

## Electronic Intelligence Weekly

### Online Almanac

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## **THIS WEEK YOU NEED TO KNOW**

While the ultimate decision on war or peace in Iraq is yet to be made by President Bush, there are growing indications that the American public, as well as key U.S. institutions, are joining the fight launched early last year by Lyndon LaRouche, to defeat the neo-conservative cabal which is increasingly desperate to steer the Bush Administration to war and 'Empire.'

Dramatic evidence of growing opposition to the 'chickenhawk' agenda was a full-page ad in the Jan. 13 Wall Street Journal, called 'A Republican Dissent on Iraq.' The ad was taken out by a group of 500 corporate executives, all 'cardcarrying' Republican Party activists, in the name of Business Leaders for Sensible Priorities. The group boasts a military advisory committee stacked with retired flag grade officers, including Vice Adm. John J. Shanahan, former CIA Director Adm. Stansfield Turner, former Reagan Administration Assistant Secretary of Defense Lawrence Korb, Rear Adm. Eugene Carroll, and Col. David Hackworth (USA-ret.), America's most decorated living combat veteran.

The ad began, 'Let's be clear: We supported the Gulf War. We supported our intervention in Afghanistan. We accept the logic of a just war. But Mr. President, your war on Iraq does not pass the test. It is not a just war. The candidate we supported in 2000 promised a more humble nation in our dealings with the world...

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## **LaRouche Calls On Youth Movement To Make a Revolution**

[by Carlos Wesley](#)

Scores of youth, many of them members of the international LaRouche Youth Movement, gathered in various capital cities of the Americas and of Europe at year's end, to conduct a dialogue with U.S. statesman Lyndon H. LaRouche, and with his wife, German political leader Helga Zepp-LaRouche.

## **Providing Leadership For a Time of Crisis**

Mr. LaRouche gave this presentation by teleconference from Germany, to the cadre school in Mexico City, on Dec. 15, 2002. We include some of the discussion that followed.

## **In Memoriam:**

### **The Exemplary Life of Marianna Wertz**

*On Jan. 15, 2003, the birthday of her beloved Martin Luther King, Jr., long-time LaRouche associate Marianna Wertz departed this mortal life at the age of 54. There will be much to say about Marianna in the weeks and months to come, commemorating her life and work, from the many with whom she worked. But this initial reflection is necessary, both for those of us who feel the immediate pain of her passing, and as a very personal challenge to the broader circle of Americans who read this newspaper.*

What can be said of Marianna, like the sublime Jeanne d'Arc whom Lyndon LaRouche has been holding up as a model of effective dedication to God's work on Earth, is that she lost the physical battle she waged for 27 years, against cancer, and then the effects of the treatment which eradicated it. But, in the course of her fight, she won, by contributing substantially to winning the war for humanity's survival, and showing others how the war for humanity can be won.

Marianna, whom you see in the picture to the right, speaking in celebration of her beloved friend and civil rights heroine Amelia Boynton Robinson, was a small woman, whose size contrasted dramatically with her spirit of fight against injustice. Shortly after she joined the LaRouche movement in the early 1970s, however, she was forced to mobilize for a different kind of fight, a fight against the form of cancer called Hodgkins disease. The treatment was effective, but the effects of the radiation greatly weakened both her heart and her bones, making it necessary for her to have a heart bypass operation a few years later, and hip replacement operations, up to the recent one that led to the complications that in turn led to her death.

As a result of her physical limitations, Marianna had to exercise what many would consider stringent self-control in order to do her political work. She had to pay meticulous attention to diet, exercise, and fatigue. She did it without complaining, because she was committed, above all, to being a productive human being.

It is impossible to recall all her valuable projects in this short space. Her prime dedication, one could rightly say, was as an officer and leader of the international Schiller Institute, founded by Helga Zepp LaRouche in 1984. Marianna was a "prime mover" in all the Institute's work, from building support for LaRouche's economic development programs, to producing volumes of translations of the work of the Institute's namesake, poet Friedrich Schiller. No Schiller Institute publication was produced without her thoughtful input, both as a skilled editor, and writer.

In the meantime, her physical weaknesses continued to create problems for her. There was never a time when she didn't have to take them into account—and figure out how to make her maximum contribution *in spite* of them. Indeed, to those who knew her up close, those physical problems were getting worse, further limiting her stamina and activity.

There are many who, under those circumstances, would have come up with excuses to "bow out," to take a long, extended vacation, or reduce the pressure. Not Marianna. Instead, she worked with her husband, LaRouche movement leader Will Wertz, to figure out what kind of contribution she could best make, given the physical limitations she had, to contribute to the fight of the LaRouche movement.

One of the areas where she worked intensively—and to palpable effect—was on the matter of the death penalty, which she took as an evil which had to be overcome here in the United States. Her interviews and articles were circulated broadly internationally, and it was surely poetic justice that, during the last few days before her death, Illinois Governor George Ryan took his courageous action to commute the sentences of more than 140 inmates on Death Row.

But, what is exemplary about Marianna Wertz's life, is something beyond "the issues." It is set in the work of Friedrich Schiller, and Lyndon LaRouche, on the question of the "sublime."

The "sublime" is a quality by which the individual overcomes physical limitations, even death, in order to make an *immortal* contribution to future generations of mankind. That idea of immortality is not an ego-driven one, as it was not in Marianna's case: the "look at me and how great I am" quality that many confuse with heroism. Rather, the sublime is the quality by which one says, "I have only one life; how shall I spend that which is limited, for the benefit of generations to come?" As such, it represents the determination to overcome physical limitations—in the case of Christ, the ultimate sublime personality, even death—in order to make that contribution.

Of course, to do so requires not only courage, but the wisdom of the soul, to decide where to make the fight.

Marianna Wertz relied on the wisdom of Lyndon LaRouche, while working on developing it in herself, and exercising the courage to continue fighting, against the physical pains and odds. She lived to work for humanity. If many more people followed her example, we would make more rapid progress in preventing a New Dark Age.

## LaRouche Remarks on Immortality

*As the report arrived to Lyndon LaRouche about Marianna Wertz's death, he was giving a public address in Germany. Although LaRouche had not yet learned of Marianna's death, he knew of her illness, and was, at that very moment, speaking about immortality. LaRouche asked that what he said be conveyed, as a message from Helga Zepp-LaRouche and himself to Will Wertz, Marianna's husband and to everyone.*

**Question:** Despite all of its development as an industrial power, as a great nation, how could it happen, that America has come to this point, to want to be an imperial power?

**LaRouche:** It happened because the American people became totally corrupt. The point is, that people believe too much in democracy. I believe in the purpose of the government; I do not have any faith in democracy. The history of mankind is tragedy, history as tragedy, typified by the Classical Greek tragedy, or European tragedy—Shakespeare, Schiller. Every tragedy, Classical tragedy, is the result of the corruption of the people, not the result of the corruption of this or that leader, but because people become corrupt.

This goes back to Solon of Athens' letter to the Athenians at the end of his life, on how they had become corrupt, after he had earlier saved them. It is cultural corruption. When you do not produce the leaders, who can lead the people away from corruption, when you reject them, after you have produced them, you are going to pay the penalty. For example, the case of Hamlet; the case of Hamlet is typical.

For example, Schiller's treatment of Jeanne d'Arc, which happens to be historically precise; there is one dramatic change in the play. Jeanne d'Arc made possible modern European civilization. Without her action, it would not have occurred. She was a simple farm girl, who went to her stupid king. She said: "Stupid king, God sent me to you, to tell you: Become a real king!" She said, "God wants you to become a king." So she went out, and commanded troops, won battles, and then was betrayed by the king.

She lost the fight, because she was betrayed, but she refused to submit, at the point of being burned alive.

As a result of her courage, and death by the Inquisition, she inspired France to throw the British out of France, successfully, and also inspired and contributed to the Renaissance.

On the other side, take Shakespeare's case of Hamlet. Look at the third act, the soliloquy of Hamlet. Why has Hamlet failed? How has he failed? What was demonstrated by the play by Shakespeare? He failed because he said, "Shuffle off this mortal coil." He was not afraid of death, he was afraid of immortality. He was afraid of what he would face, after he died. This is true, and this becomes a practical political question, of leadership. You have to have the dedication: All great leaders have the commitment to immortality. Not immortality in the sense of the flesh, but to say, I have only one life, how shall I spend that which is limited anyway?

In the simple way, a family—they sacrifice for their children and grandchildren. They say, I am doing something for humanity: I produced good children, good grandchildren. We make the society better, therefore, I achieve a certain kind of immortality.

The typical politician lacks that. He wants his satisfaction, now. He wants the success of his party faction. He wants good for his nation, but he wants to have it without having to give up his success. That is Clinton's problem. Clinton is a perfect Hamlet. He is bright, one of the brightest to occupy the Presidency during this past century. Yet, when it came to a certain crisis, he could never stand up and say, I will do the right thing. When you don't have that, how do you expect the people, who are tied up in their concerns for their immediate family interests, their insecurities, their concern for this and that, their income problems, how do you expect them to come out of their littleness, if the leaders of society act like little people themselves? Act like little mannequins?

What you need are true heroes, not the heroes of the sword, but the heroes of the spirit. You need a combination of courage, like that of Jeanne d'Arc, but you also need the wisdom that goes with it, the wisdom of the soul.

Now, let us come back to the United States, and our crazy culture, that we destroyed.

I saw it happen, because when I came back in April 1946, the majority of American soldiers in India, were fully in support of U.S. support for Indian independence. One year later, two years later, back in the States, of those I knew, 95% had gone over to the other side. That is how it happened. The point is, what had made the Americans moral, was that FDR provided them with a program for recovery from the Depression, and with the task of war, and gave them a sense of mission, that they had to do something good for the world. He brought them out of the Depression. When he died, I began to see this.

The first thing, was with the soldiers in Canchapara. I was there on my way to Burma, and a bunch of soldiers came to me, on April 12, 1945, and they wanted to talk about what it meant for us, that the President had died. I answered first off the top of my head, but I came to the right answer. I said, I am worried, we had a great man, who led the nation, but the war is not completed. I am afraid of the effect, when a little man, replaced a great man.

## **U.S. Economic/Financial News**

### **Gold Surges to Six-Year High, as Dollar Plunges**

Gold for February delivery, traded on New York's commodity exchange (COMEX), jumped an incredible \$7 to \$358.10 an ounce Jan. 16, its highest since March 1997, and briefly hit \$359—even before the UN said it found empty chemical warheads in Iraq. Crude oil for February delivery rose 1.4% to \$33.66 per barrel in New York trading.

The U.S. dollar, after losing about 16% of its value against the euro last year, continued to fall, hitting \$1.0617 per euro, its lowest since Oct. 27, 1999. And the dollar fell to 117.89 yen, close to a four-month low. In the past three months, the dollar has lost 7.6% against the euro, 5.5% against the yen, and 8% against the Swiss franc.

### **Trade Deficit Hits Record, Over \$40 Billion in November**

The U.S. trade deficit soared 13.9% in November 2002 to a record \$40.1 billion, including a surplus in the services portion, the Commerce Department reported Jan. 17. The goods portion of the deficit rose about 12% to a record level of \$44.3 billion, as imports skyrocketed—a marker of both the economic breakdown, and the dollar collapse, as the international financial-monetary system disintegrates. For January-November 2002, the goods deficit reached \$435.44 billion—about 10% higher than the same period in 2001.

### **Fannie Mae Socked with Massive \$4.545-Billion Derivatives Losses in 2002**

Fannie Mae, which buys mortgages from lenders and bundles them for resale, posted a loss of \$1.88 billion on the value of options (a type of derivative) in the fourth-quarter of 2002—due to falling interest rates—compared with a gain of \$578 million a year earlier. As a result, fourth-quarter net income tumbled by 52% to \$952 million—even though home mortgage loan refinancings surged. (Under an accounting rule, the company must record changes in the market value of its derivatives even if they are not sold.)

During 2002, the government-sponsored Fannie Mae said net interest income jumped 31% and guaranty-fee income rose 23%, but those gains were more than offset by a \$4.51-billion increase in losses on derivatives, compared to 2001. The company reported annual earnings of \$4.62 billion.

**Companies See Pension Funds Evaporate with Stock Market Collapse**

U.S. companies, their pension-fund investments disintegrating with the stock-market meltdown, have been forced to spend large amounts to shore up the underfunded retirement plans; and are trying to find ways to cut their pension obligations, such as shifting from defined-benefit plans to cash-balance plans that lower promised benefits. Low interest rates are also affecting pension plans, by increasing pension liabilities.

The sickest pension plans, overall, are at steel companies, followed by airlines, where shortfalls climbed by 50% to \$18 billion at the end of 2002. General Motors had a pension plan deficit of \$19.3 billion at the end of last year, even though the automaker pumped in \$2.6 billion. IBM put almost \$4 billion into its pension funds in December.

**US Airways Pilots May Lose 75% of Their Pensions**

US Airways pilots face losing up to 75% of their pensions, under a takeover plan of the bankrupt airlines' severely underfunded pensions by the Pension Benefit Guaranty Corp. (PBGC). The Federal government agency, in a hearing before a Senate subcommittee on Jan. 14, refused to allow the bankrupt airline to repay the \$3.1-billion pension fund shortfall in 30 years instead of the maximum seven years. US Airways likely will terminate the pension plan and shift its liabilities—currently twice its assets—to the PBGC.

The benefits promised to the pilots, would exceed the maximum insured by the Federal pension agency. "The danger now is that even benefits that pilots have already earned over many years of service, will be slashed dramatically due to a potential plan termination," said Duane Woerth, president of the Air Line Pilots Association.

**Machine-Tool Consumption Continues Downward Spiral**

Machine-tool consumption, a key indicator of the physical (real) economy, is now in a breakdown collapse, and way below last year's level. In November 2002, machine-tool purchases plummeted by 9.7%, compared to October, to \$145.52 million, according to a report issued Jan. 13 by the American Machine Tool Distributors Association and the Association for Manufacturing Technology. For January-November 2002, U.S. machine-tool consumption, at \$1,856.58 million, compared to the same period in 2001, represented a steep fall of 25.8%.

