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

### **Time to Clean Up the Cheney Problem; Senate Intelligence Committee Probe Must Go Forward**

*LaRouche in 2004 released this actuality by the candidate to the news media on Nov. 10; it will be edited for campaign radio ads to air in Washington, D.C., this week.*

This is Democratic Presidential candidate Lyndon LaRouche speaking. Also, of course, a Presidential candidate in the current Washington, D.C. Presidential primary selection.

There are several matters which have broken out, which are of specific relevance to us in the Washington area, as well as in Washington, D.C., itself. One, of course, is what has broken out on the Senate Select Committee on Intelligence.

If you go back to Oct. 22, at the time that I made a public statement, saying that the time had come, to proceed rapidly on cleaning up the Cheney case, if we wished to have any government, or any decent election process. The following day, the Senate Select Committee heard, on the Valerie Plame case, testimony on that subject.

Since that time, the Senate Select Committee on Intelligence has been a central point of much of the debate about getting discovery on matters pertaining to the way in which Cheney and others faked up the reports, to get the United States into a war, for which there was no need. A war we're trying to get out of now.

Recently, on or about Nov. 4, Fox-TV responded to the announcement of an agreement between the Republican head of the committee, and Senator Rockefeller, on sending letters to relevant parts of the government, to get discovery of the way in which some of the decisions were made, which might have affected the way fake intelligence was conducted through the government, to get us into a war. A perfectly legitimate question.

During that period, of course, people were trying to push things into the CIA, as opposed to into what we know is the problem, which is various agencies associated, particularly, with Vice President Cheney.

Then, on that date, on Nov. 4, Fox-TV sprang this leak, alleging it had a document from inside the committee, which was immediately used by the Republican faction, to try to jam up the entire investigation—really as a way of trying to save Cheney's neck. This is typical of the kind of problem.

The problem here, otherwise, is that the Democratic National Committee, and leading candidates for the Presidential nomination, have so far refused to deal with this thing in a straightforward manner. If they had, then you wouldn't have this jam-up in the Senate. And therefore, you should examine the qualifications of people for President, on the basis on which they are responding to this kind of important issue.

Of course, also, as you all know, I am insisting on restoring the D.C. General Hospital, as a full-service public hospital, in

its former form. And at the same time, of course, reversing the present HMO health policy back into a Hill-Burton-type policy, an issue on which I have a fundamental difference with Dr. Dean, who is for, in his own terms, the HMO policy.

*EIR has compiled the following time-line of events leading to the shut-down of the Senate Select Committee on Intelligence.*

## **TIME-LINE ON EFFORTS TO SHUT DOWN — THE CHENEY-GATE INVESTIGATION — IN THE SENATE SELECT COMMITTEE ON INTELLIGENCE (SSCI)**

### **Wednesday, October 22**

Democratic Presidential candidate Lyndon LaRouche told an international webcast audience: "If you want to get through to next year, to the next election, *get rid of Cheney now!* Tell that man to go!"

### **Thursday, October 23**

At the request of former CIA officers Larry Johnson and Jim Marcinkowski, SSCI holds special, closed-door session on the Valerie Plame Wilson leak.

### **Friday, October 24**

*Moves to cover up:* The *Washington Post* runs a planted lead article, claiming that the SSCI is preparing a "blistering report" blaming the intelligence community, and the CIA in particular, for "overstating" the case on Iraqi leader Saddam Hussein's chemical, biological, and nuclear weapons, and his alleged links to al-Qaeda terrorists. The chairman of the Committee, Sen. Pat Roberts (R-Kan.), is quoted as saying that "the Executive was ill-served by the intelligence community" and its "sloppy" intelligence product, but that the investigation is "95% complete."

*More evidence of intelligence fraud:* A special briefing is held by the Senate Democratic Policy committee, featuring three retired CIA officials: Vincent Cannistraro, Larry Johnson, and Jim Marcinkowski. They highlight the severe damage to U.S. national security resulting from the Wilson leak, and attack the overall faking of intelligence to justify the Iraq war. They also stress that current CIA analysts were under heavy pressure from Cheney and others to produce intelligence that supported the Administration's push for war, noting the "unprecedented" visits to Langley by Cheney and Libby. They disclose that analysts interviewed by the SSCI had "minders" from their agency with them when they were interviewed by Roberts's SSCI staff.

*Rockefeller responds:* Senator Jay Rockefeller (D-W.Va.), the senior Democrat on the Senate Intelligence Committee, holds a press conference to denounce Roberts for trying to rule out the "matter of use" of intelligence by the White House, when this aspect is specifically part of the jurisdiction of the Committee.

Rockefeller makes it clear that he is prepared to utilize a special SSCI rule to conduct his own investigation of how top Administration officials such as Bush, Cheney, and Defense Secretary Donald Rumsfeld, used or exaggerated Iraq intelligence. "All I have to do is to get five signatures that we want to investigate a subject—the use of, for example, of intelligence, the shaping of intelligence, the manipulation of intelligence, or whatever," Rockefeller states. "And there's no way that the Chairman can say that we cannot do that."

*Reports of pressure:* By Friday afternoon, it is reported that Vice President Dick Cheney himself had pressed Roberts to put the blame on the CIA. "A senior administration official, who agreed to speak only on the condition of anonymity, said

Roberts' CIA comments were issued with Cheney's encouragement," reported the Knight-Ridder news service. "The official said Cheney is trying to shift the blame for the lack of progress on Iraq, which is becoming an issue in next year's Presidential and Congressional elections, from the White House to the CIA."

*Roberts backs off:* Later in the day, Senator Roberts backs off the statements attributed to him by the *Washington Post*, saying they had been "mischaracterized." The CIA also holds an unusual press conference, with four senior CIA officials speaking on background, refuting the claims of CIA failure made by Roberts.

## **Saturday, October 25**

Senator Roberts, speaking in Kansas, says that Congress would have voted against the Iraq war authorization, if they had known at that time, what they know now.

## **Sunday, October 26**

Senators Rockefeller and Chuck Hagel (R-Neb.), also a member of the SSCI, appear together on "Meet the Press." Both express anger at the Administration's failure to produce documents to the SSCI. Rockefeller indicates that the Committee would focus attention on the Pentagon units that provided intelligence, outside of normal channels, to justify the war.

## **Monday, October 27**

A senior retired CIA official tells *EIR* that Rockefeller has broken with Roberts, over Roberts' efforts, under immense White House pressure, to stall and obstruct the investigation into the Wilson leak, and into the Pentagon's disinformation leading into the war. He says that Cheney is leading the effort to get Roberts to scapegoat the CIA and the intelligence community for the fake intelligence that stampeded the Congress into voting to give the President the authorization to go to war. He adds that the Cheney crowd is desperate to prevent a serious investigation of the Office of Special Plans (OSP) in the Pentagon, and he believes that the DOD civilians were running illegal covert operations, financed by slush funds maintained by DOD Comptroller Dov Zakheim.

## **Thursday, October 30**

Sometime between Tuesday and Thursday, Senator Roberts does a dramatic about-face, and co-signs letters with Senator Rockefeller, which letters were sent to the National Security Council at the White House, the State Department, and the Defense Department, castigating those agencies for delaying the production of documents which the SSCI had been demanding for months, and giving them a deadline of noon on Friday, Oct. 31. The letter to Rumsfeld specifically named Undersecretary of Defense for Policy Doug Feith; sources cited in news accounts say that the SSCI is looking into the Pentagon's OSP, and also Assistant Secretary of State John Bolton.

A Congressional source tells the *Los Angeles Times*: "By co-signing these letters, Roberts has done what he spent the last two months saying he wouldn't—extending this into the White House."

## **Sunday, November 2**

Senators Roberts and Rockefeller appear on CNN's "Late Edition." Rockefeller insists that the Administration would be forced to deliver all the requested records. He reports that, as of Friday, the State Department and CIA had complied, while both the NSC and the Pentagon had failed to meet the deadline. Senator Roberts "apologizes" to Rockefeller for not yet

informing him that, late Friday afternoon, a very top White House official had called him to promise, in the "spirit of cooperation," that all the subpoenaed records would be turned over. Roberts says his staff received a similar call from the Pentagon. Rockefeller makes it clear that he would reserve judgment on the level of cooperation until he had the material in hand.

Rockefeller repeats his earlier statements about the broad legislative mandate of the SSCI, and says specifically that he is interested in the intelligence leading up to President Bush's Oct. 7, 2002 speech in Cincinnati, where all references to the Niger yellowcake allegations were struck, in contrast to Bush's State of the Union message three months later, in which Bush cited the already-discredited charges about African uranium being sought by Saddam. Rockefeller says he intends to get to the bottom of this shift from "truth to un-truth."

Rockefeller also says that he and Roberts have agreed that there would be personal calls by them to senior Administration and Pentagon officials this week, if they have not complied with the Committee's demands.

## **Monday, November 3**

The *Washington Post* reports that, in addition to the document requests, that Roberts and Rockefeller "have requested interviews with officials of the National Security Council and Cheney's office."

## **Tuesday, November 4**

On Tuesday afternoon, Fox News commentator and talk-show host Sean Hannity reports that he has obtained a memorandum, circulated among the Democratic staff on the SSCI, which, it is claimed, shows that Democrats intend to use classified information to drive President Bush from office in the 2004 elections. In fact, the memo simply reiterates what Senator Rockefeller had said on Oct. 24. The leak memo is posted on Fox's website, and very quickly, on many other websites.

Senator Roberts quickly responds that the memo "exposes politics in its most raw form," and that the memo "appears to be a road map for how the Democrats intend to politicize what should be a bipartisan, objective review of pre-war intelligence."

## **Wednesday, November 5**

Republican Senators take to the Senate floor and press gallery to denounce the Democrats for "politicizing" the Iraq intelligence investigation.

Rockefeller says that Roberts is trying to shield the White House from scrutiny, and suggests that Republicans may have stolen the memo by breaking into a Committee computer. "I would suggest to my colleagues that there is reason for concern today, and it is not for the content of this draft staff memo," he stated. "It was an internal memo, a draft. At some point, the Committee and the Senate are going to have to explore the chain of events surrounding this draft memo, since it raises serious questions about whether the majority is obtaining unauthorized access to private internal materials of the minority."

## **Thursday, November 6**

The *Washington Times* urges, in its lead editorial, that the White House should henceforth be extremely cautious about

providing any classified information to the Intelligence Committee, "until the credibility and reliability of the committee can be re-established."

The *New York Post* editorial demands that the Senate dump Jay Rockefeller from the Intelligence Committee, and conduct a thorough purge of the Committee staff.

Senator Rick Santorum (R-Penn.), chairman of the Senate Republican Conference, threatens to scrap the bi-partisan, power-sharing arrangements in the Intelligence Committee. (Under those rules, either Roberts or Rockefeller can chair a hearing, and the minority party can launch an investigation by obtaining five signatures out of the eight Democrats on the Committee.)

## Friday, November 7

The *Wall Street Journal* editorial demands that, until those responsible for the memo are fired, the SSCI should be "shut down, cleaned out and reconstituted later, preferably after the next election."

Senate Majority Leader Bill Frist shuts down the SSCI, cancelling all activities, including a meeting scheduled for Friday. No meetings are scheduled for next week. In a floor speech, Frist says the plan outlined in the leaked memo would "so politicize the Intelligence Committee as to render it incapable of meeting its responsibilities to the United States Senate and to the American people." He demands a disavowal of the memo's content, and other such actions, including the firing of its author.

## Latest From LaRouche

*LaRouche in 2004 released the following statement on Nov. 8.*

### LaRouche Is the 'Unnamed Candidate' Who Can Beat Bush

Speaking on a Missouri radio talk show Nov. 7, Lyndon LaRouche declared that he is the "unnamed" Democrat who can beat President Bush in 2004. LaRouche was referring to a recent poll showing that all of his so-called rivals for the Democratic Party Presidential nomination, running against Bush would lose, but that an "unnamed" Democrat could beat Bush. LaRouche dismissed speculation that Hillary Clinton was the "unnamed candidate," pointing out that her ambitions extend no further than becoming a Vice Presidential candidate in a hung Democratic Party nominating convention, a strategy which assumes a Democratic defeat in November.

LaRouche's remarks capped a week in which his campaign moved from strength to strength, beginning with the Nov. 3 decision by the Secretary of State of California to place LaRouche's name on the California ballot. California Secretary of State Kevin Shelley selected LaRouche as a nationally "generally recognized" candidate. LaRouche had previously been certified for the Feb. 3 Democratic primary ballot in Missouri, despite a last minute DNC-directed effort to refuse his submission.

The California certification was followed by a smashing victory in the Nov. 4 Philadelphia Mayoral race, where the deployment of the LaRouche Youth Movement secured a massive margin for incumbent Mayor John Street, who was under attack from the Attorney General John Ashcroft's gestapo Justice Department. Then, on Nov. 7, LaRouche was certified for Jan. 13 primary ballot in Washington, D.C., by the D.C. Board of Elections. Washington, D.C. is a hotbed of organizing by the LaRouche Youth Movement, which has carried the campaign to unseat war-mongering Vice President

Dick Cheney into the streets, as well as into the halls of the U.S. Congress. The LaRouche campaign has been running ads indicting Cheney on D.C.'s largest news-radio station WTOP for months.

Overall, it was a very bad week for the Democratic National Committee faction, which has been leading the Democrats into oblivion, and has been desperate to contain LaRouche, who has the only campaign with a significant youth movement, and with demonstrated broad support among the lower 80% of income brackets in the American population.

In Washington, D.C., five of the so-called major Democratic candidates promptly withdrew their names from the ballot, on the pretext that the D.C. primary violates Party rules, a move which was denounced as "gutless" by D.C. Councilman Jack Evans, the author of the D.C. primary legislation. Meanwhile, nominal frontrunner Harold Dean remains on the D.C. ballot, where he will go up against LaRouche, who is known as the champion of the fight to save D.C. General Hospital, and to end the murderous HMO system.

Indicative of the broad support for LaRouche's "unnamed" candidacy, his campaign continues to have the second-largest number of individual itemized contributions of any of the 10 Democratic Presidential candidates, according to the October Quarterly reports made available by the Federal Election Commission.

The LaRouche campaign has announced that the candidate will be touring New England, with appearances in New Hampshire, Vermont, and Massachusetts, the week of Nov. 9, and the Midwest, with appearances in Michigan and Missouri, the week of Nov. 16.

### **LaRouche: To Win the Election, You Must Mobilize a Movement**

*In response to a question asked at his Nov. 1 cadre school, about how to win the 2004 election, Lyndon LaRouche gave the following perspective:*

I would say, first of all, if you want to get 50% of the vote, try to get 70%. If you try to get 70%, you probably will get 50%. In other words, you have to go at this in a certain way: You have to mobilize, not voters, you have to mobilize a movement.

See, people often ask the question, how can we get a certain percentile of the vote? What is the way to get a certain number of individual voters, in various categories, which will add up to a certain percentile? It doesn't work that way. That's the way you *said* it works; it *doesn't* work that way. Because the factor is, people walk into the polls, and most people, on the day they're going to vote, don't know who they're going to vote for. Because they change their minds! They will change their minds, after months of reflection, they'll change their minds, certainly on the day they go into the polls. And they'll tell you that. They do! "I was going in. I decided I was going to vote for so-and-so, but I got there; I'd made a promise and so forth, but I just couldn't do it."

So, what controls the vote? Yes, obviously, the result will be a number of votes cast. But what will determine the votes cast? Well, in anything but an irrational thing, it'll be a movement among people to bring about that effect. So, what you're out to do, is not to try to recruit individual voters, as such. Your object is to create a *movement* for that result, and the *movement* will recruit the voters.

Your problem is, most recent campaigns have involved no significant movement. For example, we have one—Philadelphia, right now. You have a case of a movement, which our intervention intersected. The last time you had a mobilization of so-called African-American voters, politically, that meant anything in Philadelphia, was against Frank Rizzo, the Police Chief and Mayor. This is the first time you've had a similar movement. But, it's more; because, it's labor,

and it's other sections of the population, who are now in a revolt against John Ashcroft and what he represents. And, you have suddenly, a *movement* in Philadelphia. If this "Katzenjammer" is defeated, it will be the movement that causes his defeat, *not* the number of voters that turn out. The movement.

So therefore, if you have a general movement within the population, where people are interacting and saying, "We, as a movement, have to bring about this effect," it generally can happen. It's when it's other than a movement, the vote is unreliable, and manipulable; and most votes recently have been manipulated votes. They are not really movements. They were anti-Bush movements, which got Clinton into office. And also, remember, it was Ross Perot, actually, played a big part in electing Bill Clinton, and didn't get much gratitude from Clinton for that—it was a big mistake on Clinton's part, on NAFTA. But, it's the movement.

## **The Lower 80%**

So, the way to control this process, is to create a mass movement. I have these things which I present, which are necessary, but I always think about how do we get those concepts into the minds of people who are influential within the ranks of the lower 80% of family-income brackets. That's why I did what I did on Oct. 22, on health care. Take a very simple, clear-cut case: The first hour I'm President, in the office, I will issue a Presidential order, setting into motion, the immediate re-establishment of D.C. General Hospital, in the following conditions. At the same time, I will issue, to Congress, a Presidential directive, requesting the Congress to repeal HMO, and restore the Hill-Burton law.

Now, this is something which, in terms of its implications, most people out there, in the lower 80%, who are influentials—that is, thinking citizens among the lower 80%—understand immediately. The big problem, for most people in this country, especially people who are poor, people who are senior citizens, or affected with sickness—and that's over 50; if you're over 50, you are subject to this problem. Disease can hit you, in various sudden ways—normal part of the process. And, if you don't have adequate health care, or a health-care system, you can be dead, or several crippled. Therefore, do we have a system, which is able at delivering a response by society to those threats to our citizens. And people in the categories in the lower 80%, or people who have serious health-care problems, people who are over 50, especially people over 60, or 70, these people become increasingly aware of this problem.

Therefore, if you want to go to the majority of people, you mention health care in the proper way—not just "well, I got a plan for health care, you know; you can buy this cheaply, I can give you a good plan": Garbage! Are you going to deliver? You are government: Are you going to do what is necessary, to make a sudden change in the situation? Yes! What is it? Put D.C. General back into place; slap these guys in the face. Put Hill-Burton into place; cancel HMO. And take other actions of a similar nature, immediately, in the first hours I'm in office: No big plans. Very simple—broad, and sudden.

