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This Week You Need To Know

Physical Geometry as Strategy

by Lyndon H. LaRouche, Jr.

The following speech was delivered March 21 by U.S. Presidential candidate Lyndon LaRouche, the keynote speaker at the European conference of the Schiller Institute, held over the March 21-23 weekend in Bad Schwalbach, Germany.

There is a combination of farce and tragedy in progress in Washington, D.C. It's a kind of Shakespearean farce, in which the President is playing the role of King Lear, and the Vice President that of Lady Macbeth. But this is a very serious matter. Sometimes fools will do what others will not do, and sometimes, he who wishes to have a great crime committed, finds a fool to do it, because he won't shrink from it, because he doesn't know any better. Like this poor President, who sincerely does not know what he's doing. Has no idea what the reality is, in which he's operating.

What we have to understand is that, in this tragedy, as in all Classical tragedies, in all true tragedies in history, the root of disaster is not leaders of the people. It is not leading institutions. It is the people themselves, who bring disaster upon themselves, by selecting leaders, or by supporting leaders, who are the agents of that disaster. That's what the Greek tragedy teaches. That's what Shakespeare teaches. That's what Schiller teaches. That's truth.

Therefore, when we come to a time of crisis, the people must, first of all, examine themselves, and when studying the misleaders, they must look inside themselves, and find the *error* by which they become complicit in the evil work done by those leaders.

What is happening to us today, in the world, came as no surprise to me. I've been aware of this, more or less clearly, for more than 40 years. I saw the things that happened, in particular, at the end of the war. I was a soldier in the war. I saw the transformation of those with whom I served, in the immediate period following the war. I saw the Truman era, which was an era of evil, succeeding a heroic era, that of Franklin Roosevelt. I saw among those who had shown the courage of soldiers in war, that when they returned to their homes, in the United States, very soon, within a year or two, they capitulated to fears. They capitulated to the pressure of their wives. They capitulated to their own fears, the fear that, if they said the wrong thing, if they didn't say what was expected of them, in the period of the so-called U.S.-Soviet conflict, that they would be crushed. They would lose employment. Their families would suffer. They wouldn't realize the goals of raising a family. And so they crawled. And about 90% or more of them, who returned as soldiers, *crawled*.

They adopted the habit of crawling, throughout the late 1940s and 1950s. They crawled. They degraded themselves. They taught their children to be careful, to learn how to adapt in life, to learn how to degrade themselves. And then, they got through, because Truman was replaced by Eisenhower. And that was important. That was a gain. Truman was a very evil man. He was a stupid little man—but an evil one. And the reason we got rid of him, was to save the country from what he represented. And because Eisenhower had been a general, who represented the American military tradition, and since the followers of Churchill and of Truman represented a new tradition, an evil one, Eisenhower was a period of stability, and

regroupment, for the American people.

At the moment he died—or got out of office, rather—Hell broke loose. We had the Bay of Pigs, the Cuban Missile Crisis, the assassination of President Kennedy, which was part of the pattern: He was not killed by Oswald; he was killed by a special operation, inside our country, called the Special Warfare section, which does these kinds of things. Then we were plunged into the Vietnam War, under Johnson. Johnson was not responsible. It was done as part of a process. And from that time on, we were headed toward Hell. Not immediately, but down the road. We were headed to degeneration: degeneration represented by the Vietnam War; degeneration represented by the rock-drug-sex counterculture, which corrupted much of the youth, entering university level, at that time. They've not recovered from that effect.

We Became Corrupt

We were transformed step by step, from the most productive society on the planet, the greatest rate of productivity per capita, in the world! We were transformed into a parasitical consumer society, living by our power to extract concessions from other parts of the world. We looted the world, to feed ourselves, and said we were better off, because we had gone to a consumer society. We destroyed the instinct for honest work in our people, into an instinct for getting money, even living on credit cards, rather than earning money. You had debt crush you. We became corrupt. Our culture became corrupt. Our entertainment became rotten. Our economic practices, rotten. Universities today are barely recognizable as institutions of learning. In our schools, we don't educate people any more—rarely. We rehearse them, to pass multiple-choice questionnaires, prepared questionnaires. We score the answers to those questionnaires, by computer. The students *know nothing*. They have learned to pass the questionnaire. And the students are not rewarded for passing the questionnaire. The students' institutions are rewarded, relatively. The state is rewarded. Officials are rewarded, for this corruption. We have people coming out of the universities, who don't know anything, but they've got degrees. They're professionally retarded.

We don't make things any more. We have benchmarking. We fired the engineers, who were the experimental engineers, and replaced them by engineers who run computers. They go into their computer schemes, and they pull out formulas, from the computer. They paste these formulas together, and they tell you, that's an automobile, which turns over fine at over 45 miles an hour. It may kill you.

We produce things that don't work. You go into the stores in the United States, for example. We have mostly junk. Not goods of the type we'd be proud to own years ago. Junk. Produced by virtual slave labor in various parts of the world. That's our condition. We've become morally decadent. And because we allowed ourselves, to become morally decadent, in this and related ways, we are now being punished, by the kind of leadership we have *selected*, to guide us into this maw of degradation.

So, we got George Bush. How we got him is rather interesting. Maybe his father could explain, or maybe the mother's responsible, I don't know. But we got him because it was decided that no person qualified for the office of President, would be allowed to *run* credibly for that office, in the year 2000 elections. We had Al Gore, who's more *dangerous* than George Bush. He would have had us in war six months ago, or a year ago. He's a captive of the same people who are controlling George Bush today. George Bush is a man of no competence, whose understanding of geography is less than limited. And who has problems, honest problems.

But we put a man into office, and the alternative we could have put in the office, was equally incompetent. We put an incompetent into the top executive position of the U.S. government, at a point the world was already plunging into the worst crisis in modern history. *He's* going to make the decisions. Of course he's not going to make the decisions. He's a puppet. A puppet full of emotions, and loose strings, which are pulled to make him do what they wish him to do. Now, I'm going to make this clear.

But I also try to make clear, in discussing tragedy, that a time of tragedy is a time of a search for the sublime. When a people discovers that it's been behaving as a fool, for a long period of time, and that foolishness brings it to a point where it is doomed, by its own foolishness, its own foolish opinions, its own foolish assumptions about what's good, and what's wrong, at that time, the people face a great crisis. They face a great threat. And if a threat is bad enough, maybe they ask themselves, what did *we* do wrong? As long as they blame the leaders, they will not find the answer. When they blame themselves, a cure is available. Because they have to find that in themselves, which led them to walk the road toward degradation.

This has always been the case in history. Mankind has never really grown up. In all civilizations, great ventures have been made in the creation of states. Some of these things are memorable as achievements. But then they degenerated, in the fashion that Solon writes in his letter, his poem that he writes toward the end of his life, in telling the Athenians how they had *degenerated*, years after he had led them to freedom.

This is the history of mankind. Great ventures of nationhood come forth, and they *degenerate*. And the people like it. They become accustomed to it. It becomes their way of life, their opinion. And then a time of crisis comes. And the question is: Can they discover their honor, can they discover truth, and change the way they *think*, in order to change the way they behave?

And that's how mankind has often renewed itself. Because the sublime has come, the recognition not only that what they've been doing is *wrong*, but that if they look for answers, there may be available answers, there may be teachers and leaders who will provide these answers, or these instructions, and thus nations have saved themselves.

The Case of Franklin Roosevelt

Typical is the case of Franklin Roosevelt. From 1901, when the British and others assassinated President McKinley, until 1932, when Roosevelt was elected, in the general election, the United States was predominantly in a process of degeneration. Theodore Roosevelt was an heir, and an ideologue, of the defeated Confederacy. And that's what he represented: degeneracy. He would have been a fascist, if he'd had a little longer time to complete his work. There was an interval of Taft, of President Taft, an Ohio Republican, who was not so bad, but then we had another fascist, Woodrow Wilson, who was the person who *founded* or re-founded, the Ku Klux Klan in the United States, from the White House. That was the President, the Ku Klux Klan President, in the White House. Europe had some experience with this gentleman.

Then, we had Harding, who was a mixed bag. Then we had Coolidge, who is not a mixed bag: He was evil. And we had the apparatus which put Coolidge into power, control the Hoover Administration, up to virtually the point that Roosevelt was inaugurated in 1933.

So we had 32 years of degeneration of the United States, and fortunately, at that time, a Franklin Roosevelt, whose great-grandfather had been a collaborator of Alexander Hamilton, who had called upon this side of his patriotic family tradition as Governor of New York State, to lead the United States out of Hell, by winning an election for the cause of the common man, for the so-called "forgotten man," who had been abused in these 32 years, under Teddy Roosevelt, Wilson, Coolidge, and Hoover. He turned the United States back to itself, back to the principles upon which it was founded, the principles of Abraham Lincoln, the principles of John Quincy Adams, and we renewed ourselves, as Lincoln had renewed us again with his Presidency.

These are examples of the sublime: Where leaders come from within a nation, to lead it out of its own degradation, by providing answers which the nation is willing to listen to at that moment of crisis.

We are now again in such a situation. Since the assassination of John F. Kennedy, who was committed to going back to the

Franklin Roosevelt tradition, the United States has gone through a long process of degeneration, more deeply, in some respects, than ever before in our national history, and thus we were given two candidates for President, leading candidates for President, in the year 2000, who fit the desires of the American people. Either by wish, or by negligence. And what we're suffering today, in the United States, and around the world, is the result of that choice, that negligence, by the people of the United States themselves—and also, the people in Europe.

We see what happened recently, in the case of the German Chancellor, and the French President. That the horror that was being presented to them, the combination of a world depression, and the threat of a general outbreak of warfare—global warfare, not just Iraq—horried them, to the point that the French, the German Chancellor, and the Russian President, formed what became known as the so-called European Triangle, of resistance to what was coming out of the United States. Resistance, because they recognized, that this was not a war against Iraq, as the French Foreign Minister said in the UN proceedings: This was a war against civilization! It was an expression of an American policy, a U.S. policy, which was a threat to civilization as a whole.

Now, let me just take it from there, and indicate how the story goes from there.

On the 3rd of January 2001, on the eve of the inauguration of President George Bush, I made a broadcast, by network, broadcast by the video network, of an estimate, report, on what would happen under an inaugurated President George Bush. I pretty much forecast what has happened today. I did not know of Sept. 11, 2001, but I forecast in a certain manner of speaking. In the following way.

Go back to Germany 1928, 1933. We had in 1928 the fall of the Mueller government, which was a reflection of an onrushing global financial crisis, economic crisis, hitting Germany especially hard—especially under foreign domination of the Versailles powers. No one solved the problem. Nineteen-thirty-one: There was an understanding of what the solution was, but it wasn't implemented. It came to 1932-33. You had a Chancellor, von Schleicher, who under optimal conditions, could have been an effective Chancellor to prevent the war. Why? Because Franklin Roosevelt had been elected in November 1932, in the same period, approximately, that von Schleicher was appointed Chancellor of Germany. If von Schleicher had not been overthrown, then, he would have still been Chancellor at the time that Roosevelt was actually inaugurated President of the United States in March of 1933. So, had von Schleicher been the Chancellor of Germany in March 1933, the United States, and Germany, would have been cooperating on the policies, like those of Franklin Roosevelt internationally. There would have been no world war.

What intervened was, that a group of forces, based on the former head of the Bank of England, from Britain [Montagu Norman], and his partner, of the Harriman family, and the grandfather of the present President of the United States, Prescott Bush, moved the money, which was American-controlled money, under British direction, to save the Nazi party and Hitler from oblivion, which they had deserved at that point. Not only was the Nazi party, and Hitler's position—Hitler was thinking of suicide—not only were they saved from oblivion, but on the 28th of January 1933, von Schleicher was thrown out, under pressure on Hindenburg, and Hitler became the Chancellor on the 30th of January.

A short time after that, in March, the Nazis organized what was called the Reichstag fire. Immediately there was implemented, an act, crafted by the man who had created—probably you will hear about him from me a bit more here, Leo Strauss. This Carl Schmitt had crafted the *Notverordnungen*. The implementation of that, under circumstances of the Reichstag fire, made Hitler a dictator, and from that event, and what followed with the wave of assassinations during the period, the summer of 1934, World War II was *inevitable*. There was no force on the planet that was going to stop it. All we could do was prepare for it.

Now, we're not in such a bad situation today, but that's the situation then.

A Doomed System

What I forecast, in my broadcast, on the 3rd of January of 2001, was that, we are in a situation today, where, by the year 2000, the United States was already in a hyperinflationary mode—that is, the rate of money being printed, or issued in other ways, to roll over bankrupt financial assets, was such that we were in a hyperinflationary spiral. That meant that the postwar system, especially the system of the post-1971 floating-exchange-rate system, was now at an end phase: *It was doomed. Nothing could have saved this financial system, then or now.* The IMF in its present form, cannot survive. If it does survive, then the human race won't survive.

So I said, then, in January, that's where we were. Therefore, we would expect, given what the Bush Administration is, what the forces were involved, that we have to expect, not only a depression, an accelerating depression, which has accelerated, in fact, since then—it was already in process earlier. But that we had to look for the occurrence of a Reichstag-fire-like event, a terrorist event, which will be used as a pretext, to bring in emergency government into power in the United States, which would then launch war, or a warlike posture, in order to attempt to *control* the political situation, by *worldwide warfare*, rather than facing the economic crisis.

Now, there are some people who think that the war against Iraq, is a war against Iraq: It is *not* a war against Iraq. It is a war against the pretext of Iraq, to start a world war. The purpose behind this, *is a world war, not an Iraq war. If you don't stop it, there is no after Iraq war.* The Iraq war will never end. The destruction of Iraq, may occur within the next days or weeks, but the Iraq war will never end. Because you will be going into another war, under an administration, which is totally committed to a worldwide *fascist* imperialism. I'll make clear what that is.

Therefore, we must *stop* it. This war is not inevitable. Its continuation is not inevitable. *We must stop it.* Those who say, let's accept an inevitable war, and try to clean up afterward, are fools. There is no afterwards. There's only a continuing war. You could expect the bombing of North Korea to occur, almost automatically, in the context of this, if it's not stopped. And it won't stop there. Iran is on the target list already. And this war could spill into Iran, already. The war would explode throughout the Middle East, if it's continued. It cannot be stopped, unless the war as a whole is stopped.

China is one of the nations targetted by this war, which gives you some sense of what the dimensions are, what we're up against. *We must stop this war.*

There's a positive side to this situation. I referred to it already, the so-called European Triangle. The fear which has struck Europe, and the positive response we've had already from Chirac, as well as his Foreign Minister, from the Chancellor in Germany, from others, and from Russia—I think that's a very positive shift in Russia's response—means that the world recognizes that it's a danger that must be stopped.

We also have at the same time, a recognition of crises and problems, in East Asia, South Asia, and Southeast Asia, among nations that are composed of the so-called Strategic Triangle, of Russia, China, and India. That is a triangle of nations, which, if they *agree* to cooperate, represent a fulcrum of stability, both economic stability, and general security, for the entire area of Asia. This includes also the North Asia complex, of the Koreas, the two parts of Korea, which should be unified, to one degree or another. It also includes that part of China, which is adjacent to Korea. It includes part of Russia. It includes also the industrial forces in Japan, who are opposed to the warlike policy of the present Prime Minister.

These forces know they *need* a recovery program. They know that a recovery program, and cooperation, is the only force in existence against this spreading war. There are forces in Europe, as well as in Asia, who recognize the importance of closer ties of cooperation, especially economically based, on technology transfer relations in the long term, between Western Europe, and Asia.

These things must occur now.

Therefore, this is a force for the good. The issue is, how do we make this force for good, this potential force for good, how do we make it effective? First of all, how do we make it a conscious factor in the minds of people around the world? It exists. Some people in Russia, as well as in Germany, and France, know it exists. Some in China, some in Korea, some in Japan, some in India, will appreciate the importance of this opportunity. But that's not enough.

Public opinion, even good public opinion, will never stop a horror show, or solve a problem. Someone has to pull the strings of power, to make it a conscious, and make it happen. And that's what I'm determined to do. To pull the strings of power. Not to spread good opinion, not to spread good information, but to touch people *inside*, to cause those in positions of leadership, to *act*, as they must act. Because the people will respond to *action* from appropriate leaders.

The people may have opinions. Look at the anti-war opinions around the world. Does it stop the war? It does not stop the war. Is it useful? Yes, it's useful. Will it stop a war? It will not stop a war. No peace movement could ever stop a war, even though it may be useful. Somebody has to pull the strings of power, to set into motion the action, around which popular opinion can then mobilize, and grow. And be mobilized for what? For action! Not for negative action, but for positive action. The positive action, of course, is to create a new international monetary-financial system. To take the IMF and put it into bankruptcy reorganization. To bring nations together to do that. To create a *just new world economic order*, by agreeing to form a new monetary system, based on certain principles of cooperation, which are acceptable among the participating nations. Not one nation, or two nations, to give the answers to the world, but an assembly of leading nations of the world, who agree on certain principles, to govern a new monetary system, whose immediate goal is to lead the world out of the present depression.

The mobilization of a hopeful humanity, for a recovery from this horror show, is the one thing that could stop the war.

Yes, other action is necessary. But the *will* to act, by the people and by institutions, depends upon an initiative, which is given by leadership. Popular opinion will never save civilization. It can destroy it, but it will never save it. It requires, in this day and age, until mankind grows up more generally, mankind will continue to depend upon the intervention of leading circles, who are capable, and resolved, to make sure that what happens, will happen, for the sake of humanity. And in those circumstances, we find a humanity, relieved from such a crisis, does respond. Not always, but usually.

Popular Opinion

Therefore, what's the problem here? I said, the problem is, the assumptions of popular opinion by which the people and nations have so far destroyed themselves, especially during the past 40 years, in Europe, the Americas, and elsewhere. What does that mean?

That means, don't trust your own independent thinking. You probably don't have any actually independent thinking, but you delude yourself that you do. Because you have seen people doing things, generation after generation, in the postwar period, and especially in the past 40 years, doing things which have led this civilization to self-destruction. So obviously, what people usually think, is wrong. And therefore, independent thinking is not independent thinking. Something is controlling the way they think, and act, which is causing them to do the things that lead to the destruction of civilization. That is what Solon warned the Athenians against, as Athens began to degenerate during his later years of life.

Independent thinking is not valid, because it's not independent. Independent thinking means blinding yourself to false assumptions which are controlling your opinion. In the same sense that a Cartesian geometry, specifies certain axioms, definitions, and postulates, as the basis for a formal geometry, an ivory-tower geometry.

Now, this geometry is false. It does not correspond to the real world, to the real physical world. But anyone who believes it, is a fool. But they will pass the course, if they believe it. They will come to a conclusion, based on this geometry, and say, "That is my own independent opinion." It is not their independent opinion. It is an opinion they formed, because they accepted certain taught definitions, axioms, and postulates. And they are controlled, by those assumptions. (I'll get to free trade here, in a moment. And indicate how that works.)

So, therefore, the problem today is, you've got to not only question the assumptions of nations and governments, but you've got to question your own assumptions, and hesitate a moment, before you leap to a conclusion, about what the problem is, or what the solution is. Because your conclusion will probably be wrong, unless you examine the false assumptions which have heretofore controlled the way you think, what you call your independent opinion.

Therefore, we come to the question of axioms.

Now, let's start the fun. This is probably familiar to a number of you (*Figure 1*), but what I'm going to do, is demonstrate exactly how elementary a piece of foolishness has dominated the so-called independent thinking of most people in North America, and Europe, okay? Over the past 30 years, about. Now, what we're representing here is, again, this is a pedagogical chart; it is not an actual statistical chart, but it's a pedagogical approximation. On the far left, what you're looking at, is approximately the year 1966, in Britain, the United Kingdom, and in the United States. What you see over here, approximately, is the present. What has happened over this period, is that, in terms of the process, the degeneracy of the present world monetary-financial system, its economic degeneracy, has taken the form of an increase in per capita, per square kilometer, quantity of so-called financial values. Market values, so-called. If you believe in the market, well, pigs don't like to think about the market, do they?

Then the second one you're looking at, is a monetary aggregate. That is, the amount of money which is being generated, or the equivalent of money, which is being generated to pump the financial markets. Those markets have not grown because productivity has increased. Quite the contrary. Markets have grown because money is being pumped into financial markets, and this increase of money, then generates, marginally, by leverage, it generates an increase in financial aggregates. Even if there's no real increase in value.

The third is a declining trend, per capita and per square kilometer, in terms of physical assets, including infrastructure, produced, and available. That has been the tendency in the Americas, and Europe, and has its effects on not only Africa, but also Asia, and Japan, in particular. Japan is also the same kind of thing. Japan is an economy being destroyed by exactly this kind of process.

Now, let's go to the next phase (*Figure 2*). Now, in this case, this represents the year 2000. Let me describe exactly what happened in this year 2000 problem. In 1998, there was an end of the bubble being pumped up, worldwide, which had been based largely upon looting the former Soviet Union, and countries which had been part of the Comecon. So that looting had occurred on a massive scale, partly under the friends of Andropov, his survivors, in the late 1980s. It accelerated greatly with the fall of Soviet power. And that continued under the new generation of thieves, under Yeltsin, into the year 1998.

So, this looting had reached sort of a limit, and the last gasp of the effort, was by the Vice President of the United States, who was an asset of Marc Rich, Al Gore. And Al Gore had entered into a dirty relationship to the Yeltsin reelection campaign, which was called Golden Ada, which was dirty diamonds, dead people all over the place, that kind of thing. The usual kind of gangster operation.