**Annual U.S.**

**Machine Tool        \*\*\*\*\*    (\$ billions)**  
**Consumption**

1997	\$5.56
1998	4.91

1999	3.90
2000	3.99
2001	2.67

Thus, U.S. machine-tool consumption in 2001, at less than half the level of 1997, was already in a depression, and the first 11 months of 2002 are 25.8% below the first 11 months of 2001.

### Families with Young Children Face Rapid Rise in Long-Term Joblessness

Unemployment among families with young children is rising at an alarming rate, meaning more children are living in poverty, and without health insurance. Moreover, the long-term effects will be devastating for the nation's future labor force. In October 2002, more than half a million parents experienced long-term unemployment (more than 26 weeks), 2.7 times the number in October 2000, or a 171% increase, according to the Children's Defense Fund. Among parents of children under 6 years of age, the number of long-term unemployed jumped from 71,000 in October 2000, to 235,000 in October 2002—3.3 times higher, or an increase of 229%.

The most dramatic increases in long-term joblessness occurred among parents whose unemployment was caused by layoffs and disappearing jobs, or completion of a temporary job. In these categories, the number of long-term unemployed parents **quadrupled** from 75,000 in October 2000, to 305,000 two years later (306% increase). An even sharper increase hit parents with children under age six—the level of 127,000 was more than **five times higher** than two years before.

About 26% of children of unemployed parents lack health insurance, according to a RAND report.

### Depression-Style Breadlines Are Back as Economy Tanks

A segment of the Jan. 8 CBS-TV show "60 Minutes" featured coverage of breadlines in southeastern Ohio. In Marietta, just before Thanksgiving, a line of 896 people began at dawn, with many waiting for five hours for donated commodities. In MacArthur, the number seeking food relief is up 40% in three years, while the National Conference of Mayors' latest survey reports that the demand for emergency food donations shot up 19% in one year, on average. In Ohio, since 1999, the number of people getting food relief has more than doubled from 2 million to 4.5 million.

In the rural areas, commonly, jobs available are paying \$6-7 per hour. And contrary to the old stereotype of a "down-and-outer" of the Depression era, at least 40% of those on the Marietta line represent families where at least one parent is working—most, fulltime. Some typical people on Ohio breadlines: Former employees—some for over 30 years—of the Goodyear Tire plant, which shut in 1993; an Air Force and Air National Guard senior, who had a stroke while detailed to flood-relief duty a few years ago, and now gets Veterans Administration medical care, but cannot meet living expenses; a man who works fulltime at a home improvement store—at \$7.50/hour—but cannot meet expenses for his wife and four kids.

About 50% of domestic food relief now goes to children. The U.S. Department of Agriculture estimates that 12 million American children—one out of every six—experience hunger. Many in southeastern Ohio depend on free school lunches for their one full meal a day.

## World Economic News

### Corporate Bond Defaults Worldwide Vaulted to a New Record in 2002

Worldwide, 194 companies defaulted on a record \$177.1 billion of debt—53% higher than the \$115.4-billion default volume in 2001—led by WorldCom, and including Adelphia Communications and Global Crossing (telecom), according to the credit-rating agency Standard & Poor's. U.S. companies accounted for 106 of last year's defaults, with a total of \$142.8 billion—more than 80% of the total volume worldwide.

Last year, S&P downgraded 1,123 companies and upgraded 266, a 4.2:1 downgrade-to-upgrade ratio; but the ratio fell to 5.9:1 in the fourth quarter. The agency also created a record 84 "fallen angels," companies that fell to junk status from investment-grade.

### **Globalization's Tentacles Strangle Factories Throughout Europe**

Following the insane logic of globalization, another major electronics company has announced the closing of its production site in Hungary. In October, IBM closed its factory gates in Szekesfehervar, laying off 3,200 workers. In recent days, the Dutch company Philips, which is Europe's largest consumer electronics group, announced that it plans to move production of cathode ray tube monitors from Szombathely, Hungary to China, in order to cut costs. The move will lead to 500 job losses in Hungary.

### **China, Russia, Eastern Europe Stabilize German Exports**

According to just-released figures by the Federal Statistical Office, German exports—especially automobiles, machines, and chemical products—in 2002, hit a new all-time high of 647 billion euros. The share of exports in the overall Gross Domestic Product thereby increased to 35%. So much for the good news.

How was this possible, when German exports to the other G-7 countries declined? Export figures by country are only available for the first 10 months of 2002, but the message is very clear: European Union, -0.4%; U.S., -3.0%; Japan -8.3%. In contrast, German exports rose sharply to the larger economies in the East (except Japan): China, +18.7%; Russia, +13.8%; Central and Eastern Europe, +7.9%. German exports to Southeast Asia were up markedly as well, although precise figures were not reported.

At the same time, shrinking domestic demand—most visible in the construction and retail sectors—caused a 4% decline of German imports to just 520 billion euros, dragging down the rest of the European economies. Never in German postwar history, had imports been so far below exports. Both the construction sector, in part due to collapsing infrastructure investments, and the retail sector are speaking of their worst crisis in 50 years. Every single day, about 100 German firms go bankrupt. Total bankruptcies last year amounted to 37,700, an all-time high and more than one-third above the already extremely high level of the years 1996-2000. As a direct consequence of last year's bankruptcies in Germany, 590,000 jobs were eliminated and 38.4 billion euros of liabilities were turned into bad debt. The official unemployment at the end of 2002 reached 4.2 million, a quarter-million more than a year earlier.

### **London Housing Bubble Bursting for Upper-End Homes**

Asking prices for London homes priced at more than \$1.6 million have fallen by at least 10%, as bankers lose jobs and see their bonuses cut. Prices will drop another 20%, warn real-estate agents, in districts such as Kensington (favored by investment bankers) and Chelsea—where four-bedroom homes that in mid-2001 sold for \$4 million, are being marked down as much as 15%.

British home prices jumped 26.4% in the fourth quarter of 2002, the fastest pace in 14 years.



"It's a classic sign of a bubble bursting," said an analyst at Merrill Lynch.

## The IMF Blinks; Argentina Clings to Rails of Titanic

On Jan. 16, one day before the deadline by which Argentina was required to pay \$1 billion to the International Monetary Fund, the IMF and Argentina's Duhalde government announced that a transitional agreement had been reached to roll over a total of \$16.1 billion in debt, through Aug. 31 of this year. After a year of negotiations, in which the IMF's top leadership—Horst Koehler, Anne Krueger, and Western Hemisphere Division chief Anoop Singh—refused to make any concessions to Argentina, pressure from the G-7 countries succeeded in forcing through the agreement. The G-7 clearly didn't want a showdown at this time, undoubtedly fearful of what that would mean for Argentina's highly unstable neighbors—Brazil in particular.

The rollover includes \$6.6 billion owed the Fund, \$4.4 billion to the World Bank and IADB, as well as \$5.1 billion already refinanced during 2002. Despite claims by Chief of Cabinet Alfredo Atanasof that "now we are a serious country," and that "this is an agreement that can pull the country out of crisis," this is hardly a victory. Argentina didn't break with the IMF—it's still clinging for dear life to the rails of the Titanic. And Argentina did indeed pay \$1 billion to the Fund on Jan. 16. The payment was made immediately after the Fund announced that an agreement had been reached.

The agreement is a **political** one, more than anything else, as it will get the country through the April 27 Presidential elections, with a new government taking office May 25. There are no conditionalities demanding structural reforms in the accord, but austerity is the watchword, in a country where 57% of the population is officially poor. The government promises not to increase spending, or **lower taxes**. The VAT tax in fact was just increased from 19% to 21%, under IMF pressure. Provinces are prohibited from issuing any "quasi" money—i.e., provincial bonds—which, for many, is the only way they have been able to pay wages and pensions.

## Bankers Furious Over IMF-Argentina Agreement

Grumbling over the IMF agreement reached with Argentina could be heard from Credit Suisse-First Boston executive Lacey Gallagher, who complained that Argentina hadn't offered a "sustainable program.... I don't think it helps the Fund or Argentina, to get a program without a clear purpose other than to roll over the Fund's own credits." Earlier this week, the *Wall Street Journal* attacked "another billion-dollar bailout" of Argentina that would be granted without demanding implementation of necessary economic reforms. Most hysterical is the column in the Jan. 17 *Journal* by Mont Pelerinite madwoman Mary Anastasia O'Grady, who griped that Argentina has "cheated" the system, broken "the rule of law," and "jerked around" the IMF. Until it follows the "rules"—agreeing to kill more people, no doubt—Argentina "is doomed to underdeveloped-country mediocrity."

## Venezuela's Economy Is Disintegrating as Anti-Chavez Strike Continues

A briefing put out by London's *Economist Intelligence Unit* Jan. 8 aptly characterizes the situation in Venezuela as a race for which breaks down first—the public or the private sector—should the anti-government strike continue beyond the opposition's Feb. 2 target date for a "consultative referendum" on whether President Hugo Chavez should stay or go. The Venezuelan-American Chamber of Commerce projects the government will run out of revenues by mid-February, and if oil exports have not recovered, it will then face fiscal collapse. But the *Economist* notes that the private sector has less access to resources than the public sector.

The head of the Federation of Venezuelan Industries estimates that, if the strike continues into February, more than 25,000 companies will go under in the next six months, leaving 200,000 Argentines without jobs. The combination of fuel scarcity,



disrupted supply chains, reduced or no sales, and, last week, two days of bank closures, has hit everyone. Many big companies are granting "collective vacations" for employees, since their sales are down, in some cases, to zero. (Ford Motor Co., for example, sold no cars in Venezuela in December.) Other companies are enforcing unpaid vacations and reduced work hours, to stall on massive layoffs.

Banks fear a massive withdrawal of deposits. The bolivar has lost 90% of its value since Jan. 1, 2002 (the *Economist's* calculation), 22% since the start of the strike Dec. 2. To save something, Venezuelans are pulling out their bolivar savings to convert them into dollars, which wealthier citizens then send out of the country. Currency controls are widely anticipated.

The potential of long-term damage to the oil industry grows each day the strike continues. Government efforts to restart El Palito refinery have sent black smoke billowing out (it can be seen for miles), but have so far been unsuccessful. Other news sources reported last week that the Governor of Zulia (who is with the opposition to Chavez) declared a state of emergency, after at least 33 accidents had occurred in Lake Maracaibo, due to the lack of experience of workers sent by the government has to restart the industry. *Bloomberg* reported Jan. 10 that some government officials said that full production is unlikely to resume before May.

Although the awful disintegration in Venezuela is ostensibly being driven by different mechanisms than those that are tearing apart Argentina, both cases are in fact but particular manifestations of the general breakdown of the "post-industrial" system globally—exactly as Lyndon LaRouche warned would happen, years ago.

### **Brunei Unveils Port Development To Diversify Economy**

The Sultanate of Brunei has unveiled an ambitious five-year, \$4.5-billion plan to build a huge port and power plant, as part of a move to diversify its economy, and to provide 6,000 jobs. Up until now, the Sultanate has relied almost exclusively on its offshore oil, but the 1997 collapse and \$16 billion in bad investments by Prince Jefri's firm have taken a toll.

The development plan includes a "global megaport hub" for container shipping in Pulau Muara Besar, and tapping gas reserves to develop downstream and manufacturing industries, and to build a 500-megawatt power plant and other infrastructure.

A feasibility study on the port should be completed within six months. The development board hopes foreign direct investment will provide half of the \$1.5 billion required, and is looking for 90% of the cost of the \$3-billion power plant at Sungai Liang. The board wants final decisions by the end of this year so that the projects can be fully operational by 2008.

The head of Brunei's Economic Development Board pointed out that China's rapid growth provides an opportunity for Brunei to reposition itself, given its "natural assets and strategic location."

### **Plans for an Asian Bond Market by Summer**

Plans for an Asian bond market, which, it is hoped, will lessen dependence on international lending institutions, are coming together for later this year, according to leading newspapers in Malaysia and Thailand Jan. 12. In two separate meetings in the week ending Jan. 11, one between Malaysia's Dr. Mahathir and Japanese Finance Minister Masajuro Shiokawa in Kuala Lumpur, and another between Thailand's Thaksin Shinawatra and Singapore's Goh Chok Tong in Phuket, the plan for an Asian Bond market was agreed upon. The Thai Central Bank will have a final proposal ready by March, and formal discussions can begin as soon as June. At first, 1% of the reserves of the participating nations—hopefully all of the ASEAN+3 nations—will be placed in bonds which will be available for use by any nation in crisis.

Dr. Mahathir and Shiokawa were reported to have focussed their discussions on "ASEAN+3, the "Look East Policy," the Asian Bond market, and Vision 2020."

## United States News Digest

### Cheney's Chickenhawks Arrange Meeting of Iraqi Dissidents with the President

According to the Jan. 12 *New York Times*, Vice President Dick Cheney and his Chickenhawk neoconservatives are in full mobilization for war, among other things, having arranged a meeting in the Oval Office with various Iraqi dissidents.

Convicted bank embezzler Ahmed Chalabi and two other Iraqi "dissidents" visited President Bush there Jan. 10, to tell him that American soldiers "would be greeted with 'sweets and flowers,' " if the U.S. invades Iraq.

The conclusion to be drawn from this crazy meeting, and other reports of the activities of Wolfowitz, Perle, Rumsfeld, et al., is that the Cheney Chickenhawks are on an offensive to put an early Iraq war on the agenda, and are mobilizing every resource they have in the Administration, press, and think tanks to capture the Presidency.

Cheney and "other senior White House aides," along with National Security Adviser Condoleezza Rice, arranged for President Bush to meet the three Iraqi dissidents, led by fraudster Ahmed Chalabi, "for the first time" in an hour-long meeting in the Oval Office. Chalabi is crowing that this is an "in-your-face-Saddam" event which will be followed by an "in-your-face-Saddam gathering" inside Iraq after Jan. 15, to designate a "small group" of opposition leaders to determine what kind of Iraq will be formed "after Saddam Hussein is gone." The Iraqi government has already filed an official complaint with the United Nations that the training of an Iraqi dissident army (now taking place in Hungary), is a violation of national sovereignty.

