

[return to home page](#)

## **This Week You Need To Know**

### **LaRouche in California Proves Victory Possible, and Kennedy Signals A Shift**

Lyndon LaRouche announced in an Oct. 12 campaign statement that the "Democratic Party would have carried the state," in the California recall election, "had any second leading Democratic Presidential candidate, or former President Bill Clinton, associated himself with me in my fight to bring about the defeat of recall in California..."

LaRouche, the second of *only two* of the nine Democrats to be certified by the Federal Election Commission for Federal matching funds, said that "In effect, when faced with a brutally nasty adversary—George Shultz's muscle-bound Hitler, Arnie "the Beast-man" Schwarzenegger—the Democratic National Committee Chairman reacted like a scared rabbit, and, figuratively, froze and died a political death, on that spot."

LaRouche noted as "proof of the pudding," so to speak, that in areas of California where the LaRouche Youth Movement deployed heavily, there were positive results, showing that his approach worked. This was particularly obvious in the results in Los Angeles County, the only major county in southern California where the recall was defeated, and the area in which the deployment of the LaRouche Youth Movement was the most intense.

"In the first serious test of 2004, the California Recall fight, the present pack of my remaining rivals on the list, including retired General Clark, have exposed themselves as losers. That is the issue on the plate of the Democratic National Committee today, and every state Democratic Committee today: Cooperate with me in the race now, or lose everything next year. We can save the party, but not with candidates who behave as my would-be rivals have performed so far.

"The crucial test has been conducted in California, and all my rivals failed: They either did not show up, or performed like bozos, staging moral, intellectual prat-falls at the starting line. Every Democratic Party figure worth taking seriously will now mobilize around me to win in 2004. It is time to line up for 2004."

LaRouche is bringing the California "proof of principle" to Washington, D.C. on October 22, with his next international webcast, schedule for 1 P.M., EDT, where he will elaborate on the significance of Arnold "Beast-Man" Schwarzenegger's candidacy for the Cheney-Bush Administration policy of perpetual wars of aggression. Already, high level political sources "inside the beltway" in Washington have reported that LaRouche's campaign to remove — by impeachment if necessary — Vice President Dick Cheney is *rocking* Washington, as the opposition to Cheney mounts (See this week's EIW InDepth).

### **Shift to the Senate**

But, even before this happens, there are clear signs that leadership in the Democratic Party has shifted away from the now-discredited-by-California Democratic National Committee and pack of candidates. Two "old men" of the U.S. Senate have now taken the lead, instead. Senator Edward Kennedy (D-Massachusetts), and Robert Byrd (D-West Virginia) have stepped

forward to say "no more" to capitulating to the lies of the Cheney-Bush Administration's drive for Empire.

The hard-hitting, thorough indictment of the Bush Administration's conduct of the war in Iraq, given by Sen. Kennedy in the Senate debate of Bush's request for \$87 billion on Oct. 16, represents a move toward the political demise of Dick Cheney and his neo-cons, if not of President Bush himself. Kennedy's speech will be a point of reference for the developments of the next weeks, which are likely to come to a head in November. For his part, Sen. Byrd elaborated on Oct. 16, how the *Emperor Has No Clothes* — as shown by the fact that there is *no* evidence of WMD, and *no* links of Iraq to terrorism, and, increasingly, *no* credibility because of the war in Iraq (Read more in this week's USA Digest).

Looked at in historical perspective, Kennedy's speech could be compared to the decisive intervention by Edward R. Murrow in 1953, which started the landslide against the witchhunts of Sen. Joe McCarthy. A parallel process, Watergate-style, is also under way, around the questions of the criminal leaks of the name of undercover CIA operative Valerie Plame. While it is not knowable which will be successful, it is clear that LaRouche and his publication have played a major role in catalyzing the growing fight.

## Senator Kennedy's Indictment

Senator Kennedy began his speech by characterizing the invasion of Iraq as "an unnecessary war, based on unreliable and inaccurate intelligence," and described it as "mindless, needless, senseless, and reckless." "Before the war, week after week after week, we were told lie after lie after lie," Kennedy charged.

He then turned to attacking the idea that the United States should become a colonial power. He said:

"Surely, in this day and age, at the beginning of the 21st Century, we do not have to re-learn the lesson that every colonial power in history has learned. We do not want to be, we cannot afford to be, either in terms of character or in terms of cost, an occupier of other lands. We must not become the next failed empire in the world.

"The Administration seeks to write a new history that defies the lessons of history. The most basic of those lessons is that we cannot rely primarily on military means as a solution to politically inspired violence. In those circumstances, the tide of history rises squarely against military occupation. The British learned that lesson in Northern Ireland. The French learned it in Algeria. The Russians learned it in Afghanistan and are re-learning it every day in Chechnya. America learned it in Vietnam, and we must not re-learn it in Iraq...."

But the virtual knock-out punch came when Senator Kennedy quoted President Bush's father, President George H.W. Bush, and his National Security Advisor Brent Scowcroft, from their joint memoir on the 1991 Gulf War. This quotation reflects the fact that, behind the scenes, leading representatives of the elder Bush's Administration are working with traditionalists like Senator Kennedy in trying to stem the disastrous course which the Cheney-controlled Administration is taking. The Senator said:

"In their joint memoir, *A World Transformed*, President George H.W. Bush and his National Security Advisor, Brent Scowcroft, reflected on their own experiences with Iraq and the Gulf War in 1991. They had been criticized in some quarters for halting that war after their dramatic victory in Kuwait, instead of going on to Baghdad to depose Saddam Hussein.

"Here is what they wrote: 'Trying to eliminate Saddam, extending the ground war into an occupation of Iraq, would have violated our guideline about not changing objectives in midstream, engaging in 'mission creep,' and would have incurred incalculable human and political costs. Apprehending him was probably impossible.... We would have been forced to

occupy Baghdad and, in effect, rule Iraq. The coalition would instantly have collapsed, the Arabs deserting it in anger and other allies pulling out as well. Under those circumstances, there was no viable 'exit strategy' we could see.... Had we gone the invasion route, the United States could conceivably still be an occupying power in a bitterly hostile land. It would have been a dramatically different—and perhaps barren—outcome.' "

A reiteration of that evaluation cannot fail to strike any thinking person, as it did Senator Kennedy, as describing precisely the situation into which the Cheney policy has led the United States. It now remains to remove the chief enforcer of that policy, the Vice President, before he and his cohorts expand it to accomplish broader destruction. In this aim, Senator Kennedy is playing a crucial role.

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

**\*Requires Adobe Reader®.**

## **Strategic Study:**

### **Europe and the U.S.A. Today**

**By Lyndon H. LaRouche, Jr.**

"There is no allowable excuse for any sane government to gloat over what is happening to the U.S.A. today. The abrupt collapse of the U.S. economy by about one-half, as occurred during the prior world Depression of 1928-1933, would be a social and political, as well as economic catastrophe for, among others, China and the rest of the world in general."

## **Feature:**

### **LaRouche Addresses Swiss, Italian Leaders on Chance To Solve Crisis**

**by EIR Staff**

Democratic Presidential pre-candidate Lyndon LaRouche visited Switzerland and Northern Italy on Oct. 9-12, organizing industrialists, EIR readers, and youthful supporters to see how Europe can intervene to help solve the global economic and political crisis—at a time when most Europeans are deeply dismayed at the present imperial course of U.S. foreign policy.

- **LaRouche in Italy:**

- **The Man Behind The 'Beast-Man'**

"As you probably know, there was recently an election in the state of California. It was a recall election, a rather fraudulent form of election, which due to the credit of the Democratic Party, elected a Republican as Governor. What they elected was a Nazi. That's the only fair description of the actor, our dear friend, Arnie Schwarzenegger. ..."

- **To Vicenza Businessmen: Start by Ignoring Money**

Lyndon LaRouche spoke to a meeting of the ISIES, a think-tank of the Chamber of Commerce in Vicenza, Italy, on Oct. 11.

## **Economics:**

### **'Walking Dead' WTO Is Ruining World's Agriculture Producers**

**by Rosa Tennenbaum and Marcia Merry Baker**

Developing countries, taking a stand at the September World Trade Organization (WTO) conference in Cancu´n, Mexico, demanded protection against commodities-dumping prices, and removal of agricultural subsidies in European, U.S. and other so-called 'First World' farming sectors. But the long, long-discussed worldwide parity price would be a solution which would serve all.

## **Mexicans See Threat in Schwarzenegger Victory**

**by Valerie Rush**

Prominent voices in Mexico are using many of the arguments that have been circulated on both sides of the border by the international LaRouche movement, to warn of the new fascist threat to Mexico that Arnold Schwarzenegger represents.

## **International:**

### **'Beast-Men' Cheney, Sharon Plan New, Nuclear Mideast Wars**

*This release was issued on Oct. 14 by the LaRouche in 2004 political committee.*

Lyndon LaRouche, one of only two Democratic Party Presidential candidates certified by the Federal Election Commission (FEC) as qualified for Federal matching funds, issued a strong warning on Oct. 14 that the world is facing a major eruption of war in the Near East in the immediate weeks ahead, unless President Bush can be made to intervene forcefully and publicly, to curb Israel's breakaway-ally regime under Ariel Sharon.

- **Israel Adds Nukes to Subs**

While Israel's Ha'aretz on Oct. 10 and Germany's Der Spiegel on Oct. 11 carried reports that an Israeli military attack on Iran is imminent, the Los Angeles Times on Oct. 12 reported that Israel now has an operational, nuclear- armed cruise missile capability.

### **Syria, Iran Brace for U.S. or Israeli Attack**

**by Muriel Mirak-Weissbach**

Since Lyndon LaRouche warned of new Israeli attacks— even nuclear attacks—against Syria and Iran (see lead article in this section), the neo-conservative drumbeat for such a war has gotten loud in Washington. The Oct. 15 veto by U.S. Ambassador to the UN John Negroponte, of a UN Security Council resolution condemning Israel's new assault against Gaza, signalled support for such a scenario by the U.S. war party led by Vice President Dick Cheney.

- **Hyping the 'Iranian Bomb'**

As if on his cue, the Mujahideen-e-Khalq Iranian terrorist group beloved of U.S. Attorney General John Ashcroft, has come out with new 'evidence' of Iran's nuclear program. The MEK, also known as the National Council of Resistance of Iran (NCRI), charged that Iran has a hidden nuclear facility, and could have the nuclear bomb by 2005.

### **Straussian Beast-Men Descend on Jerusalem**

**by Dean Andromidas**

In the first two weeks of October, the Bush Administration made it clear that it would not stop the war plans of Israel Prime Minister Ariel Sharon—Vice President Dick Cheney's 'hand grenade.' Sharon bombed Syria for the first time in three decades, orchestrated blunt threats to use nuclear weapons against Iran, and escalated a brutal military campaign against the Palestinians with targetted assassinations and the destruction of hundreds of Palestinian homes.

### **New Peace Initiative Aims To Outflank Sharon**

**by Dean Andromidas**

A new Israeli-Palestinian peace initiative was launched in mid-October to revive the peace movement and outflank Israeli Prime Minister Ariel Sharon and his hardline government. An Israeli team led by former Israeli justice minister Yossi Beilin, and a Palestinian team led by Palestinian negotiator Yasser Abad Rabbo, drafted an agreement which could form the basis for a final settlement of the Israeli-Palestinian conflict. Although the draft peace treaty, dubbed the 'Geneva agreement,' has no official standing, it has been boisterously attacked by Sharon and his right-wing government.

- **Heads of the Agreement**

The main provisions of the 'Geneva Agreement' worked out by a team of Israeli and Palestinians, as published in the Israeli daily Ha'aretz

on Oct. 15, include:...

## **South Korea: Target for Cheney 'Regime Change'?**

**by Kathy Wolfe**

Vice President Cheney and Defense Secretary Donald Rumsfeld are forcing South Korea to send troops to Iraq, turning President Roh Moo-hyun's youth base against him, in what may be a deliberate attempt to paralyze the South Korean government.

## **National:**

### **LaRouche Campaign vs. Cheney Rocks Washington, D.C.**

**by Michele and Jeffrey Steinberg**

Cheney's office is becoming *very* nervous, as more political forces seem to be saying that it is Cheney—not Bush, and not even Rumsfeld—who is behind the Iraq debacle, behind the massive economic troubles and deficit of the United States, and behind Enron-style corruption.

### **Arnie's First Acts Show Cheney/Shultz Ownership**

**by EIR Staff**

California's newly-elected Hitler, Arnold Schwarzenegger, has made it immediately clear that his Recall election was a project of Vice President Dick Cheney's, Warren Buffett's, and Bush Administration power broker George Shultz's electricity-merchant conglomerates—who bankrupted the state with deregulation in 2000-2002, then blamed the bankruptcy on Gov. Gray Davis to force Schwarzenegger's seizure of power.

- **'Proof of Principle': Defeating the Recall**

**by Cody Jones**

California LaRouche Youth Movement (LYM) leader Cody Jones briefed an internet radio webcast on Oct. 11 on the LYM's mobilization which turned around and defeated the Recall in Los Angeles County, in particular. The entire webcast is archived at [www.larouchepub.com/radio](http://www.larouchepub.com/radio).

