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This Week You Need To Know

The State of the Political Parties

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The following article was also released by Lyndon LaRouche's Presidential pre-candidate campaign committee, LaRouche in 2004, as an Open Letter to the Democratic National Committee.

There are some facts the Democratic National Committee must finally face, if the Party is not merely to survive the crises already in progress, but play a more effective and relevant role in response to the mounting peril to civilization than we have seen from the Party, and the Congress as a whole, since the inauguration of President George W. Bush.

For that purpose, I turn your attention, first, to the contrast of my January 28th State of the Union address to President Bush's address delivered later that same day. I ask you to view the combined state of our national political parties in the context of the current State of the Union as I described the current situation in that address. I put the following proposition to you:

The foremost issue considered by sane and responsible men and women, is not which candidate might lead which party to victory in the November 2004 election, but whether the Democratic Party were, or might become, morally and otherwise capable of adopting and supporting a candidate who would play the needed role in overcoming today's economic collapse of the world's present monetary-financial system. The challenge is choosing a candidate who will play a role like that which Franklin Delano Roosevelt performed so well, during both his Presidency and his preceding campaign for election to that office.

That is the proposition on which my pre-candidacy for the 2004 Democratic Party Presidential nomination stands. I present that proposition as pertaining not merely to the changes from current Party policies which it adumbrates, but also the specific quality of leadership which must be brought back into government by choice of the selection of a certain quality of our next President, a selection consistent with the requirements of presently unfolding conditions of national and world crises,

For reasons identified in my January 28th State of the Union address, the likely fate of our republic—even its continued existence—depends on such a standard of selection for the process leading, from the present time, into the Party's Summer 2004 selection. On this account, I now put the following question to you:

Was Prince Hamlet your implied preference for the next head of state of Shakespeare's kingdom of Denmark? Or, did you, in your imagination, foolishly, blame Hamlet himself for the continuing catastrophe which that kingdom had brought upon

itself? Is the Democratic Party, like its presently visible rivals, an ongoing Classically tragic catastrophe for our republic? Are you committed, tragically, to nominating a Hamlet, or worse, for 2004? I put that case as follows.

In the modern history of the national Democratic Party, since Franklin Roosevelt's 1932 campaign on behalf of "the forgotten man," until the period of the 1964-1968 Richard M. Nixon "Southern Strategy" campaign for the Presidency, the national Democratic Party was understood by most citizens, as a party committed to the three great principles of the **Preamble** of the **U.S. Federal Constitution**. These are: *first*, the principle of perfect sovereignty under the terms of natural law; *second*, the principle that no government is morally legitimate except as it is efficiently committed to promotion of *the general welfare*; and, *third*, that it is more efficiently dedicated to the security and betterment of the future generations of our *posterity*, than even that of the living adult generation.

I point to the general cause of the present crisis of both our leading national parties, as rooted in the mid-1960s, and later, adoption of that "cultural paradigm-shift" to that rabidly existentialist egoism, which is typified by Friedrich Nietzsche, Martin Heidegger, Theodor Adorno, and Hannah Arendt, or the kindred views of the Nashville Agrarians' Professor William Yandell Elliott. This same cultural paradigm-downshift, was echoed among the so-called "radical left," and also, in a particular, "right-wing" way, by Nixon's 1966-1968 "Southern Strategy" campaign. Under the influence of that campaign and its sequels in both leading parties, all three of those principles of our Preamble were savaged, and, in the course of decades past, almost obliterated, as today.

This forty years of progressive decadence in our national intellectual and political life, has been recently typified by the odious decisions and worse arguments, for the radical version of "shareholder value," as that of Associate Federal Justice Antonin Scalia. The ugly utterances of Scalia today merely typify the way in which our government has shown increasing toleration for the reckless disregard, even vehement hatred, for the supreme Constitutional principles of sovereignty, of the general welfare, and of obligatory service to posterity.

It is this post-1954, pro-existentialist cultural-paradigm shift, in both its left-tending radical versions and in right-wing populist versions akin to the spirit of Nixon's "Southern Strategy" campaign, which has brought the world into the present world economic crisis. It is that cultural paradigm-shift, from the culture of a producer society, into the decadence of a consumer society, which has brought our national parties presently into a political condition today, which resembles that of doomed fish which an outgoing tide has left on the beach of history.

If we view the present situation in retrospect, over the course of the past four decades' transformation in our nation's leading cultural matrices, we must recognize Scalia's Carl Schmitt-like state of mind, as a typical result of that font of moral perversion known as Presidential candidate Nixon's "The Southern Strategy." The adapting of the Democratic Party's leadership to the "suburban strategy," since approximately 1981, has become the role of a "right-wing" Democratic "Tweedledee" in rivalry with a "right-wing" Republican "Tweedledum."

So, under the influence of such trends, we have seen the precipitous decline, since 1977, of the physical standard of living of the lower eighty percentiles of our family-income brackets. That decline typifies the predetermined outcome of the shift into an increasing decadence in U.S. policy of practice during the recent four decades. The disintegration of our nation's basic economic infrastructure, as unleashed under the guidance of Elliott-selected Presidential advisors Henry A. Kissinger and Zbigniew Brzezinski, is a co-factor in, and complement of the worsening calamity of the economic lower eighty percentiles of our households.

For the immediate situation, we, working within the Democratic Party's context, must define fresh views on three aspects of day-to-day work during the coming months. These are: *first*, the tragic crisis confronting both major national parties; *second*, the crucial problems to be faced within the Democratic Party itself; and, *third*, the challenge of discovering an appropriate mode of bi-partisan cooperation with certain relevant currents of the Republican Party.

The Crisis of Both Major Parties

As I emphasized in my January 28th State of the Union report:

During the recent nearly sixty years, the political-party system of the United States, has undergone two successive radical changes in direction of cultural trends. The first post-war change, which dominated the twenty years from the Democratic nominating convention of 1944 until the official launching of the U.S. Indo-China war, was dominated by what was, even at its relatively worst, a relatively successful world monetary-financial system and economic policy, a policy consistent with our republic's traditional role as a producer society. The launching of the 1964-1972 Indo-China war, and the radical cultural-paradigm shifts, at home, which accompanied it, prepared the way for the decisive shift, downwards, into that decadent, 1971-2003 form of consumer-society economy—a shift which has led us, now, into a potentially terminal world monetary-financial crisis, one presently a far worse threat than that experienced during the 1929-1933 period.

For both major national parties, these cumulative effects of these two successive periods—1944-1964, and 1964-2003—has been to introduce certain successive, regrettable changes of axiomatic assumptions into both popular opinion and the habituated policy-shaping reflections of national parties and government. Thus, our government and parties today usually react to challenges in ways which might remind us of the mythical goldfish, which, when released from his small bowl into a large pond, continued to swim in tight, seemingly traditional circles when there was no longer a compelling need to do so.

A forewarning of the mid-1960s change for the worse, was already signalled to some of us, by developments during the closing months of World War II.

Following the decisively victorious Normandy landing of June 1944, the traditional enemies of President Franklin Roosevelt, in both the U.S.A. and United Kingdom, said to themselves, in effect: "We no longer need a Franklin Roosevelt to bring us up out of the Depression or to bring the world to victory over Adolf Hitler." Those of that persuasion were determined that the expected early death of the President would be the opportunity for a turn back toward both the ideology more typical of the Coolidge period. For some then, this was also the occasion for the activation of that new, wildly utopian sort of imperialist policy, one put forward by the author of that evil, utopian doctrine of "world government through preventive nuclear warfare," Bertrand Russell. This glassy-eyed utopians' doctrine is that of those, in both parties, presently allied with Senators John McCain and Joseph Lieberman, and with Vice President Cheney's Lewis Libby.

At the close of that war, under the perceived threat of a conflict with the Soviet Union, most of the returning U.S. war-veterans and their wives soon assented to what was seen then as a right-wing turn in economic policy, and also a turn to the neo-colonialist and pro-monetarist policies introduced during that period. Nonetheless, as the election of President John F. Kennedy was to show, the generation which had grown up during the Great Depression and experienced that war, could not be weaned of the Franklin Roosevelt legacy so easily. Thus, the Eisenhower Presidency was, on balance, a period of moderation, under the traditionalist military credentials of a President who resisted the utopian "military-industrial complex" policies of such 1950s followers of nuclear terrorist Bertrand Russell as Professor Elliott-groomed Zbigniew Brzezinski and his crony Samuel P. Huntington.

The utopians' post-Eisenhower "Bay of Pigs," the 1962 missiles-crisis, the assassination of President John F. Kennedy, and the launching of the Indo-China war, were only typical of a bloody period of transition, a cultural-paradigm shift, from the still, overall successful producers' society of the 1933-1964 period, to what has devolved, since the "Gulf on Tonkin" resolution, into the failed imperial consumer society of today.

By the beginning of the 1980s, the cultural values, and political axioms of the population, had already undergone a radical

change. The early 1980s shift of the Democratic Party, into becoming a party dominated by "suburbanite" consumer-society values, was accompanied by adoption of policies of government which amounted to a manic fit of compulsion to uproot and obliterate the memory of those laws, customs, and other institutions which had pulled our nation and its people up out of the Depression. In effect, since a time coinciding with the formation of the Democratic Leadership Council, the trend has been that the Democratic Party's putatively leading combination of factions, was committed to obliterating all vestiges of those policies of President Franklin Roosevelt's leadership, which had transformed a sick U.S. economy, into becoming virtually the only world economic power existing at the close of the 1939-1945 war.

So, impelled by the continuation, under both major parties, of that downward drift into a sucked-out consumer society, the U.S.A., in 2000-2002, had entered the terminal phase of an accelerating, general economic collapse of the 1971-2003 IMF/World Bank-dominated monetary-financial system.

So, the U.S.A. today finds itself in the grip of a Classical tragedy, as such tragedies were portrayed by the ancient Greek tragedians, and by William Shakespeare, and Friedrich Schiller. In all real-life tragedies, as in Shakespeare's *Hamlet*, the threatened self-inflicted doom of the nation is caused, not by bad leaders, but by an accumulation of habituated popular customs and opinions of the people and their institutions. Shakespeare's **Hamlet** and **Julius Caesar** are typical stage models for this Classical concept of tragedy, as are Schiller's **Don Carlos** and **Wallenstein**. The Spain of Schiller's **Don Carlos** is doomed, in real life, as on the stage, by that rottenness of Hapsburg Spain's Sixteenth-Century culture which doomed Seventeenth-Century Spain, as Schiller portrays—apart from the French-born Queen—the common follies of his characters from that play.

Shakespeare's rotten kingdom of legendary Denmark is doomed, because its prince, Hamlet, clings to the ways of customary national folly, out of his expressed fear of facing accountability in immortality, after death. In real life, as in Classical tragedy, cultures are doomed because they lack leaders who show the wisdom and courage to break with rotten customs, to lead the nation upward and out of the accustomed popular "rottenness" which imperils the society. Such is the threatened tragedy which now looms before the U.S.A. and its Democratic Party, alike, today.

As Gottfried Leibniz emphasized, the Creator has given us the best of all possible worlds (the "universe"), in which mankind has options available to him, options by means of which the effects of natural catastrophes can be ultimately overcome, and the follies of human custom put aside by an appropriate act of will. The peril of the U.S.A. today is nothing but the ugly consequence of our nation's slide into its current, relatively decadent habits of popular custom and belief, notably the errant mental habits which have been accumulated in our popular culture and leading institutions during the period since, most emphatically, 1964-1981. The great danger to our nation, and to the Democratic Party, is the reluctance of popular opinion and leaders alike, to sweep aside those popularized bad habits of decades, which, unfortunately, have come to pass for the currently prevailing custom and popular opinion of today.

Party Unity? With Whom?

Since 1964, when a policy of Vietnam military service as "triage" of our less privileged young became practice, the trend of economic and related policy of the U.S.A. has become the spread of practices sometimes called "lifeboat economics," a practice which has come to include a growing list of categories of such victims as the homeless, the unemployed, the "minorities" generally, the sick, and the ageing. The Nixon campaign's "Southern Strategy" of 1966-1968 institutionalized the spread of such a mind-set in the Republican Party and among those defecting Democrats of Phil Gramm known as the "Boll Weevil" caucus. The Democratic Party's adoption of the so-called "suburban" electoral-campaign orientation, was an echo of the same trend in "life-boat economics." So, it came rightly to be said, as a warning to erring leaders within the Democratic Party, that the United States "does not need two Republican parties."

Under such conditions, as expressed within both the leading national parties, while some among the lower eighty

percentiles of family-income brackets are herded into the polls for election-days, the great majority's relationship to the political processes within the parties is chiefly that of spectators of the mass media. Today's critics do not ask what the public thinks of the mass media, but speak fearfully of what the mass media might say against the opinion of the citizen. Chiefly, our citizens rarely dare to object to the change. Our political-party processes tend, thus, to become a parody of what the great St. Augustine described as ancient imperial Rome's politics of mass-media-orchestrated "bread and circuses."

Thus, we live today under government, by a mass-media-orchestrated, mere submissive assent of the people, not consent of the informed mind of the citizen. Events have now reached the point, that, in one way or another, that trend is coming to an end. Now, throughout North America and Europe, young adults of the 18-25 age-interval revolt against their parents' generation, and against today's teachers and university professors: "You have created for us a no-future society!" It is the same no-future society already presented to senior citizens, to the burgeoning mass of homeless, and so on.

