Meretz Party, manager of the Israeli human rights organization B'tzelem, and a member of the Knesset Foreign Affairs and Defense Committee. She went on June 6 after the Israeli Attorney General refused to release the findings of a group of lawyers from the Attorney General's office, which she addressed in a letter that described the inhuman conditions in detail. In her letter, Gal-On reminded the Attorney General that the Israeli high court has ruled that administrative detention is applied only if the suspect poses an immediate danger, not to punish crimes committed in the past. "I wonder if all 1,000 prisoners in Ofer camp and the thousands of other detainees in administrative detention, all pose immediate future danger.... The large number of detainees in administrative detention raises suspicions that it has become a system for punishment without trial. It seems to me that even in the state of war we find ourselves, clear instructions must be given that either the detainees are put on trial or immediately freed."

Plans for Iraq War Published in *New York Times*...

A contingency plan has apparently been worked out for a three-pronged, unilateral U.S. attack upon Iraq, according to an article in the *New York Times* on July 5. The "military planning document calls for air, land and sea-based forces to attack

Iraq from three directions—the north, south, and west—in a campaign to topple President Saddam Hussein, according to a person familiar with the document," writes the paper. The plan foresees "tens of thousands of marines and soldiers probably invading from Kuwait," as well as "hundreds of warplanes based in as many as eight countries, possibly including Turkey and Qatar," which "would unleash a huge air assault against thousands of targets, including airfields, roadways and fiber-optics communications sites." Finally, "Special operations forces or covert CIA operatives would strike at depots or laboratories storing or manufacturing Iraq's suspected weapons of mass destruction and the missiles to launch them." The paper says none of the countries involved have been "formally consulted," though Donald Rumsfeld visited many of them on his recent tour. The *Times* says the existence of the document shows plans are advanced. "Once a consensus is reached on the concept, the steps toward assembling a final war plan and, most importantly, the element of timing for ground deployments and commencement of an air war, represent the final sequencing that Mr. Bush will have to decide." Bush has been briefed twice by Gen. Tommy Franks, most recently on June 19, and now "brainstorming" is going on, according to a senior defense official cited. The document is called "CentCom Courses of Action," and was prepared by "planners at the Central Command in Tampa, Fla., according to the person familiar with the document." Neither Rumsfeld, nor Franks, nor the JCS has been briefed on this particular document, according to the article. The *Times* says it got a report on the document from someone who found it "insufficiently creative, and failed to incorporate fully the advances in tactics and technology that the military has made since the Persian Gulf war in 1991." The various options, of a land invasion or a coup, or the use of proxy forces, are mentioned. Then, the paper says, Administration officials have repeated that there are no imminent plans to attack Iraq, and that most people are thinking in terms of next year. Then: "Nonetheless, there are several signs that the military is preparing for a major air campaign and land invasion." Among these signs cited are following: "Thousands of Marines from the First Marine Expeditionary Force at Camp Pendleton, Calif., the Marine unit designated for the Gulf, have stepped up their mock assault drills, a Pentagon adviser said. The military is building up bases in several Persian Gulf states, including a major airfield in Qatar called Al Udeid. Thousands of American troops are already stationed in the region." Furthermore, "The Pentagon has said it has stepped up production of critical munitions. The Air Force is stockpiling weapons, ammunition and spare parts, like airplane engines, at depots in the United States and in the Middle East." The paper says the plan includes a detailed list of Iraqi targets, details on munitions available, on deployment times, etc., but does not mention coalition partners, casualty estimates, or plans for Saddam Hussein and his successor. The Iraqi Foreign Minister Naji Sabri, according to AP of July 5, said of this leaked plan that: "We heard a lot of rubbish about these plans. These are wishes entertained by old colonialists and evil people."