And that's what people want to hear. And that's the only kind of action that will solve the problem.

You have the same thing on employment. People talk: "What're we going to do about the jo-o-bs pro-o-blem?"

All right, look: We've got a lot people who are not qualified to work! Like the President of the United States, for example. So, what do we do with these bums? Well, if they're young, we'll put them in something like the CCCs. Or, we'll open up the military service ranks, for real training, of an engineering-oriented training; rebuild the Corps of Engineers. We're going to get the jobs immediately into works. For what? For things that are necessary: We've got water problems; we've got power problems; we've got all kinds of problems. We have them, right now. If we can create enough jobs of this quality, fast enough, we can bring the national income, in the states, on the state level and on the national level, up to above breakeven, immediately: Depression is over! The effects of the depression linger on, but the depression, as a process, *is ended!*

So, jobs. What kind of jobs? How is the government going to provide jobs? Well, the government has to provide jobs. How about power and distribution systems? How about large-scale water systems? How about rebuilding the railroads? How about mass transit? You've got all these people spending their lifetimes, wasting them on the highways, in parking lots called "superhighways." Why not put in some more mass transit? Use monorail, other kinds of things that are mass transit, to enable people to move from the places they work, to where they live and so forth, without having to sit in a traffic jam, and spend their life in a traffic jam, breathing other people's auto fumes! And getting angry and wanting to kill the driver in front of you. Bad passions. Bad passions.

So that's the way in which you can influence the voters, is, by stop the crap; stop the nonsense about these elaborate algebraic schemes: "I'm going to make a compromise with this guy, and this guy, and this guy. We're going to make this compromise, and we're going to come up with this bill."

And I think the American people, generally, are sick and tired of these damned bills! They don't mean anything. They're simply ways of saying, "Look, I did this! I gave you this bill! I helped you! You owe me, I helped you. I voted for this bill." And, what'd the bill do for you? Nothing. "But it was a good intention! I was warm-hearted! You gotta give me credit for that." So, that's the problem. - Organizing and History -

If we organize, as a movement, the other thing, the most important thing, which *you* can do, which you do with yourselves, which you do with others, is: You have to make the person you're talking to, a better person. If you can make them a better person, or help to make them a better person, they will be part of your movement. Because that's what people want. That's what makes them happy, is to think of becoming a better person....

To have an understanding, as a human being, of a sense of immortality, is to have a sense that there's a sweep of human history; that European history, in particular, modern European history, is perfectly comprehensible, in general terms. And if you understand it, and you understand what the experience is, of whole generations, over successive periods, you have some understanding of what hit you. As I tell people: I'm 200 years old. Because my culture, even in my family culture, at the family dinner-table, goes back 200 years to a great-great-grandfather, who was born about the same time as Abraham Lincoln. And who was a rather notable figure, in his place and time. So, that's part of your culture.

Now, you go from the family culture, the family/history culture, to the broader environment. Like people in the United States, for example: People, I think some still today—more, say 20, 30 years ago—would trace their ancestry back; Americans of African origin, would trace their ancestry back, consciously, to an ancestor they either knew, or knew about, who had been a slave; and knew the place, where this slavery had occurred. They knew it! They knew what the transitions were. How it was fought. What was the movement like, before then? Isn't that something worth knowing? Because that's part of your identity, is to find out *what happened!* Because, things came down, in your own family, the family circles, from one generation to the other, which have an effect on you, today! Are you able to understand those things, which have an effect upon you, today, from that experience? Can you understand other parts of society, in the same way?

So, when you're looking at the face of somebody, do you realize that what you're doing, face to face? You are representing a confluence of two completely different histories, which have certain points of overlap. And that's all inside you, as transmitted from great-grandfather, to grandfather, to grandmother, to father, to son, and so forth. It's all transmitted. Cultures are not things that simply repeat, according to mechanical laws: Cultures are processes of development, which go through successive generations....

If you understand history, then you begin to understand yourself: Because, if you understand the history that we came from, then, you're able to understand *why you react the way you do*. And why other people react the way they do. You see yourself, not as an individual, like a blob on a page of history; but as an individual, who embodies a cultural process. You embody history.



If you know that, you have a sense of power. You have a sense of being somebody. And you can act. And you can act, for society. You can say, "Look, what we did, in our history, we struggled to bring something into being, something better. We struggled to overcome bad things. We struggled to make things better. That's us! We're not going to betray that! We're going to continue the process, of *struggling to make things better, for future generations*, with a sensibility of what we went through to get here, so far! And all the struggles and setbacks we experienced."

When you convey that, to a population which is confused and frightened, befogged by circumstance, you create a movement, because, when people have a sense of that kind of immortality, that they're an expression of the immortality which is conveyed by this cultural transmission, they have a sense of power; they have a sense that what *they do*, is important for future generations. And they have a sense of pride, in looking back in memory at their ancestors. "Hey! You over there! Look at what I just did." And, it's that sense of pride that gives people a sense of power. And you have to take poor people, who think they have nothing, and give them the sense that *they are something*.

And that's the way you create a movement. That's the way you win elections—really win them.

### **LaRouche on New Hampshire Radio: 'Open Mike' Show with Dan Mitchell, Nov. 5, 2003**

MITCHELL: Well, good morning, neighbors. How are you? Welcome to your open mike program. It is Wednesday, Nov. 5, 2003. We have a great program for you today. It's great, in part, because of you—your contributions made to our phone lines, and our e-mail are a huge part of this local talk-radio program. I'll be letting you comment on anything you wish, in just a little bit. We will talk a little bit about last night's election results, and what it means for the city of Keene, particularly the school board.

First, though, it is back to the stump. The Presidential election is less than a year away; the primary in less than three months, here in the state of New Hampshire, and we continue our commitment to bring you the candidates who desire your vote.

This morning, we welcome back to the program, as he has appeared on it many times in the past, Mr. Lyndon LaRouche. He's a Democratic candidate for President. He emerged over the course of the '70s and '80s, to rank among the most controversial international political figures of his time. This controversy, which also featured such related issues as his efforts to destroy the international drug traffic, and his initiating role in formulating what President Ronald Reagan announced on March 23, 1983, as the Strategic Defense Initiative—you know it as SDI. He's principally rooted in not only domestic U.S., but also global political-economic issues. Lyndon LaRouche, joining us on our program today.

He is familiar to the New Hampshire primary. He's campaigned repeatedly for the office of U.S. President, beginning in 1976, six times for the Democratic Party's Presidential nomination. He's presently a candidate for the party's nomination in 2004. In each of the '76, '80, and '94 campaigns, the leading motive was the same: the virtual inevitability of a long-term downward slide into a global, systemic, financial and monetary crisis, unless certain specific types of changes, in economic, financial, monetary, and social policies were introduced.

In 1988, the theme of the campaign was the imminent collapse of the Soviet Union, and a perspective of early reunification of Germany, beginning in eastern Europe, as early as 1989. And then in '92, the theme was the fact that a financial-monetary mudslide was already in progress. Many of these things, of course, have come to fruition.

We remind you, that you can join us on the program, toll-free, if you have a question.

Lyndon LaRouche, welcome back to WKBK's Open Mike program. Good morning.

LAROUCHE: Good Morning.

MITCHELL: Glad that you could be with us this morning. Obviously a long history, quite a bit of involvement with the Democratic Party's Presidential nomination process, running in '76, '80, '84, and so on and so forth, all the way up to 2004. And I'm sure you get asked this a lot, but I'm curious just like everybody else. And that is, why do you keep running? Why do you keep throwing your hat in the ring, to try to become President?

LAROUCHE: Well, because I've known what is happening, I knew what the changes were. I had as much as 25% of voting support in the population at various times during the 1980s. So, it wasn't a lost cause, but nonetheless, for various reasons, including machinations of some interest, it didn't work out. But, nonetheless, what I said is on the record. People who voted for the other guy, made a mistake.

And now the time, with the lower 80% of family-income brackets going into a disaster—a loss of employment, a crisis of the economy, in general, the war dangers—these conditions now exist, and the time has come when people will have to reflect, and reconsider, the decisions they made at earlier times. The fact that I ran before, doesn't really mean too much, from the standpoint of the negative side. History works in multiples of generations, and if you're inside a generation, or two generations, as I sort of have been, then you're working within those generations, to change the thinking of the generation. The time has come when events have confronted these generations, both the people who were, shall we say, Baby Boomers back in the 1960s, and their children, who are now mostly university age, they are now confronted with a terrible threat. And the question is: Can we solve it? Yes, we can, and therefore my having been around, means that I have a proven, and that is precisely what people need today.

For example, many people look back to Franklin Roosevelt, as an example of how a nation, driven into a crisis by the misleadership of Coolidge and Hoover, was saved by Franklin Roosevelt's leadership. Now, that's the way history works, and I'm part of history, and I have a mission.

MITCHELL: As far as that mission, and your platform, and what you bring to the table, and your background, and history, relative to economics, and foreign policy: Has your platform changed very much? Or is it more of an evolution in the last 30 years?

LAROUCHE: No, the conditions have changed, but essentially the characteristic feature—. First of all, this thing started with me, really, in Rochester, New Hampshire, where this evolution began, when I was a youngster. But it started essentially in the postwar period, where I saw successive changes, which, in my view, were a violation of the implicit commitment, which our government had made under Roosevelt, to the postwar world—what his intention had been.

Then, while I liked Eisenhower, because he was sweet relief from Truman, who was a disaster for us, we began to go in a direction economically, which I saw as a disaster. Then, with the missile crisis, the assassination of Kennedy, the entry into the Indo-China war, officially, I saw that we were in trouble, long-term trouble. And therefore, I found myself being pulled into serious politics, knowing that the alternative to this track we were going on, a track toward a financial collapse, economic catastrophe, and potential wars, that this had to be addressed, and so I've devoted most of my life to that.

Conditions have changed somewhat, but the basic characteristic of the long spin, of the past 40-odd years, has not changed. We've been going down that road, the same road, all the time.

MITCHELL: Lyndon LaRouche is with us in our first hour of our open mike program. You're welcome to join us.

Taking a look at some of the plans, ideas that you have for this country, some are perhaps viewed as being a bridge forward, others certainly, to use a term that was used before, a bridge back in time, you desire a return to the best features of the 1950s Bretton Woods system. Hopefully some folks are aware of what Bretton Woods means, seeing it's here in New Hampshire, and the meetings that took place. But can you explain how this would work for America, and what the intentions would be in borrowing from the meetings of Bretton Woods, back in the '50s?

LAROCHE: Well, the mistake was to abandon it. Remember that in the end of the war, the United States was practically the only world economic power, and we used the power which we had developed, largely under Roosevelt's leadership, to carry through a reform of the international monetary system, which Roosevelt had prescribed. This was known as the Bretton Woods system, so-called because of the 1944 conference up there, under Mt. Washington. This system worked. The U.S. dollar was used to provide the strength for a new monetary system, under which Europe recovered—there was prosperity to some degree in various parts of the Americas, and we recovered and prospered.

This continued, essentially, with some fits and starts, until after the wake of the Kennedy assassination. We began to drift in a change from being a producer society—you can count the number of lost farms and factories in New Hampshire, or across the border in Massachusetts, just as an example of that. We have *ceased* to be a producer society. We are now like ancient, decadent Rome, under the Caesars; we are a consumer society, and becoming a pleasure-seeking society, rather than a productive one.

As a result of this change in our own policies, and those of other countries, and the system, we went into a 1971-72 change, to what's called a floating exchange-rate system. This is intrinsically an inflationary system. We have destroyed industry around the world, except for countries we use for virtual slave-labor, like China, countries in South America, like Mexico, and so forth—we used them for virtual slave labor. We unemploy our own people. The standard of living collapses, physically; for the lower 80% of family-income brackets, this has been a catastrophe, an accelerated catastrophe, since about 1977.

So, we've come to the time that we have to say, we made mistakes under Coolidge and Hoover. We corrected the mistake under Roosevelt. We've committed terrible mistakes during the past 40 years, in terms of trend of policy-making, both internationally and nationally. The only solution for the world is to go back to a fixed exchange-rate system, with a high degree of regulation—you need regulation to do long-term investment. And therefore, the model, which has been successful in the past, was the Roosevelt/Bretton Woods model, and I simply propose that we have to go back to that, because people can understand it, because it happened.

MITCHELL: What changes would have to be implemented, and what impact would it have on the American people? If I'm sitting at home right now, sipping coffee, listening to Open Mike, how would that affect a 25-year-old, just getting started in business, or out there in the working world? How would it affect somebody middle-aged, 45-50? How would it affect retirees? What would the impact be on America if we went backward to readopt the plans from the 50s?

LAROCHE: Well, there's no place in the world, actually, that can do what we can do for the world. Remember, our Constitutional system—our Presidential system, with the checks and balances built into the lawmaking process the Congress—is the finest institution the world has ever known, in terms of a political institution. No other country in the world, has had a constitution which has survived as ours has.

Now, this is not accidental. But under our Presidential system, as distinct from the so-called Anglo-Dutch Parliamentary model you run into in Europe, in a crisis, the President of the United States can act on the basis of the Preamble of the Federal Constitution, to defend the general welfare, our national sovereignty, and the welfare of our posterity. Under that authority, the President of the United States can go to other countries, in a crisis like the present one, and say, "We're putting the international bankrupt monetary-financial system into receivership by governments. We'll do it for our

government, you guys do it for yours. We are then going to use our common authority, as governments, to establish a new monetary system—that is, to take over the present IMF, and reform it, and switch it back to becoming the kind of system it was before."

Now, we have a lot of bankruptcy. The general-welfare principle means that the U.S. government must act, to make sure we do not have a social catastrophe: that businesses do not shut down; that banks do not close their doors; that states do not go bankrupt; and that we have a program of growth, stimulated by the U.S. government, starting with heavy investment in much-needed basic economic infrastructure—power generation and distribution, water management, mass transit, urban renewal, health care, education. These are great needs of the nation right now, physical needs. We should invest in these things for the future. Increase our employment, to bring the economy up to breakeven, and then build our way out of it, using the power of the Federal government, to create long-term credit, to enable us to go along with these projects.

This means a bankruptcy reorganization of the United States, and of most of the world, but, as in any private bankruptcy, the object should be, if possible, to save the entity that's bankrupt; don't close it down. You can not close down a government, you can not close down a nation. You can not destroy the people. You must save the entity, and the entity is our economy, our government.

MITCHELL: Again, though, having to convince not only the United States, but you'd have to convince the rest of the world to go along with this as well, obviously not a small task.

LAROUCHE: That's why I spend about half my time outside the United States, and not only in other countries, but in communication with leading circles in other countries. Right now, I happen to be a significant factor, as a Presidential candidate, and a personality, in international affairs. There are no important governments around the world that don't know me, and do not follow my ideas very closely. Many of them tend to agree with it.

For most governments in Europe, for example, or Eurasia, many parts of South and Central America, my becoming President would be something they would pray for. And therefore, given the fact that they know there's a crisis, under conditions of crisis, and with leadership by the moral authority, the historically-determined moral authority of the United States, the President of the United States, if he is trusted by these people, as I am, for what I am, will tend to act in concert with the United States, for a common solution, for a common problem.

MITCHELL: Lyndon LaRouche is with us on our Open Mike program. Good morning, you're on Open Mike with Lyndon LaRouche.

QUESTIONER: Good morning. I'm listening to you talk, and I'm wondering, you sound vaguely like a Socialist to me. Is that what you are? Would you say you're a socialist?

LAROUCHE: Pardon me?

MITCHELL: He wants to know, he says that you sound like a socialist. He wants to know, are you a socialist?

LAROUCHE: Well, socialist is a funny thing. No, I'm strictly, as anyone who follows me knows, who reads what I write and sees what I do, sees the fights I get into, no, essentially, I'm a Democrat in the Franklin Roosevelt tradition.

QUESTIONER: That means you're a socialist.

LAROUCHE: What?

QUESTIONER: That means you're a socialist.

LAROCHE: Well, that's a funny definition of a socialist.

QUESTIONER: You want more big government. You think Roosevelt was a great President, when he gave us the New Deal, which is nothing but Socialism, and you want more regulation? You're absolutely out of your mind, if you want more regulation. That's my comment to you.

LAROCHE: (chuckles) Okay, you've made your comment.

MITCHELL: Lyndon LaRouche is on the program. I'm guessing that's not the first time you've been referred to as a socialist, though, is it, Mr. LaRouche? I'm going out on maybe a small limb, there, to guess that.

LAROCHE: Generally, you find the John Birch Society is somewhere in the woodwork when that thing comes up.

MITCHELL: As an economist, you've long touted a new world economic order. You've already started to explain it to us, and what its impact would, or could be, on the United States. Something that's very important to a lot of Americans is, having good jobs, good paying jobs, jobs with benefits. Job security is part of it too. There are a lot of people in a lot of places where there are good jobs, well-paying jobs with benefits, but people always seem to be a little bit nervous about those jobs going overseas. It's one thing to prevent jobs from going over seas; it's another to try to get more jobs back here. How would your plan assist the workers, the laborers, in the United States?

LAROCHE: I'm taking on a monster—it's called Wal-Mart. Now the problem of Wal-Mart is, that when it goes into an area, it goes to the businesses which seek to become vendors to Wal-Mart, and tells them, recently, that they will shut off their account, if those vendors do not shift the production of what they sell, to cheap-labor markets overseas.

So, therefore, when Wal-Mart moves into an area, or similar firms do the same—but Wal-Mart is the biggest and most notorious at this internationally—it means a shutdown of employment, in the area wherever Wal-Mart moves in. It's a catastrophe. People have sometimes brought in Wal-Mart with state, local subsidies, and they found out that the subsidy that they gave to bring Wal-Mart in, has cost them more in lost tax revenue, than anything else. So, there was no benefit to it.