Richard Perle, chairman of the Defense Policy Board, surfaced in London Jan. 10, where the *Daily Telegraph* reported that he said the U.S. would launch a war without consensus or authorization from the UN Security Council.

In the "reality check" department, the Oval Office meeting was definitely a fallback, since a full Iraq opposition meeting was called off inside northern Iraq because of feuding among the six main groups. And despite Chalabi's statements that war is certain, President Bush reportedly told the group that he has not decided whether to go to war.

### Cheney Active on Korea Front, Too

At the same time as he is intervening on the Iraq front, Vice President Dick Cheney is, according to the Jan. 13 *New York Times*, leading a faction in the Administration urging isolation of North Korea, and applications of sanctions against Pyongyang.

The *Times* says that, over opposition from some advisers in the Administration, President Bush approved allowing two North Korean diplomats to travel from the UN in New York, to talk to incoming New Mexico Governor Bill Richardson (formerly Clinton's man at the UN). Secretary of State Powell is reported to favor diplomatic contacts and to oppose economic sanctions. The *Times* adds that a faction led by Vice President Dick Cheney is urging isolation and economic pressure as a way of either getting North Korea to respond, or to force it implode under stress, as they believe the Soviet Union did.

### French Newsletter Charges Rumsfeld Developing Militias Against U.S. Military Establishment

The Paris-based electronic newsletter *Reseau Voltaire* of Jan. 10 claims that Donald Rumsfeld is developing parallel military forces against the U.S. military establishment. "By developing very rapidly its special forces, Defense Secretary Donald Rumsfeld aims not only at giving the United States the means of intervention run totally outside of international controls; he is, above all, creating a parallel army aimed at eliminating all resistance from the military establishment," *RV* writes, asserting that the opposition to Rumsfeld is coming from "high-level officers who view themselves as responsible for collective security and who are wary, on principle, of having weapons do their talking for them; as well as from diplomats who, by nature, are not inclined to want generalized confrontations. These partisans of multilateralism have made Secretary of State Colin Powell their spokesman."

*RV* describes a situation of "permanent obstruction" against Rumsfeld's policies coming from the Pentagon and the State Department, leading to a "partial paralysis of the Chiefs of Staff" and making any reform and even nominations very difficult. It is in this situation that Rumsfeld decided to turn the special forces into a new body, separate from all the rest of the Armed Forces, no longer under the control of any military body, but under that of the National Security Council, *RV* charges (although there seems to be some confusion on the part of *RV*'s French authors as to the actual U.S. chain of command, and the role of the President as Commander in Chief).

### **Novak: Leading GOP Senators on Warpath Against Rumsfeld, Pentagon**

According to syndicated columnist Robert Novak, writing Jan. 13, "Republican Senators gathering last Wednesday [Jan. 8] for their session-opening 'retreat' should have been happy, blessed with a regained majority and a popular President. They were not. Instead, they complained bitterly of arrogance by the Bush Administration, especially the Pentagon, in treatment of Congress along the road to war.

"Two years of growing discontent boiled over during the closed-door meeting at the Library of Congress. White House Chief of Staff Andrew Card was there to hear grievances from President Bush's Senate base, that it is ignored and insulted by the Administration, particularly by Defense Secretary Donald Rumsfeld, in preparing for war against Iraq. Recital of complaints began with Sen. John Warner, a pillar of the Senate GOP establishment....

"Republican Senators appreciate that they have returned to majority status thanks to George W. Bush's bold midterm election strategy and his popularity leading the war against terrorism. But their unease about a divided Administration on the brink of attacking Iraq is deepened because they are neither consulted nor informed about war plans.

"No Senator more solidly supports Bush's national security policy than Warner, the 75-year-old chairman of the Senate Armed Services Committee who was re-elected last year to a fifth Senate term from Virginia. A veteran of the Navy (World War II) and Marine Corps (Korean War) and a former Secretary of the Navy, he has devoted long public service to America's national defense. Consequently, Warner had his colleagues' attention when he addressed Card. 'I will not tolerate,' he boomed, 'a continuation of what's been going on the last two years.' He cited cavalier treatment that denies information even to the venerable top Senate Republican on Armed Services. To specify whom he was talking about, Warner said he had breakfast scheduled the next morning with Rumsfeld, and would tell the Secretary of Defense the same thing.

"Next up was Sen. Pat Roberts, a former Marine officer who has spent the last 40 years on Capitol Hill. Roberts, a plain-spoken Midwesterner from Dodge City, Kan., is the new Senate Intelligence Committee chairman. He told Card to mark him down agreeing with everything Warner just said.

"Senator Kit Bond of Missouri next got up to tell Card that the Administration had better put out more information justifying military action against Iraq as part of the war against terrorism. 'What is the connection between Iraq and al-

Qaeda?' Bond asked. 'Don't worry,' replied Card, indicating the information would come along.

"Two days before the GOP retreat, another leading Republican Senator—Ted Stevens of Alaska, incoming chairman of the Senate Appropriations Committee and the new Senate president pro tem—sent a letter of protest to the Pentagon. The notoriously short-fused Stevens was furious that Rumsfeld [on advice of Newt Gingrich—ed.] had eliminated funding for two of the eight high-tech Army brigades mandated by Congress. The brigades are built around the new eight-wheeled Stryker combat vehicles. Stevens, with Sen. Dan Inouye of Hawaii (top Democrat on the Defense Appropriations subcommittee), wrote that elimination of two Stryker brigades 'is yet another example of the disregard of the Congress, and existing law, by the senior leadership of the Defense Department.' Deputy Defense Secretary Paul Wolfowitz responded ... with a conciliatory letter that made no concessions. Wolfowitz's chief is usually less conciliatory. An old Senate Republican hand explained to me why the Senators are upset: 'Rumsfeld's behavior toward Senators is dismissive, barely civil, bordering on rude. He has no interest in us other than to get the money, no interest in our opinions.'...

"Card responded to complaints by Warner and Roberts with a 'Thank you. I'll pass that along.' According to Administration sources, Bush is aware of the problem but has not yet addressed it" (some punctuation added).

### **Polish President Visits Washington**

Polish President Aleksander Kwasniwski—whom some Polish commentators like to describe as a "Trojan horse" for the Anglo-Americans, and who is being mooted in the press as a possible successor next year to NATO General-Secretary Lord Robertson of Britain—spoke at the National Defense University in Washington last week during a visit to the United States.

The Polish President's first official meeting was with Vance D. Coffman, chairman of Lockheed Martin, which produces F-16 fighter plane, 48 of which were just purchased by Poland. The most important meeting during Kwasniwski's U.S. trip was, of course, his meeting with President Bush to discuss the Iraq crisis.

### **California PUC Votes To Cancel Electricity Deregulation**

According to a Jan. 16 wire from *Reuters*, circulated under the headline "Calif. Vote Spells End of Energy Deregulation," the five-person California Public Utility Commission (CPUC) voted on the 16th to cancel a Commission order from April 20, 1994, permitting homeowners and businesses to "choose" their electricity provider. The 1994 action—peddled as allowing "competition" and therefore (supposedly) lower prices—was the precursor to the 1996 state deregulation law, and the subsequent debacle of 2000-01 in California's energy prices. CPUC Commissioner Carl Wood last week denounced deregulation as "the most expensive public policy mistake in the history of California."

None of the Commissioners who promoted dereg now sits on the CPUC. Wood said that the former CPUC members' "almost religious belief in market forces rather than regulation created an epic disaster for ratepayers."

Wood called the new cancellation order "historically significant," and said that "restructuring the energy market" is now moot. He said, "The Commission should close this deregulation proceeding, not just because there is no continuing need for it, but also because it was a disaster for ratepayers, utilities, and their employees."

In Washington, D.C., also Jan. 16, a Federal Energy Regulatory Commission (FERC) judge issued a pro-dereg ruling that California cannot easily get out of its long-term (high-priced) contracts signed with electricity suppliers over the period late 2000 and early 2001 (while the state was being bilked by Enron, Calpine, and other energy pirates, under conditions of being held hostage to its own stupid deregulation law). The judge said the state must come up with a high burden of proof

to justify cancellation of these contacts. The FERC is to decide by the end of March on the case. The new California Public Utility decision indicates what would be the moral high ground for "burden of proof"—namely, it is obligatory to dump all vestiges of the disastrous dereg mistakes, and get on with real "public utility."

### **New Nazi Medicine Policy? Administration Says States Can Limit Emergency Health Care for Medicaid**

The new Medicaid guidelines, outlined in a recent letter to state Medicaid directors, roll back standards established in a 1997 law, and in rules issued by the Bush Administration in June 2002. The 1997 law required that managed-care organizations provide coverage for Medicaid patients in any situation that a "prudent layperson" would regard as an emergency. "No restriction may be placed on access to emergency care," it stated. "Limits on the number of visits are not allowed." The Bush Administration's own rules last June did likewise, but not the Administration has ruled that states are permitted to place limits on the amount, duration, and scope of emergency services, "to allow for more appropriate use of preventive and primary care in outpatient settings."

Attacking the new policy, Sen. Bob Graham (D-Fla), a principal author of the 1997 law, warned it "would undermine access to essential emergency services for low-income Americans," including children, the elderly, and the disabled.

"Congress enacted the prudent-layperson standard so that individuals would not be denied needed emergency care by arbitrary HMO network and prior-authorization restrictions," Rep. John Dingell (D-Mich), and other Democrats wrote Health and Human Services Secretary Tommy Thompson on Jan. 17. The change, they warned, "raises questions about these statutory protections for patients, and may actually eviscerate them."

Health and Human Services did not respond to the charge that the limitations are in clear violation of the intent of Congress in 1997, although White House spokesman Ari Fleischer had said the Department would respond.

In a similar decision, the Department of Veterans Affairs is immediately cutting off access to its health-care system to veterans with annual incomes of at least \$30,000, affecting about 164,000 veterans who were expected to enroll during the current fiscal year, but not affecting "Category 8" veterans who currently receive health care from the VA.

### **Washington's Greater Southeast Hospital About To Go Under**

Doctors Community Healthcare Corp. (DCHC) and its Greater Southeast Community Hospital in Washington, D.C. have been unable to obtain Debtor-in-Possession financing, and are likely to go out of business, the *Washington Times* reported last week. "They will not survive bankruptcy," says a D.C. official.

"Given the overcrowding in all the city's emergency rooms, it is imperative that Greater Southeast remain open and be healthy to serve the community," says Robert Malson of the D.C. Hospital Association. "The city needs to take steps to ensure it remains."

The emergency room crisis was triggered by the shutdown of D.C. General Hospital—the capitol's only full-service public hospital—last year, a shutdown forced through by D.C. Mayor Williams, the Financial Control Board of Washington, and others, in order to open up the area for "redevelopment," for sports facilities and "gentrification." Greater Southeast was supposed to replace D.C. General, but it never was able to provide the same level of services—particularly in trauma care—as was predicted at the time the corrupt privatization deal was made.

Meanwhile, the District of Columbia's ranking in a nationwide quality-of-care health-care survey conducted by the Federal Centers for Medicare and Medicaid Services, has fallen from 31st to 37th in the country. The recent chaos in the D.C.



health-care system is given as the reason for this by a private consultant, including D.C. General's shutdown, and Greater Southeast's bankruptcy.

## **Will Lieberman Go to Sharon's Patrons for His Campaign Finances?**

Will newly declared 2004 Presidential candidate Sen. Joe Lieberman (D-Conn) go to Ariel Sharon's mafia patrons for his campaign financing? According to the *Washington Post* Jan. 12, Lieberman, who announced his Presidential candidacy that day, may forego public financing, in order to seek big donations. The *Post* noted that, among the field of anticipated Democratic candidates, only Lieberman has the ability to reach out to deep-pocket funders in the Zionist Lobby, on a scale that could match Bush's fundraising. What this would mean, clearly, is Lieberman turning to the very same U.S. mobsters—the Lansky, Dalitz, and Milken criminal circles—who have been exposed by *EIR* as the big illegal backers of Ariel Sharon's current campaign for reelection in Israel.

## **NASA Says Bush Will Fund Nuclear-Powered Rocket Program**

The Bush Administration has signed off on an ambitious nuclear-rocket project, and the President may announce the initiative in his State of the Union Address, according to NASA Administrator Sean O'Keefe, in an interview he gave to the *Los Angeles Times* last week. The item was also front-page news in London newspapers, Jan. 18.

The nuclear-powered propulsion system would triple the speed of space travel, making it possible for humans to reach Mars in a two-month voyage. The nuclear rocket project would be an expansion of nuclear propulsion plans that NASA announced last year, when it said it might spend a modest \$1 billion over the next five years to design a nuclear rocket. The *L.A. Times* reports that some analysts question whether the President would even mention NASA in his State of the Union address, in the midst of a budget crisis and a potential war in Iraq. The *L.A. Times* cites NASA Administrator O'Keefe saying that the Bush Administration has, so far, only supported the nuclear-rocket project, and not specifically the Mars landing. However, O'Keefe himself is cited in the British newspaper reports, calling for putting men on Mars as early as 2010. "We're talking about doing something on a very aggressive schedule to not only develop the capabilities for nuclear propulsion and power generation, but to have a mission using the new technology within this decade," O'Keefe is cited as saying.

*EIR* is investigating whether these reports can be confirmed.

Development of a nuclear-powered rocket for space travel, was a part of the United States' ambitious space colonization program, all the way back in the 1950s. Chemical-powered rockets burn out the great bulk of their fuel in leaving the atmosphere, and coast the rest of the way to their target. A rocket powered by an onboard nuclear fission plant, could produce continuous thrust and acceleration, greatly shortening the travel time.

