

## Electronic Intelligence Weekly

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## This Week You Need to Know

### A September Surprise

Former President George H.W. Bush, a.k.a. "Bush 41," no doubt vividly recalls the October 1975 Ford Administration purge that brought him in as Director of Central Intelligence, and brought Gen. Brent Scowcroft in as National Security Adviser. That event came to be known as the "October Surprise."

Bush 41 ought to counsel his son, the current President (a.k.a. "Bush 43"), to launch a "September Surprise," to begin the process of purging his Administration of a nest of Israeli agents of influence who, if left in place through the end of this month, will likely succeed in dragging the United States and much of the rest of the world into a Clash of Civilizations war— beginning with Iraq— that will sweep the entire planet into the bloody maelstrom of a 14th-century-like New Dark Age.

The "cabal" of Israeli Likud agents is deeply penetrated into the civilian staff of Defense Secretary Donald Rumsfeld, the senior policy staff in the Office of Vice President Dick Cheney, and in several crucial policy pockets at the State Department. Some leading "cabalists" were at the top of the list of suspected collaborators of convicted Israeli spy Jonathan Pollard— including Richard Perle, head of the Defense Policy Board.

Vice President Cheney's chief of staff and national security adviser, Lewis Libby, was a Yale protégé of Deputy Defense Secretary Paul Wolfowitz in 1973, and served as his State Department and Pentagon deputy in the Reagan and Bush 41 Administrations. Other Israeli assets inside Cheney's office include chief foreign policy aide John Hannah, who previously worked for the leading Israeli think-tank in Washington, the Washington Institute for Near East Policy (WINEP); and Eric Edelman, a former Wolfowitz deputy at the Bush 41 Pentagon.

Incest is the favorite pastime inside the Washington Beltway, so the existence of this cabal might not shock many jaded Washington observers. But the character of this network is that they have publicly declared themselves to be at the service of the Israeli Likud regime.

Perle, Douglas Feith (current Assistant Secretary of Defense for Policy), and David Wurmser (current executive assistant to chief State Department arms control negotiator John Bolton) were the principal authors of a July 1996 study for then-Israeli Prime Minister Benjamin Netanyahu, which called for a "clean break" from the Oslo peace process, the annexation of the Occupied Territories, and the permanent destabilization of the entire Arab world.

The cabal has been dedicated to foisting this right-wing Israeli foreign policy on President George W. Bush, from the first day that ex-Secretary of State George Shultz took charge of "Team Bush" in April 1998, and installed Wolfowitz and Condoleezza Rice as the two chief foreign policy and national security tutors to then-Texas Governor Bush. Wolfowitz promptly paraded the entire cabal, beginning with Perle, down to Austin to sell G.W. on the *Israeli* policy of war on Iraq.

So what is to be done? Let us start with a purgative first step. The July 10, 2002 session of the Defense Policy Board, at which now-former RAND Corporation "senior analyst" Laurent Murawiec delivered his diatribe against Saudi Arabia—including a call for American occupation and takeover of the Saudi oil fields— was recently denounced by Gen. Anthony Zinni, former head of the Central Command, as an unforgivable outrage. We agree. The Pentagon official who bears line-of-command responsibility for that infamy is Doug Feith.

Feith was one of the Netanyahu advisers behind the "Clean Break" policy, and he repeated his total opposition to a Palestinian state in a 1999 book, which he co-authored for the Zionist Organization of America. His sponsoring the Saudi-bashing session is consistent with every other aspect of his performance at the Pentagon. He is in open defiance of President George W. Bush's often-stated policy of a "two-state solution" to the Israeli-Palestinian conflict.

Feith's removal is not only appropriate, it is vital. American foreign policy ought to be made by Americans who do not have dual loyalties; certainly not by people who have unambiguous single loyalties— which are not to the United States. Mr. President, let the "September Surprise" begin.

## **Shakespeare's George I — Or, How George I Lost His Reelection by Lyndon H. LaRouche, Jr.**

It is true that the Zionist Lobby's Michael "Mega-bucks" Steinhardt played a notable role in backing Bill Clinton to ruin the reelection prospects of President George H.W. Bush, Sr. ("41"), but, it was not Bush's Middle East policy which ruined him. The essential fact remains, as James Carville said: "It's the economy, stupid!" That, however, is not the way the drama will end. To help you understand the presently looming political nightmare of son George W. Bush, Jr., let me tell you how William Shakespeare would have sketched the draft of his "The Tragedy of George I."

See how, and why, Shakespeare would have written me into a leading role in his account of the tragedy of "41."

As history will show, in autumn 1988, I was the only actually qualified candidate running then to become the 41st President of the U.S.A. As it is now well known, the circles of candidate George H.W. Bush, had plans for being rid of me by means other than an election, and so did the crowd behind Michael Steinhardt's failed choice of candidate of that time, Dukakis. To come directly to the tragic flaw in Bush's 1988 candidacy, on Oct. 12, 1988, Columbus Day, I had delivered a campaign address in Berlin, announcing the early collapse of the Warsaw Pact system, and the impending reunification of East and West Germany, with Berlin to be designated as the future capital of the reunified nation. I did more; I outlined the economic policy which the next U.S. President must adopt, for dealing successfully with the global strategic implications of that forecast set of developments.

My Berlin address was broadcast on U.S. network television that same month. Within hours of "41's" being sworn in, the following January, I was imprisoned through a kangaroo-court-style rushed trial, and "George I" was already tragically predestined to suffer the defeat of his 1992 reelection bid. A Shakespeare living today would have added a few notes in preparation for the prospect of adding a "Tragedy of George II."

That is the way Shakespeare would have told it, and the way future history will, in fact, tell it. The ultimate outcome, both for "43" and the U.S. economy, is not yet decided; but, unless appropriate changes from the current direction of U.S. policy are made soon, awful results for our nation, and, probably, the world besides, would become inevitable.

It was the economy, not an angered Zionist lobby, which actually sank "41"; but, not exactly the way Carville's quip implied. When you see the point of my argument here, you, if you are anyone who understands the ABCs of political-economy, would have to agree. All the most crucial evidence to prove my case is a comparison of the U.S. policy which I

announced in my 1988 Columbus Day press conference, with the directly opposite, foolish policy adopted by "41," after the Berlin Wall fell, just over a year later. If you see those connections, you understand exactly what is threatening the early ruin of "43's" career. Carville diagnosed the economic effect accurately, but did not pinpoint the underlying economic cause.

The essential background, briefly stated, is as follows.

## **The Strategic Defense Initiative**

By the mid-1970s, I had diagnosed the tragic force which was moving to doom the Soviet system. With a mass-murderous madman like Zbigniew Brzezinski controlling the 1977-1981 Carter Administration, on the one side, and a gravely wounded Soviet bear on the other, it was urgent that we launch political steps toward bringing to an end the doomsday-system of nuclear deterrence. Silly children believe that it is conscious intentions of governments which will determine what will, or will not be likely in a crisis. We were headed toward a global systemic crisis, whether either power chose to recognize that or not. The times were becoming very dangerous. It was necessary to get what Brzezinski represented out of government, and to develop a fresh U.S. long-range approach toward relations with Moscow.

In my second effort to save the U.S. from the disaster I knew a Brzezinski-controlled Administration would mean, I developed a conception for a new approach to overturning the doomsday nuclear-warfare scheme of introduced to U.S. policy and NATO-Soviet doctrine of Mutually Assured Destruction (MAD) by mad scientist Bertrand Russell's Leo Szilard. My policy was expressed in a 1979 policy paper issued by my campaign. That policy was later emphasized to the incoming Reagan Administration, and was later adopted, in its most essential features, in President Reagan's March 23, 1983 address proffering a Strategic Defense Initiative to the Soviet government. Soviet General Secretary Yuri Andropov turned the proffer down flat, and implicitly committed the Soviet Union to an economic escalation of the arms-race.

During the period from February 1982 through February 1983, I had been conducting a back-channel discussion of my proposal with the Soviet government, under the watchful eye of relevant White House officials. I was told, from Moscow, in February 1983, that General Secretary Andropov would reject my proposal, were President Reagan to present it. I informed relevant White House personnel of this immediately, including my response given to the Soviet channel. I had expressed my estimate, to Moscow and to the White House, that were Andropov to carry out his reported intention, the Soviet economy would collapse within about five years. Shortly after that, I repeated that opinion publicly, "in the clear." I was off by one year; the collapse of the Warsaw Pact system occurred just slightly more than six years later.

All of this, including the essentials of my role, was known in vivid detail to every relevant circle within higher-ranking echelons of the U.S. intelligence community, and also crucial NATO circles in Europe. Hence, there was no acceptable excuse for what the former Vice President, "41," did following the collapse of the "Berlin Wall." What "41" and his Administration did, was a true Classical tragedy.

Thus, my Oct. 12, 1988 Berlin announcement of the impending collapse of the Warsaw Pact system. Despite my widely circulated forewarning, the governments of the United Kingdom, France, the U.S.A., and Germany, and others, were caught "flat-footed."

## **The Economic Issue**

The immediate reaction of Britain's Margaret Thatcher and France's Francois Mitterrand was sheer lunacy. Both were savagely determined that German reunification should not occur. Fortunately, U.S. Ambassador to Germany Vernon Walters, and some other relevant U.S. officials, were more sensible. President George Bush was persuaded to support

Germany's Chancellor Helmut Kohl in standing firm for German reunification; but Bush acceded to economic conditions dictated by Thatcher and Mitterrand. Those conditions, combined with the U.S.-led carpetbaggers looting of the remains of the Warsaw Pact, and of the Soviet Union in particular, intersecting the economic effects of the "Desert Storm" war (which I had warned, in January 1989, was already planned in London and Israel), created the conditions which assured the economic setbacks which lost "41's" reelection.

It was the combination of "41's" deal with Thatcher and Mitterrand, Bush's folly in following Thatcher to war, and his carpet-bagging policy, which made him ripe for the picking in his reelection campaign of 1992.

The consequences of that folly are not behind us. The effects for today are still reverberating, more violently than ever before.

## How To Win Conflicts

What was destroyed by post-1989 U.S.-led carpet-bagging and the economic conditionalities imposed on Europe by Thatcher, Mitterrand, and Bush, was a vast mass of existing productive capital— physical capital. Had that physical capital been mobilized in the way I had outlined in my 1988 Columbus Day address, the end of the Warsaw Pact system would have unleashed one of the great economic booms of history. Two, closely related types of effects were produced, directly, by the crude carpet-baggers' looting and other destruction of that productive capital still standing in the former Warsaw Pact system. The conditions of life in the former Warsaw Pact nations of Eastern Europe, and the former Soviet Union are far worse than they were in 1988. This includes the condition of the population of former East Germany.

The rule is: Never allow a person who repeatedly utters the phrase "my money" to gain significant influence over national policy-making. There is often a directly opposite meaning of the words "making money" and "causing an economy to grow." Growth signifies that the amount of physical wealth consumed, is less than the amount of new physical wealth produced. This physical measurement must be made in both per capita and per square kilometer terms.

This refer to accumulated physical capital as much as direct physical costs of current production. On the other hand, burglars make money by selling stolen goods to a fence, which is what the U.S.A. and Western Europe did to the area of the former Warsaw Pact, and are continuing to do, still today. In this case, much of the stealing done was done as a currently legalized practice; it was still stealing, nonetheless.

The result has been to lower the per-capita, and per-square-kilometer physical-capital output of the territories included in the former Warsaw Pact. However, the loss of physical output per capita has been a less crippling factor, than the long-term loss of physical capital of infrastructure, agriculture, and manufacturing. The loss of physical capital has become a massive loss of the structure for potential production.

For the medium term, over the course of the 1989-1996 interval, the grinding up of the physical capital and population of the former Warsaw Pact territories, such as Poland, for enriching the West with cash, neared a point of exhaustion. The 1997-1998 international monetary-financial crises reflected this effect. This combined with continued, cannibalistic pillaging of Western Europe, through "privatization" swindles, and related carpet-bagging practices, resulted in an accelerating gap between a generally declining level of physical capital and output, and an accelerating rate of monetary-financial growth of giant speculative bubbles. The point had been reached, by the close of 2000, that the delusion of successful growth could no longer be sustained, even by the types of fraudulent practices which exploded to the surface in the Enron case.

The alternative to the presenting accelerating collapse of the global monetary-financial system, would have been to follow the policy I projected in my 1988 Columbus Day press conference. There was a mass of somewhat obsolescence-ridden,

but still usable basic economic infrastructure and physical capital of production within the pre-1989 Comecon sector. The use of the occasion of the collapse of the Berlin Wall, to launch a "Marshall Plan"-like program of reconstruction in that vast area, would have produced a global economic recovery at a moment, 1987-1991, the U.S.A., Japan, and elsewhere, were expressing the economic catastrophe inherited from the Nixon decision of Aug. 15, 1971.

The success of a strategy does not lie in the number of targetted persons a nation's military might kill, but in the attractiveness of the cooperation one is able to offer. A decade after the follies of the agreements among Thatcher, Mitterrand, and "41," the way of thinking expressed by those agreements is producing cruel impoverishment and increasingly embittered adversaries, even among former allies, where it should have won durable friendships. One should be reminded, as Helga Zepp LaRouche made the argument during a recent conference, of that folly of Athens which provoked the nearly-30-year Peloponnesian War.

One would therefore hope, that "41's" current roster of advisers would be refreshed, to enable that sudden and sharp change in direction of policy-shaping which would save us from a tragedy of "George II."

However, in the final analysis, no official leader, such as either of those Georges, could be the cause of a national tragedy. The fault lies with that popular opinion which, by preferring leaders inadequate for the times, brings catastrophe upon that erring nation.

## **U. S. Economic News Digest**

### **U.S. Current Account Deficit Reaches Record Level**

The U.S. current account deficit reached \$129.96 billion in the second quarter of 2002, a record, the Department of Commerce reported Sept. 12. The account deficit, which provides further evidence of an irreversible downturn, is mostly driven forward by the growing U.S. trade deficit. Consequently, the United States completely depends on an inflow of dollar-denominated funds from abroad to finance the deficit.

The growing problem is shown by the current account deficit's trajectory: It stood at \$95.09 billion in the fourth quarter of 2001, and rose to \$112.45 billion in the first quarter of 2002, then, a record— before leaping to \$129.96 billion in second quarter, an increase of \$35 billion. For the first half of 2002, the U.S. current account deficit totalled \$242.41 billion, but given its quarterly rate of increase, it is likely that the deficit will soar past \$500 billion this year, and with an explosion in the financial system, it could become many times larger.

The largest element of the second-quarter U.S. current account deficit— 85%— was the trade deficit in goods and services, which reached \$110.61 billion. However, there is a secondary, but important factor: the "balance on income," which is the cumulative income that Americans earn on their holdings abroad, minus the cumulative income that foreigners earn on their U.S. holdings.

According to the Commerce Department report, during the second quarter, "foreign-owned assets in the U.S. increased [by] \$221.2 billion," representing an inflow of \$221.2 billion during that quarter, while they had increased by (representing an inflow of) only \$113.5 billion during the first quarter.

While the swelling U.S. current account deficit, and the means by which it is financed, threaten the U.S. financial system, an insane Federal Reserve Board chairman Alan Greenspan told the U.S. Congress in July, that the deficit is "not, in and of itself, a measure of anything bad, because what that means, is that that much money is coming into the U.S. on the part of those who want to invest here."



## **U.S. Corporate Collapse Continues, Despite Hype about 'Recovery'**

The U.S. corporate collapse took another ratchet downward over the past week, giving the lie, once again, to those who still prattle on about the non-existent "recovery." Recent developments include:

\**UAL*, United Airline's parent, has hired a bankruptcy firm, Rothschild North America, to advise the world's second-largest airline on "what we might do in bankruptcy," if unable to avoid filing Chapter 11, according to chief financial officer Jake Brace.