In this state of affairs, the survival of our nation, demands a voice like that of Presidential candidate Franklin Delano Roosevelt's cry for the cause of "the forgotten man." As the lower half of the upper twenty percentiles of our nation's family-income brackets have also been decimated by the economic depression which has been onrushing, and accelerating, during the 2000-2002 interval, we have reached a point at which the demands for ever-more-savage, depression-driven cuts in the public welfare, are presently, as in 1932-1933 Weimar Germany, a looming threat to the continuation of Constitutional government in our U.S.A.

The future of the Democratic Party, and of the republic, now requires opening the doors to an active role of the majority of our citizenry, a change which can not be accomplished except by returning to candidate Franklin Roosevelt's heralding the cause of "the forgotten man" of 1929-1932. This means, now as then, pointing the finger of blame to those 1964-1999 changes in policies which created the presently skyrocketing depression throughout Europe and the Americas, especially the policies launched, first, under President Nixon, during 1971-1972. It means a return to the model of thinking expressed as the Franklin Roosevelt recovery methods of 1933-1944.

Admittedly, in a democratic process, this change I have proposed must be thoroughly and constructively debated within the Party; but, it must be debated on the basis of the comparative facts of U.S. historical experience since, especially, Coolidge became President. That debate, situated within the framework of our Constitutional system of self-government, must define the Party and its new role in reversing the present onslaught by the forces of an onrushing "no-future society." Otherwise, given the dismal results of recent trends in policy-shaping, who will accept the invitation to come to our Party?

Admittedly, there is a stubborn residue in both major parties which will disagree vehemently with what I propose. Typical opponents are the circles of Vice-President Cheney and his flock of so-called "chicken-hawk warriors," and also the circles of the collaborators, Senators John McCain and Joseph Lieberman, whom the Hudson Institute heralds as the "Bull Moose" Presidential ticket for 2004. Typical are the fanatics associated with Professor Elliott's devotees Zbigniew Brzezinski and Samuel P. Huntington.

On this account, we must recognize that there are presently three conflicting, historically determined currents in leading U.S. political opinion. One is to be recognized as the tradition of our republic's principal founder, Benjamin Franklin, a tradition consistent with the three great, ruling principles of our Federal Constitution: sovereignty, general welfare, and posterity. The other two are varieties of active or implicit imperialist policies, one akin to the British "liberal imperialist" tradition, as lately described in a **New York Sunday Times Magazine** feature by Michael Ignatieff,[\[1\]](#) and the other typified by the rabidly utopian imperialism of H.G. Wells and Bertrand Russell. The latter are represented today by those who persist in proposing military policies reminiscent of the imperial Roman Legions' conduct of genocide against the peoples on that Empire's borders, and the universal fascist model of the Nazis' international Waffen-SS and Samuel P. Huntington.

We must assess the presence of those factions, within our nation and foreign affairs, in the light of the three principal, immediate challenges to the security of our nation, and the world at large.

The first challenge, is the need to reverse those domestic and foreign policies of the 1964-2002 interval which have led both our nation and the world into the presently terminal economic collapse of the existing, failed monetary-financial system.

The second challenge, is the threat of a plunge into a permanent state of spreading world war, which is currently represented inside the U.S.A. by the influence of such wild-eyed utopians as Vice-President Cheney, Senators John McCain and Lieberman, and their like.

The third, and most important challenge, is to recognize what I have defined as the existing opportunities for realizing the goals, at last, of a durable global community of principled economic and related cooperation among a system of sovereign nation-states embracing, principally, Eurasia, the Americas, and the cause of justice for sub-Saharan Africa.

The third and last challenge, is to be recognized as echoing President Franklin Roosevelt's vision for a post-war planet freed from the legacies of imperialism and colonialism. The effects of the economic collapse of the failed 1971-2002 world monetary-financial, "floating-exchange-rate" system, have produced the political preconditions for a return to something akin to the 1944-1958 Bretton Woods system of general economic recovery. This requires now the formation of great, cooperating blocs of sovereign nation-states throughout Eurasia, the Americas, and an African continent freed from the imperial rule of foreign-imposed genocide. Instead of economic rivals, we must now see other national economies as indispensable markets for long-term common goals of great infrastructure-building and technology-transfer agreements.

Unity in the National Interest

The successive and combined failures of both the Federalist party, and that of Presidents Jefferson and Madison, prompted the heir of Benjamin Franklin's publishing consortium, Mathew Carey, to publish the first edition of his book entitled **The Olive Branch**, the book which outlined what became that American Whig tradition from which Presidents such as John Quincy Adams, Abraham Lincoln, and Franklin Roosevelt adopted their leading historic roles in our nation's affairs.

Now, as during the period of the second war against Britain, 1812-1815, the urgent task is to rescramble the political-party system. The concept of such a timely reform is implicit in a review of the history of our political-party system's evolution, a review guided to large degree by study of Carey's argument in that book.

This rescrambling must, inevitably, take two general forms:

First, if both the Republican and Democratic parties react sensibly to their present situations, the electoral scene will be dominated by a reassortment of the actual and implied components of the two leading parties, each with their appropriate, component factional currents. Otherwise, U.S. electoral politics will be transformed into a desperate mess with foreseeable, but probably incalculable immediate results.

Second, in the best short- to medium-term outcome, the leading currents within both major parties will establish lines of programmatic and related collaboration which are systemically different than those of the recent two decades and more since Paul Volcker's appointment as Federal Reserve Chairman. The nature of the presently cascading types of national and global economic and related emergencies, will impart to such collaboration, forms echoing those of the period of President Franklin Roosevelt's bringing together of those who planned the post-1936 mobilization for the then-inevitable

new world war.

Such developments would be fruitful only on the condition that they found their basis in agreement on the three fundamental principles set forth in the Preamble of our Federal Constitution. It should become the included leading function of the Democratic Party to work to unite a powerful combination of political tendencies of our nation around a fuller understanding and efficient application of those principles upon which the existence of our republic was uniquely founded.

In all, healthy politics is mission-oriented policy-making: in brief, what must be done by, and for today's generations, for the assured improvement of the world delivered to the coming next two or more generations. That great principle, called variously *agape@am*, *the general welfare*, or *the common good*, which Plato's Socrates counterposes to the doctrines of Glaucon and Thrasymachus, must be recognized as the origin of our founders' notion of the meaning of a true republic, and as the principle of law which has rescued our republic, repeatedly, from the sundry follies of our parties and elected governments of our nation's past history.

At the moment, the world fears us more than likes us; but, should we make this proposed change, it will love us again, both for what we have been in the best moments of our nation's past, and what we shall again become.

[1] Michael Ignatieff, "The Burden," **New York Times Sunday Magazine**, Jan. 5, 2003..

U.S. Economic/Financial News

Bush Develops 'Credibility Gap' on Economy

Washington Post senior columnist David Broder penned an op ed Feb. 9, scoring Bush for his "credibility gap" on economic and budget policy, and drawing a parallel to President Lyndon Johnson, whose credibility gap on the progress of the Vietnam War ultimately drove him to abandon his 1968 reelection campaign.

Broder noted that on Jan. 27, Democratic leaders Sen. Tom Daschle (SD) and Rep. Nancy Pelosi (Calif) had addressed an audience at the National Press Club where they attacked the Bush "credibility gap" on his economic agenda. Broder wrote, "The budget that Bush delivered last week provides the strongest evidence to support the Democratic charges." He accused Bush of "burdening the future irresponsibly with debts he will not pay," citing the tax cuts, and the costs of the looming war with Iraq. He cited Sens. John Breaux (D-La) and Olympia Snowe (R-Me), two centrists, who criticized Treasury Secretary nominee John Snow for parroting the Administration's claim that the ballooning deficit is "within acceptable range," and accused him of trying to "cloud the reality of the rapidly approaching fiscal crisis."

Manufacturing Sector 'Morphing' into Service Sector

The U.S. manufacturing sector is undergoing a phase-shift as it turns itself into a service-sector employer, evidenced by the rapid decline in the percentage of manufacturing jobs that actually involve production of goods, the *Wall Street Journal* reported Feb. 10. Of 17 million "manufacturing jobs," only 54% are involved in actual production. The rest are "cubicle positions," including design, marketing, sales, packaging, and other support positions—as well as engineering. This has plunged from 68% ten years ago.

The *Journal* notes correctly that: "The act of making a good generally has a greater proportionate impact on the economy than providing a service. Arguably, then, the loss of those [productive] jobs could have a greater proportional impact as

well." Does the reporter keep a copy of *EIR* in his cubicle?

Loss of Goods-Producing Jobs Signals Decline in Innovation, Invention

More evidence that some of the brighter writers at the *Wall Street Journal* are keeping close tabs on *EIW* and *EIR*: The loss of goods-producing jobs presages a decline in innovation and invention, says another *Journal* piece Feb. 10 (see previous item). "The Outlook" columnist Clare Ansberry observes that the loss of goods-producing jobs risks a spillover effect into the larger economy. "Making things is the result of invention and the genesis of additional invention. Manufacturing developments led to breakthroughs in software and cancer screening as well as Teflon and drip coffee makers. Such innovations often grow out of collaboration among workers, customers and engineers who tinker with production processes and so create solutions."

"The symbiosis between production and innovation is especially important in the medical-device industry," according to Thomas J. Duesterberg, CEO of the Manufacturers Alliance, based in Arlington, Va.

Machine-Tool Consumption Is in Breakdown Collapse

Machine-tool consumption by U.S. industry in 2002 totalled a mere \$2.060 billion vs. \$2.669 billion in 2001, a crash of 22.8%, the American Machine Tool Distributors Association and the Association for Manufacturing Technology reported on Feb. 10. Attempting to put a happy face on an otherwise devastating picture, the AMTDA and AMT both hailed the fact that for the month of December 2002, machine-tool consumption had risen by 18.1% over December 2001. But, at \$167.8 million in December 2002, the figure is so small that the fact that it is much larger than the December 2001 figure is not much of an achievement.

By viewing the process from a higher level, the disaster is made clear.

U.S. Machine Tool Consumption ,on an Annual Basis

1997	5.56	(\$ billions)
1998	4.91	
1999	3.90	
2000	3.99	
2001	2.67	
2002	2.06	

Thus, U.S. machine-tool consumption in 2002 is only one-third the level of 1997. Because machine-tools incorporate in their design the most advanced scientific discoveries, they are essential to economic development.

World Economic News

Hedge Funds Shift to Gold as Dollar Dives

Richard Wachman wrote in the London *Observer* Feb. 9 that U.S., European, and Japanese hedge funds are investing in gold because of the collapsing U.S. dollar and equity markets. He suggests that a "gold bubble" might be in the offing. Wachman reminds his readers that in the 1980s, gold was selling at \$800 an ounce until the equity markets became fashionable. He cites sources saying gold could once again reach anywhere from \$420 to \$1,000.

The rise has nothing to do with Iraq war fears, but the collapse of the dollar and U.S. economy, Wachman said, quoting Michael Temple of *Gold Investments* that the "performance of gold is linked to the decline of the dollar. The greenback has been hit by fears of the conflict in the Middle East, doubts about the underlying strength of the U.S. economy and fears over America's yawning current account deficit.... The dollar/gold connection should not be underestimated."

Temple adds, "gold should be treated as a safe haven currency, and one that comes to the fore when the dollar is under siege, as it is now. The euro may have strengthened as a result of the greenback's woes, but much less so than gold."

Bank of England 'Very Alarmed' Over UK Financial Crisis

"I can assure you, the highest levels at the Bank of England find the situation very alarming," a senior City of London source told *EIR*, referring to the crisis in the insurance sector. "Despite the fact that the situation for Britain's life-assurance firms was made easier last week, by the government decision to lift solvency requirements that had recently been imposed," the source continued, "a half-dozen leading life-assurance officials visited the Bank of England last week, to plead for help, and for the Bank of England to cut interest rates, or else, they warned, they would be under water, because of what is happening in the housing market. So," he explained, "the Bank of England obliged, with a rate cut that was widely proclaimed to be a surprise, but was actually not a surprise at all, given how serious the situation here really is."

The City of London source insisted that further dangers lurk on the equities market in Britain, because if the FTSE stock index goes below 3400, "This will undermine life assurance firms' solvency, whatever other measures there are. The FTSE was at 3600 at the close on Feb. 13. "Keep a watch on this," he advised.

British Housing Bubble Ready To Pop

Sharply contradictory headlines concerning the housing bubble in Britain appeared in the financial media Feb. 10. While *Bloomberg's* wire was headlined "UK House Prices Accelerate at Record Pace in Fourth Quarter," the *Independent* ran a prominent headline, "Sharp Fall in London House Prices Alarms Analysts." How is this possible? The source for both stories is the very same report on the fourth-quarter housing market put out by the government-linked Land Registry! It states that average prices of homes in England and Wales, during the fourth quarter 2002, were 22% higher than 12 months before. That was the biggest year-on-year increase since Land Registry started to report these figures in 1995.

However, as the Land Registry report shows, the rise in housing prices that has continued over several years in Britain, and was still very strong in the first half of 2002, came to a sudden end in late autumn. In Greater London, which sets the pace for housing markets in the rest of the country, average home prices were actually down 3% in January 2003 compared to three months earlier.

UK Trade Deficit Highest Ever

Britain's global trade gap reached 34.2 billion pounds (\$54.9 billion) in 2002, the highest ever, as exports fell 2.5% to the lowest volume since 1999, according to government figures released Feb. 10. Exports to non-European Union countries shrank by 4.5%, as Britain has a much greater export dependency on U.S. markets (15% of all exports) than the average European Union country. Manufacturing in Britain fell 4% in 2002, the biggest slide since 1991. Industrial employment in Britain also has plunged to the lowest level since the Second World War.