Now, the problem is, we have a mentality in the United States, that says, "Let's ship our jobs out to cheap-labor markets, especially in China." And that's what's happening. We have, systemically, destroyed our basic economic infrastructure. We have destroyed our production and distribution of power. We have destroyed our mass-transit system. We have destroyed our water-management system—it used to be fine. We have destroyed many of our urban areas. So, we've come to a point, that Americans no longer have many skilled jobs. Many of these industries have been wiped out. Many areas don't even have a memory of the kind of high-tech competence we used to have, say, in the New England area, back 20-30 years ago. It's gone, since the 1966-67 downturn in the space project, when Route 128 and so forth, was a big booming area of science. So, we've lost it.

Forget this free trade system. Forget it. Go back to a protectionist system of the type we used to have, and promote high-tech employment. Promote it in terms of educational programs which produce young people who are capable of entering the market. Stimulate the creation of industries. Help the industries to develop, which will provide the employment, and you should have a target area.

For example, on the Hill-Burton Act that we adopted at the end of war, the health-care act, before this HMO nonsense. We used to say, that we have to look at every county in the United States, on health care. We have to look at the beds, and the capacity of hospitals, and so forth, in each county. We have to set a target for what we're going to achieve in standards of health care, in each county. We will now operate with private health care system, with public hospitals, and forth, to create that system.

We have to do the same thing with the economy generally—like the state of New Hampshire. You have to have targets. What are you going to do for the state? How are you going to provide the employment? How are you going to meet the needs? So, therefore, you bring the people together in the state, and other interests involved, and you work together to work out a general plan, of how to stimulate the growth of industries you want, agriculture you want, and help to make it happen.

Government has often as much a steering responsibility, as an actual direct action.

MITCHELL: Lyndon LaRouche, is with us on the program this morning. You've heard parts of his economic changes and plans. What would the cost of this be? We're also going to talk about the war on terrorism. So stay with us.

[Station break]

MITCHELL: Lyndon LaRouche, a Democratic Presidential candidate, is with us once again. If you have a question about his policies, you can give a call....

Some of the changes you were just talking about relative to the economy—restoring jobs to this country, making sure that we're not losing labor to outside entities, whether they're foreign-owned companies or American companies that are operating abroad. What would the cost of implementing some of these plans be? Would it be a matter of giving tax incentives, which perhaps means taking money out of this Federal government's hands? How do you decide what locations, and what areas, would get aid before others? What would the cost of implementing some of these plans be, to restore these jobs, and to increase research and development, and to help stimulate job growth, as you put it, in this country?

LAROCHE: Well, first you start, in economics, not with just the current cost. You take capital factors, physical capital factors, as distinct from money capital factors. And, for example, if you're building a power plant—and we need a lot of power generation, distribution, say, in the New England area now—for security reasons, among other purposes. Now, what's that mean? We're going to have to invest in multi-billion-dollar enterprises. These enterprises will have a capital life cycle of 25 to 50 years. That is, they may require improvements, and maintenance, and so forth, of the process, but a capital life-cycle of one to two generations.

Now, what you do is, you have to create the credit, to create the capital. The government will have to get into that, in a big way, at the beginning. As you develop utilities, for example, you will then try to go back to the old utility system we used to have—as we developed it in the 1930s. That is, you will hive off government investments, which started as government investments, you'll hive them off by selling the bonds, stocks, and so forth in these utilities, to private interests. So gradually, the government is recycling its credit in that form.

You regulate the system, to ensure fair prices for these utilities. You do the same thing with mass transit. For example, take the rail transit. Look at how many hours people spend on the highway, commuting, because the highways are overjammed, because our mass-transit system is lacking. Look what happened to the railway system in New England, for example. I used to travel on it a lot, and it just doesn't exist, virtually, any more.

Water management—it doesn't exist. So these things have to be done.

We have a great shortage of adequate hospital facilities in the country, largely a result of the recent developments around HMO. We're going to have to put that back. We're going to provide affordable health care to our citizens. This is a national security question, as well as it is another question.

But the basic thing here, is to bring the level of productive employment up above breakeven for the state economy, and the national economy. That is, by increasing the number of people employed, rather than cutting employment to try to save on costs, increase employment in order to raise the tax-revenue base.

Now, one area I would actually increase tax rates: in the purely financial capital gains area. I would repeal Kemp-Roth, or get the Congress to do it. And repeal similar legislation. I would go back to the philosophy of President Kennedy on the investment tax credit. If an investor will invest in building a firm—capital investment—we will give him a credit, as Kennedy proposed, a credit for investing in the firm, rather than taking the income out of the firm for spending otherwise.

So, therefore, the thing is, to direct the flow of capital, and savings, into directions which sustain investment in these directions, and to give government protection for those who are doing it. And give benefits, in terms of tax benefits, especially in the lower-income brackets—that's where you get the biggest benefit. And to those who have swindled us, in a sense, on Wall Street, by these big swindles, which are based on things like Kemp-Roth—this kind of swindle will end. That area will be heavily taxed. Whereas on the lower end, where we need the improvement, where we need the savings retained to maintain life, or to invest, there we should be lighter on the taxation.

MITCHELL: Lyndon LaRouche is with us on the program, a Democratic Presidential candidate. Has been, really, since 1976. If you have a question, or a comment... Talking about taxes, and talking about the economy of the United States, it was announced last week that America's GDP had increased over 7.1%. This is the largest span of growth in some 19 years. The White House took some credit, crediting their tax cuts and rebates for the economic stimulus. Are they accurate? Was it because of this plan? How long will it last? Is it a quick fix? Or is it something that will be a legitimate stimulus to our economy, so that we can go through some more boom years?

LAROCHE: That report is a complete fraud, largely by the Federal Reserve system, and the relevant parts of the Federal government. It's a politically motivated fraud.

You look at the collapse of employment, you look at the auto industry, for example. The United States economy is collapsing, and all these figures that show growth, are a bunch of fakery. They go in the same class with the Enron accounting system, and you might say the Federal government, under Bush, is now operating under the method of Enron accounting systems. That is a swindle.

We're in the process of collapse. All it would take is one prick in the international mortgage-based securities market, to set forth a chain reaction. If the interest rates are raised, as they were in Australia today, if that process goes on, you're going to find a sudden pricking of the bubble, and you're going to find a chain-reaction, catastrophic financial collapse, which will hit fast. That is looming right there. And what we're getting from Washington, from the Enron mentalities in Washington, like Halliburton and so forth, we're getting fraud. There was no increase in growth in the real economy. It was all fiction.

MITCHELL: Let's take a look at some other issues outside of economics, although economics is definitely related. I want to know your impression of the effect this long war in Iraq will have on the United States, and, in part, obviously the economy.

LAROCHE: It's a disaster. What happened is, at a certain point in the process of the attack, the Iraqi military vanished. One day, it just vanished. It didn't vanish, but it appeared to vanish. They quit.

Now, what they did was something like what happened in Vietnam. There are still the military-trained people in Iraq—they're there. They are fiercely patriotic. Whether it's Saddam Hussein or not, they're patriotic; they're Iraqis. Therefore, what's happened is, you find that the people who had this military training—and there are several million of them—who went into the landscape, have now come back, realizing that they have to fight asymmetric warfare in dealing with a power like the United States. Don't try to compete with it in terms of big weapons. Compete with it, man to man.

Now, this becomes the kind of resistance warfare, or guerrilla warfare as we used to call it, or it's called irregular warfare. the United States does not have the means, or the manpower, to sustain an occupation of Iraq under these conditions. However, for purely political reasons, reasons of the election campaign, on the Republican side, the war is kept going. We should be out of there. We don't have the means to deal with the situation. The casualty rate will increase. We don't have the money to pay for it. We should enter into an agreement with countries, especially in Europe, on an agreement where we can get out of there, and put something else in there, with the consent of the Iraqi people. They are going to have to rebuild the place, not us, but we can provide the environment under which this occurs. We've got to get out of there. We've got to get rid of the people in our government who got us in there—a totally unnecessary war. We have to change our relations, back to good relations, with our European friends, and we can handle the problem.

But if we try to stick it out, and try to pretend we won the war, and to say there are nothing but terrorists there, we continue that foolishness—yes, we will get out, under Bush, probably four months before the election, 2004 election. But they don't want to get out now, while the hot phase of the primary campaign is on. So, there's going to stick in there, keep the war going, eat up more and more casualties, in what is a losing war, something comparable in its foolishness to the Indo-China war back in the 1960s.

MITCHELL: Lyndon LaRouche, your guest on the Open Mike program. When it comes to the war on terrorism, if you were President, how would you fight the war on terrorism, and also explain, if you will, your opinions as to why America is under such attack from radical Muslim factions. How do we stop it? How would you fight the war on terrorism, and why are we being attacked in the first place?

LAROCHE: Well, what the problem is, is the way the war on terrorism is described by the Bush Administration, is a fraud.

Now, there are organizations which exist, of which al-Qaeda is one, which do operate in a mode which is called terrorist. But terrorism generally comes under the heading of irregular warfare. The capabilities of al-Qaeda is not what was represented by Cheney and Co., from Sept. 11 of 2001. So, the problem is: The general picture of a war against terrorism, by the Bush Administration, is a fraud. There is terrorism, but the way you deal with this is, you cooperate with other countries to create an environment in which you can isolate the terrorist phenomenon.

The problem is, that what we're going—and remember, we did this with the Iran-Contra operation. We actually built up the terrorists. Osama bin Laden is a creation of Iran-Contra. He's still running loose, that section of al-Qaeda. They went into the Muslim Brotherhood, which is a well-known organization, and they recruited people from the Muslim Brotherhood, and the Muslim Brotherhood participated in recruiting Islamic religious people to fight this war against Soviet Union in Afghanistan.

We also, at the same time, ran a drug-financed war through Iran-Contra, in Central and South America. So, we, the United States, and the British, chiefly, created much of the stuff we call terrorism today, international terrorism today. That is a problem, it's a real problem especially in the Americas, especially around drugs. Drugs are the biggest security threat to the United States. George Soros, who supports legalization of drugs, is one of the worst security threats to the United States we have, and he's trying to take over the Democratic Party.



So, we have a terrorism problem, which I'm sort of expert at dealing with, politically. I know how to deal with it. But we do not have the terrorism problem, as represented by the Bush Administration, and its propaganda.

We do have a problem of lack of national security, and the present policies of the Bush Administration create that problem.

So, therefore, the time has come for a change. If you want to call yourself a Republican, think back to Eisenhower, that kind of change. We have to go back to some kind of sanity in world affairs.

The United States has great power, not so much its physical power, but moral authority because of our history. If we have a Presidency, that uses that moral authority, and uses our actual influence, we can handle most of these problems without getting into war. I think there is no reason why we should expect a war in the future, if we do that. However, if we continue with the policies which are pushed by Cheney, we will be in asymmetric nuclear warfare, around this planet, coming a few years down the road.

MITCHELL: Well, that brings up the issue of North Korea. They're separated in many respects, obviously, from the radical Muslim factions that are creating terror in this country, and for Americans in other nations, friendly to America abroad. How would you deal with North Korea? And the situation where everything from selling arms to our enemies in the Middle East, to threats of nuclear war, if not on our shores, than with some of our allies and friends in their area of the Asian-Pacific. How would you deal with North Korea?

LAROCHE: We don't have to do much dealing with them. Actually, Clinton was doing a fair job with this. The Sunshine policy of the former government of South Korea, and of the present government, are policies that will work. The policy—the North Korea problem, as it exists now, is chiefly a creation of the Bush Administration. What we have going, which I've been involved in with various people, is to get Russia and China to play a key role, with a group of other countries, in dealing with North Korea—that is, to cut the deal that will ensure these problems are fixed.

Now, North Korea does sell things all over the world. It's a poor country. Many of its people are in miserable condition. They sell what they have, to whomever they can sell it to, for money, for income. They do that. They also have a crazy idea, that if they develop nuclear weapons, they can blackmail the United States into giving them favorable conditions—which I think is nuts. The Russians have told them it's nuts. The Chinese have cooperated.

So, the United States is not in real trouble. If I'm President of the United States, I don't have a problem with North Korea. I have a North Korean problem, but I don't have a problem of dealing with it. I have South Korea. I have Japan. I have Russia. I have China. I have other relevant countries, who have influence in that area, and we can work out a package, which the best people under Clinton tried to do, we can work out a package which will stabilize that area—there will be no problem.

MITCHELL: In the next couple of minutes, I wanted you to address two other issues that I know are important to our listeners here in Keene, New Hampshire. Your thoughts about reforming our public-school system.

LAROCHE: Oh, the public school system is an absolute disaster.

I've organized a youth movement around this Gauss 1799 Fundamental Theorem of Algebra, as a way of trying to focus upon the way ideas have to be communicated. Now, that's on the upper, or secondary-school level, or university level, but that method has to be brought down. What we're doing now in our education, is a disaster. The changes in educational policy, in the United States, from about the middle of the 1960s on, has all been for the bad. We are producing—on top of everything else—don't forget the drug problem. Don't forget Ritalin problem. Don't forget Prozac problems. We are

drugging our children in the schools, to the point that they become dumb. They become crippled. We are spreading a drug problem, by our Ritalin and Prozac policies in the school system. That's only typical—the books we're giving them is about the same thing. We've got to change that thing. We've got to mobilize the people in the country, to say we're going to change the system. This is not just a Federal government responsibility; this is state and local government: We've got to get the relevant people together and say, "We're going to make a change in educational policy."

MITCHELL: The other issue I wanted to ask you about, Lyndon LaRouche, how would you want to change, or improve, or reform, Social Security, Medicare, and Medicaid.

LAROUCHE: Well, I would stop stealing from Social Security. Remember, we loot the Social Security fund, in order to balance the Federal budget. And then, we turn around to the people who paid in the funds, or their employers have paid in the funds, and we tell them there's not enough money to meet the needs of Social Security requirements. So, this is a fraud. We simply have to restore the Social Security system, with its original intent.

Now, on the health care: We have to repeal the HMO law, which was put in by Nixon in 1973. We have to go back to the Hill-Burton law, in which the Federal government participates as a partner with state and local governments, and private interests, in creating a hospital-based system, under which we can care economically for everyone. The idea that everyone's bill should be paid by directly by insurance, that that's the way the cost of health care should be met: No. Wrong! What you do is you provide a system which can take care of the health-care needs. You estimate what the sources of funds are, for paid-in plans, like Blue-Cross/Blue Shield, from the old days, or other health care—what can they pay in to cover the costs of maintaining the system in that county?

[But, we] have to raise some more money, because this does not cover all the costs we have to cover, because we have people who don't have any more money at all. We've got to take care of them. A man drops in the street; he's got to go to the emergency ward, he's got to be cared for. You'll find out two days later where the money is. Maybe he has none, we're still going to care for him. So, we've got to build that kind of Hill-Burton system. And rather than putting the load on these funny plans, this funny accounting system—forget it. Go back to what worked before. Hill-Burton worked, and the kind of paid-in systems, and other kinds of systems we used to sustain the system, worked fine. Go back, and put it back again. Put back what we destroyed.

MITCHELL: Lyndon LaRouche, we appreciate your time this morning in answering our questions. Back in the political scene, running for President, seeking the Democratic nomination, and a goal that you've had since at least 1976. If people want to learn more about your campaign, about who you are, and about some of your beliefs, how do people get in touch with you? How do they learn more about the Lyndon LaRouche Campaign?

LAROUCHE: Well, of course I have a website, as anyone who's fashionable does. It's [www.larouchein2004.com](http://www.larouchein2004.com). Otherwise they can write or call toll-free an 800 number, 1-800-929-7566. Or they can write at P.O. 730, Leesburg, Va., 20178.

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**Feature:**

## **Youth's Victories Put LaRouche Campaign at a Turning-Point**

**by EIR Staff**

"We Interrupt This Probe—for a Landslide," headlined one of the Philadelphia newspapers on Nov. 5. Attorney General John Ashcroft's targetting of the Pennsylvania Democratic Party, and his near-successful attempt to knock out Philadelphia's Mayor John Street with a "corruption investigation," had been turned—by a sudden mobilization of the LaRouche Youth Movement—into an overwhelming 60-40% re-election for Street; another powerful reason for Ashcroft to resign; and another victory for Presidential candidate Lyndon LaRouche's 2004 campaign strategy.

- **Philadelphia Could Once More Change the World**

This statement by Democratic Presidential candidate Lyndon LaRouche was released on Nov. 5 by his campaign committee.

- **Thousands of Youth With a Passion for Truth Will Determine 2004 Presidency**  
**by Lyndon H. LaRouche, Jr.**

LaRouche's speech to a cadre school of the LaRouche Youth Movement in Philadelphia on Nov. 1, and a selection from the questions and answers.

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## **International:**

### **Russia: At the End of an Oligarchical System?**

**by Roman Bessonov and Rachel Douglas**

The "oligarchs," that small group of aggressive wheeler-dealers who, as "partners" of Western mega-speculators like Marc Rich and George Soros, exploited every opportunity in the course of free-market and privatization reforms to seize the national wealth of Russia and build their own fortunes, are losing power.

### **The United States Is Losing the Iraq War**

**by Muriel Mirak-Weissbach**

The shooting down of an American CH-47 helicopter in Fallujah on Nov. 2 continued the steady escalation and coordination of guerrilla military operations by the Iraqi resistance. "The Iraqi military is in the process, now, of winning the war," said Lyndon LaRouche. "This is not a mismanagement problem: The United States is losing the war! And, it's losing that war in the same degree that it lost the war in Indo-China."

### **Lessons To Be Learned: Iraqi Resistance to British Occupation 80 Years Ago**

**by Hussein Askary**

Because of the foolish policy of Dick Cheney and his neo-conservative cronies, the situation in Iraq is moving rapidly toward an explosion. This most likely will recapitulate the 1920 Iraqi revolt against the British Empire, in which Sunnis and Shi'ites joined forces for national liberation. That revolt created a political legacy whose memories are still vivid in the minds of at least two living generations of Iraqis. It shaped a true anti-imperialist sense, which none of the British puppets and military dictators who have ruled Iraq since, could erase.

### **'LaRouche Brings Good Tidings' to Arab World**

**by Our Special Correspondent**

Lyndon LaRouche's Democratic Presidential candidacy has been receiving a lot of recognition in the Arabic press, following the candidate's campaign press release of Oct. 14 that warned of Vice President Dick Cheney's backing for Israeli Prime Minister Ariel Sharon's plans for a nuclear strike against Iran.