- **LaRouche: Dems Could Have Won California**

Lyndon LaRouche, now the ninth candidate for the Democratic Party Presidential nomination in 2004, and one of only two candidates certified by the Federal Election Commission as qualified for Federal matching funds, issued the following statement on Oct. 12, through his campaign committee, *LaRouche in 2004*.

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

### **U.S. Budget Deficit Projected To Reach \$600 Billion**

The U.S. budget deficit will reach \$600 billion next year, according to latest estimates by U.S. investment bank Merrill Lynch. In early October, *Bloomberg News* did another survey among economists at the 22 so-called U.S. government securities primary dealers—that is, the largest U.S., European, and Japanese banks—concerning expectations on next year's U.S. budget deficit. The average estimate for the 2004 deficit rose to \$524 billion, 11% more than the \$471 billion average of the July survey. Merrill Lynch raised its estimate from \$470 billion to \$600 billion, in particular, due to higher costs of the Iraq war. The most dramatic change was made by British HSBC bank, which now expects a 2004 U.S. budget deficit of \$630 billion, compared to its \$400 billion estimate made three months ago.

### **Pension Insurer May Need Federal Bailout**

The Pension Benefit Guaranty Corp. (PBGC), which bails out failed corporate pension plans, is now nearly bankrupt itself,

according to the head of the agency. PBGC director Steven Kandarian noted in testimony to the Senate Special Committee on Aging on Oct. 14, that his agency had expected to run a \$5.7 billion deficit this year as more and more corporations—in particular in the steel and airline industries—are going bankrupt. But the agency had to rescue many more pension plans than expected. Therefore, the deficit of PBGC has reached \$8.8 billion.

This deficit "is the largest in its history and is still growing," said Kandarian. If present trends continue, he warned, the agency—which insures retirement plans for 34 million workers and retirees—might ultimately need its own bail-out by taxpayers. Kandarian blamed the deficit on record-high pension underfunding by U.S. corporations, which he estimates to be above \$350 billion. He called on Congress to introduce new legislation that would force corporations to improve their pension funding. "In the worst case," he said, "Congress could call upon U.S. taxpayers to pick up the cost of underfunded pension plans through a Federal bail-out of PBGC." In such a bail-out, "all taxpayers would shoulder the burden of paying benefits to the 20% of private-sector workers who currently enjoy the security of a defined benefit plan."

## Machine-Tool Consumption Continues Slide to Depression Levels

U.S. machine-tool consumption for January-August fell by 16.1%, for the same period last year, when it had already plunged by 63% from the level in 1997, the Commerce Dept reported Oct. 10. U.S. industry consumed only \$150.99 million worth of machine tools in August, up 16.6% from the level in July of \$129.55 million—but the latter was the second-lowest monthly total since January 2003, according to a joint report by the American Machine Tool Distributors' Association and the Association of Manufacturing Technology.

Related, goods exports by U.S. manufacturers have remained essentially constant since January, even as the dollar has continued to decline.

## Aerospace, Auto Sectors Announce Job Cuts, Plant Closures

\* Montreal-based **Bombardier**, a maker of business jets, said it will eliminate 1,150 jobs in the U.S., as it consolidates plants in Arizona and Kansas, due to a 29% fall in deliveries. About 800 workers at its Tucson plant will lose jobs over the next 15-18 months, as some operations are transferred to Wichita and Quebec, while about 350 jobs in Wichita will be cut.

\* Auto-parts maker **Lear** announced the closure of one factory in Traverse City, Mich. that makes electrical switches, resulting in the loss of 306 jobs.

\* **Delphi**, the world's largest automotive-parts supplier, said it plans to slash its hourly U.S. workforce by 5,000 jobs, chiefly by not replacing workers who retire, in order to bolster profits as it posted a \$353-million loss in the third quarter. The company, spun off from General Motors, also said it would cut 3,000 international jobs.

## Fed Governor Bernanke Warns Against China Currency Float

Federal Reserve Governor Ben "Bubbles" Bernanke warned of dangers to both China and U.S. exporters, if China immediately floats its currency, in opposition to the Bush Administration's push for China to quickly scrap its fixed-exchange-rate system, *Dow Jones reported Oct. 14. "I do think that a purely floating-exchange-rate would provide dangers in the current financial system in China," Bernanke cautioned. "One risk ... is that there would be such significant capital outflows as Chinese citizens tried to make investments abroad that the yuan might actually depreciate, which would worsen the competitive situation" for U.S. exporters. Such withdrawals also "would lead to a banking crisis" in China, he warned. Bernanke was speaking at a hearing of the Senate Banking Committee.*

## **Dems Join Bush Administration in Bashing China For 'Currency Manipulation'**

Senate Democrats want the Administration to press the World Trade Organization (WTO) to investigate China's "currency manipulation," which they blame for the losses of millions of U.S. manufacturing jobs. "We are very concerned about the ongoing currency manipulation that we believe is taking place, especially in China," spouted Senate Minority Leader Tom Daschle (S.D.). As a "direct result of this currency manipulation," he claimed, the U.S. has a \$109-billion trade deficit with China, and has lost millions of manufacturing jobs.

Daschle and three other Senators have sent a letter to Bush, requesting that the Administration "confront" China with these allegations and begin negotiations, and launch a "301" investigation within the zombie World Trade Organization. Sen. Paul Sarbanes (Md.) added, "It's our strong view" that China is manipulating its currency in order to gain a trade advantage. The group also includes Sens. Chuck Schumer (N.Y.) and Max Baucus (Mont.).

This is a non-issue which reveals that *neither* the Bush Administration, nor the Democratic Party have any economic program. The only alternative on the table is Democrat Lyndon LaRouche's New Bretton Woods.

## **Bush's Education Plan Is Flunking Out**

The reality of the financial collapse is upsetting the Bush Administration's "signature education plan," the *Washington Post* wrote, in series of articles between Sept. 21 and Oct. 13. According to the *Post*, President Bush's "No Child Left Behind" education program "is threatening to backfire on Bush and his party in the 2004 elections." Bush's plan was supposed to improve student performance by annual testing, with serious penalties for failure. "He hoped to enhance his image as a compassionate conservative by making this education program one of the first and highest priorities of his administration. But ... some states report that as many as half or more of schools are failing to make the new grade and lack the money to turn things around promptly."

Some \$90 million in budget cuts in St. Louis, for example, nearly caused riots, as parents learned that 16 schools were to be closed. In Birmingham, Ala., 38 out of 129 school districts are bankrupt. First year testing results of Bush's new education program showed 36% failed in Maryland, 45% in Virginia, and, in Presidential brother Jeb Bush's Florida, nine out of 10 schools failed to make the grade.

## **States Turn to Bonds To Fund Their Pension Plans**

The three-year collapse of the financial markets, combined with the collapse in tax revenues, has left many states and municipalities looking for alternate ways to fund their pension liabilities, according to the *New York Times* Oct. 12. Bond issues have become popular because they're a quick way to raise cash that can immediately be poured into pension payments without putting pressure on cash-strapped budgets. In the first nine months of this year, the state of Illinois, Oregon's school boards, New Jersey's economic-development board and more than a dozen towns and counties, sold \$13.3 billion worth of bonds for pension purposes, almost as much as the total for such purposes sold throughout the 1990s, according to Thompson Financial.

However, bonds come with a risk of their own, as the city of New Orleans found out. The city sold bonds in 2000 in order to raise cash for the pension fund of 820 retired firefighters, expecting to make 10.7% annually, by investing the proceeds in the stock market. Instead, the stock market tanked, and the city will have to pay 8.2% interest on the bonds. When the money from the proceeds runs out, the city will have to pay the pensions, about \$17 million per year, itself, and still pay \$16 million per year in interest costs on the bonds, out of its own budget. While the *New York Times* claims that recently rising markets will ease the problem, it appears that the only people guaranteed to make money from bond issues are the

financial firms that underwrite them.

## **Health-Insurance Costs Have Soared This Year**

Health-insurance costs have soared by 14.7% so far this year, on average nationwide, according to a study by Hewitt Associates, CBS News reported Oct. 14. As average annual health-insurance premium shot up to \$6,227, many companies are raising co-payments, deductibles, and the share of premiums paid by employees. Next year, nearly every major metropolitan area will be hit by double-digit increases in health-insurance costs, Hewitt forecasts.

## **Krugman: Has U.S. Economy Dashed Over the Cliff?**

Veteran *New York Times* Columnist Paul Krugman compares the U.S. economy to the Warner Bros. cartoon character Wile E. Coyote running off the cliff, not yet aware there is no bottom beneath his feet. "Don't Look Down," Krugman headlines his op-ed column on Oct. 14. "I can't help noticing: A third world country with America's recent numbers ... would definitely be on the watch list." The Lehman Brothers model called Damocles gives an "early warning" for countries heading for financial crisis—applied to the U.S. it "would set Damocles' alarm bells ringing." Relatively speaking, he says, the U.S. budget deficit is bigger than Argentina's in 2000, and the trade deficit is bigger than Indonesia's in 1996. Of course, the U.S. prints the dollar, so we can keep borrowing, and, "so far the commander in chief refuses even to admit that we have a problem"—i.e., Wile E. Coyote is suspended in mid air—and the nation is facing a "cash crisis that throws the nation into chaos."

## **Ancient Manhattan Water Main Ruptures, Flooding Streets**

A 108-year-old water main broke Oct. 16 in northern Manhattan, flooding streets, and creating a traffic nightmare as officials were forced to temporarily close the George Washington Bridge—proof of the urgent need for LaRouche's "Super-TVA" policy. The ruptured water main, dated to 1895, flooded businesses and street-level apartments, as well as a city water-pumping station in Washington Heights. Five buildings were evacuated, as the rising water carried some cars down Amsterdam Avenue.

# **World Economic News**

## **Russian Vice Premier: Shift From Dollar to Euro 'Unavoidable'**

Commenting on perspectives for Russia's trade with Europe Oct. 15, Viktor Khristenko said in Moscow, that he saw the dollar being increasingly replaced by the euro as something "unavoidable."

The domination of the dollar in the past has had to do with the fact that the exchanges for trading hydrocarbons and some other crucial commodities were using dollars, Khristenko said. But in the past, the dollar has been a stable currency, whereas now it isn't anymore. Therefore, recently "a diversification tendency" can be observed "in regard to currency, in the hydrocarbons sphere," he added, "and suppliers will find it unwise not to diversify their risks."

The fact that Khristenko's remarks came in the context of meetings he had with EU Trade Commissioner Pascal Lamy, certainly is not unrelated.

## **How Many German Insurance Firms Are Close To Bankruptcy?**



This question is being raised in financial markets these days. On Oct. 17, the German Parliament passed new legislation for the German insurance sector, pushed by Finance Minister Hans Eichel, which reduces the amount of taxes the life and health-insurance firms have to pay. For the whole sector, the tax reduction amounts to about 5-10 billion euro per year. The insurance firms, in particular the life insurers, have lost huge amounts of money due to the recent three years' stock-market crash. The German government argues, that under current tax legislation, the insurance firms actually have to pay more taxes when they suffer losses on the stock markets. The firms could avoid paying these taxes, by partly selling off their reserves. But—and here comes the argument by the German government—by reducing their reserves, certain German insurance firms would have come very close to the point of insolvency.

Earlier this year, Mannheimer Lebensversicherung became the first large life-insurance firm in Germany to become insolvent. Its policies had to be rescued by the insurance sector's new "Protector" guarantee fund.

The move by the German government will improve the situation of the insurance firms—but only on the books. In the case of Munich Re, the largest reinsurance firm in the world, it will turn a 600 million euro loss into a 100 million euro profit. Munich Re has shares in the life-insurance firms Hamburg-Mannheimer, Victoria, and Karlsruher. Allianz, AMB Generali, and AXA are also believed to profit massively from the tax change. Christine Scheel, chairman of the Bundestag Financial Committee, welcomed the decision, saying that "it will prevent insurance firms from becoming insolvent."

According to financial insiders, certain life-insurance firms in Germany, including some big names, probably would not have survived the year 2004 without such measures. In spring 2003, the Federal supervision agency for the financial sector, BaFin, performed a so-called "stress tests" among the 15 largest German insurance firms. And two of the 15 failed the test, which means that under uncomfortable market conditions, they might have gone bankrupt. Many small and medium-sized life-insurance firms, which have very limited reserves, have only survived to the present day because the stock markets recovered slightly in the last six months. Any return of stock-market turbulences could mean their end.

Munich Re announced on Oct. 17 that it will sell new stocks worth 3.8 billion euro to boost its reserves, which have been depleted by falling stock markets. The firm said it thereby hopes to restore its credit rating. Within the last 12 months, Munich Re lost its "Triple A" rating, and was downgraded four levels by Standard & Poor's. On top of the dramatic fall of Munich Re's stock price last year, its stocks are down this year again by 17%, making it the worst performer on the Bloomberg Europe 500 Insurance Index.