Brazil Must Pay \$150 Billion in Debt in 2003

Half of Brazil's public debt comes due in 2003: a staggering \$150 billion worth of domestic and foreign debt, give or take a few billion, according to *Bloomberg* wire service Feb. 5, citing the Central Bank and Finance Ministry. Some \$50 billion comes due between now and July, and another \$100 billion in the second half of the year.

Given that reality, Finance Minister Antonio Palocci's announcement Feb. 7 that the government of President Lula da Silva intends to run a primary budget surplus (surplus before paying debts) of 4.25% of GDP in 2003, in order to guarantee that Brazil's debt is "sustainable," is not credible. This is more than the former Cardoso government stripped out of the budget in 2002 (4.06%), and more than the IMF accord officially requires (3.75%). The Workers Party (PT) Finance Minister made an ass of himself, asserting that the decision was taken on the basis of the country's necessities, and not based on the IMF accord, so therefore, "we made clear our autonomy in fiscal and monetary goals."

An IMF mission arrived in Brazil on Feb. 10.

Palocci said the government calculates they will generate a surplus of 68 billion reals—nearly \$19 billion dollars—to pay debts. That \$19 billion could set into motion great infrastructure projects, if invested in the physical economy, but spent on debt payments, they are worth a bucket of water in the ocean. (For more on Brazil, see [IBERO-AMERICAN DIGEST](#).)

Mexican Peso Falls to Record Low Against U.S. Dollar

Mexico's peso fell to a record low against the (also falling) U.S. dollar on Feb. 7, losing 1% of its value, to close at 11.098. The Central Bank cut its lending to private banks midday (its way of trying to drive up interest rates, and attract capital)—the third time in two months it has done so, but the peso continued to fall. Private companies in Mexico are getting nervous about the effect the devaluation will have on their ability to pay their debts, which are in dollars.

So, of course, are the government's foreign debts.

Uruguay Expected To Restructure Debt To Avoid Default

Uruguay is reportedly close to announcing plans to restructure \$5.3 billion in public debt to avoid a default, various news media reported Feb. 11. On Feb. 10, the government paid \$151.7 million in capital and interest on a bond that came due Feb. 9, but is said to have agreed to a plan devised by a foreign consulting firm, by which it will "stretch out" payments due this year, without any writedown of the amount. Reports have circulated for some time that the IMF was pressuring Uruguay to restructure its debt, something the government of President Jorge Batlle was reluctant to do, as it undermined the country's reputation as a stable financial market for investors, and a country which "always" paid its foreign debt.

But there was great uncertainty as to whether the government would even make the Feb. 10 payment. It is currently involved in intense negotiations with the IMF, to produce a 2003 economic program whose austerity guidelines can convince the Fund that the foreign debt is "sustainable." The situation is desperate. The IMF did not disburse a \$380 million tranche of a standby loan last December, claiming that the government hadn't met fiscal targets, and is still not satisfied with its projections on revenue and budget cuts for 2003. According to Argentina's *La Nacion*, meetings between IMF and government officials extended into the early morning hours of Feb. 10, to discuss only two topics: debt restructuring and the 2003 economic program.

Bankers, Energy Pirates Demand More Looting Rights in Argentina

Foreign utility companies are howling that the Argentine government may reverse some privatizations of former state-owned utility and service companies, citing deteriorating infrastructure and poor service, according to *Bloomberg* Feb. 10

and 11. Charles Dallara, managing director of the bankers' cartel, the Institute of International Finance, protested to *Bloomberg* that the Duhalde government is adding to investors' "anxiety" by suggesting that privatization contracts may be rescinded. "Argentina has given another black mark to Latin America," he blustered, warning that the "damage" it has done, will turn investors away for years to come.

Foreign-owned utilities have been demanding that the government allow them to raise rates frozen in January 2002, arguing that their inability to do so is the reason for poor service and collapsing infrastructure. They whine that the government didn't respect their contracts and "the rule of law," when it refused allow them to increase rates after the peso was devalued a year ago, thus, they say, forcing many of them into default.

Now, energy pirate AES Corp., together with CMS Energy Corp., and LG&E Energy Corp., have filed complaints with the World Bank-linked International Center for Investment Disputes, demanding \$1 billion in compensation for their losses. Bloomberg admits that the energy pirates "were drawn to Argentina by the prospect of charging rates that were effectively higher than in home markets." Last week, consumer advocate Eduardo Mondino pointed to the "calamitous" state of privatized railroads and other services, and called on the government to rescind contracts.

China To Build Huge Container Shipping Port on Bohai Bay

China is building its largest container shipping port complex on the Bohai Bay, a region close to Russia, North and South Korea, and Japan. This "is also the starting point of the Eurasia Continental Bridge," noted *Xinhua* Feb. 9.

The ports of Dalian, Tianjin, Qingdao in Shandong, and the Beijing-Tanggu port area, are all in or near the Bohai Bay. Together they handle 3 million TEUs (20 foot equivalent units) a year.

This big container base is the result of northern China's booming foreign trade in this economically active region of northeast Asia. This region is becoming the "third economic belt" in China, after the South (Pearl River Delta) and East (Yangtze Delta).

The Ministry of Railways is now working with Tianjin Port, to build two railways to ship still-containerized goods, from these four ports directly to cities in central and western China.

Landlocked Mongolia has designated Tianjin its "outlet to the sea" for imports from the United States, South Korea, and Japan. The volume of freight between Tianjin and Mongolia was more than 9,000 TEUs last year.

Also, half of China's expressways are linked with areas around the Bohai Bay. Some 30 container transport companies have been set up to ship goods to other parts of China.

China Will Emphasize Job Creation as Unemployment Rises

With a real unemployment rate greater than the official figure of 4% for 2002, China is considering more comprehensive measures to create jobs. Beijing has pledged to keep the registered unemployment rate below 4.5%, and create 9.5 million jobs, according to *China Daily* Feb. 12.

Li Peilin, vice-president of the Sociology Institute of the Chinese Academy of Social Sciences, told *China Daily* that the official figure only counted those unemployed registered in urban areas. According to the Ministry of Labor and Social Security, there are about 7.5 million registered urban jobless.

In addition, official statistics do not count the 120-150 million surplus rural laborers, many of whom work in temporary jobs in cities, or some 700,000 unemployed college graduates. A full 10 million additional workers have been laid off by state-owned enterprises, but are still on labor contracts.

By the end of 2002, China had its highest unemployment rate in three years; it had been 3.1% in 2000 and 3.6% in 2001. In China, every 1% increase in the unemployment rate means that an estimated 1 million people have lost their jobs. For these workers to find jobs, "the possibilities have gradually dimmed in recent years," Vice-Minister of Labor and Social Security Zhang Xiaojian stated to *China Daily*. In 1998, over 50% of laid-off workers found new jobs, but in 2002, only 9% were re-employed. Zhang Xiaojian said that China's official "jobless rate in fact only reflects China's employment situation in urban areas."

He said he has "serious concern" about employment in China, where the population is rising to more than 1.29 billion. "China has a huge workforce, with about 60% of laborers in rural areas, but unemployment problems are evident and urgent."

However, in the long run, China has good prospects for employing its population, Zhang said.

Household Savings in China Reach Record High

National household savings in China have risen to a record high—the equivalent of \$1.1 trillion by the end of January. This is an increase of almost 20% since beginning 2002. China's population traditionally reacts to any increasing uncertainties—such as rising unemployment levels—by saving money.

United States News Digest

Six Members of Congress Sue President Bush for Abuse of Power on Iraq War

Six members of the House of Representatives filed a Federal lawsuit last week to force President Bush to seek a Congressional declaration of war for any war on Iraq. The coalition behind the suit includes six Democratic members of the House, several U.S. military, and parents of military personnel. House members, all Democrats, are John Conyers (Mich), Dennis Kucinich (Ohio), James McDermott (Wash), Jose Serrano (NY), Sheila Jackson Lee (Texas), and Jesse Jackson, Jr. (Ill).

The plaintiffs' lead attorney, John Bonifaz, said, "A war against Iraq without a Congressional declaration of war will be illegal and unconstitutional." The lawsuit cites Article 1, Section 8 of the Constitution, which states: "Congress shall have power ... (to) declare war," arguing that the Iraq resolution that passed in Congress in October 2002 did not declare war and unlawfully ceded that decision to President Bush.

Conyers told a press conference, "The Founding Fathers did not establish an imperial Presidency with war-making powers. The Constitution clearly reserves that for Congress."

Three civilian co-plaintiffs to the suit founded "Military Families Speak Out," for those who oppose this war and have family in the military.

Gen. Zinni Blasts Wars Without End

On Feb. 11, Gen. Anthony Zinni (USMC ret), former head of the Central Command, which covers Iraq, the entire Near East, and Afghanistan, testified before the Senate Foreign Relations Committee, where he continued to oppose war on Iraq. Zinni gave serious testimony about the consequences that are not considered by the neo-conservative warmongers. He said, (1) there is no short war; and (2) Afghanistan after the Soviet Union left proves that the idea that "anything is better than what you have" is a fallacy.

On the first point he said, "I want to make one other point ... The idea that there's an exit strategy or we leave is naive. You stay. The Gulf War may have ended in 1991, but CENTCOM for 12 years after was in Iraq, flew over it, no-fly zones, no-drive zones, maritime intercept operations, occasional bombings, an average presence of 23,000 troops from all services. *The war never ended.* We aren't going to go home from whatever we do in Iraq...." (emphasis added).

On Afghanistan, Zinni said, "I want to address the issue of anything is better than what you have.... I would say that we threw the Soviets out of Afghanistan with the idea that [having the] Soviets out has got to be better than anything that can follow, and we left them with the Taliban eventually. So anyone that has to live in this region and has to stay there and protect our interests year in, year out doesn't look at this in sort of finite terms, as a start and an end, as an exit strategy...."

At the hearing, the ranking Democrat, Sen. Joe Biden (D-Del) made a similar point, accusing the Bush Administration of ignoring the American population, who are demanding to know *what are the consequences*.

George W. Bush and 'The Boy Who Cried Wolf'

Law enforcement and intelligence professionals fear that the frequent intelligence failures and exaggerations are making the population more vulnerable to terrorism. One comment on Feb. 14 was that President Bush should read "The Boy Who Cried Wolf!"—the fable about the shepherd boy whose prank of calling for help as a joke finally backfired when nobody heeded a real threat.

The comment followed the news that the terrorism informant who was source of the warning that led to last week's raising of the terror threat level to Orange, or High, failed his polygraph test. Law enforcement officials in Washington, D.C. and New York revealed that "a key piece of the information leading to recent terror alerts was fabricated" by him, reported ABC News on Feb. 14.

"The informant described a detailed plan that an al-Qaeda cell operating in either Virginia or Detroit had developed a way to slip past airport scanners with dirty [i.e. radioactive, or chemical or biological] bombs encased in shoes, suitcases, or laptops." But the information turned out "to be fabricated," after the source was subjected to a lie-detector test. Former CIA counter-terrorism chief Vince Cannistraro, now a consultant to ABC News, said, "This person did not pass." But the polygraph was not given to the informant, until *after* the alert was publicized.

Homeland Security Director Tom Ridge came under hostile questioning the same day, but defended the orange alert, because the warning did not rest on "just one source." But after millions of Americans bought duct tape and plastic sheeting to protect their homes, as the government told them to, Ridge said, "I want to make something very, very clear at this point. We do not—we do not want individuals or families to start sealing their doors or their windows...." Ridge said, "we didn't tell you to *use* these materials, just to buy them." He was asked if the government did not "unnecessarily scare the population." This is not the first time that a captured accused terrorist, or criminal has "made up a huge story and scared a lot of people." A previous case was Christmas Eve, when Bush personally announced a nationwide manhunt for five "Middle Eastern men" entering the country from Canada. The story turned out to be false, and the alert was called off.

Washington Insider Believes Iraq War Can Still Be Stopped

Jessica Tuchman Mathews, the president of the Carnegie Endowment for International Peace, and the author of a proposal for "coercive inspections" in Iraq, told *EIR's* Jeff Steinberg that she is still "cautiously optimistic" that an Iraq war can still be prevented. On Sunday, Feb. 9, she had penned a *Washington Post* op ed promoting robust "coercive inspections" of Iraq, backed by the deployment of UN blue-helmet troops, as an alternative to a U.S. invasion.

In the on-the-record discussion, she reviewed the history of her proposal, which was first presented, privately, to Administration officials in August 2002. She worked on the proposal with Gen. Charles Boyd, the head of the Washington office of the Council on Foreign Relations, and Rolf Ekeus, the former UN chief weapons inspector in Iraq. Their involvement, she said, gave the plan both military and diplomatic credibility, and she believes that the early-October 2002 speech by President Bush, in which he shifted the Iraq agenda from "regime change" to "disarmament," was a reflection of their input. Following the President's State of the Union message and Colin Powell's disastrous performance at the UN Security Council, she decided to revive her proposal, and wrote the op ed. She told Steinberg that she wrote it in the belief that it was still possible to revive the "coercive inspections" plan and avoid a disastrous war.

Since the article appeared in the Sunday *Post* Outlook section, she has received hundreds of e-mails, faxes, and letters, and only five people who wrote disagreed, calling her an "appeaser." She cited the "stiffened opposition" from the Europeans, which no one had anticipated, as another factor in her "cautious optimism" that the war can be avoided through this "middle ground" between war and inaction on the issue of weapons of mass destruction. She also concurred that the global financial and monetary crisis would be greatly exacerbated by a war.