\**AOL Time Warner* cut its 2002 sales and profit forecast for its America Online division, because of a drop in Internet advertising.

\**J.P. Morgan Chase's* stock rating was downgraded by a Merrill Lynch analyst, who said the second-largest U.S. bank may cut its dividend in half, as more telecom and cable companies would not be able to repay their debt.

\**Lucent Technologies* warned that fourth-quarter sales would drop 20-25% from the third quarter, the sixth straight quarterly decline. And, Lucent is prepared to cut still more jobs, but even so estimates that the per-share loss will be nearly triple that expected.

\**Honeywell* slashed its profit forecast for the third quarter by about 16%, "because it is clear that the broader economic recovery isn't materializing," said one Honeywell official.

## **Dow 5,000? So Says Investment Fund Boss**

The Dow Jones Index could plunge to 5,000 points— about 3,200 points below its current level— says Bill Gross, head of the \$270-billion Pimco investment fund, the largest bond investor in the world. Only if the Dow should go down to 5,000 points, that is by another 40%, would its stocks be "fairly valued," Gross declared, according to the German daily *Frankfurter Allgemeine Zeitung* Sept. 9.

## **Greenspan Threatens Interest Rate Hike; Demands 'Fiscal Discipline'**

Federal Reserve Board Chairman Alan Greenspan, in remarks before the House Budget Committee Sept. 12, threatened higher interest rates unless Congress imposes fiscal discipline, which he claimed "worked so well" in the past, to eliminate budget deficits. Greenspan demanded that the Budget Enforcement Act of 1990, which put limits on government spending, be renewed when it expires on Sept. 30.

The Federal budget, he said, should be computed on an accrual basis, not on the present cash-accounting basis (figuring costs only when payments are made).

Babbling on, Greenspan declared that a war on Iraq, if held to about a month's duration, would *not* have any effect on the U.S. economy, because there would be no oil-price spike.

## **Wall Street Police Blotter**

\*Former Tyco CEO *Dennis Kozlowski*, and ex-CFO *Mark Swartz*, were indicted on charges of stealing \$170 million from

the company, and obtaining more than \$430 million through fraudulent stock sales. Former general counsel *Mark Belnick* was separately charged with falsifying business records in order to conceal more than \$14 million in improper loans he received from Tyco. The indictment, filed by Manhattan District Attorney Robert Morgenthau, charges Kozlowski and Swartz with "enterprise corruption," grand larceny, and conspiracy, alleging they concocted a plot in 1995 to loot money from Tyco and defraud investors, a scheme called "Top Executives Criminal Enterprise." They face up to 30 years in prison, as well as fines and penalties.

Morgenthau asked a New York State judge to freeze more than \$600 million in assets belonging to Kozlowski and Swartz.

The Securities and Exchange Commission charged, in a related civil lawsuit, that the three former Tyco executives failed to disclose tens of millions of dollars in low- or no-interest loans they took from the company.

And Tyco sued Kozlowski, seeking the return of more than \$100 million he allegedly stole from the company.

### **Highest Home Foreclosure Rate in 30 Years**

During the second quarter of 2002, nearly 640,000 home mortgages— 1.23% of the total home mortgages outstanding— were in the foreclosure process, the Mortgage Bankers Association (MBA) reported Sept. 9. This is the highest home-mortgage foreclosure rate since the MBA began keeping records 30 years ago. Moreover, according to the same MBA report, 4.77% of all home loans were at least 30 days delinquent, the highest level since 1985.

Currently, there are \$5.757 trillion worth of home mortgage loans outstanding in the United States; Fannie Mae, Freddie Mac, and other secondary housing market agencies have another \$5 trillion in housing-related obligations, including mortgage-backed securities/REMICs, for a total of \$10.757 trillion in financial paper attached to and propping up the U.S. housing bubble (see June 21, 2002 *EIR*, "Fannie and Freddie Were Lenders': U.S. Real Estate Bubble Nears Its End").

For this reason, Fannie Mae and Freddie Mac have worked frantically to prevent a rise in home foreclosures, because once such a process got started, it would threaten the highly leveraged housing bubble. However, that growth in home foreclosures is underway, having risen from a 1.10% foreclosure rate in the first quarter of this year. This is occurring despite Fed chairman Alan Greenspan's move to reduce 30-year mortgage rates to their lowest level in more than three decades.

### **U.S. Machine-Tool Consumption Enters New Phase of Decline**

In July 2002, machine-tool consumption by U.S. industry plummeted by 29.5% from June, to \$143.3 million— the lowest monthly level since records began in January 1996— according to the American Machine Tool Distributors Association. For the first seven months of 2002, U.S. machine-tool consumption, at about \$1.3 billion, plummeted by 23.8% compared to the same period in 2001.

***	U.S. Machine Tool Consumption, on an Annual Basis(\$ billions)	***
1997	5.56	
1998	4.91	
1999	3.90	
2000	3.99	
2001	2.67	

Thus, U.S. machine-tool consumption in 2001 was already in a depression, at less than half the level of 1997. Machine tools incorporate into their design the most advanced scientific discoveries, and by transmitting them, increase the productivity of the economy as a whole.

### Consumer Debt Skyrockets in July

U.S. consumer debt rose in July at the fastest rate in eight months, with credit card debt accounting for most of the increase, *Bloomberg* reported Sept. 9. Personal borrowing, excluding mortgages, grew at a 7.6% annual rate, or \$10.8 billion, to a total of \$1.72 trillion.

	**** Consumer Debt Outstanding (\$ trillion) ****
1997	\$1.24
1998	1.32
1999	1.42
2000	1.56
2001	1.67

### Stock Mutual Funds Vanishing as Markets Crash

Since March 2000, some 414 stock mutual funds have been liquidated, which is half of the total liquidations over decades, out of a database of 4,074 stock funds compiled by Morningstar. An additional 566 stock funds merged with others.

### Jobless Claims Rise to Five-Month High

New U.S. jobless claims rose to 426,000 for the week ending Sept. 7, the U.S. Department of Labor's Bureau of Labor Statistics reported Sept. 12. This is the highest level in nearly five months. The "consensus of economists" was that the level of claims would fall below 400,000.

## World Economic News

### IMF Reviews Second-Quarter Horror Show in World Economy

In its new "Global Financial Stability Report," the International Monetary Fund draws a comparison between the present situation and the days of the Long Term Capital Management (LTCM) disaster in autumn 1998, when, according to then-IMF head Michel Camdessus, we were on the brink of a "true world catastrophe." In the first chapter, the IMF reports states:

"During the period under review, a sharp erosion of investor confidence, heightened risk aversion, and growing concerns about the strength and durability of the global recovery and the pace and quality of corporate earnings had repercussions in all of the major equity, credit, and foreign exchange markets.

"Market adjustments occurred against the background of the bursting of the telecom, media, and technology (TMT) bubble, which exposed a culture of 'irrational exuberance,' and sometimes greed, among many buyers, sellers, and intermediaries, and most recently some senior executives who adopted business practices— some unethical and illegal— to boost their



companies' share prices at any cost.

"First, major equity market indices declined significantly and by early August were near or below levels not seen since the autumn of 1998, when global markets were unsettled by Russia's default and the near-collapse of the global hedge fund, Long-Term Capital Management.

"Second, as U.S. corporate bankruptcies hit records, institutional investors and banks discriminated more clearly between classes of borrowers and reduced lending to high-risk borrowers. As a result, corporate credit spreads widened, and speculative grade borrowers faced dramatically higher borrowing costs. The credit deterioration also created a record number of 'fallen angels' whose outstanding bonds were downgraded from investment grade to junk status.

"Third, the dollar continued to depreciate against the other major currencies, reflecting reductions in foreign portfolio flows into U.S. equity markets and in foreign direct investment. The dollar's decline, together with the continuous stream of accounting irregularities in the United States and the relative absence of them elsewhere so far, intensified concerns about how much further the major currencies would be realigned and doubts about the sustainability of capital flows needed to finance the U.S. current account deficit."

Also in the report, the IMF points to "considerable downside risks" for the immediate future," including:

\*"The possibility of further equity price declines, and in the worst-case scenario, panic selling by both institutional and retail investors;

\*"A further weakening of financial institutions' balance sheets and profit outlooks, in particular among banks and insurers in Europe;

\*"And an accelerating slowdown in net capital inflows to the United States and the associated potential for substantial exchange rate movements."

What's missing from this report? The solution. For which, see this week's [INDEPTH](#) feature on Lyndon LaRouche's international Webcast.

## **India Ready To Buy Natural Gas from Turkmenistan via Pakistan**

According to *The Nation* of Islamabad Sept. 12, India is keen to buy gas from the Daulatabad Gas Reservoirs in Turkmenistan through an extension of the proposed Turkmen-Pak pipeline via Afghanistan. According to the initial plan, the 1,400-km pipeline will bring gas to Multan in Pakistan from Turkmenistan. The latest design shows the pipeline being extended to the Gwadar deep-sea port in Baluchistan. If India comes in as buyer in this multinational project, it would require an extension of over 500 km from Multan to New Delhi. The Asian Development Bank-led agencies have indicated their support to fund the project.

"We are keen to become a major buyer of gas from the planned Turkmen-Pakistan gas pipeline, especially when it is proceeding with leading support of institutions like the ADB," *The Nation* quotes the Indian Ambassador to Turkmenistan as saying.

The Committee of Pakistan, Afghanistan, and Turkmenistan steering committee's second meeting is scheduled to be held in Kabul on Sept. 16.

## India Delays Deregulation of Power Sector Beyond 2012

India will not deregulate the power sector until at least 2012, Rediff.com reported Sept. 12. Union power secretary R.V. Shahi said India needs to regulate the power sector at this juncture and this regulation is likely to continue for at least another 10 years.

Citing a "massive mismatch in demand and supply of electricity," Shahi said that if the electricity is deregulated, they could end up with chaotic conditions in the system.

## Taiwan Adopts Bank Plan for Non-Performing Loans

Taiwan plans to consolidate its banking sector to cope with a growing number of non-performing loans. The Ministry of Finance has proposed increasing its financial restructuring fund to more than NT\$1 trillion (about \$20 billion) to buy bad bank loans and encourage mergers among its banks. The Ministry hopes that within two years, the island's 52 banks will merge into 15.

It says that it will send the proposal to the Legislature, which convenes in less than two weeks, for approval. Taiwan's financial system, which has been in steady decline for five years, is in dire need of a bailout. The nation's non-performing-loan (NPL) ratio has doubled in the past two years, and continues to grow at a rate of over 1% per year, while loan growth has declined from about 4% in 1997, to negative growth from last year.

The island's leading five banks control less than 40% of the market share combined, while the smaller banks each take less than 1%. The average return on assets is around 0.4-0.6%. "We aim to buy out all the banks' NPLs within two years, relieving pressure so they can give loans to meet the needs of industry which will encourage them to invest," says Hsu Wei-wen, section chief of the Bureau of Monetary Affairs under the Finance Ministry.

Official NPL ratios stand at 10.5%, or NT\$600 billion. Hsu says that within two years, the government hopes to bring that figure to under 5%. The other NT\$450 billion the government is requesting will go toward bailing out insolvent institutions such as Chung Shing Bank and Kaohsiung Business Bank.

These two institutions have incurred combined credit losses of over NT\$50 billion and repeated attempts to sell them have failed.

## IMF Director: Japan Financial System Will Not Collapse Tomorrow

The Japanese financial system will not collapse tomorrow, declared IMF Managing Director Horst Koehler in an interview, after meeting Japan's Financial Systems Minister Hakuo Yanagisawa in Tokyo Sept. 9. Trying to sound reassuring, Koehler said, "Nobody should panic.... There are certainly problems. But it's not a situation that you should think tomorrow the Japanese financial sector will break down." Got that? He said, "*Don't panic!*"

## Forecast of 'Massive Recession' Following Iraq War

*The Economist* Intelligence Unit has forecast that the world would suffer a "massive recession" if Iraq is attacked, according to the Chinese news agency *Xinhua*. Robin Bew, the Chief Economist of the EIU, told *Xinhua* in a written commentary Sept. 12, that the forecast assumes that, after a U.S.-led attack upon Iraq, Middle East oil producers would oppose the action, and unite to cut off oil production, thereby pushing oil to \$70 per barrel or more.

## Debt Collection Spreads Starvation Across Ibero-America

Across Ibero-America, governments are scrambling, hand-to-mouth, to keep alive the fiction that their nations' debts can be paid, and that they— and their foreign creditors— are not utterly bankrupt. The debts are so large, and the physical economies are so looted by 20 years of cannibalization to pay those debts, however, that none of their schemes is working.

Brazil, for example, despite the \$30-billion bailout package announced by the International Monetary Fund on Aug. 7, is still headed straight towards an Argentine-style blowout of its almost \$500 billion in government and corporate foreign debts. Since anyone with a brain knows this, capital is fleeing the country, and bankers are refusing to extend new loans, or roll over old ones as they come due. The Central Bank could not roll over \$2.1 billion in dollar-linked debt and swaps which came due on Sept. 11, despite offering interest rates of over 30%, on paper coming due only months from now.

The demand for dollars to pay debts and to pull money out of Brazil, in turn, drives down the value of Brazil's currency, the real, and the real lost 5.5% of its value in the first week of September. Because 46% of the government's 1-trillion-plus "domestic" debt is indexed to the dollar, every drop in the real's value automatically increases the total country's dollar debt— bringing on bankruptcy sooner.

Cut off from many of the foreign capital flows it had relied on, under IMF dictate, the government just announced that it would cut another \$2.6 billion out of government expenditures, and use that money for debt payments. That strategy, too, only ensures more rapid bankruptcy. Among other things, a previous budget cut in 2002 forced 44,000 military recruits to be sent home without pay. The government has also slashed the number of priority infrastructure projects from 67 to 24— all that's left of 387 projects originally planned, leaving private contractors already working on the projects threatening to sue for breach of contract.

As Argentina proved in 2001, cutting government spending as a way to generate funds to pay the debt is insane. As government spending is cut, tax revenues from the economic activity sustained by that government spending also collapses, requiring even greater cuts, in an endless downward spiral.

## Uruguayan Holocaust Next

Uruguay, which received a \$3-billion bailout from the IMF in early August, may be forced to default on its debt even before Brazil does. The government denies it will ever default, but on Sept. 2, Finance Minister Alejandro Atchugarry announced that the government has insufficient funds to pay pensions, salaries, and state suppliers. The debt is sacrosanct, and wages and pensions *will* be paid for September, he insisted, but payments to suppliers will have to be reduced. What happens come October, is another story.

The Minister admitted that in the current crisis, it is impossible to impose new taxes. Official unemployment is at a record high of nearly 17%, while wages fell by 10% in the last three months alone. Industrial production collapsed by 11.3% in the first half of 2002; transport and communications by 5.8%; construction by 12.6%. Exports, measured in dollars, were 20% less than the same period a year ago, over the same time frame. Electricity usage (residential, industrial, and commercial) fell. Even consumption of potable water fell!

The social fabric of the country is at the point of unravelling. Strikes occur daily. A frantic President Jorge Batlle forbade a leading military figure, Col. Carlos Silva, from delivering a speech he had prepared for his retirement ceremony, declaring it "inconvenient for national interests," but a national daily printed the speech anyway. In it, Silva warned that the country faces its worst crisis since its founding, because of economic policies imposed by "technocrats ... whose objective is to limit our sovereignty and independence to the maximum, transforming us into a mere supplier of cheap raw materials and

consumer of [industrialized nations'] products." Uruguayans are being "enslaved ... to increase our immoral debt and colonial submission," he charged, and this must be resisted.