## **Vulture Funds Eye Overseas Deposits of Argentine Bank**

Vulture funds are eyeing deposits held in the Miami, New York, London, and Madrid branches of Argentina's state-owned Banco de la Nacion, *Clarín* of Buenos Argentina reported Oct. 13. Representatives of two of these funds, Old Castle and Lightwater, have also asked a Manhattan judge to demand that President Nestor Kirchner provide a complete listing of all the assets which Argentina holds abroad. There are now a total of 80 legal suits against Argentina, filed by vulture funds and other "creditors," in the U.S., Italy, and Germany.

No big surprise: It was none other than Wall Street's Domingo Cavallo, possibly the most hated man in Argentina, who turns out to be the vultures' best friend. As Finance Minister in the early 1990s, and in 2001, to make the country's debt paper more attractive, he made sure that the clause by which Argentina waived sovereign immunity, was included in the contracts with investors.

## **United States News Digest**

### **Cheney's Days Are Numbered As Iraq Coverup Unravels**

Following Vice President Dick Cheney's Oct. 10 diatribe at the Heritage Foundation in Washington, where he continued to lie about the reasons for the Iraq war, and threatened anyone who criticizes the war policy, the leading U.S. news magazines, the National Press Club, and CBS-TV's prime time news magazine, *60 Minutes*, came out this week with major exposes of Cheney, for taking over U.S. foreign policy from the President, and leading it into disaster. Cheney's tenuous situation, amid an Iraq quagmire, and a criminal investigation of the White House, is described in this week's EIR InDepth. In addition, excerpts from several of these articles and events follow:

\* On Oct. 11—the day after Cheney's Heritage Foundation speech—*Time* magazine blasted Cheney in a viewpoint piece by Joe Klein, headlined "Dick Cheney, Hard-Liner in Chief: Turf wars, temper tantrums, mysterious leaks—has Bush lost control of his own government?" Klein cited members of the Reagan and "Bush 41" Administrations, who blamed Cheney for President Bush's failure to take charge. Klein wrote, "his intransigence is responsible for both the CIA's fury and the Pentagon's leadership arrogance.... The failures of American intelligence have been a Cheney obsession—which is why Republican Sen. Chuck Hagel recently suggested that if the President really wants to know who the White House leakers are, he should 'sit down' with his Vice President." Klein concluded, "Cheney is tough, discreet, secure in his judgments—but he has been wrong too often, and now Bush must decide what he wants to do about that."

\* Former Ambassador Joe Wilson, who came forward with his exposure of Cheney's lies on the Niger "yellow-cake," was given the first Ron Ridenhour Award for Truth-Telling, at the National Press Club on Oct. 15. Wilson shared the honors with former Defense Department analyst Daniel Ellsberg, who received the Ridenhour Courage Award, for his release of the Pentagon Papers in the early 1970s.

The Ridenhour prizes, which have just been initiated, are named for the soldier in Vietnam who exposed the 1968 massacre of villagers in My Lai by U.S. troops. Ridenhour died in 1998, but the *Nation* magazine foundation and the Fertel Foundation decided to name a prize in his honor.

Ellsberg compared the persecution of Wilson, and his wife to Watergate, said he hoped the result for the Bush Administration would be similar. Wilson, for his part, waxed most emotional on the issue of the exposure of his wife, Valerie Plame, who attended the event with him, on condition that she would not be photographed.

\* On Oct. 15 the CBS "Sixty Minutes II" program delivered the latest blow to Cheney and the Administration's Iraq war disinformation campaign, with an interview with Greg Thielmann, who was, up until early this year, the director of the Office of Strategic Proliferation and Military Affairs at the State Department.

Thielmann's appearance was advertised days in advance, and the purpose of his interview, according to a well-placed U.S. intelligence source, was to rally the career State Department foreign service corps against Dick Cheney and the neocons in the Administration, to buttress what is already underway among top career CIA officers, following the Valerie Plame leak.

Thielmann discredited all of the WMD allegations that Powell made in his UN Security Council presentation of Feb. 5, 2003—particularly the allegations about Saddam's nuclear weapons program. Both the aluminum tubes and the charges that Iraq was seeking uranium from Africa, were soundly disproved by Thielmann, as well as by Houston Wood, an Oak Ridge National Labs expert on nuclear weapons, and Steven Allison, a former UN weapons inspector in Iraq. The intelligence professionals and scientists interviewed on *Sixty Minutes II* also trashed Powell's use of satellite photos, which purported to prove that Iraq had mobile chemical and biological weapons labs. The so-called decontamination trucks that Powell showed in his UN presentation turned out to be fire trucks!

The Iraqi "scientist" Adnan Sayeed Haideiri, who was introduced to the U.S. government by Ahmed Chalabi's Iraqi National Congress, claimed that he was a civil engineer who had visited numerous top secret weapons labs in Iraq. UN

physicist David Albright, also interviewed by *Sixty Minutes II*, reviewed transcripts of the Haideiri debriefings, and revealed that Haideiri knew nothing about chemical, biological or nuclear weapons. Yet he was so highly valued by the Bush Administration that he was placed in the Federal Witness Protection Program. The show revealed that Haideir turned out to be an epoxy painter!

Thielmann summed up the matter at the close of the CBS segment: "There's plenty of blame to go around. The main problem was that the senior administration officials have what I call faith-based intelligence. They knew what they wanted the intelligence to show. They were really blind and deaf to any kind of countervailing information the intelligence community would produce. I would assign some blame to the intelligence community, and most of the blame to the senior administration officials," he said. On Powell, Thielmann told *Sixty Minutes II*, sadly, "I think my conclusion now is that it's probably one of the low points in his long, distinguished service to the nation."

\* "The Feds will want to interview I. Lewis (Scooter) Libby, Vice President Cheney's chief of staff, an aggressive consumer of intelligence regarded by some CIA analysts as an intimidating figure," wrote veteran reporters Evan Thomas and Michael Isikoff in the Oct. 13 issue of *Newsweek*. In a lengthy analysis of the Wilson leak, they suggest that the leak came from someone in the White House national-security apparatus, and that this points in the direction of Cheney's staff.

"If the trail of the leaker does lead back into Cheney's office, the irony will be too delicious for the press to ignore," Thomas and Isikoff say, emphasizing the fact that Cheney has been the most outspoken foe against leaks in the Administration, and the Vice President's office is known for its secrecy. After 9/11, when someone leaked transcripts of Al Qaeda discussions picked up by the NSA, Cheney called the heads of both the House and Senate Intelligence Committees and chewed them out over the disclosures.

## **Chickenhawks Still Run Iraq War — Trying to Dump Sanchez**

The *Washington Post's* Thomas Ricks was provided a leak that a troop withdrawal plan for is "in the works," but that Lt. General Ricardo Sanchez, the overall commander of the Iraq war, is going to be "eased out." Sanchez has only been in position for four months, but the Pentagon chickenhawks are known to be angered by his outspokenness that the U.S. is facing "insurgency" in Iraq. Sanchez's assessment — confirmed to be accurate by top military sources who have been consulted by *ETW* — contradicts the Pentagon and White House spin, that the killings of 103 U.S. troops in combat since "the end of major combat" announced by Bush, are solely due to "foreign terrorists," and Saddam Hussein loyalists.

Despite the headline, touting a "withdrawal plan," Ricks' Oct. 20 story shows that it is actually a continuing occupation plan, because there will still be 100,000 troops there by the *end* of 2004, and by the "middle of 2005," it will be down to 50,000 troops. This is the "best-case scenario," according to unnamed defense experts, with Iraqi trained police and military taking over successfully. Ricks also reports that "There is deep worry in the Army that if Iraqi security forces cannot shoulder more of the burden, the Army will have to maintain its current troop levels beyond the spring, which could create a personnel exodus that would threaten the viability of the all-volunteer force."

## **Senator Byrd Announces "The Emperor Has No Clothes"**

Joining Sen. Ted Kennedy (see Editorial, this week), in sounding an alarm signal to Democrats, on Oct. 17, Sen. Robert Byrd (D-W.V.) told the Senate, that "the Emperor has no clothes," and there was no way he was going to support a U.S. Iraq policy based, provably, on lies. Nor was he going to stand idly by, while those who expose the nakedness of the emperor are attacked. "Those who have noticed the elephant in the room, that is, the fact that this war was based on falsehoods, have had our patriotism questioned. Those who have spoken aloud the thought shared by hundreds of thousands of military families across this country, that our troops should return quickly and safely from the dangers half a world away, have been accused of cowardice.... The right to ask questions, debate and dissent is under attack."

He noted that, throughout the Senate debate on the \$87 billion Halliburton Relief Fund bill, he made numerous attempts to divert funds in the bill to better use, "but, at every turn, my efforts were thwarted by the vapid argument that we must all support the requests of the Commander in Chief."

After attacking the Cheney-Bush Administration's lies about the Iraq war, Byrd concluded his speech with the now-famous quote from Hermann Goering, wherein he told an interviewer that it is easy to lead the people into war, no matter the form of government. "All you have to do is tell them they are being attacked and denounce the pacifists for lack of patriotism and exposing the country to danger."

## **Republican Ron Paul Defends Constitution Against Cheney's PNAC Empire Plan**

Rep. Ron Paul (R-Tex.), after the House vote passing the \$87 billion Halliburton Relief Act, delivered a speech on the floor of the House denouncing President Bush's "interventionist" foreign policy. He identified the Project for a New American Century (PNAC) as the source of that policy, and noted that "within weeks" of the 9/11 attacks, the neo-conservative bastion, PNAC "saw this as an opportunity to bring forth their suggestions that they had made many years ago, and they have been agitating for over 10 years, and that is to go into Iraq, and they saw this as an opportunity." Paul noted that he had long been convinced that Saddam Hussein was not a threat to U.S. security, and that 9/11 had nothing to do with Iraq, and that events since the invasion "have proven that assumption correct." Paul further argued that, under the Constitution, the war-making power lies exclusively with the Congress, and that the Congress does not have the right to surrender that authority to the President by a majority vote.

In the same context, he also warned that the Syria Accountability Act, which he also voted against, "was more or less the first major step in the direction of war against Syria," which is exactly what PNAC wants.

Paul concluded his remarks quoting extensively from the founding document of the Coalition for a Realistic Foreign Policy, calling for an end to the move towards empire. Finally, he warned that the pursuit of empire will inevitably lead towards the debasement of the currency, and the interventionist policy will come to an end "when we can no longer afford it." Paul said that the Empire policy will fail, not because of his speech, but because such an unjust, and incompetent policy would destroy itself.

## **New Scandal In Iraq Casualty Coverup**

Sick and wounded American soldiers are being held in squalor, at Fort Stewart, Georgia, according to UPI investigative journalist Mark Benjamin. He writes: "The National Guard and Army Reserve soldiers' living conditions are so substandard, and the medical care so poor, that many of them believe the Army is trying push them out with reduced benefits for their ailments. One document shown to UPI states that no more doctor appointments are available from Oct. 14 through Nov. 11 — Veterans Day."

Benjamin quotes several soldiers, who report the lack of facilities, the impossibility of getting diagnosis or care. One said, he felt that he was being "treated like a third-class citizen." Benjamin continues: "One month after President Bush greeted soldiers at Fort Stewart — home of the famed Third Infantry Division — as heroes on their return from Iraq, approximately 600 sick or injured members of the Army Reserves and National Guard are warehoused in rows of spare, steamy and dark cement barracks in a sandy field, waiting for doctors to treat their wounds or illnesses.

"The Reserve and National Guard soldiers are on what the Army calls 'medical hold,' while the Army decides how sick or disabled they are and what benefits — if any — they should get as a result."

Some reported waiting six hours a day, or weeks or months, to get treatment! "The soldiers said professional active-duty personnel are getting better treatment, while troops who serve in the National Guard or Army Reserve are left to wallow in medical hold." The troops there say about 40% of those in "medical hold" were in Iraq. Many complain of strange new diseases, "like heart and lung problems," but are told they had a "pre-existing condition."

The conditions for the wounded and sick are terrible: "Most soldiers in medical hold at Fort Stewart stay in rows of rectangular, gray, single-story cinder block barracks without bathrooms or air conditioning. They are dark and sweltering in the southern Georgia heat and humidity. Around 60 soldiers cram in the bunk beds in each barrack.

"Soldiers make their way by walking or using crutches through the sandy dirt to a communal bathroom, where they have propped office partitions between otherwise open toilets for privacy. A row of leaky sinks sits on an opposite wall. The latrine smells of urine and is full of bugs, because many windows have no screens. Showering is in a communal, cinder block room. Soldiers say they have to buy their own toilet paper."

## **Arabs Won't Vote For Bush This Time Around**

"If Bush got 50% of the Arab American vote, last time, he'll be lucky to get 5% next year," was the comment of an attendee at the American Arab Institute's Presidential candidates' forum in Michigan on Oct. 17. The AAI, headed by Arab American James Zogby, did not invite Lyndon LaRouche, who is the second candidate *only* of the nine currently active Democrats, to be certified for Federal matching funds. At the same forum, Sen. Joe Lieberman, a Democrat, was booed over his stand on Israeli treatment of the Palestinians, and for his support for the Iraq war.