Kofi Annan Reiterates He Wants Inspections To Continue

On Saturday, Feb. 8, UN Secretary General Kofi Annan delivered a lecture at the College of William and Mary in Williamsburg, Va., at the invitation of Gen. Anthony Zinni (USMC-ret), who is on the faculty there. Annan reiterated that inspections can work, and should continue. He added that any action against Iraq must take place under a United Nations umbrella. On Feb. 18, Annan will be going to Baghdad to meet with Iraqi leaders.

At his speech in Virginia, Annan warned the U.S. "against attacking Iraq on its own, arguing collective action under a UN umbrella would have greater legitimacy and better odds of success," wire services reported. Annan said force was the last resort, but if the inspectors' report (given Feb. 14) showed Iraqi non-compliance, then "the Council must face up to its responsibilities."

"This is an issue not for any one state alone, but for the international community as a whole," Annan said. "When states decide to use force, not in self-defense but to deal with broader threats to international peace and security, there is no substitute for the unique legitimacy provided by the United Nations Security Council."

Clinton Targets Cheney and Lewis Libby on Rich Case

Appearing on *NBC-TV's* Today show on Feb. 11, former President Bill Clinton was asked about the Marc Rich pardon, and for the first time, zeroed in on Dick Cheney's chief of staff and the Bush Administration as the real pals of organized-crime figure Marc Rich, whom Clinton pardoned on his way out of office in January 2001. An excerpt follows:

KATIE COURIC: In this month's edition of the *Atlantic Monthly*, James Fallows writes, "Clinton had the worst beginning of an ex-presidency since Richard Nixon flew to San Clemente in 1974." Certainly you did ignite a fire storm of criticism with your pardon of Marc Rich. Had you the opportunity to do it over again, would you have pardoned him?

PRESIDENT CLINTON: No, I would have waited and let President Bush do it, because Vice President Cheney's chief of staff was his main lawyer, and there would have been no media fire storm and he wouldn't be being investigated. That only happens to us. There's a double standard there. It's been two years now, and the Justice Department has not charged him. So if I was wrong and they're right, why don't they charge him and get the taxpayers some money? I'm still waiting.

House and Senate Kill Bill To Authorize Pentagon Spy Agency

On Feb. 12, the leaders of the House of Representatives followed the Senate in killing Adm. John Poindexter's "Total Information Awareness" Pentagon spy program. The program would assemble Internet data on individuals (credit-card purchases, travel data, etc.), allegedly to look for terrorist profiles. A Senate amendment to the 2003 spending bill would ban all funds until after Defense Secretary Donald Rumsfeld provides a full and detailed report to Congress, and even then would ban any TIA spying on U.S. citizens.

John P. Murtha (D-Penna), ranking member of the House Appropriations Defense Subcommittee, said "Jerry [Lewis, (R-Calif), the chairman] is against it [the TIA], and I'm against it, so we kept the Senate amendment." He added, speaking of the Pentagon, "They've got some crazy people over there." Thus, if the 2003 spending bill ever becomes law, which it may or may not, Adm. Poindexter's "TIA" program will be dead.

Poindexter was convicted of crimes in the 1984-6 Iran-Contra secret government operations of Ollie North and company. Poindexter had been National Security Adviser under President Ronald Reagan.

Missouri Prosecutor Argues Innocence Not an Impediment to Execution

Citing earlier U.S. Supreme Court decisions, a Missouri prosecutor argued before the State Supreme Court that judges must ignore whether a Death Row inmate is actually innocent, as long as his "Constitutional rights" have not been violated. How executing an innocent person is not a violation of Constitutional rights is hard to figure.

Assistant Attorney General Frank Jung of Missouri, the home state of the messianic U.S. Attorney General John Ashcroft, told members of the state court Feb. 4 that the execution of Death Row inmate Joseph Amrine should proceed, regardless of his actual guilt or innocence. According to the *Kansas City Star* Feb. 6, the judges were "incredulous."

One asked: If a defendant is innocent, but no error [at trial] was made, should the defendant still be executed? Jung said that even if DNA evidence conclusively exonerated an inmate, the court would still need a Constitutional violation to stop an execution. Another asked: "Is it not cruel and unusual punishment to execute an innocent person? Jung replied, "If there is no underlying constitutional violation, there is not a right to relief." And another: "So you would put an innocent man to death as long as he had a fair trial?" Jung replied that the Supreme Court (under the leadership of Confederates William Rehnquist and Antonin Scalia) has adopted the view that innocence should be considered only if a Constitutional violation has occurred. The Missouri Supreme Court, which turned down Amrine's appeals in 1987 and 1990, last year found the evidence murky enough to justify a new hearing.

Ibero-American News Digest

Venezuela Economy Undergoing Rapid Disintegration

Not since the civil wars of the 19th century has Venezuela's economy disintegrated so completely as is now occurring, several Venezuelan economic commentators have observed, according to *El Nuevo Herald* Feb. 11. Leaders of the

industrial and commercial associations, Fedeindustria and Fedecomercio, project that 1 million people will lose their jobs in the coming months, as businesses fail. Already, 12,000 commercial establishments have closed, and 5,000 are bankrupt. This new wave of unemployment comes on top of the 1 million who lost their jobs in 2002—out of an economically active population of only 10 million. Unemployment is now at about 20%.

Venezuela Central Bank: Servicing Foreign Debt Is Top Priority

"I'm sure the debt will be paid, because with the exchange controls, the first priority over all others is servicing our foreign debt," Domingo Maza Zavala, one of the seven directors of Venezuela's Central Bank reassured Wall Street's *Bloomberg* wire service in an interview Feb. 18. Maza Zavala, a "former" leftist economist, insisted the bankers needn't worry that Venezuela would default.

This is in accord with the policy outlined by President Hugo Chavez on Feb. 5, that the exchange controls would serve: (1) to ensure his opponents would be cut off from dollars; and (2) that there would be money to pay the foreign debt.

Ecuador President Gutierrez Kowtows to Washington, IMF

Ecuador's "leftist" President told Washington he wants to be one of the "best allies" of the Bush Administration. President Lucio Gutierrez met with President George W. Bush in Washington for more than 40 minutes Feb. 11, lunched with Secretary of State Colin Powell, and met with other White House officials, Congressional offices, and heads of the international financial bodies, including the IMF's Horst Koehler, before heading to New York City on Feb. 12, to meet with Wall Street bankers and oil investors.

His message, as he told a forum jointly organized by the Heritage Foundation, the Center for Strategic and International Studies, and the Inter-American Dialogue, was that "Ecuador wants to offer the United States a permanent flow of oil, if international difficulties persist, or worsen." He stressed that he wants the foreign investment required to raise oil production. "We will guarantee you juridical security," and "all the incentives that today's competitive world offers," to get it, he promised.

During his meeting with Koehler, he signed the genocidal letter of intent his government just negotiated with the IMF.

The only possibly useful outcome of Gutierrez's trip, is that he assured Washington that he backs Colombia's President Alvaro Uribe Velez's efforts to take on the narcoterrorists.

How long he will remain in office, however, is not known. His governing partner, the Pachakutik Movement (the political arm of the National Federation of Indigenous Nationalities of Ecuador, CONAIE), which holds four posts in his Cabinet, already furious at the IMF accord Gutierrez is ramming through, protested immediately his offer to be "the best ally of the United States." Various members of the movement are calling for it to pull out of the government.

Lula Government To Cut or Freeze \$4 Billion From 2003 Budget

The Brazilian government of President Lula da Silva will cut or freeze \$4 billion from the 2003 budget passed by the Cardoso government, in order to reach its target of a 4.25% budget surplus, the Finance Ministry announced on Feb. 10. The IMF issued a statement welcoming the primary surplus target, as a sign of the Lula "government's commitment to a comprehensive and sustainable economic and social program," but there is hell to pay within Lula's Workers Party (PT), where Congressional deputies, despite threats of party discipline, are protesting that the Lula government is outdoing President Cardoso's in implementing austerity, despite his election promise to change IMF policies.

Porto Alegre Hails Triumph of 'Left' as Nations Bow to IMF

The message from this year's meeting of the supposedly anti-globalization World Social Forum in Porto Alegre, Brazil, according to liberation theologian Fray Betto, was that the triumph of Lula da Silva in Brazil, Lucio Gutierrez in Ecuador, and Hugo Chavez in Venezuela, could mark the first upward curve for the Ibero-American and world left since the fall of the Berlin Wall. "Latin America has given a new vote of confidence to the left," the liberation theology guru and adviser to President Lula's "Zero Hunger" program, said in an interview given at the Porto Alegre meeting to *Rebellion*, an Internet website which propagandizes for the terrorist movements of Ibero-America. He warned that "the left cannot withstand any more failures," even as he went on to hail how, "from Ecuador to Venezuela, the popular classes are demanding social reforms which neo-liberalism did not know how to give them," at the very moment his three purported examples of World Social Forum governments are putting through their IMF policies.

IMF Demands Argentina Respect 'Creditors' Rights'

Argentine President Eduardo Duhalde signed a decree Feb. 4 allowing for short-term, voluntary mediation between creditors and debtors, to prevent foreclosures on bad loans. Although the mediation is very limited, it violates the stipulation in the recently signed letter of intent with the IMF, to the effect that the government "must abstain from promoting any law ... which allows involuntary suspension of creditors' rights." The IMF and its friends made angry phone calls to Finance Minister Roberto Lavagna early in February, demanding he stop the decree, and one anonymous U.S. Treasury official told *Clarín* that many foreign banks, especially Citibank, are angry that Argentina keeps "changing the rules of the game."

In the Congress, legislators are further annoying the IMF by refusing to approve four new taxes it demands, which would purportedly raise \$500 million in revenue. The promise to impose these taxes is included in the letter of intent.

Western European News Digest

'It's Time To Get Rich' Campaign Rocks Paris

The French chapter of the Schiller Institute, the LaRouche political movement in Europe, held a high-profile day of action to hit the weak flank of the Chickenhawk international war party in France: the rotten Marc Rich-Lewis Libby connection. Marc Rich is the formerly fugitive financier (pardoned by outgoing President Clinton in 2001) and Israeli mafia bagman whose former attorney, Lewis Libby, serves as chief of staff for Vice President Dick Cheney. Already five French ministers, under pressure of mounting public outcry, have proposed a criminal investigation into Marc Rich's dirty and "uncivil" dealings in the case of the wrecking of the oil tanker *Prestige*, now polluting the Spanish and French coasts, and the fraudulent bankruptcy of the metal recycling firm *Metaleurop*, throwing more than 2,000 workers onto the streets. The aim of the Schiller Institute campaign is to stiffen the French government's resolve against an Iraq war, in order to make it impossible for them to retreat from that position.

In the early morning hours of Feb. 12, activities of the Schiller Institute and BueSo (the LaRouche co-thinker party in Germany) distributed 15,000 leaflets to all the appropriate sites in Paris: Quai d'Orsay Foreign Affairs, Defense Ministry, Chiefs of Staff, "Bercy" Economics Ministry, La Defense business area where Elf, Citibank, and others companies have offices; the Prime Minister's offices, the U.S. embassy, the Israeli and Lebanese embassies, etc.

The leaflet read: "WANTED: Marc Rich and his lawyer Lewis Libby, Chief of Staff of the U.S. Vice President Dick Cheney," "Polluter of the French Coast," "Godfather of the U.S. Chickenhawks," accompanied with their pictures and

captions, "Latest hiding place: Zug, Switzerland" for Rich; and "White House, Washington D.C." for Libby. Underneath, a short curriculum vitae. "Rich: Polluter (Prestige), Financial Shark (Metaleurop), Weapons smuggler, War initiator, Raw material looter, Godfather of the Russian mafia, fugitive from U.S. justice, Moneybag of Ariel Sharon and the Likud, Pusher of the Iraq War and the Clash of Civilizations." For Lewis Libby: "Marc Rich's lawyer for 15 years; Convinced Clinton to pardon Rich; Designed the preventive war doctrine, Pusher of the Iraq war and the Clash of Civilizations; initiator of a campaign to defame France and Germany." It offers a reward as well: "First Prize: Peace; Second Prize Economic development; Third Prize Social Justice and Clean Environment."

The open confrontation with the war party is on everybody's mind, so people grabbed the leaflet eagerly. Since the leaflet looked at first glance like an advertisement, several people came back when they realized it was a political thing. Others burst out laughing when reading it. A general of the chiefs of staff jogged by saying "What about the Greeks around Rich? You only talk about Rich and Libby?" One chief of cabinet of a high-ranking socialist official was briefed for 15 minutes on the strategic flank the case offers to France. When briefed on the imperative necessity to drop the Maastricht Pact, he said, "Financial rigor is necessary, but who has the largest debt of the world? It's the U.S. And they just print money to pay that debt, and they even widen their authorized debt-limitations! To go to war. Yes, a global new deal for Europe, I fully agree, and I have to follow up on that."

A press conference followed the rally, where a special dossier was presented to ten people representing eight media, including a journalist from the economics section of *Le Figaro*, a young journalist from the Spanish *El Pais*, two journalists from the Swiss press, three from an online environmental media, one from *Al-Jazeera*, and one from the largest magazine for the French mayors, who is also a militant for a Jewish peace movement.

At noon, over 30 people gathered in front of Glencore France, the office of Marc Rich in Paris, near the Champs Elysee. A large banner attacking the Chickenhawks nearly blocked the busy street. The entire area was plastered with leaflets and posters.

Germany Joins France in Mooting Suspension of Maastricht Pact

Along with the French, the German government is probing options for at least a partial suspension of the Maastricht Pact. German Chancellor Gerhard Schroeder is reported to have told the Social Democratic Party's national executive at their weekly session in Berlin Feb. 10, that he is consulting with the French government on ways to ease the budget ceilings, in order to create room for economic incentives.

