

## Electronic Intelligence Weekly

### Online Almanac

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## This Week You Need To Know

### 'The DNC Doesn't Really Represent Anyone!'

**by Lyndon H. LaRouche, Jr. — Feb. 28, 2003**

*The following piece was released by LaRouche in 2004, Lyndon LaRouche's Presidential campaign committee, on Feb. 28. LaRouche is seeking the 2004 Democratic Presidential nomination.*

That outburst by one important Democratic official, came in response to the measures which have been taken by the DNC faction of the 2000 Presidential campaign-ticket of Al Gore and Joseph Lieberman, all in a frankly hysterical and thuggish attempt to exclude me from the list of current candidates for the Democratic Party's 2004 Presidential nomination.

The issue behind that series of thuggish actions taken by representatives of the Democratic Leadership Council's (DLC) faction in the Party is the issue defined by Senator Edward Kennedy (D-Mass.) in a January 1995 declaration, that "This nation does not need two Republican Parties." The traditional Democratic Party, which I defend and promote, is that of the tradition of President Franklin Roosevelt. The opposing, "second Republican Party" to which Senator Kennedy referred, is that of Marc Rich-linked Gore and Lieberman, et al. today.

The "second Republican Party" on which Senator Kennedy focussed in his January 1995 address, the DLC, came into being during the early 1980s around Meyer Lansky mob-offshoot Michael Steinhardt. This Michael Steinhardt is a leading associate of the "Russian Mafiya" kingpin Marc Rich, the same Marc Rich closely associated with current U.S. Vice President Dick Cheney's office.

Over the course of the recent two decades, this faction within the Democratic Party has based itself on rejecting the interests of the lower 80% of family-income brackets. These in the lower 80% are today's equivalent of the "forgotten man" on whose behalf Franklin Roosevelt campaigned in 1932. They are the families of farmers, manufacturing operatives, senior citizens, those in need of health-care, the homeless, and the poor generally.

That lower 80% represents the majority of the Democratic Party's natural constituency. Therefore, the DLC crowd represents nothing of importance to the nation today. That lower 80% is the natural constituency of my candidacy for the Democratic Presidential nomination; therefore, the DLC is in deadly fear of my candidacy.

The following series of events is a reflection of that conflict between my candidacy and that DLC which Senator Kennedy pointed out as "the other Republican Party":

### How the Squabble Began

When the Democratic National Committee announced that they were inviting all declared candidates for the 2004

Democratic Presidential nomination to address their winter meeting in Washington, D.C. last weekend, the name of Lyndon LaRouche was glaringly omitted. When DNC Chairman Terry McAuliffe was informed of the omission, it opened a week-long discussion regarding LaRouche's candidacy. After extensive discussion back and forth, LaRouche's representatives were told that the issue "had not been resolved"—that the DNC was not going to take the (suicidal) step of attempting to claim that LaRouche was not a "bona fide" Democratic candidate, but that, at least for now, they were declining to issue an invitation to him.

Although MacAuliffe's Pilate-like decision was a step back from the kind of insanity practiced by the DNC under the tutelage of the corrupt Gore-Lieberman machine during the Y2000 presidential campaign, it still did not sit well with LaRouche's Democratic supporters. Despite the DNC's obstinate refusal to include LaRouche on the winter meeting's agenda, LaRouche's campaign headquarters continued to receive invitations from College Democrats across the nation, seeking his participation in upcoming state meetings of College Dem chapters.

When members of the LaRouche Youth Movement saw that the College Democrats of America were sponsoring a public town meeting as part of the DNC winter meeting, they thought it would be an excellent place to raise the question of support for LaRouche's candidacy. When the College Dems opened their meeting on the evening of Feb. 20, they found that the majority of the audience was comprised of LaRouche's college-age supporters. Soon after the opening remarks, the discussion centered on questions surrounding both LaRouche's candidacy and his programmatic approach to intervening in the unfolding financial breakdown crisis. Although not everyone agreed on all particulars, the debate was an intense and lively one, conducted in a fraternal spirit on all sides.

At least, all was sane and well until some DLC-connected DNC bureaucrats, from upstairs, decided to play a dirty trick for the convenience of Al Gore and Joe Lieberman and a group of moneybags who happen to be staunch supporters of Ariel Sharon and the overall drive for war.

Those individuals, who have a clear affinity for the money provided by organized-crime-linked figures Marc Rich and Michael Steinhardt, and hence for the war they support, were so worried about the direction of the honest debate, that they proceeded to call the police.