## Eating Less and Less

The debt collection schemes will not stop default, but they are producing genocide. Take the case of Argentina, whose debt pyramid collapsed in December 2001. The country produces an average of two tons of grains per capita, per year, and yet its people, almost 60% of whom now live below the poverty line, are starving.

Just released official government statistics reveal a catastrophe: Argentines now consume 38% less pork, 29% less chicken, 20% fewer dairy products, and 7% fewer eggs, than they did a year ago. Officially, beef consumption has fallen by only 1%, but private economists estimate it has really fallen by 4% this year.

Argentina is not an isolated case. Across Ibero-America, food consumption has declined dramatically over the past year, as the economies collapse under the weight of debt payments.

In Mexico, 53.7% of the 100 million inhabitants are classified as poor, according to a recent study by the Ministry of Social Development. While the average daily wage for the poor is 34 pesos, or a little over \$3, the study admitted that many people make much less than that, and are unable to purchase enough food to cover the most minimal caloric requirements. In 18.6% of households surveyed, the average daily wage is between 15 and 20 pesos (\$1.50-\$2.00), which the study recognized means they are "food-poor," i.e., without adequate food.

In Venezuela, a study by one private firm found that the average monthly family income fell by 67.5% in the first half of 2002— in a country where 80% of the population was already ranked as poor. On Sept. 2, the national supermarket association reported that supermarket sales in Venezuela had fallen by 12% this year, and they project they will fall 14-15% by the year's end. Food prices have risen some 20-25% since the currency, the bolivar, was allowed to float in February, leading to a 47% devaluation so far this year.

Living standards are about to fall even faster under the Chavez government's new austerity package, which went into effect Sept. 1. Its measures include a 16% tax on electricity and agricultural goods!

## United States News Digest

### Mega's Lieberman Promises To Deliver Democrats to War Camp

If there is a war in the Middle East based on an imperial Roman model of "preemptive war," blame Senator Joe Lieberman (D-CT), the man who was created as a politician by the rightwing fascists at the Buckley family's *National Review*, and by the organized-crime millions of Zionist Lobby godfather Michael Steinhardt, founder of the Democratic Leadership Council (DLC). As Lyndon LaRouche warned, Lieberman is one of the prime movers of the genocidal "Clash of Civilizations" war in the Middle East. Following President Bush's Sept. 12 UN speech, Lieberman took the point to push through a Senate resolution— immediately— for a "preemptive war" if necessary against Iraq. As Lieberman's Senate floor statement says, Bush should *ignore* the UN Security Council and launch unilateral war if the UNSC votes against war.

Behind the scenes, the Lieberman/DLC/Steinhardt combination is blackmailing any anti-utopian-war Democrats into being warhawks, or risking being labelled "traitors" in the war against terrorism. The rightwing Zionist Lobby/neo-conservative success in defeating Rep. Earl Hilliard (D-AL) and Rep. Cynthia McKinney (D-GA) in their Democratic primary elections

is the threat being levelled at every Democrat running for reelection.

Without Lieberman, even the Republican leaders say they cannot deliver a pre-election Congressional resolution to Bush (see Lieberman statement and report below).

Lieberman in 1991 was the Democratic sponsor of the resolution supporting the first Persian Gulf War; now he pledges to repeat this and deliver the Democrat Party to Bush "43" as he did to Bush "41."

Last week, when there was great pressure on Bush not to take unilateral action, Lieberman seemingly reversed his historical stance in favor of preemptive war, and said he did not think that the President had made the case for war; "I certainly believe that it would be a mistake for us to do this alone." However, this week Lieberman spokesman Dan Gerstein said, "He regrets any confusion caused by the remarks, but he has not changed his views." Indeed, Lieberman is bragging that he has supported military action to "finish off" Saddam Hussein since Desert Storm ended in February 1991.

Meanwhile, Will Marshall of the Democratic Leadership Council, whose website carries a new paean for war almost every day, said, "After 9/11, there is a feeling that if you are going to err, you err on the side of making Americans safer, rather than the side of underestimating the threat that hostile foreign actors present to our country." Lieberman served as the president of the DLC for many years, installed there by Steinhardt's millions.

### **Forget the UN and Go It Alone Against Iraq, Says Lieberman**

In a statement on the Senate floor on Sept. 13, Sen. Joseph Lieberman said: "President Bush has acted wisely and decisively in asking the United Nations to lead this noble effort, to insist that Iraq obey its resolutions, and to be prepared to enforce them militarily if Iraq does not comply. But if Saddam does not comply, *and the United Nations proves itself unwilling or unable to take decisive action, then the United States surely can and must assemble and lead an international military coalition* to enforce the United Nations resolutions and liberate the Iraqi people, the Middle East and the world from Saddam Hussein....

"Mr. President, for more than 11 years now, since the early spring of 1991, I have supported the use of military force to disarm Iraq and to remove Saddam Hussein from power. In fact, since the Iraq Liberation Act [co-sponsored by Lieberman] was passed by Congress and signed by President Clinton in 1998, that has been the law of our land. Therefore, I am fully supportive of such military action now....

"The White House has made clear that it will ask for a resolution of support and authorization in the very near future.... For my part, I intend to work with members of both parties in the Senate and with the White House to draft a Senate resolution that will receive the broadest possible bipartisan support for the President, as Commander in Chief, as he works to protect our nation and the world from Saddam Hussein."

### **Spannaus and LaRouche Irk Lieberman Democrats With Virginia Campaign**

In less than one week of Spannaus for Senate radio campaign ads that feature short statements by Lyndon LaRouche giving his dead-accurate economics forecasts about the current collapse, the Virginia Democratic Party is attacking Spannaus.

On Sept. 14, Nancy Spannaus, the LaRouche Democrat running for U.S. Senate in Virginia, issued the following statement in response to Virginia Democratic Party Chair Larry Framme's complaint that she is calling herself the Democratic candidate on the ballot against incumbent Republican Senator John Warner.

"There are four simple points to be made," Spannaus said.

"First, Framme's claim that I am not a Democrat, is false. It is a childishly petulant ejaculation, of no intrinsic merit.

"Second, Framme is the putative personal property of the Democratic Leadership Council of Michael Steinhardt, the extreme rightwing faction of the Democratic Party, and the leading campaigners against Franklin Roosevelt's policies.

"Third, my association with the Democratic Party and policies of FDR, for which I am fighting today, makes me the respectable Democrat, especially compared to the un-Democratic actions of the Virginia Party in closing down this year's Senate and other elections.

"Fourth, the issue here is LaRouche, who is the leading defender of FDR policies internationally, and is being increasingly looked to as the alternative to the war and depression policies of the DLC."

### **GOP Leaders Admit Popular Opposition to Rush to Iraq War**

Hit by popular opposition, Republican leaders doubt Congress can vote on an Iraq war before the Nov. 5 elections. When President George W. Bush met with Congressional leaders on Sept 4, he told them he wanted Congress to vote him a blank check for an Iraq war, before adjourning for this fall's election campaign. At that time, none of the Senators or Congressmen spoke up against that deadline, but shortly afterward, even the Republicans were saying that the vote cannot be rushed.

"It could take a little more time than just two or three weeks," Senate Republican leader Trent Lott told reporters on Sept. 5. "So we just have to see. I don't think we should put a time line on it. I think we should do what is necessary when it is necessary."

His fellow Republican, House Speaker Dennis Hastert, told "NBC Today" on Sept. 6, "Well, the President said he'd like to have a vote before we leave. That's up— we don't know when it's going to happen."

Of course, as *EIW* has warned, a new terrorist outrage might produce such a vote within five minutes. But the doubts attest to the impact of the overwhelming opposition to an Iraq war.

### **American Opposition in the 'Heartlands'**

In the "heartlands" of the United States there is, in contrast to the contrary perception that is fostered by the media and by the war crowd in Washington, very significant opposition to both a war against Iraq, and to the United States playing an "imperialist-colonialist" role in the world, wrote Richard Tomkins in the *Financial Times* of London Sept. 11. He had just toured Georgia, Missouri, and Idaho, to gauge the mood in the United States.

He began: "Across the heartlands of Middle America, the 'V' word keeps coming up in conversations about the prospect of war with Iraq. Ominously, in this context the 'V' stands not for victory, but for Vietnam." He speaks to the police chief of Madison, Ga., Neal Thompson, a Vietnam vet, who expresses significant reservations about going to war with Iraq.

Writes Tomkins: "In spite of the more bellicose statements issuing from Washington, ordinary Americans seem to have little appetite for war with Iraq, unless it is proved beyond doubt that the country presents a threat to the U.S. or to the rest of the world.... And contrary to perceptions abroad, there is no enthusiasm for the idea that the U.S. should embark on a



course of militant unilateralism, turning itself into a new imperial power."

Tomkins says he also found fear that "the U.S. is being drawn inexorably into a clash of civilizations with the Middle East," with some Americans fearing a new "world war," and/or that, in such a context, the U.S. might end up using nuclear weapons.

Among those opposing a war is former President Bill Clinton, according to the *Sacramento Bee* of Sept. 6. Speaking at a fundraiser in Orange County, Calif. for Rep. Loretta Sanchez, the former President said: "Saddam Hussein didn't kill 3,100 people on Sept. 11. Osama bin Laden did." He said he supported the Bush Administration's operations in Afghanistan, and that we should beef up U.S. efforts in South Asia to "flesh out the entire network," rather than attack Iraq.

On Iraq's chemical and biological weapons, Clinton said: "He has maximum incentive not to use this stuff. If we go, he has maximum incentive to use it, because he knows he's going to lose."

In addition, Sen. Zell Miller (D-GA) posed for President Bush the questions his constituents keep asking him about a war. In an op ed in the Sept. 8 *Washington Post*, Miller wrote that he himself supports Bush's policy of attack, but he was apparently assaulted— as other Congressmen were— by his constituents during the recess. Miller's constituents, who, he said, include several military veterans, have questions that Bush must answer "before we march our soldiers into Iraq," such as:

\*"Even if Hussein has nukes, does he have the capability to reach New York, or Los Angeles, or Atlanta?"

\*"The former Soviet Union for decades had thousands of nuclear missiles for decades that could hit the U.S., but we didn't get into a war. "The President needs to explain why Iraq is different."

\*"What happens after we take out Saddam; how long will we be there?"

\*"How does this fit into the whole Middle East question?"

\*"Forgive my bluntness, but these folks also want to hear the President and Vice President say that this war is not about oil."

### **Oops! Bush and Blair Cite Non-Existent IAEA Report To Justify Iraq War**

A very special relationship! Tony Blair and George W. Bush exposed themselves as fools at their joint press conference on Sept. 7 by citing an International Atomic Energy Agency report that does not exist— and by mischaracterizing another IAEA report, all of which they cited as evidence that "we can't wait any longer" to overthrow Saddam Hussein.

Blair first brought up the fictional IAEA report in his opening statement, saying that "I would emphasize to you that the threat from Saddam Hussein and weapons of mass destruction, chemical, biological, potential nuclear capability, that threat is real. We only need to look at the report from the International Atomic Energy Agency this morning ... to realize that."

A reporter asked President Bush "what conclusive evidence ... new evidence you have of any nuclear weapons capability of Saddam Hussein?"

"We just heard the Prime Minister talk about the new report," Bush answered, adding that when the inspectors went into

Iraq and were "finally denied access," that "a report came out of the IAEA, that they were six months away from developing a weapon."

"I don't know what more evidence we need," Bush declared. Blair then chimed in "Absolutely," and going on to say, "And the importance of this morning's report is that it yet again shows that there is a real issue that has to be tackled here."

But *immediately*, the IAEA announced there is no new report on Iraq. Newspaper reports on Sept. 6, one day before the Bush/Blair meeting, had reported that satellite photos obtained by the IAEA had shown construction underway at several previously identified and dismantled Iraqi nuclear sites, but after the Bush/Blair assertions, an IAEA spokesman said the newspaper articles were referring to commercially available photos released in July. "We didn't want to make a big deal of it, because we have no idea if it means anything," the spokesman said. "Construction of a building is one thing. Restarting a nuclear program is another." The spokeswoman added that the IAEA had issued a release "to make it clear there is nothing new."

NBC News reported that a senior White House official had admitted that the citation of the IAEA report was an error. They cited an IAEA spokesman saying that the new construction shown in the photograph was no surprise, and that the IAEA drew no conclusions were drawn from it.

Also, contrary to Bush's claim, the cited 1998 IAEA report did not say Iraq was six months away from developing nuclear capability. What the report said was that prior to the 1991 Gulf War, and the UN inspection program which followed, Iraq had been six to 24 months away from such a capability. In fact, the 1998 report said that it "had found no indication of Iraq ... having retained its capability for the production of weapon-useable nuclear material or having clandestinely obtained such material."

### **White House Dossier on Iraq Gets 'D-Minus' from Cordesman; 'F-Minus' from *EIW***

A joke around Washington was that when First Lady Laura Bush's laundry list went missing, it was because it was used to concoct the White House's anti-Iraq background paper, "A Decade of Deception and Defiance," for Bush's UN speech.

The long and wearying summary of United Nations Security Council resolutions and Security Council Presidential Statements, and alleged Iraqi failure to adhere to them, also covers the topics of "Saddam Hussein's Abuse of Children," Iraqi "Violence Against Women," and many others.

The "Nuclear Weapons" section makes five specific claims which have been often refuted in Congressional testimony, official reports, and most recently in statements to CNN by former Iraqi weapons inspector W. Scott Ritter (see MIDDLE EAST DIGEST).

The word in Washington is that the document is a "complete zero," and that Bush is heading toward becoming a "one-term President."

CSIS Middle East specialist, Anthony Cordesman told the *Washington Post* on Sept. 13, "This is a glorified press release ... It's clumsy and shallow ... as an overall grade, I'd give it a D-minus." Cordesman was one of the speakers at the Sept. 9 meeting of the National Council of U.S.-Arab Relations (see INDEPTH this week) who is critical of the Iraq war, and who said at the conference that when the neo-conservatives called an Iraq war a "cakewalk ... they moved from being neo-conservatives to being *neo-crazies*." He also said on Sept. 9 that one of the biggest dangers would be *disinformation* coming from the Iraqi opposition, who have "reasons" to give anti-Saddam information— i.e., that's how they make money. Cordesman said that no one of the Iraqi opposition can be trusted.

But even the rabidly neo-conservative Iraq Watch, run by Iraq hater Laurie Mylroie, told the *Washington Post* the Bush White Paper is pathetic. *Iraq Watch* editor Gary Milhollin said, "Given the high priority for knowing what is going on in Iraq, I'm stunned by the lack of evidence of fresh intelligence. You'd expect that, for the many billions we are spending on intelligence, they would be able to make factual assertions that would not have to be footnoted to an open source."

### **Chickenhawk Wolfowitz Disliked in Pentagon Corridors**

"Many young officers heartily dislike Deputy Defense Secretary Paul Wolfowitz," writes Robert Novak in his widely circulated column of Sept. 13 called "The Stretched Army."

The thrust of the column is that Army's mere 10 divisions are completely inadequate for Korea, Japan, Germany, elsewhere in Europe, Bosnia, Kosovo, and now Afghanistan— not to speak of Iraq, and other future targets. But Congress will approve no increases in manpower, and cuts in weapons systems are expected after the elections.

Although the Army swallowed the deeply offensive way Rumsfeld killed the proposed Crusader artillery system, Gen. Tommy Franks has had to withdraw his objections to use of cannon artillery in Afghanistan. Air support was unable to suppress enemy mortar fire which killed American troops.

Novak writes, "When I asked a combat general about the issue last week, he replied, 'I will never go into action without artillery.' Indeed, Pentagon sources say there will be no more deployment of light infantry without supporting guns.