Especially the Maastricht Pact's criteria for a public-sector deficit of at most 3% of GDP, cannot be maintained in this present conjunctural crisis, Schroeder said, and if one takes into account all the uncertainties implied in an Iraq war, a suspension of the Pact is required. The Brussels EU Commission has been contacted by France and Germany already.

A spokesman for EU Commission President Romano Prodi confirmed that, adding that a partial suspension is, indeed, an option to which the Commission would not object, should the economic conditions in the EU worsen in the near future.

U.S. Provoked Crisis in NATO Over Turkey; Battle Not Over Yet

On Feb. 10, in an unprecedented move, France and Belgium used their veto at the special session of the NATO Council in Brussels, concerning Turkey. Turkey, at the urging of U.S. Chickenhawks, had invoked Article IV of the NATO treaty to force a statement of joint defense. While some U.S. officials, such as Defense Secretary Donald Rumsfeld, were reportedly "apoplectic" about the French-Belgian decision, other U.S. voices, including the lead editorial of the Establishment *New York Times* Feb. 11, criticized the U.S. for forcing a showdown inside NATO.

French Defense Minister Michele Alliot-Marie said that such a vote was premature: "If Turkey were really under threat, France would be the first at its side. Today we don't feel that threat is there." France and Belgium also said that NATO should not be used to preempt a decision by the UN Security Council. While Germany exercised its veto, it did support the statement that the UNSC was the place to have this debate.

As of Feb. 14, the debate had not moved to the UN Security Council, where UN inspectors had just delivered their report. After the inspectors' report, France called for an intensification of inspections, and another meeting of UNSC to be held on March 15, for the next progress report.

Chancellor Schroeder Asserts 'Mandate for Peace' in Address to Parliament

German Chancellor Gerhardt Schroeder, in a special address to the national parliament, asserted a "mandate for peace" among the German and European populations, in the face of growing opposition within the legislature. "We are doing our duty for peace," Schroeder began. "Together with France, Russia, and others, the Federal government is making all efforts to solve the conflict with Iraq peacefully. That is possible. That is what we are fighting for. To state this clearly and beyond doubt, to our citizens and to our American friends, is my duty as German Chancellor."

Outlining the contributions that Germany already is making, in the context of the ongoing war on terrorism in Afghanistan, East Africa, and in other places, Schroeder continued, stating that "the policy of the Federal government has always been peace policy. This applies to the reconstruction of Afghanistan as well as to our efforts, in which we must not cease, for lasting peace and security in the Middle East."

"The prime task of international policy is the prevention of war.... The exception is, notably, self-defense against an imminent armed attack, or the Security Council-mandated defense against an imminent, grave threat to international peace." Schroeder added that a driving force for this development had been the United States, for example, Franklin Delano Roosevelt. "The core of this process is the principle to put the strength of law in the place of the right of the stronger."

The monopoly for decisions on war or peace must remain with the UNSC, Schroeder said, adding that recent inspections in Iraq have been successful. "As we have emphasized in our Joint Declaration with France and Russia—which is backed by China and is on the line of more members of the Security Council—what must be done in this phase is to tap all options for a peaceful solution to this conflict. The inspections must be continued and expanded." Schroeder added that such processes may take a long time, but the peaceful end of the Cold War in Europe proves that peaceful approaches pay off.

Being against the war does not mean appeasement, the German Chancellor added, presenting five points of policy, including a "no" to any military "automatism" in Resolution 1441, and reiterating the commitment to reach "arms control and stability in the entire region," not just in Iraq. Schroeder also made explicit reference to the pro-inspections proposals made by French Foreign Minister Dominique de Villepin in New York Feb. 5, reiterating Germany's commitment to provide an expanded inspections regime with all the means required.

Are 'Pro-Americans' Going To Overthrow German Chancellor?

German Chancellor Gerhardt Schroeder, one of the leaders of the European resistance to an Iraq war, is facing a challenge to his leadership at home. The internal German controversy is visibly escalating, with a move by the opposition Christian Democrats and Free Democrats to call for a special parliamentary session, on Germany's Feb. 10 NATO Council veto of U.S. efforts to begin pre-war planning against Iraq, in Turkey. The Patriot missile issue is another aspect.

Two leading CSU politicians have poured even more fuel into the heated debate: Michael Glos, member of the national parliament, is quoted in the *Frankfurter Allgemeine* Feb. 12, as calling for the instant removal from office of Chancellor Gerhard Schroeder and Foreign Minister Joschka Fischer. And Edmund Stoiber, State Governor of Bavaria and former Chancellor candidate of the Christian Democrats in 2002, demanded that the Parliament "correct," by a plenary vote, the government's Brussels NATO veto. Stoiber's remark that the opposition would "exploit all parliamentary venues" to achieve this "correction," has prompted rumors that a no-confidence vote is on the agenda.

The main hurdle against such an overthrow of Schroeder is the fact that the opposition needs five deputies out of the government majority, to have an absolute majority of 302 votes to vote him out.

Opposition Fails in Vote To Oust Schroeder

The SPD-Green majority of Chancellor Gerhard Schroeder stood firm in votes on two opposition motions in the national parliament Feb. 13, voting them down. One motion attacked the Iraq policy of Schroeder, demanding that he retract his veto on the Turkish issue at the NATO Council. The second motion demanded that Schroeder sign the "Gang of 8" (smaller European countries) letter in support of the U.S. buildup against Iraq.

With only four votes over the absolute majority, the SPD-Green majority over the opposition is very thin and shaky, but opposition leader and CDU national party chairwoman Angela Merkel does have a problem: Several of her own party members have signed on to a "dissident" letter in support of the Vatican against Bush. That letter even explicitly urges Chancellor Schroeder to follow the Pontiff in his efforts to prevent a war. On the issue of war or peace, Merkel is not in full control of her party.

Iraqi Prime Minister in Rome Meets with Pope

Iraqi Deputy Prime Minister Tariq Aziz met with Pope John Paul II for almost 30 minutes Feb. 14, and had a longer meeting with Cardinal Sodano and Monsignor Tauran. At the end of the meetings, Vatican spokesman Joaquin Navarro-Valls reported that Aziz ensured that "Iraq wants to collaborate with the international community, in particular, on the issue of disarmament." The Pope, according to Navarro-Valls, asked Aziz to respect "faithfully, with concrete commitments, the UNSC resolutions, guarantors of international legality."

Observers note that the Pope has thus indicated that the UN, the U.S., Europe, and the rest of the world must take such collaboration into account, or they must take full responsibility, should a war begin.

After his meetings in the Vatican, Aziz met Italian Foreign Minister Frattini. Aziz, who is a Christian, is expected to attend a religious ceremony in Assisi Feb. 16.

On Feb. 13, Aziz met Lombardia regional Governor Roberto Formigoni. After the meeting, Formigoni was interviewed on a TV talk show, and said that Aziz brought some "new elements" which make him hope for a peaceful solution.

German Foreign Minister Also Met the Pope

German Foreign Minister Joschka Fischer met Pope John Paul II and Cardinals Tauran and Sodano Feb. 7 in Rome. Both sides agreed on the necessity of strengthening the role of UN inspectors in Iraq, and of giving them "all the time necessary," as inspections are "the most important instrument" to reach peace. After the meeting, Fischer stated: "We have a deep, common preoccupation over the war in Iraq. My interlocutors were interested in knowing the various positions on [U.S. Secretary of State Colin] Powell's [Feb. 5] report in order to study the situation."

Italian Archbishop Rejects Powell's 'Evidence'; Reveals Body Bags Stored at NATO Base

The head of *Justitia et Pax*, Archbishop Renato Martino, in an interview to appear in the next issue of the monthly magazine *30 Days*, said: "There is no clear and evident demonstration that Iraq is among those responsible for international terrorism, nor that it possesses weapons of mass destruction, such as to constitute an imminent danger for humanity."

Martino also revealed that, "during the first days of February, at the military airport of Sigonella—the NATO base near Catania, Sicily—100,000 body bags and 6,000 coffins have been delivered." The consequences of an attack against Iraq, Martino said, will be felt also in the USA, but "the American people will realize only afterwards, when they see the coffins of their loved ones returning home." Martino expressed appreciation for the anti-war demonstrations in the United States, and said that, although the Pope is "no pacifist," he is "in harmony" with the many Catholics and men of good will who publicly demonstrate for peace. "If the situation requires it, Martino does not exclude travelling to Washington and Baghdad, as special envoy of the Pope.

Blair Government Blackmails Berlusconi on Iraq War

According to Italian media, the Vatican is disappointed with the pro-Washington turn of Italian foreign policy. Meanwhile, new details have been published giving a hint of British Prime Minister Tony Blair's role turning Italian Premier Silvio Berlusconi around.

It seems that, before the infamous declaration of the "Eight Dwarves" (the eight smaller European countries who have been pressured into joining a war "coalition"), Berlusconi's legal situation had suddenly worsened, as the Corte di Cassazione refused to move his corruption trial out of Milan. Prosecutors therefore had a green light to interrogate a key witness, a British subject named David Mills, who allegedly built Berlusconi's offshore holdings. It has now been revealed that Mills is the husband of Tessa Jowell, Minister of Culture in Blair's Cabinet.

However, on Feb. 5, when prosecutors arrived in London—after the Eight Dwarves statement—Mills was suddenly no longer a witness. A British court informed them that there is now an ongoing investigation of Mills for the same alleged crimes with which Berlusconi is charged, and therefore Mills cannot be a witness against himself. Mills' lawyers say their client will announce within a month whether he will serve as a witness or not, thus holding the sword of Damocles over Berlusconi.

Russia and Central Asia News Digest

Putin-Schroeder Meeting Opens Iraq Discussions in Europe

In Berlin on Feb. 9, Russian President Vladimir Putin emphasized the "practically identical" positions of Russia, Germany, France, and China against a war in Iraq. Addressing the press after meeting Chancellor Gerhard Schroeder, Putin declared: "We spent much time discussing Iraq. We agreed it is necessary to continue the efforts for a peaceful resolution of the conflict. Unilateral action could only lead to suffering for millions of people and to an escalation of the situation in the region."

Referring to Colin Powell's performance at the UN, Putin said, "We are convinced that international observers should check this information," but he immediately added, in categorical language: "We see no basis for the use of force against Iraq."

Implicitly referring to insinuations by the U.S. ambassador to Berlin, and others, that the German government's position on Iraq was "anti-American," Putin declared, "We see no reason for anti-American feelings around Iraq. I agree with the German Chancellor, that pressure should be put on Baghdad. But we must emphasize the work of the international inspectors. Only after receiving their reports, should the UN Security Council decide on any further actions."

Putin, Chirac Announce Russian-German-French War Avoidance Perspective

Having met with Russian President Vladimir Putin Feb. 10 in Paris, President Jacques Chirac of France told the press: "Nothing today justifies a war. This region really does not need another war." The resolution calls for Iraq's weapons capacity to be neutralized as quickly as possible, but says war can only be a last resort.

Putin said: "We are against war. Both of our countries insist on the need to solve the problem and the crisis diplomatically, and we consider that ... careless action could lead to unknown results." He also said, that "Iraq is offering more information and has shown a greater wish and willingness to cooperate."

Chirac said that all three nations favored strengthening of the "human and technical capacity" of inspections.

Russian President: Franco-German-Russian Call Is Historic

Russian President Vladimir Putin gave an interview to French television channel TF-1 on Feb. 11, the second day of his official visit to France. He took the opportunity to describe in the strongest terms, the historic importance of the joint statement by France, German and Russia on a peaceful solution for the crisis around Iraq (see previous item), as the first attempt in postwar history to settle an acute international crisis outside of military-political blocs. "This is the first step towards creating a multipolar world," said Putin, adding that "this could not have happened anywhere else but in France." The initiative for the statement came from French President Chirac.

As he had done the previous evening, at his press conference with Chirac to announce the joint statement, Putin in his TV interview emphasized the strong international opposition to the unilateral use of force. He noted that the Foreign Minister of Brazil had informed Russian Foreign Minister Igor Ivanov about a document, similar to the Franco-German-Russian one, adopted by several Ibero-American countries. "While I was in Berlin," Putin reported, "the Prime Minister of Turkey called me and said he was against a war."

At the same time, Putin called for continued pressure on Iraq to disarm and to cooperate with the inspectors. He also asserted that the "U.S. hard line" had played a role in pushing Iraq to cooperate. Putin said his friendship with U.S. President George Bush "does not mean that there cannot be different points of view on specific problems."

The Putin-Chirac press conference received major play in Russian newspapers under headlines like *Izvestia's* "Putin and Chirac Find a Common Language." *Izvestia* also reported Igor Ivanov's making a special point of observing that the trilateral declaration was not a "secret plan" to send in thousands of UN blue helmets to Iraq, as the German weekly *Spiegel* attributed to France and Germany. Russian wires also played up the official statement from China, which welcomed the Franco-German-Russian declaration.

Putin also addressed an audience at the French Academy of Sciences, and another meeting, composed of different generations of Russian emigrés in France.

Putin: Russia Might Invoke Security Council Veto vs. Military Action

In an interview to French television channel TF-1 on Feb. 11, Russian President Vladimir Putin said that while Russia "does not yet see a need to use its veto" in the UN Security Council, he does not exclude this possibility. "We value the unity of the Security Council very highly," said the Russian President, "but at the same time, if something is now done that could lead to an unjustified use of force, we will act, either with France or alone."