So, the operation had been done with a crowd in New York. Long Term Capital Management Corporation, which had used derivatives to try to take this phony paper, being generated under Yeltsin in Russia, and to give it an apparent value, by marketing it through these long-term financial derivatives. In August of 1998, that bubble collapsed. The Federal Reserve

System, and others, stepped in massively, to save the U.S. financial system from a collapse of the hedge funds, which had been involved in this operation. At that point, people around Bill Clinton, and Bill Clinton himself—I guess I can say it now—"He was right"—pointing to me. "You guys were wrong." So he announced, and it became public, in September of 1998, he went to New York, to the Council on Foreign Relations, and announced to them, that he was committed, at that point, to a reform of the international monetary system, a reform which had been prompted at my suggestion. He and his Treasury Secretary, Bob Rubin, thought they could get it through. They soon found out, about what the meaning of Monica Lewinsky in the basement was, because a great scandal was run, and a impeachment scandal, to try to get Clinton out, and Clinton was therefore *stopped* by the impeachment scandal from proceeding with negotiating monetary reform.

That's real history.

The 'Wall of Money'

So, at that point, what they did in New York, with the aid of George Soros—who's also a thief and a drug pusher—they agreed that the way to solve the problem, because they had a Brazil crisis coming up in February 1999, they said, "How are we going to get through the Brazil crisis, on top of the present crisis?" And George Soros said, "Wall of money. Print money. Generate money, in all forms, quickly. Flood the world with money." And, by flooding the world with enough money, that is, monetary aggregate, you can prevent the financial collapse from occurring.

Well, that's exactly what did occur, for a time. That's what this represents.

In 1999, we get the first indication, that the amount of money being pumped into the system, to roll over threatened financial assets, exceeded the amount of the financial assets being rolled over.

Now that has a precedent: In German history, 1923—June through November of 1923—the great hyperinflationary explosion. Well, that's what that represents.

Now, because the United States is able to loot a lot of countries (which Germany could not do in 1923), the United States and others have been able to moderate the effect of this. But, since that time, this process has been ongoing.

Year 2000—about the year 2000, I went through the figures again, with my associates, and we determined, that this was not simply an episodic phenomenon—not a surge—but that this was a *permanent part of the process*. That this system would not survive, except in this form, with the amount of monetary aggregate being pumped in, to feed the amount of financial aggregate being rolled over. That meant the extermination of the system.

Let's go to the next one (*Figure 3*). What you'd seen previously were the idealized representation, pedagogical representation. These are some of the actual figures for 1923, the same ones.

Now, the effect of this—and this covers 1977 to approximately the present (*Figure 4*): As a result of the changes, inside the United States, there has been—in terms of family-income levels—the lower 80% of families of the United States, have been suffering a major shift in the percentile of the national income received by the lower 80%.

But, not only that. The fact is that the physical amount, the physical value of the income of the average family, of the lower 80%, *has collapsed—physically, absolutely*; as well as the total population (*Figure 5*).

So, what we had is a destruction, a physical destruction, of the U.S. economy, and a physical destruction of the conditions

of life of the lower 80% of the U.S. population.

Have any of you been exposed to courses in economics, in universities, or some place else? Or newspaper columns? They tell you that money, that the market is what's important. That the improvement of financial assets (we can put this to one side), that the increase of financial assets, that the yields on bonds, stocks, bonds and so forth, on the financial market, is a measure of health. They will tell you that the amount of money being circulated, is a measure of health, financial health, economic health. For this past period, most of the world has believed that the United States, and Europe, were in excellent condition, because of the amount of *money* in circulation; the amount of financial profit reported in markets in the recent years, hmm? And similar kinds of things.

It was all fraud! There never any truth to it! Because the *physical value* of the total product of these economies, per capita and per square kilometer, was collapsing! And the collapse was not some accidental or incidental collapse, it was a systemic collapse. That is, the way the system was designed to operate was inherently destroying the level of actual, physical income, the physical standard of living, per capita and per square kilometer, in all these nations.

So therefore, if you believed in monetary theory; if you believed in John Maynard Keynes; if you believed in financial accounting: You're an idiot. Because, you were operating on assumptions, axiomatic assumptions, *which had no correspondence to reality*. So, you would come up here, with your own, independent thinking, about how the financial market is operating, about how to make money in business—hmm?—and similar kinds of things, based on monetary and financial theories. And, to the extent that you believed that, your so-called "independent opinion" was less than worthless. It was junk!

The Principle of Truth

Let's go to some more of these things: First of all, let's take something, that some of the young people here are quite familiar with—the question of Gauss's 1799 paper on the subject of the fundamental theorem of algebra. It was an attack on two of the leading so-called mathematicians of the 18th Century and early 19th Century: Leonhard Euler and Lagrange, among others. They were wrong! They made the same kind of mistake, which Gauss corrected. But some people haven't corrected it, to this day. They're still teaching the Lagrange ideas, the ideas of Euler, today. Their independent opinion is *controlled*, by a false axiom, by false definitions, axioms, and postulates. Their opinion is worthless. It's less than worthless: It's dangerous.

So, when we started the youth movement, the question for me, was: How do we organize the efforts of development among the youth? And I answered the fellows, at one of our conferences, when this question came up: Because, what Gauss represents, is two things, in this particular case—also in this case. What Gauss represents *is a principle of truth: that there is knowable truth in the universe*. But, there is the possibility of a competent, independent opinion, but it has to be based on, and derived from, a principle of truth. Principles of truth, which have universal application. So, I said, we'll take this as the principle of truth.

So, here's the implication: What Gauss did, is essentially what's been done, in the time of Plato, by a student of the follower of Pythagoras and Plato, on the question of the doubling of the line, the doubling of the square, and the doubling of cube. You have a big problem. This is what demonstrates—compare this with this financial bookkeeping thing. What this demonstrated, is that the standard of truth can not be determined mathematically. There is no such thing as simple, pure mathematical truth—doesn't exist. There is a truth in mathematics, which is always demonstrated in Classical Greek cases, as in these particular interesting cases, to which Gauss's work defers.

What Gauss had done, like some people before him, such as Cusa, Brunelleschi, Leonardo da Vinci, Kepler, Huyghens, and so forth, was revive Classical Greek knowledge, and principles, after a long period of *rotten degeneration*. Because the

prevailing opinion and knowledge of Europe had been degenerated, ever since the rise of Rome, in which these ideas, Classical ideas, which had persisted up until 200 B.C., and maybe somewhat later, were being crushed by the introduction of the Roman way of thinking! Which has been the consistent problem of our civilization, since that time.

Then, in the 15th Century, with the Renaissance, it was the rebirth of this kind of Classical knowledge, from this ancient period of Classical Greece. And, what Gauss did, was essentially, in modern terms, with modern evidence, and modern science, re-create the *foundations*, in that work and other work that he did, the foundations for a restoration of the Classical knowledge of the ancient Greek type: the Classical knowledge, based on a Platonic principle of truth.

What I did with this, was to say, "I've got a bunch of young people, who wish to go some place. They're looking to me to give them some signpost, for which direction to take." Therefore, the first thing they have to know, is they have to have the principle of truth, to sort out all this nonsense that's floating around, to come up with some standard to know, what I'm talking about. How do I come up with a competent form of independent opinion? The idea, that if you can proceed from that, you have a principle of truth—and you know what you mean by "truth"—which most people in this world, don't know today; and most people in most universities *definitely* do not know, today; and most professors, in most universities definitely don't know, today; (let alone the politicians, and newspaper editors).

Therefore, if you have a principle of truth, and know what you mean by "universal truth," then you can use that, in the form of how to construct Platonic dialogue, Socratic dialogue, to attack any problem, with some insight into what will constitute "truth." Therefore, you can then proceed, by true dialogue, undertaking any energetic dialogue, on all kinds of issues—you can begin to sort out the truth from the garbage, from popular opinion. Then, you can walk in, with confidence, anywhere, and discuss almost anything, if you're willing to go through that process with anybody else who's willing to go through the same process.

What we need in this planet, now, is a standard of truth, to develop leaders of a stronger character—a stronger, individual, personal character, operating on the basis of a principle of truth, who can influence institutions; institutions in the case of the United States and Europe, particularly, of the previous generation, the generation of the Baby Boomers. Because the Baby Boomers were subjected to this terrible change in culture, which took over, beginning about 1964: the so-called "rock-drug-sex counterculture," and the kinds of things that have gone on since, the kind of movements. And, they became a "now generation," which has lost the idea that truth lay, as it did for most earlier generations, among responsible, moral people; truth used to mean, that what you are doing today, as an adult, in particular, is going to be good over the next two generations to come. Therefore, you had a *future* orientation, as opposed to a "now generation" orientation. You looked at your children and grandchildren, as a point of reference, for this kind of achievement.

We've lost that.

Therefore, what we have to do, in a time of crisis, when the Baby-Boomer generation is faced with the fact that its ideology was *wrong*, its opinion was *wrong*, its behavior was *wrong*, is to confront them, with the evidence that *there is truth*. Since anyone, who's got any brains and sensitivity at all, knows, that my grandchildren's generation—which is what these young people represent—my grandchildren's generation, is my future. The meaning of what I do, lies in what they represent, as my future, and what comes out of the generation to come, from them.

Therefore, anybody, including a Baby Boomer, confronted with that kind of evidence, can respond, and say, "Look, our generation *has a future*." The Baby-Boomer generation, in the United States and Europe, is a generation, which believes that it has *no future*. And, they're right, as the present Iraq War reflects that.

But, it's the *older* generation, which has been *blocked* on this, which has accepted the "now generation" principle, and has gone along. But when they see younger people, of their children's age, moving, that will *move* the older people; because,

people are *moved* by that, because they're human. People are moved by their children and grandchildren, or by people who might have been their children and grandchildren.

They're moved by that, in any part of the world. People are moved when they go to Africa, and see the suffering. They're moved by the children. They're moved by the youth with no future. Their morality is disturbed, by this spectacle. And therefore, a youth movement, which is able to convey a sense of *truth*, a universal principle of truth, of the type which is typified by the case of Gauss's paper: *That is a powerful force*. We've *never had* a youth movement, in modern times, of that type. I simply said, "Let's have it. Why not?"

The Gauss Standard

Just to get to the examples, of other things, that apply to them: There are two dimensions of truth, by the Gauss standard. One, is the truth, as it pertains, as in physical science, to the relationship of the individual mind, acting upon the universe, which we usually call "physical science." The second one, is the way in which society, *using these ideas* of physical science, is able to act *socially, and effectively* upon the universe: universality of existence. Therefore, there are only two kinds of truth: This kind of truth, individual relationship to nature truth, on the one level; and social relations, which pertain to man's relationship to nature, and to man.

And therefore, the principle of truth applies to both. And, we have to have a society which rejects Kant, which recognizes that Kant was the thing that poisoned Germany the most—next to the existentialists, and he helped to create them; and that we have to go to a principle, a Platonic principle of *truth*, instead.

Now, let's take some cases on the social side, of the kind of poison, which destroys society. Let's take the "little green men" theory; which is what most economists teach, what every free-market person teaches: It's their independent opinion, as stupidity of their independent opinion.

What's its basis? Well, it's based largely on empiricism, in modern times. Take the empiricism of Hobbes. But, the more famous one, the more relevant for our concern here, is not Hobbes, but rather people like John Locke—a real potential fascist; he's called a liberal—that's why liberals sometimes turn into fascists, like Hjalmar Schacht; Quesnay, the physiocrat; Adam Smith, Bernard Mandeville, and other creatures of the British East India Company, such as Jeremy Bentham. These people's theory is all based on the theory, that the universe is actually controlled by little green men, operating under the floorboards of reality. And these fellows, with their invisible hands, are fixing the throw of the dice, to make some people wealthy and powerful, and others destitute and miserable. And, that's the theory. It's the theory of free trade! There's nothing to it, but that. This is what Mandeville said; it's what Locke said; it's what Adam Smith taught; this is what Quesnay taught—look what it did for France.

But, people believe. "You have to believe in free trade. Are you against freedom?"

"Freedom of who—the little green man, under the floorboards, with the invisible hands?"

Then, people say, "Well, you have to go by *opinion*." Well, I know most of the opinion, that is expressed in most parts of the world, on most subjects, is idiotic.

Now, if the majority of opinion is one kind of idiocy or another, why should I base myself on opinion, instead of truth? What we have to base ourselves on, is what? What does truth boil down to?

Reason vs. Sense-Perception

Now, let me get a little bit tough—I've done this before, but on this question, it's *crucial*, to understand my point. Mankind is different than any other type of living creature. Mankind is the only creature capable of reason. And, how does mankind reason? Mankind realizes, that his *senses fool him*. The person, who says, "I believe in sense-perception," is a fool. He's behaving like a monkey—like the case of the Malaysian monkey, who ended up on the farmer's dinner table. Malaysian monkey. The Malaysian farmer was clever, when he wanted to eat monkey for dinner: So he would take a flask, an earthen flask, or another flask. And he would put a nut, which the monkey would like, in the flask. He would tie a rope around the neck of the flask, and leave it there. The monkey would come along, find the nut, put the paw in, grab the nut—but then, the monkey couldn't get the nut in his hand out of the flask, while holding the nut. And, since the monkey wouldn't give up the nut, the farmer would come along, and catch the monkey, nut and all, and take them home for dinner! Not as a guest, but on the table. Not *at* the table, but *on* the table!

Animals are like that. Animals have animal insight, but they couldn't solve the monkey-trap problem. And, every hunter can tell you that—every professional hunter, skilled hunter. How do you hunt an animal? Not by chasing it. You hunt an animal, by knowing how the animal functions. You know where the animal is going to be, and you're there, waiting for it, with the appropriate arrangements. And, that's how you get the animal. Every animal can be taken by that way, and all too many human beings are taken that way, because they choose to behave like animals!

The difference is, the animal responds to sense-perception as reality. When human beings enter into relations with animals (as Helga has with her pet dog), the relationship between a human being and the animal pet, changes the character of the animal, because it is now coupled with human behavior, and will respond to sense-perception under the influence of human behavior, and will behave unlike an animal of the same species in nature. But, generally, animals operate simply on the basis of sense-perception, and what appears to be their genetic predetermination.

Human beings, on the other hand, know that sense-perception is a fraud. Or you come to know it. They realize, that what your senses show you, is not the real universe outside the skin. What the senses show you, is the reaction of a certain part of your biological processes, called "sense-perceptions," to the stimulus, provided, usually, by the outside world. Therefore, you will never *see* the world outside of your senses. What you have to do, is you have to solve the problem, of discovering what actually is out there, that causes the effect. And, how can you control what is out there, to change the effect? Only human beings, as a species, can do that. Animals can't.

What man discovers, for example, is principles we call "physical principles": principles of the universe, which are not visible. You can never smell a principle (I hope not!); you can never see one; never taste it; never touch it. A principle is something which the mind recognizes—not the senses. It recognizes it, by understanding what is wrong with the senses, and then, learns how to use that principle to operate on the universe, the *unseen* universe, to cause the unseen universe to change, in a way which is desired, by a sense-perceiving individual.

These discoveries, principles, are universal physical principles. The falseness of the idea of principle, is typified by a Cartesian or Euclidean geometry. You can learn something from these geometries, but don't take them on good faith—especially a Cartesian geometry. There are no *a priori* definitions, axioms, or postulates, in the real world, which are *valid* in the real world.

Now, this point was made by Kästner; also in the case of Gauss; it was made emphatically by Riemann, in the opening of his famous habilitation dissertation. *There are no abstract **a priori** principles in the universe*. The only principles we know, are those which are *discovered*, as valid universal principles: These are *physical* principles. They are physically *efficient* principles, because by operating on them, we can produce changes, which otherwise could not occur. And therefore, all we know, the only geometry that is true, is the geometry, which is based on *discovered*, valid, universal principles. Any other geometry is false. Any other principles are false.

In the case of mankind, this is the basis for real, or "physical" economy, as opposed to the garbage I referred to up here on these charts.

How does mankind, do what? How does mankind increase the relative potential population-density of the human species, as an *act of will*? If man were a higher ape, then under the conditions which existed on this planet during the recent 2 million years, or the glacial cycle that we know, the total population of these apes called "men," would never have exceeded several million individuals. We now have over 6 billion living on this planet. We can support 25 billion, with comfort, if we would apply the technology that we have. And there's no limit to what we can do beyond that.

Therefore, it is by man's *will*, the creative will, the power to discover and apply universal principles, that mankind is able to change his relationship to the universe, to improve the condition of mankind, and to increase man's power in the universe.

Therefore, in physical economy, *that* is the principle of physical economy. This means, therefore, a certain kind of education as standard; it means conditions of life, in which these mental powers of the young individual are fostered; it means the opportunities of work, in which these mental powers can be called into play. It means the transmission of knowledge, of these principles, which means rediscovery of these principles. And, that we encourage. We now have situation, on this planet, in which, if we go with a *science-driver approach* to the planet, using these kinds of principles, we can create a new condition of mankind on the planet.

It Takes a Generation

To summarize my points, now, sum up the following way: These improvements, which we generate as mankind, are never less than the work of a generation. The fundamental capital investment, is the investment the society, including the family, make, in developing a newborn baby into a mature adult, capable of functioning economically, or otherwise. Today, in modern society, that's about 25 years. In other words, to provide the kind of education, and nurture, which will ensure that a person comes out of education, as a qualified young professional, is an investment of society for about 25 years, a quarter of a century, today. Therefore, the first policy of society should be that. That's your first level of capital investment.

The second thing (there are several levels of capital investment), is basic economic infrastructure: Making the desert bloom; improved water management; increased forestation—more water, more power. These are things, which also are capital investments, which require time: To build a large water system, will take the period of a generation or longer, to develop it fully. To build a power plant, would probably take four years—a good power plant; three years, if we're lucky. These things require capital investments. The cost of these things have to be averaged out over a number of years—half a generation, or a full generation: major power system; a major transportation system, is an investment in a generation's time. These are capital investments: We must put the effort in, to get a quarter-century benefit, or longer, out of it.

So, *physical* capital, is what's important. The level and quality of education, are what's important. The level of health care is important: disease control; public sanitation; these things are urgent.

And, otherwise, to get out into space, and explore the Solar System, to find out what's out there, so we can discover more principles, which we can use, on Earth, for man. That's our purpose. There's what economy must do.

Therefore, we have to have a managed system of *management* of economy. Now, where does the private sector come in? Most of the basic needs of society, involve public expenditure by infrastructure, by some agency, which is responsible for *all of the infrastructure, for all population*, not a private enterprise. An aggregation of private enterprises could never do that. Then, why do we have private enterprises? Ahh! Because of the individual! Because, the creative power of the individual, is what we want! Therefore, we encourage people, to engage in ventures, which will be useful, in which they

can *innovate*, and make their innovations *effective*, to increase the productive powers of labor, and benefit to society as a whole.

Therefore, we *protect*, as states—we protect these kinds of investments, these kinds of enterprises. To improve, to enable individuals to *make* a contribution: In Germany, people are proud of the *Mittelstand*. This is the high-tech *Mittelstand*, in Germany, which is very essential to the success of Germany, as an economy which is allowed to be successful. So therefore, we *want* that! We want initiative; we want individual initiative. Our conception of man, is based on the creative power, which is unique to the sovereignty of the individual mind. Therefore, we should be a society, which is promoting the development of *sovereign, individual minds*, and of cooperation among sovereign individual minds.

Therefore, public and private economy are part of the same process. They're not against one another: Without infrastructure, you can't have a private firm; without water, you can't have a firm; without power, you can't have a firm; without public sanitation, you can't have health. And so forth. So, these are the kinds of *ideas*, we have to shift to.

We have such a system designed, in the United States: It's called the "American System of Political Economy," as opposed to the *failed* system of Europe. The failed system of Europe, is the so-called "parliamentary" system, which worked on the basis of co-habitation with the so-called "independent" central banking system.

Central banking systems are parasites: They are collections of financier agencies, of financiers, who gather together like a slime-mold, to control what's called the central banking system, to exert control over the state. And, whenever these things get into trouble, as now—or as in Europe in the 1920s, 1930s—the tendency is, that the financial forces, which are represented by the slime-mold—the central banking system—will act to destroy what is called "parliamentary government," for a dictatorship, in order to save the *interest* and *power*—not the money, but the power—of the financier class.

And, that's what Hitler was.

Who Controls George Bush?

Now, let's take today's situation, to bring it up to date: People are trying to explain what George Bush is doing, or what he is. Well, George Bush is nothing. Period. I don't think he even knows who he is, or what. He reacts. He's a reactor. He's an unreformed drunk—he doesn't drink any more, but he's an unreformed drunk, and that's not a good combination. He wants to drink—and he forces himself not to. Maybe the best thing to do, is get him drunk! All right. But, he doesn't control this. George Bush is not the author of this problem. He hasn't got the brains, to author such a problem. He is only *reacting*. He's a reactor. Not an actor, a *reactor*.

Now, who's controlling George Bush? Well, you have Cheney and Rumsfeld. They're obvious. What's behind them? What's behind them, is a very interesting phenomenon: This fellow from Germany, Leo Strauss, from up north of here in Marburg, educated as part of the Marburg School of Social Science Studies, under the direction of Castlereagh. He was given an international career by the Carl Schmitt, who designed the law, under which Hitler came to power in Germany—and Carl Schmitt was a fascist: a real, hardcore Nazi.