To the surprise of the College Dems who were hosting the meeting, any young person even suspected of supporting Lyndon LaRouche's candidacy was forcibly removed from the room. More than a dozen of those expelled had no connection with the LaRouche campaign. Only when the DNC leadership was confident, mistakenly, that the LaRouche presence had been removed, did DNC Chair Terry McAuliffe make a surprise appearance at the town meeting, and attempt to rally those gathered around banal points regarding their college tuition. He avoided all of those more compelling questions of war and the state of the global economy that had been on the table just a few moments earlier. McAuliffe also congratulated the College Dems on the ouster of the LaRouche delegation, pretending, fraudulently, that his audience had been somehow been involved in the decision.

Meanwhile, the members of the LaRouche Youth Movement who had been removed from the town meeting, continued to organize both young and old meeting-participants in the hotel's lobby and restaurants. Not surprisingly, the vast majority of the meeting participants from across the U.S. had no idea that LaRouche had been barred from addressing the gathering, and could think of no reasonable explanation for that decision by McAuliffe.

Not true, however, of the corrupt inner circle. DLC hack Joe Sanders stood on the escalator screaming at a young African-American LaRouche supporter that LaRouche was a racist and an anti-Semite. Perhaps out of thoughtless hysteria, Sanders chose to refer the young man to the DNC's "attorney of record" in the 2000 case in which the DNC argued against the Voting Rights Act in an effort to keep LaRouche and his duly elected delegates out of the Democrat National Convention, for the "facts" against LaRouche. Ironically, that attorney, himself no Democrat, was none other than the son of the

Department of Justice's notorious racist Jack Keeney, who not only anchored the "Get LaRouche" task force, but who also was one of the intellectual authors of the infamous "Operation Fruehmenschen" doctrine that targetted black elected and public officials for persecution.

Another young LaRouche supporter was accosted in the elevator by a belligerent and screaming Ron Oliver, Chairman of the Arkansas Democratic Party, who insisted that any supporter of Lyndon LaRouche should be immediately imprisoned!!!

## **Come the Day After**

Early the next morning, Terry McAuliffe's staff contacted LaRouche spokeswoman Debra Freeman, to complain that the LaRouche campaign had violated some imagined "deal" not to intervene in the meeting. They were informed that no such agreement had ever been made. The following day, when LaRouche supporters returned to the conference to listen to candidate Al Sharpton address the participants, they were fingered by party bureaucrats and barred from entering the meeting hall.

A few days later, during a visit by LaRouche to the state of Arkansas at the invitation of State Senator and Legislative Black Caucus Chair Henry "Hank" Wilkins, a state where LaRouche has gotten more than 22% of the Democratic vote during the Y2000 primary campaign, DNC strong-arm tactics continued. After a full day of very successful events in Pine Bluff, including a town meeting in which LaRouche shared the podium with several influential members of the Legislative Black Caucus in addition to Senator Wilkins, the candidate was the guest of the Caucus at their weekly meeting in the State Capitol in Little Rock. When LaRouche's turn to speak came, the members of the Caucus, many of whom had been so engaged just the night before, greeted his remarks with nervous silence. At the time, although it was apparent that something was wrong, it wasn't clear just what had occurred, and LaRouche's entourage had to move on to the next series of meetings in what was a heavy schedule.

Later that same day, at a reception held in LaRouche's honor, members of the Caucus confided that Oliver and his henchmen had attempted to strong-arm members of the Caucus into dis-inviting LaRouche. When those efforts failed, Oliver deployed three "observers" to the Caucus meeting to "monitor" the behavior of the legislators, in an obvious attempt at intimidation.

Caucus members were insulted and infuriated at the heavy-handed tactics, and questioned why the Gore-Lieberman apparatus was so afraid of a simple address by LaRouche. One officer of the Caucus said, "It wasn't an endorsement meeting. We're in a massive state fiscal crisis and LaRouche had something important to contribute. Why blow it up this way? What is it that they are so afraid of? What's going on here?"

Clearly, what was going on was that those financial interests close to the "Russian Mafiya's" Marc Rich were willing to employ any tactic they needed to quiet LaRouche, who has emerged as the leading U.S. political voice internationally opposing the drive toward war, and demanding action on dealing with the onrushing global collapse.