British Petroleum Buys Big into Russian Oil

Russia's third-biggest oil company will now be 50% owned by British Petroleum, after a deal announced Feb. 12. BP made a deal with the Alfa and Access-Renova groups, which are the parent companies of TNK and Sidanko oil. BP already owned a 25% stake in Sidanko, on top of which it is now investing \$6.75 billion. TNK, Sidanko, and two smaller companies are merging into one, which ranks third behind Lukoil and Yukos (previously, TNR ranked fifth and Sidanko eighth). This is the single largest foreign acquisition of stock in a Russian company.

According to an article in the London *Independent* of Feb. 12, the deal increases BP's current oil and gas production by 15% and its proven reserves by 605. BP gains half share in daily production of approximately 1.2 million bpd, and reserves estimated at between 5.2 billion and 8.6 billion barrels.

Mideast News Digest

***EIW* Told You: War Crimes, Corruption Charges Haunt Ariel Sharon**

The Israeli daily *Ha'aretz* on Feb. 13 reported that the Supreme Court of Belgium ruled that once Israeli Prime Minister Ariel Sharon leaves office he can be prosecuted for his responsibility for the massacre of up to 3,000 Palestinians at the Sabra and Shatila refugee camps during the 1982 Lebanon War. This was not the full decision which the lawyers for the Palestinian plaintiffs, who had brought the complaint to the Belgian court, wanted. The lawyers had argued that Sharon was not entitled to immunity because of the gravity of the crimes, which include charges of "Crimes Against Humanity."

Nonetheless, the ruling allows a prosecution to be brought immediately against the second defendant in this case, Amos Yaron, who was Commander of the Israeli military forces in Beirut at the time. Yaron is currently the Director General of the Israel Defense Ministry, the number two position, after the Defense Minister.

This is a landmark ruling since it upholds the universal jurisdiction of the Belgian courts in regard to "War Crimes" and "Crimes Against Humanity," regardless of whether the perpetrator is currently in Belgium.

Chibli Mallat, a lawyer for the plaintiffs, said he was disappointed with the ruling on Sharon, but was happy that the case against Yaron could proceed. "It is a landmark step for international law."

The decision has other ramifications for Israel since its military is being accused of "War Crimes" in the ongoing conflict. Various organizations have already been collecting evidence against Israeli soldiers and officers. This is already a serious concern among military officers, active duty and reservists, who fear they could be put under arrest if they travel to a European country.

Sharon Goes Wild; Orders Recall of Israeli Ambassador to Belgium

Following the news from Belgium, "Fat Arik" Sharon, whose nickname is "The Butcher of Sabra and Shatilla," ordered Israel Foreign Minister Benjamin Netanyahu to recall Israeli Ambassador to Belgium Yehuda Kinar. In reality, this decision was made two weeks ago as a contingency plan if the Belgian court ruled against Israel. Nonetheless, Israeli Foreign Ministry sources are quoted as saying that the move was too extreme.

One of the critics of Netanyahu's decision was Alon Liel, former Director General of the Foreign Ministry, who said, "Recalling an ambassador is a very serious step. We have to remember that we are talking about a decision from a court, not from the Belgian government."

Netanyahu and Sharon in effect are demanding that the Belgian government intervene in a decision of its Supreme Court, a move which is not acceptable in a democracy. Sharon's concern was such that he sent his national security adviser and former Mossad chief Ephraim Halevy to join the Israeli legal team which was in the court.

Irit Kahn, who also attended the session and is from the Israeli Prosecutor's Office, claimed that the Belgian court ruling was a "political decision" and that the deliberations deviated from the accepted judicial norms, and veered towards the political realm.

Netanyahu went to even more outrageous extremes. On Feb. 13, Netanyahu summoned the Belgian Ambassador to Israel, Wilfred Geens, to protest the court's decision, saying, "Israel will not accept another blood libel against the Jewish nation, and Israel is not Europe, the verdict was more political than judicial. Belgium is giving a prize to terror." Netanyahu also said, "Belgium is helping to harm not only Israel, but also the entire free world, and Israel will respond with severity to this."

Chairman of Rabbis for Human Rights Wants Israel To Put Sharon on Trial

Rabbi David Forman, chairman of Rabbis for Human Rights, has called for putting Sharon on trial in Israel. In a Feb. 13 commentary in *Ha'aretz*, Rabbi Forman writes that Israel Prime Minister Ariel Sharon should be put on trial for the war crimes he is allowing the Israel Defense Forces (IDF) to commit in the West Bank and Gaza Strip.

He says that the IDF was founded on the principle of "purity of arms"; that it acts in self-defense and not revenge. This principle, Forman writes, has been totally corrupted, to the point that "War Crimes" are being committed every day by the IDF.

Forman adds, "As someone who was a simple soldier in the war in Lebanon, it is clear to me that the collapse of the military ethic, including purity of arms, officially began during that war, in the refugee camps of Sabra and Shatila, when Ariel Sharon was Defense Minister. For Sharon, the contempt for the ethical dimension of warfare began much earlier, in Gaza and Kibye, but then his influence and methods were felt only at the platoon level. In the Lebanon War, as Defense Minister, his influence was universal. But the contempt he demonstrated then toward purity of arms took its own vengeance on him and he was fired from that job.... Twenty years have passed and Sharon is again in a position of power.... [where he] now dictates the way the IDF conducts its war against terror, with scorn for moral standards...."

Pointing to the case in Belgium, Forman writes, "We are the ones who should put him on trial, for desecrating the principles of the IDF.... Due to his subterfuge of the moral integrity of the Jewish people, Ariel Sharon stands accused in the court of Jewish decency. And to those of us who stand in silence, in the words of the great Jewish theologian Abraham Joshua Heschel, Some are guilty, but all are responsible."

IDF Fears It Will Be Liable for 'Crimes Against Humanity'

Israeli military officers are openly talking about the ongoing military operation in the West Bank City of Hebron in terms of collective punishment against the Palestinians, says the Israel newspaper *Ha'aretz*. This is a Class A "War Crime."

An Israeli Lieutenant Colonel involved in the military operation targetting Hebron, told Israel's *Channel One TV*, "Using tanks was meant to create a new order here, so they understand our intentions. We're serious about changing the method of operation, and the second thing is to apply real pressure against the terrorists, to get the murderers out.... [T]he economic burden [on the residents] is not an accident or coincidental, but part of a long-term process.... This is meant to apply pressure on the residents of the city to regurgitate the terrorists."

The same plan was outlined in an interview on the same channel a few days earlier, and was the object of a formal complaint to the Judge Advocate General by the Gush Shalom (Movement of Peace) organization, which claims this constitutes collective punishment.

Meanwhile, the IDF took the unusual step of putting the entire West Bank and Gaza Strip under closure, only one day after announcing the lifting of closure on several cities. The claimed reason is threat of attacks.

Omri Sharon's 'Good Friend' Shlomo Oz Arrest for Rigging Contracts

Zionist Mafia gangster Shlomi Oz, who was forced to resign from the Likud Central Committee in the scandals following the November 2002 Likud primaries, was arrested on Feb. 13 for rigging a tender offer from the Israeli Airports Authority, reported *Ha'aretz*. Oz is not just any mobster; Ariel Sharon's son Omri has called Oz his "good friend," since Oz helped his father win the primaries.

In the 1990s, Oz went to jail for extortion and fraud, along with his boss, Israeli crime *capo* Moussa Alperon, who is also a Likud Central Committee member. He worked as a representative of the Tzevet Bitahon security company and is accused of helping another security company, Sheleg Lavan, illegally win a security contract from the Airports Authority. Tzevet Bitahon is also responsible for the security for both Likud headquarters and the Prime Minister's Office.

***Israel and Palestine Newsletter* Exposes Steinhardt/Rich Drive for 'National Unity Government'**

The publication, *Israel & Palestine Strategic Update*, whose editor is the highly respected Israeli veteran peace activist Maxim Ghilan, reports on the dirty role of Michael Steinhardt and Marc Rich in Israel and Washington, citing *EIR* among its sources.

The report, entitled, "The Executors," reads: "At the high point of the Knesset electoral campaign, a reception was held in Jerusalem by Russian-born businessman Alfred Akirov. It was at this party that a decision was taken to stop Amram Mitzna at any price and to support Sharon in creating a 'National Unity' government" with the Labor Party. Both the Likud's Ehud Olmert and the Labor Party's Shimon Peres, whom *I&P* characterizes as "long-time cronies," were on hand. "So were the two most notorious Jewish-American billionaires, Marc Rich and Michael Steinhardt...." In describing Rich, the article reports how Sen. Joe Lieberman helped pressure former President Clinton to pardon the fugitive financier.

"Rich also contributed to the electoral campaigns of both Bibi [Benjamin Netanyahu] and Ehud Barak in 1999. Steinhardt, also a heavy contributor to both contenders in U.S. Presidential elections, as well as in the Israeli ones, writes openly in his autobiography about his father's criminal activities for which Steinhardt, Sr. served a term in a Federal penitentiary, after being convicted of operations as a fence and bagman for the mafia syndicate, whose financial director was no other than Meyer Lansky. Both Steinhardt and Rich are founding directors of the self-named Mega Group, created in 1991 by the

Bronfman brothers." The article then details who Charles and Edgar Bronfman are, mentioning Max Fisher as another Mega Group director who is "close to the most right-wing Jewish organizations, including the Anti-Defamation League." The article also details the Mega Group's role in funding U.S. Jewish pressure groups, including AIPAC, as well as Israeli organizations that finance candidates in both the Likud and Labor Parties.

Ghilan connects the Bronfmans, Steinhardt, and Rich to Russian Mafia figures and businessman, including Mikail and Lev Chernoy, Grigory Loutshansky, Boris Berezovsky, and Grigory Lerner.

Sharon Reactivates Plans To Expel Arafat

On Feb. 11, *Ha'aretz* reported that after the Jan. 28 elections, Israeli Prime Minister Ariel Sharon has revived plans to expel Palestinian President Yasser Arafat. *Ha'aretz* writes that for the first time since the second Palestinian Intifada began, there is unanimity among Israel's top officials, including Sharon, and the Defense and Foreign Ministers, that this needs to be done. It is claimed that an operational plan exists, and the elite Sayeret Matkal unit reportedly rehearsed it months ago.

"What is needed now is opportunity," says *Ha'aretz*. "Once the war on Iraq begins, American opposition to Arafat's expulsion might soften. Then, one mass casualty attack on Israel, and the Chairman will be gone...."

The mass-circulation daily *Yediot Ahoronath* reported that Sharon, when he met President George W. Bush, got an agreement in writing for such an operation.

Say Saudi Royal Family Prepares Contingency Plans To Expel U.S. Troops

The New York Times of Feb. 9, citing unnamed senior Saudi sources, reported that Saudi Arabia's leaders have developed a long-range plan of democratic reforms, which would include ending the U.S. military presence in the Kingdom.

The Saudi sources say that Crown Prince Abdullah will ask President Bush to withdraw all American forces, as soon as the campaign to disarm Iraq is completed. This would then set the stage for the announcement of elections to elect representatives to regional assemblies, and then to a national assembly, over a six-year period. (Currently, there are no elections in Saudi Arabia.) The plan also includes an attempt to rein in the power of the conservative Wahabite clergy.

The Saudi Royal Family is said to be divided over the plan, but it is reported that senior princes would support Abdullah's decisions, because "the Royal Family always sticks together, especially in times of crisis."

Asia News Digest

South Korean President-Elect Calls for Summit of Six Asian Leaders

South Korean President-elect Roh Moo-Hyun has called an extraordinary summit of six Asian leaders, including President Putin of Russia, Prime Minister Mahathir of Malaysia, Party Chairman Hu Jintao of China, Prime Minister Koizumi of Japan, and President Gloria Macapagal-Arroyo of the Philippines. They will gather at the May 9-13 International Meeting of the Pacific Basin Economic Council (PBIC), an association of business leaders in the region, whose current chairman is South Korea's Cho Suk-rai, CEO of the Hyosung Group.

The meeting, according to the organizing committee chairman, will discuss "global political and economic issues," and

will in particular aim to "create North Korean programs meant to help ease tensions on the Korean Peninsula." As one of the first meetings scheduled after Roh's inauguration, it is clearly an intervention towards regional development, and cooperation in fending off the utopians' destabilization around Korea.

Korea Hand Donald Gregg Says Don't Demonize Kim Jong-il

Writing in *Newsweek* magazine of Feb. 3, Donald Gregg, the former U.S. Ambassador to South Korea under the elder President Bush, and head of the Korea Society, said that the current media and government campaign to portray North Korean lead Kim Jong-il in a "derisive or disdainful manner" reminds him of the similar campaign against Ho Chi Minh during the Vietnam War, and similar efforts to "demonize antagonistic foreign leaders we do not understand."

It is counterproductive, says Gregg, and contrary to reports from all those who have worked with him—naming Kim Dae-Jung, Madeleine Albright, and Russian and Chinese diplomats. He adds that Kim's admission that the kidnapping of Japanese under his father's regime was a "mistake that will not be repeated" was an "indirect rebuke of his father," one of many signs that Kim wants to improve relations with the West.

IAEA Brings North Korea Nuclear Issue to UN Security Council

On Feb. 12, the International Atomic Energy Agency (IAEA), the same one which is running nuclear inspections in Iraq, sent the North Korea issue to the UN Security Council. Despite abstentions from Russia and Cuba, making the vote less than a consensus, the 35-member IAEA voted Feb. 12 to hold the North Koreans in violation of non-proliferation accords over their revived nuclear program. A U.S. diplomat in New York told *Agence France Presse*, however, that the UNSC may not automatically take up the issue.