## **Ibero-American News Digest**

### **Mexico Files Suit in The Hague To Stop U.S. Executions of Nationals**

The Mexican government filed suit in The Hague last week, to block the execution of 54 Mexicans held on Death Row in the United States. This is the first time that Mexico has brought a suit before the International Court at The Hague against the United States. Some Mexicans have already been executed, and three more are scheduled to die over the next six months, Juan Manuel Gomez Robeldo, legal adviser to the Foreign Ministry, explained. "We cannot permit this."

The Mexican brief requests the Court to order a one- to two-year stay of executions, until it rules on the suit. Mexico is



asking that the death sentences be commuted to life in prison, and that new trials be granted, in which the accused would be represented by lawyers provided by the Mexican government. The case is based on repeated violations by U.S. authorities and courts of Article 34 of the Vienna Convention on Consular Relations which guarantees the right of all people to consular protection (that is, the right to contact their consulates if arrested in foreign lands) and a fair trial. Many Mexicans have been arrested in the U.S., never told they have the right to contact their consulate for legal assistance, and tried, condemned to death, and executed, without knowing that they could have had a lawyer who could speak to them in their own language, the Mexican brief contends.

Although the brief was filed just before Jorge Castaneda left the Foreign Ministry, sources in the Foreign Ministry insisted to *Milenio* that the decision to sue was taken by President Vicente Fox personally. Sentiment over this issue is so high in Mexico, that Fox cancelled a scheduled visit to President Bush's ranch last August, when the state of Texas failed to stay the execution of a Mexican national, even after Fox personally phoned Bush and Texas Governor Rick Perry to request clemency.

### **Castaneda Resignation Welcomed by Many; U.S. Establishment Unhappy**

On Jan. 10, Mexican President Vicente Fox announced he had accepted Jorge Castaneda's resignation as Foreign Secretary, and nominated his Economics Minister, Luis Ernesto Derbez, to replace him. Fernando Canales, the PANista Governor of Nuevo Leon, was named Economics Minister (giving the Monterrey Group a leg up in the Fox Cabinet). Fox chose to emphasize Derbez's "recognized trajectory in promoting investment and trade," in announcing his nomination.

Fox, Castaneda, and Derbez taped the press conference announcing the switch, and took no questions from reporters—perhaps because Castaneda's ouster is being celebrated by many in Mexico, including the LaRouche-associated Ibero-American Solidarity Movement (MSIA), which had campaigned for Fox to fire him long ago, as a necessary precondition to preserving Mexico's existence as a sovereign nation-state. He was a hard-core globalist operative whose axiom was that Mexico has no option but to submit to whatever dictates come out of the United States, and he was committed to the Anglo-American project to dissolve the sovereignty of all three NAFTA nations (Mexico, Canada and the United States itself) into a "North American Community."

The *Washington Post* published a long lament Jan. 11, calling Castaneda a "rare visionary." Former U.S. Ambassador Jeffrey Davidow mourned that "we have lost someone who recognized the realities of the modern world." Also interviewed by the *Post*, former Clinton special envoy to Latin America Mack McLarty insisted that "we certainly have not heard the last of Jorge Castaneda." McLarty was so laudatory of Castaneda, that it sounded as if McLarty might be jockeying to become a lobbyist in the U.S. for Castaneda's mooted Presidential bid in Mexico.

### **LaRouche's Economic Solutions Aired on Top Mexican Radio Program**

*Radio Red*, one of Mexico's most prominent national radio stations, ran a one-hour interview with Marivilia Carrasco of the Ibero-American Solidarity Movement (MSIA) in which she detailed Lyndon LaRouche's economic forecasts and solutions. The interview, on *Radio Red's* much-listened-to program hosted by Ramon Pieza Rugarcia, allowed Carrasco, chairman of the Mexican branch of the MSIA, to discuss LaRouche's views on the systemic and global nature of the crisis, the urgency of a New Bretton Woods conference, and infrastructure programs for reconstruction. This represented the first time the MSIA was interviewed on a national broadcast, and reflects LaRouche's growing influence around the world, as the crisis deepens.

### **Bolivian Cocaleros Move To Shut Down Economy**

Bolivan *cocaleros*—coca producers—have launched a campaign to shut down the country, unless the government stops the

coca (used to produce cocaine) eradication program, and "deals with" the poverty in the country. Leading the coca producers' campaign, which began Jan. 13, is Congressman Evo Morales and his Movement to Socialism (MAS) Party, backed by numerous organizations representing "social movements" of the poor: students, rural teachers, Bolivia's Landless Movement (MST), etc. The miners' union is said to be about to join also.

The tactic adopted is to close the few inter-city highways which hold the country together—roads constitute the only major infrastructure unifying the country—with tree trunks and boulders, which can easily be thrown down again, each time the military or police clear them. Three people were reportedly killed in the first day of the "strike," to which narco-provocateur Evo Morales responded that the government will feel the full wrath of "the people."

Now, Bolivia is heading straight down the road taken by Venezuela into political and economic chaos. The government and the military had told the Bush Administration that they could not hold control of the country if the government attempted to enforce coca eradication, without offering economic relief. The fools in Washington hardlined it, however, and said all aid would be cut off to the government were it to slow up on either the eradication program, or free trade.

Thus, the Bush Administration is handing Bolivia over to the narcoterrorists, in the name of democracy and "fighting drugs."

### **Venezuelan Upheaval Triggers South America-Wide Narco-Jacobin Mobilization**

Three hundred Colombians, led by three Congressmen, including former M-19 terrorist Gustavo Petro, have set out for Caracas in a caravan of buses, they announced, to offer backing to a Venezuelan government which has supported "peace" with the narcoterrorists, according to *AP* Jan. 13. Petro threatened that if the crisis persists, "We are prepared to mobilize a million workers throughout Latin America to march in defense of President Chavez" of Venezuela.

There are reports from the opposition in Venezuela that Bolivia's coca-leader, Congressman Evo Morales, announced that he plans to fly into Caracas later this month, to organize support for Chavez.

Lyndon LaRouche's warning that an intelligent flank must be used to cool out the Venezuelan conflict, before it sets off a conflagration throughout the continent, must be heeded quickly.

### **Big Shakeup in Prince Philip's WWF Brazil Chapter**

At the end of 2002, a big shakeup took place in the leadership and structure of the Brazilian chapter of Prince Philip's genocidal World Wide Fund for Nature (WWF). Jose Roberto Marinho (head of the Globo Organizations empire) stepped down as president of WWF's Board of Directors, replaced by Mario Frering (former president of the Caemi Group). Marinho continues as a member of the board, but with a lower profile, no doubt related to the defeat, in the first appeals court, of the WWF-Brasil's suit against the Ibero-American Solidarity Movement (MSIA), which included a frustrated attempt to "seize" the *EIR* book *Green Mafia: Environmentalism at the Service of World Government*, now in its fourth edition.

*EIR* correspondent Lorenzo Carrasco denounced the WWF attempt to silence the LaRouche forces, in a public hearing of the Parliamentary Investigative Committee (CPI) probing the activities of the NGOs. Carrasco's presentation was later published, in its entirety, as a pamphlet entitled, "What Jose Roberto Marinho Doesn't Like To Hear," and distributed to thousands of people around the country.

The entry of Gilberto Dimenstein—journalist, member of the editorial board of *Folha de Sao Paulo*, and commentator for

Rede Globo's *Central Brasileira de Noticias*—onto the board of WWF-Brasil reinforces even further the grip of this environmental hit squad on the three most powerful media groups of Brazil, which are all represented on the WWF-Brasil board: *O Globo*, *Folha de Sao Paulo*, and the Rede Brasil-Sul de Comunicacoes (RBS).

## Western European News Digest

### Pope's Appeal: 'No to War. War Is Not Always Inevitable'

Pope John Paul II, in his address to the annual New Year's diplomatic reception, issued an urgent appeal: "No to war. War is not always inevitable. It is always a defeat for humanity, though. International law, honest dialogue, solidarity between states, and the noble instrument of diplomacy—these are the methods worthy of individuals and nations, in resolving their differences. I say this as I think of those that still place their trust in nuclear weapons, and (as I think) of the too many conflicts that continue to hold our sisters and brothers in humanity hostage.

"What to say about the threats of a war which could crush the population of Iraq, land of prophets, populations already exhausted by more than 12 years of embargo? Never can war be a means like many others, to use to regulate disputes among nations. As the UN Charter and the International Rights repeat, you cannot use war, even if for the purpose of ensuring the common good, unless it is the extreme last resort and in respecting very rigorous conditions; nor are its consequences for the civilian population, during and after military operations, to be ignored.

"It is possible to change the course of events, if good will and trust in others ... prevail."

What the world needs to have lasting peace and to avert the danger of new wars, is political leaders who work for the common good, the Pontiff said, who respect human life and natural international law.

In the beginning of his speech, the Pope thanked the dean of the international diplomatic corps, Ambassador Giovanni Galossi, whose introductory remarks had "pointed to the legitimate expectations of modern men and women." Ambassador Galossi had stated that all efforts must be made to prevent war, and had called for "an effective vigilance over the so-called free market, which often humiliates weaker countries, with serious social repercussions." Galossi also called for a "careful reconsidering of globalization, so that it replaces success and profit at any cost, with more human and morally valid ends, aiming at increasing—which would be possible through new technologies—the living standard of many peoples who still lack basic goods."

### Italian Archbishop: 'Preventive War Is Not Just War'

In an interview Jan. 18 with the Italian newspaper *Corriere della Sera*, Italian Archbishop Renato Martino, chairman of the Justitia et Pax Committee of the Vatican, stressed that "preventive war is not just war." Martino, however, says he is "confident that the war will not break out," because he "trusts that rulers are reasonable," adding, "If weapons are found, then Saddam must comply. But if they are not found, we must lift the embargo which has been starving that population for 12 years.... Preventive war is not included in the definition of just war, which is only defensive war." A war against Iraq, Martino says, "would risk blowing the Middle East powder keg, will relaunch terrorism against the USA, will strengthen the anti-American sentiment in the Muslim world.... It will be easier to recruit suicidal terrorists. But I am confident that it will not break out."

How to interpret, then, President Bush and Prime Minister Blair's war talk? "I insist on considering it a form of deterrence, accompanied by troop movements to give strength to the words. Of course, there are other elements which, day by day, confront me in this confidence, but not all of them can be reported." Answering a question on whether the Pope is being

unilaterally severe with America on the issue of war, Martino rejected any allegations of partiality: "I exclude an anti-American view! It suffices to read the entire speech, last Monday [Jan. 13], to the diplomatic corps, to find [in it] a planetary concern for peace." The Pope demands a lot from America because "he is confident that America can give a lot. It is a Christian people, and the Catholic confession is the [single] most numerous one. Therefore, the Pope is confident he will be listened to."

## **French Defense Minister Has Strong Words Against War**

In an interview in the Jan. 18 issue of the *Financial Times* of London, French Defense Minister Michele Alliot-Marie said that her position and that of the entire French government, is that everything that relates to the Iraq issue, must go through the United Nations process, in full respect of existing international law. "If a country excuses itself from international legality, that means any other country can do it. That's also the danger we see in the notion of preventive strikes. If someone judges on his own that he feels threatened and acts without consulting anyone, I can name 20 countries around the world that could be in exactly the same situation. You immediately trigger war between India and Pakistan, you trigger war between Senegal and Gambia, you trigger war between the two Koreas, with all the consequences."

## **New French Offensive To Avoid War**

Despite the media play of French President Jacques Chirac's New Year's statements to the French military, Chirac stressed on Jan. 9 that "there is no change in the French position." The reality is that, in collaboration with other circles internationally, the French have launched a new offensive to block the war. As France chairs the UN Security Council this month, Foreign Affairs Minister Dominique de Villepin sent a letter to all 15 of the Council's members, calling for the reinforcement of the inspectors' team, including for all Council members to hand over to Blix's team, all information in their possession showing that the Iraqis are developing WMDs. *Le Monde* of Jan. 10 states that "this is a transparent criticism of the United States and Great Britain."

The French have also organized a Security Council conference on terrorism for Jan. 20, indicating that this is a bigger threat than Iraq. The French see no linkage between the two.

In addition, according to *Le Monde* Jan. 10, and to *Liberation* of the same date, France is pressuring President George W. Bush to submit proof of Saddam's duplicity. According to *Liberation*, "France and Russia clearly let it be known that it was now up to the White House to prove its claims that Iraq is developing weapons of mass destruction." Several American sources confirm to *Le Monde* this analysis. David Sheffer, vice president of the UNA/USA Research Center and former Clinton Administration ambassador, states, "Now the burden of proof is on the U.S., if they want the support of the UN Security Council." Nancy Sodenberg, director of the International Crisis Group and former number two at the U.S. Mission to the UN, states, "We are constantly pushing back the moment, but we will soon come to the point where the divisions covered up so far by Resolution 1441 will explode into broad daylight. There is no unanimity within the Council in favor of the use of force.... The United States is still divided on the question of whether it should go to war in February or not."

Meanwhile, a French group of independent "inspectors" arrived in Baghdad Jan. 9. Gilles Munier, the president of the Franco-Iraqi Friendship organization (the main pro-Iraqi defense group in France with numerous ties into Chirac's party), is heading the delegation of "military and scientists" who will "inspect" all the sites. They have no official mandate, but aim to keep fighting against the war.

## **Catastrophe in German Construction Sector**

On Jan. 24, employers and employees of the German construction sector are planning mass rallies in at least Frankfurt, Duesseldorf, Hanover, and Nuremberg to protest the unprecedented collapse of the construction business in Germany, and

demand an urgent "turnaround" in the government's economic policy. The demonstration will run under the motto "Construction sector in trouble—Citizens in trouble." In Frankfurt alone, 5,000 workers are expected to participate.

Michael Knipper, managing director of the federal association of German construction companies, noted that after seven years of recession, the mood among workers is "highly explosive." The latest unemployment figures are indicating a further "dramatic" worsening. And the German government, in particular Finance Minister Hans Eichel, must realize that for the German construction sector, it is already "five minutes past midnight," as the government's cuts in investments and tax breaks are "strangling it to death."