...As Bush Administration Preps Diplomatic Excuse

According to the wire services AFP and AP on July 5, the U.S. appears to be preparing a "legitimate excuse" for unilateral action against Iraq (although some sources have reported to *EIW* that Prime Minister Sharon's Israeli Defense Forces might also be involved). This war cry escalated after UN Secretary General Kofi Annan concluded talks with Iraqi Foreign Minister Naji Sabri on readmitting WMD weapons inspectors to Iraq. The two spoke privately before the end of the session, and could not agree upon common language to characterize the talks. Unnamed diplomats said that they might continue in coming months in Europe, after Sabri has consulted with Baghdad. However, State Department spokesman JoAnne Prokopowicz said: "Iraqi representatives continue to raise issues aimed at preventing and delaying a focus on core obligation.... We see no basis or need for prolonged discussions of Iraq's obligations." And, U.S. Ambassador to the UN John Negroponte said that it should not take so long, as it requires merely a "yes" or "no." "There isn't much talk about if Iraq is truly prepared to accept unimpeded full-fledged inspections in their country," he told CNN, adding that: "I would be concerned if they sought to drag this out much further." Negroponte's position is similar to the views of Zbigniew Brzezinski, who at a recent CFR event with two other former National Security Advisers, said that "legitimacy" was needed for either an alliance or unilateral U.S. assault on Iraq. He said that the way to get "legitimacy" was to propose the reintroduction of weapons inspectors, and then go to war when Iraq refuses.

Asia News Digest

U.S. Extends Military Presence in Philippines—Indefinitely

Concerns that the U.S. would use military exercises in the Philippines to establish a permanent presence under the banner of the war on terrorism have been confirmed. In a meeting in Hawaii over the June 30 weekend between Philippine Chief of Staff Roy Cimatu and U.S. Pacific Commander Adm. Thomas Fargo, it was agreed that the Balikatan "exercises" which end July 1, will continue in other forms, extending through at least 2003.

President Gloria Macapagal-Arroyo has fired her Foreign Minister, Teofisto Guingona (who continues as Vice President, an elected post), due to his opposition to the U.S. military expansion in the country. Arroyo announced that she will serve as her own Foreign Minister, to "chart a closer partnership with the U.S. war on terrorism."

The new plan is to launch at least three separate "exercises," one in the main northern island of Luzon, one in the central Visayas Islands, and one in Mindanao in the South, all to begin in October. The government is committed to granting the U.S. "logistics facilities" in the country—a measure just short of the "basing rights" outlawed by the Constitution—and the multiple deployments provide justification for setting up essentially permanent U.S. structures across the country.

U.S. Special Forces joint deployments on combat missions with Philippines troops are now approved, and are expected to begin immediately. While this leaves only the rest of July on this mission (since the current Balikatan Exercise officially ends July 31), a military provocation of some sort could easily take place in that time frame, which could be used to justify an extension.

Indonesia Reopens Strategic Economic Projects

Indonesia is re-launching 14 strategic chemical and power projects which had been closed in the 1997-98 crisis. As noted in the release from the Ministry of Economic Affairs, the re-opening is only due to the fact that the original contracts have been renegotiated.

The original sweetheart contracts, signed in the hot-money years of the mid-1990s with the Suharto regime, priced the output in dollars, forced the government to buy the entire output even if it were not needed, and/or included other conditions which placed all the risk on the government. As the release bluntly states: "The government recognizes that many of these projects were tainted by corruption in the past. This condition is unacceptable...." Indonesia has fought serious legal and political fights over these corrupt contracts, successfully forcing renegotiation in 10, with 10 more under discussion, six cancelled, and one in litigation.

The 14 projects include five fertilizer plants, one petrochemical, seven power plants, and one electricity transmission project. The foreign contractors include Japanese, American, and European firms.

Megawati Tells Military To Crack Down on Separatists

Indonesian President Megawati Soekarnoputri on July 3 instructed military Commander Maj. Gen. Djali Yusuf to deal sternly with the separatist Free Aceh Movement (GAM). in order to maintain stability across the country, including in war-torn Nanggroe Aceh Darussalam (The province formerly known simply as Aceh).

In a series of recent attacks, GAM rebels have been accused of abducting nine crew members of a boat hired by oil and gas company ExxonMobil Indonesia to carry supplies to its offshore oil exploration field, and have kidnapped nine athletes and officers in Aceh Sigli after they had participated in a provincial sporting event. (All the kidnap victims were released by the GAM on July 5, in an apparent effort to prevent a military crackdown.) Rebels have also toppled some 21 electricity towers in eastern Aceh, causing widespread blackouts in the area.

Yusuf said that he had already deployed his Rajawali unit to restore security in East Aceh.