The Bush Administration has said it would not seek sanctions, while the emerging alliance for sanity in regard to Iraq, among Russia, Germany, France, China, and others, is also insisting that there be no sanctions. EU foreign policy chief Javier Solana spoke against sanctions, saying they would "contribute to the opposite of what we want to obtain, which is defusing the crisis."

Indonesia, Malaysia Launch Mass Protests Against Iraq War

In Jakarta, thousands of supporters of the Justice Party, dressed all in white, staged a morning protest on Feb. 9 at the main traffic circle, where the Parliament building and the British embassy are located. The peaceful marchers carried banners with the appeal, "Save peace and humanity and stop war on Iraq." Participants visited the UN office and the U.S. embassy. U.S. Ambassador Ralph Boyce and British Ambassador Richard Gozney met Feb. 8 with the parliamentary committee on foreign affairs to discuss the two countries' plans vis-à-vis Iraq.

In Malaysia, the national Malaysian Association of Youth Clubs (MAYC) has collected more than a million signatures, which will be given to Prime Minister Mahathir bin Mohamad at the the Non-Aligned Movement summit in Kuala Lumpur Feb. 20-25. Petition organizers plan a peace rally on Feb. 15, ahead of the summit. Foreign Minister Syed Hamid Albar serves as President of MAYC.

Philippines Buckles to Washington Pressure to Produce Iraq/al-Qaeda Link

In a blatant media stunt coordinated to please Washington's warhawks, Philippines Foreign Secretary Blas Ople called, on Feb. 12, for the second secretary at the Iraqi embassy in Manila to be recalled, based on an intelligence report which claims that Husham Hussein had contact with an Abu Sayyaf member shortly after a bombing in October 2002 in

Zamboanga, in which an American GI was killed.

Conveniently, the National Intelligence Coordinating Agency (NICA) of the Philippines issued a "very detailed" report on the diplomat's alleged contact with Abu Sayyaf guerrillas on Feb. 11, claiming the diplomat had received a call at the embassy from a man identified by the NICA as an Abu Sayyaf guerrilla.

President Gloria Macapagal-Arroyo declared, "The investigation should leave no stone unturned and the results thereof must be made known to the Filipino people and the international community." President Bush called President Arroyo late Feb. on 11 to "express concern" over the diplomat's alleged "terrorist links," and "praised President Arroyo's leadership on Iraq." Wire reports claim Manila gave the Iraqi official 48 hours to leave the country.

The Iraqi mission not only defended the diplomat, calling the accusation baseless, but also claimed that the Iraqi diplomat "has been subjected to a failed attempt by the U.S. embassy to make him betray his country" (Iraq made the same charge in the case of an Iraqi reporter at the UN who has been told to leave the United States).

Northwest China Sees Rapid Development

Development of railroad, road, water management, power, and other projects is also growing rapidly in Shaanxi Province in northwest China, reported Xinhua. Shaanxi's capital is the famous Silk Road city Xi'an.

Some 10 billion yuan (about US\$1.2 billion) a year worth of infrastructure has been built over the past five years. Shaanxi's "fixed asset investment" was up almost 15% in 2002 over 2001, and GDP for the province rose 9.5% in the same period.

New rail routes, including Baotou-Shenmu, Xi'an-Yan'an, Xi'an-Ankang and Shenmu-Yan'an, have been completed and opened to traffic since the 1990s.

Double tracking of the Baoji-Lanzhou section of the Lianyungang-Lanzhou railway (the "Second Euro-Asian Continental Bridge"), and the Xi'an-Hefei section of the Xi'an-Nanjing railway, will be completed in the near future.

Also, the province's main cities, and 97% of its villages, have been linked up by highways. Construction of China's largest coal-generated electricity plant, which will have an installed gross capacity of 22.8 million kilowatts, will begin in 2003.

Hydropower, Road Development in China's Interior

China plans to build four big hydropower stations along the Jinsha River, the China Yangtze Three Gorges Project Development Corporation announced on Feb. 12. The power stations will have a combined installed capacity of 38.5 million kilowatts, twice as much as the generating capacity of the Three Gorges Project itself. These will be the first hydropower plants on the upper Yangtze River system. The Jinsha River runs from rugged southwest China into the Yangtze. Construction will begin at the Xiluodu power plant, which will begin operation in 2014 and will be completed in 2017.

In addition, China will build more roads in rural areas in the coming years, as a key part of its policy to develop the rural regions, Minister of Communications Zhang Chunxian announced. An extra 50 billion yuan (US\$6 billion) directly from the central government will be used to build these roads. "Paving roads to villages could help farmers transport their products more easily to nearby markets, and will eventually benefit rural economies," Zhang stated. The construction of arterial roads will also be accelerated in the next few years. Five vertical and seven horizontal arteries will be built across

China in coming years, he said.

Afghanistan Devastated by 25 Years of War

Afghanistan's water, forests, land, and the health of the people have been so devastated by 25 years of war, that these problems must be addressed immediately if there is to be any reconstruction of this nation, one of the very poorest on earth. Water and soil conditions are so bad in some areas, they will take generations to repair. These were the conclusions released in a report by the UN Environmental Programme at the end of January, prepared by a group of scientists who visited cities and villages in Afghanistan. This was the first comprehensive report on conditions in Afghanistan since the 1970s.

Drinking water is badly polluted all over the country; deforestation and overgrazing have badly damaged the land. Kabul and other cities have water so polluted that only 10% of the urban population can get clean water; the result is widespread epidemics. Also, sewers and sanitation facilities basically do not exist in the cities. In the mountains and deserts, deforestation is drastic. Water aquifers are drained, and what groundwater remains is contaminated. Soil erosion and pesticide pollution are so bad, that the scientists said that agriculture could be hampered for generations.

According to the UN findings, deserts have spread widely, overtaking once-arable land. Widespread forests in north and east Afghanistan have disappeared between 1977 and 2002; in the western areas, 50% of forest cover has been cut down. The Sistan wetlands, which also extend into Iran, have dried up in just four years! Afghanistan has suffered terrible drought in the past three years. The Helmand River, which drains about 30% of Afghanistan, has been running at just 2% of its annual average in recent years. The displaced population is using up forests for fuel and shelter, and this problem is getting worse fast.

"The speed of deforestation is at the moment very rapid," Pekka Haavisto, chairman of UNEP's investigating group said on Jan. 29, "and that has to be stopped. Reforestation, water management, and stopping desertification are very essential for the livelihoods of Afghans."

At the same time, some 2 million refugees have returned to this devastated situation from neighboring countries, and another 1.5 million should return in 2003. Afghan Minister for Irrigation, Water Resources and Environment, Ahmad Yusuf Nuristani, said on Jan. 29 that neglect of the environment would threaten the existence of the Afghan people.

Afghanistan's first priority is to make up for its "lost generation" of trained men and women, Afghan Minister for Irrigation, Water Resources and Environment Nuristani, said at the end of January. The mechanisms to rebuild this lost generation have to be put in place, in the constitution, in law, and in schools, he said.

Africa News Digest

President Mbeki Launches Exceptional War Avoidance Measure

By dispatching South African experts on disarmament to Iraq, to help the Iraqis in this process, South African President Thabo Mbeki has made an exceptional diplomatic move that could prove to be a successful war avoidance.

Some days ago, *EIR* had been advised by Toby Dodge of the University of Warwick, one of Britain's leading experts on Iraq and an opponent of an Iraq war, that a South African initiative of this sort, were it launched, could be one of the singular diplomatic-political "last-minute, war-avoidance" measures, in a situation that seems to him otherwise to be

careening toward war.

According to *BBC*, Mbeki devoted significant attention to Iraq in his State of the Nation address before Parliament in Cape Town, South Africa on Feb. 14. He said that a team of disarmament experts would be travelling to Iraq to provide advice, based on South Africa's own experience. *BBC* notes that the UN's Chief Weapons Inspector Hans Blix has praised South Africa as a model of disarmament, and has urged Iraq to adopt that model.

Mbeki stated: "I'm pleased to inform the honorable members that Iraq has accepted our offer, which we have already discussed with the leadership of the weapons inspectors. We have done all this, because we prefer peace to war.... As South Africans and Africans, we know the pain of war and the immeasurable value of peace." He said that the South African experts were preparing to go "as we speak."

Paris Negotiations on Ivory Coast Created More Disasters

Opposing political forces in Ivory Coast, and neighboring West African leaders, are now dealing with the mess created by the French intervention, which was supposed to return Ivory Coast to peace. While the Paris round table negotiations could have created a turn for the better, half-measures and political bungling by the French resulted in their total failure by any standard. The negotiators, rather than choosing an option for the country and enforcing it, decided—in total disregard of any principles and against any type of logic—under the French influence, that President Gbagbo, whose immediate departure all opponents were demanding, would remain President until the end of his term in 2005, but with considerably limited powers: Gbagbo would rule with a "consensus prime minister" and with ministers of all the political and rebel movements in the Cabinet! Worse, at a summit of West African heads of state held immediately after the round table, Chirac, Kofi Annan, and Gabon's President Omar Bongo, in a private meeting with Gbagbo, imposed on him the distribution of the ministries, including that the defense and interior portfolios would go to the rebels who were trying to overthrow him!

The deal that Gbagbo accepted under pressure in Paris was totally unacceptable for the Ivorian army and for his partisans, who rejected the entire thing and set off tens of thousands of demonstrators against all of the French symbols in the country. In his speech to the nation Feb. 7, Gbagbo took the unusual step of asking forgiveness of his countrymen for the mistakes made in Paris. But it was not primarily he who should be asking forgiveness.

U.S. at Odds With France on Ivory Coast?

Assistant Secretary of State for Africa Walter Kansteiner and the leadership of the U.S. Congressional Subcommittee on Africa supported Ivorian President Gbagbo and leaned away from the French interpretation of the Marcoussis accords, in a Feb. 12 hearing of the Subcommittee, on prospects for a peaceful settlement in Ivory Coast.

In opening remarks, Committee chairman Rep. Edward Royce (R-Calif) said that the Marcoussis accords reward the rebels for insurrection; and that a major flaw of the accords is that they take no account of foreign support for the rebellion from Burkina Faso, Liberia, and possibly Libya. Royce added, "We need a backup plan in case Marcoussis fails."

Kansteiner embraced the Marcoussis accords in the broad sense, in his testimony, and said that "Marcoussis did not, however, specify how ministerial portfolios would be distributed." The accords call, he said, for the transfer of "some" powers to the new Prime Minister from the North, Seydou Diarra. (The French view is that "extensive" powers go to the Prime Minister, and the President becomes largely a figurehead.) Kansteiner appeared to support Gbagbo in "his determination to defend the Ivorian Constitution."

Royce asked, What pressure points exist to bring the rebels to accept a settlement? Kansteiner said only that the rebels could not move further south so long as the French held the ceasefire line. He did not address the possibility of northern secession.

Ranking Subcommittee member Rep. Donald Payne (D-NJ) said he had discovered to his dismay that some people in the State Department favored the rebels. "I would like to see the U.S. more involved" in Ivory Coast, but not to the advantage of the rebels and not militarily, he said.

Fallout from Iraq War Opposition Colors U.S./French Relations

Meanwhile, in the French daily *Le Parisien*, on Feb. 5, special correspondent in Abidjan Philippe Duval, argues that the U.S. is letting the French twist in the wind in Ivory Coast and may come in on the side of President Gbagbo in due course. Because France seeks to obstruct American plans for an Iraq war, Duval writes, the Americans, with some relish, are making no special effort to help their ally out of the mess in Ivory Coast.

Duval points out that the U.S. demanded Jan. 31 that President Gbagbo apply the Marcoussis accords without delay, but then on Feb. 3, White House spokesman Ari Fleischer appeared to reverse this, speaking of "flexibility in the application of the accords"—sounding like President Gbagbo. All the while, Washington maintained the appearance of supporting France by applauding President Chirac's actions.

Duval continues, "Even though it has troops in neighboring Ghana, the U.S. has no intention of intervening militarily. In revenge, it is using reliable forms of pressure on friendly intermediaries such as Ghana or Nigeria. The two Anglophone countries, which, at the outset of the crisis, offered to help Gbagbo, redoubled their efforts after some days of activity. That is not to say that they are looking for a quick solution. Because time is on the side of the Americans. The Americans, without saying anything—or nearly so—are profiting from the anti-French spite that is taking over the population. The demonstrators Jan. 1 were chanting, 'USA USA' and hooting Chirac and Villepin."

Duval turns to "Bush's Anxieties," and writes, "Ivory Coast is rich. And there is oil in the Gulf of Guinea. The Hesitation Waltz of France—which, after having insisted on the 'legitimacy of the Ivorian government' wound up conceding the defense and interior ministries to the rebels—upsets the Americans. They fear the cards are going to be dealt anew, against their interests.... The recent collusions of Liberia and Burkina Faso with al-Qaeda emissaries, recently denounced by Western services, puts them in the camp of the terrorist menace. But Liberia and Burkina Faso are precisely the two countries that the Abidjan government accuses of having encouraged the rebellion."

French Report Claims de Villepin Offered Resignation

Le Canard Enchaîné, the French weekly, claimed on Feb. 5 that French Foreign Minister Dominique de Villepin—under fire from left and right over his handling of Ivory Coast crisis—tendered his resignation to President Jacques Chirac, "to take responsibility for France's 'failure' " in the management of the Ivory Coast crisis. If true, it may have been one of those offered resignations that are not meant to be accepted.