The work force of German construction firms has imploded from 1.41 million in 1995 to 840,000 at the end of 2002. This year, another 50,000 jobs will probably be eliminated. Unemployment among Eastern German construction workers alone has risen to 147,000, the highest December level ever since reunification. Construction orders have collapsed on all levels: public infrastructure investments, housing, and corporate investments.

\*German cities, which account for two-thirds of public investments in Germany, are in a dramatic fiscal crisis, causing them to reduce their infrastructure investments by one-third since the mid-1990s.

\*Office-building is in a precarious situation in cities like Frankfurter, Duesseldorf, and Berlin, causing vacancy rates on average to double to 6.5% during the last 12 months. Most serious is the situation in Frankfurt, where the banking crisis and the sudden disappearance of certain "New Economy" entities have pushed the vacancy rate of office buildings to 7.3%. The volume of newly rented office space in Frankfurt plunged by 25% last year and this trend is accelerating. As a consequence, average rents of office buildings in Frankfurt downtown fell from 33 to 25 euros per square meter within one year.

Furthermore, the German government has just eliminated several tax breaks for building new homes. Already last year, the number of housing starts in Germany fell to just 275,000, compared to 600,000 in 1995. This year, less than 250,000 are expected. The number of finished homes will probably fall to only 150,000, while 200,000 would be needed just to maintain the present level of houses in Germany. The Institute for Municipal Construction, Housing and Construction Affairs (IFS) has put out a warning that if present low rates of housing construction continue, there will soon be shortages in German housing, leading to rapidly rising rents.

### **Messina Bridge Project Enters Preliminary Phase**

The Stretto di Messina SpA, the company formed by the Italian government to draft the project for the Messina Bridge, has given the green light to the preliminary phase of the project. The preliminary phase will last two years; the first brick will be laid in 2005, and the work will be completed by the year 2011.

The Messina Bridge will connect Sicily to the Italian mainland across a 3,300-meter main span, the longest suspension bridge ever built. The main piers will be anchored in 120 meters of water, and there will be a new patented lighter deck design which deals with aerodynamic and seismic problems. Reportedly, the bridge will be 59 meters high, 11 meters lower than the original project, in order to cut costs.

Environmentalists will try to sabotage the project by calling on the European Commission to enforce an international bid procedure.

### **German Chancellor's Wife Fights Back Against Media Campaign**



Doris Schroeder-Koepf, wife of German Chancellor Gerhard Schroeder, has started to fight back against a nasty media campaign targeting her and her husband (reported on in earlier issues of *EIW*).

In an interview with the *Stern* weekly, Schroeder-Koepf said the entire story about an alleged crisis in her marriage with Gerhard Schroeder is a concoction and "clearly, a campaign."

"They want to force Gerd out," she said. "We have no such crisis, because we a happily married couple. We do have a well-functioning marriage.... The attempts to write my husband out of office, will fail. They underrate him. He is a tough guy."

The Chancellor himself also struck back recently, when asked at a Berlin press conference by a U.S. journalist what the situation with his marriage was. Schroeder responded by asking the journalist: "Well, what about your marriage?"

### **Amelia Robinson's Popularity Grows in Italy**

After her two recent trips to Italy, Amelia Robinson has become extremely popular in that country. Inserting her name in a search engine gives as result 10 pages of Italian web sites reporting on her visit and her interviews. Even in her absence, Italian media keep reporting on her. On Jan. 17, the editor of the largest national daily, *Corriere della Sera*, mentioned her in the headline story of the "Letters to the Editor" page; on Jan. 18, national radio channel *Rai3* broadcast an interview with her which had been taped the day before, in their regular transmission entitled "Men and Prophets," dedicated to Martin Luther King. The program, including Mrs. Robinson's presence, was advertised on the *Rai* website.

Also, the interview Mrs. Robinson had taped with *Radio Vaticana* during her most recent visit to Rome, has been broadcast on the "Action day against slavery." Recently, interviews and reports have appeared in publications such as the magazine of the Italian Evangelical (Lutheran) Church, *Confronti*, and in the magazine of the Buddhist church, *Buddismo e Società*. In all the interviews and reports, Mrs. Robinson focusses on her association with Lyndon LaRouche, tells the story of her fight for civil rights, and calls on Europeans to mobilize against the war.

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

### **Russian Foreign Minister Warns Against 'Pressuring' UN Inspectors**

At a Jan. 16 joint press conference in Moscow with visiting Italian Foreign Minister F. Frattini, Russian Foreign Minister Igor Ivanov made a strong statement against "pressure" from "specific circles in Washington" being exerted on the UN weapons inspectors in Iraq. In a press conference with IAEA Director General Mohamed El-Baradei the previous day, Ivanov had stressed that it was imperative for UN Security Council members to "render all necessary assistance" to the inspectors, who alone could "provide an exhaustive answer to the question of whether Iraq has forbidden types of weapons of mass destruction."

Ivanov reiterated this point with even more emphasis Jan. 16, stating that under UN Security Council Resolution 1441, "all countries are obliged to render the necessary assistance to the activity of the international inspectors."

"At the same time," Ivanov went on, "we are concerned about the growing pressure being exerted on the inspectors and inspection team leaders from specific circles in Washington. In some publications, as well as official statements, doubt is cast on the activity of the international inspectors. We hold that this line runs counter to the spirit and the letter of UNSC Resolution 1441. In unanimously passing Resolution 1441, the member countries assumed the responsibility to assist the international inspectors, not to pressure them. The international community expects objective, highly professional information from the international inspectors, who represent dozens of nations. We are obliged to trust the inspectors and to



assist them. If someone has information, it must be handed over, so that the inspectors have the opportunity to verify it. We hope that the reports of H. Blix and M. El-Baradei to the Jan. 27 UNSC session will be heard, and that on the basis of these reports a further line of activity will be determined for the inspectors in Iraq, who should continue their work."

### **Russian Deputy Foreign Minister to Baghdad**

Russian Deputy Foreign Minister Alexander Saltanov, a leading specialist on relations with Iraq, has travelled to Baghdad to work on finding a "political and diplomatic solution to the Iraqi problem," announced the Foreign Ministry. At a Jan. 15 press conference, Foreign Minister Igor Ivanov said that Saltanov's visit was a continuation of the "constant contacts between Moscow and Baghdad on every aspect of the settlement of the situation around Iraq," currently aimed at contributing "to full compliance with all provisions of Resolution 1441."

Saltanov met Jan. 17 with Iraqi Vice President T. Ramadan and Foreign Minister N. Sabri. A Russian Foreign Ministry statement on the meeting emphasized Saltanov's urging the Iraqis to be forthcoming and make "active efforts" to satisfy the UN inspectors.

Saltanov also discussed bilateral Russian-Iraqi economic cooperation, including in the oil sector, the Russian Foreign Ministry announced Jan. 17. Russian Deputy Minister of Energy Ivan Matlashov was in Baghdad at the same time as Saltanov, meeting with his Iraqi counterparts, with whom he signed three new contracts for Russian companies to develop oilfields in Iraq. Soyuzneft will develop a field in southern Iraq, while Stroystransneft explores new deposits in the Western Desert. At the same time, Russian media cite Iraqi officials and Russian oil industry sources, who say that the Russian firm Lukoil's contracts to develop the West Qurna fields, which Iraq cancelled in December, have been uncanceled and may proceed towards implementation. Matlashov tentatively confirmed this, saying "The door for Lukoil is open; we do not wish Iraq to give this contract to another company."

### **Iranian, Syrian Delegations in Moscow**

Besides Russia's diplomacy involving Iraq, high-level officials from both Iran and Syria went to Russia the week of Jan. 13. Iranian Deputy Foreign Minister Mohsen Aminzade met Russian First Deputy Foreign Minister Vyacheslav Trubnikov to discuss Iraq, Afghanistan, and regional security. Aminzade also met with Deputy Foreign Minister Saltanov, before the latter's departure for Iraq.

Vice President Abdul Halim Khaddam of Syria was also in the Russian capital. Foreign Minister Ivanov said after his talks with Khaddam that Russia and Syria have coordinated their positions on Iraq, as well as the Mideast situation as a whole. Also, Russian Foreign Ministry spokesman Aleksandr Yakovenko officially denied press reports that had appeared in Russia and Israel (attributed by *gazeta.ru* to Yakovenko himself), that Russia and Syria had signed an agreement to build two nuclear plants in Syria. According to some sources (not independently confirmed by *EIR*), the report appeared on the Foreign Ministry web site, but was removed before the Syrian delegation arrived.

### **Moscow Activates Diplomacy Around Korea**

It was officially announced Jan. 14 that Deputy Foreign Minister Aleksandr Losyukov would visit North Korea as a special emissary of Russian President Vladimir Putin. Losyukov departed on his mission two days later, after meeting with the ambassadors of several other Asian countries. He stopped in Beijing en route.

Speaking at a joint press conference with IAEA Director Mohamed El-Baradei on Jan. 15, Foreign Minister Ivanov called for committing "the whole arsenal of diplomatic means on a bilateral and multilateral basis" to find solutions for the rising

tension around North Korea's nuclear program and U.S. demands. Baradei, on his part, said there needed to be "an honest broker or interlocutor" in the crisis, in which context, "I told Minister Ivanov that I personally believe Russia could take a leading role in defusing that crisis, and I am very heartened that Russia is sending an envoy to Pyongyang in the next couple of days, and I hope that will start the ball rolling."

The Russian Foreign Ministry web site also highlighted a statement by Ministry spokesman A. Yakovenko, in reply to a question from the *RBC* news agency, in which he praised proposals made by former U.S. President Jimmy Carter in a recent *Washington Post* article on the Korea crisis. Yakovenko said that Carter's "well-argued ideas" were "consonant with our own, well-known package proposal for a rapid settlement on the Korean Peninsula." In particular, Yakovenko stressed how Carter had talked about returning to the principles of the 1994 U.S.-North Korea framework agreement.

Russia's plan calls for a nuclear-free Korean Peninsula, reviving the 1994 Agreed Framework freezing the nuclear program in exchange for energy aid, measures to assure North Korean security, and international economic assistance. China has offered to host reconciliation talks between North Korea and the United States.

### **Russia Proposes Threat-Reduction Treaty to Japan**

In Moscow for talks pursuant to the Japanese-Russian Action Plan just adopted by Prime Minister Koizumi and President Putin (see INDEPTH), Japanese Defense Forces chief Shigeru Ishiba met with both Foreign Minister Igor Ivanov and Defense Minister Sergei Ivanov. After their Jan. 14 talks, Sergei Ivanov told the press he had proposed signing a bilateral treaty on reducing military threats (another indication of a new willingness to leapfrog over the absence of a World War II peace treaty between the two nations), and had invited Japan to take part in a major Russian Far East military exercise later this year.

### **Russia Will Develop Its Own Anti-Missile Defense**

"We will definitely develop theater missile defense systems, as well as air and space defenses," Russian Defense Minister Sergei Ivanov told the press Jan. 14, adding, "We have missile defense technology that nobody else has in the world." The remarks came not long after the U.S. had offered Russia participation in the United States' own anti-missile defense efforts.

U.S. withdrawal from the 1972 ABM Treaty, which Ivanov reiterated Moscow considers a mistake, means Russia is under no restrictions on such a program. Ivanov said that the program would be restrained only by "common sense and technical feasibility, as well as economic realities." The systems of the U.S. and Russia "should not be aimed at each other," he said, and the U.S. plans "do not harm our national security, but some of its elements do prompt questions." Ivanov also held out the possibility of joint work on such systems, saying that "theoretically, we do not rule out cooperation with the United States, under certain conditions, in certain precise areas of such a system, if ever it is created."

### **Signs of New Dialogue Between Pope and Russian Orthodox Church Circles**

An Austrian diplomatic source with inside knowledge of relations between the Vatican and the Russian Orthodox Church, characterized the Christmas greeting from Moscow Patriarch Aleksii II to the Roman Catholics as "absolutely extraordinary," reflecting an unexpected, positive shift in strategic thinking in certain Russian Orthodox Church circles. Speaking in mid-January, the source pointed also to a remarkable one-hour interview given by Metropolitan Kirill, head of the External Relations Department of the Moscow Patriarchate, to a German TV network earlier in the month. Among other things, Kirill called for the two churches to work together to intervene into the world situation, in the interest of peace and "promoting the spirituality of Mankind". In this context it should be noted that according, to Russian press reports, the new Vatican representative to the Russian Orthodox Church, Antonio Mennini, began his work by communicating a warm message from the Pope to Aleksii II. Mennini was appointed to his new post last November, after serving as Vatican

representative to Bulgaria.

## ***EIR* Banking Analysis Carried in Russian Monthly**

This month's issue of *Valyutny Spekulyant* (*Currency Dealer*) carries a five-page translation of John Hoefle's article, "Mergers, Derivatives Losses Reveal Bankruptcy of the U.S. Banking System," from *EIR* of Nov. 1, 2002. The tables and graphs are included, along with some original graphics and subheads like "Attack of the Zombies" (Hoefle's term for the walking dead U.S. banks).

At the end of 2002 *Valyutny Spekulyant*, which ran an interview with Lyndon LaRouche in 2001 and now carries translations of economic analysis from *EIR* in almost every issue, was the recipient of the "Financial Russia" prize for superior business journalism in Russia. The award is conferred by the Financial Press Club, which was founded five years ago to help serious journalists writing in the areas of business, economics and finance, who have more difficulty making a career, than do those who write about the private life of pop-singers, and so forth. Forty-three newspapers and magazines took part in the 2002 competition, of which four, including *Valyutny Spekulyant* were honored for excellence.

## **Mideast News Digest**

### **Frenetic Diplomatic Activity Seeks To Avert Iraq War**

Frenetic diplomatic activity is taking place in the Persian Gulf region, in an attempt to settle the Iraq crisis peacefully and diplomatically. A summary of meetings follows:

\*Turkish Prime Minister Abdullah Gul has recently completed his tour of Saudi Arabia, Jordan, Egypt, Syria, and Iran (see below).