Laos: World Bank Stops Crucial Hydroelectric Project

As of July 4, the World Bank has sabotaged a crucial dam project in Laos "until it receives wider support among the international donor community and from social and environmental groups." World Bank project director Jayasankar Shivakumar said the Bank will not extend a partial-risk guarantee to the Nam Theun 2 hydroelectric project, which the impoverished country critically needs to generate electricity for its own development and to sell to Thailand. The \$100-million investment cost may not be forthcoming without the guarantee, to the delight of the greens and those who are still fighting the Vietnam War. The U.S. Congress has yet to grant normal trade relations to the landlocked country, which suffered more sustained bombing than any country in history, during the Indochina war.

UN Still Preventing Cambodia Trial of Khmer Rouge

The United Nations has rejected Cambodia's offer to change its laws to accommodate UN conditions on the proposed trial of the Khmer Rouge. Despite calls for the UN to work *with* Cambodia from nearly every member nation at the UN, including the United States, the UN has again chosen to reject discussions concerning any trial which is not strictly under its control. This refusal can only convince the world that the UN is terrified that its own criminal role in sponsoring the Khmer Rouge as the legitimate representative of Cambodia from 1979 to 1992, will come out in any trial that is even partially open to the truth.

India Cabinet Shuffle Could Change Financial Direction

Indian Prime Minister Atal Behari Vajpayee has carried out a much-awaited Cabinet shuffle, originally scheduled to take place in May, but delayed by the India-Pakistan military crisis. L.K. Advani, the Bharatiya Janata Party number two and Interior Minister, has been named Deputy Prime Minister. Although it is a mere formalization of the position he already had, it means that the process to prepare for the next general elections under Advani (Vajpayee long ago announced that he would retire after this term), has begun. There are other indications to suggest the same, including positioning people in the key slots of the BJP hierarchy to balance the geographical representation at the higher levels.

In addition, External Affairs Minister Jaswant Singh and Finance Minister Yashwant Sinha have switched their jobs. Jaswant Singh had earlier wanted the finance portfolio, but was blocked by the RSS, which said Jaswant Singh was too close to Washington. Yashwant Sinha, a former bureaucrat and a former finance minister with Chandrashekhar, was reluctantly accepted by Vajpayee, and the RSS. From day one, Vajpayee was looking for a substitute. It seems he has now found enough RSS support to appoint Jaswant Singh. It may mean that in the coming days, some serious changes could be made in India's financial policies. What is important, however, is that Vajpayee will be working in tandem with Jaswant Singh on the economic matters. He did not do so with Sinha and kept him out of his inner circle.

Since George Fernandes continues as Defense Minister (Fernandes is very close to Jaswant Singh), the economic, defense, and foreign policy will be run by the PMO with the help of Jaswant Singh and Fernandes. It is likely that the shuffle iced out Yashwant Sinha. It will be interesting to see what the IMF-World Bank reaction will be, since Sinha was a favorite of the financial giants.

AFRICA NEWS DIGEST

Will NEPAD 'Suck the Blood' Out of Newborn African Union?

An insightful news article by Ochieng' Rapuro in a major Kenyan publication, the *East African Standard*, on July 1, reports on the fact that the South African city of Durban becomes the midwife into whose hands the new pan-African initiative, the African Union, will be born, and offers a hypothesis that may be on target. "There are fears that" just as "'external forces' were instrumental in whittling down the original African Union project—as envisaged by visionary pan-Africanists such as Ghana's Kwame Nkrumah, Tanzania's Mwalimu Nyerere and Abdel Nasser of Egypt in 1963—to a toothless OAU [Organization of Africa Unity], the 'foreign partners' may work through NEPAD [New Partnership for African Development] to dilute the substance of the AU."

Elaborating on the history of the interface between the African "development" plan, NEPAD, and the African Union, Rapuro continues: "Although born out of such noble intentions, observers are increasingly getting worried that NEPAD might just turn out to be the beast that will suck the blood of potency out of the AU.... Last December, for example, NEPAD all out of the blue came up with a 15-member committee to monitor its implementation. The committee, comprised of the Heads of State of the five originators of the program (South Africa, Senegal, Algeria, Egypt and Nigeria) and two additional members each from the five regions, has crafted out of the original mandate a grotesque animal that is now threatening to overshadow the AU."