This Leo Strauss was also an admirer of Nietzsche. He was very close to the entire Frankfurt School, especially to Martin Heidegger, the fascist. But, he had a problem—he was Jewish. And, you had a number of people in Germany, including the Frankfurt School generally, who are *all fascists*: They were all followers of Nietzsche, or similar kinds of people of this existentialist school, which Nietzsche exemplifies. As did Hitler—same school; the same type. But, being Jewish, they couldn't qualify for Nazi Party leadership, even though their fascism was absolutely pure! As extreme as Hitler! They sent them to the United States.

So, Leo Strauss, prompted by Carl Schmitt, was sent by the Rockefellers to the United States, and then, was picked up by Bertrand Russell, of the Russell-Hutchins collaboration. And Hutchins, at the University of Chicago, installed Leo Strauss, as professor of Satanism, at that school. The entirety of the core of the fascist gang, associated intimately with the Vice President Cheney, *behind this war, are all students or under students of Strauss*. So, when you touch Leo Strauss, you're touching the core of a group of *lackeys*, not financiers—lackeys—like lackeys of a corrupt, feudal court. These lackeys are loose, controlling the state, with financial backing. Sharon is a part of the same thing: financed and controlled from the United States, by big money, which is behind the same lackeys.

Now, are these guys the cause of the war? No. They're only lackeys. Israel, for example: If Israel, under Sharon, continues its present course, Israel will be destroyed. If Israel goes to war in the Middle East, Israel will be destroyed, like a hand grenade, which has been thrown: When it reaches its destination, it explodes. It does the job, and then it fragments—it doesn't exist any more.

So, is Israel behind this? No. Israel is a hand grenade being thrown at the Arab world. So, Israel is not behind this. George Bush hasn't got the brains to be behind it. Who's behind it? The people I referred to, in January 2001: the independent central-banking-system crowd, the slime-mold. The financier interests. The same type of financier interests: descendants of the same interests that were behind the Hitler project, when the head of the Bank of England, backed by Harriman money, and by the grandfather of the present President of the United States, moved the money to refinance the Nazi Party, and the pressure to bring Hitler to power, on Jan. 30, 1933: This is what is happening now.

Again, there are two parts to it: One, we have the tragedy. We have degenerated so far, as a European civilization, that we have allowed ourselves to come to this point. Secondly, as in many tragedies, we've come to the point where the sublime is available. We have, in the developing unity in Europe, against this fascist push, coming out of the United States, in particular; and the aspirations of Asia, to defend itself for security and common benefit; and the cooperation between western Europe and Asia, on long-term technology sharing, as a basis for the recovery of the economies of these regions, and for the prosperity of the future. This is the positive line.

What is required, as I've said, is the initiative of leadership, of action, to put the potential into motion, and give the world a clear sense, that this positive alternative, of cooperation among a group of perfectly, respectively sovereign nation-states, is prepared to act, to solve the great economic and social problems of this planet. That, intersecting the public opinion that is opposed to the war, can make that public opinion effective, and mobilize the forces within and outside government, which will crush this fascist process in motion.

This means leadership—not public opinion, not popular opinion, but leadership. And, leadership means one thing: It means people, who, like Jeanne d'Arc, *are willing to put their lives on the line, to get the job done*.

LATEST FROM LAROCHE

Can We Salvage This Presidency?

by Lyndon H. LaRouche, Jr. — Tuesday, March 18, 2003

President George W. Bush's threat to go war, issued last evening, challenges all thinking patriots of our republic to redouble our efforts to salvage both our Constitution, and a pathetically erring sitting President himself, from this folly.

First, we must emphasize two facts concerning the personal behavioral aspects of the President's decision. First, factually, this President's well-known, limited emotional and intellectual capacities for coping with reality, are most clearly expressed by his Administration's hysterical efforts to deny both the reality of the presently accelerating collapse of the U.S. economy, and the most obvious of the related realities of the world strategic situation. Second, factually, a malicious pack of advisors, only typified by such Leo Straussian "Children of Satan" as Ashcroft, Wolfowitz, and William Kristol, have succeeded in exploiting these weaknesses of the President upon whom they prey, to induce him to act not only against the advice of the relevant professionally qualified advisors in these and related domestic and foreign affairs, but to have adopted what had been proven publicly as lies, lies which have been among the obviously integral goads of his own manic, flight-forward lurch, toward a needless and reckless war of incalculable ultimate consequences.

As a matter of policy, I must state the following summary characterizations of the immoral character of the military action now threatened by the President.

1. The President has now virtually committed himself to launch an internationally outlawed "preventive war." The chief precedents for such a form of war are those of Adolf Hitler, as against Czechoslovakia in 1938, and Poland in 1939. Even worse, the chief apologists for this internationally outlawed behavior, are those like Vice President Cheney, Attorney General Ashcroft, and others, whose public arguments for Nazi-like "preventive" nuclear and other wars, and also for Nazi-like police-state law in the U.S.A. itself, are directly reflections of the influence of former Professor Leo Strauss's promotion of the Nazi law doctrine of Strauss's own sponsor, the Carl Schmitt who had been the author of the Weimar emergency law which was used to establish Hitler as dictator.

2. The President's commitment creates the spectacle of the world's greatest military power crushing a ruined and relatively helpless people of an impoverished nation with less than one-tenth the population of the U.S.A. Under those circumstances, the argument that Iraq threatens the U.S.A., is cause for remedial action by the relevant statesmen's psychiatrists, not "preventive" force of arms against the pitiable intended victim of the military attack.

3. The possibility of general security of this planet is typified by what now depends upon the accelerating trends toward long-term economic cooperation among the principal and other nations of continental Eurasia, and a growing orientation of the ruined United Kingdom toward partnership in such long-term Eurasian development.

Under the real condition of a planet stricken by the hopeless economic condition of the post-1971 world monetary-financial system, the welfare and security of all humanity requires any sane President of the U.S.A. to seek to play a leading contributing role in bringing about a new economic prosperity based upon the imperative of all our nation's great Presidents: an enduring community of principle among the respectively perfectly sovereign republics of the planet.

If we can free an erring President Bush from the grip of those "Children of Satan" who are otherwise associated with Conrad Black's Hudson Institute's "Bull Moose" project for 2004, that happier condition of our planet is now in reach. To that end, constructive forms of cooperation with our European partners, is presently the first line of defense of our own national security.

LaRouche Interviewed on British Radio

The following interview was given by Lyndon LaRouche to [TALKSPORT RADIO-1053AM/1089AM], www.talksport.net. in the United Kingdom at 12:15 a.m., Wednesday, March 19 (11:15 p.m. U.K. time, Tuesday March 18). The host, James Whale, previously interviewed LaRouche during the 2000 Presidential campaign.

INTERVIEWER: Now, George Bush last night issued Saddam Hussein with a 48-hour deadline, "Get out of Iraq, or die." His view is unequivocal: There is no more time for diplomacy. It's time to get out now, while you still can. Support for an

attack in this country is growing. But in the States, the mood has always been pro-war.

But I'm joined on the line now, by an American politician who says that a U.S.-led invasion on Iraq will have disastrous consequences for the world. Lyndon LaRouche, a U.S. Presidential candidate for 2004. Mr. LaRouche, welcome to the program.

LAROUCHE: Thank you very much.

INTERVIEWER: Now, I believe you're actually in Germany at the moment.

LAROUCHE: Oh yes, I've been having some conferences and meetings here.

INTERVIEWER: Okay, you're not visiting the troops or giving some kind of succor to the U.S. Armed Forces.

LAROUCHE: Well, I'm sympathetic to the regular professional military, and the poor bloke that has to go out there to do the fighting. But to some of the people who are doing the pushing, who have a good record as draft dodgers, I'm not too sympathetic.

INTERVIEWER: Now, Mr. LaRouche, it seems to us here in the U.K., that there are no dissenting voices in the U.S. That's not exactly right, is it?

LAROUCHE: I think we were cut off a bit.

INTERVIEWER: I'm sorry. I was going to say, seems to us here in the U.K., that there are no dissenting voices against this war, in the U. S.

LAROUCHE: Oh, there are lots of them. As a matter of fact, the majority of the U.S. population, apart from the leading mass media, the mass media, is against the war generally, the majority. There's a minority, a powerful minority, and some of the media—the *New York Times*, for example, is an exception to that, at least in its own way, sort of a Liberal Imperialist exception to the madness of the fellows who are controlling Bush.

But there is really a sense, in the military, in the ranks around government, the Executive branch, in cowards in the Congress, both parties, the Republican and Democratic Party, and some who are not cowards, such as Senator Byrd, or Senator Kennedy. There's real opposition to this, very strong opposition in the United States, but a very powerful impulse for it.

INTERVIEWER: How have we found ourselves in this situation in the 21st century, when you would think that we would have learned from the history lessons of the past, to avoid this kind of situation?

LAROUCHE: Well, I think we have, and we haven't. I don't think George Bush really knows what he's doing. I think there's a certain emotional factor there, which his motives are quite independent of what those who are pushing him, such as Dick Cheney, for example, represent.

Yes, this is a comparable situation. We're now in an economic crisis, worldwide, comparable to '29-'33, and we find a threat of Hitlers coming along, or people who think that way. For example, this idea of preventive war, we recall from 1938 against Czechoslovakia by Hitler, and against Poland in 1939. And there's no difference, essentially, between the proposed

attack on Iraq, and what was proposed by Hitler, in terms of military policy, against Czechoslovakia and Poland.

On top of that, there is *no need* for the war. There's no problem in Iraq, which is a real problem, which we couldn't handle with the tremendous support, and the tremendous alliance, which exists in Europe and the United States, and elsewhere, for example. We agree we're going to deal with the problem. We have enough strength—we don't have to worry. There's no threat to us, from a nation of very poor and ruined 30 million, against our nation, which is powerful, and has over 300 million. It's just nonsense.

The problem here is, as in '29-33, when you get into this kind of period, of economic breakdown, you get instability, where if you don't pay attention to the economic problem promptly enough, you're likely to have some blokes come up with the idea of a dictator. And that's the tendency around the heirs of a famous professor Leo Strauss, in the United States, whose ideas are predominant among all of the hard-core warhawks around the Bush Administration.

So, that's the danger.

And the other danger was raised by the French Prime Minister and President. The issue here is not Iraq. The issue is the impulse of some people in the United States, to create a crazy utopian imperial effort, at this time, in the process of breaking relations with Europe. Now, if the United States, which is a very poor country now, really, on the inside, but has great imperial power—or has had it—is going to recover, it's going to depend upon European cooperation with Eurasia, in new trade relations, and I think that many people in the United Kingdom are determined not to break from continental Europe, at a time that England has its financial problems too, and perhaps the growth that was stimulated by Eurasian cooperation, might solve the problem there. It certainly would help us here.

INTERVIEWER: You see, Mr. LaRouche, I think you say something interesting, that perhaps the British don't realize, and that is, that America is, by and large, quite a poor country.

LAROUCHE: Yes. We decided, back ... we were the most powerful nation in the world, until we decided back in the middle '60s, some of us, to shift to a imperial consumer society, like ancient Rome, as opposed to being a producer society. Over the past nearly 40 years, we have destroyed our internal productive capability, and relied upon our overreach of power, and financial power, and our ability to dictate, to extract what we wished to consume, at low prices, from virtual slave, or near-slave, labor in other parts of the world.

So we have become a kind of Roman imperial parasite, in this respect. And we are now a very poor nation. We must rebuild, we must understand this is nonsense, and go back to what we used to do, and realize, at the same time, that Europe, for example, which made the same mistake—beginning with the Heath administration, the first Heath government, back then—that this policy must be reversed. We must go back to being productive nations, take care of the general welfare of our population, make fine cooperation with our partners in Eurasia and elsewhere, and rebuild the world economy. It may take a little time, but it's the only thing worth doing.

INTERVIEWER: You see, I drew a parallel on this show the other night, to America becoming the new Roman Empire, and drawing the conclusion from this, that what happened to the Roman Empire, is a fate that could beset the USA, if they're not very careful.

LAROUCHE: Oh, most certainly. As I've said to a number of people, the United States' mistake in going to this kind of empire, they fail to realize that the Romans started their empire at the height of their military power, and physical power. We have gotten into the business at the fag end of ours. It's not a good time to start an empire.

INTERVIEWER: (chuckles) Tell me what George W. Bush's chances of getting into the White House for a second term are.

LAROUCHE: Right now, less than zero.

INTERVIEWER: Less than zero.

LAROUCHE: Yes. Because what he's bringing upon us.... We all realize, I think, those of us who are informed, what kind of catastrophe an otherwise apparently successful destruction of Iraq would mean. What it would unleash in the world. The attack on Iraq is not a war, it's a detonator of war, which I think every sensible military person in the United Kingdom, for example, would agree with me on that. We don't want it.

So I think it's complete foolishness. I don't think the President, of course, is the most brilliant person we've ever had in that office. I don't think that he understands exactly what he's doing. He's a person of strong emotions, a very vindictive person, and I think, in this case, is lunging ahead out of sense of frustration over the U.S. economy, which is not behaving itself, as far as he's concerned.

INTERVIEWER: The thing that worries me, and I think a lot of people, more about this, is that a single man, albeit, supposedly, the most powerful man in the world, actually is able to bring the world to this situation, without anybody checking him.

LAROUCHE: Well, I think if you go back to the First World War—you had the British Monarchy, the French, the fools of the German monarchy, the Austro-Hungarian monarchy, and the Czarist monarchy, in particular, acted like fools. There were forces at that time, in all of these countries, which didn't want the show. But it happened.

Now, in our case, we have a system of government which is very good, but it has a flaw in it, which is unavoidable. We have one man, a President, who embodies the executive power of the Presidency. Not exclusively. He's only a sitting President. Therefore, in these situations, the question is, will the Presidency, in particular—which has many people who are involved in various official, and other, functions—will the Presidency act to shape the behavior of the President in making his decisions? When the Presidency does not function, then an individual President can go out of control. So, that's the danger right now.

INTERVIEWER: We are in this position simply because George Bush and Tony Blair themselves want this to happen, and they are able to make it happen, even if a large majority of the populations of their countries disagree.

LAROUCHE: I think the situation is not hopeless. I will curse, in a sense, the cowardice and negligence of many of my friends in the United States, and abroad, that they didn't take the problem seriously enough in a timely fashion. But I think that what happened this weekend, with the President's declaration of this 48-hour notice and so forth, startled people, and there's suddenly a surge of belated activity, in the political parties in the United States, among institutions, and around the world. Let us stop this thing. The meeting which is to occur tomorrow at the United Nations Security Council, may be significant in giving some answers to what might be done. But I see a determination to jam this thing up, and stop it. It may not succeed, but it's the only show worth seeing.

INTERVIEWER: Lyndon LaRouche, thank you very much indeed for spending time with me this evening.

LAROUCHE: Thank you.

Stop Ashcroft's 'Himmler II' Bill— — While You Still Can — by Lyndon H. LaRouche, Jr.

This statement was released on March 16 by the Presidential candidate's political committee, LaRouche in 2004, for circulation as a mass leaflet.

Imagine!

The United States' war-machine invades Iraq. Baghdad is bombed simultaneously with thousands of cruise missiles. Violent anti-American demonstrations break out around the world. Bloody rioting threatens to topple several Middle Eastern governments. Then, a series of terrorist incidents hit U.S. facilities and personnel abroad. Television screens around the world brutalize the eyes of viewers with images of dead children in Baghdad. Around the world, the unrest and rioting builds up.

Imagine?

What will happen next? Imagine!

Attorney General John Ashcroft is on television to announce that the FBI has foiled a major terrorist plot inside the United States, a plot which he alleges would have killed thousands of Americans. He paints a picture of something on a scale equal to the Sept. 11, 2001 events. Ashcroft declares that U.S. law enforcement and intelligence agencies require strengthened powers to prevent terrorist attacks under these wartime conditions. Today the President will submit new emergency anti-terrorism legislation to Congress for immediate passage.

That evening, President Bush will address the nation, to demand that Congress immediately pass the "Domestic Security Enhancement Act of 2003," or members of Congress will be held accountable for the deaths of thousands of Americans, in attacks which he says terrorists are now planning on U.S. soil.

Panicked members of Congress will rush through the new anti-terrorist legislation. Only a handful of dissenting votes will resist. Most members have been too terrified to read the bill that they just passed. The new law gives sweeping new powers to the Justice Department and FBI, the same kinds of powers which Carl Schmitt's *Notverordnung* doctrine delivered to Adolf Hitler on Feb. 28, 1933. After that, the members of the Congress will never vote against any bill which Ashcroft demands.

The connection is not accidental. Attorney General Ashcroft was indoctrinated in this by disciples of Chicago University professor Leo Strauss, who owed his own career to that same Carl Schmitt. Ashcroft, like Vice President Dick Cheney, uses the exact same, Leo Strauss-copied arguments of Carl Schmitt, the same arguments which transformed Hitler into a dictator on Feb. 28, 1933. With the passage of that Act, the United States would have given rebirth to Nazi Heinrich Himmler's police-state/concentration-camp system inside the U.S.A. itself.

What 'Patriot II' Would Do

None of the above is fiction; it is real, and ready to go. For months, staffers in John Ashcroft's Justice Department have been drafting and putting the finishing touches on a sequel to the 2001 "USA/Patriot Act"—which has become known as "Patriot II," or better named "Heinrich Himmler II." When members of the Senate Judiciary Committee inquired as to rumors that a new anti-terrorism bill was being drafted, the Justice Department lied, denying that any such legislation was in preparation.

Don't be surprised! In January 2001, during the fight to block the confirmation of John Ashcroft as U.S. Attorney General, Lyndon LaRouche warned that, under crisis conditions, Ashcroft would be used to force through dictatorial measures comparable to the 1933 Nazi emergency laws in Germany—the infamous *Notverordnungen*. LaRouche warned that it was not simply Ashcroft's role as head of the Justice Department that would be so dangerous, but his role as a leading member of a crisis-management team in the Administration as a whole.

That has been borne out, by, for example, Ashcroft's role in crafting the Pentagon's "enemy combatant" justification for holding terrorist suspects—including U.S. citizens—incommunicado in military custody, removing them from the jurisdiction of the civilian courts. Likewise, Ashcroft's role in the unwarranted spreading of panic and hysteria by the new Department of Homeland Security, as in Nazi Germany.

Ashcroft is aiming at you.

Don't think for a moment that the new powers being sought by Ashcroft are only aimed at foreign terrorists and immigrants. While the first, post-9/11 round of dragnets and secret detentions chiefly targetted Arabs and Muslims in the United States, the proposed "Patriot II" would give the Justice Department the power to wield those same powers against all U.S. citizens. For example:

1. It loosens the present requirements of the Foreign Intelligence Surveillance Act (FISA) pertaining to "national security" wiretaps and break-ins. Currently it is required that the target be shown to be an agent of a "foreign power" or organization. In the new bill, the definition of "foreign power" can include unaffiliated individuals who are *not* shown to be acting on behalf of a foreign government or international organization.
2. Individuals could be subject to FISA surveillance simply if they are suspected of gathering information for a foreign power; the existing requirement that the activities potentially violate Federal law, is eliminated.
3. Purely domestic activity could be the subject of secret "national security" investigation. A new category of domestic security, or domestic intelligence-gathering, is created, which allows secret surveillance; this includes "conspiratorial activities threatening the national security interest"—a category so incredibly broad that political activity could easily fall under it.
4. The standards for "pen registers" (obtaining a record of phone numbers called by an individual, and records of Internet-mail addresses used or websites visited by an individual) are enormously loosened, so that the target need not have any connection to terrorism. All that is necessary is that the target be used "to obtain foreign intelligence information."
5. An American citizen could be stripped of his citizenship and expatriated, if the Justice Department "infers" from his conduct that he is giving material support to an organization designated as "terrorist" by the government—even though the person believed he was supporting legitimate activity.

Blanket of Secrecy Over the Law

The "Patriot II" bill would also wipe out some traditional due-process guarantees, invade personal privacy, and further throw a blanket of secrecy over legal proceedings:

1. The use of secret arrests and detentions, and the exemption of records of arrests and detentions from public disclosure, will be expanded.

2. In cases involving classified information, the use of *ex parte* and *in camera* proceedings—in which prosecutors can secretly submit information to the court—is allowed upon a prosecutor's request. Thus, an accused person or his lawyer is unable to challenge the government's information, because it is given to the judge in a closed, back-room proceeding.
3. The use of so-called "Administrative Subpoenas" and "National Security Letters," allowing the government to obtain financial and other types of records without a court order, will be expanded, and disclosure of such a non-court subpoena is prohibited.
4. Presently, a person receiving a grand jury subpoena and testifying before a grand jury is permitted to publicly discuss the fact that he has been subpoenaed, and what happened in the grand jury. The new bill would gag such witnesses, and prohibit them from responding to false information or smears leaked to the press by prosecutors—a common occurrence. A witness could not talk to his family, friends, news media, or even his Congressman.
5. The new law will instantaneously wipe out a number of court orders limiting spying and surveillance of political activity, which were the result of lawsuits arising out of unconstitutional, "Cointelpro"-type police and FBI programs in the 1960s and 1970s.

Ashcroft's Indoctrination

Do you wish to see into the strange mind of Attorney General Ashcroft? What ticks there? Look at the late Chicago University's leading fascist ideologue, Ashcroft's Professor Leo Strauss.