\*A Turkish delegation visited Baghdad last week, led by the State Minister for Foreign Trade, in his capacity as personal envoy of the Prime Minister.

\*Ali Hassan al Majeed of the Iraqi Revolutionary Command (and cousin to Saddam Hussein), met Egyptian President Hosni Mubarak Jan. 14, after which Mubarak travelled to Saudi Arabia (see below). Speculation has it that the "voluntary exile" scenario was discussed, a scenario that Saddam Hussein rejects out of hand. Iraq's Tariq Aziz, travelling in North Africa declared that Saddam will fight to the last bullet, and anyone contemplating his stepping down, is wrong.

\*A foreign-ministers-level meeting will take place in Cairo this week involving leading Arab states—Egypt, Saudi Arabia, Jordan, Kuwait, Syria—and Turkey and Iran. UN Secretary-General Kofi Annan and Arab League General Secretary Amr Moussa will also attend, according to *Az Zamaan*.

\*Syrian Vice President Abdel Halim Khaddam visited Russia beginning Jan. 14, for talks on the Middle East and Iraq (see [RUSSIA NEWS DIGEST](#)).

\*Iranian Deputy Foreign Minister Mohsen Aminzadeh visited Moscow (see [RUSSIA NEWS DIGEST](#)).

\*Syrian President Assad is to visit Teheran.

## **Turkish Prime Minister in Active Anti-War Diplomacy**

Turkish Prime Minister Abdullah Gul is engaged in active diplomacy to avert a war, having travelled to Syria, Jordan, Egypt, and Saudi Arabia, where he arrived Jan. 11. One Saudi official said of the meetings there, "We will focus on how we can get out of this crisis peacefully and quickly." On Jan. 12, Gul visited the Iranian capital, Tehran, and told Iranian officials that every country in the region "should make endeavors to avert another regional war, otherwise all the Middle East and Arab states will suffer heavy losses." Inside Turkey, popular opposition to a war against Iraq is very strong, and the government has not yet granted permission to the U.S. for deployment of American ground troops from bases in country.

## **Weakening of Sharon Key to Flurry of Anti-War Diplomatic Activity**

A well-informed Egyptian source reported Jan. 14 that Saudi Arabia and Egypt are engaged in a major diplomatic initiative to avert an Iraq war, and that, after being inundated with months of Chickenhawk psychological-warfare to the effect that there was no way to stop an American-led invasion, a sense of optimism is emerging that war can be averted. Crown Prince Abdullah told Saudi reporters that he was personally convinced that war was "not inevitable."

Some extraordinary diplomacy is now taking place, involving a number of Arab nations: Turkish Prime Minister Gul sent a trusted emissary to Baghdad this week, for a meeting of nearly three hours with Saddam Hussein. According to the Egyptian source, the Turkish emissary spelled out a series of demands on Iraq, in exchange for Turkish non-cooperation with American war planners. Saddam Hussein has dispatched his cousin to Cairo, for talks with Egyptian officials. This followed a trip to Baghdad by a top Saudi official, and then meetings between senior Iraqi and Syrian officials near the border.

The source observed that all of this 11th-hour activity was made possible by the fact that Israeli Prime Minister Ariel Sharon is in such political trouble, over the Likud payola scandals (see INDEPTH). Without that "surprise" weakening of the Israelis and their neo-con allies and assets in Washington, it would have been far more difficult to break the war momentum, the source emphasized. "The weakening of Sharon was the number one factor," the source said. The source concluded by warning that, under the shifting circumstances, he expected some desperate action by the utopians and/or Sharon, to stage some kind of provocation or "Gulf of Tonkin" incident, to throw the momentum back to the war camp.

## **Intensified Diplomacy at the UN**

The beginning of last week saw an unprecedented level of diplomatic activity around the Iraq crisis. On Jan. 14, U.S. National Security Adviser Condoleezza Rice made a previously unplanned trip to New York, to meet with chief UN weapons inspector Hans Blix, to pressure him to intensify the inspections, and begin the interrogations of Iraqi scientists—outside the country. Blix has increasingly been saying that there is no real point in briefing the UN Security Council on Jan. 27, because he would prefer to wait until sometime in March to give a more thorough status report and assessment of other tasks the inspectors must take on.

From the meeting in New York, Blix flew on to London and Paris, en route to Baghdad. IAEA head El Baradei was in Moscow on Jan. 15, conferring with Russian officials, before he joining Blix in Baghdad this past weekend. In the midst of these meetings, UN Secretary-General Kofi Annan issued his own statement, urging the U.S. not to take any unilateral action, and calling for the UN inspectors to be given more time to do their job.

Also Jan. 14, Egyptian President Hosni Mubarak was in Saudi Arabia for consultations with Crown Prince Abdullah. According to a well-placed Egyptian source, the meeting in Saudi Arabia was intended to prepare for Mubarak's Cairo meeting over the weekend with Ali Hassan al-Majid, the cousin and trusted emissary of Saddam Hussein. There are

widespread reports in the Arab world that the Saudis and Egyptians, in consultation with U.S. Secretary of State Colin Powell, are trying to convince Saddam Hussein to do his own "regime change" to prevent an American invasion. Lyndon LaRouche has denounced this idea of trying to "coup" or "woo" Saddam out of power, warning that it could provide the trigger for a war that can otherwise be stopped by concerted mobilization.

## **Hans Blix Wants More Time**

UN Chief Weapons Inspector Hans Blix says his teams need more time to complete their job of checking Iraqi compliance or noncompliance with UN resolutions insisting that Iraq destroy all weapons of mass destruction. Blix says that the massive U.S. military buildup is putting pressure on the inspectors, who might not be given the time they need, and also on the Iraqi regime.

Speaking of the buildup, Blix said Jan. 14, "I think [the Iraqis] only need look around their borders and they should realize the seriousness." He said the inspectors need months to do their job, but that either a UN decision or a U.S. military move could prevent this. The world wants Iraq to disarm peacefully, Blix said. But to do that it must provide documents, allow UN inspectors to interview Iraqi scientists in private, and show physical evidence of the destruction of facilities and weapons.

"What the show of force demonstrates to Iraq is that here is the other alternative," he said. To *BBC*, Blix commented, "There is a certain momentum in the [military] buildup and that worries a great many people, including myself."

Blix and IAEA chief Mohamed El-Baradei visited Baghdad Jan. 19-20, where they intended to tell the Iraqis that their 12,000-page report to the UN was not sufficient to prove WMD have been destroyed. "We need to have more evidence supplied to us. There are a great many open questions as to their possession of weapons of mass destruction, and the Security Council and the world would like to be assured that these questions be sorted out," Blix said.

Iraqi Foreign Minister Naji Sabri said Baghdad is ready to answer any questions by UN inspectors.

Blix also addressed the costs of a peaceful solution as opposed to a military one: "We are perhaps 250 or 300 people on the inspection side. We cost about \$80 million a year. If you take the armed path, you are talking about \$100 billion, you're talking about 250,000 men, you're talking about a lot of people killed and injured, a lot of damage. So I think the whole world prefers a peaceful solution if you can have one that is credible." Blix hypothesized what could happen in the event of war: "It could be that one day they will say, 'Move aside, boys, we are coming in,'" he told the *BBC* Jan. 13. "That's possible, but I think a great many people and a great many governments would prefer to have disarmament through peaceful means."

Regarding U.S. demands that the inspectors take scientists outside the country for interrogation, Blix said, "We don't think we should be a mechanism for defection." Interviews inside the country are planned.

The UN inspector also insisted that the Jan. 27 date is not decisive. "We can see a lot of work ahead of us beyond that date if we are allowed to do so," Blix said. *AFP* quoted him as saying the date would mark the beginning, not the end of the inspection work, and that another report for March was already planned (the March deadline is one specified in a 1999 UN resolution, not in Resolution 1441 passed by the UN Security Council last November), but that he does not know whether the UN or U.S. will allow the inspectors the time required.

Speaking for the European Union, Javier Solana said, "If Blix says he needs more time, then he should get more time. I don't think 27 January is the end. It is an important date, but Blix has another date in March." He said the EU was



coordinating a common position on how to make this happen, and, in case the process failed, how to proceed. "A second UN resolution may be necessary, I am for that," he said.

## **Sharon Could Still Be Tried in Belgium for War Crimes**

According to the Jan. 16 issue of the Israeli newspaper *Ha'aretz*, an amendment to the Belgian law on international war crimes would allow for Israeli Prime Minister Ariel Sharon to be put on trial for his role in the massacres in the Palestinian refugee camps at Sabra and Chatila during the Israeli invasion of Lebanon in the 1980s. The amendment has passed its first reading in Parliament and has the backing of all political parties. It also has the support of Belgian Prime Minister Guy Verhofstadt.

The amendment would overturn the decision by the Belgian Appeals Court, which ruled that Sharon could not be indicted and put on trial because he was not in Belgium. The new amendment to the 1993 law on universal jurisdiction, stipulates that any person suspected of war crimes, "no matter where the suspect may be located," may be indicted. The amendment is expected to pass easily on its second and third reading.

In a case brought before a Belgian magistrate almost two years ago, Sharon had been accused by over 30 Palestinian refugees of having ordered the massacres, which were carried out by the Lebanese Falange. Once the amendment passes, it is expected that the case will move forward.

## **Asia News Digest**

### **More Talks on North Korea, But Impasse Not Broken Yet**

U.S. Assistant Secretary of State James Kelly was in Beijing on Jan. 15, following meetings the day before in Seoul. While Kelly was meeting with PRC Deputy Foreign Minister Li, the Chinese government was offering to provide a venue for direct talks between the U.S. and North Korea. According to *Washington Post* accounts, it was Chinese President Jiang Zemin who initiated the Jan. 10 hotline call to President Bush, rather than the other way around, signalling a willingness on the part of China to play a pivotal role in resolving the conflict around North Korea.

The *Washington Post* also reported that during the summer, President Bush and Colin Powell had discussed a broad offer of economic assistance to North Korea, including development of an electric power grid to fully utilize the two new lightwater reactors, and agricultural training, as well expanded food aid. The North Koreans responded to the Jan. 15 U.S. offers by saying that the American proposal was not serious (a "painted cake pie in the sky," the North called it). However, sources say that there are a number of "back channel" talks going on, along the lines of New Mexico Governor Richardson's talks last week (Jan. 8-10) with North Korean UN representatives.

On Jan. 17, U.S. Deputy Secretary of State Richard Armitage said the U.S. was prepared to sign a formal statement assuring North Korea that the U.S. would not attack them. While falling short of the non-aggression treaty sought by North Korea, the Armitage statements were aimed at moving talks forward. Syndicated columnist Georgie Anne Geyer wrote on Jan. 18 that President Bush flubbed policy opportunities with North Korea during his first two years in office, due to bad advice from Paul Wolfowitz, leader of the neo-conservative warhawks in the Administration, and the "Vulcans" group of early Bush national security advisers that had been put together by former Secretary of State George Shultz.

### **Asian Bond Market Discussed for 2003**

Plans to create an Asian bond market this year are being discussed by Japan, Malaysia, Thailand and Singapore. For more,



## **China Infrastructure Plan Could Provide 'Escape' from Worldwide Economic Slowdown**

Weeks after *EIW* and *EIR* featured the breakthrough infrastructure projects taking place in mainland China, the *New York Times* published an unusual front-page article on Jan. 13 which praised the Chinese infrastructure programs as the way to "escape the worldwide slowdown and maintain growth."

Calling it a program which "dwarfs the New Deal and the Marshall Plan," reporter Joseph Kahn described the Chinese program to "pump 48 billion cubic meters of water each year from south to north, transport natural gas from Central Asia to China's southeast coast, and construct the world's largest dam, longest bridge, fastest train and highest railroad." He also reviewed progress on the Three Gorges, the maglev, the water diversion, the railroad to Tibet, and more.

Kahn wrote from Chongqing, the city up the Yangtze which served as the capital of Free China during the Japanese invasion of World War II, and which is now undergoing a \$200-billion remake. He said that the amount being spent is "a bit more than the U.S. Congress spent, in adjusted dollars, to build the American interstate highway system in the 1950s." This is almost entirely government-generated credit, Kahn pointed out.

He ended his piece by stating that the new leadership under Hu Jintao is not about to slow down, and quoting Huang Qifan, a former top Shanghai official who is now the executive vice mayor of Chongqing, to the effect that the project is long-term. "It's a little crazy to be talking about adding so much capacity today," Huang Quifan was quoted as saying, "but in 20 years you will see what happens to this place and it will all make sense."