"That constitutes a victory for the officer corps— running counter to the theme of Eliot A. Cohen's new book, 'Supreme Command....' Cohen [is] a defense intellectual closely associated with Wolfowitz and Perle....

"Give the poor man [Rumsfeld] some better dentures," concluded a local wise man.

### **'Blank Check' McCain Says Congress Must Rush To Get On Board Coming Iraq Invasion**

Senator John McCain (R-AZ,) and other pro-war Senators, say Congress must rush to authorize military force, now that President Bush has addressed the United Nations. In a press conference with Senate Minority Leader Trent Lott (R-MS), McCain told the nation that "I am very certain that this military engagement will not be very difficult...." It may well occur while Congress is in recess. "I would not like, as a representative of the people of Arizona, to vote *ex post facto*. I think that it would be important that Congress express its will before this military build-up."

Anti-war Senators say the opposite: Foreign Relations Committee Chairman Joe Biden (D-DE) said, "We're talking next year, and so I don't see a sense of urgency in terms of either days or weeks." He argued that it would be "somewhat foolish" to "essentially issue a declaration of war" before the UN Security Council acts. Senator John Kerry (D-MA) said similarly, "You've got to let the UN work its will," otherwise Bush's going to the UN is "a charade."

Senator Russell Feingold (D-WI) said he was bothered by the Administration's "shifting justifications" for an Iraq war, as Lyndon LaRouche is also. Feingold said he would be "hard pressed" at this point to support a resolution authorizing a massive ground invasion.

It may be that the Administration can force a vote physically, but not legally. Congress would have to make a finding of fact, but where is the evidence on which such a finding could be based? "Blank Check" McCain and his co-thinkers are insisting on a Tonkin Gulf resolution, without any Tonkin Gulf incident!

# Ibero-American News Digest

## LaRouche Interviewed on Dominican TV on Birthday

American statesman and Presidential candidate Lyndon LaRouche was interviewed for an hour on his birthday, by Dominican Republic television. He appeared on Julio Hazim's "Revista 110," the nation's most important political commentary/news show program, which aired on both broadcast and cable television, and on the "Voice of the Tropics" radio station. The interest in the show was seen in the decision of the cable network to rebroadcast the interview that same night.

The interview, conducted by Dr. Cristino Del Castillo, was filmed during the annual Labor Day weekend annual conference of the ICLC-Schiller Institute in Northern Virginia.

Dr. Hazim built the audience for the interview on his Sept. 6 program, inviting his viewers to tune in on Sunday to see "the controversial U.S. economist, Lyndon LaRouche, who has been right in all his forecasts. Although we don't belong to his movement, I believe that it is necessary to see him and listen to him carefully."

There are plans for the interview to be broadcast also in the U.S. Commonwealth of Puerto Rico.

## Hudson Institute Out To Add Brazil to 'Axis of Evil'

Constantine Menges, a neo-conservative lunatic Senior Fellow at the Washington office of the Hudson Institute, has been demanding since at least July that the Bush Administration take action to stop a potential victory by Workers' Party candidate Ignacio "Lula" da Silva in Brazil's October Presidential elections. While a Lula victory *would* be a threat to hemispheric security, Menges's campaign is so deranged that it plays right into Lula's hands, and discredits intelligent opposition to Lula.

Menges headlined his Aug. 7 article in the *Washington Times* "Blocking a New Axis of Evil." He argued that Lula and his party founded the Sao Paulo Forum, a continental grouping of terrorists and leftists (that part is certainly true), and says Lula is close to Cuba's Fidel Castro and Venezuela's Hugo Chavez (also true). But from there, it's off the charts: "A Castro-Chavez-da Silva axis would mean linking 43 years of Fidel Castro's political warfare against the United States with the oil wealth of Venezuela and the nuclear weapons/ballistic missile and economic potential of Brazil," he wrote.

In his piece in the neo-con *Weekly Standard* in July, "A Strategic Warning: Brazil," Menges raved that were Lula to be elected, anti-American communist regimes would be established in the Andean region, and "if these regimes recruited only one-tenth of one percent of the 30 million military-aged males for terrorist attacks on the U.S., this could mean 30,000 terrorists coming from the South"!

Menges's real target is not Lula, but Brazil itself— and particularly its military, its nuclear program, and the cooperation between the Brazilian and Chinese aerospace industries.

Brazil "could soon become one of the world's nuclear armed powers," Menges warned in the *Washington Times* article. "Between 1965 and 1994, the military actively worked to develop nuclear weapons; it successfully designed two atomic bombs, and was reportedly on the verge of testing a nuclear device," when the program was purportedly shut down. A U.S. Congressional investigation found that "the military had sold 8 tons of uranium to Iraq in 1981. It is also reported that after Brazil's successful ballistic missile program was ended, the General and 24 of the scientists working on it went to work for

Iraq. There are reports that with financing from Iraq, a nuclear weapons capability has been covertly maintained."

China, he went on, has been "actively courting the Brazilian military. China has sold Brazil enriched uranium and has invested in the Brazilian aerospace industry, resulting in a joint imagery/reconnaissance satellite."

The Hudson Institute neo-cons are not the only ones demanding action to rein in Brazil's independent relations with China and Russia. Andres Oppenheimer, the Inter-American Dialogue/State Department mouthpiece at the *Miami Herald*, used his Aug. 26 column to complain that neither the Brazilian government nor opposition candidates are strongly favorable to the Free Trade Area of the Americas (FTAA), but "their faces light up when they speak of strengthening ties with their neighbors in South America, and especially the 'emerging powers' of the world." Candidates Ciro Gomes and "Lula" da Silva are pushing this idea, but as Brazilian Foreign Minister Celso Lafer told Oppenheimer, this is not some new idea for the future; the incumbent Cardoso government has developed solid relations with China, Russia, and India.

### **Chinese Foreign Trade Ministry Establishes Office in Sao Paulo**

The Chinese Foreign Trade Ministry has just opened an office in the Brazilian City of Sao Paulo, to expand trade and productive investment between the two countries. This is certainly not what the Anglo-American financial oligarchy wants to see developing. The office, which will operate under the name of the "China-Brazil Union," will be staffed with representatives from China's 31 provinces, and highly trained personnel to meet the needs of Brazilian businessmen who want to increase trade with, invest in, or form joint ventures with Chinese companies, among other things. Trade between Brazil and China has undergone significant growth within the past few years. Sun Qiangzhi, director of the new office, told *Monitor Mercantil's* Sept. 9 issue that "for trade and productive investments, the priority of the People's Republic of China is Latin America, and within that, our priority is Brazil."

One example of expanded cooperation is the agreement between Brazil's aircraft company, Embraer, the world's fourth-largest aircraft producer, and the China Aviation Industry Corp. II, by which Embraer will produce 30 planes (50-seaters) in the northeastern city of Harbin, with guaranteed sales in the booming Chinese aviation market. There is vast demand in China for 30- to 70-seat planes, used by regional airlines. According to Embraer's own estimates, China will account for half the 500 regional jetliner sales in Asia over the next decade. China is eager to have Embraer's technology to improve its own aircraft production capabilities.

### **Brazil Ppposes New Strategic Policy for South America, Based on Military Integration with Argentina**

According to an article in the Sept. 4 issue of the Argentine daily *Clarín*, the Brazilian government and Armed Forces, concerned about the possible introduction of U.S. troops into the Amazon region under the pretext of the anti-drug battle in Colombia, are drafting a new defense policy, premised on the "total" integration of Brazil and Argentina in matters of defense. This, in the Brazilian view, would guarantee regional stability, and thus keep out troops foreign to the region.

The concept was debated at a two-day seminar on the "New Defense Policy," held in the third week in August, and chaired by Congressman Aldo Rebelo, president of the Defense Committee of the House of Representatives. Representatives of the Foreign Ministry, Congressmen, the commanders of the three branches of the Armed Forces, the Defense Minister, and many active and retired military officers participated. Rebelo next visited Buenos Aires on Aug. 30, to lobby for the initiative with his Argentine counterparts.

The president of the Military Club, former Amazon Army commander Gen. Luiz Gonzaga Lessa, in his address to the seminar, warned that foreign interests are eyeing Brazil's rich Amazon, and could use anything to justify interventions, perhaps even without OAS or UN cover. The purpose of integration would be to provide greater protection to national territory, "at the expense of international actions of intervention," Lessa emphasized.



Defense Minister Geraldo Quintao, in his speech, argued that the U.S. advisers involved in Colombia are not so much the problem. What is feared is the deployment of massive numbers of U.S. troops, stationed for a long time in regions near Brazil's borders. Brazil must act decisively on military integration with Argentina, taking "advantage of the fact that there is no possibility of armed conflict [between South American countries], and assume a more forceful posture" conveying Brazil's intentions to create a "South American agreement" on defense. This would "raise our ability to dissuade interventions by other countries or extra-regional blocks." Any integrated force would not intervene into other countries, Quintao added: "Brazil defends the self-determination of peoples in internal conflicts."

The text of the "New Policy" is still being revised by the Armed Forces, according to *Clarín's* report, and it will fall to the next government to approve it. Congressman Rebelo, however, assured the Argentines that two opposition candidates, Lula da Silva and Ciro Gomes, have already given their "unqualified" support for the project. "There is total cohesion among diplomats, parliamentarians, military and social forces. This is not only an interest of a party. It is a policy of state, with continuity and permanence." Rebelo was emphatic: "It would be a tragedy to have U.S. troops permanently in South America."

### **South Americans Skeptical of U.S. Assurances It Won't Send Troops to Colombia**

Despite assurances from Bush Administration officials that they are not planning to send troops into Colombia, South American officials evidently do not view those assertions as credible. According to *Gazeta Mercantil* of Aug. 23, Ecuadoran President Gustavo Noboa reiterated Aug. 22 that his government is against joining "a supposed multinational force to combat the subversive army in Colombia," without identifying who was proposing such a force. The same day, Brazilian Foreign Minister Celso Lafer reiterated that Brazil's policy is that the Colombian conflict must be resolved internally. Similar statements by various Brazilian officials were issued yet again after the visit of State Department Policy Planning chief Richard Haas one week later.

### **Will September Be a Hot Month in Venezuela?**

A joint OAS-Carter Center-UN development program team arrived in Venezuela Sept. 9, with a mission of getting underway negotiations between the Chavez government and the opposition, during their five-day visit. The team was invited in by Vice President Jose Vicente Rangel. Some of the opposition agreed to meet with them also, but whether they can get anything off the ground, remains to be seen.

Both the opposition and President Hugo Chavez have warned that September is shaping up as a "hot" month. Although no date has yet been set, the opposition is preparing to call another national strike against the government, as soon as it estimates it has the force needed.

Chavez has threatened to expropriate businesses which strike this time. Speaking Sept. 7 before 1,500 workers pulled in to found a new, government-run central labor federation (to replace the Venezuelan Federation of Workers, or CTV), Chavez announced that he had ordered the Ministry of Labor to draw up a decree authorizing workers to seize any company which participated in any strike against his government. A "popular offensive" is needed, Chavez told the crowd. "You cannot permit the counter-revolution to take control of the streets." If the "oligarchy" is thinking of running another April 11 (when Chavez was overthrown), we warn them there will be "another April 13"—when he was returned to power, with the aid of the fascist Bolivarian Circles. "Millions will come out to defend the revolution."

Chavez stopped in Havana to meet with Cuban leader Fidel Castro on Sept. 6, on his way back from the UN summit in Johannesburg, South Africa. Venezuelan oil shipments to Cuba, frozen since April 11, would resume Sept. 8, Chavez announced upon his return.



## Argentine Leaders Outraged at *New York Times* Piece Promoting Patagonian Secession

Argentine political leaders, businessmen, and educators were outraged at the Aug. 27 *New York Times* article which promoted the secession of Patagonia from Argentina. The secession of oil- and mineral-rich Patagonia is precisely what the Anglo-Americans have in mind, and the lengthy *Times* article by Larry Rohter concluded that the country's profound economic crisis made this outcome inevitable.

Patagonians say otherwise. Professor Gerardo De Jong, who was interviewed by Rohter, told *Prensa Sindical Internacional (PSI)* that the article reflects "the intentions of the U.S. State Department" to seize Patagonia's natural resources. "What I told the American reporter is that local [thinking] shouldn't be interpreted as a tendency. If he insisted in presenting it that way ... this is something that reflects some intentionality, and [we must] analyze where it comes from." De Jong called on Argentine media to be alert to attempts to promote secession. This is something being pushed "strongly from abroad, and there are, even locally, some officials working in this direction," he said.

Angry regional legislators issued a joint statement denouncing the article, for debate at the Sept. 2 meeting of the Patagonian Parliament. They charged that the article reflects the interests of the U.S. and European Union, which promote globalization and look covetously at Patagonia's natural resources. Deputy Julio Accavallo of Rio Negro warned that "the proposal is dangerous, because it's known that Patagonia is very appetizing to foreign interests. We can't read this ingenuously." Senator Luz Sapag of Neuquen added that the *Times* piece reflects "interests created by the United States to put the issue on the table." De Jong told *PSI* that despite Argentina's terrible crisis, "We shall reverse the mechanisms by which the country has reached this state [of affairs].... It would be a barbarity, a perversity, that anyone should think of [Patagonian] independence."

## Western European News Digest

### After Camp David Visit, Blair Intensifies Organizing for Iraq War

After his whirlwind (one-day) trip to the United States Sept. 7 to meet with President Bush at Camp David, British Prime Minister Tony Blair has intensified his efforts to organize a reluctant Britain to back a war on Iraq.

Thus, at the British Trades Union Congress (TUC) meeting in Blackpool Sept. 10, while repeating the litany about Saddam Hussein and his weapons of mass destruction (WMD), Blair promised the TUC that he would work with the United Nations, and hold a full parliamentary debate before taking any military action against Iraq.

The *New York Times* of Sept. 11 reported that because of these concessions, Blair's speech was received peacefully, despite earlier fears of disruptions, and left-wing union leaders expressed some satisfaction with it. This essentially mirrored the reactions President Bush got when he met with Congressional leaders, vowed to seek the approval of Congress, and then on Sept. 12 went before the UN on the Iraq issue.

Earlier, just before Blair departed for his trip to the U.S., British Foreign Secretary Jack Straw, in a speech in Birmingham, ranted against any opposition to war on Iraq: "It would be wildly irresponsible to argue that patience with Iraq should be unlimited, or that military action should not be an option. No other country but Iraq poses the same unique threat to the integrity of international law..., and has the appetite both for developing and using weapons of mass destruction. Unless the international community faces up to the threat represented by Iraq's weapons of mass destruction, we place at risk the lives of civilians in the region and beyond."

As to Blair's agreement to parliamentary debate, the British press generally opined that the opponents of the war had scored a significant victory when Blair announced that he would recall Parliament from its long summer recess for the debate. The tentative date for the debate is Sept. 24.

However, Blair has also said that, more or less simultaneously, he will release the long-awaited "dossier" on Iraqi WMD. So, depending on developments in the days immediately ahead, the debate might be configured as a "final discussion," before war begins.

## **German President Warns of Clash of Civilizations Deriving from War on Iraq**

In a speech commemorating the attacks of last Sept. 11, German President Johannes Rau said in Berlin that violence is no good basis for human civilization in the 21st century, that politics and politicians are too much tempted by the aura of power, and that "he who forms a fist, cannot extend a hand for cooperation."

He said that the solidarity of the civilized nations in the struggle against terrorism is one thing; but the idea that there exists a choice between whether to proceed on the basis of international law, or simply to launch war, is another. Launching a war against Iraq is totally different from the pursuit of terrorists in the wake of last Sept. 11, Rau insisted. A war against Iraq could destabilize the entire region, and pull the world into a clash of religions and civilizations, he warned.