Former Republican National Committee (RNC) Chairman Mark Racicot, representing President Bush's re-election campaign, received cold welcome from the AAI. Racicot was listened to in silence, and he was criticized for his response to questions on the Administration's Middle East policy and on the USA Patriot Act.

Also getting rough treatment was Democrat Sen. Joe Lieberman, although that's not surprising given his impeccable Likudnik credentials. Lieberman was booed and heckled, when he defended Israel's apartheid "security wall" and reiterated his attack on Howard Dean for suggesting a more "even-handed" approach to Israel and the Palestinians.

## **Ibero-American News Digest**

### **Bolivian Government Falls, But Can Its Replacement Last?**

Bolivian President Gonzalo Sanchez de Lozada sent a formal letter of resignation to the Bolivian Congress late on Friday, Oct. 17, following a month of growing, nation-wide protests, which had reduced the cities to chaos, and in which nearly 90 people had been killed. On the day of his resignation, more than 100,000 demonstrators filled the streets of the capital La Paz, demanding his head—some of them, quite literally. In addition to the *cocaleros* and the mineworkers, the country's main labor federation, the Bolivian Workers Federation (COB), and much of the middle class had joined the protests and demanded the President's resignation.

Narcoterrorist interests were certainly involved in sowing the violence and chaos, but it was Sanchez de Lozada's own IMF dictatorship which has given the leftist synarchists the ammunition they needed for a project not limited to Bolivia. Bolivia is a microcosm of what will happen across Ibero-America, if the IMF's free-market looting is not stopped, and replaced by a program to build the great infrastructure projects required to industrialize the South American continent, as part of a global financial reorganization, which Lyndon LaRouche has proposed.

Vice President Carlos Mesa, who had resigned from the governing coalition on Oct. 13, but not from his post as Vice President, was sworn in as President the same day. Whether Mesa, a historian and journalist, without any powerbase of his own in the country, will be able to form a stable government, remains an open question, and, in his acceptance speech to Congress, he raised the possibility of calling new elections. With thousands of protestors still on the move around the country, the military remains heavily deployed in La Paz and other cities.

Before Mesa had been sworn in, COB leader Jaime Solares declared the Congress is no longer capable of running the country, and called for a People's Assembly to be held on the following Monday and Tuesday to chose a new government. The Movement to Socialism (MAS) Party, led by coca-producer and drug legalization asset Evo Morales, initially endorsed the selection of Mesa, but Morales made clear he is leaving his party's options open, to wage war on the new government, at any point.

One alarmed *EIR* source on the scene, reported that the demonstrators on Oct. 17 were seeking a "blood tribute," and had destroyed streets, bridges, and property. A second source explained that the majority of the demonstrators were youths, enraged by Sanchez de Lozada's sellout of the country to the foreign creditors.

Sanchez de Lozada had been clinging to power through most of Oct. 17, with backing from the U.S. State Department. On Friday morning, a joint delegation sent by the Presidents of Argentina and Brazil arrived in La Paz to talk with all parties, and reportedly, were one of the factors finally convincing Sanchez de Lozada that he had to go.

Regionally, the Jacobin wing of the Synarchist International is deployed to spread the conflict. The Bolivarian Congress of the Peoples, created by Venezuela's Hugo Chavez, put out a call for an Ibero-American mobilization "towards the Bolivian Embassies," in support of the uprising, and the Bolivian Embassy in Quito, Ecuador was occupied on Oct. 17, by supporters of the Bolivian uprising. The Bolivarian Congress includes the likes of the Brazilian MST Landless Movement.

## **Bolivian Banking System Could Collapse Any Day**

Bolivia's Central Bank was forced to transfer \$55 million to prop up local banks, fearing that the social upheaval of past weeks could cause a run on the banks, Bolivian dailies reported on Oct. 15. These were Central Bank funds deposited abroad, which were brought back into the country on an American Airlines flight; the understanding is that more funds would be made available, if necessary. Oct. 14 was a bank holiday, but banks were scheduled to open for business on the 15th. Some rumors circulated about a possible deposit freeze, which was nervously denied by the head of the Bolivian Private Banking Association, who tried to assure everyone that, "we're not experiencing the same situation as Argentina did." The Central Bank reportedly has enough reserves to deal with three months of emergency, of which the \$55 million is the first disbursement.

Reports are beginning to come in from various locations around the country on the financial losses caused by the social chaos of recent weeks. The Santa Cruz region alone has lost \$9 million.

## **Euphoric Chavez Commemorates Che Guevara's Guerrilla Wars**

Venezuelan President Hugo Chavez is in a truly euphoric-aggressive state, as the Synarchists' Jacobin movement explodes across South America. Symptomatic of Chavez's state of mind, was the paeon to guerrilla warfare he delivered at the Oct. 8 opening of the Organization of American States' "High-Level Meeting on Poverty," held on Venezuela's Margarita Island. Chavez had made such speeches to "people's power" forums often enough, but this was delivered to high-level government officials from around the continent, immediately following a speech by OAS Secretary General Cesar Gaviria.

Chavez commemorated the death of Cuban-Argentine guerrilla Che Guevara; Che, he said, was assassinated in Bolivia in the 1960s, because he fought against poverty, just as his (Chavez's) government does today. He defended the 1960s guerrilla movement in Venezuela, whose members, he said, had been "assassinated" by the "democratic" governments. He defended his government's actions to take the "criminals" of Venezuela's leading private television news station, Globovision, off the air; announced that his government was hosting the "First International Meeting of Resistance and Solidarity with the Indian Peoples and Peasants," from Oct. 11-14; and charged that the U.S. is preparing a coup to overthrow him.

Chavez opened that "Indian Peoples and Peasants" meeting on Oct. 11, with a call for those present to "globalize life." To vacillate is to lose; this is the time to be decisive, he told this appreciative crowd, as he paid tribute to such leaders of bloody Indian revolts as Venezuela's Guaicaipuro and Peru's Tupac Amaru. The official agenda of the meeting is to coordinate actions to build the "Bolivarian Alternative of the Americas (ALBA) proposed by Chavez as the counter to the Free Trade Accord of the Americas (FTAA), and actions to defeat the war on drugs and the war against terrorism.

Among the various regional forces attending are leaders of Brazil's Landless Movement (MST), its international allies in the "Peasant Way," Ecuador's Pachakutik Movement, El Salvador's Farabundo Marti National Liberation, Colombia's Communist Party, and Evo Morales's *cocaleros*, the Movement for Socialism (MAS) of Bolivia.

## **Brazilian Science Minister Pushes More Nuclear Energy**

Brazil should make a decision on building its third nuclear plant, before the end of this year, Science and Technology Minister Roberto Amaral stated in Paris on Oct. 11, where he was attending the annual UNESCO meeting in Paris. Amaral is all for building it. The limits of Brazil's dependence on hydroelectric power were suffered in the great electricity shortage of 2002 (when rationing had to be imposed), and to stay dependent solely on hydroelectric power would leave Brazil exposed to new energy crises. The only reason there hasn't been another energy crisis already, is because of the economic "recession" in the country, he said.

The big problem is finding the resources to finance the construction of Angra III, he said, so Brazil is searching for private, national and international companies which could become partners in building the plant.

*O Estado de Sao Paulo* accompanied its story on Amaral's remarks, with article filed by its French correspondent on the renewed debate across Europe, on the need to go nuclear again.

## **Russia and Brazil Expand Space and Military Cooperation**

Russia and Brazil consider themselves strategic partners, and intend to expand cooperation in space and aircraft industries, the Defense Ministers of the two countries announced at a joint press conference given in Brasilia Oct. 11, at the conclusion of a visit by Russian Defense Minister Sergei Ivanov to Brazil. See Russia Digest for details.

## **Brazilian Scientists Celebrate Chinese Manned Space Flight**

Brazil and China have been partners in space for the last 14 years, in a joint program known as CBERS—remote sensor satellite—in which China developed the first two of its remote-sensor satellites with the Brazilian National Institute for Space Research (INPE). On the eve of China's leap into manned space flight, the Brazilian director of the CBERS project, Luiz Antonio dos Reis Bueno, emphasized that China's next step shows that the CBERS partnership is "a correct and important one" for Brazil. The coordinator of INPE's international space program, Petronio Noronha, commented that China's entry into manned space must be seen with "immense respect."

## **Clinton Sells Snake Oil to Mexico**

Former President Bill Clinton told Mexican leaders to bite the bullet and implement the IMF's "structural reforms," during a quick trip to Mexico in early October. Clinton was the star speaker at an "Economic Growth and Globalization International Seminar" organized by the Banco de Mexico (Mexico's Central Bank) and the Mexican Senate on Oct. 9. Some 100 Mexican legislators and officials from the central bank were present, as he urged the legislature to "do what has to be done" to speed up the implementation of these reforms, in order to boost "confidence," and thereby attract foreign capital. "I support in large measure the efforts to achieve structural reforms in this country, because I believe that they are going to help you bring more money from abroad, and encourage Mexicans to take greater risks within their own country," he said. I know that they are difficult to do, but that's how you get money, he argued.

The "reforms" being demanded of Mexico by financier interests today, center on the privatization of its electricity and oil industries, but also include imposing a VAT tax on basic consumption (food and medicine), and eliminating regulations defending labor rights.

The story going around, is that Clinton received \$100,000 for this speech. Also noted by the press, was that he received a warm "abrazo" (embrace) from his "friend," Carlos Selim, a Mexican businessman who is said to be the richest man in Ibero-America.

## **Argentina's 'Informal' Economy: No Pensions for Retirees**

Only four of seven Argentine retirees receive a pension, which translates into 1.2 million people over the age of 65. According to a study done by the Equis consulting firm, by the year 2010, four out of every 10 retirees, or 1.6 million people, will receive no pension. Of that number, 80% will live in homes officially classified as "poor." Equis attributes this situation to the growth of the "informal," or underground economy, in which people work off the books, with no benefits, health insurance, or pensions, and also pay no taxes or contributions to retirement funds. The growth of this sector over the past 10 years directly reflects the destruction of Argentina's physical economy. In 1990, 25.3% of the labor force worked in the informal sector; but, by 2003, that figure had risen to 45.1%. During the same period, unemployment rose from 6% to 21.4%, while underemployment rose from 8.1% to 18.8%.

Recently, President Nestor Kirchner has been discussing the necessity of "reforming" the social security system, to make it more fair. But unless he addresses the destruction of the productive economy, which has driven hundreds of thousands into "informality," anything he does will be useless.

## **Brazilian Neo-Con Drools Over Beast-Man Schwarzenegger**

"Midia Sem Mascara" (Media Unmasked), of neo-con nut Olavo de Carvalho, posted an article ranting against the "leftist ... propaganda and brainwashing" against Arnold Schwarzenegger, which speaks of his "supposed admiration of Hitler," which might have happened when he was 13 years old." Columnist Rodrigo C. dos Santos hails the fact that proper Schwarzenegger, a supporter of less state intervention and more personal liberty (!), threw out Governor Davis and his "incompetent ... populist" economics. Bringing the battle home to Brazil, dos Santos concludes, that if the choice is between President Lula and 'The Terminator,' I don't have the least doubt: I'll take the latter!"

Olavo, who's on the neo-con Hudson Institute circuit, still hasn't gotten over Lyndon LaRouche's public recommendation in 2002, that he be treated for rabies, for his raving, anti-communist stupidity. There is only one article posted to the "Media Unmasked" homepage: a Portuguese-language translation of the June 9, 2003 screech by the *Wall Street Journal's* Robert Bartley, over the fact that Lyndon LaRouche is being taken seriously, in U.S. institutions.



# Western European News Digest

## UN Resolution On Iraq Passes, But Still No "Coalition"

The Oct. 16 unanimous vote passing UN Security Council Resolution 1511, which was proposed by the U.S. and Britain, does little to change the lack of support for the U.S. occupation. Highly placed Washington, D.C. intelligence sources previously told *EIW* that all of the troops that were committed or sent to Iraq in "assisting" the U.S. are nothing more than "high priced security guards," for whom the U.S. foots the entire bill. For example, observers point to the \$8.5 billion loan package that the U.S. gave to Turkey, just before the Parliament finally voted in favor of allowing Turkish troops into Iraq. (Ironically, the Iraqi National Congress then objected to have *any* Turkish forces, warning that troops from neighboring countries will *destabilize* Iraq).

The reality of the continuing isolation of the U.S. and Britain, is reflected in the joint statement issued by Germany, Russia and France after the vote, which states:

"As a result of the proposals and amendments made by our three countries, the resolution we have just adopted has been improved throughout the negotiation process, thus allowing us, in the spirit of unity, to support it as a step in the right direction of the restoration of Iraq, with the participation of the United Nations.

"At the same time, we believe that the resolution should have gone further on two major issues: first, the role of the United Nations, in particular in the political process; and second, the pass or the transfer of responsibilities to the Iraqi people.

"In that context, the conditions are not created for us to envisage any military commitment and any further financial contribution beyond our present engagement."