### **With Road Map Stalled, Geneva ME Pact Gains**

**by Muriel Mirak-Weissbach**

Peace can be made in the Middle East. This is the message of the Geneva Initiative launched by Israeli Yossi Beilin and Palestinian Yasser Abed

Rabbo, both former peace negotiators. The draft accord for comprehensive peace between Israel and the Palestinian Authority, although not a government initiative on either side, has been endorsed by significant forces inside Israel and Palestine, and is gaining international recognition.

## **IMF Agenda Costs Uribe The Colombia Elections**

**by Maximiliano Londoño Penilla**

We may soon see unleashed in Colombia a social explosion of the same proportions, or worse, than that experienced in Argentina and Bolivia, because of the stubborn insistence of President Alvaro Uribe Vélez on sticking with the miserable recipes of austerity and economic depression decreed by the International Monetary Fund (IMF).

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## **National:**

### **'Cheney-Gate' Escalates as Probe Becomes Official**

**by Jeffrey Steinberg**

With the announcement by Sen. Jay Rockefeller (D-W.V.) that he had obtained a pledge from Senate Intelligence Committee Chairman Pat Roberts (R-Kan.) to open a formal probe of the pre-Iraq-War intelligence process, "Cheney-gate" has moved into an intensive new phase.

### **Ashcroft Under Attack, Hides From Critics**

**by Edward Spannaus**

Are John Ashcroft's days numbered as Attorney General in the Bush Administration? Some observers think they are— for just as Vice President Dick Cheney and his neo-conservative cronies have become a liability to the Administration, so Ashcroft is being seen in the same light, as he comes under increasing fire, while refusing to face his opponents.

## **Economics:**

### **Wal-Mart Is Not a Business, It's an Economic Disease**

**by Richard Freeman and Arthur Ticknor**

The Wal-Mart department store chain, which employs 1.3 million people at 4,700 stores worldwide, and in 2002 became the largest corporation in the world, is destroying economies in America, other industrial nations, and the Third World. It's time to shut it down!

### **A Tale of Two Nations Is Told at German-Chinese Economic Conference**

**by Jonathan Tennenbaum**

More than 200 top representatives of German business and economics organizations attended a 'German-Chinese Economic Congress' Oct. 22-24, organized in Berlin by the leading business weekly Wirtschaftswoche in cooperation with Berlin's Asian-Pacific Forum, China's Economic Daily, and the China-Europe Association for Technical and Economic Cooperation (CEATEC)....the congress ...evoked unusual reflections on the profound economic and social crisis now gripping Germany and other Western countries.

### **Korea Trade Meet Opened With LaRouche Strategy**

**by Kathy Wolfe**

The Korea Trade Research Association's Oct. 31 conference in Seoul was opened with a presentation of U.S. Presidential candidate and EIR Founding Editor Lyndon LaRouche's Eurasian Land-Bridge strategy for rebuilding the depression wracked global economy, and his New Bretton Woods monetary reform to finance it.

- **New Silk Road Requires a New Monetary System**

Dr. Jonathan Tennenbaum's presentation to the conference, "Vision for Korea as a World Trade Hub," on Oct. 31 in Seoul.

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## Science and Technology:

### A Look at Eastern Europe's Secret Space Programs

The history of the Eastern European space programs under the Soviet Union, long unknown, is yielding some new and sometimes surprising revelations. Marsha Freeman reports on a conference in Bremen, Germany of the International Astronautical Federation.

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## U.S. Economic/Financial News

### **Mutual Funds Fraud Probe Expands; Threat to Global Market Mooted**

The U.S. Securities and Exchange Commission (SEC) and New York Attorney General Eliot Spitzer have expanded their investigations against illegal trading practices by the U.S. mutual fund industry, which presently holds about \$7 trillion in assets. The firms being investigated by Spitzer include the Wisconsin-based mutual fund, Strong Capital Management; the Phoenix-based retirement fund, Security Trust Co.; the New York broker, DC Capital LLC; the Janus Capital Group; as well as Bank of America Corp. and Bank One Corp. On Nov. 4, the U.S. arm of Deutsche Bank became the latest target by Spitzer. All these financial institutions are believed to have engaged in illegal "late-trading" or "market-timing." The firms allowed "special" customers, such as hedge funds, to trade stocks after the closing of the stock exchanges at their closing prices, but making use of latest information. If, for example, a company put out a profit warning or some other ugly news after the market closed, a customer could make an excellent deal by selling the stock at its closing price, that is, before it collapsed the next day.

Meanwhile, the SEC has accused 450 U.S. brokerage firms of systematically overcharging investors for mutual-fund purchases. At a hearing in Washington on Nov. 4, the SEC furthermore said that 10% of top U.S. mutual funds, and 25% of U.S. brokerage firms, may have been involved in illegal late trading. Senator Peter Fitzgerald, chairman of the Senate Subcommittee on Financial Management, noted that the mutual-fund industry, which once had been a safe haven for small investors, has now turned into "the world's largest skimming operation."

The investigations have already led to some dramatic consequences for the mutual fund industry. On Nov. 2, Richard Strong, chairman of Strong Mutual Funds (\$43 billion in assets), had to announce his resignation. On Nov. 3, Lawrence Lasser, founder and chief executive officer of Putnam Investments (\$270 billion in assets), was forced to resign. Putnam is the fifth-largest U.S. mutual fund. In the week before, state pension-plan managers had pulled out more than \$4.3 billion out of Putnam funds after the firm was charged with securities fraud by the SEC. By Nov. 7, the pullouts from Putnam had already grown to \$9.4 billion. These developments are unprecedented in recent history and could turn into a threat to global financial markets. If investors pull out capital from a fund, the fund first needs to generate cash, which it can only accomplish by selling assets, such as stocks or bonds.

### **Freddie & Fannie Pose 'Systemic Risk'**

Fannie Mae and Freddie Mac are posing a "systemic risk," said U.S. Council of Economic Advisers chairman Gregory Mankiw. Addressing a conference of state bank supervisors on Nov. 6, Mankiw noted that the activities of the two mortgage-finance giants have become "gigantic" in recent years, partly because they receive government backing. While the debt of Fannie Mae and Freddie Mac is not formally guaranteed by the U.S. Treasury, the government's sponsorship is

widely believed to include a public bail-out in case of financial emergency. Mankiw said, "The subsidy creates a source of systemic risk for our financial system." Even a small error in risk management by the companies could cause ripples in U.S. financial markets, he said, and then called for tougher oversight of Fannie Mae and Freddie Mac.

## **Fannie's Mobile Home Loans Turn into 'Trailer Trash'**

Fannie Mae, one of the two giant institutions that dominate the U.S. secondary housing market, holds \$9 billion of manufactured home/mobile home loans, which are in trouble, the *Wall Street Journal* reported Nov. 3. Some 70% of the Fannie Mae holdings of mobile-home paper is concentrated in its holdings of the loans of Conseco, the mobile-home industry leader, which filed for bankruptcy earlier this year. Moody's Investors Service had downgraded the credit rating of Conseco last year, and last month put Conseco on the watch list for review for another downgrade. Nationwide, the mobile-home industry loan default rate is 8%, and in some states much worse, where many mobile homes are being repossessed. In North Carolina, some mobile-home paper is selling at 20 cents on the dollar. The failure of mobile-home paper held by Fannie Mae, could create deep problems for Fannie's total financial paper of over \$2.5 trillion, which could bring down the U.S. financial system.

## **Don't Believe the Hype: U.S. Job Losses Doubled in October**

Despite the latest headlines hyping the miraculous turn-around in jobs, for example: "Job Growth Is Greatest Since Recession Ended" (*Washington Post*, Nov. 8) Chicago-based outplacement firm Challenger, Gray & Christmas, Inc. issued a report Nov. 4, which indicates that the number of job cuts more than doubled in October from September this fall. The report asserts that in October, companies announced plans to eliminate 171,874 positions, compared with 76,506 in September. This was the highest monthly level since October 2002, when similar reports said 176,010 job cuts were announced.

The hardest-hit sector was automobiles, which announced plans to eliminate 28,363 jobs in October. Next, the retail sector plans to cut 21,169 jobs, and telecommunications said it would slash 21,030 jobs.

The CEO of Challenger added that "companies' increasing productivity made it easier for them to delay hiring." A new Challenger poll of potential hirers concluded that 78% expect no significant hiring until the second quarter of 2004, while 11% said there would be no hiring rebound at all in 2004.

## **Bush Admin. To Halve Proposed Amtrak Funding**

"Amtrak's Budgetary Crapshoot," is the headline of a *New York Times* editorial Nov. 3, which accuses the Bush Administration of vastly underfunding the nation's intercity rail system. The Administration proposes \$700 million be spent for Amtrak for the coming Federal fiscal year 2004, half of the already paltry Republican-controlled Senate proposal of \$1.35 billion. The *Times* says, "This is more than a little shortsighted. The development of high-speed trains along a few heavily travelled corridors is crucial in the long-term to alleviating highway and airport congestion."

As the *Times* correctly states, this opens Amtrak to further disasters. During the August Northeast power blackout, two out of Amtrak's three electric cables that link New York City to the rest of the country, which date back to the 1930s, went out. Loss of the third cable would have disrupted Amtrak, and most rail commuter traffic, for months.

As Lyndon LaRouche and EIR have proposed, with increasing urgency as the physical economy has collapsed, what the U.S. needs is a long-term infrastructure development policy, with hundreds of billions of dollars in investment, along the lines of FDR's TVA. Otherwise, you might as well hitch up your horse.

# World Economic News

## Will Rising Interest Rate Burst the Bubble?

Are interest rates about to shoot up, thereby bursting the worldwide housing and consumer debt bubbles with devastating consequences for the U.S. and world economy? On Nov. 5, the Reserve Bank of Australia surprisingly announced that it has raised its key interest rate by a quarter percentage point, its first rate increase in 17 months. The central bank emphasized that the reason for doing so was to cool down the home-lending boom, which threatens the stability of the Australian economy. Similar to the situation in the U.S. and Britain, mortgage lending in Australia is growing rapidly, recently hitting annual growth rates of more than 20%. On Nov. 6, the Bank of England (BoE) raised its prime rate by a quarter percentage point to 3.75%, again pointing to the need to crack down on the borrowing frenzy. British mortgage borrowing recently hit a historic high of 8.8 billion pounds (\$15 billion) in the month of September. The BoE move was the first rate rise by one of the four leading central banks in the world since the year 2000.

On the same day, the Federal Reserve put out first hints that the time of ultra-low interest rates might also come to an end within the next few months in the U.S. In a speech delivered to the Securities Industry Association, Fed chairman Alan Greenspan said that presently he doesn't worry too much about the issue of inflation. However, he added, "no central bank can ever afford to be less than vigilant about the prospects for inflation." Atlanta Fed governor Jack Guynn also noted at a public event in Louisiana that if the economy would really pick up, interest rates obviously "will have to rise."

Apart from the real-estate markets, there are other important areas where price inflation, even according to official data, is zooming up in recent months. For example, take hard commodities: The price of gold hit a seven-year high of \$390 per ounce in October, more than \$100 above the early 2002 price. Also in October, the price of palladium hit a 23-year high of \$732 per ounce, compared to \$450 in early 2002. But not only the prices of precious metals are going up sharply. On Nov. 4, the price of copper hit a new five-year peak, while on the same day the price of nickel shot up to a 14-year high. The nickel price has doubled since the beginning of this year.

## World Stock Markets Head for 'Crash-Like Collapse'

World stock markets are heading for a "crash-like" collapse, states Swiss economics professor Fredmund Malik of St. Gallen University. In his latest monthly newsletter, Malik warns his clients, that in view of the developments on stock markets in the recent months, he views "a crash-like collapse of stock prices as very likely, actually within the next days or weeks." All indicators are pointing in this direction, he says. Among the investors and the financial media he recognizes an "extreme bullishness," typical for the last days before the bursting of a financial bubble. "The mood is grotesque and in full contradiction to economic reality." Investors and the media are revealing an incredible "blindness in respect to facts." They are "covering up every single [bit of] information that could disturb the good feelings."

In an interview with the German news weekly Spiegel in early September, Malik stated that U.S. government figures for GDP and productivity growth were being "systematically massaged upwards." Thereby the U.S. government contributed to generating the greatest hoax in economic history, that is the speculative bubble around the "new economy." He then noted that the overwhelming majority of economists were unable to reveal the hoax in time, because they are notoriously uncritical of U.S. economic affairs, in particular as many of them even had been financed by the asset bubble.

## IEA: World Needs \$16 Trillion in Energy Infrastructure Investments

The world needs \$16 trillion in energy infrastructure investments until 2030, according to a new study by the International



Energy Agency (IEA). The report, "World Energy Investment Outlook," was released Nov. 5 at the IEA's Oil and Money Conference in London. About \$6.6 trillion will be needed in the OECD countries, \$3.2 trillion for the U.S. and Canada alone. Russia and other "transition" countries account for \$1.6 trillion in energy investment needs. And about \$8 trillion of energy investments are required in the developing sector, including \$2.3 trillion in China alone, another \$2.5 trillion in other Asian countries, \$1.2 trillion in Africa, and \$1 trillion in the Middle East.

A substantial part of the \$16 trillion will be needed "simply to maintain the present level of supply. Oil and gas wells are depleting, power stations are becoming obsolete, and transmission and distribution lines need replacing. Much of the new production capacity brought online in the early years of the projection period will itself need to be replaced before 2030. In total, 51% of investment in energy production will be needed simply to replace or maintain existing and future capacity."

Almost \$10 trillion of investments will be needed for the power sector—that is \$4.5 trillion for power generation and \$5.3 trillion for power transmission and distribution. Total investment in the global oil industry will amount to \$3.1 trillion until 2030. The natural gas supply chain will require \$3.1 trillion of investments. Another \$400 billion are needed for investments in the world coal sector.

The IEA figures are based on rather conservative projections of future demand. The report emphasizes that even in the case all the \$16 trillion will be spend on energy infrastructure, there will still be "1.4 billion people without access to electricity in 2030," compared to 1.6 billion today.

## **EU-China Summit: Strategic Cooperation Treaties Signed**

The European Union and the People's Republic of China ended a two-day summit in Beijing Nov. 2, with the signing of three strategic cooperation treaties: on China's participation in the EU Galileo satellite GPS; liberalizing visits from China's scientists and experts to the EU; and on industrial cooperation. At the joint press conference, EU Commission President Romano Prodi stressed that Europe and China "are the two regions that can contribute most to changing the world. We must become the main partners in trade and investments." EU Council of Ministers chairman, Italian Prime Minister Silvio Berlusconi said, "The EU and China can be protagonists in the world for well-being and peace."

On the second day of the summit, there was an Italy-China bilateral summit, in which the two discussed initiatives, such as a Foreign Ministers' committee to study the opportunities for broadening trade relations. Answering journalists' questions, Berlusconi said that the issue of protective tariffs against Chinese imports was not discussed and is not on the EU agenda, adding, "Italian entrepreneurs must work to establish a stronger presence on the Chinese market and to promote their quality products.... We do not envisage restrictive rules or legislation to prevent the sale of such products."

## **EC President Prodi: Chinese Monetary Policy Is Responsible**

In an interview with the Italian daily *Corriere della Sera* Nov. 1, European Commission president Romano Prodi said asserted that the Chinese are behaving responsibly in their monetary policy. Prodi reported on a dinner discussion he had with Chinese Premier Wen Jibao "on the currency issue. I reminded him that his country now has a global responsibility. Do you know what he answered? Today, he said, we have a large trade surplus, but in the long term we want a balance, we cannot [be], and do not want to be an unbalancing force in the world. We are not interested in that."

Asked whether he sees the danger of a speculative bubble in China, Prodi said: "It is difficult to see a bubble in China. Here there is real agriculture production, real investments, the fundamentals are good, they produce twice as much as the Americans." Then Prodi added that the banking system is "fragile" and "primitive" and should be modernized, for instance, by opening up to "foreign banks."



## **UN Study Concludes: Rich Nations Are Stealing From the Poorest**

The a United Nations-sponsored dialogue at the end of October, concluded that, instead of funds moving from rich to poor countries, they are going in the other direction. The conference reviewed the financing situation of developing countries as a follow-up to the March 2002 International Conference on Financing for Development, also called the "Monterrey Consensus," held in Monterrey, Mexico. G.W. Bush attended the conference.

A year and a half later, the results of Monterrey are alarming. Almost \$200 billion was transferred in 2002 from developing countries in net terms, double the amount from a few years ago. The UN Secretary General's report shows that in 1994-97, the developing countries were receiving \$30 billion a year on average.

From 1998 to 2000 there was a reversal; \$111 billion annually in net terms transferred *out* of the poor countries. Then the situation worsened, dramatically. In 2001, the net outward transfer was \$155 billion, rising to \$193 billion in 2002.

Foreign aid had increased to \$57 billion in 2002, a drop in the bucket compared to the nearly \$200 billion looted.

## **China's Auto Industry Shifts from Parts to Cars**

The number of cars and light trucks produced annually in China has jumped from 1.8 million to 3.8 million over the last three years, and China is on the verge of surpassing Germany, whose 4.8 million annual production is third, behind the U.S. and Japan, the *New York Times* reported Nov. 2. Most car plants in China, staffed with workers earning as little as 50 cents an hour, are joint ventures between Chinese companies and foreign multinationals. Honda, for example, is making Accords in Guangzhou that are identical to those in manufactured in Ohio, though the plant must import 90% of its steel from Japan, because China's steel plants cannot yet make corrosion-resistant steel to Honda's specifications. U.S. carmakers say they have no choice but to invest in Chinese production, lest they get left behind.

In a similar article on China's boom, the *New York Post* notes that Warren Buffett's Berkshire Hathaway this year became one of the major shareholders in Chinese oil company PetroChina, which has a market capitalization of \$64 billion.

## **Project Launched by Gulf Countries for Regional Transport Net**

According to Arab sources, in Dubai, the Gulf Cooperation Council made a decision in mid-October, at the ministerial level, to go ahead with the project for linking up existing and building new rail networks across the GCC countries. The plan fits into EIR's proposals for linking up the regions' railways with the Eurasian Land-Bridge. More details are expected soon.