In a Berlin radio interview, Rau also said that German solidarity with the Americans should be more than just being friends with the business center at Wall Street, or the government in Washington—it is friendship among the peoples of Germany and the United States.

Meantime, the chairman of the Social Democrats' group in the Bundestag, the German Parliament, has announced that he sees the U.S. striving to become the "new Rome." In an interview Sept. 7 with the *Muenchner Merkur* daily, Ludwig Stiegler said, among other things, "The plans of the hawks in the U.S.A. are leading into a tragic disaster, which will have consequences for all of us." He also charged that U.S. Ambassador to Germany Daniel Coats is "trying to interfere in [German] domestic politics.... I would like to see what the Americans would say if the German Ambassador to Washington, D.C. would attack the Bush Administration in these terms." Coats reminds him of Soviet Ambassador to East Germany Pyotr Abrassimov, added Stiegler.

The United States "views itself as the new Rome. Bush is acting as if he were Princeps Caesar Augustus and Germany were Provincia Germania. This cannot be," Stiegler said. "I am a true friend of the Americans. They brought democracy to us, after the Second World War. But among friends, one must say now: No sir."

## **Bush Administration Said To Be Furious with Germany**

According to the *Wall Street Journal* of Sept. 12, the Bush Administration is angry at German Chancellor Gerhard Schroeder, since Schroeder shifted from his previously announced "unlimited solidarity" with the U.S. (which he proclaimed after Sept. 11), to his current refusal to participate in any "military adventure," as he calls the looming U.S. war against Iraq.

"Bush Administration officials are furious," the *Journal* writes, especially since Schroeder shifted just as the U.S. "was trying to build support to take on Iraq. Since then, Canada has said it is skeptical about Mr. Bush's plans, and other countries have voiced doubts." The *Journal* also suggests Schroeder's opposition may jeopardize America's use of its bases in Germany.

## **If Not Ancient Rome, Then Troy**

While one European figure compares the U.S. to the Roman Empire (see above), another, a leading Russian expert at Moscow's USA-Canada Institute, asserts that if the U.S. proceeds with an attack on Iraq, it will go the way of ancient Troy in the Trojan War, as described in Homer's epic poem *The Iliad*.

"It will be a very grave mistake for the Americans to attack Iraq," this person affirmed to *EIR*. "By the logic of the situation, they would have been much better off, attacking Iraq back in March, when they were still glowing from their announced 'triumph in Afghanistan,' when Russia was friendly, the Chinese hesitant, and the Europeans quiet. By contrast, the reality now is that Russia, China, Europe, the moderate Arabs, and Pakistan are all opposed. Russia is strengthening its relations with both Iraq and Iran. Only Britain and Israel are on the American side, for this war."

The source asserted: "This is very reminiscent of the fate of ancient Troy, as Homer described it. Troy was the predominant country of its time, it was the only superpower, it was the richest. The Greeks were just a bunch of ugly non-entities. But Troy squandered everything by the way it acted, and, if you read Homer, you know what happened to Troy. In such ways, is the future depicted in the past."

In the discussion, the Russian expert fully agreed that Israeli-linked operatives, most notably Paul Wolfowitz, have been central to pushing the U.S. in the direction of the war against Iraq, and away from Bush's earlier promise to back the creation of a Palestinian state.

## **German Foreign Minister: 'We Need New World Economic Order'**

German Foreign Minister Joschka Fischer announced that "We need a New World Economic Order," in an interview with the German economic daily *Handelsblatt* on Sept. 9. However, by no means did he call for any fundamental shakeup, such as a New Bretton Woods, but for some softer, more palatable, form of globalization.

Fischer emphasized that the anti-terror fight must be bounded by three principles. First, it cannot be permitted "that we give up our own fundamental values and allow ourselves to be driven into a war of civilizations or cultures." Second, we should not give up our freedom, inasmuch as there are tendencies to eliminate "democratic dissidents" under cover of the fight against terrorism. Third, there is the threat of world economic repercussions, in particular the threat of regional protectionism. We need an open world economy. "And actually, we need a new world economic system," he said. The G-8 and the international financial institutions have to ensure that rich countries open their markets to products from the developing sector. and shift capital for investments in the poorer countries. There should not be "unbridled globalization." The fight against terror can only be won "within an economically just world."

## **French Left Is Unravelling**

After the defeat last spring of Socialist Lionel Jospin, then France's Prime Minister, in the Presidential elections, the entire French left wing appears to be collapsing. Worst is Dominique Voynet, former head of the Green Party. She appeared at the Greens' recent cadre school only to announce that she will not renew her bid as party president. She was seen soon thereafter at a restaurant with former Social Affairs Minister Martine Aubry; the two were overheard considering the possibility of opening up a restaurant in Paris!

Others are also abandoning the Green ship. Another former president, Benhamias, has decided to become a sportscaster at Europe 1 radio, and two other leaders have announced their decision to quit the national leadership.

Equally badly off is the Communist Party, whose Presidential candidate got only 3.5%, a historic low for the PCF. The secretary general (#2 in the PCF) is making an impotent bid to take over the diminishing empty party. The Socialist Party is weathering things a bit better, but is divided between its "modernist" wing—Fabius and Dominique Strauss-Kahn—and its leftists.

### **Collapsing Economy, Budget Austerity Batter French PM's Poll Numbers**

The collapsing economy and budget austerity are hammering French Prime Minister Jean Pierre Raffarin's poll numbers, with his approval rating dropping 9% in one month, according to an August poll by *Le Figaro*. Aside from fear of unemployment and inflation, Frenchmen are enraged over the government's inability to live up to its electoral promises, which now endanger its Maastricht-dictated budget. The initial budget had been based on guesstimates of 3% growth, but Raffarin had to announce that growth would not top 2.7% in 2003, and experts believe that it will be closer to 2%. Also, the statistics are being revised downwards for 2002, to just over 1%.

This leaves the French government trying to square the circle between its electoral promises to lower taxes and increase spending in defense, security and justice, while reducing the budget deficit to zero, from the present 46 billion euros, by 2004, in order to comply with the Maastricht agreements that underlie the European Union.

Note that, contrary to Germany and Italy, which are trying to face up to the crisis by increasing spending in public infrastructure, in France, the government has created a commission to study what public infrastructure programs can be delayed in order to reduce spending. Some 5,000 civil service jobs will be lost mainly at the Education Ministry, but also in Finance and Equipment. Concerning taxes, Raffarin confirmed he will continue to reduce taxes in 2003. State spending in 2002 will only grow by 0.2%, beyond inflation (1.5%).

### **French Telecom on Verge of Exploding**

The 51% state-owned French Telecom is on the verge of blowing up, and Vivendi Universal will soon be under investigation. France Telecom on Sept. 6 announced huge losses, in the order of 10 to 15 billion euros. The company is collapsing under a total debt of 70 billion euros (mainly in new generation licenses), of which it has to pay 5 billion next year. Where this money will come from, since the value of its stock has now dropped to 11.2 euros? Among the options discussed: the emission of 1 billion euros worth of new stock, to sell at 7 euros per, bringing in 7 billion euros (cutting by more than half the value of stock, thereby looting the small investor); a debt-for-stock exchange offered to the creditor banks which, at current prices, would be a real gift to the banking sector; a disguised state injection of 10 billion euros new capital which Brussels would oppose as unfair competition.

CEO Michel Bon is about to be removed, just like Jean Marie Messier of Vivendi Universal. Concerning Vivendi, two or three instructing magistrates will be named at the end of this month, to investigate possible fraudulent accounting.

### **Iraq War Would Cause World Economic Recession**

War against Iraq would drag the world economy into recession, warns Hans-Joachim Hass, chief economist of the German federal association of industrial employers (BDI). Already, he says, the German economy is "just above zero growth" and no longer has reserves to deal with yet another backlash. The mood among German corporations and consumers has been quite bleak for months, and all hopes are relying on exports, in particular a recovery of U.S. demand. A war against Iraq would therefore finally kill the recovery process and instead lead to a new recession. However, he said, the chief victim of a war against Iraq would be the U.S. economy.

Norbert Walter, chief economist at Deutsche Bank, said in a radio interview that a war against Iraq would have massive consequences for the German and world economies, and would cause a new global recession.

Holger Wenzel, managing director of the German retail association HDE, expects tax increases in Germany as a consequence of an Iraq war, and warns this would further deteriorate consumption and economic activity.

Both the association of German wholesale and foreign traders (BGA) and the association of the German chemical industry (VCI) expect the oil price to shoot up and remain above \$40/barrel, thereby causing another world recession for at least one or two years. The VCI report notes that even oil prices of \$50/barrel could not be ruled out.

### **FAZ Covers BueSo Electoral Campaign**

With its Sept. 14 issue, Germany's *Frankfurter Allgemeine Zeitung* has ended its vow of silence against anything LaRouche-related, and reported on the BueSo's warning of the systemic world economic crisis. The BueSo, the German party led by Helga Zepp LaRouche, is running a number of candidates in Germany's Sept. 22 Federal elections, with the slate led by Zepp LaRouche herself.

The *FAZ*, Germany's major daily, wrote in its coverage, "Helga Zepp-LaRouche and her Buergerrechtsbewegung Solidaritaet (BueSo), which emerged from the right-wing extremist (sic!) European Labor Party, believe the Western democracies are in a 'systemic crisis.' The global financial system must declare itself bankrupt and be replaced by new regulations along the example of the Bretton Woods foreign exchange system. With the construction of a 'Eurasian Land-Bridge' reaching towards China, the party wants to create 8 million jobs in Germany."

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

### **There Is No Axis of Evil, Says Russian Deputy Foreign Minister**

Russia's Deputy Foreign Minister, Vyacheslav Trubnikov, formerly Russian foreign intelligence chief, longtime associate of Yevgeni Primakov, and now Deputy Minister of Foreign Affairs, gave an interview to the paper *Vremya Novostei* reported in its Sept. 11 issue. He discussed in detail Russia's and other countries' relations to the three countries described by the U.S. as the "axis of evil," a construct that Trubnikov said "we do not accept, in principle." He also pointedly noted that there are "different factions" in the United States.

About Iraq: "Attempts to justify military action against Baghdad as a counterterror action are unconvincing, to say the least. To this day, there is no evidence of Iraqi complicity in the tragic events of Sept. 11 nor support for international terrorism. The military scenario for ... Iraq is absolutely unacceptable for Russia, and in this our position is consonant with the approach of the majority of nations."

About Iran: "It is an active and useful participant in the anti-terrorist coalition," citing Iran's important role in convening the Loya Jirga in Afghanistan, financing the Karzai Administration, and supporting the economic reconstruction of Afghanistan, which other countries promised to do, but didn't deliver on.

As for East Asia: "North Korea today has adopted a correct and active position in favor of normalizing the situation on the Korean Peninsula. This is met with understanding in the South. We should nurture these sprouts of mutual understanding, rather than shoving Pyongyang into the category of 'axis of evil.' "



Trubnikov went on to elaborate the economic aspects, citing especially Iran. He stressed that "many countries have broad prospects for economic cooperation there," in particular, "Europe is interested in developing the Iranian energy sector, and infrastructure." And Russia does not intend to abandon its niche in Iran: nuclear power development and conventional arms sales.

On the United States: "Most likely, a certain layer of the American leadership, which takes tough positions, really thinks they can help U.S. economic interests in this way. But what is being proposed, especially with regard to Iraq, can carve up the geopolitics of the region to such an extent, that U.S. economic positions not only will not be strengthened, but may crash.... The 'hawks' evidently don't understand this."

Trubnikov said that U.S. action against Iraq would set loose "the virus of flouting international law," which could infect other countries, particularly nuclear-armed India and Pakistan, with terrible consequences.

### **Putin Again Is the First To Call Bush**

As soon as the clock struck midnight and the new day of Sept. 11, 2002, began, Russian President Vladimir Putin phoned U.S. President George W. Bush from Sochi, where he is on a working vacation, to express "sympathy and support for the American people." The Russian official announcement and media coverage stressed that, once again, Putin was the first to call and that Bush recalled this fact during their conversation— a reference to the phone call that averted a global showdown on Sept. 11, 2001, and has been excised from the chronicle in revisionist accounts of those events.

### **Putin Delivers Harsh Warning to Georgia on Eve of 9/11 Anniversary**

Russia's President Vladimir Putin used the occasion of the anniversary of the 9/11 attacks in the U.S. to deliver a new, exceptionally harsh speech blaming Georgia's leadership for harboring terrorists.

"The Russian side had been warning Tbilisi about the terrorist nest in Pankisi Gorge. At first, even the fact that terrorists are concentrating there, was denied," said Putin. "Later, Georgia's leadership completely confirmed the fact that the Gorge is a terrorist haven. However, the results of the anti-terrorist operation, launched by Georgia's powers, are miserable, and none of the persons involved in terrorist operations on the territory of Russia, was extradited to the Russian side. *In case Georgia continues to neglect UN Resolution No. 1373, Russia will have to use Article 51 of the UN Charter, as I have already instructed the leadership of the Defense Ministry*" (emphasis added).

Putin's ultimatum was followed by a number of statements by Russian analysts on two major Russian TV stations, RTR and ORT. Vyacheslav Nikonov, chairman of Politika Foundation (Moscow), characterized Tbilisi's anti-terrorist effort as a "show" staged in order to justify U.S. financial support to Georgia's military and border services. Andrey Kortunov, president of INO Center, expressed the opinion that President Putin, delivering his statement, expected understanding and support from a number of European countries that are burdened with similar problems of separatist terrorism.

Asked about the future of Russian-Georgian relations in the current circumstances, Nikonov emphasized the sympathy of Russians towards Georgians— sympathy which, however, may be seriously impeded by the policy of Georgian President Eduard Shevardnadze, who "does not control most of his country's territory" and whose policy has "resulted in a profound political and economic crisis in Georgia." Nikonov asserted that if Shevardnadze stays in power, both the statehood of Georgia and Russian-Georgian relations are likely to deteriorate further.

On Sept. 12, *RIA Novosti* reported that Putin also sent his strongly worded warning to Georgia to UN Secretary General Kofi Annan, the UN Security Council, and the Organization for Security and Cooperation in Europe.



Putin stated in the warning that there has been "no constructive response" from Georgia to Russia's proposals for joint military action against Chechen guerrillas operating in the Pankisi Gorge. Reiterating that all countries should fulfill their obligations under UN Security Council resolutions, Putin said that this includes the obligation to prevent terrorists from acting from their territory, against other countries. In the absence of effective action by Georgia, Putin wrote, Russia reserves the right to take measures against the threat of terrorism.

Following the release of Putin's warning, the Russian Ambassador in Tbilisi was summoned to the Georgian Foreign Ministry, where First Deputy Foreign Minister Merab Antadze said, "The Russian President's accusations against Georgia are completely unfounded, and are evaluated in Tbilisi as a threat of the use force and possible aggression against Georgia."

President Shevardnadze also responded, with the comment that he hoped that "Russia will not embark on adventurist actions with respect to Georgia."

### **'Chickenhawk' Bolton Says It's Okay To Hit Iraq Unilaterally**

On the eve of his Sept. 11 arrival in Moscow, U.S. Undersecretary of State John Bolton, one of the "chickenhawks" in the cabal of Israeli agents in the Bush Administration, told BBC, "Whether the President decides to seek another resolution from the Security Council is a matter of political judgment, but it's certainly not a matter of international legal necessity. I think it's [U.S. action] sanctioned morally and legally." Bolton is reportedly in Moscow to "soften up" the resistance to Iraq war, but his warmonger rhetoric is only serving as further proof of that the chickenhawks are out for a full-scale "Clash of Civilizations" war.