Mugabe Warns He Will Nationalize Food Profiteers

President Robert Mugabe has threatened to nationalize one of Zimbabwe's largest companies, National Foods, which is majority owned by Anglo American Corp. Zimbabwe's *Sunday Mail* of June 30 reported the President singled out National Foods, for "sabotaging the economy." Speaking to a meeting of his ruling ZANU-PF Party, Mugabe said: "We will ask National Foods and Anglo American, which is owned by Nick Oppenheimer, to tell the nation why they have been hoarding salt and causing shortages of basic commodities."

He added, "We will not allow Anglo American to become the principal saboteurs of our economy." Anglo American would be asked whether it wanted to operate "in partnership with the government and people"; if they did not, he said, the government would be compelled to take over the enterprises and transfer them to local people. "Our people will not hide salt to create shortages."

The *Sunday Mail* reported that police had confiscated 22 tons of salt in a National Food depot in the northern town of Hwange. It quoted a police spokesman as saying that officers stopped workers who were about to burn the salt, "in a suspected act of economic sabotage and political mischief." The company is being charged with hoarding under the Control of Goods Act.

Assassination Threat Against Zambian President for Opposing IMF Corruption

On June 29, details emerged of a plot to topple and assassinate Zambia's President Levy Mwanawasa, because of his campaign to pursue the massive corruption of his pro-IMF predecessor, Frederick Chiluba, who is accused of plundering the country. Mwanawasa, who just returned from studying irrigation technology in Libya, is broadening his attack on Chiluba. So far, \$36 million has been discovered in a London bank account and the former head of Security Intelligence, Xavier Chungu, who was instrumental in the transfers, is under arrest.

Students at the University of Zambia, during a Presidential visit on June 28, held up a banner reading "Bring Chiluba to court... No one is above the law." Mwanawasa addressed the duties of the University's new Chancellor and of the students, at the Chancellor's inauguration, and called on the students to be "militant and radical."

Zambia's first and long-serving President, Kenneth Kaunda, from the opposing party to that of Mwanawasa and Chiluba's

MMD, is strongly defending Mwanawasa. On June 29, Kuanda called a plot to topple Mwanawasa's regime and kill him "Satanic," and demanded the arrest of all those involved. In effect, elder statesman Kaunda is riding shotgun in support of Mwanawasa.

In Oslo, on June 26, Kaunda lashed out at Chiluba and others: "Let the Zambian people impress upon those who have been bribed and corrupted to resign their positions before the Mwanawasa Administration moves in on them, as I am sure that it will." He emphasized that Zambia needs a cleanup of its judiciary, special branch (security police), police, and army, because they had become rotten arms of the executive, and called for the resignation of Chief Justice Matthew Ngulube.

Chiluba, when he assumed the Presidency in 1992, promised full cooperation with the IMF, and indeed privatized the state sector, eliminated food subsidies, and cut support to agriculture. Mwanawasa and Kaunda opposed these policies. In October 1997, after the government sold off the copper fields to Anglo American Corp. and Phelps Dodge, a military coup sought to oust Chiluba, but failed after several hours.

Mwanawasa reminded MMD Party cadres at the party secretariat on June 26, that in 1995 he had told them that the Chiluba leadership had to be replaced, and that in 1994 he had resigned as Zambia's Vice President and reverted to a simple party member because the MMD leadership had betrayed the people. In Oslo, Kaunda declared, "The nation was in another mood when it couldn't listen to me, when I warned [in 1991] that they would be putting into power a pathological liar, a thief, corrupt and decayed President, if they voted into office Mr. Chiluba," who was then chairman of the Zambia Congress of Trade Unions (ZCTU).

Thailand To Export Anti-AIDS Drug Knowhow to Africa

At less than a dollar a day, Thailand produces the world's cheapest anti-AIDS drugs, and is now set to provide both the drugs and the technology to Africa on a large scale. Along with India and Brazil, Thailand has become a global pioneer in the production of generic anti-AIDS medicines, thanks largely to Dr. Krisana Kraisintu, who started research in Thailand in 1992. Working at the Government Pharmaceutical Organization (GPO) where she heads the research and development division, Krisana was by 1995 overseeing production of 21 drugs whose patents had either expired or never existed.