# **United States News Digest**

## **Cheney's War To Block The Senate Intelligence Committee**

The announcement by Senate Majority Leader Bill Frist (R-Tenn.) on Nov. 7, freezing the ongoing probe by the Senate Intelligence Committee into White House and Executive branch use of tainted intelligence, is just the latest in a long line of dirty operations by Dick Cheney's "Chickenhawk Intelligence Agency" to try to stop Congressional oversight of his rogue apparatus.

See this week's [InDepth](#), and the [Presidential campaign statement](#) by Lyndon LaRouche for the full story.

Frist's action against the Senate committee comes at the same time that the Independent Commission investigating intelligence failures leading up to the Sept. 11, 2001 attacks, charged that the White House is refusing to cooperate with the Commission's investigation.

Washington observers say this amounts to a pattern and practice of obstruction of the investigations. And, the record shows that Dick Cheney — and others in the Executive branch — are running a Watergate-style threat campaign that goes back to June 2002, against the Senate Intelligence Committee. Three incidents stand out:

\*On July 17, 2003, the White House denounced Senate Intelligence Committee member Richard Durbin (D-Ill.) for trying to "rewrite history," when Durbin refused to accept the cover story that CIA Director George Tenet took "full responsibility" for the fake intelligence that was used in President Bush's State of the Union address of 2003, about Iraq obtaining uranium for nuclear weapons.

Durbin appeared on "Good Morning America," on July 17 to say that Tenet had told the Senate "who the person was" who insisted "on putting in [the President's State of the Union speech] ... this language about the uranium shipment from Africa." Durbin said that he could not reveal the name, because the information is classified, but said that "the CIA knew [the information] was incredible." Immediately the White House exploded against Durbin, smearing him for opposing the Iraq war, and for allegedly rewriting history.

Political sympathy, however, proved to be with Durbin and the Senate investigation, but then the name of Robert Joseph, the White House official and neo-con insider, who Durbin refused to name, appeared in the *Washington Post*. The White House blamed the "leak" on Durbin, at which point neo-con Senators from the Republican side demanded Durbin's resignation from the Intelligence Committee — which did not happen. Then reports circulated that a grand jury was being convened against Durbin.

\* On July 21, former U.S. Ambassador to Iraq, and Africa, Amb. Joe Wilson charged that the White House had leaked the identity of his wife, Valerie Plame, a covert CIA officer, in order to intimidate him. A day later, Sen. Durbin demanded that Wilson's charges be investigated, because, "It's not only unacceptable, it may be criminal." Durbin is demanding that the Senate investigate whether the U.S. Administration did illegally reveal that Ambassador Wilson's wife works as a CIA operative. Durbin said, "That's about as serious as it gets in this town."

Durbin further charged that the White House is trying to have him removed from the Senate Intelligence Committee, in the midst of the ongoing hearings *about* the intelligence Wilson had shown was a fraud. Durbin said that the White House has floated a false story that he has leaked classified information on Iraq's suspected weapons of mass destruction. Durbin said on the Senate floor, "The White House allegations ... were, in fact, false, and inaccurate."

Even this was a replay of earlier White House interference:

\*In June-August 2002, the FBI was deployed to confiscate the records of any Senator on the Intelligence Committee's contact with reporters on "two days in June [2002]" as part of a probe of "leaks" of classified information relating to the Sept. 11 attacks. What had leaked were documents that showed that National Security Agency had intercepted calls on Sept. 10 of al-Qaeda individuals discussing that "Tomorrow is the zero hour," and this advance intelligence had not been analyzed until after the attacks occurred. The administration was "so infuriated that Vice President Dick Cheney called leaders" of the joint House/Senate committee investigating intelligence failures, reported CNN, to threaten them. Sen. Bob Graham, and Rep. Porter Goss, then the respective heads of the Senate and House intelligence committees, were so intimidated that they called the DOJ themselves to order the FBI — which they were investigating — to investigate

themselves!

Later, the White House attempted to withhold all classified information from the Senate Intelligence Committee because the members were security risks. That was the state of intimidation in August 2002, when the White House began upping the pressure for Congress to pass a resolution authorizing the Iraq war.

## **DNC Boycotting Of D.C. Ballot Denounced As "Offensive" and Racist**

Democratic National Committee (DNC) Chairman Terry McAuliffe, fresh from a confrontation with LaRouche Youth Movement activists in Philadelphia, is being blamed for the appalling withdrawal of five Democratic candidates from the Jan. 13 Washington, D.C. primary ballot. Remaining on the ballot for the nation's first Presidential primary are Lyndon LaRouche, Dennis Kucinich, Carol Moseley Braun, Howard Dean, and Al Sharpton.

D.C. City Council President Jack Evans and other District officials "accused DNC Chairman Terry McAuliffe of actively discouraging participation," reported the *Washington Post* of Nov. 8, which otherwise blacked out the name of Lyndon LaRouche, who had been placed on the D.C. ballot, along with nine other Democrats, on Nov. 7.

The withdrawal from the ballot disenfranchises the voters of Washington, D.C., especially African-Americans, but DNC spokesman Tony Welch told the *Washington Post* that the five candidates who withdrew their names—Joe Lieberman, John Kerry, Richard Gephardt, John Edwards, and Wesley Clark—were "just following" delegate selection rules. Welch did not disclose that McAuliffe and the DNC organized those "rules."

It was the similar use of DNC "rules" in the 2000 elections that disenfranchised the more than 53,000 Democratic voters in Arkansas that voted for Lyndon LaRouche against Al Gore in that state's primary. The DNC and Gore stole the LaRouche delegates in that state. Ironically, Gore's slap in the face to the Arkansas voters led to his losing that state by some 50,000 votes to George W. Bush. Had he won Arkansas, Gore would not have needed the Florida electoral college votes to be elected President.

## **Under McAuliffe's misleadership, the DNC is blundering again.**

D.C. City Council president Jack Evans announced Nov. 7 that he will continue to buck the DNC by submitting emergency legislation restoring the names of the five candidates (Edwards, Kerry, Gephardt, Lieberman, and Clark) to the ballot — even if they object — "because our residents deserve a fair and open primary." "Not only have three of the candidates (who live in D.C.) disrespected their hometown, they've disrespected African Americans." City Councilman Adrian Fenty said, "It is indicative of what they think about the District and urban issues in general."

Even the chairman of the D.C. Democratic Party, A. Scott Bolden, who usually rubber-stamps DNC decisions, denounced the action of the five candidates as an "offensive gesture." "[W]hen put to the test, these five candidates have cut and run, and now we all know they weren't the right ones to begin with."

## **Intelligence Pros Tell U.S. To Stop Israeli Violations of Peace Agreements**

Without U.S. efforts to improve Palestinian-Israeli relations, the collapse of pro-American sentiment in Iraq and throughout the Middle East won't be stopped. This was the essence of submissions made by the CIA, and the State Dept.'s Intelligence and Research (INR) to the Senate Select Committee on Intelligence, reported the Israeli newspaper, *Ha'aretz* on Nov. 3. The Israeli daily paraphrases the submission by Assistant Secretary of State Carl Ford, the head of INR. In *Ha'aretz's* words, INR says that the "Bush Administration ... apply 'clear and intentional pressure' on Israel regarding the

settlements, as part of making headway with the Palestinians, as well as helping to calm the situation heating up in Iraq." Ford considers using pressure on Israel for securing an agreement with the Palestinians, one of two conditions for stability within Iraq.

The daily also paraphrases CIA Congressional liaison Stanley Moskowitz "that an arrangement for the Palestinian-Israeli conflict that would be acceptable to the Palestinian and developed Arab states, 'such as the plans outlined by Saudi Crown Prince Abdullah,' are expected to significantly reduce negative feelings toward the U.S. in the region." The statements, a formal requirement from February hearings of the Senate Committee are a supplement to the annual intelligence report on "current threats" to the United States.

The INR and CIA view is held by a large number of Middle East veteran experts in the military, foreign service, and intelligence community, who have all been frozen out of any participation in the Iraq reconstruction effort because of the "Likudnik" warmongers in the Cheney-Bush administration, who ran the Iraq policy. The neo-con Likudniks have especially ruled out State Dept. veterans with a knowledge of the Arabic language, because the neo-cons consider them too "pro-Arab."

Reflecting the sane, measured view of these retired U.S. professions was an op-ed this week in the Nov. 4 *Jordan Times*, where former Undersecretary of State Robert Pelletreau proposes that the Saudi peace plan be revived, and pushed forward, together with the Road Map, by a joint European-Arab effort.

## **American Casualty Rates In Iraq Similar To Russians In Afghanistan**

Russian experts involved in the Afghanistan war reckon that the American casualty rate in Iraq is approximately equal to that suffered by Russian forces in Afghanistan during their much longer occupation. The calculations were reported by Sergei Lavrov, Russia's permanent representative to the United Nations:

"The other day, our colleagues from the UN, who used to be in charge of Afghanistan-related issues, made some simple calculations. It turned out that if we multiply daily American casualties in Iraq by the number of days the Soviet troops were in Afghanistan, the figure would be about 13,000. We had that many casualties in Afghanistan. This information showed everyone the scope of the Iraqi problem," Lavrov said.

## **Cheney Asks Supreme Court To OK His Stonewalling on Energy Task Force**

In the continuing saga of Vice President Dick Cheney's refusal to turn over documents to the Congress concerning the secret dealings of Spring 2001, between his energy policy task force and corporate pirates, (particularly, Enron and Halliburton), Judicial Watch has filed papers with the U.S. Supreme Court to try to force Cheney to make the information public.

Last month, the U.S. Court of Appeals in the District of Columbia ruled that Cheney should obey a lower court order to release some documents. Cheney then got John Ashcroft's Justice Department to ask the Supreme Court to reverse the order to turn over documents. The Supreme Court is expected to hear the case by the end of 2003. Judicial Watch and the Sierra Club have been trying for two years to get records of the task force meetings released. The Congress was on Cheney's case as well, but the Congressional General Accounting Office backed down when the White House refused to cooperate.

Meanwhile, the energy bill that Cheney's task force designed is stalled in conference between the House and Senate, as the conferees negotiate questions such matters as how much ethanol the government should subsidize, while the entire U.S.

energy infrastructure goes to pot.

## Ibero-American News Digest

### Soros Runs Evo Morales 'Vietnam' Strategy for Ibero-America

U.S. Presidential candidate Lyndon LaRouche stated on Nov. 4 that he wanted it made known, that he considers the *cocaleros* operation in the Andes to be a strategic security threat to the United States, because of their ties to drug legalizer and mega-speculator George Soros. This is the same Soros who is moving to take over the Democratic Party. Soros's *cocalero* allies like Evo Morales pose a security risk for the entire Americas, and the Democratic Party is cohabiting with such security risks, LaRouche emphasized.

Soros, it could be said, is the real leader of the *cocaleros*. In July 2003, Soros's top drug man, Drug Policy Alliance Executive Director Ethan Nadelmann, called for "Latin America to start breaking with Washington over the war on drugs." Nadelmann's call, which featured a call for establishing an international trade in coca—the basic ingredient of cocaine—was published in the July/August 2003 issue of Carnegie Endowment's *Foreign Policy* magazine, and widely circulated by the legalizers in Ibero-America.

Nadelmann pointed out that the Presidents of various countries (he cited Mexico, Brazil, Bolivia, and Uruguay) have called for, or hinted at legalizing drugs. The time's not yet right for that radical a program to fly, however, he cautioned. Instead, Ibero-America should pursue three strategies:

1. Adopt "harm reduction" as have Europe and Australia, which he elaborates as a "de facto regulation" of dope. through methadone and heroin maintenance programs, needle exchanges, cannabis "coffee shops," etc.
2. Re-legalize the sale of coca-based products, recreating the "thriving" coca market of a century ago. This is a campaign which the entire region should undertake.
3. Create a "coalition of the willing" who oppose the U.S.'s strategy of a war on drugs. Washington can bully Bolivia if it's alone, he wrote, but not the entire region, "and the U.S. would have a real problem were it to face an organized revolt involving a number of Latin American countries."

As LaRouche's *Executive Intelligence Review* documented in June 1998, Nadelmann and fellow legalizers designed the subterfuge of establishing an international trade in coca, as yet another flank in their drive to bring back the good old days of Britain's Opium Wars against China, when the global narcotics trade was legal. This is the centerpiece of Bolivian *cocalero* Evo Morales's program, who insists that any government which does not legalize the "industrialization" and export of coca, will be overthrown, just as Gonzalo Sanchez de Lozada was just overthrown. In October 2002, Evo proposed the regional *cocalero* movement focus on leading "the liberation of all of Latin America." A year later, celebrating the *cocaleros'* success in driving out their first President, Evo Morales told a conference of the Latin American Council of Social Sciences, meeting in Havana, Cuba on Oct. 30, that if they work hard enough at achieving regional unity, "very soon we could celebrate in Latin America another Vietnam for the United States."

### City of London Hails Andes Crisis as Pretext for Drug Legalization

The *Financial Times*, the paper of record of London's financiers, ran an editorial on Oct. 31 chortling that the political defeat delivered to Colombian President Alvaro Uribe in the Oct. 25 referendum, coming after the resignation of Bolivia's Gonzalo Sanchez de Lozada, shows that Washington has to accept the financial oligarchy's long-standing demand that the

narcotics trade be legalized. As the *Financial Times* put it, "a radical overhaul of existing drugs policy" must be considered. "The decriminalization of cocaine and heroin is still anathema to Washington. In the end, however, policymakers may need to examine these options, as well as other ways of regulating drugs use at the point of consumption, however unpalatable this now seems."

## **Colombian Minister's Resignation a Blow to Battle vs. Narco-Terrorism**

Colombia's narco-terrorism fight took a hit, with the resignation of the powerful Interior/Justice Minister Fernando Londono on Nov. 6, after a series of scandals were mounted against him to force him out. Londono, who has made enemies among the corrupt narco-political class in Colombia since the 1970s, when he went after drug-money laundering by the Miguel Lopez Michelsen Administration and, more recently, when he denounced the myriad human rights NGOs plaguing Colombia as "agents of terrorism," served in the Administration primarily as the enforcer of Uribe's hardline anti-terrorism policies, particularly as the President's liaison to the wishy-washy Congress.

Londono was also an unfortunately loyal defender of Uribe's IMF-decreed austerity policies, and threatened to resign when Uribe's latest budget-slashing proposals were defeated in a plebiscite a week ago. When Londono held a private arm-twisting session with opposition Senators, his threats were leaked to the media, which gleefully served Londono's head on a platter to his enemies, including former Finance Minister and IMF/Soros agent Rudolf Hommes, who insisted in an op-ed last week that Londono had to go to restore Colombia's "international credit."

Londono has been replaced by the 14-year head of the National Business Federation, economist Sabas Pretelt de la Vega, who is expected to shepherd Uribe's new tax and other austerity measures through the Congress. Pretelt has a much different track record on narco-terrorism than Londono, having personally participated in negotiations with the narco-terrorists during the Andres Pastrana regime, travelling to Germany to meet with ELN, and visiting the FARC's headquarters in the Caguan. See In-Depth this week for background on the Colombian elections.

## **New Venezuelan 'Contras' Surface**

E-mails from a self-proclaimed "Venezuelan Counter-Revolutionary Unit" are circulating, threatening that the politicians in the opposition movement pushing for an electoral solution to ousting Hugo Chavez, could become targets. Titled "Don't Complain Afterwards," the vicious note asserts that only military intervention will stop Chavez. "Communists and the Democratic Coordinator will pay for their errors, petty deals, treasons, and complicities. Everything has consequences. Don't complain later. With moral responsibility before God and Venezuela, we will wipe out Communism." Another opposition e-mail claims that the "Venezuelan Counter-Revolutionary Unit" has gained its first martyr, a businessman allegedly killed by police in a Chavez jail. "The blood of the Martyrs is the seed of new Christians, it was said in Rome during the persecutions at the beginning of the Church; the blood of the Martyrs is the seed of the new Counter-revolutionaries," the message raves.

Pure synarchism, whether the messages come from the Blas Pinar-connected "Democratic Bloc" grouping which has this line, or were put out by elements in the Chavez regime thus seeking to cover up dirty ops aimed at bumping off their opposition.

## **Neo-Cons Push 'Wal-Mart Economics' on Ibero-America**

With every government in South America terrified that they will be the next government overthrown by a narco-terrorist-led mass movement, Assistant Secretary of State Roger Noriega and Special Envoy to the Western Hemisphere Otto Reich told dignitaries from around the continent at the annual *Miami Herald* Americas Conference Oct. 29, that they should stop

moaning, give up "false nationalism," expand "property rights," send the U.S. cheap labor and cheap products, and they'll do just fine.

The roots of your problems "are political and institutional, rather than economic," Noriega told the Ibero-American officials and policymakers attending the conference. Your leaders haven't had "the political will" to adopt "the right fiscal, economic, and social policies"—such as enforcing "an effective property-rights system." Stop asking the U.S. for help. We already give you "immense" economic assistance: Your people work in the U.S. and send back home \$32 billions a year in remittances; we import \$240 billion of your products, and we've bought up all your companies [he called it "foreign investment"]. Together, that's 1,200 times more than total U.S. aid to the region, he said. If it doesn't reach the poor, "I simply say it should. And no amount of U.S. aid is going to help a country whose government is not prepared to help itself."

Otto Reich also asserted that the U.S. pulls its own weight, through "trade, remittances, and investment." But others have to pull their weight, too, and create the conditions in which "foreign investors are allowed to create wealth without fear." He said "there is too much false nationalism," the which he equates with corruption—"the single largest obstacle to development in the world."

Reich and Noriega announced that this is what President Bush will tell the other heads of state when they meet in an extraordinary Summit of the Americas in January, called to discuss the crisis of governability and poverty.