The state of mind behind such proposals, is indicated by the following background, here presented only in bare outline. Recent news stories in Germany and the U.S.A. named John Ashcroft as one of a number of prominent protégés of the late philosopher Leo Strauss. Others named were: now-Deputy Defense Secretary Paul Wolfowitz (a leading advocate of war against Iraq for the past 12 years); Supreme Court Justice Clarence Thomas; neo-conservative warhawk William Kristol of the *Weekly Standard*; former Secretary of Education William Bennett; and *National Review* publisher William Buckley.

Although Strauss was nominally a Jewish refugee from Nazi Germany, he was actually one of a network of Frankfurt School Jews, such as Theodor Adorno and Hannah Arendt, who, lacking the prerequisites of a Nazi Party card, left to spread their decadent philosophy against the United States which they hated as "The New Weimar." Strauss came to the United States in the 1930s under the personal sponsorship of Carl Schmitt, the "Crown Jurist of the Third Reich," who provided the legal rationales for the devolution of Weimar Germany into the dictatorial Nazi state.

Strauss, in his long academic career in the United States, never abandoned his fealty to the three most notorious shapers of the Nazi philosophy: Friedrich Nietzsche, Martin Heidegger, and Schmitt. Carl Schmitt, in his 1932 book *The Concept of the Political*, contended—as do the Straussians today—that it is essential to define an "enemy" for the population to fight; only a belief in a mortal enemy can unify the population, and invest a regime with meaning. Today, for John Ashcroft, not only do the "terrorists" constitute that required enemy; but also, those who complain about his police-state methods.

Recall Ashcroft's statement during a Senate hearing in December 2001: "To those who scare peace-loving people with phantoms of lost liberty, my message is this: Your tactics only aid terrorists, for they erode our national unity and diminish our resolve. They give ammunition to America's enemies."

Ashcroft's "Himmler II" legislation would give draconian, Gestapo-type powers to the Justice Department, to deal with those whom the Attorney General defines as giving aid to terrorists by opposing the Administration's war drive, or by complaining of "lost liberty."

While you are still a citizen, make the Congress stop him, now!

U.S. Economic/Financial News

Foreign Investment in the U.S. Rose by \$630 Billion in 2002

The Commerce Department reported March 14, that during 2002, foreign investors invested in the United States to the tune of—\$630 billion. This included foreign-investor purchases of \$53.2 billion worth of U.S. Treasury securities; \$55.8 billion worth of U.S. stocks; and \$284.6 billion worth of non-U.S.-Treasury securities—principally corporate bonds, and agency bonds (mostly bonds issued by Fannie Mae and Freddie Mac).

But as foreign investors accelerate their pull-out from the dollar, that will fall, not by small increments, but likely by 40-50%. This will not only destroy the financing of the current account deficit, but shatter the over-leveraged, cancerous financial system.

Are Financiers Planning a Bailout Under Cover of War?

Incoming Bank of Japan governor Toshihiko Fukui is quoted in the March 19 *Wall Street Journal* as telling Japan's Parliament that the Bank of Japan "must get into war mode," adding, "If war breaks out, we must prevent an excessive shock to the market." Both the Brits and the U.S. have already announced emergency plans to prevent financial disruptions in the event of war, raising the question of whether some sort of major financial bailout or restructuring is planned, using the war as a convenient pretext.

Already-Bankrupt U.S. Airlines Now To Become War Casualty

Airline analysts predict that a prolonged war would cause the bankruptcy of virtually every U.S. airline, dovetailing with the findings of the Air Transport Association's report of mid-March.

*Credit Suisse First Boston analyst James Higgins predicts that American Airlines would likely go bankrupt in three months (others give it less); Continental in four months; American West in seven; Delta in 13; Northwest in 20; and Alaska in 23. United and U.S. Airways are already in bankruptcy.

*More international flights are being cancelled; Lufthansa cancelled all flights to Tel Aviv, Amman, Beirut, Kuwait, and Saudi Arabia March 20-21; Singapore is suspending 65 weekly flights, including to Chicago and Las Vegas, as well as some European capitals.

*Textron, the world's largest manufacturer of business jets (small jets which were supposed to save the industry after 9/11), will cut 1,200 jobs in its Cessna unit, due to cancelled orders.

*The Iraq war allows all airlines to invoke the "*force majeure*" clause in labor contracts, which allows them to impose layoffs and work-rule changes, due to "circumstances beyond their control."

*Airbus, the French jet manufacturer, announced that it filed legal action against the teetering American Airlines, alleging that the crash of Flight 587 in Queens, New York on Nov. 12, 2001, was entirely the pilot's fault, resulting from his rapid back-and-forth movements of the rudder when the plane encountered wake turbulence.

*General Dynamics, the third-largest private jet builder, plans to lay off 1,000 workers by next year, at least.

*Boeing, the world's biggest aircraft maker, will increase outsourcing of work on components and sub-assemblies, cutting 400 jobs by the end of 2004, and warned of further job losses.

United Airlines Admits: 'Liquidation Is Distinct Possibility'

In a bankruptcy reorganization plan filed on March 17, United Airlines said it could go out of business if its labor unions do not agree to proposed wage and benefit cuts, amid soaring fuel costs. United seeks court permission to nullify the unions' labor contracts in order to slash \$2.56 billion in wages and benefits, as well as to change work rules. Proving Lyndon LaRouche's contention that cost-cutting measures are, in fact, hastening the airlines' demise, United announced a first-quarter loss of \$877 million.

Meanwhile, U.S. Airways is trying to terminate pilots' pension plans, handing them over to the Federal government's Pension Benefit Guaranty Corporation, which would cut benefits by 50% as part of a bankruptcy reorganization. U.S. Airways' move to dump pension plans could set a dangerous precedent for other companies.

U.S. Treasury Prepares for Financial Emergency

The U.S. Treasury Department is preparing for a financial emergency, using the pretext of possible terrorist attacks. "Measures to protect the financial markets," as part of the so-called anti-terrorism Operation "Liberty Shield," were announced on March 17 by the Treasury. According to the Department's fact sheet, "Treasury and the other Federal financial regulators have taken steps to protect the government's critical financial functions." These steps include establishing emergency communications systems and procedures; as well as arranging for additional physical protection of financial institutions, using either Federal personnel or National Guard troops.

Wall Street Police Blotter

*The Securities and Exchange Commission accused **HealthSouth Corporation**, and its **CEO Richard Scrushy**, of accounting fraud, *Bloomberg* reported March 19. HealthSouth, the biggest U.S. operator of rehabilitation hospitals, was charged with a \$1.4-billion accounting fraud in a lawsuit filed by the SEC; also charged was CEO Scrushy, who insisted on overstating income in order to please Wall Street. Scrushy "knew or was reckless in not knowing" that the company's financial statements were wrong when he signed them, the agency said. This is the first case brought under the new law requiring CEOs to certify the accuracy of their company's statements.

*In a consent decree filed March 19, the Securities and Exchange Commission accused consumer-finance firm **Household International** of making false and misleading statements about its policies. Household, which is being acquired by **HSBC** (née Hong Shang), and which issues credit cards and makes home-equity and car loans, reached a \$484-million settlement last year with all 50 states and the District of Columbia, over accusations of duping its borrowers with hidden and unnecessary costs, and has been sued by ACORN over its predatory lending practices. Household also restated its earnings last August, reducing net income by \$386 million over a nine-year period.

World Economic News

Allianz Insurance Posts First-Ever Loss Since 1945

Europe's biggest insurer, Allianz AG, announced a 1.2-billion-euro annual loss on March 20—the first in nearly 60 years—following a series of financial disasters in both the banking and insurance sectors. In April 2000, Allianz bought up Dresdner Bank for \$20 billion. At that time, the market capitalization of Allianz amounted to 110 billion euros. Today, the market capitalization of Allianz, including Dresdner Bank, has imploded to 16 billion euros. The chief executive of Allianz was forced to resign at the end of last year; the head of Dresdner Bank was fired/resigned on March 19. In order to meet financial obligations to clients, Allianz has decided to sell 5 billion euros of new bonds and stocks, despite the present extremely ugly market conditions. Even after Allianz stocks plunged 78% last year alone, the management is expected to offer the new stocks at a 50% discount, compared to the present market price, to attract enough buyers.

Dresdner Bank CEO Resigns Amid Failed Mergers

Bernd Fahrholz, who took over as CEO of Frankfurt-based Dresdner Bank three years ago, resigned March 19, to be replaced by a senior manager from Deutsche Bank, Herbert Walter. Fahrholz, who had taken the job after his predecessor failed in an attempt to merge Dresdner into Deutsche Bank, himself failed in an attempt to merge Dresdner with Commerzbank, and wound up selling the bank to German insurance giant Allianz for \$25.5 billion in July 2001. Allianz chief Henning Schulte-Noelle, who negotiated the deal with Fahrholz, is stepping down in April (see previous item for more on Allianz).

Deutsche Bank CEO Warns German Government To Prepare for 'Worst Case'

The CEO of Deutsche Bank warned the German government "to be prepared for the worst case"—the failure of a major bank. Josef Ackermann, chief executive of the German central bank, in an interview with the *Wall Street Journal* March 17 urged the German government "to be prepared for the worst case"—the failure of a major bank—and to make plans for a bailout. One possible plan, which Ackermann raised in February at a bankers' meeting in Berlin with Chancellor Gerhard Schroeder, would be the creation of a state-backed entity to take over the bad loans on the failed bank's books.

Financial Scandal Rips Chile; FinMin Attempts to Calm Wall Street

Chile's Finance Minister Ricardo Eyzaguirre had to publicly assure Wall Street that his country would have no problem paying its debt, in the wake of a financial scandal which has rocked the government of President Ricardo Lagos, and raised doubts about the "credibility" of free-market bastion Chile as a "safe" investment haven.

What *El Mercurio* described as a "political earthquake," erupted March 10, when it was discovered that an officer at the state-run Production Development Corporation (Corfo) had illegally transferred \$106 million in certificates of deposit to the Inverlink financial holding company, which in turn put them on the market to raise desperately needed cash. When the theft became known, President Lagos initially announced that Corfo would not pay the individuals who eventually ended up holding the stolen CDs, even if they had purchased them in good faith. This caused pandemonium on the financial markets, and a run on mutual funds to the tune of \$500 million, forcing the central bank to pour more liquidity into the financial system. The panic was such that Lagos had to later reverse himself, in what some called the biggest financial upheaval since the 1982 banking crisis.

The scandal touches Lagos directly, as Corfo's executive director is his son-in-law Gonzalo Rivas, who has now resigned. The Corfo-Inverlink mess is one of a number of scandals which have recently involved Lagos's inner circle of close friends and political collaborators.

Following Fitch rating agency's recent downgrade of Chile's peso-denominated debt, there is fear that a downgrade in debt denominated in foreign currencies, as well as a higher "country risk" rate, may well follow. Economics Minister Jorge

Rodriguez has offered to resign, and calls are circulating for the resignation of Central Bank President Carlos Massad, over a scandal also involving Inverlink and the Bank.

Uruguay Restructures \$3 Billion in Debt; Moves Closer to Default

In a March 11 press conference, Uruguay's Finance Minister Alejandro Atchugarry announced the government would engage in a "voluntary" swap of \$3 billion worth of bonds, for new bonds with longer maturities. Although Atchugarry and Central Bank President Julio de Brun emphasized that the operation would be purely voluntary, and carried out in a "friendly" environment with creditors, Fitch rating agency immediately cut Uruguay's credit rating two notches, charging that the debt swap was tantamount to a default.

"The debt exchange is likely to imply net present value losses to bond investors, which would be considered a default," the agency said. Another Wall Street shark worried, "It may well start as voluntary but could spiral into a distressed one.... Everyone looks at Argentina and realizes these swaps are rarely successful."

The tiny country is in dire straits—it cannot pay its debt—and its current attempt to impose an IMF-dictated austerity program, will only guarantee its financial implosion.

Japanese Creditors to Argentina: Sell Land To Pay Debt

Argentine Deputy Finance Minister Guillermo Nielsen was reportedly astonished when Japanese holders of private debt on which Argentina defaulted in 2001, told him that Argentina should sell some of its land "as Russia did with Alaska," to pay off its debts. The 1,300 creditors attending a meeting with Nielsen in Tokyo also pointed to "Japan's efforts after World War II," adding that Argentina should imitate Korea, "where [people] sold their jewels to pay." Eighty percent of the creditors at the meeting were retirees, who had invested their savings to purchase the yen-denominated "Samurai bonds" which the Argentines had placed on the market in 1999 and 2000. A rattled Nielsen expects to face some even tougher audiences in Europe, as he continues his tour, especially in Italy, where a sizable number of people hold bonds on which Argentina defaulted.

Asian, European Central Banks Ready To Flood Banking Systems with Liquidity

The Bank of Japan pumped 1 trillion yen (\$8.3 billion) into the nation's banking system week before last, and will monitor "the additional provision of liquidity in order to ensure financial market stability," said Toshihiko Fukui, the bank's new governor. The Bank of Korea set up an emergency committee to monitor and stabilize financial markets, and indicated it would "seek stability in the financial markets by injecting more liquidity."

At the same time, the European Central Bank said it "stands ready to act if necessary," and that "financial markets can rely on the provision of sufficient liquidity even under exceptional circumstances," according to a statement issued after a meeting of its governing council in Frankfurt March 20.

Corporate Failures Hit Postwar High in Japan

February 2003 was disastrous for Japanese firms as corporate bankruptcies marked a postwar high in terms of combined liabilities and the fifth-highest number of companies on record failed, Tokyo Shoko Research reported March 14. A total of 1,454 companies, with debts of 10 million yen or more, went under, with combined liabilities up 20.2% to 1.5 trillion yen (about \$13 billion).

Nikkei Losses Hit Japanese Industry Hard

"Industry Trembles as Nikkei Dips Below 7,900," blared the headline in Japan's *Nikkei News* March 14, over losses suffered by major Japanese industries, which still hold cross-shares in the other industrial companies and banks once part of the same "keiretsu" (corporate family) industrial group. Daiwa Institute estimates non-bank industrial companies on the Tokyo Stock Exchange, which did not have much in net share losses as of six months ago, now have over \$30 billion in share losses projected for the period ending March 31. Japan's \$600 billion corporate pension funds have lost 11-12% of their value in this fiscal year, and now have losses of \$90 billion.

Bank stocks have lost 60% of their value in FY April 2002 to March 2003, and so the industrial companies holding those shares—giants such as Toyota, Fujitsu, and other heavy industries—are taking major hits. "The devaluation of bank shares we hold will likely lead us to record losses, at just over 1 billion yen. We have set aside funds to cover this several times, but it is not enough," said president Kyoji Takenaka of Fuji Heavy Industries.

Falling share prices are wiping away profits made in the core industrial businesses. "We didn't expect a non-production operation to hurt our books this much," said Toyota's president, after the auto company's portfolio of UFJ Bank stock lost 60% of its value year, handing Toyota a 20-billion-yen loss. Nippon Steel also expects a stock portfolio loss in Mizuho and Sumitomo Bank groups of 42 billion yen, forcing the entire company into the red for the year.

"This is worse than the worst-case scenario we drew up at the beginning of the year," says Senior Managing Director Nobuo Katsumata of Marubeni. The Nikkei average Marubeni projected for the end of this fiscal year was 8,700-8,800 yen, with 8,200 its worst case. "No one imagined price levels this low," he said. "There appears to be no end in sight for the downturn."

Citibank Downgrades Japan, Closes Major Operations

Citigroup has put Japan on a "watch list," downgraded its internal rating for Japan to "below investment grade," and is about to shut 500 of its 800 branches in Japan hit by the consumer-credit bubble, *Nikkei* reported March 14. *Nikkei* was conveniently leaked a "document distributed among senior Citigroup officials" so as to spread panic in Tokyo over this. "Citigroup intends to jettison some 2,000 jobs in its local consumer-credit operations, or some 33% of the total staff," they write. "The latest move by Citigroup highlights the extent to which the prolonged recession in Japan is harming foreign investment."

As of the end of March last year, Citigroup's outstanding balance of uncollateralized consumer loans in Japan totalled \$13 billion, the third highest in Japan. Citigroup earlier began reducing the number of bank branches it operates in Japan because its non-consumer banking business here faces even bleaker prospects.

United States News Digest

Tom Daschle Blasts Budget Bill: 'Most Irresponsible' for Hiding Costs of War

Senate Minority Leader Tom Daschle (D-SD) on March 18 denounced the Administration's budget bill as being "most irresponsible" for hiding the costs of the war. Following a meeting of the Senate Policy group (Republican and Democratic leaders), Daschle said that the proposed U.S. budget "ought to be sent back to the drawing board" because no Iraq war costs are even mentioned—neither costs of fighting the war, nor the aftermath of the war. A "patriotic pause" amendment offered by the Senate Democrats, said Daschle, called for holding off on passing the budget until the Administration reveals the war cost.

Daschle said, "how ironic it is" that "one of the most important ... is missing," in the context of "projected deficits of ... at least \$2 trillion." In that context, he also condemned the "misdirected, unwise and irresponsible" tax cut of \$1.4 trillion—especially when the deficit doesn't even include the war costs.

Meanwhile, the U.S. Agency for International Development plans an unworkable financial occupation of Iraq. According to USAID documents obtained by the *Wall Street Journal*, the U.S. Department of the Treasury "would be deeply involved in overhauling the country's central bank, and some U.S. government officials would serve as 'shadow ministers' to oversee Baghdad's bureaucracies." How, when the U.S. economy and government are such a mess?

Oldest Member of Senate Decries 'Arrogance of Power'

The senior member of the U.S. Senate, Sen. Robert Byrd (D-W.Va.), on March 19 in a Senate floor speech decried the "arrogance of power" he said is being exhibited by the Bush Administration:

"I believe in this beautiful country. I have studied its roots and gloried in the wisdom of its magnificent Constitution. I have marveled at the wisdom of its founders and framers. Generation after generation of Americans has understood the lofty ideals that underlie our great Republic. I have been inspired by the story of their sacrifice and their strength.

"But, today I weep for my country. I have watched the events of recent months with a heavy, heavy heart. No more is the image of America one of strong, yet benevolent peacekeeper. The image of America has changed. Around the globe, our friends mistrust us, our word is disputed, our intentions are questioned.

"Instead of reasoning with those with whom we disagree, we demand obedience or threaten recrimination. Instead of isolating Saddam Hussein, we seem to have isolated ourselves. We proclaim a new doctrine of preemption which is understood by few and feared by many. We say that the United States has the right to turn its firepower on any corner of the globe which might be suspect in the war on terrorism. We assert that right without the sanction of any international body. As a result, the world has become a much more dangerous place.

"We flaunt our superpower status with arrogance. We treat UN Security Council members like ingrates who offend our princely dignity by lifting their heads from the carpet. Valuable alliances are split. After war has ended, the United States will have to rebuild much more than the country of Iraq. We will have to rebuild America's image around the globe.

"The case this Administration tries to make to justify its fixation with war is tainted by charges of falsified documents and circumstantial evidence. We cannot convince the world of the necessity of this war for one simple reason. This is a war of choice.

"There is no credible information to connect Saddam Hussein to 9/11. The twin towers fell because a worldwide terrorist group, al-Qaeda, with cells in over 60 nations, struck at our wealth and our influence by turning our own planes into missiles, one of which would likely have slammed into the dome of this beautiful Capitol except for the brave sacrifice of the passengers on board.

"The brutality seen on September 11th and in other terrorist attacks we have witnessed around the globe are the violent and desperate efforts by extremists to stop the daily encroachment of western values upon their cultures. That is what we fight. It is a force not confined to borders. It is a shadowy entity with many faces, many names, and many addresses.

"But, this Administration has directed all of the anger, fear, and grief which emerged from the ashes of the twin towers and

the twisted metal of the Pentagon towards a tangible villain, one we can see and hate and attack. And villain he is. But, he is the wrong villain. And this is the wrong war. If we attack Saddam Hussein, we will probably drive him from power. But, the zeal of our friends to assist our global war on terrorism may have already taken flight.

"The general unease surrounding this war is not just due to 'orange alert.' There is a pervasive sense of rush and risk and too many questions unanswered. How long will we be in Iraq? What will be the cost? What is the ultimate mission? How great is the danger at home? A pall has fallen over the Senate Chamber. We avoid our solemn duty to debate the one topic on the minds of all Americans, even while scores of thousands of our sons and daughters faithfully do their duty in Iraq.

"What is happening to this country? When did we become a nation which ignores and berates our friends? When did we decide to risk undermining international order by adopting a radical and doctrinaire approach to using our awesome military might? How can we abandon diplomatic efforts when the turmoil in the world cries out for diplomacy?

"Why can this President not seem to see that America's true power lies not in its will to intimidate, but in its ability to inspire?

"War appears inevitable. But, I continue to hope that the cloud will lift. Perhaps Saddam will yet turn tail and run. Perhaps reason will somehow still prevail. I along with millions of Americans will pray for the safety of our troops, for the innocent civilians in Iraq, and for the security of our homeland. May God continue to bless the United States of America in the troubled days ahead, and may we somehow recapture the vision which for the present eludes us."

Attacks on Utopian Policy Go Beyond Iraq War

Paul Krugman, writing in the March 14 *New York Times*, said that many in government are questioning the sanity of President Bush and the utopians ("Chickenhawks") surrounding him.