"It's not technology transfer in a way that Thailand is giving them facilities," Krisana said. "They have everything. We'll just tell them what to do." The plan, which took form in April 2001, is to choose countries spread around the continent to act as production centers which can export to up to 12 neighbouring nations. Memorandums of understanding have been drafted and are waiting to be signed between Thailand and both Zimbabwe and Ghana. If all goes well, Uganda, the Democratic Republic of Congo, and Nigeria will follow.

Krisana has already negotiated prices for raw materials—which make up 80% of the cost—far below what the GPO pays its suppliers in India and Korea who heeded appeals to make discounts on humanitarian grounds. The antiretroviral (ARV) drug stavudine originally cost \$2.09 a dose. "Our product costs eight cents—that's 26 times as cheap. And if these drugs were produced in African countries, they would be cheaper than this," she said.

GPO managing director Thongchai Thavichachart said: "We will be happy to help [them] to produce, rather than to buy from us. It will last longer—it's self-help," he said. "We will not charge anything to any government.... I would like to urge the world, I would like to push other countries to have this kind of production."

The GPO made world headlines in March when it announced it would start selling the world's cheapest triple-therapy ARV drug, known as GPO-VIR. It sells for \$27 per month, or less than a dollar a day. Previously, a similar regimen cost up to \$240 a month.

This Week in History

July 8-14, 1776

The major audience for the Declaration of Independence was not domestic, but those nations from which the American colonies were seeking recognition, commerce, and alliances in the war against the British Monarchy. Would they treat with the newly declared independent nation, despite the virulent opposition of the British?

Indeed, the Declaration was explicit in terms of its international focus. First, from the first paragraph, it couched its argument in relation to the "opinions of mankind" as a whole, not simply to citizens of the colonies. Second, the final substantive sentence laid out what the emerging United States wished to exercise: "full Power to levy War, conclude Peace, contract Alliances, establish Commerce, and to do all other Acts and Things which Independent States may of right do."

There was no question but that the British would do everything possible to prevent recognition. Already, by July 13, Ambrose Serle, the secretary to Britain's chief General, Lord Howe, had written in his diary that "a more impudent, false and atrocious Proclamation was never fabricated by the Hands of Men." Four copies made their way to London, and by mid-August, it began to be published in the London press, followed by Edinburgh, Dublin, and Leiden (Holland).

In September the Declaration was published in Copenhagen, Denmark, and Florence, Italy. A German translation appeared in Basel, Switzerland in October.

The nation the Founding Fathers were most interested in, of course, was France, England's age-old enemy, and their hoped-for military ally. But in France the reaction was considerably delayed. The first of the two copies sent to American representative Silas Deane was "lost," and the second arrived in November 1776. France's recognition of the new republic did not occur until February 1778, after General Washington's Army had won a significant victory over the British troops at Saratoga, New York.

As for the British, they did not recognize American Independence until the Treaty of Paris was hammered out in 1783. Even an official British comment on the Declaration might be construed as acknowledging the existence of what they did not wish to acknowledge.

But the British did commission a response to the Declaration of Independence, which was entitled "Answer to the Declaration of the American Congress," and was sent in 500 copies to the British troops in America. The author of the document, which was signed by a young lawyer named John Lind, was actually none other than that old scalawag Jeremy Bentham. Bentham's argument was a direct assault on the idea of natural law, and the idea that God's law could be implemented through government. He said: "They [the Declarers—ed.] perceive not, or will not seem to perceive, that nothing which can be called government ever was, or ever could be, in any instance, exercised, but at the expence of one or other of those rights" to life, liberty, or the pursuit of happiness.

Bentham's argument, not surprisingly, is a reflection of that legal positivism which is espoused today by the dominant school of legal thinking, and by the likes of Hobbesian politicians like Henry Kissinger and Zbigniew Brzezinski. Bentham insisted that mankind has no natural rights, and that the only source for claiming any rights at all was positive legislation. In other words, morality was to be banned from politics altogether.

In reality, the battle between the natural law principles of the Declaration of Independence, and the British concept of positive law, continues to this day. The British oligarchy—and those who have allied themselves with it—still finds the American republic, as consituted on its principled foundations, to be the major challenge to the form of oppression they

wish to exert, whether that oppression be exerted through monarchies, various forms of dictatorship, or a public-opinion-dominated democracy. Until Americans themselves restore the natural law principle, as established in the Declaration and the Constitution, to their practice, the outcome of the conflict remains in doubt.

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