## **Brazil Announces New IMF Agreement**

Standing in front of Freddie Krueger's mother, the IMF's No. 2 henchthing Anne, Finance Minister Antonio Palocci explained on Nov. 5, that the Lula government is seeking a one-year extension of the existing accord, which expires in December, to lay the basis for Brazil to leave the Fund behind—only "not abruptly." He protested mightily that the agreement is "preventive," and will prepare the country's "gradual" exit from a Fund program. The new \$14 billion accord, \$8 billion of which is an unused portion of the current agreement, will just be an "insurance policy" to help "balance the books." Instead of repaying \$12 billion to the IMF in 2005, \$8 billion in 2006, and \$2.5 billion in 2007, the new deal allows Brazil to pay \$6.5 billion in 2005, and \$8 bn. for each year after that.

After all, Palocci said, Brazil can't walk away from the Fund just like that. "That would destabilize the country's relation with its creditors, and the management of the debt." Palocci assured Krueger that "we're not changing our objectives. We want to reaffirm them." Tough fiscal policies will remain in place, including the primary budget surplus of 4.25% of GDP. With the rescheduling of debt payments, this will supposedly allow for investment in areas requiring urgent investment, such as sanitation. But Kruger gushed over the government's commitment to maintain "healthy policies, adopted with such success this year," particularly pleased that "it intends to continue with its program of structural reforms in crucial areas."

## **Lula in Africa: 'Build Rail, Combat Aids, Develop Agriculture'**

Brazil's President Luiz Inacio Lula da Silva arrived in Sao Tome e Principe on Nov. 2, the first day of an eight-day, five-nation tour of Southern Africa, in which he will visit Angola, Mozambique, Namibia, and South Africa, as well. The tour is intended to strengthen agricultural relations in Africa, engage in high-level discussions on fighting AIDS, and developing rail and energy projects. Agreements were reached for Brazil to aid the development of Sao Tome e Principe's oil industry.

Strengthening relations with Africa is "a political, moral, and historical obligation for Brazil," Lula declared before leaving, calling Brazil the second-largest black nation in the world, after Nigeria. The visit marks Brazil's return to its policy of strategic engagement in Africa, developed by its Foreign Ministry (Itamaraty) in the 1970s and early 1980s. An Oct. 31 Itamaraty release announcing the trip located it within the efforts of Brazilian diplomacy to strengthen South-South

cooperation generally.

In Mozambique, Lula announced Nov. 5 that Brazil will build a factory to manufacture HIV drugs in that country in the "near future," and in the meantime, it will supply Mozambique with AIDS medicine at a discounted rate. On his first stop, it was announced that Sao Tome e Principe will participate in the Brazilian Health Ministry's International Cooperation Program, which supplies anti-retroviral medicines for AIDS and trains local health professionals in the treatment of malaria, as well as AIDS.

## **New South-South Infrastructure Financial Institution Proposed**

During his visit to Angola, Brazilian President Lula da Silva proposed that the nations of the South create their own multilateral financial institution, to finance infrastructure projects in South America and Africa. We can't depend only on the World Bank, he argued, suggesting that Brazil's national development bank BNDES could provide some of the capital for such projects, as it is doing in South America.

As interesting as the Brazilian initiatives in Africa are, they remain within the framework of the IMF system, with which the Lula government still thinks it can cut "a better deal."

## **LaRouche Youth Movement in Argentina Launches Website**

The LaRouche Youth Movement launched its website at [www.mjlbuenosaires.com.ar](http://www.mjlbuenosaires.com.ar) on Oct. 30. The opening page shows a beautiful color photo of Brunelleschi's Renaissance Dome on the Cathedral of Santa Maria del Fiore in Florence, Italy, under which appears "The LaRouche Youth Movement-Buenos Aires."

"It is time to awaken, to be reborn ... the time of resisting has ended, and the time to win the war is here and now," it states. "Just as Plato wrote in his 'Allegory of the Cave,' once man sees the Sun, he no longer wants to return to the darkness. The mission of pulling humanity from the cave, is in the hands of the international LaRouche Youth Movement, and of the people who haven't yet lost their common sense, which is, at least, fortunately, an important part of humanity."

The LYM in Argentina has already made its presence known on the streets of Buenos Aires, in local universities and high schools, through its weekly radio program, and through contacts with the LYM in other Ibero-American and international locals.

## **Western European News Digest**

### **Tremonti Discusses Infrastructure While LaRouche Youth Demand New Bretton Woods**

Italian Finance Minister Giulio Tremonti addressed a conference organized by the Industrial Association of Lombardy in Milan Nov. 3, as did the head of the association, Michele Perini, and the President of the Milan Chamber of Commerce, Carlo Sangalli. As Tremonti was explaining the difficulties his Infrastructural Plan had met within the European Union (particularly from the British), LaRouche Youth organizers leafletted with the Movimento Solidarieta statement on the "Tremonti Plan and the New Bretton Woods" outside the event, and had a book table nearby organizing around LaRouche's Plan and the New Bretton Woods. The university will host Civil Rights veteran Amelia Boynton Robinson on Nov. 13.

No question and answer session followed Tremonti's presentation, so two representatives of the Italian Movimento Solidarieta spoke briefly with Ministers Tremonti, Sangalli, and Perini, giving them the New Bretton Woods report and the



latest issue of *Nuova Solidarieta*, with its headline, "Cheney Must Resign." This created quite a stir among the industrialists, who surrounded the guest speakers as they were taking *EIR*. Tremonti remarked, as he took the Italian *EIR* New Bretton Woods report, "I am very familiar with it."

## **European Union, China Summit Concludes With 3 Strategic Accords**

Following joint press conferences Oct. 30-31, the European Union (EU) and China signed cooperation treaties on China's participation in the EU Galileo satellite GPS, which liberalized visits between China's scientists and experts to the EU, and on industrial cooperation. The two-day summit in Beijing ended Nov. 2. At the joint press conference, EU Commission President Romano Prodi stressed that Europe and China "are the two regions that can contribute most to changing the world. We must become the main partners in trade and investments." EU Council of Ministers chairman and Italy's Prime Minister Silvio Berlusconi said, "The EU and China can be protagonists in the world for well-being and peace."

On the second day of the summit, there was an Italy-China bilateral summit, in which the two discussed initiatives such as a Foreign Ministers' committee to study the opportunities for broadening trade relations. Responding to journalists' questions, Berlusconi said that the issue of protective tariffs against Chinese imports was not discussed and is not on the EU agenda.

Making his best salesman's pitch, Berlusconi said, "Italian entrepreneurs must work to establish a stronger presence in the Chinese market and promote their quality products, by creating the opportune structures and an adequate commercial network. We do not envisage restrictive rules or legislation to prevent the sale of such products. Simply, Italian entrepreneurs must have more confidence in this market; a market which presently does not have a high level of average purchase power, but can count on a population of more than 1.3 billion, of whom at least 100-150 million are wealthy." He neglected, however, to mention a government commitment to support Italian small and medium enterprises, and an approach towards technology sharing as suggested by Lyndon LaRouche.

## **Comments on Chinese Yuan By EU President Prodi**

In a Nov. 1 interview with the Italian daily *Corriere della Sera*, European Union President Romano Prodi said that he had had discussion with Chinese Premier Wen Jibao on the currency issue. "I reminded him that his country nowadays has a global responsibility," said Prodi, adding "Do you know what he answered? Today, he said, we have a large trade surplus, but in the long term we want a balance, we cannot and do not want to be an unbalancing force in the world. We are not interested in that."

Asked whether he sees the danger of a speculative bubble in China, Prodi said: "It is difficult to see a bubble in China. Here there is real agriculture production, real investments, the fundamentals are good, they produce twice as much as the Americans." Then Prodi added that the banking system is "fragile" and "primitive" and should be modernized, for instance, by opening up to "foreign banks."

## **German Chancellor To Visit China, Kazakhstan In December**

Chancellor Schroeder will make his second trip to China, including a visit to Canton, between Dec. 1-3. A visit to Kazakhstan in Central Asia will follow, on Dec. 4-5.

"An important emphasis of this visit," German government spokesman Bela Anda said in Berlin, Nov. 3, "will be the development of the already very, very good economic relations. As you know, Germany is the most important trade partner of China in Europe, and China is Germany's most important trade partner in Asia. The aim of the visit is to further enhance

these relations, good as they may already be."

Anda also explained that the Chancellor's planned trip to Canton is to reflect the fact that "there are economically very interesting regions that have so far not been at the center of German attention in China."

## **German, European Investors Avoid Anti-Putin Campaign**

Andrea von Knoop, the chief representative of German industry in Russia, said that the firms she represents in Moscow — mostly medium-sized firms — welcomed the Russian law enforcement moves against Yukos. (See *InDepth* and *Russia Digest* for the story on the arrest and resignation of Yukos' chief Khodorkovsky).

Von Knoop said the arrest indicates that finally, the big firms also are being forced to stick to procedures and pay taxes in Russia. Many German investors see the move as a step towards an improved legal system in Russia.

Other German firms involved in Russia, have stated they will, as before, orient towards long-term involvement, and not be influenced by political events of the day. For example, Ruhrgas, Metro, Siemens, Obi, a home improvements retailer, Knauf, a building materials and construction technologies firm, and Deutsche Bank want to keep to their investment policies as designed before the Khodorkovsky arrest.

A spokesman for Merrill Lynch and British Petroleum CEO Lord Brown also said that their firms are engaged in Russia for the long term.

## **Germany's Graf Lambsdorff Throws Fit Over Yukos Seizure**

German Trilateraloid Otto Graf Lambsdorff demanded Russia be expelled from the G-8 because of the Russian government's seizure of aspects of the oil giant, Yukos. Lambsdorff has already joined former U.S. Undersecretary of State Stu Eizenstat in a desperate effort to get some legal action on behalf of Mikhail Khodorkovsky underway, and force the Russian law enforcement authorities to unfreeze the sequestered Yukos Oil stocks.

Lambsdorff told the German *Frankfurter Allgemeine Zeitung* daily Nov. 4, that if Russia argues that its raw materials belong to its own people, negating the existence of private sector industries, then Russia no longer has a place at the table of the World Economic Summit. If EU leaders meet Putin for their joint summit in Rome, Nov. 6, they should bring the issue up, Lambsdorff demanded. He spoke in his function as member of the advisory board of Khodorkovsky's Menatep bank.

## **Europe Requires Massive Investment In Energy Supply**

EU Commissioner for Energy Loyola de Palacio said in a speech in Paris Nov. 4, that "Europe needs to build one new power plant every week," to meet its energy needs. She said that in 2007, at latest, a critical phase in the energy supply begins, because from then on, there would be the threat of bottlenecks.

## **German Chancellor Provokes First-Ever Protest Rally By Mayors**

The accelerating austerity policies and numerous tricks which the German finance ministry has tried to pull on municipalities, have triggered a major backlash among the traditionally reserved city officials. On Nov. 6, 196 mayors from throughout Germany staged the first ever such municipal protest action in the 54 years of existence of the post-war

German republic.

While the mayors were protesting, the red-green parliamentary majority went on the record with another "first-ever," by voting up a freeze on pensions for 2004, and a new rule that pensions be paid only at the end of a month, from 2004 on. This is the first real net pension cut in Germany, since the 1957 pension reform legislation.

## Russia and Central Asia News Digest

### Putin In Europe

Russian President Vladimir Putin arrived in Rome Nov. 5, for bilateral talks with Prime Minister Silvio Berlusconi and the EU-Russia Summit. On Nov. 7 he traveled on to Paris, for a bilateral meeting with President Jacques Chirac. While in Rome, Putin also had a private audience with Pope John Paul II at the Vatican. Several other Russian leaders, including Finance Minister Alexei Kudrin and the new special Presidential envoy for the Northwest District, Ilya Klebanov, came to Italy the same week, for the Russia-Italy Business Conference, featuring events in Milan, Genoa, and Venice.

Italy and Russia signed several agreements on economic and cultural cooperation, including one to hold a big exposition in Rome and Moscow in 2004-2005 "dedicated to the multiseular history of their cultural connections." In the context of the cultural cooperation, President Putin brought to Rome the famous "Madonna Litta" painting by Leonardo, to be displayed at the Presidential Quirinale Palace. The painting was commissioned by the Litta family and brought to Russia in 1786 by Marquis Giulia Litta, who acquired Russian citizenship. In the final release, Italy and Russia, among other things, "stress the central role of the United Nations in preventing and managing international crises, as well as to achieve fundamental goals of freedom, well being and democracy for all peoples of the world."

On the eve of his trip, Putin granted an interview to the Italian newspaper *Corriere della Sera*, in which he replied to questions about the arrest of Mikhail Khodorkovsky and changes in the Presidential Administration (see In-Depth), as well as Russian nuclear strategy, his visit with the Pope, Iraq, and Chechnya. He said that the recently announced upgrade of Russia's nuclear arsenal will occur, "independent from what NATO will do. The difference between now and the Soviet era is that now, our nuclear force is not directed against anybody, it has only tasks of defense and national security." Russia opposes the use of force without a mandate of the UN Security Council, he added: "Russia has never violated this international principle, and we intend to keep respecting it, just as we wish that everybody does. But if the use of preemptive strikes should become common practice, Russia reserves the right to adopt it too."

Putin expressed his condolences "to the American people for the terrible loss of human lives" in Iraq, commenting: "This scenario, unfortunately, we had foreseen. We must absolutely join international efforts to create conditions so that the control of the situation can go into the hands of the Iraqi people. We have supported the last resolution of the UNSC, which is a necessary step, but not a sufficient one. We must hurry up. The resistance begins to have a life of its own. We must not allow the permanence of a power vacuum, otherwise the ghost of terrible situations from the past could really pop up." Russia does not intend to send troops to Iraq because "there are no conditions for that. We have been since the beginning against a military intervention. It would be incoherent and stupid to say today that we are ready to send troops."

About his visit with the Pope, Putin said that "my personal position is that we must make all efforts to promote unity among the various Christian confessions. Christianity is at the foundations of European culture and identity. Divisions existing between Catholics and the Orthodox Church exist for instance also between Catholics and Anglicans. All these differences must be reconciled. Therefore I consider my target to be not so much to make it possible that the Pope come to Russia, as rather to favor the unification of Christianity by taking all steps which are opportune. For Russia, that is the more important so, because it represents also a step of integration in the European space. But it is clear that we must

integrate without losing our culture and identity. Therefore we must proceed with great caution on this road. The Pope is an intelligent and wise person, and I think that he will realize it."

## **Russian-Italian Agreement On Industry Zones**

Among the economic agreements signed by Putin and Berlusconi is a "Memorandum of Agreement on the Formation of Industrial Districts on the territory of the Russian Federation," which is intended to replicate in Russia a typical feature of Italian small and middle-sized entrepreneurship. Industrial districts are geographically delimited areas where a myriad of small, medium, and micro enterprises specialize in producing all the same product. Lyndon LaRouche visited a typical such district in Montegranaro, Ascoli Piceno, in 1999, the "shoe district". The characteristic of such a model is that from the standpoint of output volume and supplies, it works as if it were a giant corporation, creating a specialized industrial culture in a concentrated area. The advantage is that of a multiplicity of family ownerships instead of a corporate one, a technology- and quality-based competition, and general reinvestment of surplus in production instead of shareholder value.

Russian trade representative Dmitry Inkin said to *Itar-Tass* that industrial districts in Russia will be formed "around major Italian enterprises interested in building up their presence in the Russian market." Work is being conducted intensively to form industrial districts in the Lipetsk and Sverdlovsk regions. Merloni Elettrodomestici, which owns a factory manufacturing Stinol refrigerators, intends to invest 78 million dollars in the creation of an industrial district in the Lipetsk region, and Duferco Group plans to invest up to \$100 million in the creation of a similar model in the Sverdlovsk region.

Inkin also stressed that work had begun to create industrial districts in the Moscow region on the basis of the factory that is being built by the Merazzi Ceramiche group for manufacturing ceramic tiles.

## **Sharon In Moscow**

Israeli Prime Minister Ariel Sharon was in Moscow for three days, beginning Nov. 2. According to the daily *Haaretz*, Sharon's goal was to dissuade Russian President Vladimir Putin from trying to get the Quartet's Road Map—just recently introduced by Russia into the UN Security Council—adopted as a UN Resolution for peace in the Middle East. Sharon also wanted discuss the Russian-Iran relationship.

Accompanying Sharon were the Absorption Minister Tzipi Livni and Russian-born Transport Minister Avigdor Lieberman, currently under investigation for various crimes in Israel. With Putin standing firm on the issue of the arrest of Yukos Oil financial oligarch Khodorkovsky, a signal has been sent regarding the cash flows from Russia's raw materials trade into Israel. This touches on other Russian exiles in Israel, such as aluminum king and Marc Rich buddy Mikhail Chernoy. Minister Lieberman is but one fish in that Russia-to-Israel stream.

## **Russia Promotes Peaceful Nuclear Trade With India**

*The Hindu* reported Nov. 3 that Russian Atomic Energy Minister Alexander Rumyantsev is pushing for international bans on nuclear deals with India to be lifted, saying, "I always raise the problem of India whenever I meet my colleagues from other countries." He is leading a delegation to a nuclear technologies exhibition in the U.S. this month. The exhibition commemorates the 50th anniversary of the peaceful use of nuclear energy.

"There is a pressing need to review the guidelines of the Nuclear Suppliers Group (NSG) and work out a special arrangement for India to allow it to cooperate with other countries in the nuclear field," Rumyantsev said in an interview with *The Hindu*. He said that Russia is trying to get the NSG to treat India as a special case, because it had indigenously developed its nuclear weapons technologies, rather than receiving them from another country; and has a flawless record on

nuclear non-proliferation, and has no alternative to nuclear power to meet its growing energy needs.

## **Russia And China Broaden Nuclear Cooperation**

The professional nuclear societies in Russia and China signed an agreement in Beijing on November 3, broadening the array of joint projects in which they are engaged. Russia has already been involved in building two commercial nuclear power plants in China, and plans to bid on two more reactors to be built on the same site in Lianyungang. Russia has already helped build a uranium-enrichment facility in China, which is producing 500 tons of nuclear fuel per year. And an experimental fast-neutron reactor is being built by Russia at present, for which components and fuel are imported from Russia. Russian nuclear society president Valeriy Kryukov told Itar-Tass that Chinese experts are also showing considerable interest in Russian nuclear power plants for use in spacecraft.