### **Russian TV Links U.S. Economic Woes to War Drive**

The crisis in the U.S. economy started long before the Sept. 11 attacks, Mikhail Leontyev of Russia's ORT TV correctly emphasized on the Odnako program. "It started with a severe economic recession, which needed adequate economic measures. However, the leadership of the United States preferred to find a scapegoat in global terrorism. In a certain way, the Sept. 11 tragedy was as necessary as air for the U.S. Administration."

ORT's Odnako program also quoted economist Andrey Kobayakov, co-editor of *Russky Predprinimatel* (*Russian Entrepreneur*) who last year interviewed Lyndon LaRouche in that journal's premier issue, on the huge U.S. budget deficit and gross falsification of incomes on the books of leading U.S. companies. Odnaka anchorman Leontyev then characterized the anti-terrorist propaganda launched in the United States and fuelled by the group of "hawks" (he singled out Cheney and Rumsfeld), as a drug used to poison the public opinion of the United States.

Echoing the aggressive approach of Vladimir Putin against Georgia's leadership, as well as the characterization of Georgia's anti-terrorist operation as a "cheap show," Leontyev emphasized that Russia has much more reason for intervention in Georgia than the United States has for a military operation in Iraq. This operation (against Iraq), regardless of its outcome, will contribute to destabilization in the Middle East, the Caucasus and Central Asia, with disastrous consequences for Russia's national security, warned Leontyev.

### **Preview: Russian Analysts Compare U.S. Today to Collapsing Soviet Union**

*EIW* will be reviewing in an upcoming issue, the insightful roundtable discussion reported in the Sept. 11 issue of the Russian intelligence-linked weekly *Zavtra* on the subject of the world situation since the irregular warfare attacks in the U.S. one year ago. The discussion linked the terrorism policies of the U.S. to the U.S. financial crisis, drawing some uncomfortable analogies to military adventures and economic crises that led to the collapse of the Soviet Union.

Participants in the roundtable were *Zavtra* deputy editor Alexander Nagorny, strategic analyst General Leonid Ivashov, financial expert Mikhael Khazin, the well-known Russian television commentator Mikhail Leontyev (see item above) and former high-level KGB official Leonid Shebarshin. The discussion contained interesting elements on how relatively well-placed Russian observers are thinking about the present situation.

Some brief excerpts of General Ivashov's remarks appear here:

Ivashov: Sept 11 was an internal operation in the United States. It is necessary to recognize two forces operating in the U.S., "that have two different conceptions on using the military power of the U.S. to create a world empire." "The first ... wants the U.S. as a powerful nation. The second, the world financial elite ... considers that the U.S. must be subjugated to the world empire, whose time has come.... It is not an accident, that many Western commentators speak of Sept 11 as an attempted coup d'etat.... The force that gave the order [for the attacks], I believe, is connected with the world financial mafias, having representatives in the power structures of the USA, including the intelligence and special services. It is also no accident, that parallel with the investigation of the Sept. 11 attack, investigations are going on concerning the activities of a number of other structures, including the Mossad, within the U.S. intelligence community.... I believe the ongoing events in the U.S. will develop out of the conflict between these two forces.... What unites them, is the necessity to use the military power of the U.S. to crash down the boundaries of sovereign states.... Behind this are the various geopolitical theories of Huntington, Brzezinski, etc.... Evidently the U.S. feels under itself under a tight time limit for securing control over world resources and political power in most countries...."

Ivashov adds, "Thus, the U.S. is now at a transition point. She has come to the climax of her military-power adventures for grabbing power over the planet. I think this peak will be crossed in one and one-half to two years, after which the USA will retreat from its positions as a result of economic problems. I think the attack on Iraq will occur. I think Iran will be drawn into the confrontation, and it should not be excluded, that Israel will participate.... After that, U.S. policy will disintegrate under the influence of the economic and social-political collapse inside the U.S. One has the feeling, that the financial oligarchy in power on this planet are not interested in maintaining the U.S. population at its present living standard...."

### **India And Russia Are Setting Up Forum on Energy Security**

Indian Foreign Secretary Kanwal Sibal, who is in Moscow, told newsmen on Sept. 7 that India and Russia are setting up a forum on energy security which will be signed when President Putin visits India later this year.

Russia, according to New Delhi, is emerging as a major player in the energy sector in the region and India is a major consumer of energy. Russia has provided India with two 1,000-MW nuclear reactors, which are now being installed.

Sibal added that Russia and India are planning to sign agreements in many areas during Putin's visit. "Besides a political declaration reflecting the importance of Indo-Russia ties, some economic agreements are also being finalized since focus is now shifting on economy."

### **Russian Security Council Secretary Rushailo in Car Crash**

On Sept. 5, Russian Security Council secretary (and former Minister of Internal Affairs) Vladimir Rushailo was injured in a car crash that killed five people, in Kamchatka in Russia's Far East. He sustained a concussion and broken ribs, injuries described in reports as "minor," but is being flown to Moscow for treatment. Local police declared the crash an accident, triggered when the driver of a carload of men, on their way home from fishing, panicked at the sight of the motorcade, hit the accelerator instead of the brakes, and plowed into the official cars at about 50 mph. But the reports indicate Rushailo was nearly killed. FSB (federal security) officers in cars accompanying him did die.

Meanwhile in Novgorod, also on Sept. 5, Mayor Alexander Korsunov was killed in a car crash. There, a criminal case against the driver of the other car in the collision has been opened, for reckless driving.

The two crashes were among the latest incidents in a string of kidnappings, violent attacks, and so-called accidents that have involved top business and political leaders in Russia.

On Sept. 12, D. Sergei Kukura, the First Vice President and chief financial officer of the major Russian oil company LUKoil, was kidnapped on the way to work. According to a detailed press release from the company, his car was ambushed by masked men in combat fatigues with automatic weapons, who used an official car with Ministry of Internal Affairs plates to fool Kukura's driver and bodyguard. The latter were drugged, awakening only hours later. The incident occurred in a forested area on the way into Moscow from the executive's dacha.

LUKoil went to the media with the importance of the kidnapping, stressing in their statement that Kukura was a person with "access to state secrets" concerning the oil industry. Police are saying they think it's a (Colombia-style) kidnapping for ransom, but First Deputy Minister of Internal Affairs Vladimir Vasilyev has been put in charge of the case.

Other recent incidents reported in Russia include: the death of State Duma Deputy Vladimir Semenov (Unity), also Sept. 5, in a car crash near Achinsk, Krasnoyarsk Territory; the Sept. 9 murder of Nikolai Glubokov, head of the Passenger Services Directorate of the Ministry of Railways, stabbed during an apparent burglary (but he is the second Moscow rail official to die in a month, the deputy head of the Moscow Railway Sergei Paristyi having been shot dead Aug. 20); and a Sept. 11 nighttime bomb explosion at an office of the pro-Putin youth movement, Walking Together.

### **Krasnoyarsk Gubernatorial Election Will Go To Run-off**

The election for a replacement for the late Alexander Lebed as Governor of Krasnoyarsk Territory in Siberia, held Sept. 9, resulted in the need for a run-off between Speaker Alexander Uss of the territorial assembly (27.67%) and Alexander Khloponin (25.16%), governor of the Taimyr area. Economist Sergei Glazyev, the National Patriotic Union candidate, ran a strong third with 21.45%.

## **Mideast News Digest**

### **American Congressman Rahall Visits Baghdad To Stop War**

West Virginia Democrat Rep. Nick Rahall, is leading a delegation on a four-day trip to Iraq to try to convince Iraq's leaders to go along with unfettered United Nations inspections, because the Bush "Administration's threats are not idle." Representative Rahall's staff told *EIW* on Sept. 12 that he believes "everything should be done to resolve the crisis without warfare." Also on the trip is James E. Jennings, from Conscience International, an organization which trains medical doctors in Iraq. Former South Dakota Democratic Senator James Abourezk is on the delegation, as is Norman Solomon from the Institute for Public Accuracy, and Michigan businessman H. Samhat.

The trip is an extremely important step for the United States, after Iraqi Deputy Prime Minister Tariq Aziz and other top officials asked that the U.S. Congress send a delegation, accompanied by experts in chemical, biological, and nuclear weapons inspections, to quickly restore calm about Iraq, and lead to a normalization of relations between Iraq, the U.S., and UN member nations. The Iraqi requests had gotten a negative response.

According to Rep. Rahall's staff, the delegates have a meeting scheduled with Iraqi Foreign Minister Naji Sabri and have requested a meeting with Saddam Hussein.

On Sept. 14, during a meeting with Tariq Aziz, Rep. Rahall said, "It is time to cool the rhetoric and start a dialogue between our two countries." He said, "We feel very strongly that this open dialogue is much better than going to any harsh military action that will only evoke more suffering upon the people of Iraq and more suffering on our environment." Senator Abourezk said that the delegation was planning to ask the Iraqis to let weapons inspectors back into the country. Rahall added, "We also want to tell the Iraqi people that the American people for the most part are peace-waging individuals and not warmongers."

### **LaRouche Widely Reported in Arabic Press for Exposing Neo-Conservative Warmongers**

On the first anniversary of the Sept. 11 irregular warfare attacks, the name of Lyndon LaRouche appears in many editorial, op-eds and news articles in the Arabic press, especially because of LaRouche's widely known role as the leading American statesman opposing the war against Iraq, and the doctrine of "preemptive imperial war" in general.

Over the past week, the article by Jeffrey Steinberg, "Sharon in September 11 Provocation," (see *EIW* #27) appeared in the Saudi daily *Al-Watan* and the Egyptian semi-official weekly *Al-Ahram Al-Arabi*. The Arabic translation of the LaRouche in 2004 campaign statement "The Pollard Affair Never Ended" which was the *EIW* editorial for Issue #27, was published on *Middle East Online News* website's front page, accompanied by a photo of LaRouche speaking at a May 2002 European conference. On Sept. 13, the Saudi daily *Al-Watan* published an elaborated version of the Pollard article by Steinberg.

The Dubai-based *Al-Bayan* daily referred to LaRouche twice on Sept. 11 in the Editorial of its Wednesday political supplement, and in commentary on the daily's "Arab Affairs" page.

*Al Bayan* also published an op-ed on Sept. 13 by well-known Egyptian Brig. General (ret.) Hosam Swelam, a renowned military strategist, who says that LaRouche indicated that the growing negative U.S. tilt against Egypt is the result of the growing influence of rightwing Zionist and Israeli circles inside the Bush Administration. Swelam also refers to the Jabotinskyite schemes for the redrawing of the map of the Middle East. and stresses that "President Mubarak has been fully aware" of these developments, and therefore has been acting prudently and on the basis of principle in his dealing with the Bush Administration.

The world's largest Arabic daily, London-based Saudi *Asharq Al-Awsat*, had brief items referring to LaRouche's identifying the internal U.S. "military-industrial complex" and clash of civilizations and religious war faction factor in the events. It stated that LaRouche spelled this out on the morning of Sept. 11, 2001, as he was being interviewed on an American radio station.

### **Former UN Weapons Inspector Scott Ritter in Iraq Exposing Propaganda Lies**

On July 31 and Aug. 1, 2002, W. Scott Ritter, one of the UN's chief weapons inspectors in Iraq from 1991 to 1998, was kept off the witness list of the Senate Foreign Relations Committee's hearings on Iraq. Both Ritter, and former UN Ambassador Hans Von Sponek, who had headed the UN humanitarian mission to Baghdad for years, have spent many years in Iraq, including up to the last few months.

Ritter and Von Sponek were kept out of the hearings because they oppose military action in Iraq. However, since Sept. 6 Ritter has been in Baghdad, where his activities are helping to expose what the U.S. Senate was too cowardly to allow in Congressional testimony. Ritter has addressed the Iraqi Parliament, and has led teams of Western journalists to examine

various sites around the country. According to press reports, he will be meeting the delegation that includes Rep. Nick Rahall, and former Senator James Abourezk, to attempt to avert war.

On Sept. 9, in an interview with CNN reporter Paula Zahn, Ritter did heavy damage to the glib assertions made by Vice President Dick Cheney in a series of television interviews about the Iraqi danger. Excerpts appear below:

ZAHN: "...Saddam Hussein has been trying to obtain materials to build nuclear weapons, particularly trying to buy thousands of aluminum pipes that could be used in the manufacture of a centrifuge and ultimately used to manufacture weapons."

RITTER: "What an absurd statement. Thousands of aluminum pipes, and we're going to go to war over thousands of aluminum pipes? Even the IISS report that you cite says that if Iraq was to have trying to do uranium enrichment, it would take them many years before they could do it. This is patently ridiculous. These are aluminum pipes coming in for civilian use. They are not being transferred to a covert nuclear processing plant or any covert nuclear activity whatsoever.

"But the best way to figure this out is to send the weapons inspectors in. If they, if the United States has this evidence that Iraq has these pipes, why not, heck, give me the data. I'll come to Iraq, hunt it down and we'll bring it to a close. That would save us going to war, killing thousands of people and destroying our reputation in the international community.

"We cannot go to war because Vice President Cheney's worried about some aluminum pipes. This is ridiculous..."

ZAHN: ... The International Institute for Strategic Studies.... In this report, it suggests ... that Iraq could make a nuclear weapon in months if it had foreign help. Let me read to you what the conclusion was, that:

"War sanctions and inspections have reversed and retarded but not eliminated Iraq's nuclear, biological and chemical weapons and long-range missile capabilities, nor removed Baghdad's enduring interest in developing these capabilities."

RITTER: "Paula, what do we have here? Rhetoric? Where's the facts? 'Enduring interest' in weapons capability? What does that mean? What evidence do they cite for this 'enduring interest'? You know, ballistic missiles. They say he has 12. What, did they grow? Where are they? They didn't have 12 when I was a weapons inspector.

"Chemical weapons? Biological weapons? They talk about bulk agent in terms of Iraq's biological weapons program. What bulk agent? Where did they make it? A bulk agent has a three-year lifetime in terms of storage in ideal conditions. The last time Iraq was known to have produced bulk agent was in 1990. That stuff, even if they held onto it, is no longer viable. So to have bulk agent today, Iraq would have had to reconstitute a manufacturing base in biological weapons. Where is it?

"This report is absurd. It has zero factual basis.... it's meaningless without, you know, with the sad exception that hawks in the Bush Administration are going to point to this as justification for war...."

ZAHN: "What makes you think that if UN weapons inspectors went in now, after not being on the ground for four years, it would be any different than the last time around, when Richard Butler, who was the chief UN weapon inspector, said the Iraqis often moved stuff when they knew you guys were going to be on the ground?"

RITTER: "I had been there since 1991 working under Ralph Ekeus, when the vast majority of the actual disarmament took place. By the time Richard Butler came, we had already destroyed Iraq's weapons programs. We were hunting down for, you know, missing items, you know, a piece of metal here, some documents there.

"And, yes, Iraq could have moved them, but this does not constitute a weapons program. It's illegal, and this is what inspectors need to do, come back here, finish the job so that Iraq can get on with rebuilding its economy, ... Richard Butler knows for darned sure that the Iraqis were not moving weapons from his weapons inspectors.

"The weapons inspectors were trying to get into some of the most sensitive facilities in Iraq that dealt with presidential security. I was the guy leading these inspections and Richard knows that he allowed the United States to use my inspections to spy on Iraq, which is why they don't trust the inspection process.

"So let's not bring up Richard Butler. Frankly speaking, he has no credibility on this issue."

On Sept. 10, Ritter took Western reporters on Sept. 10 to the Salman Pak facility near Baghdad, which an Iraqi defector working with U.S. and British intelligence agencies and Western media, claimed was being used to train terrorists in hijacking techniques, sabotage, urban warfare, etc. The defector's claims were published in the *New York Times* last December.