## **Malaysian Scientist Calls for Conference To Bring Back DDT**

On Jan. 14, in the two leading newspapers in Kuala Lumpur, Malaysia Mohd Peter Davis was published fully endorsing the call to action by *21st Century* magazine and the LaRouche movement to end the ban on DDT in order to conquer disease. The letter was published in full in *The Star*, the country's largest paper, and excerpted in the semi-official *New Straits Times* (which left out the reference to *21st Century* and LaRouche). The letter follows:

"I share the public concern that dengue fever is approaching epidemic proportions claiming 54 lives in 2002 and 10,753 confirmed cases. We must get serious and unite to declare war on dengue. I add my voice to other scientists in the world. Dengue and other mosquito-borne diseases such as malaria, yellow fever and encephalitis can be effectively controlled. Just bring back the insecticide DDT! This proposal is not made to infuriate environmentalists who have long believed the emotional claim by Rachel Carson in *Silent Spring* (1962) that DDT exterminates birds and wildlife. Consider, instead, the scientific evidence. DDT, discovered [actually, formulated—ed.] in the 1940s, is the only really effective solution for controlling the mosquito population. and with it the long list of diseases they transmit to humans. Rightly regarded as the most life-saving manmade chemical in history, DDT transformed the public health of billions before it was unilaterally banned by the American government in 1972. This ban was in blatant defiance of overwhelming world scientific opinion and a seven-month, 9,000-page testimony before the American Environment Protection Agency. Its Chairman, Judge Edmond Sweeny, ruled that DDT should NOT be banned, concluding: DDT is not carcinogenic, mutagenic or teratogenic to man (and) these uses of DDT do not have a deleterious effect on fish, birds, wildlife or estuarine organisms. Two months after this clean bill of health report, DDT was banned by the American government and ruthlessly enforced worldwide for what was later admitted to be political reasons. This centred on the evil doctrine that overpopulation in developing countries was the greatest threat to humanity. The DDT ban 30 years ago has led to an estimated 60 million needless deaths from malaria alone, 90% of them in Africa. The case for lifting the ban on DDT is comprehensively reviewed in the latest issue of *21st Century Science and Technology* (see [www.larouchepub.com](http://www.larouchepub.com)). More dramatically, a leading advocate of DDT, Professor Gordon Edwards of San Jose University in California, has for decades been eating a tablespoon of DDT in

front of each year's entomology class! So much for the harmful effects of DDT. Malaysia, as a respected spokesman for developing countries, can play a decisive role in bringing back DDT. By hosting an international conference, Malaysia can reopen, not a confrontation, but a sane and civilized meeting between informed scientists and concerned environmentalists. I have done the calculation. For a chemical cost of only RM22 million per year, just RM1 per head of population, the inside walls of every house in Malaysia can be sprayed twice per year with minute quantities of DDT, sufficient along with other sensible public health measures to adequately protect the entire population from dengue and other mosquito-borne diseases. Developing countries have been grossly misled by Rachel Carson's book and America's cruel agenda. DDT is the safe and outstanding weapon of choice for Malaysia against mosquitoes and the emerging dengue epidemic.

"—Mohd Peter Davis

"Universiti Putra Malaysia"

### **Mahathir: 'Reinventing Civilization' Dialogue Must Replace War Rhetoric**

In his keynote address to the 11th annual meeting of the Asia Pacific Parliamentary Forum, meeting in Kuala Lumpur, Malaysia Prime Minister Dr. Mahathir bin Mohamad told the 170 delegates, "It is time to pause and rethink." Labelling people as "great Satan" or "an axis of evil" resolves nothing. It is time to join in a global effort of "reinventing civilization." He zeroed in on the discrepancy in the handling of North Korea, Iraq, and the Palestinian crisis. Mahathir said: "There was a time when Muslim countries were in agreement over the need to stop Iraqi aggressiveness. Today that unity of purpose has disappeared. Muslims see the stance taken against Iraq as another act of discrimination against Muslims.

"Iraq, Iran and North Korea have been labelled as the Axis of Evil, but despite the fact that North Korea has admitted that it has nuclear capability, it is not being threatened with war as Iraq is. We do not want to see North Korea being threatened with war, and the country being militarily attacked, but the accommodating attitude towards North Korea is going to anger the Muslims more."

The greatest failure of U.S. and Western policy, he said, is the failure to address the Palestinian crisis. He warned, "The terrorism that assails the world today has a direct connection with the fate of the Palestinians...."

### **Vietnam Embarks on Nuclear Power Project**

Vietnam plans to build its first nuclear power station by 2020. With an estimated 230,000 tons of uranium discovered in Quang Nam province in central Vietnam and several other areas, the country could run a nuclear power station for at least 24 years, said Do Ngoc Lien, director of the Institute of Technology for Radioactive Materials. For now the nuclear project remains on the drawing board, but an inter-departmental committee on atomic energy was set up on March 5, 2002.

Energy infrastructure is one of the most significant challenges facing Vietnam, which has a population of 90 million, making it the second most populous country in ASEAN. The World Bank estimates that to sustain a growth rate of 6-8% over the next five years will require increased electricity supplies at the rate of 10-14% per annum.

Vuong Huu Tan, director of the Institute of Atomic Energy of Vietnam said, "We intend to reduce the proportion of our hydro-electric power stations from 60% to 50% by 2010," citing difficulties in managing strong seasonal variations in river flows. He also stressed the international cooperation presently underway with Japan, South Korea, France and Canada.

In 1963, the United States installed a trial nuclear reactor in the southern city of Dalat in 1963, under the "Atoms for Peace," program, but with the second Indochina War and the broader Cold War, Vietnam relied on information exchanges

with the former Soviet Union in the 1980s, and would today still need outside assistance to progress with its program.

## Africa News Digest

### Zimbabwe's Mugabe Says He'll Serve His Term, But There's Talk of Power-Sharing

Zimbabwe's President Robert Mugabe says he will serve his full term, but there is talk of a power-sharing deal with the opposition MDC.

According to a Jan. 15 *New York Times* article datelined Johannesburg by Rachel Swarns, Mugabe told reporters Jan. 14, during a trip to Zambia, "I am not retiring. I will never, never go into exile.... I fought for Zimbabwe and when I die I will be buried in Zimbabwe, nowhere else.... Only a few months ago, the people elected me to serve them and it would be absolutely counter-revolutionary and foolhardy for me to step down."

A Jan. 12 report in the *Sunday Mirror* of Zimbabwe said, according to Swarns' formulation, "officials had agreed to create an interim government that would include the leader of the opposition [Morgan Tsvangirai]. The [*Sunday Mirror*] reported that Mr. Mugabe would step down from power in 2005, a year early, as part of deal intended to ease the country's political and economic crises." (*EIR* does not have the *Sunday Mirror* article.)

Swarns adds, "Officials in government and in the opposition said on Monday [Jan. 13] that no formal agreement had been made. Representatives on both sides acknowledged, however, that informal, private discussions about such a plan had already taken place."

The *Natal Witness* in South Africa Jan. 13 gave some background, saying that Tsvangirai "confirmed a 'clandestine' initiative was brought to him containing an offer that Mugabe would step down to clear the way for the formation of a caretaker government and fresh elections. He said his party could accept immunity for Mugabe. Tsvangirai appears not to have taken the proposal to his colleagues, which might promote divisions in the opposition leadership.... Tsvangirai said he turned down overtures by mediators before Christmas, but after further contact, he believed there was a case for Zimbabweans to 'forget the past and move forward.'"

*EIR* notes that Tsvangirai had, in fact, publicly complained in December that South Africa and Britain were involved in a transition scheme that he didn't trust. The *Witness* quoted the commander of the Armed Forces, Gen. Vitalis Zvinvashe, saying the reports are "not worth commenting on." Zvinvashe "was named by mediators of the attempts to broker a deal as one of the two ruling party figures promising to deliver Mugabe's retirement." Zvinvashe "dismissed reports as 'the work of enemies bent on destroying Zimbabwe.'" The information secretary of the ruling ZANU-PF party, Nathan Shamuyarira, "condemned the reports as 'meant to bring the British-sponsored [opposition] to power by unconstitutional means.... It is a mixture of wishful thinking and mischief on the part of the British.'" Paul Themba Nyathi, spokesman for the opposition Movement for Democratic Change (MDC), said the MDC is not involved in negotiating an "exit package" for Mugabe. Nyathi also said that Speaker of Parliament Emmerson Mnangagwa, the other party official named by mediators as promising to deliver Mugabe's retirement, knows nothing of the plan. Mnangagwa is considered likely to be Mugabe's successor.

The *Natal Witness* quoted South African Ministry of Foreign Affairs spokesman Ronnie Mamoepa as saying "South Africa is neither aware of, nor party to, the reported deal." The denials do not disclose much about what is, or is not, actually happening. Rachel Swarns, in a Jan. 14 *International Herald Tribune* article, went so far as to say that a "government negotiator," who spoke on condition of anonymity, "said the contacts [with the MDC] were made with Mugabe's blessings and with the help of British intermediaries." One intermediary between Zvinvashe and Mnangagwa on the one hand, and

*Tsvangirai on the other, is reported to be Col. Lionel Dyke, according to the British daily The Guardian of Jan. 13, which describes him as "a close associate" of both of the ruling party men. Dyke commanded the Rhodesian African Rifles and later served in the Zimbabwe Army. He is now retired.*

### **Some of Mahathir's Economic Thinking May Be Showing Up in Zimbabwe**

Some of the economic thinking of Malaysian Prime Minister Dr. Mahathir, may be showing up in Zimbabwe. Reference to the adoption of Mahathir's "smart partnership" concept by the government appears in an editorial entitled, "Adoption of Smart Partnership Concept Gratifying," which appeared Jan. 9 in the *Herald*, the government newspaper.

It reads in part: "The government and the private sector are finalizing a new economic blueprint to chart the course for this year.

"It is gratifying to note that the two parties have finally adopted the smart partnership concept to devise homegrown solutions to the current economic challenges....

"People have been waiting for something that will take them out of the worsening poverty levels, high unemployment and food shortages....

"We note that the issues being tackled include price management, food shortages, the fuel situation and export viability....

"Some of the solutions believed to be contained in the proposals from industry sound practical, particularly where it says that the government should only concentrate on sourcing fuel for essential use, leaving multinational companies to bring in the resource for non-critical purposes....

"Zimbabwe needs to revive its export performance as this is clearly the only source of foreign currency given the withdrawal of international assistance....

"Proposals to restore viability to strategic parastatals [government-run enterprises] such as the Zimbabwe Electricity Supply Authority and the National Railways of Zimbabwe could only bring good tidings to the economy...."

It looks as if the new Minister of Finance and Economic Development, Dr. Herbert Murerwa, is key to acceptance of the new thinking. Murerwa had been Finance Minister in the past, but was serving as Industry Minister at the time of the shift in late August. The "smart partnership" concept involves cooperation between government and the private sector in a spirit of "prosper thy neighbor." A major meeting of the Smart Partnership International Dialogue took place in Victoria Falls, Zimbabwe, in 1998.

### **Zimbabwe's Government Paper Promotes Domestic Steel Manufacture**

The *Herald*, Zimbabwe's government newspaper, called for upgrading the domestic production of steel in an analysis published Jan. 14. It reads in part: "Zimbabwe has large resources of easily accessible iron ore and coal. These are the essential ingredients to make steel and, as a result, steel has been made in Zimbabwe for decades. However, in recent years steel has been made at a loss and intermittently.... The reasons can be reduced to two: lack of capital and bad managers. Given adequate capital and good management it should be possible for Zimbabwe to have a viable steel industry that can supply the bulk of local needs with a healthy surplus for export to neighboring states.... There have been many advances in recent years in steel production that allow well-managed modern plants to produce high quality steel from the basic ores without subsidy and for a profit.

"The Zimbabwe Iron and Steel Company has to join the ranks of these modern producers, using its crucial position in the center of Southern Africa, to compete on delivered costs to customers in Zimbabwe, Zambia and parts of South Africa."

## **Nigeria's Largest Opposition Party Chooses Candidate for Presidential Elections**

Nigeria's largest opposition party has chosen Mohammed Buhari as the candidate to face off against President Obasanjo in the upcoming elections. Buhari, a former military head of state from 1976 to 1979, a Muslim and a Northerner, won almost 90% of the 5,000 ballots cast at the convention of the All-Nigeria People's Party that has just concluded in Abuja.

Buhari said that three fundamental things are wrong in Nigeria: a prostrate economy, corruption, and insecurity. Former Senate President Dr. Chuba Okadigbo will be Buhari's running mate. Buhari told a labor gathering Dec. 19 that he had toured the length and breadth of the country and realized that the problem of Nigeria today is predominantly that of the economy. Nigerian Labor Congress President Adams Oshiomhole used the occasion to remind the former head of state that there was an alarmingly large population of hungry and angry youths, who are ever ready and willing to kill, maim, and vandalize because they have no jobs. When Obasanjo came into office, Buhari was head of a special oil fund that was being used for infrastructure development, the PTF, that was then perceived as responsible for the small amount of development that was then going on in the country. One of Obasanjo's first actions was to shut the fund down, alleging corruption.

Buhari exhibits generally a strong infrastructure focus, as shown in the *Buhari Program*, an infrastructure focus primarily devoted to transportation and energy. The program document overall, however, shows weakness on the question of deregulation.

The document calls for "Resuscitation and complete modernization of the railway system. Major cities to be connected with high-speed rail services over time." In other areas of transportation, the document calls for "Rehabilitation and expansion of waterways transportation, including dredging of channels, provision of ferries and jetties.... A new bulk haulage strategy to be developed; and implemented with a view to encourage maximum utilization of the railways and waterways." With respect to electricity: "Initiate and implement a national program for the expansion of electricity generation, to involve the establishment for new power generation installations, targeting an additional 10,000 MW of generated electricity."

## **Ivorian Generals Accused by Press of Planning Coup**

*Notre Voie*, the official newspaper of Ivory Coast President Laurent Gbagbo's Front Populaire Ivoirien, published "suspicions" that senior military officers, led by Chief of General Staff Gen. Mathias Doué, are planning to seize power while President Gbagbo is in Paris for negotiations Jan. 14-23. *Notre Voie* quoted an unnamed military figure who spilled the beans and who said that Gbagbo must not go to Paris. An editorial Jan. 7 in another Ivorian daily, *Fraternité Matin*, said that time and intrigues are working against the government, and the generals plan to overthrow Gbagbo and declare martial law.

Links to articles from *Executive Intelligence Review*\*.

**\*Requires Adobe Reader®.**

## **Economics:**

### **Deepening Depression Forces LaRouche's Super-TVA on Agenda** **by EIR Staff**



By its January 15 report, even the U.S. Federal Reserve had to acknowledge that large job losses, sinking consumer spending, record corporate bankruptcies, and disastrous blowouts of state and Federal budgets, show that the U.S. economy is not recovering, but still falling.

## Brazil's Lula Tries To Live in Two Worlds

by Silvia Palacios and Lorenzo Carrasco

Forming President Luiz Inácio Lula da Silva's government, by trying to please Greeks and Trojans alike, has led to what might be dubbed a 'tutti frutti Cabinet,' with representation of every political flavor imaginable.

## Central Americans Told To Forget 'CAFTA'

by EIR Staff

With negotiations on a U.S.-Central American Free Trade Accord formally opened on Jan. 8, 2003, the drive to extend the North American Free Trade Agreement (NAFTA) south to the Colombian border is on in earnest.