## **Khodorkovsky Quits Yukos**

In a statement issued by YukosSibneft on November 3, imprisoned CEO Mikhail Khodorkovsky announced his resignation from all posts at Yukos Oil. From now on, he said, he personally will work through his Open Russia organization, on education and civil initiatives for "an open and truly democratic society" in Russia. Khodorkovsky claimed that within seven years, Yukos had achieved business success, unparalleled in world history, and would surely go forward into the "globalization of [its] business." Strana.ru headlined its report, "Khodorkovsky Opts To Become Soros, Not Berezovsky" (the latter now lives in London).

The next day, YukosSibneft named Russian-born American citizen Simon Kukes as its CEO today, replacing the jailed Mikhail Khodorkovsky. Kukes, 56, emigrated to the United States in 1977, then came back to Russia in the 1990s as an executive of Amoco. He worked at Yukos briefly, returning to the company as a member of its board in June of this year. In between, Kukes headed up TNK, the West Siberian oil company owned by Pyotr Aven's Alfa Group, playing a key role both in TNK's dealings with Dick Cheney's Halliburton, and in the takeover of TNK by British Petroleum. Currently, Yukos-Moscow is being run by American Steve Theede, a former Conoco exec, while the chief financial officer of YukosSibneft is another American, Bruce Misamore.

## **Russia Rebuffs State Department's Yukos Complaint**

On Oct. 31, U.S. State Department spokesman Richard Boucher stated, "We think the Russian authorities need to dispel concern that the Yukos case is politically motivated. They need to ensure that it is judged fairly and with full regard for due process of law applied in a non-selective fashion.... There is always the issue in a case like this, as to whether it's a single event, or whether it has some sweeping implication for the rule of law in Russia." (Like other sophists rising to the defense of Mikhail Khodorkovsky and company, Boucher did not suggest that the "rule of law" was being violated because Yukos Oil had acted *legally*, but rather because — since others also violated the law — Yukos was being singled out.) The Russian Foreign Ministry strongly rejected Boucher's complaint, in statements by spokesman Alexander Yakovenko and Foreign Minister Igor Ivanov.

On RTR TV's News of the Week program Sunday evening (Nov. 2), Ivanov said, "This statement, regrettably, is yet another manifestation of the well-known policy of double standards, of which the U.S. administration is sometimes guilty." Like Putin last week, Ivanov alluded to Enron and other cases, asking, "How many major bankruptcies have there been in the United States? This involved companies with billions of dollars in turnover, there were arrests and detentions.... But for some reason the State Department has not expressed its anxiety over any one of those loud scandals, and decided against interfering in the affairs of the judicial authorities. And in this case they are calling into question the actions of our judicial authorities or, at least, are trying to call them into question — and this represents interference in the affairs of the judicial authorities of another state, which is, in general, something that is not done and must not happen in the normal conditions

of a democratic society, about which they care so much in Washington."

Speaking on TV the previous day, Foreign Ministry spokesman Yakovenko also talked about double standards, noting that, "I do not remember the Department of State making any such statements when similar incidents occurred in other countries. I am referring to Asian and European countries, as well as the United States itself." He elaborated on U.S. human rights violations: "Russia remembers those double standards that were applied to Chechnya, when remarks about the disproportionate use of force were made. But if one takes a look at how American soldiers are now acting in Iraq, it will become clear that human rights are not observed appropriately there. I am also referring to the situation with the Guantanamo base, where a lot of people have been kept for two years virtually without any investigation and trial. All this has raised very serious questions among human rights organizations about the observance of human rights.... Moscow views such statements by the U.S. Department of State as, at the least, tactless and disrespectful."

### **Glazyev Denounces Critics of Khodorkovsky's Arrest**

On Nov. 1 ORT TV's Zerkalo (Mirror) program carried a joint interview with State Duma members Sergei Glazyev and Grigori Yavlinsky, leaders of the Rodina and Yabloko electoral blocs, on the Yukos Oil case. There, and in a separate statement about the new appointments to the Presidential Administration, Glazyev supported the law enforcement measures and Putin's choices, while denouncing hysteria and speculation. In particular, he said, Union of Right Forces leader Anatoli Chubais displayed hysterics, "saying that the President should intervene [to protect Khodorkovsky], i.e., directly appealing for the President to violate the Constitution."

The courts have to decide if law enforcement authorities have a case, said Glazyev, but "the privatization program that took place earlier" in the 1990s has left Russia's financial markets strictly the terrain of speculators. "Long-term investors, who want to put money into developing companies, don't play the market; speculators do," he said. And the abiding doubts about the legitimacy of property rights in Russia, feed the pattern of speculation. Therefore, "if the prosecutors have some pretensions, everything should be put on the table, and reviewed by the courts, so as finally to determine which companies were privatized legally, and which ones illegally. If we don't draw this line, the redivision of property could go on into the indefinite future.... I don't advocate administrative police measures, but the question of dubious deals during privatization should be settled.... All the dubious cases are well known, thanks to investigations by the Accounting Chamber and Prosecutor General's Office."

## **Mideast News Digest**

### **Gen. Mitzna Tours U.S. Promoting Geneva Initiative**

"We're asking the American people and their government to support the Geneva Initiative," said Gen. Amran Mitzna, in an op-ed that preceded his three-city tour of the U.S., which began Nov. 2. Mitzna, the former head of the Labor Party, Naomi Chazan, the Meretz Party former MK, and American Jewish scholar Dr. Stephen P. Cohen, were among the speakers at the Boston conference, sponsored by the Jewish Alliance for Justice and Peace (Brit Tzedek v'Shalom) which is organizing the American Jewish community to oppose Sharon, and support the Geneva Accord. Mitzna also spoke in Philadelphia on Nov. 3, and in New York City on Nov. 4; in case anyone doubts that the "mainstream" press is useless, please note there has been a complete blackout in the U.S. press of Mitzna's appearances in the U.S. — and also a blackout in the international press.

While the speeches for these events are not yet available, the Alliance said that both Mitzna and Stephen Cohen had op-eds in the Boston Globe prior to the conference, which reflect their speeches. Mitzna said that the Geneva accord is "like the little boy who cries out that the Emperor has no clothes," exposing the falsity of Sharon's position that the IDF "can win a

peace ...through military incursions into Palestinian population centers and targeted assassinations." He says that Israel is at a "critical juncture," and that the Israeli peace camp is mobilizing internationally for support.

Cohen, who has publically attacked the neo-con philosophy in the past for the Iraq war, and the treatment of Palestinians, says that "now the road map is in tatters," and the new initiative could only become "official" when the American public is willing to "insist" that the President put the peace process "at the center" of his agenda. Cohen just served on the Presidential Task Force on the Middle East that reported the immense amount of hostility for the U.S. because of Bush's policy in Iraq and Israel.

## **Powell Writes to Beilin and Abed Rabbo**

Secretary of State Colin Powell sent a letter to Israel's Yossi Beilin and Palestinian Yasser Abed Rabbo on Nov. 7, supporting their work on the Geneva Initiative for Middle East peace. The State Department confirmed the two had sent Powell a letter a month ago, and this was the Secretary's reply. According to Beilin's spokesman, Uri Zaki, Powell's letter says that the U.S. "remains committed ... to the road map but we also believe that projects such as yours are important in helping to sustain an atmosphere of hope," to find "mutually acceptable resolutions" among Israelis and Palestinians. Sources in Washington told *EIRNS* that the Powell letter, although authorized by President Bush, provoked a storm of protest among Administration neoconservatives.

## **Beilin Explains Geneva Initiative**

Yossi Beilin, the chief Oslo negotiator and a leader of the ongoing Geneva Initiative effort, penned an article for the Oct. 31 issue of the *Forward*, in which he gave a detailed account of his and Yasser Abed Rabbo's efforts to revive the Israel-Palestine peace quest. Noting that people had asked how he dared launch a peace initiative opposed by his own government, Beilin wrote, "Given the current state of affairs in my country and my region, how could I not?" He described the "optimistic moments" following President Bush's visit the Sharm El Sheikh, which quickly evaporated, creating a total impasse, in which Bush has abandoned his promises. No one any longer expects Bush to do anything about the peace effort until after the November 2004 USA elections, leaving the region "stuck in this horrific mud of ours." He wrote, "If we, the Israelis and the Palestinians do not try — ourselves — then no one else is going to do it for us." He recounted that he and Abed Rabbo believed that, with a few more weeks of effort in January 2001, the Taba Accords would have been completed and a comprehensive final solution worked out. However, Sharon came into power, and the region plunged into a new period of violence and intransigence.

Beilin and Abed Rabbo decided that they would revive the Taba talks, as private citizens, to demonstrate that people of good will on both sides could reach a viable peace. The two men began meeting, as opportunities arose. Beilin described: "Sometimes we would meet at checkpoints, where we sat in a car, in order to go over texts. Other times we would meet abroad. Some of the talks were held by video conference." After two-and-a-half years, the men produced a 50-page document, with many maps. Beilin described the agreement as centered on "the exchange of two virtual rights" — Israeli control over the Temple Mount and the Palestinian right of return. No Muslim would accept actual Israeli control over the Temple Mount, just as no Israeli would accept unlimited right of return, which would end the Jewish character of the state of Israel. The Geneva Initiative proposes to solve both problems, by giving the Palestinians formal sovereignty over the Temple Mount, with an international administrative and dispute resolution body; and would give Israel sovereign control over its immigration policy, setting token limits on the number of Palestinians who could move to Israel per year. "We have done the maximum that citizens can do when they believe that the solution is just around the next corner," Beilin concluded, "and that the current situation is totally unbearable. Now it's up to our leaders."

## **100,000 Demonstrate in Tel Aviv to Commemorate Rabin**

More than 100,000 demonstrators turned out in Tel Aviv on the Nov. 4 anniversary of Yitzhak Rabin's assassination, in the largest pro-peace demonstration since Ariel Sharon came to power. Picket signs at the officially "non-partisan" rally included: "Leave the Territories" and "Sharon Go Home!"

Labor Party Chairman Shimon Peres, who had been Rabin's foreign minister and was on the podium with him at that fateful Nov. 4, 1995 campaign rally, addressed the memorial rally, saying that Rabin had been right, "and his path just." Speaking from behind a bullet-proof shield, Peres attacked Sharon's security-only policy, and said: "Without a clear decision, the Zionist enterprise will stand in mortal danger. Even the right has started to understand that it's better to have two states which will have to live in peace, than one state where two peoples fight forever over every piece of land, every drop of water." Following the rally, a monument to Rabin was desecrated with swastikas by members of the Kach Movement, provoking opposition leader Yossi Sarid to blast the Anti-Defamation League of B'nai Brith for remaining silent, in the face of such a flagrant incident of antisemitism.

## **Israeli General Strike Postponed**

Israel's national labor court ordered a nationwide general strike, which would have paralyzed transportation, schools, banks and the public sector, postponed, only hours before it was to begin. The court allowed a four-hour protest strike to take place. The court ordered the Histadrut labor federation chairman Amir Peretz to continue negotiations with Finance Minister Benjamin Netanyahu, until Nov. 6, when the court was to reconvene.

The unions are striking against government plans to reform the pension program, which includes raising retirement age from 65 to 67, and to increase layoffs, in a economy where official unemployment is already at 11%. Prime Minister Ariel Sharon had asked Peretz to postpone the strike, until after Sharon's meeting with Russian President Putin in Moscow, which Peretz turned down.

## **UN Warns of Israeli Annexation of Palestinian Land**

The United Nations Office for Coordination of Humanitarian Affairs has released a report warning that Israel is trying to effectively annex areas on the Israeli side of the security wall it is building inside the Green Line. Israelis living in the "closed military zone" will receive automatic residence rights, but more than 10,000 Palestinians must apply for permits to continue living in the 15 villages affected.

"The prohibitive effect of the permit system raises serious concerns of effectively causing thousands of Palestinians to leave these areas," the report said, according to a *Sunday Telegraph* article carried in today's *Washington Times*.

"We are saying that if these people are not allowed to stay in that area, it is de facto annexation because they cannot go back to their homes. If these people are deprived of their livelihoods, it will be a humanitarian disaster," said David Shearer, head of the UN agency.

## **Sharon Meets Putin in Moscow**

Israeli Prime Minister Ariel Sharon met Russian President Vladimir Putin in Moscow on Nov. 3, to discuss Russian-Iranian nuclear cooperation, as well as Russia plans to push the Road Map for Middle East peace in the form of a United Nations Security Council resolution. Russia is one of the Quartet sponsors of the Road Map, along with the UN, EU, and United States. (See [Russia Digest](#) for more.)

## **Iraqi Resistance Spreading**



"Every Iraqi is a rebel against the occupying forces," said a regional expert, regarding the growing anti-American/British resistance movement in Iraq. "It is no longer 'Saddam Hussein loyalists' but all Iraqis, who are actively or passively supporting the armed resistance," he said. He pointed to the fact that there have been attacks against the U.S. troops outside the "Sunni triangle." Furthermore, attacks have taken place in purely Christian neighborhoods, as well as in Shi'ite areas, thus it is not only Sunnis involved. Mosul is also becoming a very active center of the resistance. He cited recent polls showing 78% of those Iraqis asked, want the U.S. to leave.

On the Shi'ites' posture, it is important to note a speech delivered in Kerbala by Ayatollah Mohammed Takih al-Mudarisi, who said that people should not work with the resistance spontaneously, but should wait for orders through a fatwa. This indicates that Shi'ite elements are, indeed, working "spontaneously." The Ayatollah also demanded that the U.S.-U.K. forces leave, according to a specific timetable. he said the occupation came about in the context of extraordinary circumstances (the war, invasion and overthrow of the Saddam regime), but that now, conditions have changed and they should leave the country. They should be aware of the danger that their presence could ignite an explosion in the heart of the Islamic world, he said.

### **It's Official: No Turkish Troops to Iraq**

A Turkish government official announced Nov. 7 that there will be no Turkish troop deployments into Iraq, according to the Turkish National News Agency. "The government has decided not to implement the motion to send troops to Iraq," the source told reporters.

### **Another American Chopper Downed in Iraq**

On Nov. 7, another U.S. helicopter—this time, a Black Hawk, was shot down in Iraq, near Tikrit, just days after a Chinook helicopter was shot down, killing 15 and wounding 21. Initially, it was said four had died and two were wounded, but an Army officer said later that all six on board had perished.

The attack has profound implications. The U.S. military forces in Iraq, according to several military experts, had increased the use of helicopters, to protect ground patrols, that were being continuously ambushed by Iraqi resistance forces. The helicopter shootdowns, by surface-to-air missiles, signify that U.S. military operations as a whole are far more vulnerable. There are vast stockpiles of SAMs inside Iraq. Also, several Abrams tanks, heavily armored, have been destroyed by rocket propelled grenade (RPG) attacks in the past week, indicating a level of sophistication by Iraqi resistance forces, that has American military officials shocked. As one retired military officer told *EIRNS* this week, that when the Afghan resistance got SAMs and were able to take out the Soviet helicopter gun ships, during the 1979-1989 Afghanistan war, it was the beginning of the end.

In response to these developments, some American officials, part of the neo-con cabal, are arguing for an escalation of American military operations, by "temporarily" expanding the size of the U.S. military force in Iraq to 200,000, from the current level of 150,000. They argue that such an increase will make it possible to break the resistance, and allow a significant U.S. force withdrawal by next Spring, when the Presidential election season takes off. Senior military officials see the idea as insane, and warn that this will only provide added targets to the Iraqi partisans, and likely provoke the Shi'ite majority in the country to more actively join the opposition.

### **Syria Asks U.S. To Leave Iraq**

Syrian Foreign Ministry spokeswoman Bushra Kanfani, in remarks published in the London-based *Asharq al-Awsat* newspaper Nov. 5, rejected a statement from Washington that Syria should stop anti-U.S. fighters from coming into Iraq.

Kanfani said, "The problem is America, not Syria. America must be more objective, because when it entered Iraq there was no terrorism, and now there is the problem of terrorism and of Al-Qaeda and the matter has changed from one of weapons of mass destruction and toppling a regime to a new one of terrorism."

The Syrian official said "America must accept the reality that it is no longer in its interest to continue this way in Iraq. They must hand over power to other parties whose behavior is more acceptable to Iraqis and bring Iraq closer to regaining its sovereignty and holding free elections and then the problems will end. We are doing what we can (to stop militants crossing the border), and I think there are many claims which are incorrect and which serve as a political cover for the instability inside Iraq and lack of control."

## Asia News Digest

### Develop Nuclear Energy and 'Shed Your Baggage of the Past'

Addressing a debate at the United Nations General Assembly on Nov. 6, on a report published by the International Atomic Energy Agency (IAEA), India's representative and a Member of the Indian Parliament, B. Mahtab, said that it is time for the industrialized nations to "shed the baggage inherited from the past," and allow a flow of equipment and related technologies for enhancement of peaceful use of nuclear energy in the interest of people of developing countries.

Mahtab pointed out that the growth of nuclear energy in the developing countries, particularly in the nations with fast-growing economies and a large population, should be a matter of global interest, in view of its potential to protect the earth from irreversible climatic changes. He also said: "Mindless controls without addressing the core issue of meeting development aspirations of the needy, do not help the situation."

Meanwhile, the Russian Atomic Energy Minister Alexander Rumyantsev, in an interview with the Indian daily *The Hindu*, said on Nov. 3 that, "there is a pressing need to review the guidelines of the Nuclear Suppliers Group (NSG) and work out a special arrangement for India to allow it to cooperate with other countries in the nuclear field." Rumyantsev said Russia is trying to get the NSG to treat India as a special case, because it had indigenously developed its nuclear-weapons technologies, rather than receiving them from another country. The Russian Minister also pointed out that India has a flawless record on nuclear non-proliferation, and has no alternative to nuclear power for meeting its growing energy needs.

In the United States as well, there are talks about cooperation with India in the field of civilian nuclear-reactor safety. With over 100 reactors operating over many years in the United States, the U.S. Nuclear Regulatory Commission has built up a formidable library of safety-related issues, modes of equipment malfunction, and the required operator intervention. Indians point out that, if the Indian safety regulators have access to this information, it would be of significant help.