Ritter revealed the site was over 20 years old, and had been set up with British assistance in the 1980s to "train Iraqi elite forces in hostage rescue techniques." An old, beat-up Iraqi Airlines Boeing 707 is parked at the site, and it used for training anti-hijacking squads. Ritter said he had visited it many times when he was a UN weapons inspector, and that it was of no interest. "America cannot go to war because this airplane is parked in this place, and some Iraqi defectors claim it was used to train the hijackers of Sept. 11," Ritter said.

### **Egyptian Presidency Still Questions 'Official' 9/11 Accusations**

Egyptian President Hosni Mubarak's number one adviser, Osama al Baz, told the Italian newspaper *La Repubblica* on Sept. 11, 2002, "I have no certainty on bin Laden's responsibility, I have not seen the documents and the evidence the U.S. claims to possess.

"...The United States supplied some countries, including Egypt, a synthesis of what they have. But I, in my capacity as a lawyer, cannot draw conclusions on the basis of this synopsis. We have not seen the evidence, such evidence has not been crosschecked, you do not know whether it is substantial. Everything is of vital importance for a trial." The interviewer recalls that Mubarak, who has been a professional pilot, last November stated publicly that he did not believe that a beginner like Atta could have flown the airplane right into the World Trade Center. "In a successive meeting, Mubarak's political adviser, Osama al Baz, has confirmed Egypt's skepticism at the highest level," writes *La Repubblica*.

### **Mohammed Atta Was A Secret Service Agent**

Diah Rashwahn, chief expert on radical Islamic movements at the Center of Strategic Studies in Cairo, was interviewed by the Italian daily *La Repubblica* of Sept. 11. Rashwahn says that "evidence given on Atta's guilt is fragile and ridiculous, both from the Islamic standpoint and from the investigative standpoint ... you become Islamist only if you are part of an Islamic group ... well, so far neither the German nor the American security authorities have told us who had recruited Atta and which group he was part of. For me, Atta's behavior is more similar to a secret service agent than to an Islamic militant."

### **Israeli Ex-Foreign Minister Attacks Iraq War Drive**

Shlomo Ben-Ami, the former Foreign Minister of Israel, penned an attack on the Bush Administration's post-Sept. 11 policy for the *Jerusalem Post* of Sept. 8, 2002.



Ben-Ami cautions, "It is to be hoped that the Bush Administration will not be tempted to let itself be persuaded by its own rhetoric to launch an all-out offensive against Iraq; there would be no justification for it in the eyes of Arab regimes or their public. In 1990, the case was cut-and-dried: Iraq invaded a sovereign neighboring state....

"Today, with no such clarity— there is no proof of nuclear weapons in Iraq ... the U.S. is obviously in no position to form a coalition with the nations of the Middle East and their rulers (who would never support what is, at bottom, a preemptive strike against Iraq). And the European Union is letting itself dwindle into a military midget and almost certainly won't join the attack, so there is no doubt that an American offensive against Iraq will unleash anti-American and anti-Israeli feelings throughout the Arab world, on an apocalyptic scale.

"At such a time, bin Laden and al-Qaeda will return, and fundamentalist Islam will become the driving force behind every frustrated and humiliated young Muslim. The publicity awarded al-Qaeda by the Bush Administration's obsessive rhetoric, along with the Internet, the broadcasting of videotapes, and of course the collapse of the World Trade Center, turned al-Qaeda into the dream of innumerable young men and women in the Muslim world. An offensive against Iraq will give this process added momentum, which will hit hard at the foundations of Arab nations too. The American experience in Afghanistan, the single piece of reality to date in the war on terror, was not an overwhelming success, and it is doubtful whether it augurs well for further and more intricate adventures in Iraq."

He also warns that the attack on Iraq could lead to the overthrow of President Hosni Mubarak in Egypt and the Hashemite Kingdom of Jordan, with the resulting instability constituting an "existential threat to Israel." In a separate initiative Ben-Ami joined two other officials of the Ehud Barak government which he served, in sending a letter to President George W. Bush to urgently request that Bush intervene *forcefully* to lead the way to a peace settlement between Israel and the Palestinians.

### **Barenboim Performs Beethoven To Overcome Israeli-Palestinian Hatred**

Israeli-Argentine pianist Daniel Barenboim, defying Israeli security authorities, performed Beethoven's Moonlight Sonata before 200 Palestinian students in the West Bank city of Ramallah, reported the *International Herald Tribune* on Sept. 12.

"Each one of us has a responsibility to do what is right, and not to wait for others to do it," Barenboim said at the concert. "My way is music. What I can do is play music for you and maybe this way, in a very small way for these few moments, we are able to overcome the hatred that is so much in the region."

Barenboim said further, "I'm not a politician. I don't have a plan to end the conflict. but I think the lesson we have to learn from the 20th century is that every human being— small, young like you or older like me— has to think of his responsibility as a human being and not always depend on the politicians and the governments. I came to stretch out my hand to you and to hear about your life." In answer to his Israeli critics he said, "Anyone who criticizes my being here today, I only have pity for him."

Barenboim, who is the Music Director of the Chicago Symphony Orchestra and the General Music Director of the Deutsche Staatsoper Berlin, played before the highly respected Friends School. After he performed Beethoven, he invited the students to perform for him. Three girls rose to the challenge. One, Sileen Khoury, 15, performed a Chopin piece and another, Nadia Aroui, 15, performed Mendelssohn's Barcarole. A third, Amr, 14, was so nervous she forgot the name of her piece. Nonetheless she said, "It was nice of him, because he took all the trouble to come here through checkpoints and everything."

Khoury, expressing the general excitement of the event, said, "I was a bit nervous, but with Barenboim beside me I felt

safe. Actually it was an honor for us. The Israelis try to stop us from learning, working, but they can never stop us from playing music."

The concert was arranged by Dr. Mustafa Barghouti (whom *EIR* recently interviewed), director of the Union of Palestinian Medical Relief Committees. Commenting on the event, Barghouti said, "After Barenboim was prevented from coming to Ramallah in the past year by Israeli Authorities for alleged security reasons, today's concert represents great hope. It illustrates that nothing is impossible, as well as the fact that Palestinians are able to differentiate between those who want peace to prevail and those who oppress them."

Barghouti also gave Barenboim a small tour of the city and the Ramallah Medical Center. Barenboim, a few weeks ago, played at Bar Zeit University, also in the West Bank. The German embassy provided him with a diplomatic car to facilitate his passage past the Israeli Checkpoints. Barenboim, a harsh critic of Ariel Sharon's policies, used his Argentine passport (he has dual citizenship) to attend the Ramallah event.

But because of his courageous act of hope, Barenboim has received death threats and has been stalked by the rightwing fascist Israeli thugs of the Kach Party. Kach, which was founded by the late American Rabbi Meir Kahane, who was assassinated in 1990, also played a major role in the killing of Israeli Prime Minister Yitzak Rabin in 1995. On Sept. 12, reports the Argentine daily *Clarín*, Barenboim was approached while he was dining in a Jerusalem restaurant by members of the outlawed Kach Party, who screamed "terrorist, go back to Ramallah," "go back to your friend Arafat," and threatened the musician physically. After Barenboim's wife threw a plate of salad at one of the fascists, police removed them. According to *Clarín*, Israeli authorities were pressured by Likud parliamentarians to charge Barenboim with "breaking the law" which prohibits Israelis from entering Palestinian territory without permission.

### **Sharon Puts War Crimes Veteran Dagan in Charge of Mossad**

The appointment by Israeli Prime Minister Ariel Sharon of General Meir Dagan as the head of the Mossad, signals Sharon's intention to use the spy agency for active and provocative operations.

Amir Oren writes in Sept. 11's *Ha'aretz*, "It is the security appointment of national significance that Sharon alone has made. It reflects his wish, on the eve of an expected American campaign against Iraq, and as Iran and other Arab states build up stockpiles of weapons of mass destruction, for a combative team at the head of the military-intelligence establishment.

"Dagan complements Chief of Staff Moshe Ya'alon. Twelve years ago, after the Iraqi invasion of Kuwait, then Brigadier General Dagan was head of operations in the general staff and initiated some far-reaching operations deep inside Iraq. Some were meant for the Paratroop Brigade, commanded by then Colonel Ya'alon."

According to *Ha'aretz*, Dagan goes back a long way with Sharon. During the 1973 Yom Kippur War, he served under Sharon in the 143rd Division. In the 1970s, he headed the so-called Sayeret Rimón unit, which was a military death squad deployed into the Gaza Strip to assassinate Palestinian leaders and fighters. He was appointed by Sharon when the latter was commander of the Southern Command.

He was also involved in Sharon's operations in Lebanon which eventually led to the Lebanese war. In fact, he lead a provocative military operation under the command of then Chief of Staff Rafael Eitan, a collaborator of Sharon, and Northern Commander Yanosh Ben Gal, which was done by deceiving then Prime Minister Menachem Begin, who was also Defense Minister. Shortly thereafter, Sharon became Defense Minister and deceived Begin again and launched the 1982 Lebanon War. Dagan then organized the Israeli-controlled puppet South Lebanese Army, which was the group that carried out the massacres of Palestinians in the Sabra and Shatila refugee camps.

Dagan's appointment has come under fire because of his pronounced affiliation to the Likud and the fact that he ran Sharon's election campaign.

## Asia News Digest

### ASEAN Sub-Group Denounces War on Iraq, Demands Fair Trade, Not Free Trade

According to the Sept. 12 issue of *Xinhua*, the ASEAN Inter-Parliamentary Organization (AIPO) has released a communiqué on 9/11 denouncing a war on Iraq and demanding fair trade, not free trade.

The unusually strong statement from the ASEAN group (which includes only eight of the 10 ASEAN nations— Myanmar and Brunei have no Parliaments) said, "ASEAN is opposed to any unjustified and unprovoked military action against Iraq." The communiqué from the 23rd General Assembly of AIPO, held in Hanoi, also affirmed unity against terrorism, but "through an integrated and comprehensive approach taking into account poverty, inequality and discrimination," a formulation which is typical of Malaysian Prime Minister Dr. Mahathir.

On trade issues, the communiqué hit at developing countries' "vulnerability to the adverse effects of globalization and the need for not only free but also fair trade, and the removal of non-tariff barriers such as using environmental protection as leverage." It promoted strengthening the ASEAN plus 3 and broader East Asian cooperation.

### LaRouche Leadership Against Iraq War Highlighted in Malaysia

The leading Malay-language paper, *Beripa Harin*, on Sept. 3 ran a story datelined London, which reported at length on Lyndon LaRouche's analysis of Sept. 11 and the role of Israeli Prime Minister Ariel Sharon in the "Clash of Civilizations" policy.

On the same day, the *New Straits Times*, the semi-official English-language paper, ran a letter to the editor from LaRouche friend Kassim Ahmad, lambasting the Bush Administration drive for war on Iraq. Kassim called for the world's people to "arise and speak! Speak with one voice to oppose the Anglo-American-Israeli bloc's march to wars and civilization's doom! Firmly reconstruct the bankrupt world financial system, revive the world economy through great infrastructure projects, as proposed by the humanist American economist and politician, Mr. Lyndon H. LaRouche, and work together to build a peaceful, secure and just world, free from colonialism and imperialism."

### U.S. Ambassador Closes Jakarta Embassy Without Notifying or Consulting With Indonesia

According to the *Jakarta Post*, U.S. Ambassador Ralph Boyce is not winning friends in Indonesia. His sudden declaration of the closing of the Jakarta embassy and the Surabaya consulate, allegedly based on a "credible and specific" threat to those facilities associated with the first anniversary of the Sept. 11 attacks, has provoked statements from both the Coordinating Minister for Security Affairs and the Foreign Ministry, which lamented Boyce's actions as "a unilateral decision," meant to give the false impression that Indonesia is incapable of ensuring security for foreigners and their assets.

Foreign Ministry spokesman Marty Natalegawa expressed regret at Boyce's decision, saying his Ministry had never received an official notification from the U.S. about the closings. Noted Muslim scholar Azyumardi Azra said the closings implied Indonesia failed to provide security for foreigners and that terrorists were at large in the largest Muslim nation in the world.

Ambassador Boyce compounded his insult to Indonesia, by telling foreign correspondents and businessmen at a meeting in Jakarta that American investors interested in Indonesia should wait for the government's announced plan of economic reforms to begin to show signs of being implemented more rapidly, pointing out the need for reforms in the judicial, legal, financial, and corporate sectors. Boyce was quoted by the *Jakarta Post* as telling his audience, "Privately, I don't need to tell American investors about that. They already know it.... But in the absence of the implementation of the government program of reforms, I think they are very much on the sidelines." He added that the security situation in Indonesia is not currently conducive to investment.

### **Philippines President Orders Evacuation of Filipino Workers in Iraq**

President Gloria Macapagal-Arroyo on Sept. 11 ordered that 118 Filipino workers in Iraq be evacuated to "safer grounds," saying, "It's better to be prepared than to be caught flat-footed." She also designated a crisis team to handle the evacuation. The government said that the evacuation came as a result of the Philippines Ambassador to the U.S. reporting that Assistant U.S. Secretary of State James Kelly had described the evacuation as a prudent measure. The workers could be moved to Jordan for the time being.

### **Speaker of the House in Philippines Recommends Security Link Between ASEAN, Shanghai Six**

Philippines House Speaker Jose de Venecia made his suggestion in the course of an intense debate within the Philippines Congress and Senate on how the Philippines should respond to a possible war on Iraq, according to the *Philippine Daily Tribune*. De Venecia called on leaders of the ASEAN Inter-Parliamentary Organization to expand the anti-terrorist agreement among the Philippines, Indonesia, and Malaysia to include China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan under the Shanghai Cooperation Organization, known as the Shanghai Six. De Venecia's proposal would establish a cooperation between the Shanghai Six and the three ASEAN members against possible terrorist attacks.

### **Vietnam, China Discuss Transportation**

Senior Vietnamese and Chinese transport officials held a working session in Hanoi on Sept. 11 to discuss facilitating transport of passengers and goods between the countries, including transport from Kunming to Vietnam's Hai Phong Port. Ministers Dao Dinh Binh and China's Huang Zhendong discussed construction of a new bridge spanning the Hong (Red) river in the border area between Lao Cai, Vietnam and He Kou, China, which would facilitate commercial transport on the 58-km section of the Hong along their common border.

Huang also briefed Binh on China's waterway and inland transport, especially highways. He said that his government had approved construction of the highway from Nanning to Huu Nghi Quan, with will start later this year and will be completed in 2006. He added that the Kunming-He Kou road would also be built in coming years. Discussions also covered implementation of agreements on sea transport, and collection of transport taxes on ships and trains based on the principle of equality and mutual benefit.

### **Indonesia Foreign Minister: War on Iraq Without Palestinian Solution a War on Islam**

The Indonesian Foreign Minister, Dr. N. Hassan Wirajuda, told *EIR* that any war on Iraq or other Muslim or Arab countries without a solution to the Palestinian issue, will be seen by the Indonesian population as a war on Islam. Minister Wirajuda spoke to an audience of diplomats and politicians at a gala dinner and reception in Washington. Introduced by Paul Wolfowitz of the Defense Department, his speech was positive about ASEAN plus 3 infrastructure plans. Afterwards, he met with reporters from *EIR*, *Far Eastern Economic Review (FEER)*, a Dow-Jones/*Wall Street Journal* concern, and an Indonesian paper),

Asked by *EIR* about Iraq, he said he was glad President Bush took the issue to the UN. He said that if there were military action, the vast majority of the Indonesian people would perceive it as an attack on Islam, and added that this is probably true for Muslims around the world.

The reason for that, he said, is the situation in Palestine. As long as the condition of the Palestinians remains unresolved, there will be anger in the Muslim world over any action against Iraq or anyone else.

Asked if progress is possible while President Bush is supporting Israel's Sharon, he answered that this is a serious problem, commenting that as long as Sharon is in power, he feared there would be little progress.