## Blair Oversaw "Strategy" Meeting To Expose David Kelly

Ministry of Defense official, Sir Kevin Tebbit's testimony has pinned the blame for the exposure of MWD weapons scientist, Dr. David Kelly directly on Tony Blair, a senior City of London source told *EIR* on Oct. 14. He added that now, there is no way that the Hutton Inquiry can make a finding in favor of Blair, because it would be obviously covering up the evidence.

"This will *ruin* Blair's chance for any 're-launch' of his government," the source emphasized.

Last week, it was revealed that Prime Minister Tony Blair himself chaired the 10 Downing Street meeting which led to the exposure of Dr. Kelly's name, according to Sir Kevin Tebbit, the highest-ranking civil servant at the British Ministry of Defense. The inquiry was created to probe the alleged suicide of Dr. Kelly, who was "outed" by Blair's government, after he criticized the Iraq war intelligence, but the scope of information that come out in testimony has shaken the government to its foundations.

Tebbit, Minister of Defense (MoD) permanent secretary, told the Hutton inquiry that Blair presided at the meeting which agreed to the "strategy" which led to Kelly's name becoming public. Tebbit was not able to testify earlier, due to health problems.

Tebbit was questioned by Jeremy Gompertz, the legal representative for the family of the late David Kelly. Tebbit said that decisions were taken at the Downing Street meeting on July 8, to have the MoD issue a statement to press officers, giving

details about Dr. Kelly admitting to speaking to BBC journalist Gilligan about the "sexed up" Iraq dossier, and that the MoD would agree to confirm his identity, if journalists asked MoD officials about Kelly by name.

Gompertz pressed Tebbit to clarify the "change of stance" in the MoD press statement. In the first drafts, it was said that there was "nothing to be gained by naming the individual"; when it was issued, it said press officers would identify Kelly.

Tebbit responded: "The change of stance, as you put it, was as a result of the meeting chaired by the Prime Minister." Tebbit added, when asked that, "The government, rather than the MoD, felt the need to put out a statement.... The decision was taken at the meeting in Number 10 with which the MoD concurred."

Tebbit said, "I was not invited to challenge the judgment of a meeting chaired by the Prime Minister." Had Kelly objected to the MoD release issued, it would not have made any difference, Tebbit said, as it was "clear the government, through the Prime Minister, had decided a statement would be issued."

Tebbit said that Kelly's letter to senior MoD officials, admitting that he had spoken to Gilligan, was "what we felt to be a ticking bomb" for the government.

The crucial Downing Street meeting was attended by now-resigned spin doctor Alastair Campbell, chief of staff Jonathan Powell, and joint intelligence committee head John Scarlett, all leading players in the Kelly scandal.

### **Archbishop Of Canterbury: Attack On Iraq "Cannot Be Justified As Just War"**

Dr. Rowan Williams, Archbishop of Canterbury and leader of 70 million Anglicans worldwide, at the Royal Institute for International Affairs in London on Oct. 14, used the theory of just war — citing St. Thomas Aquinas — to attack the American and British "case" to justify war against Iraq. Dr. Williams called for a new mechanism to be set up through the United Nations to prevent individual governments from being able to "judge" their own cases in choosing pre-emptive war. He said that Britain and the United States were wrong to assert their own morality as justification for the decision to launch war against Iraq. "No government can simply be judge in its own case," he said.

Williams emphasized that the case for "pre-emptive" warfare "could not be accommodated easily within the traditional Christian tradition," according to the report in *The Times* of London. "If a state or administration acts without due and visible attention to agreed international process, it acts in a way analogous to a private person.... It purports to be judge of its own interest," said Williams. "Indeed, this issue takes us back to one of the absolute fundamentals of just war theory: violence is not to be undertaken by private persons. If a state or administration acts without due and visible attention to agreed international process, it acts in a way analogous to a private person. It purports to be judge of its own interests."

Williams issued a statement in February, jointly with Cardinal Cormac Murphy-O'Connor, head of the Roman Catholic Church in England and Wales, calling for continued weapons inspections in Iraq and warning of the "unpredictable humanitarian and political consequences" of a war.

### **British AG Scraped "Bottom Of Barrel" To Justify War**

The British Attorney General was "scraping the legal barrel" to try and legitimize the war on Iraq, accused Lord Alexander of Weedon, who delivered an annual lecture at the Law Society's hall in London Oct. 14. Lord Alexander, a former chairman of the [legal] bar in Britain and chairman of the all-party law reform group, said it was "risible" [ludicrous] for the government to use a 1990 UN resolution as the basis for invading Iraq. But knowing that the UN Security Council would not authorize the invasion, the government "was driven to scrape the bottom of the legal barrel," and use the same

argument domestically.

Lord Alexander called on Attorney General Lord Goldsmith, to disclose what he had told the government, to "justify" that a unilateral strike would be justified under international law. Such revelations are traditionally not made. He added that he found it "almost incomprehensible" that the attorney general refused to release his full judgment, thus not allowing the public to know the rationale for going to war.

Lord Alexander drew the parallel to the Suez "adventure" 47 years ago, when Britain, France and Israel conspired for Israel to invade Egypt. He said that if the courts were to rule on the legitimacy of the Iraq war, they would come to "the firm conclusion that, except in self-defense against actual or imminent attack, we can only use force to invade another country under the authority of a current UN resolution passed to cover the specific situation. And that would seem to mean an end to Suez or Iraqi adventures."

## **Russia-EU Summit Planning Underway**

A series of meetings in preparation for the Nov. 6 European Union-Russia Summit in Rome began, with an EU-Russia Coordinating Committee meeting on Oct. 20 in Moscow. Energy issues feature prominently on the agenda of both diplomatic events.

French President Jacques Chirac, German Chancellor Gerhard Schroeder and Russian President Vladimir Putin, in the context of their phone conference calls around the UN vote on Iraq and the Middle East, also discussed the upcoming Rome Summit.

In terms of German-Russian bilateral relations, transportation, as well as energy, is becoming the focus of increased German investments in Russia. In the wake of the Yekaterinburg Summit between Schroeder and Putin, Russian analysts are noting that, in addition to the traditional prominent German interest in oil and gas deals with Russia, there has been more interest in several aspects of the transportation sector, recently.

The Oct. 9 agreement between the German and Russian railways concerning cooperation in containerized freight transfers along the Trans-Siberian route between Asia and Europe, and several other agreements recently signed with relevance to the North-South Transport Corridor, indicate a new "geo-economic" pattern, said Oleg Solntsev of the Moscow Center for Macroeconomic Analysis.

"The construction of the North South transport Corridor and a new version of the Trans-Sib (in which Germany wants to take part) are very promising and potentially profitable projects," according to Solntsev. "It is expected that significant transportation flows between Japan, South Korea, China and Europe will be re-directed in these directions. Until recently, these shipments were made mainly by sea, and new routes will provide significant time-saving."

Eric Kraus, managing director at the Sovlink transport and trading firm, speaks of a vast potential of German-Russian cooperation, as the Russian infrastructure sector will "become the largest consumer of German-produced goods."

In addition to the aforementioned railway agreement, the German-Russian container shipping firm Swan Container Lines will be established; Hamburg's Hafen- und Lagerhaus AG will purchase a 25-percent share in Russia's second-largest Baltic petroleum export firm, Petrolesport; furthermore, St. Petersburg's NCC (National Container Company) and Hamburg's Eurogate plan a joint project for a new, big container sea port at Ust-Luga; daughter projects of NCC-Eurogate are envisaged also at Astrakhan on the Caspian Sea, as well as Bandar Abbas (Iran) on the Persian Gulf (both port projects belonging to the North-South route).

## France Represents German Position At EU In Show Of "Mutual Trust"

In order to attend to urgent matters in Germany, Chancellor Gerhard Schroeder took the unprecedented step of authorizing French President Jacques Chirac to represent him at the EU Summit in Brussels on Oct. 17, the second day of a two-day meeting. Government spokesmen in Berlin and Paris, characterized the move as "very unusual, showing an unprecedented degree of mutual trust." The same arrangement was made in respect to the two foreign ministers, at the Franco-German meeting in Paris, Oct. 12.

The fact that on European affairs, France and Germany worked out this cooperation, allowed Schroeder and Foreign Minister Joschka Fischer to return to Berlin on Friday, Oct. 17, to attend a crucial parliamentary vote by name, on the planned labor market reform package. While this does reflect, naturally, the thin majority the Social Democratic Party (SPD) coalition government has in the parliament, Schroeder wants to underline with his personal attendance during the vote that he will not tolerate the slightest chance of destabilization. Even most of the outspoken critics of his reform package have declared in the past few days that in spite of their continued disagreement, they will vote for the government. This is drawing a clear line of defense against the drive by the neocons of the opposition CDU of Angela Merkel (working closely with the U.S. neo-cons).

## Russia and Central Asia News Digest

### Putin Tours Southeast Asia

Russian President Vladimir Putin left Moscow Oct. 15, for a nine-day Asian trip. After taking part in the Organization of the Islamic Conference (OIC) summit in Malaysia, he travels to Thailand for the Asia Pacific Economic Cooperation (APEC) summit. At an October briefing on the APEC agenda, Russian Foreign Ministry officials said that Russia was coming to the meeting with new proposals for industrial-sector regional cooperation, such as a "non-ferrous metals initiative" and other plans, as well as an orientation towards Russia's role as a transport bridge between Asia and Europe.

At the same time, Russian papers note that the agenda of the APEC event is not restricted to economic issues. "In particular, Japan would like to discuss the situation in North Korea", writes *Argumenty i fakty*. "The United States also constantly attempts to politicize APEC's agenda, despite objections from China." The paper reports that Putin's schedule at the APEC summit includes a meeting with U.S. President George W. Bush, as well as with China's President Hu Jintao.

Putin will return to Moscow via Kyrgyzstan, where he will address an international investment forum and open Russia's military air base in Kant.

### 'Russia Is a Bridge Between Christendom and Islam'

For the first time, the OIC summit was addressed by a non-member country, when President Putin spoke before the meeting in Malaysia on Oct. 16. Russian national TV carried extensive excerpts from Putin's speech, which began with his expression of gratitude for the invitation, which came thanks to Malaysian Prime Minister Mahathir Mohammad.

"Russia has served as a bridge between the Christian and Islamic civilizations," Putin said, "The past decade was a time of revival of Islamic faith in Russia. Today, we have 100 medrese and other religious schools. The number of mosques exceeds 7,000 today, while in late 1980s there were only 870." His words were greeted with applause.

The Russian delegation included the Presidents of four republics within Russia, where the population is traditionally

Islamic: Tatarstan (Mintimer Shaimiyev), Bashkiria (Murtaza Rakhimov), Chechnya (Ahmad Kadyrov) and Kabardia-Balkaria (Valery Kokov); and, some federal officials who hail from these areas: Minister of Property relations Farid Gazizulin (a Tatar) and Jokhan Pollyeva (Turkmen), deputy head of the Presidential staff.

Putin said that terrorism should not be associated with any particular confession, tradition, or way of life. "The attempts to provoke Islamophobia in our country have completely failed," he said, "Russian Moslems are an indispensable part of the nation." On the eve of his trip, Putin met with Patriarch Aleksii II of Moscow and All Russia, who endorsed the Russian President's participation in the OIC summit. Observer status for Russia in the OIC has been under discussion, but, *Izvestia* reports, is opposed by "a number of Moslem states."

Putin also had bilateral talks with Mahathir, President Musharraf of Pakistan, and President Khatami of Iran.

On Oct. 17, the Arabic-language TV channel *Al Jazeera* broadcast an interview with Putin, made at the OIC meeting. He reiterated that Russia opposes equating any religion to terrorism, and thanked OIC and Arab League observers for their work in Chechnya. "Two-thirds of Russia is in Asia," he said, "Our Orthodox Church is the eastern flank of Christianity, with specific features which are similar to some Islamic traditions, and with very friendly relations with Russia's other traditional religion."

### **Putin: No Troops, No Money for Iraq**

In his *Al Jazeera* interview, President Putin said, about the differences between Russia's and the USA's stances on Iraq: "We assumed a rather tough stand. I do not think it was pleasing for our American partners, but it was consistent, predictable, and absolutely honest." Regarding the United Nations, he said: "If all countries easily agreed to the policy pursued by the United States with regard to Iraq, the UN should have been disbanded right away. Who needs an organization where no one can express his opinion, where no one has the courage, or the possibility to defend his opinion?"

Regarding the latest UN resolution, which Russia supported, Putin made clear it doesn't mean very much. "The new resolution is another step forward," he said, because it "increases the role and the importance of the UN in the Iraqi settlement, but does not create the necessary conditions for the full-scale participation of the UN in the settlement.... Therefore, the Russian military contingent is unlikely to be sent to Iraq, as well as financial and material resources for the restoration of the country, since the country does not have proper conditions."

Putin highlighted one part of the resolution, which stipulates that the military presence may remain only until a government is formed. A legal government could turn to the UN, to request "to prolong the term of the military contingent presence in the country. It is only the UN Security Council that decides whether to prolong the term or not."