Titled "George W. Queeg," to evoke the novel *The Caine Mutiny*, Krugman's column said that foreign policy is Bush's "strawberries." "A fair number of people in the Treasury, State and, yes, the Pentagon, don't just question the competence of Mr. Bush and his inner circle, they believe that America's leadership has lost touch with reality." Referring to the "awesome arrogance and a vastly inflated sense of self-importance," Krugman pointed out that in non-military matters, "the U.S. isn't all that dominant—that Russia and Turkey need the European market more than they need ours, that Europe gives more than twice as much foreign aid as we do, and that in much of the world, public opinion matters."

Krugman reports that the *Nelson Report*, "an influential foreign policy newsletter, says: 'It would be difficult to exaggerate the growing mixture of anger, despair, disgust and fear actuating the foreign policy community in Washington,'" and that foreign policy, and Korea in particular, may become Bush's "Waco."

Former Senator and Democratic Vice Presidential candidate Thomas Eagleton slammed the Perle-Wolfowitz-Kristol doctrine by name—including its links to University of Chicago Nazi Leo Strauss—in a column in the *St. Louis Post Dispatch* of March 17, titled "Iraq Is Merely First Step in Our Leaders' Larger Effort To Recast the Middle East in Our Own Image."

Eagleton wrote: "Let's be 'crystal clear' about this. Iraq is only step one on the path to the Christian democratization of the Middle East. Iran is next ... Israel and Palestine are on the back burner. They can wait until the winds of democracy blow westward. No worry that ... Sharon is starting up new settlements."

Eagleton continued: "An unidentified American diplomat has been quoted as saying, 'These guys at the

Pentagon—Wolfowitz, Perle, Doug Feith—when they lie in bed at night—they imagine a new book written by one of them or about them, called *Present at the Re-creation*. They want to banish the wimpy Europeanist traditional balance of power, and use the Iraq seedbed of democracy to impose America's will on the world."

"Onward Christian Soldiers!" he concluded.

(The book title is a play on the title of a book by Dean Acheson, the Secretary of State under President Truman, "Present at the Creation." It was ghost-written by McGeorge Bundy, and was must reading for the in-crowd in the circle that shaped the postwar, post-Roosevelt U.S. foreign policy.)

Boston.com meanwhile reported March 17 that former Attorney General Janet Reno denounced Bush's ultimatum against Iraq and the White House policy of illegal detention of citizens, in a speech at Brown University on March 16. "We will not solve the problems by might," she declared, shortly after watching President Bush's speech Monday night. "I had hoped people would come up with an opportunity for him to save face," she said.

Reno also denounced the violation of rights of U.S. citizens under the guise of a war on terror. "Two citizens today are being held incommunicado in military brigs in this country, without being charged, without access to counsel, by the simple fact that the President has declared them what is called 'enemy combatants,'" she said, referring to Jose Padilla and Louisiana-born Yasser Esam Hamdi. "What has happened to the Bill of Rights? What has happened to due process? What has happened to the Geneva Convention? If they're not prisoners of war, what are they? And what rights do they have?"

Reno also denounced profiling at the borders: "We are a nation of immigrants," she said.

Bush Rebuffs Congressional Black Caucus Attempts To Meet on War

After having been rebuffed in attempts to meet with President Bush on the war and other matters, members of the Congressional Black Caucus took to the House floor March 18 to plead for a diplomatic solution to avoid the war. Bush has only met with the CBC one time since he took office, and that was two years ago, according to CBC chairman Rep. Elijah Cummings (D-Md).

Speaking from the House floor, Rep. Barbara Lee (D-Calif.) said: "We still have a window of opportunity tonight. We are making one last plea not only on behalf of ourselves but on behalf of millions of people throughout our country, millions of people throughout our world."

"We are opening a door to an era which de-emphasizes diplomacy and devalues peaceful solutions through negotiations," warned Rep. Donald Payne (D-N.J.). "Before we risk the lives of young men and women in uniform, as well as countless civilians in both the Middle East and our own country, shouldn't we do everything in our power to find a peaceful solution to the situation in Iraq?"

"We are worried that the war on terrorism is taking a back seat to a preemptive strike on Saddam Hussein," said Rep. Maxine Waters (D-Calif.). "Yes, every country should be able to defend itself, but we're in no danger from Iraq. Striking Saddam is not fighting terrorism."

'Chickenhawks' Pushed Iraq War Schedule Despite Military

Marine General Peter Pace, vice-chairman of the U.S. Joint Chiefs of Staff, said March 14 in a "closed door press briefing" that "a delay of a month or more in invading Iraq" would not jeopardize the lives of American troops then stationed on

Iraq's borders. The Pentagon briefing was aimed at an audience of retired officers and well-known think-tankers from whom *EIW* learned of its contents.

General Pace reportedly said that, "With the deployment of nearly a quarter-million troops in the Gulf region, the military could deal with a delay in the onset of war ... the military could wait as long as necessary." This contradicts the "Chickenhawks," who argued that war must start immediately, using the scare tactic that otherwise Saddam Hussein would kill more Americans.

Some of the attendees, such as the AEI analyst Tom Donnelly, and retired Air Force General Thomas McInerney, both avid hawks, were not happy with the briefing.

General Pace offered his view reluctantly, reported Brookings Institution defense and foreign policy expert Michael O'Hanlon, one of the participants. In reply to an e-mail inquiry from *EIW*, O'Hanlon wrote, "We had to work hard to get General Pace to say what he did, and he also underscored (as did [Secretary of Defense Donald] Rumsfeld) that there were downsides to waiting—losing what's left of surprise, giving Saddam more time to prepare, etc. But the meeting nonetheless did lend credence to the idea that we might be able to wait without major military damage being done."

But the "Chickenhawks," who have never fought in wars, came up with a trigger-happy method for overcoming political/military obstacles. On March 16, the *New York Times* reported a scheme called "Rolling Start."

The *Times* reported that U.S. war plans had, in reality, become fouled up because of the lack of international support for the war. Turkey and Saudi Arabia, two of Iraq's neighbors, refused to allow basing of U.S. soldiers. There were many units still up in the air, at sea, or still at home, and "the military [was] scrambling to put together a backup plan for the northern front" of Iraq, leaving out Turkey. At the same time parts of 101st Airborne Division were not yet in place or ready for combat; ditto for "three powerful armored divisions." To compensate, a plan was cooked up for "a rolling start," which gives the option of starting the fighting at any time. "But there are military experts—including experienced commanders—who are worried by this plan," a well-informed source reported to *EIW*.

Scalia Bans Coverage of 'Free Speech' Event

Although the usual practice of the City Club of Cleveland is to videotape its speakers for later broadcast on public television, it did not tape a speech by U.S. Supreme Court Justice Antonin Scalia March 19, on the occasion of Scalia's being given the City Club's "Citadel of Free Speech" award.

As is his usual practice, Scalia refused to appear unless television and radio coverage were banned. C-SPAN vice-president Terry Murphy said that the ban "begs disbelief and seems to be in conflict with the award itself."

In a speech at John Carroll University in Shaker Heights March 18, Scalia said that there is room for scaling back civil rights and liberties in time of war. "The Constitution just sets minimums," he said. "Most of the rights that you enjoy go way beyond what the Constitution requires."

Pro-War Propagandist Worries Bush Is Mentally Unstable

A British pro-Iraq-war propagandist is now worrying that George W. Bush is mentally unstable, and could crack up during the war. Writing in the March 21 London *Independent*, Johann Hari, a self-proclaimed "leftist," has been a staunch supporter of the Iraq war in the name of "Iraqi democracy" and "liberating Iraqis." But now that the war has begun, he is panicking, afraid that the man running the United States is a berserker, who has a crude record of executing people in

Texas, and who has now gone to war without any international support.

Hari's column began: "George Bush is terrifying.... George Bush is a dry alcoholic: that is, he simply quit one day, without going through Alcoholics Anonymous or any similar group. All the evidence shows that dry alcoholics are at far greater risk of falling off the wagon, especially at times of stress. Anybody who has known a dry alcoholic will recognize the symptoms of George Bush: the aggression, the touchiness, the transference of the addiction to other behaviors, such as fanatical exercise, and obsessively acquiring more and more personal power.

"The thought of the President losing the plot suddenly and drastically is frightening—and not implausible. Speculation that he may be dealing with the stress by using Xanax, a popular valium-like drug, is common in the U.S.; Maureen Dowd of the *New York Times* has even dubbed him 'the Xanax cowboy.'

"So why do I trust George Bush on Iraq? The simple answer is: I don't."

How Chickenhawk 'Advisers' Treat the President

According to a p. 1 article in the March 19 *New York Times*, "During a White House planning session with his top military advisers late last month, President Bush turned to Gen. Richard B. Myers, chairman of the Joint Chiefs of Staff"—whose statutory duty is as military adviser to the President—"with a pressing question: How long would war with Iraq last?

"But before General Myers could respond, Defense Secretary Donald H. Rumsfeld put a hand on his arm and said, 'Now, Dick, you don't want to answer that'" question from the Commander in Chief.

As for Rumsfeld himself, the *Times* said that his closest and most frequent adviser, by far, is Vice President Cheney.

Ibero-American News Digest

Mexico's Fox 'Disagrees' with Bush War Policy

President Vicente Fox addressed the Mexican nation two hours after U.S. President George Bush issued his 48-hour war ultimatum March 18, to state that Mexico is a nation of peace, and "disagrees" with the war policy. Mexico laments "the path to war," he said, and while it is true that Mexico shares the values and goals of the United States, the United Kingdom, and Spain, "We disagree on this occasion with the timeframe and procedures. We maintain our belief that the diplomatic means [for disarmament of Iraq] have not yet been exhausted." The world must continue to promote solutions which fulfill the letter and the spirit of the UN Charter, which establishes that the use of force must always be the exceptional and ultimate recourse, "which is only justified when the other paths have failed," Fox said.

What is at stake today is the form itself in which the international community responds to disarmament and proliferation of weapons of mass destruction, the Mexican President argued. Multilateralism must not be eroded in this effort.

Reflecting the fear of the reprisals threatened against Mexico, Fox repeated several times that Mexico's agreements with the United States are much greater than its differences.

Fox announced also that necessary measures had been taken to guarantee the security of strategic installations in Mexico (oil, ports, etc.), and—with less credibility—to guarantee economic stability. "At a time in which the countdown toward war begins, it is time that our values of peace, plurality, and tolerance be strengthened.... These are times in which to guard

the higher interests of the nation. These are times of unity," he said.

Mexico's Political Parties Join Fox in Opposition to the War

The PRI Party, representing the opposition to the ruling PAN Party of President Fox during the campaign for midterm elections in July, nonetheless issued a statement of support for the President's reiteration of Mexico's commitment to the principles of self-determination and non-intervention, and multilateralism, as the only legitimate mechanism to guarantee peace and international security. Armando Salinas Torre, the PANista who heads the leadership body of the Chamber of Deputies, supported Fox's call for unity behind the government's policy of peace, noting that this is the policy which Congress had advocated. He announced that Congress would issue a statement in response to Fox's statement.

War on Iraq Could Blow Out Brazil, Argentina Economies

A war on Iraq could cause a Brazilian debt blowout and endanger Argentina's economy, warned the Argentine daily *Clarín* March 11. "Immediately, the greatest danger to the local economy [from a war on Iraq] comes" not from any direct effects, but "from Brazil's *fragility*," the daily stated. "Although Rio de Janeiro is more than 11,000 kilometers from Baghdad, the bombing of Iraq could be *much more damaging* to the Brazilian economy, than to many of [Iraq's] neighboring countries which have no debt."

After quoting an executive from Standard & Poor's Office on Sovereign Debt, who warned that "Brazil is highly vulnerable today to a contraction in capital flows," *Clarín* pointed to remarks from a Buenos Aires economist, who said that "Brazil has six months to improve, before it is devoured by a hostile market."

Brazil Daily Condemns Bush's 'Law of the Strongest' Doctrine

George Bush's foreign policy is based on a single concept: the law of the strongest, Brazil's *O Estado de São Paulo* charged in a scathing March 19 editorial. Saddam may be a bloody tyrant and war criminal, *Estado* said, "but he represents no threat to 'the security of the world.'" It is only Bush's "rhetoric of fear that allows him to turn multilateral collective security institutions into a *tabula rasa*, for having countered Washington's imperial will." The only goal Washington ever intended to allow was "Saddam's removal, and Iraq's occupation." The role that was to be attributed to the UN in this process, was simply to rubberstamp the U.S. decision. "Had it done so, then appearances could have been maintained on both sides of the Atlantic: America couldn't be attacked for acting unilaterally, or Tony Blair for being Bush's 'poodle.'" Were the UN not to accept that role, "better for the new American right, which has among its most sacred dogmas a foreign policy ... based on the principle of the pure power of the state...."

Now, *Estado* concluded, the taking of Iraq really means the redrawing of "the political map of the entire, explosive Middle East, which the [American] hard-line has wanted from before Sept. 11." What remains to be seen, "will be the political costs of that war, involving, beyond Blair's career, the fate of the UNO, and U.S. relations with Europe."

Colombia Daily: Bush Ultimatum Illegal; Can Lead to New World Order

Despite the decision of the Uribe government in Colombia to endorse Bush's imperial war drive against Iraq, the leading Establishment daily in Colombia, *El Tiempo*, devoted its lead editorial March 18 to a violent attack on the Bush Administration's imperial folly. Entitled "War Is Declared," the editorial began:

"Bush's ultimatum to Hussein is the announcement of an illegal war, because the countries that attack Iraq will be doing so against international law.... The leap to war consolidates the rupture of the Atlantic Alliance that has contributed to world

stability since the end of World War II, seals European division, proclaims the loud failure of international diplomacy, and opens a breach between those governments [of the Azores meeting] and the peoples of the world who on Saturday [March 15] once again rejected war."

Of preventive war, *El Tiempo* said: "Just as citizens are not permitted to hang criminals from the nearest tree, neither is the international lynching of a tyrant acceptable." The editors concluded: "Barring a miracle, it now remains only to hope that the Iraqi people will not pay for the faults of a dictator and the stubbornness of a power, with hundreds of thousands of lives. But we will have to return again and again to this cruel theme that changes the ordering of the world."

Other Ibero-American Reactions to the Iraq War

***Brazil:** President Lula da Silva sent a message to the U.S. government, criticizing the intervention into Iraq without the support of the United Nations. "We all wish to live peacefully, and [wish] that the norms of international law be fully respected." Lula said Brazil did everything in its power to keep the war from happening, and they now fear for the lives of the innocents in the "friendly countries" of the Middle East. Foreign Minister Celso Amorim reported that Lula's proposal for a world heads-of-state summit still stands.

***Chile:** On March 18, Chile, one of the rotating UN Security Council members, expressed its "profound disappointment" at the failure to find a "multilateral solution" to the crisis. "This seriously affects the efficiency of the principal body in charge of protecting the maintenance of international peace and security," a Chilean Foreign Ministry statement said. Chile's Ambassador to the UN, Gabriel Valds, said, "It is a tragedy. Another tragedy is going to begin now."

***Peru:** Foreign Minister Alan Wagner said on March 18 that Peru does not agree with any type of unilateral U.S. military intervention in Iraq. Peru takes its position based on the norms of international law.

***Argentina:** President Eduardo Duhalde said, "We are against this war, and we are not going to support it or take part in it."

Israel Pushes Argentina To Strike Out at Iran

Adding to the growing threat of general war in the Middle East, Israel is now pressuring Argentina to name the Iranian government as directly responsible for the 1992 bombing of the Israeli embassy and the 1994 bombing of the AMIA Jewish social center, both in Buenos Aires. On March 17, the 11th anniversary of the 1992 embassy bombing, Israeli Foreign Minister Silvan Shalom issued a statement saying that Iran "planned the attacks against Israeli objectives in Argentina in 1992 and 1994," and demanded that Argentina get moving on the investigation of these events, and "punish all the guilty in Iran, Lebanon, and Argentina." Iran "is responsible; it is the hand which directed the attacks," Shalom said. Not even the Argentine judge investigating the bombings has implicated the nation of Iran in this way, identifying only "Iranian radicals."

Charges similar to Shalom's appear in the report issued recently by SIDE, Argentina's state intelligence service. Israel's Mossad had significant input into the report's preparation, and three weeks ago, SIDE president Miguel Angel Toma travelled to Jerusalem to personally deliver a copy to the head of the Mossad. Shalom made positive references to the report in his March 17 statement.

While Toma was pleased with Shalom's remarks, the Foreign Ministry, which has been attempting to carefully rebuild a relationship with Iran, was said to be "disconcerted" by the Israeli official's accusations. On March 18, Deputy Foreign Minister Fernando Petrella called in Israeli Ambassador Benjamin Oron, to ask that the evidence Shalom said he possessed

regarding Iran, be transmitted to the Argentine government. Oron said he would relay the message, but complained that many Argentine government officials hadn't attended the 11th anniversary commemoration, in Buenos Aires, of the 1992 bombing. One high-level diplomat remarked to the daily *Clarín* that the Israelis are pressuring Argentina to go after Iran, because it is the "next target" in George W. Bush's "axis of evil," after Iraq.

Sao Paulo Assassination: Is Brazil Becoming 'A Colombia'?

The March 14 murder of a Brazilian judge provokes the question: Is Brazil becoming "a Colombia"? Judge Jose Antonio Machado Dias, age 47, who had been in charge of various top organized-crime/drug-trafficking cases, was ambushed and assassinated on March 14 on the streets of Presidente Prudente, the city in Sao Paulo state where he lived.

All the security organs of the state will be deployed against organized crime and drug-trafficking, President Lula da Silva vowed March 16. "We cannot remain with our hands folded, while groups of criminals and drug-traffickers seek to set up territories in the country free of all control." The President's formulation, "territories free of all control," answers the new U.S. doctrine being pushed by Defense Secretary Donald Rumsfeld and Southern Command head Gen. James Hill, that "ungoverned areas" in Ibero-America are targets for supranational military action.

Security was immediately redoubled around every judge in Sao Paulo state. Senate President Jose Sarney, Sen. Magno Malta (who headed the Parliamentary Investigatory Committee into Drug Trafficking), the Association of Magistrates of the State of Rio de Janeiro, and Raymundo Damasceno, Secretary General of the Roman Catholic National Council of Bishops, were among the voices who warned that Brazil must take action because it is rapidly becoming like Colombia, where the drug trade infiltrates, terrifies, and paralyzes the judiciary.

Paulo Sergio Domingues, president of Ajufe, the Association of Federal Judges of Brazil, urged the government to focus on the heads of organized crime, which are not located in the *favelas* (shantytowns), but in the apparatus of "money-laundering, and arms- and drug-trafficking."

One leading suspect in ordering the hit is the Revolutionary Armed Forces of Colombia's (FARC) main trafficker, Fernandinho Beira Mar, who runs the Rio de Janeiro drug gangs from his jail cell. Judge Machado's last decision had been to turn down one of Beira Mar's legal requests.

Western European News Digest

Say Iraq War Could Cause More Casualties Than World War I Battles

An Iraq war will end up causing more casualties than the First World War, and will involve decades of massive unrest in and around Iraq—and the White House is oblivious to warnings from the State Department about such realities, stated Britain's Sir Michael Howard, the dean of British military historians, in an interview with the March 16 *Sunday Times* of London. Himself a cold-blooded, cynical type, Howard came out in support for the "inevitable" war.

Howard asserted that the war is "a vile gamble," and could mean more deaths than the bloody Battle of the Somme, in the First World War. He asserted that Tony Blair has no idea of what is coming, and said: "The parallels with the First World War are frightening, right down to the ultimatum which they knew couldn't be met."

Howard said he foresees a century of unrest in the Middle East and environs following on the war, even though the war itself might not last long: "I accept the war might be over in 10 days. For a month, everyone will be stunned, how easy it was. Then, all the problems will emerge."

Now teaching at Washington University in St. Louis, Howard has considerable access to the Bush Administration, and reported the following: "The State Department knows what it is letting itself in for, but it hasn't penetrated the Oval Office. It's like my spook friends told me during the Cold War: The KGB knew what was happening in the world outside, but the Kremlin didn't want to hear." An added problem is that "a lot of people in the Administration are in imperial mood, they want to establish their power, secure Israel, and rule the Middle East."

Howard commented that the war will trigger more terrorism, break down existing forms of transatlantic cooperation on terrorism, and leave Britain and the U.S. alone, in an increasingly chaotic Middle East. He added that the U.S. handled the "war on terrorism" completely wrongly, over the past months: "To lose all your friends in a year, does take a certain amount of talent."

But Howard said he was on board for the war: "The argument I do buy, is that Saddam is in breach of the UN, and there is no reason not to stop him now. Deterrence only works, if you might use it."

French Historian Asserts That Eurasian Alliance Can Outstrip U.S.

French historian Emmanuel Todd, in an interview last week in the German newsmagazine *Der Spiegel*, endorsed the Eurasian alliance perspectives, and said the war against Iraq would be the beginning of the decline of a United States that was too overextended, both militarily and economically, to be a lasting empire. "Bush's brutality in foreign-policy terms has worked as a massive incentive for the Franco-German duo. A new world-political pole is emerging here, which already is showing enough dynamic to also attract Russia," Todd said. Since the end of the Cold War, the emergence of this "natural and normal" alliance between France, Germany, and Russia had been latent, and now it is taking shape, Todd said.

In economic potential, he asserted, the new Eurasian bloc has clear advantages over the United States, whose problem is "creeping deindustrialization. European industrial output is bypassing the U.S.A.'s by far, even in top technologies." And, the United States has grown totally dependent on the unabated inflow of foreign capital, with an unprecedented trade deficit of nearly \$500 billion. "But this cannot work forever. Soon, also this bubble will explode."