Reviewing the 1997-98 global crisis, and the failure to move on the new financial architecture, leading to the current collapse, *EIR* asked if Indonesia will act to get a New Bretton Woods financial system. The Foreign Minister answered that there was not much his country could do on the international front: We let our views be heard, but we are not able to impact the global situation. He added that the approach they are taking with Asian neighbors, starting with the Chiang Mai Initiative and the ASEAN plus 3, is to build up Asian structures to defend Asian economies, and to generate regional development. He said they are setting up swap arrangements, so if there is another round of currency crisis they can defend their currencies; as well as developing cooperation on major projects in transportation, oil and gas, power and other things.

He noted that China is enthusiastic, and wants to help Indonesia build bridges between Sumatra and Java, and between Java and Bali. This is still just in the planning stage, he said— but they are hopeful.

### **Is Karzai Ouster Imminent?**

According to the International Institute of Strategic Studies (IISS) of London, the Panjshiri-Tajiks of Afghanistan, led by Defense Minister Gen. Mohammad Fahim, are positioning themselves to execute a coup from inside and get rid of Interim President Hamid Karzai, report Pakistani news sources on Sept. 12. Haji Qadir's assassination was the message. The IISS analysis is accurate inasmuch as the coup may take place when the Panjshiris become convinced that the Pakistani ISI is backing Gulbuddin Hekmatyar along the Taliban, and the United States is looking the other way. It is a certainty that the Northern Alliance will not allow Hekmatyar and Taliban, backed by the ISI, into power in Kabul without a fight.

Meanwhile, reports of increasing violence are coming in from Afghanistan. In Khost, another bomb went off, killing two children and a woman. Rockets were fired close to the U.S. airbases in Khost and Gardezi. Pakistanis are reporting that the U.S. 82nd Airborne have landed and engaged in fighting with the al-Qaeda and Taliban renegades along the Afghan border with Pakistan.

## **Africa News Digest**

### **Former South African President Mandela Blasts American War Push Against Iraq**

Africa's senior statesman, former South African President Nelson Mandelam is in effect urging President George W. Bush to take the road to peace, and break with the war hawks.

In an interview with *Newsweek's* Tom Masland in a Johannesburg suburb, Mandela reviews the "catastrophic" nature of U.S. policy in the Iran-Afghanistan region since 1979, and then comments: "If you look at those matters, you will come to the conclusion that the attitude of the United States of America is a threat to world peace. Because what [America] is saying, is that if you are afraid of a veto in the Security Council, you can go outside and take action and violate the



sovereignty of other countries. This is the message they are sending to the world. That must be condemned in the strongest terms. And you will notice that France, Germany, Russia, China are against this decision."

The interview appeared on *Newsweek's* website on Sept. 9.

Mandela says that the push toward war is "clearly a decision that is motivated by George W. Bush's desire to please the arms and oil industries in the United States of America."

Later in the interview, Mandela singles out Dick Cheney and Donald Rumsfeld as "the people who are unfortunately misleading the President," and then adds: "Because my impression of the President, is that this is a man with whom you can do business. But it is the men around him who are dinosaurs, who do not want him to belong to the modern age." According to Mandela, the only exception to this, in Bush's immediate circle, is Colin Powell.

On the "Iraqi weapons of mass destruction" issue as such, Mandela first cites the past days' statements of Scott Ritter, debunking all the hype, then stresses that neither Bush nor Tony Blair has "provided any evidence that such weapons exist. But what we know is that Israel has weapons of mass destruction. Nobody talks about that." He denounces this as a double standard, which he sees as racially motivated.

## **U.S. Seen Grabbing West African Oil as Substitute for Fallout from Iraq War**

The South African news service *SAPA* reports that President Bush's Sept. 13 meeting in New York with African leaders was intended to secure "booming West Africa oil." The U.S. is stepping up overtures to oil-rich West African nations, wrote *SAPA* on Sept. 12, with plans set to establish a U.S. naval base off West Africa to safeguard the strategic U.S. interest. *SAPA* previewed the talks Bush and Secretary of State Powell held Sept. 13 with leaders of at least nine West and Central African nations, all either already steady producers or in the thick of West Africa's oil production and exploration boom.

Among the leaders reported to be meeting with Bush were President Fradique de Menezes of Sao Tome and Principe, an island nation off West Africa. Menezes announced Aug. 22 that his country, believed to be sitting on massive and largely untapped oil reserves, had reached agreement with the U.S. for establishment of a naval base there. *SAPA* claimed that the U.S. has not confirmed plans for the base, although a U.S. general led an American delegation to Sao Tome this summer for talks on the subject. About the agreement, Menezes told journalists the base would be a regional center for aircraft carriers, patrol boats, and U.S. Marines.

Reports from energy consultants in Washington and from West African official sources, said Bush also met with leaders of Equatorial Guinea, Gabon, and Republic of Congo, and talks were expected between U.S. officials and leaders of Congo, Central African Republic, Chad, and Cameroon. Those nations include hosts of the two largest U.S. capital investments in sub-Saharan Africa—a natural gas plant in Equatorial Guinea, and a Chad-Cameroon pipeline. Presidents of Angola—with Nigeria, Africa's current leader in oil production—and Rwanda and Uganda were also to talk with Bush.

Salih Booker, director of the advocacy group Africa Action, told *Associated Press*: "Oil largely defines U.S. relations in Africa. Those countries that have oil, regardless of their democratic credentials, will get first service in line over other African countries."

## **Tony Blair Is Blowing It in Africa**

In a column for *The Daily News*, the Zimbabwe opposition newspaper, on Sept. 10, titled, "Blair Needs To Understand the

Mentality of African Politicians," Richard Dowden, executive director of the Royal African Society, paints Tony Blair as a fool who is damaging Anglo-American interests in Africa. Dowden could reasonably be called one of the "smart imperialists."

In his coverage of the recent Johannesburg Earth Summit, Dowden says: "What really hurt Blair last Tuesday was not the cheap lies by Mugabe or Nujoma, nor even the applause they received from some delegates and observers at the summit. It was the fact that no African leader came to Blair's defense, not even South Africa's President, Thabo Mbeki, the conference's host and until recently a 'partner' in Blair's attempts to push Africa's plight up the international agenda. There are good reasons for this.... Solidarity among Africa's rulers remains more important than the pledges they have made to good governance, democracy and respect for human rights."

Recounting Blair's dream of saving poor Africa, the "scar on the conscience of our world," as Blair has termed it, Dowden continued that "only someone who had fallen in love with a TV image of Africa could have said that. That's the Africa of Bob Geldof and Bono and pictures of famine."

"To become an African leader you need to be smart and ruthless. If you are a Western politician who thinks Africa is poor and weak, you are in for a nasty shock. Africa is ruled by men like Mugabe who are rich, tough, and smart. They understand Britain and Europe far better than Blair knows Africa, and using abundant charm, they tell people like Blair what they want to hear.... The more Blair and Jack Straw attacked Mugabe, the happier he was. He made Blair's crusade for Africa look like a crusade to save white farmers and that cost Blair any chance of winning over other leaders. Africans are wary of messianic sounds coming from a Western politician."

Discussing how Blair helped to set up the New Partnership for African Development (NEPAD), Dowden continues: "African leaders sang this new tune with gusto, and at the G-8 summit world leaders hailed this 'bold and clear-sighted' initiative. [But] if Blair thought Africa's rulers were going to become good little European-style Prime Ministers as a result, he was wrong. If Blair wants to help Africa ... he must learn that poverty of the people does not mean weakness in the leaders and that Africa's leaders do not split neatly into goodies and baddies. Most are mixed, but all dance to a drum that will keep them in power, and that is an African drum, not Blair's."

### **Mugabe Gets Standing Ovation at United Nations**

President Robert Mugabe of Zimbabwe received a standing ovation after his address to the UN General Assembly Sept. 12, similar to the reception he got at last week's Earth Summit, according to *The Herald* in Harare, which also reports that some sections of the Establishment media have begun to write more favorable reports.

For example, in a report of Sept. 6, the *New York Times* wrote: "Mr. Mugabe is criticized in the West for encouraging blacks to invade white-owned farms, for hounding journalists and judges, and for jailing opposition party leaders. But to some leaders, particularly in Africa, he is a hero. To them, he is the guerrilla who ended white rule in 1980, the statesman who expanded success to education and health care, and the revolutionary who is returning land stolen from blacks during the British colonial era."

On Sept. 13, the *Times* reported, "President Robert Mugabe of Zimbabwe visited City Hall last evening, sparking a raucous display of 1960s vintage Pan-African sentiment." It added that his "attempt to undo lingering traits of British colonialism have made him something of a hero to many other African leaders, a sentiment that was well in evidence last evening in New York."

The developments of the last two weeks were summed up by Zimbabwe's Ambassador to the UN, Dr. Tichaona Jokonya, when he said: "We have made our case and explained it. Now we must find a partnership with those who want to work with

us, especially in Asia."

## **Mandela Takes Up Cause of 34 Million AIDS Orphans**

Nelson Mandela addressed the urgent need for helping AIDS orphans, in an impassioned address in Midrand Sept. 10 to the Africa Leadership Consultation, a group that was formed at his and Graca Machel's behest to help children left orphaned by AIDS.

He told the 60-strong audience, which included Anglican Archbishop Njongonkulu Ndungane, United Nations Children's Fund executive director Carol Bellamy, and Stephen Lewis, the UN's secretary general's special envoy on HIV/AIDS, that they had to come up with concrete and practical ideas to mobilize and use resources. "We have reached such an advanced stage in this spread of the AIDS pandemic that there is almost no time left for merely feeling, thinking and talking. We are in the middle of a war that is wreaking havoc and destruction. Concrete action is what is required every day and every hour. This meeting, too, should lead to immediate and urgent practical outcomes. Of course we need to do careful planning and deliberation about the actions we shall take, but every moment spent on deliberation that does not lead to decisive action is a moment tragically wasted."

Mandela added that those present needed no lectures on the magnitude of the problem. "No sector of society, and therefore no person, will escape its effects— how directly or indirectly it may be. But it is the effects on children that are probably the most heart-rending and that pose the greatest challenge" to mankind's integrity. "They are affected by actions over which they had no control and in which they had no part. It is a cruel reality that keeps one awake at night when pondering all the aspects and implications of the pandemic."

University of Natal researcher Alan Whiteside, who heads the university's HIV/AIDS research division, noted that before AIDS the percentage of orphans in Africa was 9% and declining, but that now it is at 12% and climbing rapidly. This translates to 34 million orphans.

## **Greenpeace, Environmentalists Accused of Helping To Starve Africa**

The campaign by environmentalist groups to persuade African countries to reject U.S. food aid of genetically modified products is playing with people's lives, U.S. Agency for International Development (AID) chief Andrew Natsios said, after the Zambian government was persuaded to refuse U.S. food aid.

At issue is U.S. genetically modified (GM) corn— perfectly safe and eaten by Americans for the past eight years, but which has been the target of the ecological-fascist liars. Natsios' strong statements were the lead story in the *Washington Times* Aug. 30. The green groups, including Greenpeace and Friends of the Earth, he said, "are using big-time, very well-organized propaganda the likes of which I have never seen before" in 12 years of American-led famine-relief efforts. Natsios was touring Zambia, where 2.3 million face famine as a result of drought as well as the agricultural chaos in Zimbabwe, reducing imports.

Natsios said of the Greens, "They can play these games with Europeans, who have full stomachs, but it is revolting and despicable to see them do so when the lives of Africans are at stake." The European Union, enthralled by the Greens, has restricted certain imports of GM corn. There is no danger from GM corn; the gene modification that takes place is the same as that of natural cross-pollination in corn, except that the modification is deliberately directed.

For specifics on the science of GM foods, see the article by Dr. Channaputra Prakash of Tuskegee Institute, "Genetically Engineered Crops Can Feed the World!" in *21st Century Science & Technology* magazine, Summer 2000. The full text is

available at [www.21stcenturysciencetech.com/articles/biotech.html](http://www.21stcenturysciencetech.com/articles/biotech.html) For specifics on the politics of biotech cartel food control and the creation of false issues, see Colin Lowry's "We Can Feed the World!" in *21st Century Science and Technology*, Summer 1997.

For southern Africa, the U.S. accounts for half of the food relief pledged. Natsios, the current AID director, while attacking anti-science NGOs, is at present restricting U.S. international food donations to the point that the World Food Program announced last week it would cut food supplies to millions in North Korea.

## This Week in History

### September 16-22, 1787

This week is the proper time to celebrate and revive the profound concepts which underlie mankind's highest achievement in statecraft, the United States Constitution.

Unlike any other Constitution in the world, the U.S. document is defined by a statement of principle, contained in the Preamble, which reads as follows:

"We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common Defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America."

This statement, not the specific measures specified for implementing these purposes, is what makes the U.S. Constitution absolutely unique. As America's leading statesman Lyndon LaRouche put it in a recent leaflet, there are essentially three universal principles expressed by the Preamble:

\*First, the universal principle of *perfect sovereignty*.

\*Second, the universal principle of the *general welfare*, which can also be indicated by the term the "common good."

\*Third, the universal principle of *posterity*, which demands that today's actions be in the interest of future generations, as well as ourselves.

Clearly, the thrust of these principles has not always been carried out by the governments of the United States, in practice. But the standard has been established to which every specific Administration, political office holder, and the American people themselves, should be held accountable.

To fully understand these principles, requires knowing the history of the fight for the Constitution, and the fight over its interpretation over the past 215 years. Most crucial to this history, is the role played by our nation's leading Founding Father, Benjamin Franklin.

As elaborated by *EIR* Law Editor Edward Spannaus, in an article in the May 4, 2001 *EIR*, the establishment of the concept of the General Welfare as a bedrock principle in the Constitution, both in the Preamble and Article I, Section 8, must be credited directly to Franklin, who had led the battle for the establishment of the American republic for at least 60 years prior to the Constitution's drafting. Indeed, Franklin's draft of the Articles of Confederation, submitted in 1775, reads like the first draft of the Preamble:

"The said United Colonies hereby severally enter into a firm League of Friendship with each other, binding on themselves and their Posterity, for their common Defense, against their Enemies for the Security of their Liberties and Propertys, the Safety of their Persons and Families, and their mutual and general Welfare."

From Franklin's own proposals, and the discussion around the Constitutional Convention, it is clear that the "general welfare" clause included affirmative actions taken by the Federal government, toward ensuring a flourishing economy for the new nation. However, the interpretations of the powers of the Federal government to pursue that objective by promoting internal improvements of all sorts, were highly diverse over the next 150 years.

It was left to President Franklin Roosevelt's term to revive, and eventually have ratified by the U.S. Supreme Court, the powers of the Federal government to take measures for the general welfare.

FDR had to engage in a bitter struggle with those he called the "American Tories," in order to push through his legislation for social protection, as well as infrastructure building. Again and again, in his addresses to the American people, he invoked the Preamble, and the need for the Federal government to have the powers to solve problems beyond local or state purview. His formal success finally came in May 1937, when the Supreme Court upheld both the unemployment tax and compensation provisions of the Social Security Act, and the old-age benefits of that Act, on the basis of Alexander Hamilton's conception of the General Welfare clause.

Justice Benjamin Cardozo justified the measures this way: "There was need of help from the nation if the people were not to starve. It is too late today for the argument to be heard with tolerance that, in a crisis so extreme, the use of the moneys of the nation to relieve the unemployed and their dependents is a use for any purpose narrower than the promotion of the general welfare."

The argument today is, if anything, even more compelling. The very existence of nations is being endangered, by the failure of nations, especially the United States, to enforce the principle of the General Welfare. Only a revival of that principle, in both the government and the minds of the population, is going to enable us to get out of the current crisis.

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