### **Putin: Russia Is Where East Meets West**

Rudyard Kipling was wrong to say "never the twain shall meet," wrote Vladimir Putin in an Oct. 10 *Wall Street Journal* op-ed headlined "Where East Meets West." Without Russia's active and equal participation in international affairs, he declared, not a single major global or regional problem could be solved. Russia's foreign policy now focusses "on developing relations in the priority vectors of Europe and the Asia-Pacific region." For example, Russia is deepening its cooperation with its partners in the Asian Pacific Economic Cooperation Forum (APEC), which it joined in 1998.

### **Foreign Ministers of India, China, and Russia To Meet Again**

Indian External Affairs Minister Yaswant Sinha told *The Hindu* in an exclusive interview, published Oct. 11, that the

Foreign Ministers of India, China, and Russia will soon meet again, in Russia. He said the proposal was floated by Russian Foreign Minister Igor Ivanov at their recent three-way meeting—the second such—during the UN General Assembly in New York, and accepted by the Chinese Foreign Minister, Li Zhaoxing.

Sinha said, "We have set the stage for greater understanding and cooperation. We agreed that on Iraq and United Nations reform, our Permanent Missions in New York will be in close touch and work together.... This time the atmospherics were very good. No contentious issues were raised. On whether the trilateral cooperation could be elevated to summit level, Sinha replied: "We haven't thought of it so far.... Let the stage be reached. These are things on which we should move with caution, patience and deliberation."

## **China Wants New Cross-border Railroads To Russia**

The Russian Far Eastern Railway announced Oct. 11 that China wants to build new rail lines across the border between the two countries, *Itar-Tass* reported. Russia considers the proposal for a railroad from Dunin to Ussuriysk (near Vladivostok) the "most interesting." This rail line would make it possible to ship coal from northeastern China to the Russian seaports, for delivery to Asia and the Pacific Rim.

Another proposed project would link China's Mishan, near Lake Hasan in Heilongjiang province, with Turiy Rog in Russia. Turiy Rog is already connected with the Trans-Siberian Railroad. Only 12 additional kilometers of rail line have to be built, to link it to China, which would then make this rail line profitable.

## **Putin: No Arm-Twisting on Energy Prices**

The Eighth European Gas Conference began in Paris, Oct. 13, with "creation of a single economic space between the EU and Russia" at the top of the agenda, according to an EU Commission spokesman. The discussion will focus on "long-term deals."

The issue of the terms of energy-resource trade and pricing has become very hot in recent weeks. In remarks to Russian and German businessmen made Oct. 9 in Yekaterinburg, where he met with German Chancellor Gerhard Schroeder, Russian President Putin said that Russia's application to join the WTO has been stymied by WTO demands that Russia raise domestic energy prices to international levels. The EU has also called on Russia to adopt such measures, which Putin said would mean "a catastrophe for the Russian economy." "They tried to twist Russia's arm," he remarked, "but nothing came of this. Russia has strong arms now."

The same day, however, *Izvestia* reported what it called "a tectonic change," namely that the Russian natural gas company, Gazprom, made a concession in its recent bilateral agreement with the Italian energy company ENI. This document allows ENI to resell Gazprom's gas to other European companies, in exchange for ENI's go-ahead for other Italian companies besides itself to strike deals with Gazprom. *Izvestia* then extrapolates, suggesting that the liberalization of foreign trade is also a first step towards deregulation of the domestic natural-gas market—a notion directly contradicted by Putin's remarks.

## **Russia and Brazil To Cooperate in Space and Aviation**

Russia and Brazil consider themselves strategic partners, and intend to expand cooperation in space and aircraft industries, the defense ministers of the two countries announced at a joint press conference given in Brasilia Oct. 11, at the conclusion of a visit by Russian Defense Minister Sergei Ivanov to Brazil. The two nations had signed a defense cooperation accord in 2002, and continuing this military and military-technological cooperation, particularly in the space and aircraft industries, was the primary topic of Ivanov's visit.

Ivanov announced that the high-level Russian space team sent to Brazil to help investigate the cause of the explosion in August of Brazil's VLS rocket, would stay as long as required to find the cause. The investigation could take months, Defense Minister Jose Viegas noted. The two also discussed possible Russian assistance in manufacturing liquid-fuel carrier rockets. Brazil's VLS rockets have all been propelled by solid fuel, which is more flammable than liquid rocket fuel. Viegas reported that Brazil had been working on the development of liquid fuel propellants before the accident. "Russia has vast experience in developing and using such carriers, and we do not exclude the possibility of mutual cooperation in the development of spacecraft," Ivanov commented. Viegas expressed his thanks for the Russian assistance in the investigation, calling its "indicative of the high level of cooperation between Russia and Brazil."

Viegas said that Russian aircraft companies Sukhoi and MiG, which are participating in the bidding for procurement of advanced fighters for the Brazilian Air Force, have realistic chances to win, Pravda.ru reported.

## **Malaysian Cosmonaut Will Fly With Russians**

The Russians will train and fly a Malaysian cosmonaut as part of a deal for Malaysia to buy Russian arms. Malaysian Deputy Defense Minister Mohammad Shafie Apdol told his nation's Parliament on Oct. 9, that the deal has been finalized for Russia to buy \$300 million worth of palm oil, and will train and fly a cosmonaut from Malaysia as part of a \$1 billion deal, in which Malaysia will buy 18 Sukhoi 30-MKM fighter jets. Payment will be made over five years, with the fighters due for delivery in 2006-2007. Malaysia is the world's largest palm-oil producer, accounting for about half of world output.

Prime Minister Mahathir has promoted bringing Malaysia into the high-technology age, reflected in the country's interest in cooperation in space flight. Russia, and the Soviet Union before it, have made available their "guest cosmonaut" program for decades, to both provide foreign currency and promote political relations with nations.

## **Moody's Upgrade Fuels New Speculation in Russia**

The rating agency Moody's has upgraded Russian state debt two notches to Baa3, which is so-called "investment grade" and the highest rating Russia has ever had. The rating allows various institutional investors, like pension funds, to buy Russian paper. Together with continuing mania over possible foreign acquisition of large Russian companies, this drove the Moscow stock market, the RTS, to its all-time highs during the week of Oct. 13—above the levels that preceded the 1998 government bond default and stock-market crash.

In addition to continuing speculation over an ExxonMobil takeover of Yukos Oil (despite President Putin's cautionary statements concerning such a deal), Russian papers report that Danone, the French food company, wants to acquire Wimm Bill Dann Food Products, Russia's largest producer of milk and juices. But such a takeover would require changes in Russian antitrust laws, reported *Vedomosti* of Oct. 9. Such deals bring new investment and technology into Russia, but also increase the influence of transnational capital—"which is hard to deal with."

## **Russian Scientists and Science Impoverished**

The latest Russian Nobel laureate in physics, Vitali Ginsburg, age 87, gave an interview to *Vedomosti* of Oct. 8, in which he said he would give the prize money to his grandsons. Still, he admitted that he needs money, too: "My salary today is 2,700 rubles a month" (\$80).

*Vedomosti* wrote that scientific discoveries made by Lev Landau, Vitali Ginsburg, Igor Tamm, and other top Soviet physicists, have created a market with an annual turnover of \$10 billion. Medical equipment, based on the theory of superconductivity, saves tens of thousands of lives. "The Nobel Prize for Ginsburg and Abrikosov is very favorable for the

international reputation of Russian science", Interros vice president Sergey Aleksashenko told Vedomosti. "But until the state resumes investments in applied science, new achievements are unlikely."

## Mideast News Digest

### Reichstag Fire in Gaza?

The Oct. 15 deaths of three Americans, while on a fact-finding mission in the Gaza Strip in Occupied Palestine, have to be laid at the doorstep of the Synarchist "Beast-men," behind the "Clash of Civilizations" war: Israel's Finance Minister and second generation Jabotinskyite, Benjamin Netanyahu; U.S. Vice President Dick Cheney, the ringleader of the perpetual war fanatics in the United States; and Richard Perle, who have been demanding that President Bush "lay off" Israel in its campaign to destroy Yasser Arafat and the Palestinian National Authority. Investigators must pursue the question: was the Gaza attack a Reichstag fire incident—staged to get the U.S. to declare war on the Palestinian Authority as a continuation of Cheney's "perpetual" war on terrorism?

The attack on the convoy was either carried out directly by Israeli commandos, or by their controlled countergangs among the Palestinians. Sharon built up Hamas, beginning in the late 1980s, exactly as such a handy tool, against the Palestine Liberation Organization leadership. In the last year, the Mossad was caught red-handed building a phony "al-Qaeda" among the Palestinians in Gaza. In the last days, a Jewish "master bomb-maker" was arrested in Jerusalem, charged with having provided highly sophisticated bombs "for buses" to Palestinian Arabs.

The timing could not be more convenient for the Jabotinskyites, Perle and Netanyahu, who just completed a five-day conference at the King David Hotel in Jerusalem. The Perle-Netanyahu hate-fest gathered the fascist members of the Sharon Cabinet, the Armageddonists of the so-called Christian Right from the U.S., who say a Palestinian State as laid out in Bush's "Road Map" policy is a violation of the Bible, and top figures in Israeli intelligence and the military, who have been behind the 18-month-long attacks on Palestinian civilians in retaking the Palestinian territories freed under the Oslo Agreements. The last event of the Netanyahu-Perle fest was an Oct. 14 "secret" briefing to the U.S. Congress via satellite.

What did Bibi and Perle tell Congress? No doubt they said that Americans would be attacked by Palestinian terrorists, unless the U.S. backed Israel's attacks against Syria and Iran, and destroyed the PNA.

Bibi delivered this same message on a visit to Washington, D.C., in April 2002, to the U.S. Senate, and the American Enterprise Institute (home base of Perle). He said that unless the U.S. stopped pressuring Israel to withdraw from the Palestinian territories, which he childishy refers to as "Arafatistan," then it will be "*your buses*," and "*your shopping malls*" that will be attacked. After attending three of Netanyahu's speeches, this news service wrote, "If there is a major terrorist attack in the U.S., then the intelligence networks of Benjamin Netanyahu in Israel and the U.S. that must be investigated."

The Jabotinskyites have a long history of using assassinations to stop a Palestinian state: From the killing of UN envoy Count Folke Bernadotte in 1948, who drafted a peace plan, to the 1995 killing of Prime Minister Yitzhak Rabin.

The Americans killed on Oct. 15, were accompanying a U.S./PNA delegation, that was surveying the damage done by the IDF in a week-long attack on Gaza, that so far has killed seven Palestinians, including an eight-year-old boy, and a 15-year-old boy, and created a refugee crisis with more than 1,500 made homeless, after 120 Palestinian homes were destroyed.

It was this invasion of Gaza that Lyndon LaRouche mobilized to stop with his campaign statement in late September. Now with the Israeli *nuclear* threat against Iran, there is no time to wait in following LaRouche's leadership against the Sharon crowd.



## **Israeli Crazyies Push Temple Mount Conflict... Again**

Jerusalem police refused to allow the Temple Mount Faithful to celebrate the week-long Sukkot festival on the Al Haram al Sharif/Temple Mount this year, *Ha'aretz* reported on Sept. 13. The "Feast of Booths," which is associated with harvest season, began on Oct. 11 this year. The Temple Mount Faithful fanatics want to destroy the Muslim holy sites on Al Haram Al Sharif/Temple Mount in order to build the "Third Temple of Solomon."

Celebrating Sukkot would have obviously ignite major Palestinian rioting. The group will nonetheless have a ceremony at the Shiloah Spring in Arab-majority East Jerusalem, where they are showing a model of the "Third Temple" and displaying the "cornerstones of the Temple."

Israeli Prime Minister Ariel Sharon, the longtime political patron of the Temple Mount terrorists, keynoted the "Sukkot celebration" of the International Christian Embassy of Jerusalem, a nasty Christian-Zionist operation, where he addressed more than 5,000 delegates at the International Convention Center in Jerusalem.

## **Likud Could Lose Oct. 28 Local Elections**

*Ha'aretz* reported Oct. 17 that the Likud is projected to lose the Oct. 28 local elections in Israel. Signs are seen on many Israeli streets, reading "Anything But Likud." The Likud stands to lose big in Israel's mayoral and councilmanic elections, because Israelis are infuriated over the economic collapse and the government's killer budget cuts. If Likud does lose these municipal elections, it could seriously erode the Likud's 40 mandates in the Knesset, whose next elections could be a lot sooner than 2007. Likud's base is in the low-income Oriental Jewish community, which is also the hardest hit by the brutal austerity policies of Finance Minister Benjamin Netanyahu.

The Likud is reverting to its dirty tricks, sending out its ministers to campaign with the message that communities that vote Likud, will be rewarded by the Minister's largesse. This is so crude that MK Yossi Sarid of the Meretz party, is demanding that the Attorney General investigate these cases as "breach of trust" and open bribery. The Labor Party, also in poor shape, is forming local alliances with both an opposition party, One Nation, which is linked to the Histadrut labor federation, and also with a government coalition party, Shinui.