It is worth noting that German Foreign Minister Joschka Fischer also referred to "Eurasia," in an interview with the *Frankfurter Allgemeine Zeitung* March 16. Though superficially opposing any reference to a "Paris-Berlin-Moscow-Beijing axis of reason," Fischer did state that "Europe is part of the Eurasian continent." Conceding that, in military terms, Europe is not taken seriously by the United States, he added that it is otherwise when it comes to Europe's economic power.

Blair Government Hit with Multiple Resignations

On March 17, Robin Cook, who once was British Prime Minister Tony Blair's Foreign Secretary, and was Leader of the House of Commons—Blair's righthand man in the Labour Party—resigned from Blair's Cabinet in protest of the Iraq war. On March 18, two more Cabinet members resigned: Junior Health Minister Lord Hunt of Kings Heath, and Home Office Minister John Denham. Lord Hunt stated that he had agonized over Britain's Iraq policy for weeks. He told *BBC Radio 4's* "Today" program: "I don't support the preemptive action which is going to be taken without broad international support or, indeed, the clear support of the British people." His resignation came hours before British Prime Minister Tony Blair was to go before the British Parliament, to ask Parliamentarians to back "all means necessary" to deal with Iraq.

Then followed Denham's resignation. He said, "I have this morning resigned from the government as I cannot support the government's vote tonight.... I hope to speak in the debate later today."

But disappointingly, Overseas Development Secretary Clare Short, who earlier had asserted that she would resign were Britain to go to war without UN backing, is staying on in the Cabinet.

Clare Short Rebuffed by Washington in Attempt To Get UN Role in Postwar Iraq

According to the March 22 issue of the London *Guardian*, the Bush Administration has rebuffed British Overseas Development Secretary Clare Short in her efforts to secure a role for the UN in postwar Iraq. Short, who declined to leave the Blair Cabinet over the issue of the war because Prime Minister Tony Blair promised that the UN would play such a role, was told just the opposite when she was in Washington last week. She met both U.S. and UN officials without resolving the issue.

The Pentagon is said to want to totally freeze the UN out of Iraq. In fact, the *Guardian* reported that British Foreign office sources say that the only reason the U.S. wanted a new UN resolution was "as a cover for their activities, rather than a route to enabling the UN to coordinate reconstruction." These sources said that without a UN resolution, U.S. and U.K. occupying forces would have no legal right to run the country's institutions. "There is no legal mandate for that sort of activity. It's all quite bizarre."

French Elected Officials Appalled at U.S. Warhawks

Public and private statements made by French Deputies and Senators in the leadup to war last week indicate a very high degree of awareness of the full implications of the takeover of U.S. politics by the "Chickenhawks."

A French Parliamentarian with 40 years' experience in international affairs just back from a five-week trip to the Third World, told an *EIR* reporter that "if the USA goes ahead with war, it is the end, not only of international law, but of the very notion of law. We shall return to a universe of non-law, of might makes right. Nothing the USA ever says, on any issue, will be credible, because it is now clear to all that they will cleave to no undertaking, no matter how solemn. The end of everything, if this goes ahead. If Mr. LaRouche is trying to stop this, I cannot but congratulate him."

Paul Quiles, a Socialist Party Deputy who led the Defense Commission at the National Assembly for several years, has been giving extremely sharp statements in radio and TV interviews. "I should never have supported the first Gulf War," he stated in one of them. "I did not realize the implications, and the impact the embargo would have. It was a mistake. The Americans have got 250,000 men in there and five aircraft carriers. They are going to war, and we can't stop them. But we cannot go along with them. Chirac is right to challenge that. If the U.S. wants war, let them go alone. We must impose a veto in the UN; otherwise, the UN will go the way of the League of Nations. International law is being torn up. It won't mean a thing anymore. Anyone will be able to trot off and do anything."

"It is pure imperialism—reducing countries to satrapies. Turkey, China, Mexico—the U.S. is throwing money at people as though there were no tomorrow, to buy their support. But who says it will work? Who can support such a thing?"

"I don't think people are clear that the U.S. is willing to use a nuclear option. They are talking about mini-nuclear weapons. Do people realize what that means? Edward Kennedy has brought it up, and I think it should be more widely discussed."

Did Silvio Berlusconi Sign His Political Death Warrant?

Italian Prime Minister Silvio Berlusconi may have signed his political death warrant last week when, in front of the Parliament, he declared that "conditions for the use of force are today legitimately determined," thus recognizing a legitimacy in the war against Iraq. Berlusconi added that Italy will not participate directly in the war, but, like other

European countries including Germany, will concede the use of air space and bases on its territory. After Berlusconi's speech, the Chamber of Deputies voted a motion of support which collected a majority of 304 votes against 246. About 40 members of the majority party voted against or abstained.

Previously, Secretary of State Colin Powell had listed Italy as being among 30 nations which would support the war, and George W. Bush had written a letter to Berlusconi thanking him "for your support." Such statements provoked strong reactions from the parliamentary opposition, which ironically stressed that Colin Powell is the real spokesman of the Italian government.

Meantime, in foreign policy debate March 19 in the Italian Senate, the Old Guard of pro-American statesmen spoke out against the war: four elder statesmen, who have been the staunchest allies of the United States for the past 50 years. The four were former Prime Ministers Giulio Andreotti and Emilio Colombo, and former State Presidents Oscar Luigi Scalfaro and Francesco Cossiga. They all participated in the Marshall Plan, the founding of NATO and of the European Union; Andreotti, Colombo, and Scalfaro were members of the Congress that drafted the Italian Constitution; Cossiga stressed that he had, as a Cabinet member, helped to build the original stay-behind network of NATO.

Scalfaro complained that Premier Berlusconi had told him privately before the debate that he sensed in Bush a "messianic" will, but did not repeat that before the Parliament.

Scalfaro declared: "We are strangers to a war which disrupts everything we have built for 50 years." Andreotti said that "the Iraq war is illegitimate because it has no continuity with the war on terrorism ... because the connection between Osama and Saddam has not been proven. It is just the will to punish a rogue state, and eventually others, starting with Iran, whose democratization process should instead be defended." Colombo found it curious that the U.S. has "decided on a war [at the side of] Great Britain and, who knows why, with Spain." "Old ghosts are surfacing again; we, in our time, fought hard against the exclusive Anglo-American relationship, in order to be able to draw England into the European Community." Cossiga said that the government should deny the use of its air space and bases.

Former Italian Premier and traditional pro-American statesman Giulio Andreotti said that "to light a fire in the epicenter of oil resources could be, among other considerations, a collective suicide." "I believe that none of us, if he has seen and listened to the Pope on Sunday's Angelus prayer, can deny having felt a deep emotion. One was reminded of Pius XII's warning, when he went personally ... to implore Italy not to enter World War II [on the side of Nazi Germany], and said: 'nothing is lost with peace, everything is lost with war.'"

German Government Voices 'Great Concern and Shock' Over Start of War

Coordinated with other governments that are opposed to the war (Chancellor Gerhard Schroeder conferred with French President Jacques Chirac, for example), the Chancellor's office circulated a statement March 20 saying that "the news of the beginning of the war against Iraq has caused great concern and shock to the German government."

The government "hopes that combat actions could be completed as quickly as possible, and urges "all warring parties to do everything in their power to avoid civilian casualties."

The statement stressed that Germany insists that the United Nations, particularly the Security Council, play "a central role in the restoration of peace in Iraq," with emphasis on the "maintaining of territorial integrity of Iraq." French President Jacques Chirac, with whom Schroeder is coordinating, even said last week that France would veto any resolution put before the UN Security Council to permit the U.S. and the U.K. to manage the reconstruction of Iraq after the war. Some media reported that Chirac and British Prime Minister Tony Blair, seated side by side at a meeting last week in Brussels, engaged in a screaming match on the subject of the war.

In a nationally televised statement March 20, Schroeder told the Germans that his government "has tried to prevent that war. Until the last minute. I am sure there would have been another way to disarm the dictator, the United Nations way. And I am aware that I am united, in this approach, with the great majority of our nation, with the majority at the UN Security Council and with the majority of nations. The wrong decisions have been made. The logic of war has prevailed over the logic of peace. Thousands of human beings will have to suffer terribly for that.

"I said, a wrong decision has been made. This is our view, which has to be voiced clearly. And we share this view with French President Chirac, with Russian President Putin, and many others in the world that bear special responsibility.

"The differences over the war issue are clear differences of view between governments, not deep differences between friendly nations. The substance of our relations to the United States of America is not endangered. The nations of this world desire peace. They want the rule of law, which is the basis of any freedom. That is what we are working for. Germany, as I have assured, will not take part in the Iraq war."

The alliance obligations (overflight and transport rights for the American forces in Germany, etc.) which Germany has within NATO, are not affected, Schroeder added. The Chancellor concluded by voicing hope that the war may end soon, so that "the world, for the sake of its common future, can turn back to the road of peace, as soon as possible."

LaRouche at Bad Schwalbach: Real Leadership Required To Rebuild This World

The Schiller Institute's European conference, "How To Reconstruct a Bankrupt World," opened at Bad Schwalbach, Germany March 21 with a keynote address delivered by U.S. Democratic pre-Presidential candidate Lyndon LaRouche.

After a musical introduction, Uwe Friecke of the Schiller Institute delivered welcoming remarks, noting that with Bush's war against Iraq now begun, one may speak of a "broken world" which has to be rebuilt. Friecke presented the speakers on the first panel, along with LaRouche: Civil Rights veteran Amelia Boynton Robinson; former Indian government minister Chandarjit Yadav; Dr. Bi Jiayao of the Academy of Macro-Economic Research, China; and Prof. Dr. Vladimir Myasnikov, Institute of the Far East, Academy of Sciences, Russia. Also welcomed were William Wertz from the Schiller Institute in the United States, and Tibor and Judith Kovacs from the Schiller Institute in Hungary.

Friecke also welcomed former diplomats from South Korea, Poland, and Zimbabwe, as well as political guests and academicians from several countries of Africa, Eastern Europe, Russia, Ukraine, Georgia, and numerous guests from the LaRouche Youth Movement from several countries. A special telegram to the conference by Tam Dalyell, doyen of the British House of Commons, was read, which welcomed LaRouche's efforts, and called for legal action against Tony Blair and his Foreign Secretary, Jack Straw, who started the war on the British side of things.

(For the text of LaRouche's remarks, see [THIS WEEK YOU NEED TO KNOW](#), in this issue of *EIW*.)

Tam Dalyell Greets Bad Schwalbach Conference

"I applaud Lyndon LaRouche's caring and serious approach toward Iraq," said Tam Dalyell, longest-serving member of the British House of Commons, in a message to the Schiller Institute's European conference. "I wish you success for your conference," he said.

On the Iraq war, Dalyell said: "What needs to be done, is, when the fighting ends, is to look at the legal position, in international law, of those who launched this atrocity. Which includes the British Prime Minister and Foreign Secretary.

There has to be an examination of their motives, and it has to be ensured that Iraqi oil revenues are used for the Iraqi people."

Russia and Central Asia News Digest

Russian President Denounces Iraq War as Violation of International Law

The invasion of Iraq was "a serious political mistake," Russian President Vladimir Putin said March 20, in a statement even more strongly worded than Foreign Minister Igor Ivanov's remarks in recent days. Putin's address to top political and security officials, excerpted below, was issued as an official statement:

"The entire region is threatened by a large-scale humanitarian and environmental disaster.

"Let me stress from the outset, that these military actions are being carried out contrary to world public opinion, and contrary to the principles and norms of international law and the UN Charter. Nothing can justify this military action—neither the accusation that Iraq supports international terrorism (we have never had and do not have information of this kind), nor the desire to change the political regime in that country, which is in direct contradiction to international law....

"And, finally, there was no need to launch military action in order to answer the main question posed by the international community: namely, are there, or are there not weapons of mass destruction in Iraq? ... Moreover, at the time of launching this operation Iraq posed no danger either to neighboring countries, or to other countries and regions of the world, since—particularly after the decade-long blockade—it was a weak country, both militarily and economically. It was still less of a danger, with the international inspectors working there.... [I]n the recent period their work had produced serious positive results. I would like to note that the joint work in the framework of the UN Security Council ... created the basis for practical actions to disarm Iraq by peaceful means....

"The military action against Iraq is a big political mistake. I have already referred to the humanitarian aspect. But the threat of the disintegration of the existing system of international security is no less cause for concern. If we allow international law to be replaced by 'the law of the fist,' according to which the strong is always right, and has the right to do anything he please, with no restriction on his choice of means to achieve his goals, then one of the basic principles of international law will be called into question—that is the principle of the inviolable sovereignty of nation-states. And then no one, not one country in the world will feel secure. And the vast area of instability that has emerged will expand, causing negative consequences in other regions of the world.

"That is why Russia insists on an early termination of military actions.... I want to emphasize that Russia is committed to a policy of bringing this situation back onto a peaceful course and achieving a genuine solution of the issue of Iraq, on the basis of UN Security Council resolutions."

U.S. Is Making 'Tragic Error,' Says Foreign Ministry Official

On March 17, in advance of the U.S.-British withdrawal of their war resolution, in favor of proceeding to invade Iraq without UN approval, Russian Deputy Foreign Minister Georgi Mamedov warned of tragic consequences. In an interview with *Itar-Tass*, he stated: "If Washington decides to ignore the [UN] Security Council, to violate the UN Charter and invade Iraq, this will be a tragic error from the side of the U.S.A. ... Russia categorically rejects any ultimatums regarding Iraq.... In Russia we consider that Iraq constitutes neither a threat to the U.S.A., nor to the international community, nor to its neighbors.... Russia will not participate in a campaign of pressure or threats, directed at changing the regime in Iraq."

Asked what Russia would do, should there be a U.S. military operation, Mamedov answered: "Russia will not launch an anti-American campaign, but will try its utmost to return the situation to a proper legal basis. We will not gloat over a tragic mistake by the United States."

Russian Foreign Minister Igor Ivanov also issued a statement, couched in very similar terms, that "the possibilities for [a political] settlement have not only not been exhausted, they are, on the contrary, quite real," and that therefore, it is Russia's position that "there are no grounds, including legal grounds, for the use of force with respect to Iraq, especially while invoking previous UNSC resolutions."

Russian Military Expert Warns Against Use of Nuclear Weapons by Americans

At a Moscow press conference held March 18, Gen. Col. Leonid Ivashov, a former long-time leading official of the Russian Defense Ministry and now vice president of the Academy of Geopolitical Problems, voiced his doubts that the planned U.S. war against Iraq would be "an easy thing." Although there cannot be any doubt as to the superiority of the U.S. airpower and naval-based cruise missiles, the situation could change rapidly as soon as the Americans were going into operations on the ground, Ivashov said. The war could then turn into a "lengthy affair with many casualties."

The U.S. would begin operations with crippling strikes on crucial sites of the Iraqi administrative structure, command posts of the armed forces, and air defenses. During this phase of battle, and those following, Ivashov thinks that "up to 300 types of new weapons ... maybe also low-power nuclear warfare ... will be tested by U.S. specialists."

Ivashov asserted that small nukes have been stationed in Kuwait already, and the fact that (he said) the U.S. armed forces have increased research in the field of such mini-nukes of up to 5 kilotons each, over recent months, indicates they might plan to use these in Iraq. Especially if the battle on the ground turned nasty for the Americans, President Bush would be threatened with loss of face, which could become the final trigger for nuclear warfare in Iraq, Ivashov warned.

Ivanov Attended UN Security Council Session

Departing Moscow for the March 19 session of the UN Security Council, called for 15 by Russia, France, and Germany to define what would have been the remaining tasks for the UN weapons inspectors in Iraq, Russian Foreign Minister Igor Ivanov told reporters, "It must always be hoped that there is such a chance, although after the U.S. President's speech, little hope remains for a peaceful settlement. But we live with hope and with hope we work. We would like to hope that, even if the U.S. does launch war against Iraq, this question may still be brought back into the UNSC framework in a very short period of time; in other words, returned to a legal basis for settling the situation."

Ivanov also charged that "the U.S., in making such a choice, bears responsibility for this action and all its consequences, fraught with great numbers of casualties, and destructive consequences going beyond this region."

On the evening of March 17, Russian President Vladimir Putin spoke with French President Jacques Chirac, the two of them stressing "the need to continue, despite the serious deterioration of the situation, political and diplomatic efforts in the framework of the UN."

Speaking after his return to Moscow, Ivanov also proposed a further development of UN institutions, for example, "the creation of a Global System of Protection against Present-Day Threats and Challenges," which would be based on mutual respect of the "interests of each state, and must ensure stability and development in the long-term perspective." Irrespective of the acute threat of war, he said, and being aware that the vast majority of states oppose this war, Russian diplomacy will

continue to work to create and strengthen effective institutions in the framework of the UN, and a multipolar world order.

'New Quality of Cooperation' Among France, Germany, and Russia

Dmitri Rogozin, chairman of the Foreign Affairs Committee in Russia's State Duma, sees the new coordination amongst Russia and the major continental European powers as leading to a new pole for Eurasian politics—one with implications for the economic realm, as well as military and strategic. Interviewed in the German paper *Welt am Sonntag* of March 16, Rogozin spoke about "a new quality of cooperation between France, Germany, and Russia." He said that this goes far beyond the immediate issue of opposition to war on Iraq, and is based on a very solid foundation—which also appeals to other interested powers: "With a common industrial policy, space research, and security policy, for example, in case of regional conflicts, Germany, France, and Russia are turning into a new attractive center for other states."

"The resources of Russia secure the independence of every ally," Rogozin added. "Even if the Americans dominate everything in the [Persian] Gulf, there is no danger for Germany and France, as long as they cooperate with Russia. And Russia has decided for Germany and France. On this basis of mutual interests, the Eurasian Union is emerging as a new superpower, and with its giant export markets, has a bigger future than the European Union."

Dollar Fades as Russian Instrument for Savings

Vedomosti reported March 17 on Russian Central Bank data showing that demand for the U.S. dollar from Russian banks is steadily declining, while demand for the euro rises. In January, Russian banks imported a record amount of euros, equivalent to \$751 million; they imported \$944 million worth of dollars that month, compared to \$2.5 billion in December. The Russian Central Bank reports that 30% of the currency sold at exchange offices during January was euros, and that the European currency's share has continued to rise in February and March. Many stores and service shops, which previously denominated their prices in dollars, have switched to euros or rubles, according to *Vedomosti*.

Russian Analyst: The Iraq War Is Supposed To Save the Dollar, But It's Too Late

Mikhail Khazin, co-author of a recent book called *The Crash of the Dollar*, told *Novaya Gazeta* in a March 17 interview that the motive for the U.S. attack on Iraq was economic. As he has argued for the past two years, Khazin again stressed that the U.S. economic crisis is not cyclical, but "structural," based on the demise of the so-called New Economy.

The same issue of *Novaya Gazeta* carried an article by a young St. Petersburg economist named Igor Andreyev, who described the U.S.-centered economic crisis as not a recession, but "a financial situation unprecedented in the global economy." Comparing the U.S. currency with Russia's GKO government bonds, which collapsed in 1998, Andreyev pointed to such factors as the derivatives bubble, the myth of the New Economy, U.S. indebtedness, accounting fraud, and outsourcing for cheap Third World labor, which has doomed many Americans to unemployment. Soon, he forecast, the dollar will no longer be a world reserve currency.

Russian-Saudi Economic Diplomacy Continues

The intensification of Russian-Saudi diplomatic and business contacts, begun last year, took another step in March, with an official visit by Saudi Oil Minister Ali Ibrahim al Nayimi to Moscow. He met with Russian Energy Minister Igor Yusufov, Presidential economic adviser Andrei Illarionov, and the top executives of the Rosneft oil company and Gazprom, the natural gas monopoly. It was a return visit, after Yusufov's to Riyadh in January.

According to the March 17 issue of *Kommersant*, the Saudi Minister promised to invite Russian companies to take part in

development of a large natural gas project in Saudi Arabia. In turn, Yusufov hinted that the capital repatriated by Saudi business from the United States, could be invested in Russia.

In an interview with *Kommersant*, al Nayimi highly appreciated the role of Russia's Chamber of Trade and Industry Chamber, which is headed by former Prime Minister Yevgeni Primakov, in the development of Russian-Arab economic ties. He also recounted Saudi Arabia's experience with economic diversification, designed to achieve more independence from oil sales. He emphasized the commitment of his country's leadership to modernize the economy and infrastructure, investing in new communication lines, new equipment, and other projects.

Fight in Russian Cabinet Centers on Industrial Performance

A March 15 leadership meeting at the Ministry of Economic Development and Trade was the occasion for a blistering attack on the failure of MEDT Minister German Gref and his colleagues to produce results, outside of the fossil fuels sector of the economy. "The fact is," said Prime Minister Mikhail Kasyanov, "that all the non-fuel sectors of the economy are far from competitive. Today we need, not the slogans you wrote three years ago, but concrete proposals."

Kasyanov also lambasted Gref's ally, Finance Minister and Deputy Premier Alexei Kudrin, for "clumsiness" in failing to make tax reforms work effectively.