In a commentary in *Le Figaro* Feb. 7, "Dominique de Villepin Under the Fire of Criticism," author Anne Fulda says, "[O]n the left as on the right, in the National Assembly and even in the government," critics are saying [such things as], "This time, he has exploded in flight".... "The flamboyant Foreign Minister has put a match to powder in Ivory Coast." But those nearest to de Villepin remain confident and say that "contrary to certain rumors, [he] has not offered his resignation to Jacques Chirac," and that Chirac, in any case, continues to have confidence in him.

Northern Rebels in Ivory Coast Threaten Secession

Ivory Coast's rebel leader, Guillaume Soro, the MPCCI Secretary General, responded to President Gbagbo's Feb. 7 address according to *Le Nouvel Observateur* Feb. 10, with the following, "Gbagbo is saying to the nation clearly that he has no need of us. He had better not push us to the point that we organize the autonomy of our zones.... If he has no need of us, we have no need of him."

In addressing the nation, President Gbagbo said that 90% of the value of production and 82% of the population are found in the southern zone controlled by the government, while the rebels control 60% of the territory, *Le Nouvel Observateur* notes.

Soro said that "France had taken the risk of peace [that is, of achieving a ceasefire], it must now take the risk of imposing the application of Marcoussis, and impose Marcoussis, which means pulling its troops back from the front lines."

Death Squads an Issue in Ivory Coast Crisis

Ivory Coast death squads make it difficult for Gbagbo's government to rise above the level of the rebels. President Laurent Gbagbo, according to *Le Monde*, has used death squads against rebels, since the beginning of the conflict under the influence of the International Church of the Foursquare Gospel, an American Pentecostal church of British-Israelite origins, into which his wife Simone has brought him. Simone Gbagbo is the leader of the parliamentary group of her husband's ruling party.

A UN investigation "compiled information to the effect that the death squads are made up of elements close to the government, the Presidential Guard, and a tribal militia of the President's ethnic group. Names were provided," according to its report of Jan. 24, by the UN Deputy High Commissioner for Human Rights, who led the mission to Ivory Coast Dec. 23-29, 2002.

When Gbagbo and his ministers are asked about them, they deny government involvement, but do not make any specific accusations, and do not arrest anyone. Under pressure of healthy public opinion, the government has opened inquiries into the deaths of two or three of the most prominent victims.

Extrajudicial and politically targetted executions are by no means limited to the south of the country, according to the UN report. It says, "Many executions of gendarmes and police officers in Abidjan, Bouake, and Korhogo, when the MPCCI combatants advanced into these towns, were reported.... [T]he national armed forces of Cote d'Ivoire based in Daloa informed the mission of the existence of blacklists of people to be executed circulating in the areas controlled by the MPCCI combatants."

More broadly, the human rights picture on both sides is very ugly, and includes heavy recruitment of child soldiers on the rebel side, according to the UN report.

This Week in History

February 17-23

The threat that the United States of America, the world's premier republic, might imminently initiate an imperialist war against the Muslim world, impels us this week to turn our attention to our first President, George Washington, and his

Farewell Address—and of course, our celebration of Washington's birthday on Feb. 22. He was born in 1732, and served his country in a public capacity from the age of 18 forward, leaving office as President of the United States in the early months of 1797.

George Washington was not much of a writer, and, indeed, his Farewell Address, on which he labored with his close collaborator, Alexander Hamilton, is his most famous production. The Address was delivered in September of 1796, as an announcement of his impending retirement from political life, and he took pains to review the major lessons which he took from the founding, and first two Presidential terms, of the young republic.

The two major lessons can be summarized as follows: avoid the "Spirit of Party," and "permanent, inveterate antipathies against particular Nations and passionate attachment for others." These warnings take on special significance today, as our nation is threatened with the destruction of its soul, precisely because it is giving in to both.

When President Washington was writing these words, he well knew that his beloved nation, and even his own Administration, were being ripped apart by the split then opening up between the Democratic-Republican and Federalist Parties, which were tearing into each other with a passion, and seeking to play one section of the nation (the South) against the rest. But while his words specifically refer to this disastrous situation—which ultimately was overcome, if then briefly, in the Union victory in the Civil War, Washington's warnings should be heeded today, when partisan advantage is holding sway over the interests of the nation. The relevant sections read:

"The Unity of Government which constitutes you one people is also now dear to you. It is justly so; for it is a main Pillar in the Edifice of your real independence, the support of your tranquility, at home; your peace abroad; of your safety; of your prosperity; of that very Liberty which you so highly prize.

"But these considerations, however powerfully they address themselves to your sensibility, are greatly outweighed by those which apply more immediately to your Interest. Here every portion of our country finds the most commanding motives for carefully guarding and preserving the Union of the whole."

Washington cited the threats to this Union, in terms of arguments for sectional interests, or threats to the Constitutional process of decision-making, or to the "energy of the system" [an energetic executive—ed.]. He concluded this section with a general warning "against the baneful effects of the Spirit of Party, generally.... [T]he common and continual mischiefs of the spirit of Party are sufficient to make it the interest and the duty of a wise People to discourage and restrain it.

"It serves always to distract the Public Councils with ill-founded Public administration. It agitates the Community with ill-founded jealousies and false alarms, kindles the animosity of one part against another, foment occasionally riot and insurrection. It opens the door to foreign influence and corruption, which find a facilitated access to the government itself through the channels of party passions. Thus the policy and the will of one country, are subjected to the policy and will of another."

Ultimately, Washington said, this evil can only be eliminated by habits of "religion and morality." But this should be aided by the promotion of "Institutions for the general diffusion of knowledge. In proportion as the structure of a government gives force to public opinion, it is essential that public opinion should be enlightened." Would that our political parties today—corrupted and venal as they are—would follow this advice!

Foreign Policy

President Washington then turned to relations among nations, beginning with the following positive vision:

"Observe good faith and justice towards all Nations. Cultivate peace and harmony with all. Religion and morality enjoin this conduct; and can it be that good policy does not equally enjoin it? It will be worthy of a free, enlightened, and, at no distant period, a great Nation, to give to mankind the magnanimous and too novel example of a People always guided by an exalted justice and benevolence. Who can doubt that in the course of time and things the fruits of such a plan would richly repay any temporary advantages which might be lost by a steady adherence to it? Can it be, that Providence has not connected the permanent felicity of a Nation with its virtue? The experiment, at least, is recommended by every sentiment which ennobles human Nature. Alas! Is it rendered impossible by its vices?

"In the execution of such a plan nothing is more essential than that permanent, inveterate antipathies against particular Nations and passionate attachments for others should be excluded; and that in place of them just and amicable feelings towards all should be cultivated. The Nation, which indulges toward another an habitual hatred or a habitual fondness, is in some degree a slave. It is a slave to its animosity or to its affection, either of which is sufficient to lead it astray from its duty and its interest. Antipathy in one Nation against another, disposes each more readily to offer insult and injury, to lay hold of slight causes of umbrage, and to be haughty and intractable, when accidental or trifling occasions of dispute occur. Hence frequent collisions, obstinate envenomed and bloody contests. The Nation, prompted by ill will and resentment sometimes impels to War the Government, contrary to the best calculations of policy. The Government sometimes participates in the national propensity, and adopts through passion what reason would reject; at other times, it makes the animosity of the Nation subservient to projects of hostility instigated by pride, ambition, and other sinister and pernicious motives. The peace often, sometimes perhaps the Liberty, of Nations has been the victim."

Therefore, Washington says:

"Harmony, liberal intercourse with all Nations, are recommended by policy, humanity, and interest."

In sum:

"In offering to you, my Countrymen these counsels of an old and affectionate friend, I dare not hope they will make the strong and lasting impression, I could wish; that they will control the usual current of the passions, or prevent our Nation from running the course which has hitherto marked the Destiny of Nations. But if I may even flatter myself, that they may be productive of some partial benefit, some occasional good; that they may now and then recur to moderate the fury of party spirit, to warn against the mischiefs of foreign Intrigue, to guard against the Impostures of pretended patriotism; this hope will be a full recompence for the solicitude for your welfare, by which they have been dictated."

President Bush, and other leaders of our nation, would do well to take President Washington's words to heart. Suddenly, one expects, they would realize that war against an alleged "axis of evil" is unnecessary, and we can turn our attention to our real concern: the welfare of our citizens, and those in the rest of the world.

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Economics:

A European Economic Break Is Seen as Option Against War

by Paul Gallagher

In the policy confrontation between the warhawks of the United States and Britain on one hand, and the broad resistance of 'old Europe' to an imperial war on the other, all the nations involved on both sides share one absolute fundamental: Their economies are all breaking down into depression, and their government revenues at all levels are collapsing.

Food Import Dependence of U.S. Grows as Dollar Falls

by Arthur Ticknor

The import share of U.S. food consumption has climbed markedly since 1980, while 'global sourcing'/stealing has masked consumer food price inflation; the inflation, nonetheless, still hits hard in those households of the lower 80% family-income range.

New Threats From West Nile Virus

by Linda Everett

From the early 1700s in what became the United States, settlers waged vigorous battles to prevent or cure both endemic diseases (those which are always present) and epidemic diseases (those which strike from time to time with great intensity), in addition to the scourges that came from fouled water and environmental sources.

International:

Behind the Iraq Dossier Hoax: Intell Was Cooked in Israel

by Jeffrey Steinberg

According to media accounts, the 10 Downing Street 'dossier,' cited favorably by U.S. Secretary of State Colin Powell in his disastrous Feb. 5 report to the United Nations Security Council, was plagiarized from an American graduate school paper, based on information more than a decade old.

Military Conference

Europe, Asia Talk Back To Rumsfeld and McCain

by Rainer Apel

This year's 39th Munich Conference on Security Policy—the annual former 'Wehrkunde' meeting—gathered several hundred defense politicians and experts, notably from NATO member countries, on Feb. 7-9, and documented what one may appropriately term 'the clash of two civilizations'—an almost unbridgeable gulf between the pro-war party and those that want to avoid a military operation against Iraq.

Will There Be Regime Change in Britain?

by Mark Burdman

The massive opposition in Great Britain to a war against Iraq, while the collapse of the British and world economy is demolishing whatever remaining illusions of 'normalcy' and 'prosperity' still exist, has created a situation in which tectonic shifts in the British political landscape can be expected.

Iraq War: Goodbye to African Development

by David Cherry

When South Africa's ambassador to the UN corrected the U.S. ambassador, in a Security Council debate on war against Iraq on Jan. 27, it was a high point in South Africa's intense campaign to prevent the war—a war that South Africa says, correctly, will do incalculable harm to the continent and the world.

Vatican Peace Effort Grows, Despite Italian Government Betrayal

by Claudio Celani

A major role in the global war-prevention effort is being carried out by Pope John Paul II, who sent his special envoy, Cardinal Roger Etchegaray, to Baghdad on Feb. 9, soon after the Pope and his collaborators conferred with visiting German Foreign Minister Joschka Fischer in Rome.

Pakistan

Musharraf Looks for Options in Moscow

by Ramtanu Maitra

On the face of it, Pakistan President Gen. Pervez Musharraf's Feb. 4-6 visit to Moscow was an exercise in futility. India shouted from the rooftop that the trip was a failure, and so did a number of Russian commentators who did not see anything of significance emerging from the trip.

Peru

Is Toledo Breaking His Ties to Soros?

by Luis Va'squez Medina

The resignations of Peru's Interior Minister Gino Costa and National Intelligence Council head Fernando Rospigliosi at the end of January, quickly followed by the resignations of other officials belonging to the most fanatic faction of oneworlders, could well mark the beginning of the Toledo government's break with the supranational forces which Lyndon LaRouche has characterized as 'utopian globalism.'

National:

AN OPEN LETTER TO THE DNC

The State of the Political Parties

by Lyndon H. LaRouche, Jr.

February 9, 2003 This open letter was distributed by the Presidential precandidate's political committee, LaRouche in 2004.

There are some facts the Democratic National Committee must finally face, if the Party is not merely to survive the crises already in progress, but play a more effective and relevant role in response to the mounting peril to civilization than we have seen from the Party, and the Congress as a whole, since the inauguration of President George W. Bush.

Disastrous Iraq War Can Still Be Stopped

by Edward Spannaus

President Bush and the Chicken-hawks in Washington are being confronted with a growing world-wide resistance to their push for a Middle East war, resistance expressed most notably through more visible American-institutional opposition, and a consolidated bloc of Europe's three major powers—Germany, France, and Russia—joined by China.

Al-Qaeda Dossier Comes From New Yorker Magazine

by Michele Steinberg

Colin Powell's testimony at the UN on Feb. 5 has unleashed a flood of well-aimed critiques, that counter, in great detail, and with great competence, the dossier presented against Iraq by the Bush Administration. War is not an option, say these reports, many of which are prepared by intelligence and military veterans, who are trying to avert another Vietnam War disaster.

McCain and Lieberman: 'Bull Moose' Mate Again

by Scott Thompson

Senators and potential Presidential candidates John McCain (R-Ariz.) and Joseph Lieberman (D-Conn.) are seeking again to put Congressional pressure on President George W. Bush to go to war immediately—as at the Feb. 8-9 'Wehrkunde' meeting in Munich, where the pair proclaimed that the Iraq war is 'their policy.'

Michael Novak Catholics Want Pope To Support War

by William F. Wertz, Jr.

In an example of absolute imperial arrogance, Michael Novak of the American Enterprise Institute (AEI) in Washington flew to Rome, at the behest of U.S. Vatican Ambassador Jim Nicholson, with the announced intention to meet with Pope John Paul II, to convince the Pope to support the pre-emptive war doctrine of Novak and fellow Utopians in and around the Bush Administration.

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