## **Lebanese President Attacks Syria Accountability Act**

ArabicNews.com reported on Oct. 18 that Lebanese President Emile LaHoud said, in a statement the previous day, that "if there is a necessity for an accountability act in the region, it is more useful to be named 'Israel Accountability Act,' due to the Israeli brutal massacres and crimes against the Palestinians, and rejection of the international resolutions which stipulate the Israeli withdrawal from all the occupied Arab territories." He called on the United States to "liberate itself from the hegemony of the Zionist Lobby which constitutes a dangerous threat to the interests of the American people."

Separately, Lebanese Information Minister Michael Smaha said, during an interview broadcast on BBC on Oct. 17, that the presence of Syrian troops in Lebanon is a matter for Lebanon alone, and not the U.S. The Syria Accountability Act demands a Syrian withdrawal from Lebanon. Smaha said there are signed agreements between Syria and Lebanon, and no one has the right to interfere in that relationship.

## **Syria Could Aid Iraq Reconstruction**

Syria could play a crucial role in Iraqi reconstruction, according to a political source in Lebanon. This source reported that

one reason for Israel's attack against Syria, was to sabotage ongoing discreet talks, between the Americans and Syrians, over Iraq. The talks had been positive, on several levels. Bush, it is said, had become convinced that without some Syrian cooperation, there could be no stabilization of Iraq. The neo-cons and Cheney in person, pushed Sharon to attack, in reaction to this. The rush to pass the Syria Accountability Act is also seen as a move, by Cheney, in this direction. It is the hawks and the rightwing Christians who are behind this.

The source pointed out that Syrian-Iraqi ties go deep, and are longstanding. The Ba'ath Party, which has been officially disbanded in Iraq, still exists, with an estimated 4 million members, and has good relations with the Syrian party of the same name. Tribal groups in the two countries often overlap or are identical. Many of the members of the Iraqi Governing Council (IGC) were in Syria before the war. Thus, the influence of Syria is considered significant.

Further substantiating this report is the news that Abdel Aziz al-Hakim, the new leader of the Supreme Council of the Islamic Revolution in Iraq (SCIRI), was in Syria for three days in early October. After talks with Vice President Abdel Halim Khaddam, Hakim said that Damascus could "follow the example of other countries in the region and play an important role in the reconstruction of Iraq." He told the press he had asked officials to work "to strengthen relations between the Iraqi and the Syrian people," and to "support the Iraqi people's effort to recover independence, sovereignty, and stability." In reference to Turkey's decision to send troops, he stated, "Sending foreign troops cannot solve the problem of insecurity in Iraq. Hakim said the US must leave the country "quickly," because "no people can accept occupation."

### **Iran President Ready to Cooperate with IAEA; El Baradei Tells BBC He Is "Cautiously Optimistic"**

Iranian President Khatami has signalled his readiness to cooperate with the International Atomic Energy Agency (IAEA), according to Russian and BBC sources on Oct. 14. The IAEA delegation arrived in Tehran Oct. 16. It is expected that Iran will sign the additional protocol, as demanded, according to an Oct. 14 BBC wire. The final decision will come in the last days of October.

In an Oct. 16 interview with BBC, IAEA head Dr. Mohammad ElBaradei said he, too, was "cautiously optimistic" about moving things forward with the Iran nuclear program, during his visit to Iran. In an interview in Tehran with BBC correspondent Jim Muir, Dr. ElBaradei said: "I was assured that they have made a decision to come with full and complete story of all the nuclear activities in the past, and that they are absolutely ready now to cooperate fully with us and to demonstrate full transparency, for us to be able to get all the clarification required." Iran has an IAEA deadline of Oct. 31 to convince the international community that its nuclear program is strictly a civilian one.

ElBaradei said that he had spent the day dispelling misconceptions that the Iranians had about inspection protocols attached to their signing the Non-Proliferation Treaty (NPT), assuring them that the IAEA would use its authority judiciously and impartially. "I think the protocol has become a national issue here, an emotional issue, the feeling that the protocol will be used and abused to undermine Iran's sovereignty, Iran's security, dignity, religious belief."

When pressed by the BBC correspondent on the uranium enrichment issue, ElBaradei noted that under the NPT, "every country has the right to have enrichment of uranium or reprocessing of plutonium." He said that there were discussions going on with some European countries to defuse the security concern, by seeing if Iran could get the nuclear technology for power generation without having to complete the fuel cycle itself.

Natural uranium has to be enriched before it can be used as fuel for nuclear reactors, so if the Iranians don't enrich the fuel themselves, they need to have an assured fuel supply.

### **Terrorist Group MEK Surfaces With New Scare Allegations About Iranian Secret Nuclear Weapons Program**

As if on cue, the Mujahideen al-Khalq, a known terrorist group on the U.S. State Department list of international terrorist organizations, but which is backed by U.S. neo-con circles, including inside the Pentagon, has come out, in a Vienna press conference, with "new evidence" of Iran's nuclear program. The National Council of Resistance of Iran (NCRI), charged that Iran has another hidden nuclear facility, and could have the bomb by 2005. Firouz Mahvi, of the foreign relations committee of the group, said in Vienna Oct. 14, that "The site has been built to test centrifuges that enrich uranium. It is located 15 km east of Isfahan," he said, "under the name of Isfahan's Fuel Research and Production centre." He said the information came from undercover agents who have been working there. Iran's ambassador to the IAEA Ali Akbar Salehi, dismissed the report as "absolutely baseless."

## **Radical Shi'ite Cleric Supporters Seize Najaf Buildings**

Moqtadar al Sadr reportedly seized two buildings in Najaf, to be used as "ministries" in his self-proclaimed government, according to Arab news reports on Oct. 14. The actions signal a new radicalization of Iraqi Shi'ites. Although the mainstream Shi'ites are continuing to try to avoid total war in Iraq, large numbers of grass roots Shi'ites are calling for joining the resistance. Moqtadar al Sadr (who accuses the Hakim group, SCIRI, of killing his father), is the rallying point for this ferment. He has backers in Iran, too, among the conservative clergy. He reportedly was received by Khamenei, some time ago.

What happens in Iraq among the Shi'ites will depend largely on what happens in Iran: if the country is attacked by Israel, or pressures increase from Washington, Iran will respond. Government spokesman Abdollah Ramanzadeh stated that, if attacked, Iran would use all means to defend itself, "and we are not joking," he said. This is interpreted to mean that countermeasures could be taken by Hezbollah, or by Shi'ites in Iraq, or by irregular forces in Europe and elsewhere. The spokesman stressed that Syria and Iran are coordinating their policies closely. Iran has declared that, if Syria is put under U.S. sanctions, then Iran will supply it with what it needs.

Asked about Iran's approach to the shadow cabinet of Moqtadar al-Sadr in Iraq, the Iranian spokesman refrained from making any comment arguing that it was a matter of Iraq's internal affairs. "We believe that a government representing the majority of the Iraqi people should take office in Iraq," he added.

## **Shi'ite Rivals Clash in Karbala**

The clash between followers of Muktdadar al-Sadr and supporters of the Grand Ayatollah Ali Hussein al-Sistani, started when Sadr allies tried to take over the shrine of Imam al-Hussein on Oct. 14, according to international wire reports from the city. Al-Sadr's supporters withdrew to another mosque. The incident began around 10 PM and continued until dawn, including the firing of rocket-propelled grenades.

## **Saudi Arabia Announces First-Ever Local Elections**

Associated Press reported on Oct. 14 that the Saudi Foreign Minister announced the holding of local elections. In an interview on the sidelines of the OIC meetings, Oct. 13, Saudi Foreign Minister Prince Saud Al Faisal told the OIC that the monarchy will hold its first-ever elections for local councils in 14 municipalities. Only half of the posts will be elected.

In the interview, Prince Saud Al Faisal commented on the threat posed by Israel's suspected nuclear arsenal, saying: "A country as small as Israel of four million people having that security ring, and being provided with the wherewithal to be able to have the arms to back [it], a country that has shown that it has no inhibitions in using its capabilities in attacks without provocation and against international law, you can sense the threat that everybody in the region ... feels from developments in Israel. The truth is that [Saudi Arabia] is perhaps the most active country now in fighting terrorism on the

international scene.

## Asia News Digest

### NASA Veteran: 'Chinese Space Advances Benefit Everyone'

NASA veteran James Oberg, writing in an Oct. 15 op-ed in *USA Today*, welcomed the success of the Chinese manned space flight. Forget the worries about China's "real intentions" in space—that it has some hidden military agenda—he wrote. "What really is about to happen is much more momentous: For the first time since 1961, and only the third time in world history, a new nation will have achieved independent human-spaceflight capability.... This is a case of brave young men facing daunting psychological and technical challenges and risking their lives to help mankind stretch its abilities. Simply by taking place, China's mission will energize the existing space activities of other countries," Oberg wrote. "Space programs in the United States, Europe and even Japan need a good kick into gear."

To respond as if China's launch opens a new Cold War race in space, "would be folly." At most, the Chinese might develop new capabilities for space-reconnaissance of other countries' military and electronic capabilities. Other countries already have them, and adding one more to that list could bolster security. "As the number of countries keeping an eye on each other increases, the chances of military surprises are reduced, thus enhancing international stability."

"As this brave team begins its fantastic voyages, we all can celebrate, just as we hailed the feats of Yuri Gagarin, Neil Armstrong, Arnaldo Tamayo-Mendez, Julie Payette, and other pioneering earthlings. Beyond the boundaries of Earth, the accomplishments of all earthlings benefit everyone," Oberg concluded.

### China Issues Its First 'EU Policy Paper'

A Chinese Policy Paper, released Oct. 13, to the European Union, states that China "expects the [EU] to become China's largest trading and investment partner." China and the EU will be holding their sixth annual summit in November in Rome. China and the EU launched their annual summits in 1998, and "full partnership" in 2001. The Paper states that "relations now are better than any time in history. There is no fundamental conflict of interest between China and the EU and neither side poses a threat to the other.... The common ground between China and the EU far outweighs their disagreements."

The Policy Paper states: "The EU has a developed economy, advanced technologies and strong financial resources while China boasts steady economic growth, a huge market and abundant labour force. There is a broad prospect for bilateral trade and economic and technological cooperation." Both sides also have long histories, and "splendid culture."

China called for continuing the two sides' human rights dialogue. "The Chinese side appreciates the EU's persistent position for dialogue and against confrontation," the paper states. It calls on the EU to respect the "one-China" policy on Taiwan, and expand ties to Hong Kong and Macao.

The Policy Paper proposes that "China and the EU should launch a high-level financial dialogue mechanism, ... and deepen cooperation in preventing and managing financial crises." It also says that the Chinese market will be opened to EU financial and securities institutions, and insurance companies. It calls for cooperation in agriculture, environmental protection, IT, and energy.

Finally, the Policy Paper states that China and the EU "will maintain high-level military-to-military exchanges, develop and improve, step by step, a strategic security consultation mechanism, exchange more missions of military experts, and expand exchanges in respect of military officers' training and defense studies." It calls on the EU to "lift its ban on arms sales to

China at an early date so as to remove barriers to greater bilateral cooperation on defense industry and technologies."

## **Putin Identifies Asia-Pacific as Pillar of Russian Foreign Policy**

In a *Wall Street Journal* op-ed on Oct. 10, Russian Prime Minister Vladimir Putin referred to Russia as "where East meets West." Without Russia's active and equal participation in international affairs, he declared, not a single major global or regional problem could be solved. Russia's foreign policy now focusses "on developing relations in the priority vectors of Europe and the Asia-Pacific region." For example, Russia is deepening its cooperation with its partners in the Asian Pacific Economic Cooperation Forum (APEC), which it joined in 1998.

## **Bush Promotes Australia's Howard to U.S. Sheriff in Asia**

Australian Prime Minister John Howard several years ago declared that Australia under his regime was the "deputy sheriff" for the U.S. in Asia, a statement which he has never retracted. President George W. Bush, in an Oct. 15 interview with a team of Asian journalists before his Asian trip, was asked if he saw Australia as his "deputy sheriff." Bush replied: "No, we don't see it as a deputy sheriff. We see it as a sheriff."

## **Mahathir Takes the Helm at the OIC**

Malaysian Prime Minister Mahathir bin Mohamad opened the Organization of the Islamic Conference (OIC) in Kuala Lumpur Oct. 16 by calling for Islamic unity against the West's imperial war drive, and an end to the suicide bombings in the Mideast.

Mahathir tried unsuccessfully at last year's OIC to identify suicide bombings as terrorism. But this year he was warmly received when he pointed to the fact that such terrorism doesn't work, and that it just feeds into the enemy's hands. "Every attempt at a peaceful solution," he said, "is sabotaged by more indiscriminate [suicide] attacks, calculated to anger the enemy and prevent any peaceful settlement. But the attacks solve nothing. The Muslims simply get more oppressed."

However, this call for peace was greeted by an across-the-board wave of denunciations by the Israeli right wing, and some leaders in the West, for what many considered to be anti-Jewish remarks. The passage which is being plastered across the Internet and denounced by the American Jewish Committee (AJC) and others reads: "We [Muslims] are actually very strong, 1.3 billion people cannot be simply wiped out. The Europeans killed 6 million Jews out of 12 million. But today, the Jews rule this world by proxy. They get others to fight and die for them." The Jews have survived pogroms and oppression for centuries, he said, by using their minds, and creating societies which respect human rights.