Mideast News Digest

LaRouche's Statements Are the Only Sane Ones Coming From the U.S. to the Arab World

Lyndon LaRouche's statement "What Colin Powell Didn't Say," was published last week in several Arabic newspapers, and has been sent out via Internet to many Arab countries. *Al-Arab International* published the statement as a full page spread with thick banner headlines and photos of LaRouche on the top, and President Bush, Vice President Cheney, and Sen. Lieberman at the bottom with a thick caption saying "These are ruling the U.S. today: Cheney's lunatic tribe of neo-con and their allies of organized-crime-linked, pro-imperialist hard-core Democrats typified by war-monger Senator Joseph Lieberman." *Al-Arab* (London), *Middle East Online* (London), and *Al-Shaab* (Cairo) are among those that published LaRouche's statement on March 17 and 18.

The main headline above LaRouche's photo in *Al-Arab* reads: "Lyndon LaRouche, American Presidential Candidate: The Current U.S. Administration Has Declared Imperial War Against the World." Below it: "Pro-Imperialist 'Chickenhawks' inside the Bush Administration are leading the U.S. and the world to the abyss." Another blowup quote reads: "The Anglo-American unilateral war against Iraq is a pretext to launch the Clash of Civilization.... It is not a war against the Arabs alone, nor the Islamic world alone, but against China and beyond."

LaRouche's statement on U.S. Attorney General John Ashcroft's "Heinrich Himmler II" bill was also translated and sent out to Arabic news media and political and governmental organizations and individuals.

One Middle East newspaper worker was so impressed that he asked several times if it were true that LaRouche was an American. He thought that LaRouche sounded as if he were "a father for the Iraqi people." He was told that "LaRouche is a true American."

75% of Palestinian Dead Since 2000 Are Civilians

According to *Palestine Chronicle* of March 17, the Palestinian Initiative for the Promotion of Global Dialogue and Democracy (MIFTAH) reports that the total number of deaths of Palestinians since Sept. 28, 2000, when Ariel Sharon invaded Temple Mount, is 2,183, with "1,656 of these being innocent civilians: 429 of them children and 114 women." Of the total dead, reports MIFTAH, are 300 armed Palestinian fighters, and 119 suicide bombers—19% of those killed by the Israel Defense Forces. The IDF put out a report two weeks ago, underestimating the number of Palestinians they have killed, and falsely claiming that "only 365" were innocent civilians, but admitting that 130 of the people they killed were children, the latter of whom in the height of cruelty the IDF reports as having been "brainwashed."

UN Secretary-General Kofi Annan Condemns Israel

According to a press release on the United Nations website March 17, UN Secretary-General Kofi Annan commented that "Israel appears to be flouting international law," and said he "strongly deplores Israel's continuing raids in the Gaza Strip." The raids of March 16-17 killed 12 people, including a 4-year-old girl shot in the chest, and a young American peace activist run over by a bulldozer. (Although the Bush Administration has asked the Israelis to investigate this "accident," pictures taken a moment before she was crushed show American Rachel Corrie to the side of the bulldozer trying to talk with the driver through a bullhorn moments before she was run over.)

The UN statement said that "the Secretary-General is especially troubled that Israel appears to be flouting a central tenet of international humanitarian law, which requires it to take all possible measures to protect civilian populations during military operations."

IDF Called 'Israeli Killing Forces'

The English-language Israeli daily *Ha'aretz* on March 17 said that the world is ignoring the Palestinian killing fields. It stated that the brutality of the Israel Defense Forces has earned them the sobriquet "Israeli Killing Forces (KF)." Early on March 17, the IDF killed eight Palestinians, when they attacked the Nusseirat refugee camp in the Gaza Strip with a force of 30 tanks and helicopter gunships. In another Warsaw Ghetto-style attack, three people were killed—including a 13-year-old and a baby—when they did not evacuate a house, which the Israelis then blew up anyway. Ali Rabah, the chief of emergency at the hospital in the central Gaza Strip, said the death toll could rise substantially, in the very crowded refugee camp where 16,000 refugees live.

These incidents followed only a few days after the IDF killed two *Israeli* security guards, using the same brutality they always employ in "targetted assassinations." This "accidental" assassination of their own people show how arbitrary the so-called "targetting" is. One of the Israelis was killed in a hail of 200 bullets and the other was killed by an anti-tank rocket fired from a IDF helicopter gunship, when he tried to aid the first man.

On Tuesday, March 18, the Israeli military killed three more Palestinians, two of whom they claim were militants. One Israeli soldier was killed in one of the operations. As usual, the military gave a long story on how one of the individuals killed was responsible for killing more than 50 Israelis. While these stories may or may not be true, one Israeli journalist who followed the stories in detail over a period of time, discovered that in one case no less than 14 "targetted assassinations" hit individuals all of whom seem to have been responsible for the same suicide bombing!

Eleventh-Hour Bid To Halt War with Iraq at UN

On March 14, according to the *London Independent*, leading British Middle East commentator Robert Fisk called for invoking an extraordinary "uniting for peace" resolution at the UN. Fisk wrote that what could be done to undermine the Bush Administration war policy toward Iraq, and to remind it of "its obligations to the rest of the world," was to utilize "a forgotten UN General Assembly resolution that could stop an invasion of Iraq.... It was, ironically, pushed through by the

U.S., to prevent a Soviet veto at the time of the Korean conflict, and actually used at the time of Suez."

This UN resolution, numbered 377, allows the UN General Assembly to recommend collective action, "if the Security Council, because of lack of unanimity of the permanent members, fails to exercise its primary responsibility for the maintenance of international peace and security."

Fisk went on: "This arcane but intriguing piece of UN legislation—passed in 1950 and originally known as the 'Uniting for Peace' resolution—might just be used to prevent Messrs Bush and Blair going to war, if their plans are vetoed in the Security Council by France or Russia. Fundamentally, it makes clear that the UN General Assembly can step in—as it has ten times in the past—if the Security Council is not unanimous."

Fisk concluded: "Today the General Assembly—dead dog as we have all come to regard it—might just be the place for the world to cry: Stop. Enough."

Prior to Fisk's commentary, top JFK/Lyndon Johnson Administration official William van den Heuvel had called for invoking the "United for Peace" resolution, to stop the Iraq war. The March 14 *Frankfurter Allgemeine Zeitung* also ran an article by a legal expert, supporting the idea, and explaining how it would work.

Will Kurds Attack Turks over Kirkuk and Oil?

Reuters reported on March 14 that there were thousands of refugees from the Iraqi oil city of Kirkuk, who were heading for the northern Kurdish region in the "no-fly zone," that is effectively controlled by the U.S.-U.K. The Kurdish refugees said they believed that "many strategic locations, including oilfields, oil pipelines, and a bridge had been mined" by the Iraqi government in preparation for defending against a U.S. invasion.

Kirkuk is coveted by many different players in the U.S. war plans: opposition Kurdish groups working with the U.S. want it to be the center of an independent Kurdish homeland because of its rich oil resources; Turkish factions that want a piece of Iraq from the U.S. want Kirkuk included because of the oil, and will not accept a Kurdish homeland; and some of the U.S. imperial war plans cooked up by the U.S./U.K.-run Iraqi National Congress (INC) want the U.S. military to invade Kirkuk and run the oil fields. Kirkuk is under Iraqi control, and will be defended by Baghdad since it accounts for over half the oil produced per day by Iraq under the UN sanctions.

On March 17, *The Washington Post* reported that Kurdish officials revealed that U.S. special forces are working with and blending in with their troops, and that many more were expected soon. With their help, the Kurds expect to occupy former Kurdish areas, forcing their Arab occupants to flee.

Additionally, Kurdish Democratic Party head Massoud Barzani was quoted as saying, "Having Turkish troops in Kurdistan means war. It will be a major war." But Turkish-Kurdish talks were scheduled for March 17 in Ankara, under Zalmay Khalilzad, Bush's so-called Ambassador to Free Iraqis.

How High Will Oil Prices Climb?

According to the *Malaysia Star* in London on March 16, former Saudi Oil Minister Sheikh Yamani warned that oil might soar to \$50 per barrel. Although with the initial start of the war, oil prices dropped, Sheikh Yamani said it would ruin the world economy if Iraqi crude output were severely hit by a U.S. military strike. Yamani rejected arguments for intervention in the region, saying it would breed another generation of terrorists, and expressed fears that the relatively low-pressure oil wells in Iraq could be rendered useless forever if Saddam Hussein chose to set them on fire, to stop the U.S. from gaining

anything.

Asked whether the whole U.S. campaign in Iraq were misguided and would cause more insecurity, he said: "That's what I believe, what I am afraid of. They are creating terrorists. This policy [is] now antagonizing the whole people in the Arab and Muslim world."

Former U.S. Ambassador to Saudis during 1991 Persian Gulf War Speaks Out

At a March 17 luncheon meeting of the Association of Former Intelligence Officers (AFIO), Charles Freeman, former U.S. Ambassador to Saudi Arabia during the first Persian Gulf War, said en route to testify against the latest war before the British Parliament that:

*9/11 gave a victory to Osama bin Laden, as it undermined U.S. relations with Saudi Arabia. A second invasion of Iraq would give bin Laden "a second victory by breaking relations with all Muslim nations in the Middle East."

*If a second Gulf War is carried to its conclusion, the U.S. will lose hundreds of allies and "geographic basing rights essential to project its power."

*One of the functions of the UN Security Council is similar to that of a "court," since, after deliberation, it "can issue a mandate." And, if that mandate is not carried out, then "it can launch a multilateral force to enforce the mandate." The U.S.-U.K. clearly did not even have a majority—despite the question of veto by members of the Permanent Five of a second resolution authorizing force—the current action against Iraq is similar "to a Texas lynching party."

*Finally, Freeman responded to a question by agreeing that the majority of U.S. military and intelligence leaders opposed the war and had been "blackmailed" into support for it. However, while his words brought evident relief to the former and current intelligence officers present, one former intelligence officer condemned Freeman's speech as being "one of the most pompous speeches I have heard at AFIO in 20 years," and some AFIO members then walked out, indicating the degree of tension within the bureaucracy.

Former U.S. Diplomat to Iraq Condemns U.S. Reasons for War

On March 18, Edward Peck, who had been U.S. Chief of Mission to Iraq during the U.S. "tilt toward Iraq" in the 1980s, condemned the U.S. position that (in his words) "In order to prove to Saddam Hussein that he can't ignore the UN Security Council, we [the U.S.] are going to ignore the Security Council." Peck made this statement while giving a briefing in Washington, D.C. on Middle East policy at Georgetown University. Peck further ridiculed the changing rationales for war with Iraq being presented by the Bush Administration, and pointed out that "no one has given the United States of America the right to decide who rules Iraq."

As to President Bush's statements about terrorists—that "they hate us because of our freedom"—Peck said, no, they hate us because we are killing people in Iraq with our sanctions, and we are indirectly helping Israel kill Palestinians in the occupied territories. But if you believe what Bush says, Peck noted, then you should strongly support John Ashcroft's drive to eliminate the cause of that hatred, by removing our freedom.

Poking fun at Secretary of Defense Donald Rumsfeld's statements about France and Germany "blocking the will of NATO," Peck said that the U.S. has vetoed 40 UN Security Council resolutions, mostly to protect Israel. One case where the U.S. didn't veto such a resolution was in 1982, when the Security Council voted unanimously that Israel should immediately withdraw from Lebanon, adding that: "And in 18 years, they were gone."

Peck made frequent references to Chairman of the Defense Policy Board Richard Perle, and the Project for a New American Century crowd, who have been pushing for a war with Iraq for years, and he concluded by saying that he still thinks there is a slight possibility of stopping the war, but if the Administration goes ahead, he warned, "we are making a ghastly, costly mistake."

Asia News Digest

Malaysia: Bush War Violates International Law

Acting Malaysian Prime Minister Abdullah Ahmad Badawi released a scathing attack on the Bush war drive on March 19, reported the *Arab News* from Kuala Lumpur. With Dr. Mahathir in Brazil as part of a two-month leave, his probable successor, Vice PM Adbullah, said: "The unilateral use of force, undertaken without the support and authorization of the UN Security Council and not in self-defense against any armed attack, is clearly in violation of the principles of international law and the UN Charter." He continued that "unilateral military action aimed at effecting regime change is also an illegal act of aggression, constituting an invasion of a sovereign state." As current head of the Non-Aligned Movement, Malaysia "will be consulting member countries of NAM on the appropriate course of action." He also said the invasion will "set back the common efforts in the campaign against terrorism," and "betrays selectivity on the part of the U.S. and its allies in enforcing compliance with UNSC resolutions, particularly in light of non-compliance by Israel."

Philippines Cardinal Denounces Bush/Blair War as Illegal, Immoral

"Without global support in the United Nations," wrote Jaime Cardinal Sin of the Philippines, "and considering the unforeseen consequences that may be caused to the Iraqi people and to the world, this war is deemed illegal under the charter of the United Nations and immoral under Christian principles. The U.S. and Great Britain's united move toward a so-called preventive war does not fall within the parameters raised by the moral principles of a just war. As the Charter of the United Nations Organization and the international law itself remind us, war cannot be decided upon, even when it is a matter of ensuring common good, except as the very last option and in accordance with very strict conditions, without ignoring the consequences for the civilian population both during and after operations," he said.

The statement appeared in a pastoral letter issued March 12 by the Philippines' senior Roman Catholic leader. Cardinal Sin, who played a leading role in the "people's power" military coup which placed President Gloria Macapagal-Arroyo in power, denounced a U.S./British attack on Iraq as illegal and immoral, despite President Arroyo's support for that war.

China Elects New President, Prime Minister in Tumultuous Times

In the midst of an extremely tumultuous international situation, China held an orderly election of the new "Fourth Generation" of leaders. On March 15, Vice-President Hu Jintao was elected President of the most populous nation in the world—1.3 billion people—by the National People's Congress, in its annual session in Beijing. Hu was also elected Secretary General of the Chinese Communist Party, in the first important phase of this leadership transition, last November.

Vice Prime Minister Wen Jiabao was elected the new Prime Minister, to replace outgoing Zhu Rongji. Wen comes from a very poor background, and has been especially active in dealing with the vast rural sector of China—about 800 million people. Zeng Qinghong was elected Vice President; and Wu Bangguo replaced Li Peng as the Chairman of the National Peoples Congress.

Outgoing President Jiang Zemin, who has served two five-year terms, was re-elected as chairman of the Central Military

Commission of the Peoples Republic. His deputy will be Hu Jintao.

On March 13, a new leadership was also elected for the Chinese People's Political Consultative Conference (CPPCC), the most important non-Communist Party institution in China. It was founded in its present form in 1949, and its history goes back to the 1930s. Jia Qinglin was elected chairman of the CPPCC National Committee.

China Played Central Role in Diplomacy To Stop War

The new government of China was and is right in the thick of the diplomacy to try to stop the war in Iraq. March 18, new Chinese President Hu Jintao spoke to both French President Chirac and Russian President Putin on the telephone. All three said they share the same stance on the Iraq crisis, and would continue cooperation to try and safeguard the peace.

Both Presidents congratulated Hu Jintao on his new office.

With Putin, Hu discussed the Sino-Russian bilateral strategic partnership, and Hu said that China would contribute to regional stability.

With Chirac, he discussed upholding the UN Security Council. Chirac said that France wants to upgrade its cooperation with China, which has been making remarkable progress. Hu said that both countries were big powers, with significant world impact.

China's new Prime Minister Wen Jiabao also called for peaceful settlement of the Iraq crisis.

The new Foreign Minister, Li Zhanoxing, also spoke to Russia's Igor Ivanov, as well as America's Colin Powell and Britain's Jack Straw by telephone. Li was formerly Chinese ambassador to both the U.S. and the United Nations.

Li told both Washington and London that the common wish of the international community is for peace.

"Lock and Load The New World Order" Says New Straits Times

In an editorial titled "Lock and Load the New World Order," Malaysia's *New Straits Times* on March 19 hit the "tragic failure of civilization." The editorial began: "The mocking, almost lampoonish contempt of the United States' final ultimatum to Iraq—that President Saddam Hussein and sons leave town by sundown tomorrow or be bombed out—is the last nail in the coffin of the notion that there could have been any other resolution to this ghastly farce of a conflict. The first major world crisis of the 21st century has been a triumph of naked military might over diplomacy and reason. This has been a tragic failure of civilization. The febrile militarism of the past century has reached out to infect this one, cursing the world with conflict eternal."

Pointing out that nearly every nation could be on the U.S. target list, the editorial added: "In the mother of all ironies, the military subjugation of Iraq against the wishes of the world will strip the United States of every last shred of the moral authority it seeks so mightily to gain. The world is being re-drawn. Much of Europe is realigned behind France and Germany, who now as a consequence jointly wield a geopolitical clout greater than justified by the sum of their domestic parts. Spain has made its suitably Quixotic choice, while the British and Australian governments' support of the U.S. is more durable than those governments themselves, judging by the public opprobrium and internal revolts both are facing."

Indonesia Muslims Plan Protests Against Iraq War, Threaten To Drive Out U.S. Diplomats

According to *Agence France Presse* March 19, Indonesian Muslims are planning protests against the Iraq war:

*Syafii Ma'arif, head of the 35-million-plus Muhammadiyah, responded to Bush's speech: "Bush needs to see a psychiatrist, because his mindset is no longer normal. It is a pity to see a superpower country having a leader like him."

*The Anshor Youth movement of the 40-million-plus Nahdlatul Ulama plans to launch a national boycott of U.S. products and threatened to demand the expulsion of U.S. diplomats and government representatives, and those of U.S.-allied countries.

The Anshor Youth statement warned that if the diplomats did not leave voluntarily within 48 hours from the start of any attack, "There will be the possibility of a forced expulsion by the people, and should war break out, Anshor will try to close down all U.S. companies operating in Indonesia." An Anshor spokesman said: "This decision did not come from Anshor itself, but following intensive discussions with other youth and religious groups and leaders. Washington should realize that these anti-war sentiments are not just small ripples that it can ignore. You go and make war and you will see what you will reap."

U.S. Establishment Demands Bush Change Failed Policy, End Korean War

The "Task Force on U.S. Korea Policy" chaired by CFR North Korea hand Selig Harrison, in a report March 3, demanded the Administration's failed Korea policy be changed, in favor of a non-aggression pact—and a much-needed peace treaty to end the 1950-53 Korean War. "North Korea has a nuclear program because it fears a preemptive strike" by the U.S., Harrison told *National Public Radio* March 16. "They hear President Bush tell Bob Woodward, 'I loathe Kim Jong-il and we want to topple him,' and of course they want to have a deterrent." Harrison also pointed out that even in his report, Brigadier Gen. James Grant in the dissenting statements called for a U.S. preemptive strike to be "left as an open possibility."

The report, "Turning Point in Korea" was produced by a bipartisan panel of most of the past four U.S. administrations' Korea experts, including Admiral William J. Crowe, Jr., former Chairman of the Joint Chiefs of Staff; two former U.S. ambassadors to South Korea, Donald Gregg and James Laney; Clinton Ambassador Robert L. Gallucci, who negotiated the 1994 Agreed Framework with North Korea; Selig S. Harrison; and the directors of research institutes specializing in Korea at ten leading U.S. universities.

The proposal calls for bilateral negotiations, to dismantle North Korea's nuclear program in return for U.S. security assurances, economic assistance, and normalized relations. North Korea must commit not to reprocess its fuel rods at Yongbyon into plutonium, and renew their moratorium on missile testing and end the development of long-range missiles. Longer term, it calls for reducing the U.S. military profile in Korea, and signing a peace treaty formally ending the Korean War.

Japan's Koizumi Climbs Aboard Bush's Descent into Hell

Japanese Prime Minister Junichiro Koizumi endorsed the Iraq war as his Cabinet and the Japanese people protested. Koizumi expressed strong support March 18 for Bush's ultimatum to Iraqi President Saddam Hussein. "It goes against the national interest to break the trust between Japan and the U.S., which the citizens have built up for more than 50 years since World War II," said Koizumi.

Koizumi also stated that he had to take into consideration the "threats from North Korea," and thus be firm against Iraq.

Koizumi's public approval rating sank to a record low due to strong opposition to an attack on Iraq, coupled with his 100% failure to stop the bleeding of Japan's economy. A *Kyodo News* poll says the premier's support rate has plunged to a record 41%, with 60% saying the government should not back an attack on Iraq. Another *Kyodo News* survey also showed Koizumi is not receiving support for his stance from fellow lawmakers, as more than two-thirds of Japanese parliamentarians surveyed do not support the use of force to disarm Iraq. Members of the Japanese Trade Union Confederation demonstrated in an emergency meeting to oppose the war at the Meiji Shrine in Tokyo just after Koizumi's statement.

Koizumi's two coalition partners, the New Komeito Party and the Democratic Party, are also lukewarm on the idea, as both voiced concern at a Cabinet meeting after Koizumi's statement. The New Komeito had opposed the war entirely but was overruled.

U.S. 'Better Positioned' in Pacific To Deter North Korea

Admiral Thomas Fargo, head of U.S. forces in the Pacific, and General Leon LaPorte, commander of forces in Korea, told Senate hearings March 13 that the U.S. is "better positioned today in the western Pacific than a year ago," in Fargo's words, as significant new U.S. forces move into the area. According to *AFP* and *Yonhap*, they announced resumption of U.S. airborne surveillance off North Korea less than two weeks after North Korean fighters intercepted an American U-2 plane over international waters in the Sea of Japan. Fargo said the U-2 planes may now have fighter escorts.