## War Would Accelerate Germany's Economic Fall

by Rainer Apel

Economic data published in Germany on Jan. 13, on the export performance of its export-centered economy, corroborate two basic trends: German exports to the other leading industrial nations of the Group of Seven are shrinking; whereas exports to rapidly developing 'threshold' countries like China and India are expanding.

## 'Islamic Banking' May Expand In a New International System

by Paolo Raimondi

Over 200 economic, banking, and government representatives attended an important conference on 'Islamic Banking,' in Rome on Dec. 19, co-sponsored by the Italian Banking Association (ABI), the Islamic Development Bank, the Islamic Research and Training Institute, and the Italian-Arab Chamber of Commerce of Rome.

Interview: Michael Sobol

## Water Infrastructure: \$1 Trillion Need in U.S.

Michael Sobol is a Board Member of the Metropolitan Sewer District of Asheville/Buncombe County, North Carolina, and a national activist for drinking water and wastewater infrastructure. He was interviewed on Dec. 6, 2002 by Marcia Merry Baker.

## **International:**

## Iraq Inspections Have Exposed The Hoax of the 'Dossiers'

by Michele Steinberg

After UN weapons inspectors Dr. Hans Blix and Dr. Mohammed El-Baradei gave their preliminary report to the UN Security Council on inspections inside Iraq since Nov. 27, U.S. Defense Secretary Donald Rumsfeld held a Jan. 15 Pentagon press conference, attacking the inspectors as weak sisters.

## Scott Ritter: 'I Accuse'

by Michele Steinberg

The interview with former UN chief weapons inspector Scott Ritter that makes up the bulk of this book, should have appeared as his testimony to a joint session of the Congress. The questions that author William Rivers Pitt poses, should have been asked by a panel of Senators and Congressmen, at the beginning of public hearings whose outcome could prevent a deadly war that could shape global politics for decades to come.

## Mitzna Rejects Unity Government With Sharon

by Dean Andromidas

Israeli Labor Party Chairman Amram Mitzna declared on Jan. 13 that he will never join a national unity government with Prime Minister Ariel Sharon (Likud), thereby refusing to be party to any scheme for saving Sharon's skin.



## Once a Republic, Now an Empire?

by Gabriele Liebig

Presidential pre-candidate Lyndon LaRouche was the first to stress that the events of Sept. 11, 2001 must be seen as an attempt of certain U.S. intelligence and establishment circles to launch a non-stop war against Islam; and indeed, against any nations opposed to a New World Order which would be a parody of the Roman Empire.

## Economist Issues 'Final Call to Heroism'

The following document by Philippine economist **Antonio A.S. Valdes**, co-founder of the Philippine LaRouche Society, was released at a dramatic moment of crisis in the Philippines. The economy is verging on collapse, and the political situation is so tense that President Gloria Macapagal-Arroyo announced on Dec. 30 that she will not run for re-election, calling for a viable coalition of some sort to be created with the capacity to save the nation from chaos.

## Russia, Japan Adopt Partnership Plan

by Rachel Douglas

Following his own year-end state visits to India and China, Russian President Vladimir Putin began the 2003 diplomatic calendar by receiving the leader of another Asian powerhouse, Japan....While attempts to defuse the U.S. showdown with North Korea were, inevitably, high on the Putin-Koizumi agenda, it was the scope of economic cooperation discussed, the commitment to a new 'strategic partnership,' and the agreement to work around their decades-long territorial dispute...

## LaRouche Ally Cheminade Stirs Up U.A.E., Qatar

**Jacques Cheminade**, President of *Solidarite' et Progre's*—co-thinkers in France of Lyndon LaRouche—was in the United Arab Emirates and Qatar at the end of December, on a mission to stop the Iraq war and to advance LaRouche's Eurasian Land-Bridge strategy, already widely debated by the press and leaders in the Islamic nations.

- Beyond Iraq: War Avoidance Through Sovereign States' Mutual Development

by Jacques Cheminade

"...The title given to my speech is 'Beyond Iraq,' because for me war is never unavoidable. Hence, linking the issue of peace in the Middle East to the much-needed global world developments, I would rather think in terms of war avoidance through the mutual development of sovereign nation-states and, in the process, define the mission of France as I see it."

## Venezuela's Collapse Is No 'Local Affair'

by Cynthia R. Rush

Almost all participants and observers in Venezuela's ongoing crisis—the general strike begun by opponents of President Hugo Cha´vez on Dec. 2 has shut down the oil-based economy and unleashed political violence and chaos—argue that it is caused by something unique to that country, and therefore requires a local solution.

## **National:**

## For Frist, Free Market Trumps General Welfare

by Linda Everett

Since Sen. Bill H. Frist (R-Tenn.) took up the reins of Senate Republican Leader in the aftermath of Trent Lott's racist debacle, the media has fallen over one another building Frist's persona of glamour and glory as a skillful heart surgeon....The tragedy is his betrayal of that doctor's commitment to save lives, *when it comes to public policy*. There, for Dr. Frist, as he wishes to be called, the 'free market' trumps human life.

## Congress Flees Economy As Fast as It Can

by Carl Osgood

The House of Representatives spent most of the 107th Congress doing as little work as possible—particularly after the Democrats took over the

Senate in May 2001, following the departure of Sen. Jim Jeffords (I-Vt.) from the Senate GOP caucus; and particularly when it came to doing the 13 annual budget appropriations bills.

## Gov. Ryan Deals Mortal Blow to Death Penalty

Illinois Gov. George Ryan's bold action on Jan. 11, commuting to life imprisonment the sentences of all 167 inmates on the state prison's death row, was intensely controversial....His blanket commutation has been intensely criticized, but it is 'likely to lead the nation toward a similar conclusion...'

## **This Week in History**

### **Jan. 20-25, 1937**

Sixty-six years ago, on Jan. 20, 1937, President Franklin Delano Roosevelt gave his Second Inaugural Address, one of the most direct and poignant reassertions of the commitment of the American Republic to the principle of the General Welfare, which has ever been made from the Presidency. As we sink deeper into a new global depression, Americans would do well to look to FDR's standard of leadership, which brought us out of the last one. While Lyndon LaRouche's forecasting record, and approach toward getting us out of the current crisis, surpass those of FDR, it is actually the success of FDR's fight which provides the institutional basis for success today.

Knowing that *many* Americans have never heard, or read, this speech—which FDR dedicated to the 150th anniversary year of the U.S. Constitution—we are reprinting it in its entirety.

\* \* \*

"When four years ago we met to inaugurate a President, the Republic, single-minded in anxiety, stood in spirit here. We dedicated ourselves to the fulfillment of a vision—to speed the time when there would be for all the people that security and peace essential to the pursuit of happiness. We of the Republic pledged ourselves to drive from the temple of our ancient faith those who had profaned it; to end by action, tireless and unafraid, the stagnation and despair of that day. We did those first things first.

"Our covenant with ourselves did not stop there. Instinctively we recognized a deeper need—the need to find through government the instrument of our united purpose to solve for the individual the ever-rising problems of a complex civilization. Repeated attempts at their solution without the aid of government had left us baffled and bewildered. For, without that aid, we had been unable to create those moral controls over the services of science which are necessary to make science a useful servant instead of a ruthless master of mankind. To do this we knew that we must find practical controls over blind economic forces and blindly selfish men.

"We of the Republic sensed the truth that democratic government has innate capacity to protect its people against disasters once considered inevitable, to solve problems once considered unsolvable. We would not admit that we could not find a way to master economic epidemics just as, after centuries of fatalistic suffering, we had found a way to master epidemics of disease. We refused to leave the problems of our common welfare to be solved by the winds of chance and the hurricanes of disaster.

"In this we Americans were discovering no wholly new truth; we were writing a new chapter in our book of self-government.

"This year marks the one hundred and fiftieth anniversary of the Constitutional Convention which made us a nation. At that Convention our forefathers found the way out of the chaos which followed the Revolutionary War; they created a strong

government with powers of united action sufficient then and now to solve problems utterly beyond individual or local solution. A century and a half ago they established the Federal Government in order to promote the general welfare and secure the blessings of liberty to the American people.

"Today we invoke those same powers of government to achieve the same objectives.

"Four years of new experience have not belied our historic instinct. They hold out the clear hope that government within communities, government within the separate States, and government of the United States can do the things the times require, without yielding its democracy. Our tasks in the last four years did not force democracy to take a holiday.

"Nearly all of us recognize that as intricacies of human relationships increase, so power to govern them also must increase—power to stop evil; power to do good. The essential democracy of our Nation and the safety of our people depend not upon the absence of power, but upon lodging it with those whom the people can change or continue at stated intervals through an honest and free system of elections. The Constitution of 1787 did not make our democracy impotent.

"In fact, in these last four years, we have made the exercise of all power more democratic; for we have begun to bring private autocratic powers into their proper subordination to the public's government. The legend that they were invincible—above and beyond the processes of a democracy—has been shattered. They have been challenged and beaten.

"Our progress out of the depression is obvious. But that is not all that you and I mean by the new order of things. Our pledge was not merely to do a patchwork job with secondhand materials. By using the new materials of social justice we have undertaken to erect on the old foundations a more enduring structure for the better use of future generations.

"In that purpose we have been helped by achievements of mind and spirit. Old truths have been relearned; untruths have been unlearned. We have always known that heedless self-interest was bad morals; we know now that it is bad economics. Out of the collapse of a prosperity whose builders boasted their practicality has come the conviction that in the long run economic morality pays. We are beginning to wipe out the line that divides the practical from the ideal; and in so doing we are fashioning an instrument of unimagined power for the establishment of a morally better world.

"This new understanding undermines the old admiration of worldly success as such. We are beginning to abandon our tolerance of the abuse of power by those who betray for profit the elementary decencies of life.

"In this process, evil things formerly accepted will not be so easily condoned. Hard-headedness will not so easily excuse hard-heartedness. We are moving toward an era of good feeling. But we realize that there can be no era of good feeling save among men of good will.

"For these reasons I am justified in believing that the greatest change we have witnessed has been the change in the moral climate of America.

"Among men of good will, science and democracy together offer an ever-richer life and ever-larger satisfaction to the individual. With this change in our moral climate and our rediscovered ability to improve our economic order, we have set our feet upon the road of enduring progress.

"Shall we pause now and turn our back upon the road that lies ahead? Shall we call this the promised land? Or, shall we continue on our way? For 'each age is a dream that is dying, or one that is coming to birth.'

"Many voices are heard as we face a great decision. Comfort says, 'Tarry a while.' Opportunism says, 'This is a good spot.'

Timidity asks, 'How difficult is the road ahead?'

"True, we have come far from the days of stagnation and despair. Vitality has been preserved. Courage and confidence have been restored. Mental and moral horizons have been extended.

"But our present gains were won under the pressure of more than ordinary circumstances. Advance became imperative under the goad of fear and suffering. The times were on the side of progress.

"To hold to progress today, however, is more difficult. Dulled conscience, irresponsibility, and ruthless self-interest already reappear. Such symptoms of prosperity may become portents of disaster! Prosperity already tests the persistence of our progressive purpose.

"Let us ask again: Have we reached the goal of our vision of that fourth day of March 1933? Have we found our happy valley?

## **One-Third of a Nation**

"I see a great nation, upon a great continent, blessed with a great wealth of natural resources. Its hundred and thirty million people are at peace among themselves; they are making their country a good neighbor among the nations. I see a United States which can demonstrate that, under democratic methods of government, national wealth can be translated into a spreading volume of human comforts hitherto unknown, and the lowest standard of living can be raised far above the level of mere subsistence.

"But here is the challenge to our democracy: In this nation I see tens of millions of its citizens—a substantial part of its whole population—who at this very moment are denied the greater part of what the very lowest standards of today call the necessities of life.

"I see millions of families trying to live on incomes so meager that the pall of family disaster hangs over them day by day.

"I see millions whose daily lives in city and on farm continue under conditions labeled indecent by a so-called polite society half a century ago.

"I see millions denied education, recreation, and the opportunity to better their lot and the lot of their children.

"I see millions lacking the means to buy the products of farm and factory and by their poverty denying work and productiveness to many other millions.

"I see one-third of a nation ill-housed, ill-clad, ill-nourished.

"It is not in despair that I paint you that picture. I paint it for you in hope—because the Nation, seeing and understanding the injustice in it, proposes to paint it out. We are determined to make every American citizen the subject of his country's interest and concern; and we will never regard any faithful law-abiding group within our borders as superfluous. The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.

"If I know aught of the spirit and purpose of our Nation, we will not listen to Comfort, Opportunism, and Timidity. We will

carry on.

"Overwhelmingly, we of the Republic are men and women of good will; men and women who have more than warm hearts of dedication; men and women who have cool heads and willing hands of practical purpose as well. They will insist that every agency of popular government use effective instruments to carry out their will.

"Government is competent when all who compose it work as trustees for the whole people. It can make constant progress when it keeps abreast of all the facts. It can obtain justified support and legitimate criticism when the people receive true information of all that government does.

"If I know aught of the will of our people, they will demand that these conditions of effective government shall be created and maintained. They will demand a nation uncorrupted by cancers of injustice and, therefore, strong among the nations in its example of the will to peace.

"Today we reconsecrate our country to long-cherished ideals in a suddenly changed civilization. In every land there are always at work forces that drive men apart and forces that draw men together. In our personal ambitions we are individualists. But in our seeking for economic and political progress as a nation, we all go up, or else we all go down, as one people.

"To maintain a democracy of effort requires a vast amount of patience in dealing with differing methods, a vast amount of humility. But out of the confusion of many voices rises an understanding of dominant public need. Then political leadership can voice common ideals, and aid in their realization.

"In taking again the oath of office as President of the United States, I assume the solemn obligation of leading the American people forward along the road over which they have chosen to advance.

"While this duty rests upon me I shall do my utmost to speak their purpose and to do their will, seeking Divine guidance to help us, each and every one, to give light to them that sit in darkness and to guide our feet into the way of peace."

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