Mahathir pointed out: "We also know that not all non-Muslims are against us. Some are well-disposed towards us. Some even see our enemies as their enemies. Even among the Jews, there are many who do not approve of what the Israelis are doing. We must not antagonize everyone. We must win their hearts and minds."

## **Israelis and U.S. Zionist Lobby Attack Mahathir After He Denounces Suicide Bombings!**

Dr. Mahathir held a press conference Oct. 17 to answer the binge of hysterical accusations coming from Israeli government officials, and U.S. based Zionist Lobby organizations, that he is anti-semitic. It is clear that the anti-Islam neo-con/Likudnik networks are actually hysterical that Mahathir rallied Muslims to end the impotent use of suicide bombers, and to accept even unfair peace proposals, while at the same time denouncing the actions of the current Israeli government against the Palestinians as "terrorism."

Mahathir said at his press conference that "most" Israelis "are biased. Not all, most of them. And they feel that while it is proper to criticize Muslims and Arabs, it is not proper to criticize Europeans and Jews. Apparently, they think they are privileged people, but we don't think so."

Dick Cheney's neo-cons, who are egging on this attack, have a problem, in that several of their top allies fully supported Dr. Mahathir. Afghan President Hamid Karzai praised the speech, adding that "his [Mahathir's] historical analysis of what happened in Islam is very correct." Pakistani Foreign Minister Khurshid Kasuri also defended Mahathir.

Foreign Minister Ahmed Maher, of Egypt, which has been critical of U.S. double standards towards Palestine, said that "those who are commenting on the speech have not read it in its entirety. Nobody thought it was inflammatory."

Simon Wiesenthal Center director in Israel Efraim Zuroff said Mahathir must be "silenced," that he is an "anti-Semite and he doesn't hide it." Israeli Ambassador to Singapore Itzhak Shoham said that these were the worst "such expressions since the days of Hitler." U.S. and other Western spokesmen dutifully stepped forward to denounce the speech with extreme words of disdain and disgust — perhaps trying to prove Mahathir right in saying the Israelis run things by "proxies."

## **Thaksin Slams Soros for Funding Subversion**

Thai Prime Minister Thaksin Shinawatra has requested, ahead of the opening of the APEC summit in Bangkok Oct. 18-21, that proceedings should not be derailed by political and NGO protests. His government has drawn up a list of NGO activists to be blacklisted, including the Falungong. In his statement on the subject, Thaksin declared: "Do you know who backs some of these NGOs? It's the George Soros Foundation. Remember who destroyed our baht currency six years ago? Don't forget so easily or so quickly." Thaksin dismissed Soros as a "sinner" trying to appear noble. "Some people are sinners and they want to make merit, thinking this will make them look cool. But in reality they are still sinners."

Malaysia's Prime Minister Mahathir recently ridiculed Soros for passing himself off as a philanthropist, passing out crumbs from the money he stole from poor nations.

## **Top Terrorist Killing in the Philippines Is Questioned as Murder**

Local police in Mindanao reported Oct. 13 that there was no shootout at the place where the Philippine Army claims they were fired on by escaped terrorist al-Ghozi. The police reportedly returned fire, raising suspicions that they captured and then killed him. How al-Ghozi walked out of the highest-security prison in Manila back in July is still a mystery, which some may wish to keep that way.

Philippine President Gloria Macapagal-Arroyo staged a grisly show for the media, standing over the bullet-ridden body of al-Ghozi in the morgue, having flown to Mindanao from Manila for that purpose. She boasted to reporters: "The death of al-Ghozi signals that terrorism will never get far in the Philippines."

# **Africa News Digest**

## **Presidents of South Africa and Senegal Make Major Visits to India**

South African President Thabo Mbeki arrived in New Delhi for a 4-day state visit Oct. 15, accompanied by most of his Cabinet: the ministers of foreign affairs, agriculture, science and technology, communications, environment and tourism, health, justice and constitutional development, minerals and energy, public enterprises, defense, trade and industry, and

Presidency.

The object of the visit was to give impetus to the "strategic partnership between Pretoria and New Delhi." Mbeki held bilateral discussions with Indian Prime Minister Atal Vajpayee.

The two sides initialed an agreement for cooperation in electricity generation, transmission and distribution, urban and rural electrification, and "renewable" energy.

There were extensive talks on defense technologies. South Africa is working to modernize its navy, and India is seeking to improve its artillery after its deal with Soltam Ltd, the Israeli company, fell through. There was discussion of joint training and joint ventures in defense production. The South Africans discussed shipbuilding with the help of Indian shipyards.

The two governments continued negotiations necessary for a Framework Preferential Trade Agreement between the South African Customs Union and India, and reported substantial progress, but the agreement is not expected to be signed until the end of 2004.

Other subjects of discussion were the New Partnership for Africa's Development (Nepad), India-Brazil-South Africa (IBSA) cooperation, the World Trade Organization, the campaign against international terrorism, the aftermath of the Iraq war, and developments in the Middle East.

Senegal's President Abdoulaye Wade also traveled to India, arriving in New Delhi Oct. 12 for 4 days with a delegation of about 60 businessmen. Before departure, Wade said he was going to sign agreements for cooperative projects, including construction of a railroad from Dakar to Ziguinchor. He met with PM Vajpayee, President Abdul Kalam—who hosted a banquet in his honor, and Foreign Minister Yashwant Sinha.

He told the press in New Delhi Oct. 13 of possible partnerships with the Indian automotive industry. Wade visited the auto works of Tata Engineering in Puna, which is furnishing technical assistance to a Senegalese bus assembly company. (Wade inaugurated the Senegalese assembly plant at Thies Sept. 17.) He was also to visit Agra and Bangalore before going on the Malaysia for the Organization of Islamic Conference (OIC) meeting.

## **Quarter of Ethiopia Threatened With Desperate Famine**

A quarter of Ethiopia is threatened with a desperate famine, according to a new report by the U.S. government's Famine Early Warning System (FEWS) Network, which reports an all-out famine approaching in this nation of over 65 million people. FEWS predicts that 12.8-million Ethiopians will meet *none* of their food needs in the 2004-05 production year, increasing to 14.3 million in 2005-06, 15.8 million in 2006-07 and 17.3 million in 2007-08.

## **Inflation In Zambia And Zimbabwe Skyrockets**

Zambia's official inflation rose 30% in a month, to an annual rate of 455%, according to official statistics released by The Central Statistical Office. The rise was seen mainly in the average prices of meat, bread, cereals, fruits, vegetables and beverages. Zimbabwe's inflation rate has more than doubled from 208.1% in January. Actual inflation is, in fact, much higher, since many items are available only on the black market, where prices are also rising steeply.

## **Sudan Campaigns To Get Its Name Off U.S.Terror Blacklist**

Sudan's Ambassador to Washington Khidir Haroun Ahmed is on a campaign to get his country's name off the U.S.

terrorism blacklist, and has outlined in detail, in his embassy's newsletter, the steps taken to clear the country's record.

Colin Powell told visiting Foreign Minister Mustafa Ismail in May that Sudan had to do more to be taken off the list, while recognizing Sudan's cooperation, but complaining that Sudan continued to shelter Hamas and Islamic Jihad terrorists.

The Clinton Administration began to recognize the country's efforts in May 2000. Since then, the FBI and CIA have opened anti-terror offices in Khartoum, which, the Ambassador writes, led to serious and substantial collaboration in the war on terrorism, including surveillance, investigation, interrogation, extradition, detention of suspects, and joint operations inside and outside Sudan in the past 3 years, which included arrests in June of 17 suspected Saudi nationals on a charge of "unauthorized arms training" in Sudan.

In other Sudan news, the *New York Times* reported Oct. 14 that Hassan al-Turabi, former collaborator of President Omar al-Bashir, has been released from house arrest.

## This Week in History

### Oct. 20 - 26, 1953

It was 50 years ago, on Oct. 20, 1953, that renowned CBS journalist Edward R. Murrow took up the matter of Senator Joseph McCarthy, and began the challenge which ultimately ended the career of that infamous witch-hunter. Murrow's campaign against McCarthy began with his show, called "The Case Against Lt. Milo Radulovich, AO589839."

A review of how Murrow, who clearly was deployed by a section of the Establishment, sparked the movement which finally finished off McCarthy, is especially relevant today, as we look forward to the growing movement against Vice President Dick Cheney, Attorney General John Ashcroft, and the crowd of neo-conservatives who have usurped the Bush Administration, and demonstrated their determination to squelch any opposition. Today, as then, the traditionalist institutions kicked in to save the United States from being destroyed as a republic.

Radulovich was a reserve Air Force weather officer, in Dexter, Michigan, who had been dismissed from service because he was considered a "security risk." Senator Joe McCarthy, as head of the Senate Operations Committee, and its subcommittee on investigations, had stirred up a massive search for such "traitors," to be identified not only by relations with communists, but what they read, and whom they knew.

The source of the charge against Radulovich was the fact that his father, an immigrant who read newspapers from his native Serbia, and his sister, who had attended a civil rights rally for the great African American singer Paul Robeson, were considered "communist sympathizers." When Radulovich refused to dissociate himself from them, he was dismissed from the Air Force Service. A legal fight by Radulovich failed to change the decision.

But the legal fight did yield an article in the local press, which Murrow and his CBS partner Fred Friendly, came across. Murrow immediately pursued the story, interviewed Radulovich, and personally publicized the upcoming show. That program served as a "little picture," in Murrow's words, which exposed McCarthy's evil mode of destroying people, without regard to truth or law. One month later, Radulovich was reinstated in the Air Force.

Attacks on McCarthy began to pick up somewhat after that, especially since the Wisconsin Senator had now turned his attention from the State Department to the military, including the Secretary of the Army. It is known that President Eisenhower was, himself, enraged by what "Republican" McCarthy was doing, but Ike had chosen to publicly ignore the



charges, rather than take them on.

The next major attack on McCarthy after Murrow's, came from another famous Establishment journalist, Drew Pearson, who received leaks from the Army, and proceeded, in December 1953, to accuse McCarthy's chief counsel, Roy Cohn, of having illegally run interference for his "friend" David Schine, in respect to military service. This attack ultimately led to the famous Army-McCarthy Hearings, which ran from April 22 to June 17, 1954. The climax of those hearings occurred on June 9, when the Army's Chief Counsel, Joseph Nye Welsh, confronted the Senator: "Have you no sense of decency, Sir, at long last? Have you no sense of decency?"

While the hearings failed to condemn McCarthy, they created a climate in which Senators began to go after him, ultimately censuring him, and stripping him of his chairmanship, in December 1954.

But before these hearings happened, Murrow had launched another direct charge at McCarthy, which hit like a bombshell, and emboldened others to move against him. This occurred on March 29, 1954.

Following the Radulovich broadcast, Murrow was aware that Senator McCarthy's committee was amassing evidence against him, to show his "communist" connections. A decision was made at CBS that Murrow should strike first. The 30-minute broadcast, to which the Senator was invited to reply, was entitled "A Report on Senator Joseph McCarthy," and it featured a series of film clips of the Senator himself, counterposed to trenchant analysis by Murrow, exposing the lies and absurdities behind what McCarthy said. The exposure of McCarthy's baiting of witnesses provided devastating evidence of his lack of credibility.

Murrow's conclusion, printed below, should have a familiar ring, as we observe the mounting cry against the lies and police state tactics of Cheney, Ashcroft, and the neo-cons:

"No one familiar with the history of this country can deny that Congressional committees are useful. It is necessary to investigate before legislating, but the line between investigating and persecuting is a very fine one, and the junior Senator from Wisconsin has stepped over it repeatedly. His primary achievement has been in confusing the public mind, as between internal and the external threats of Communism. We must not confuse dissent with disloyalty. We must remember always that accusation is not proof and that conviction depends upon evidence and due process of law. We will not walk in fear, one of another. We will not be driven by fear into an age of unreason, if we dig deep in our history and our doctrine, and remember that we are not descended from fearful men—not from men who feared to write, to speak, to associate, and to defend causes that were, for the moment, unpopular.

"This is no time for men who oppose Senator McCarthy's methods to keep silent, or for those who approve. We can deny our heritage and our history, but we cannot escape responsibility for the result. There is no way for a citizen of a republic to abdicate his responsibilities. As a nation, we have come into our full inheritance at a tender age. We proclaim ourselves, as indeed we are, the defenders of freedom, wherever it continues to exist in the world, but we cannot defend freedom abroad by deserting it at home.

"The actions of the junior Senator from Wisconsin have caused alarm and dismay amongst our allies abroad, and given considerable comfort to our enemies. And whose fault is that? Not really his. He didn't create this situation of fear; he merely exploited it—and rather successfully. Cassius was right, 'The fault, dear Brutus, is not in our stars, but in ourselves.'

"Good night, and good luck."

All rights reserved © 2003 EIRNS

[top of page](#)

[home page](#)