Fargo announced that additional troops and aircraft were flowing into South Korea as part of annual joint war games, which included a simulated amphibious assault on a beachhead on the east coast of the peninsula by hundreds of thousands of U.S. and South Korean troops. The aircraft carrier USS Carl Vinson has been deployed from the states and will dock in Pusan. Six U.S. F-117 stealth fighter jets have deployed to South Korea for the first time, following arrival of 24 long-range bombers on Guam.

North Korea on March 12 referred to the maneuvers as "a preparation for an invasion."

Africa News Digest

African, Ibero-American Members of the Security Council Played Crucial Role

"A final UN resolution and vote were abandoned by the allies," wrote William Pfaff in the *International Herald Tribune* March 20, "not only because they lacked the votes for authorizing war, but also because they faced the possibility of a majority vote against them—sending them to war in actual defiance of the Security Council.

"The problem was not the French veto. America and Britain had already said they would be satisfied with a 'moral victory'—a majority vote the French were forced to veto. The allies were blocked by concern that Angola, Chile, Pakistan, Cameroon, Guinea and Mexico might vote against them. This inability to persuade (or even intimidate or bribe) friendly countries on a matter so vital to the U.S. government is unprecedented in postwar history." Pfaff notes that unwavering French resistance played a role in rallying other governments against the resolution (and indeed, the U.S. and Britain have charged that France's announced determination to veto a resolution acted as a chill on other countries).

Zimbabwe Opposition MDC Gives President Mugabe Two Weeks

After a successful two-day general strike, the British-owned opposition, the Movement for Democratic Change, MDC, on

March 19 gave Zimbabwean President Robert Mugabe a two-week deadline to meet its demands for a negotiated political settlement, according to the *Financial Gazette* (Harare) March 20.

The demands of the MDC, presented to Mugabe in a letter on March 21, include the immediate release of all political prisoners; government agreement to restore the legitimacy of government—this seems to mean new elections; an end to state-sponsored violence; restoration of freedom of assembly, association, expression and movement; depoliticization of relief food aid; disbandment of militia groups; and a halt to state-sponsored electoral violence and fraud.

The strike of March 18-19 included the closing of "most businesses ... with many employees staying away from work," according to the *Gazette*. "Commuter bus services and traffic from Harare's townships and suburbs were halted when protesters built makeshift barricades of rocks and wooden poles," the *Gazette* wrote. Police said explosions damaged three small businesses, destroyed a supermarket, and caused superficial damage to a bridge, according to *Reuters* March 19. Several buses were burned. The stay-away was most successful in Harare and Bulawayo, but did spread to other cities and town.

While confirming the success of the stay-away, *Reuters* claimed that street action was less successful than reported in the *Gazette*. "Zimbabwe police kept their grip on Harare's black townships on Wednesday," March 19, according to *Reuters*, which added, "Harare police said they arrested 63 people [March 18] after mobs stoned motorists and blocked roads before officers moved in, backed by army helicopters and armored cars."

This has been virtually the only successful mass action since President Mugabe's reelection last March, because of heavy police repression.

Senior officials of the MDC, according to the *Gazette*, said the stay-home-from-work action was a "test run" to gauge the mood of the people, and would take a different form if the party's demands were not met. MDC officials, speaking on condition of anonymity, told the *Gazette* that the next phase would involve street protests and marches around the country.

Commonwealth Secretary General Overrides Nigeria, South Africa

Zimbabwe will remain suspended from the Commonwealth until the issue can be taken up by the Commonwealth heads of government meeting (CHOGM) in December, Commonwealth Secretary General Don McKinnon announced March 16, at a meeting of Commonwealth diplomats in London. It is not clear how, and by whom, this decision was reached. McKinnon's written statement claimed, "The members of the Troika have now concluded" that continued suspension is best. The Troika are the heads of government of South Africa, Nigeria, and Australia.

But South Africa and Nigeria were apparently not party to any such decision. The South African Deputy High Commissioner in London, Sisa Newana, "said South Africa and Nigeria strongly condemned Mr. McKinnon's statement, which they said they were not party to," according to the *Herald* (Harare) March 19.

The *Herald* said the decision also could not have been based on a consensus among Commonwealth members.

The *South African Broadcasting Corporation* on March 18 restated that "South Africa and Nigeria are opposed to the suspension being renewed." South African President Thabo Mbeki was to hold a press briefing on the matter March 18, but no news of the briefing has yet been made available.

11 Million Ethiopians 'On Brink of Famine'

Eleven million people in Ethiopia are "on the brink of famine" because of prolonged drought, according to the executives of Catholic Relief Services, Lutheran World Relief, and Africare. In a press conference in Washington March 18, they warned that famine could only be avoided if the international community takes immediate action. They said 3 million more would be "at risk if there is yet another failed harvest." The three had just returned from an assessment in Ethiopia.

Coup in Central African Republic

General Francois Bozizé, head of the Central African Republic (CAR) Army until October 2001, ousted President Ange-Felix Patassé in a coup that began in the afternoon of March 15, while President Patassé was flying back to Bangui, the capital, from Niger. The two men, both from the north of CAR, had been allies until Patassé accused Bozizé of supporting an attempted coup by a former military ruler of CAR in October 2001. Bozizé denied it. Earlier, Bozizé had "called on Patassé to negotiate with his opponents or step down to allow a transition based on consensus to take place," according to *Reuters* March 16.

Bozizé staged the coup just as Patassé was beginning to take his advice—that is, in present circumstances, to negotiate with Bozizé himself, and his supporters, whose insurgency has been active in the Northwest of the country. Plans for the talks were being arranged with Gabon's President Omar Bongo and the Roman Catholic Sant'Egidio community, with some financial support from China.

The "Clash of Civilizations"-oriented Institute of Advanced Strategic and Political Studies (IASPS) will favor the coup, since it ends tensions between CAR and Chad, which had given refuge to Bozizé until recently. The Chad-Cameroon oil pipeline project—a part of IASPS' African oil grab—must run its pipeline fairly close to the CAR border, just where Bozizé's insurgency has been active. Yet the coup may not provide the peace that IASPS says it needs.

International Reaction to the CAR Coup

Condemned by the African Union and France, the coup was endorsed by the United States and supported in the British press. As the wave of condemnations grew, the United States reversed course, and claimed to condemn the coup.

Reuters, the British wire service, described Bozizé March 16 as "a deeply religious man and stern leader." *BBC* called him an "intellectual" and said he is "widely respected for being a simple man." Such characterizations were absent from the wires of *Agence France-Presse*. The French government condemned "any armed attempt to overthrow a legitimately elected head of state," and France cancelled its weekly flight to Bangui, *AFP* reported March 16.

The U.S. State Department, reacting a day later, called on the coup-makers "to restore order" and "take measures toward national reconciliation that will lead to a democratically elected government," in the words of State Department spokesman Lynn Cassel March 17, according to *AFP*. It was, for all practical purposes, an endorsement of the coup.

Charles Cobb of *allAfrica* wrote, "A U.S. State Department official Monday [March 17] claimed to be 'still looking into' the sudden coup.... 'There's a lot of sorting out to do. The situation is unclear,' said the official." Perhaps the growing condemnation of the coup in Africa forced the State Department's hand. On March 18, a written statement by State Department spokesman Richard Boucher repeated Cassel's language, but opened with the claim that "The United States March 18 condemns the attack and seizure of power."

South African President Thabo Mbeki, in his capacity as president of the African Union (AU), issued a condemnation of the coup March 17, saying, "The African continent will never countenance any unconstitutional transfer of power from whatever quarter...." The seizure of power by force is in violation of AU principles. UN Secretary General Kofi Annan

strongly condemned the coup and called for "the speedy restoration of the constitutional order."

In Addis Ababa, the Central Organ of the AU for dealing with conflicts recommended March 18 "the suspension of CAR's participation in the decision-making bodies of the African Union, until the constitutional order be restored," and demanded "that the authors of the coup take immediate measures to restore the democratically elected government of the country."

Niger's President Mamadou Tandja, as chairman of the Economic Community of Sahelo-Saharan States (CENSAD), called on the international community to take "concerted action" to immediately reestablish constitutional rule.

Algeria's government was one of the first in Africa to condemn the coup.

"President" Francois Bozizé, the coup-maker, in a national broadcast March 16, said talks with the IMF and World Bank are among his priorities. He said the Constitution was suspended and the government and National Assembly were dissolved. He announced plans for a National Transitional Council: "I will receive as soon as possible all the political parties and stakeholders so that we can agree on a consensual transitional program." According to *IRIN* March 17, "He said former heads of state would be honorary members of the Council. He said his administration's priorities would be to pursue talks with the IMF and World Bank on a 'post-conflict' accord ... and prepare free and fair elections."

***allAfrica* Reporter Claims U.S. Role in CAR Coup**

In a March 17 article, Charles Cobb, the Washington reporter for *allAfrica*, wrote that there were two key factors behind the coup. First, "The recent denial of an IMF loan to help with payment of arrears to the African Development Bank that would, in turn, release money to pay civil servants and the military. The United States, while not directly opposing the loan, offered no help with the IMF to secure it.

"Pressure from the U.S. led to most of the Mouvement de Liberation du Congo (MLC) rebel forces led by Jean-Pierre Bemba returning to the Congo last year. They had entered the CAR in October 2002, ostensibly to 'protect' the Patassé government."

While an IMF loan is hardly the best way to fund a government, and the ruffian MLC forces were best known in CAR for their pillage and rape, these considerations do not invalidate Cobb's argument.

He pointed to a January report to the UN Security Council by Kofi Annan that "warned that the suspension of assistance by the World Bank and IMF, aggravated by civil war and work stoppages, threatened to cause the country to 'spin out of control...' "

Chad Opposition Parties Want Government Troops out of CAR, But Chad Sends More

Five of Chad's opposition parties that are in exile, united March 18 to demand that their government remove its troops from CAR, in a statement posted on *Alwihda Actualité*, a website of the Chadian opposition.

Meanwhile, the International Federation of Human Rights Organizations (FIDH) called March 17 for mercenaries and foreign forces involved in the coup to leave CAR without delay. *Alwihda Actualité* interpreted the FIDH call as a reference to forces deployed by Chadian President Idriss Deby.

Chad had hosted the CAR coup-maker, General Bozizé, until recently, causing CAR to close its border with Chad. French

citizens reaching Paris confirm that there are Chadian soldiers (and CAR soldiers) among the mobs of CAR nationals that sacked Bangui, the capital city.

But Chad is, instead, sending more troops to CAR. The government of Chad announced March 18 that it was sending units of its army to CAR, at the request of the Economic and Monetary Community of Central Africa (CEMAC), "to provide security to the population." The first arrived March 19. The Chadian communiqué of March 18, reported by *AFP*, protested too much in saying that the government "expresses its concern over the events of March 15 and reaffirms its commitment to the rules and principles of the UN, AU, CENSAD, and CEMAC." It added: "In these grave circumstances, the government of Chad reiterates its ... right to ensure the protection of its nationals in CAR."

Links to articles from *Executive Intelligence Review.**

***Requires Adobe Reader®.**

Feature:

Lincoln's Railroad And the Eurasian Land-Bridge Today

by Jeffrey Steinberg

This presentation was given to a West Coast cadre school of the LaRouche Youth Movement on Feb. 1. Steinberg's class was introduced by the LaRouche campaign's West Coast spokesman, Harley Schlanger, as 'an example of how you look at history, to understand what we have to do in our battles today.'

Economics:

Derivatives Battle of 2003 Is Triggered by Economic Collapse

by John Hoefle

In early 1993, Lyndon LaRouche began warning the world that the headlong rush into derivatives which was then in its early stage, would ultimately blow up in the bankers' faces. At the time, LaRouche issued a pamphlet for mass circulation, calling for a tax on derivatives transactions as a way to dry out this emerging bubble. The bankers, convinced of their own brilliance ... ignored LaRouche's warning...

New Twin Towers: Current Account, Budget Deficits

by Richard Freeman

The American current account deficit is a potential detonator for the U.S. and world financial system. Led by a surging trade deficit, the current account deficit leapt to \$136.85 billion during the fourth quarter of 2002, the Commerce Department reported on March 14.

Kabul's Blunt Message: Aid, or Heroin Economy

by Ramtanu Maitra

On March 14, after presenting the country's \$2.25 billion annual budget, Afghanistan's Finance Minister, Ashraf Ghani Ahmadzai, told Afghan legislators that unless the international community pledges and delivers more financial contributions forthwith, Afghanistan will slip back into its role as the world's premier heroin producer.

Sharon's Financial War On Israeli Population

by Dean Andromidas

A few hours before the first bombs fell on Iraq on March 19, U.S. National Security Advisor Condoleezza Rice telephoned Israeli Prime Minister Ariel Sharon to inform him that the Bush Administration had approved an aid package of \$1 billion in financial aid and \$9 billion in loan guarantees. The move is seen as a payoff to ensure that Sharon, who faces an economic collapse and desperately needs U.S. assistance, doesn't independently launch attacks on Arab countries while the United States is attacking Iraq.

Mahathir-Lula Meeting Worries Wall Street

by Cynthia R. Rush

When Malaysian Prime Minister Dr. Mahathir bin Mohamad made a state visit to Brazil on March 16-19, London and Wall Street took notice—as well they should have. In a world changing at lightning speed, any possibility that debt-burdened Brazil might consider dumping the International Monetary Fund's (IMF) austerity policies, as Mahathir successfully did in 1997-98, unnerves the international financial oligarchy.

China Plans 'New World' Program To the Moon

by Marsha Freeman and William Jones

China's National Aerospace Administration director Luan Enjie, in an interview with the People's Daily on March 3, outlined his nation's comprehensive plans for exploring the Moon. Two days before, he had stated that after the Shenzhou missions, in which China is expected to launch its first astronaut into Earth orbit this Fall, China will focus on studying the Moon.

International:

Lyndon LaRouche's Summary Report on the Strategic Situation Today

During the week of March 10-16, Democratic Presidential pre-candidate Lyndon LaRouche issued this series of three statements, through his political committee, LaRouche in 2004

The Truth About U.S. Imperialism, March 13, 2003

How Liberalism Created Fascism, March 14, 2003

Lyndon's FDR vs. Joe's Hitler, March 14, 2003

Iraq Treatment Set for Ibero-America by Rumsfeld

by Gretchen Small

U.S. Secretary of Defense Rumsfeld's crowd, through the mouth of U.S. Southern Command chief Gen. James Hill, is pumping the line that al-Qaeda-linked Islamic terrorists are running around in the so-called 'ungoverned areas' of Ibero-America, and that this constitutes the greatest threat to hemispheric security.

Top Military Historian: Iraq War Is Like 1938-39

by Mark Burdman

In recent weeks, one of the most trenchant critics of the Iraq war in Great Britain has been Prof. Corelli Barnett, Fellow at Churchill College, Cambridge University. He has made known his strong views about this insane imperial adventure through the letters pages of leading American newspapers and other channels.

German President Looks To Eurasian Development

by Rainer Apel

When German Chancellor Gerhard Schröder reaffirmed Germany's opposition to war against Iraq, in an address to the national parliament on March 14, he also said that disarming Iraq by non-military means implied 'that sanctions can finally be lifted,' so that Iraq can be rebuilt. Although he did not elaborate, some government circles are thinking about reconstruction and development as being crucial for a lasting peace.

'Peru: Under Toledo, Sendero Will Take Power'

by Luis Va'squez Medina

The above headline was carried on the cover of EIR's Spanish-language edition, Resumen Ejecutivo, in April 2000, precisely three years ago, and was intended as both a forecast and a warning. Today, we repeat that headline, tragically, as news.

Letter From Rachel Corrie

'The IDF Is Becoming A Terminator Army'

Focussed on Iraq, the world has been ignoring the mounting toll of, now, 2,200 Palestinians killed by Israeli forces since September 2000, including

429 young children and 114 women. The Israeli Defense Forces' impassive killing on March 16 of a 23-year-old American woman, Rachel Corrie.

National:

Nazi Jurist Taught Leo Strauss, Neo-Con Mentor

by Barbara Boyd

In the March 21 EIR, Lyndon LaRouche and Jeffrey Steinberg documented how the neo-conservative apparatus controlling President George Bush, defines the world through the philosophy of Leo Strauss. Strauss (1899-1973) was a German emigre ' political science professor whose ideas gained cult-like influence in U.S. and German political circles...

Can Bush, Rumsfeld Be Tried for War Crimes?

by Edward Spannaus

What the United States did, on the evening of March 19, in launching an imperial, 'preventive' war on Iraq, is unquestionably in violation of the Charter of the United Nations and other agreements by which the United States of America, as a signatory, is bound. Indeed, UN Secretary General Kofi Annan repeatedly stated in the days leading up to the U.S. attack, that a unilateral attack by the United States on Iraq would be a violation of the UN Charter.

LaRouche Youth Movement Takes On DLC War Party

by EIR Staff

As President Bush fled from the failing American economy into 'imperial' war, Lyndon LaRouche's Presidential campaign, led by his growing youth movement, escalated its challenge to the Democratic Party to throw out its own war faction, the Democratic Leadership Council (DLC) represented by the Democratic Leadership Council (DLC) represented by

High Court Stays Texas Execution as Ashcroft Pushes Death Penalty

by Bonnie James

In a dramatic 11th-hour move, the U.S. Supreme Court stayed the March 12 execution of a Texas death row inmate who has a strong claim of innocence in the murder that led to his conviction 23 years ago.

Interview: Dr. Najeeb Al-Nauimi

'Is Guantanamo a Land Where No Law Applies?'

Dr. Najeeb bin Mohammed Al-Nauimi is the former Justice Minister of Qatar; now Chairman of the Committee for the Defense of the Detainees at Guantanamo, he personally represents 93 of those being held in the U.S. military prison in Guantanamo Bay, Cuba. He was interviewed in EIR's May 31, 2002 issue. On May 15, Dr. Al-Nauimi was a guest on 'The LaRouche Show,' where he was interviewed by Michele Steinberg, Edward Spannaus, and members of a LaRouche Youth Movement panel.

Richard Perle's 'Sheikhdawn' Draws Fire

By Our Special Correspondent

The Richard Perle Saudi extortion scheme which EIR reported on March 21 ('Cheney and Perle To Go Down Like Ollie North?'), is rapidly turning into a major international scandal, which could sink the neo-conservative icon, and implicate Vice President Dick Cheney and his family in serious charges of conflict of interest and imperial nepotism.

This Week in History

March 24-March 30

This week, we deal with Franklin Delano Roosevelt's first steps for dealing with *re-regulating* the U.S. financial system. Having dealt with the immediate bankruptcy crisis when he entered office in March of 1933, the President now had to root

out some of the *systemic* evils which had been built into the banking system, and associated financial institutions, in order to assert the principle of the *General Welfare* in practice. It is ironic that these measures by FDR, which locked him into a bitter struggle with the highest level of the banking establishment, have been used to get populists today, to attack the President as having been *against* the common man. It was precisely these measures—which ultimately established the Glass-Steagall Act and the Securities and Exchange Commission—that were required to bring the speculative looters under control.

On March 29, Roosevelt sent to Congress his bill for the regulation of the sale of investment securities in interstate commerce. In his message to Congress, Roosevelt continued his attack on the corrupt financial practices of the private banking houses and securities brokerages, as well as the commercial banks, which dealt in securities. The message, which met with virulent attacks by the banking community, said:

"Of course, the Federal Government cannot and should not take any action which might be construed as approving or guaranteeing that newly issued securities are sound in the sense that their value will be maintained so that the properties which they represent will earn profit. There is, however, an obligation upon us to insist that every issue of new securities to be sold in interstate commerce shall be accompanied by full publicity and information, and that no essentially important element attending the issue shall be concealed from the buying public. This proposal adds to the ancient rule of *caveat emptor*, the further doctrine 'let the seller also beware.' It puts the burden of telling the whole truth on the seller. It should give impetus to honest dealing in securities and thereby bring back public confidence."

The bill introduced in accordance with this message, sparked an intense battle about the degree of government oversight that would be required. Ultimately, it gave the Federal Trade Commission power to supervise issues of new securities, required each new stock issue to be accompanied by a statement of relevant financial information, and made company directors civilly and criminally liable for misrepresentation.

The political climate was favorable to the introduction of this bill because, from January on, the Congress had been sponsoring hearings on corruption in the banking sector, in particular an investigation of the New York commercial banks. Roosevelt had approved the Senate Banking Committee's hiring, as its special counsel, of Ferdinand Pecora, a fiery New York former District Attorney who had a reputation for fearlessness.

In the opening hearings on the commercial bankers, Pecora had established that some of the most powerful bankers, such as Charles Mitchell of National City, and Albert Wiggin of Chase, had lied to their shareholders, had manipulated stocks for their own benefit, and had made and taken profits beyond anything reasonable, without so much as blushing. Pecora had refused to allow them to be vague or evasive, and with his questioning, often made them look ridiculous. Their utter venality also became very clear.

In early March, Pecora fired off a series of detailed and embarrassing questions about the operations of the House of Morgan and its relationship to other banks, corporations, and "clients," which its counsel, former Democratic Party 1924 Presidential candidate and former Ambassador to Great Britain John W. Davis, declared to be outrageous. But Morgan was forced ultimately to answer the questions, and then to submit to hearings in May and June.

Pecora and his staff spent most of the months of February, March, and April in New York, working from early morning until 6:00 at night in the offices of JP Morgan and Company, pouring over its records of financial dealings since World War I.

In this climate, the President was able to provide enough pressure on the Senate and the House of Representatives to pass this first step toward banking regulation. It was a "done deal" by the end of May.

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