### Sri Lankan Crisis Far From Being Over

On Nov. 7, Sri Lankan President Chandrika Kumaratunga, following her 20-minute telephone conversation with the Indian Prime Minister Atal Behari Vajpayee, lifted the state of emergency she had announced two days earlier. She had imposed the state emergency 24 hours after sacking three cabinet ministers who belonged to the United National Party (UNP)-led Ranil Wickremesinghe government. Her decision to sack the ministers followed the proposals put forward by the Liberation Tigers of Tamil Eelam (LTTE) for an "Interim Self-Governing Authority" (ISGA) for the merged northeast provinces of Sri Lanka. The LTTE and Colombo are engaged in Norwegian-brokered talks to resolve the two-decades-old ethnic violence between the Tamils and Sinhallas of Sri Lanka. The talks were taking place in a state of ceasefire, which has been in effect since February 2002.

President Kumaratunga had imposed the state of emergency at a time when the country's Prime Minister Ranil Wickremesinghe, was in Washington meeting the U.S. President George W. Bush. The main agenda in that meeting was the resolution of ethnic hostilities and enhancement of trade and commerce between the two countries. Earlier, Wickremesinghe had met with his Indian and Japanese counterparts, and the EU chief, to discuss the same agenda.

What triggered President Kumaratunga to act abruptly was the nature of the LTTE proposal. The proposal demanded full control of marine and offshore installations and resources adjacent to the northeast, and the power to regulate access to ports in the region. It also said that once the ISGA get set up, disputes between the ISGA authority and the Sri Lankan government, if not resolved through discussions or Norwegian facilitation, should be referred to the International Court of Justice or international arbitration.

In other words, as President Kumaratunga read it, and New Delhi agreed with her in private, the implications of the LTTE proposals are that they are clearly the first step towards the creation of a separate sovereign territorial entity in Sri Lanka. These proposals explicitly made no reference to the jurisdiction of the Sri Lankan Supreme Court. In essence, the proposals subvert the constitution of Sri Lanka. Even Wickremesinghe's UNP stated that the LTTE proposals went far beyond a reasonable arrangement for provisional autonomy and self-government for the Tamil-majority areas.

In addition, the Sri Lankan authorities, including the Prime Minister, are aware that the period of ceasefire has been utilized by the LTTE to enhance its military and political manpower, to buy additional military supplies, and to deploy LTTE forces in strategically dominating positions in the Tamil-majority areas.

## **U.S. Road-Map on Afghanistan Is in Trouble**

The U.S. plan to split the Taliban has run into foul weather. The main hope of the Americans, and the Afghan Interim President Hamid Karzai, in this plan, was the former Taliban Foreign Minister Mullah Wakil Ahmad Muttawakil. Muttawakil had surrendered to the Americans in February 2002, and was kept in custody at a U.S. military base near Kabul.

During these 20 months, Muttawakil was in dialogue with President Karzai and had sent emissaries to various Taliban leaders, urging them to leave the fold of the Taliban supremo Mullah Mohammad Omar. These Pushtun-Taliban leaders were urged by Muttawakil to help the present regime.

The American road-map on Afghanistan consists of a number of sequential steps. First, the drafting of a new Afghan constitution. This constitution would then be endorsed and adopted by a Council of Elders. The third step was the holding of general elections in the summer of 2004. Following the general elections, and ostensible establishment of "democracy," the Bush Administration would bring some of the 11,000 troops stationed in Afghanistan back home, to convince the Americans that all their boys would be home soon. The whole plan centers around making conditions "favorable" for the re-election of President Bush.

However, one ingredient missing in all this, is the participation of the Pushtuns, the largest ethnic group in Afghanistan. Having basically identified all Pushtuns as Taliban, the United States now does not have Pushtuns to represent the community. It is for this reason that Muttawakil was cajoled for 20 months, and was finally released on Nov. 5.

However, Muttawakil has developed cold feet. Following his release, he urged the Karzai government to find him asylum in Qatar. Reports indicate that Muttawakil has already declined a Cabinet post offered by President Karzai. Word is going around that Mullah Mohammad Omar has called for Muttawakil's assassination.

Meanwhile, Afghan Minister Jalali told the media on Nov. 7 that a group of al-Qaeda Arabs and Chechens, in coordination with the anti-Kabul, anti-U.S. Pushtun leader, Gulbuddin Hekmatyar, has opened a new front against the U.S. and Afghan forces along the Afghan-Pakistan borders. Their objective is to further harass the U.S. forces and destroy the road-map.

## **Growing Cooperation Between China and India**

One of the nodal points in the ongoing improvement of China-India relations will be their first-ever joint naval exercise.

Beginning on Nov. 14, the two nations' navies will deploy "frontline warships" as well as aircraft and helicopters, off the port of Shanghai, China's largest, for the exercises. The Indian naval task force would be comprised of three warships—INS Ranjit, a Russian guided-missile destroyer; INS Kulish, a guided-missile Corvette; and the INS Jyoti, a replenishment tanker.

The exercises are important for ensuring safe maritime trade in a region where the much-traversed South China Sea and Malacca Straits are plagued with modern day 'high-tech' piracy.

Also in the news are the two-day (Nov. 6-7) China-India-Russia talks involving academics and eminent persons, which just concluded in New Delhi. The discussions took place in light of the historic visit of the Indian Prime Minister Atal Behari Vajpayee to China last June. Following the trip, the Indian Prime Minister and the Chinese Prime Minister Wen Jiabao, also met at Bali, and pledged further improvement in India-China relations. Subsequently, India and China also met to discuss the disputed border along the Himalayas. The discussions on border dispute, for the first time, took place at a very high level.

The improvement in India-China relations centers around a new "Look East" policy adopted by New Delhi. India's External Affairs Minister, Yashwant Sinha, told the *Press Trust* of India on Nov. 5 that India has entered "Phase-II of our 'Look East' policy, which is both more comprehensive in its coverage, territorially and materially." Sinha said India has now extended the policy to include China, Japan, and Korea.

## **Thailand Readies Itself To Deal with the Market Bubble**

The Thai stock market, with a full 30% of its trades coming from day trading (called "net settlement" trading in Thailand), has been reaching new records daily. This has forced the hand of Prime Minister Thaksin Shinawatra.

During his meeting on Nov. 5 with the SET (Stock Exchange Thailand) directors and regulators, the Thai Prime Minister said they must do whatever necessary to deal with market speculation, "without having to worry about the impact on a certain group of investors." A month ago, a move to stop trading the most volatile stocks was prevented under heavy international pressure.

Subsequently, the Bank of Thailand (BoT) officials were told by the BoT Governor Pridiyathorn Devakula, to monitor the movement of some "hot stocks." Pridiyathorn pointed out that he was not concerned about the overall market, which had traded reasonably in terms of price/earnings ratio.

Pridiyathorn said the central bank had not seen any signs of a bubble in the property sector, which it had been monitoring closely. In the bourse itself, the current price to earnings ratio is 10:5, compared to 15:18 in other markets. According to the central bank governor, the P/E ratio indicates that the stock prices are not too expensive, and most listed companies have performed very well.

But there is no denial that the Thais are worried about the market growth. SET chairman Vijit Supinit said he is ready to take all necessary measures to cool the market down if it is seen to have overheated. "We are keeping a close watch on the market. We are ready to step in to guard the market if it faces overheating," said Vijit. To further allay fears, the SET president Kittiratt Na Ranong told the Bangkok daily *The Nation* on Nov. 5:, "The current market rally is still in line with improved economic fundamentals."

Last week, during a luncheon speech at the Japanese Chamber of Commerce, Thai Prime Minister Thaksin Shinawatra was asked whether he was concerned about a possible stock-market bubble. Shinawatra said that, insofar as the stock market did not rise beyond a certain level, there was fundamental support for the Thai market.

## **Region Recognizes Myanmar's Importance**

The five-day (Nov. 3-7) visit to Myanmar by Indian Vice President Bhairon Singh Shekhawat is a clear indicator that India recognizes the importance of opening up strong economic and infrastructural ties with Myanmar. Invited by Myanmar's Army Chief Maung Aye, a member of the military triumvirate that rules Myanmar, Shekhawat is the highest ranking Indian leader to visit Myanmar in 16 years. Besides Gen. Maung Aye, the Indian Vice President also met the ministers of foreign affairs, home affairs, and rail transport. During his visit, Shekhawat announced extension of a \$57 million loan to Myanmar to modernize the Yangon-Mandalay railroads.

Relations between India and Myanmar have improved rapidly since 1988 when, following a student uprising, New Delhi had provided sanctuary to the Myanmar students who fled the country. This had vitiated the relationship between the two countries. In recent months, India has shown keen interest to open up closer economic and cultural relations with southeast Asian countries.

Following several high-level visits, it is evident that India and Myanmar has come closer together. Official bilateral trade is valued at more than \$400 million in the fiscal year 2003. The unofficial trade between the two countries through the porous border is reportedly much higher. Nonetheless, both sides hope to boost the official trade figures to \$1 billion by 2006.

The Indian initiative is triggered by increasing efforts by Thailand to integrate Myanmar into the region. Thailand, keen to develop much larger trade with both China and India, recognizes the importance of Myanmar, which sits on the crossroads between these large nations. Bangkok recognizes that unless Yangon is physically integrated through an adequate infrastructure, Thailand's potential to optimize its trade with India and China would remain unexploited.

It is for this reason the Thai Prime Minister Thaksin Shinawatra has announced that he would soon meet the Myanmar Prime Minister, Khin Nyunt. Following the meeting, it is expected that Thailand will offer Myanmar about \$50 million in the form of aid, and a low-interest loan to support the construction of transportation links between the two countries. Thai Deputy Prime Minister Korn Dabbaransi indicated on Nov. 4 that the grant will fund construction of an 18-kilometer stretch linking the Thai border town of Mae Sot and the Myanmar town of Myawaddy.

Korn said another \$445 million will be granted in the form of a low-interest loan to Myanmar. Thailand wants to develop jointly with Myanmar, plantations for corn, beans, potatoes, and bamboo shoots. In addition, Thailand has agreed in principle to support a study on the feasibility of developing a deep-sea port at Myanmar's Tavoy.

## **Africa News Digest**

### **Lula in Africa: We Want a 'Strategic Policy With Africa, China, Russia, India, and Mexico'**

"We want to develop a strategic policy with the rest of Africa, with China, Russia, India and Mexico," Brazilian President Luis Inacio Lula da Silva told a press conference Nov. 8 in Pretoria, the last stop of his five-nation tour of Africa, according to BBC News. Lula's assertion is the more interesting because a former chief of Brazil's UN mission to Geneva, Ricardo Seitenfus, recently said that, "China will likely become part of the group soon," referring to the G3 group of Brazil, South Africa, and India, according to the *Washington Times* Nov. 4. For more on Lula's tour of Africa, see the Ibero-American Digest.

## **Cheney's Bush Administration Offers \$2 Million for Kidnapping Charles Taylor**

The Bush Administration of Dick Cheney has put up a \$2 million reward for the kidnapping of former Liberian President and butcher Charles Taylor from his sanctuary in Nigeria. The reward was specified in a clause of the \$87 billion emergency funding bill for U.S. operations in Iraq and Afghanistan, which President Bush signed into law Nov. 6. The clause offers the money for the capture of "an indictee of the Special Court for Sierra Leone." Taylor is the indictee of the Special Court—for war crimes. The court is funded by the U.S. and Britain, and its chief prosecutor is a former Pentagon lawyer.

Taylor was offered—and under intense U.S. pressure, accepted—asylum in Nigeria, to put an end to his rule in Liberia.

Nigerian Presidential spokesman Femi Fane Kayode told BBC Nov. 8, "This is a little bit close to what many of us would describe as state-sponsored terrorism." It is a "step back to the Stone Age," and Nigeria would resist such an attempt, he said.

Presidential spokeswoman Oluremi Oyo told Reuters, "A friendly nation would not encourage the violation of the sovereignty of Nigeria." She said that Nigeria had granted Taylor asylum as part of a peace plan, agreed with other African nations, and that the U.S. had initially commended Nigeria for doing so.

Security around Taylor's villa in Calabar has been beefed up. He is protected by Nigerian police armed with assault rifles.

Jacques Paul Klein, Kofi Annan's special representative in Liberia, told BBC he was delighted by the bounty. Klein is the former Deputy Assistant Secretary of the U.S. Air Force who was the Coordinator of UN Operations in Bosnia and Herzegovina.

## **Cheneyacs Back (Their Own) Mercenaries in Africa**

Mercenary armies, sometimes known as "military service providers," are doing a good job supporting peacekeeping and peace-enforcement operations in Africa, and should be employed more often, claimed Doug Brooks of the International Peace Operations Association (IPOA) at a seminar at the U.S. State Department in the last week in October. The IPOA is a trade association of mercenary companies headquartered in Alexandria, Va.

Brooks claimed the role of these private armies has been "of great utility in filling the vacuum left by absent Western militaries, and particularly useful for supporting internationally-mandated peace operations." Brooks then detailed the deployment of the subcontracted armies to Sierra Leone, Liberia, Nigeria, and Congo.

The major companies putting mercenaries in Africa include Dick Cheney's own Kellogg, Brown & Root, which has sent its troops to the Democratic Republic of the Congo. Others are:

\* DynCorp, a division of Computer Sciences Corporation (Reston, Va.): Sudan;

\* MPRI, a division of L-3 Communications (Alexandria, Va.): Equatorial Guinea, Nigeria, Kenya, Ghana, Senegal;

\* ArmorGroup (Jacksonville, Fla. and London): Angola, Mozambique, Democratic Republic of the Congo;

\* Defence Systems Ltd., a subsidiary of ArmorGroup (London): Algeria, Democratic Republic of the Congo, Angola, Rwanda;

\* Control Risks Group Ltd. (London): Algeria, Nigeria;

\* Sandline International (London): Sierra Leone.

### 'War on Terror' Claims Another Chunk of Africa

Following a communique supporting al-Qaeda, allegedly from Nabil Sahraoui of the Salafist Group for Preaching and Combat (GSPC), unnamed "Western and Arab" intelligence sources have identified the Sahara, stretching between Mauritania and southern Libya, as a base for al-Qaeda, according to *Periodico de Catalonia* Oct. 27. The GSPC is a split-off from the Armed Islamic Group (GIA) of Algeria. Of particular concern, they claim, is the desert of Mali, especially in the north, and the area near the Algerian border, which is reported to be a base and meeting point for al-Qaeda members who have fled from the Middle East region. An unnamed U.S. diplomat identified Niger, Mauritania, and Mali as bases of support for al-Qaeda.

Reuters said of the communique, in an Oct. 22 wire, "It was not possible to verify its authenticity and the [Algerian] Interior Ministry declined comment," but Reuters treated it as authentic nonetheless.

### Rebels Excluded from 'Peace' Talks Attack Sudan

A coalition of rebel forces that was excluded from the Sudan "peace" talks have captured Sudanese military bases in eastern Sudan, Middle East Newline (MENL) reported Oct. 29. Sudanese officials said the rebels received training and aid from neighboring Eritrea. The rebel coalition includes insurgents from the Fatah movement, aligned with the United Democratic Party, led by Mohammed Othman Al Mirghani. Fatah and government forces were said to have engaged in fierce battles in the Al Kash delta some 120 km north of Kasala, on the main highway that connects Khartoum to Port Sudan. Sudanese sources told MENL a joint unit raided two military camps, identified as Maidam and Irbab. The Fatah militia is not related to the Palestinian movement of the same name.

### Grasshopper Swarm Devastating Farms in Central Sudan

A swarm of grasshoppers of biblical proportions is attacking farm-rich central Sudan, in the worst plague to reach Sudan in more than 30 years, according to *Al-Rai Al-Aam* (Khartoum) Oct. 27. In addition to the plague of insects, an epidemic of more than 600 cases of asthma has struck the region, caused by the massive, dense dust clouds produced by the grasshoppers. A regional state of emergency has been declared, with the grossly inadequate hospitals of Wad Medani city unable to help handle the epidemic. The farmland in Gezira state is estimated to be the richest in the country. Some reports estimate that Sudan's agricultural potential, in conjunction with Somalia's, could feed the entire population of Africa and have enough left to export food around the world. DDT remains a banned substance in Sudan.

### Zambia Asks Iran To Build a Tractor Plant for Southern Africa

Zambia's President Levy Mwanawasa has called on Iran to construct a tractor plant in his country, to boost agriculture across the southern African region. "On establishing a tractor plant, you will stimulate agriculture not only in Zambia, but the whole region, in that you will capture markets from all SADC [Southern African Development Community] countries," President Mwanawasa told a visiting Iranian delegation, led by Iranian Minister of Cooperation Ali Soufi Oct. 27, according to the *Times of Zambia*. Mwanawasa also urged the Iranian government of help revive Nitrogen Chemicals of Zambia (NCZ), a request to which Soufi agreed. There was no immediate response to the proposal for a tractor plant. Mwanawasa recently asked the Kubota company in Japan to build the tractor plant, but he was turned down.

Soufi said Iran was ready to form a joint venture with Zambia in the production of chemical fertilizer at NCZ. Soufi added that Iran was ready to revive the tire-manufacturing industry, and that the Zambian government had assured his team that they could move ahead with this project.

Other areas where the Iranians have pledged investment are in development of the irrigation system, creation of a heavy duty-motor bike manufacturing plant, and a plan to rehabilitate the Tazama pipeline from Ndola to Tanzania. Soufi said Iran was ready to invest in the oil refinery by expanding plant capacity, so that it could service Zambia and the entire region. He said Iran was also interested in the development of hydro-electric power through installation of power generators.

## **Algeria To Host African/Ibero-American Energy Conference**

Algeria will host a conference of African and Ibero-American energy ministers in February 2004. This first meeting of its kind will be attended by delegates from 52 African and 26 Ibero-American countries. The agenda is to include consultations on cooperation and exchange of expertise in numerous energy areas, such as training, information, and environment.

## **China Provides Interest-Free Loan to Namibia**

China is providing an interest-free loan of \$3.6 million to the government of Namibia, to "enhance friendship and cooperation with Namibia and to help Namibia with its development programs," and to "reduce the burden on Namibian taxpayers." An unnamed Namibian government official reported that the loan is being provided with no strings attached, according to *The Namibian* (Windhoek) Nov. 3.

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