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

### **Stock Market Woes Threaten Pension Funds**

"It's like the equivalent of a fiscal atom bomb for all of us," said Binghamton, N.Y. Mayor Richard Bucci, following a meeting of mayors from across New York State, as reported Feb. 25 in the New York *Democrat and Chronicle*. The mayors were told by the New York State and Local Retirement System Fund assistant director that continued stock-market

losses will not provide the rates of return required to maintain the pension-fund system. As much as \$1 billion may need to be paid into the fund this year. Losses already sustained by the system led to State Comptroller Alan Hevesi's Feb. 7 announcement that state and local governments will have to pay an estimated 11% of their payroll into the pension fund—up from 1% or less in 2002! The City of Rochester's pension bill would increase nearly tenfold, from \$2.7 million in 2002, to \$24 million this year.

Even before this meeting, many mayors responded to Hevesi's notice by saying they would have to raise taxes, cut services, or both, and in some cases, the increase could force troubled cities into bankruptcy, the *Democrat and Chronicle* said. Desperate for relief, the mayors are pressing state leaders to spread out payments over years, let cities borrow to cover costs, or even re-estimate how much the pension funds need to remain solvent.

## **Greenspan Warns U.S. Banks Will End, Not with a Bang, But a Whimper**

Testifying before the U.S. Senate Banking Committee, Federal Reserve Chairman Sir Alan Greenspan, while acknowledging that no U.S. bank is "too big to fail," babbled that the banks "will be liquidated slowly," so that, rather than a sudden collapse, they "will just fail more slowly."

In other words, the Fed would be able to unwind the banks' derivatives contracts, he claims, to manage the blowout of the bankrupt financial system.

## **Natural Gas, Oil Prices Reach New Levels**

U.S. natural-gas prices jumped 39% from a year ago, to \$9.14 per million BTU in futures trading in New York, on Feb. 24, the highest level in more than two years. Spot natural-gas prices at Henry Hub, the wholesale benchmark price point in Louisiana, on Feb. 25, shot up above \$18 per million BTU, an all-time high. Residential heating oil prices soared 50%, compared to a year ago, to a record-high of \$1.15 per gallon, breaking the previous record set in December 1979. The increase in natural-gas prices hits industrial users, as well as gas and electric companies, in addition to the more than 50% of U.S. homes heated by natural gas.

At the same time, crude oil prices soared to a 12-year high, with April delivery prices trading as high as \$38 per barrel—the highest level since October 1990—on the futures market of the New York Mercantile Exchange, and closed at \$37.70 per barrel.

## **More Government Fakery on Price Inflation**

Echoing Lyndon LaRouche, *New York Post* columnist John Crudele blasted the government's fakery on energy-price inflation. The Federal Bureau of Labor Statistics says you're not paying much more for gas, Crudele noted on Feb. 25. But Washington, "is using a statistical trick that even some of its own [analysts] ... can't explain ... called 'intervention analysis'.... If something unusual, like a war, happens that causes the cost of oil to rise, the government simply takes it out of the calculation for the consumer price index...." That is, even before all the other massages, such as seasonal adjustment. In other words, the BLS doesn't count the extra energy cost due to unusual occurrences, in its inflation statistics. The real rise in gasoline prices at the pump is 12%, Crudele asserts, but the government has been counting it at 6% for the last two months.

## **Food Assistance Spending Jumped to Near-Record High in Fiscal 2002**

In a sign that the lower 80% of family income brackets are being hammered by the economic collapse, spending by the

U.S. Department of Agriculture for food assistance programs (such as food stamps) in fiscal 2002 shot up by 10.6%—the largest annual increase since fiscal 1992—to \$37.8 billion, slightly below the record set in 1996. About one in five Americans received help from the USDA's 15 domestic food assistance programs, at some point during October 2001-September 2002. Each of the five core food assistance programs expanded, due to increasing poverty and unemployment, according to the USDA's Economic Research Service's report, "The Food Assistance Landscape, March 2003."

\*Food Stamp Program: The average number of people requesting food stamps rose to 19.1 million per month, a 10% jump over FY 2001, the largest percentage increase in 11 years. In 11 of the 12 months, food stamp requests were higher than the previous month. The average monthly benefit per person grew by the largest amount in 11 years. Total spending increased by 15%, to \$20.6 billion.

\*Special Supplemental Nutrition Program for Women, Infants, and Children (WIC): The average number of WIC participants increased to about 7.5 million per month—the largest number ever—in the program that provides free supplemental food packages as well as health and social service referrals, to low-income women, infants, and children up to age 5 who are at nutritional risk. Children accounted for half of all WIC participants. Spending totalled a record high \$4.3 billion.

\*National School Lunch Program: Each school day, about 58% of all children attending a participating school, received low-cost or free lunches due to being from low-income families. During the year, 4.7 billion meals were served—almost half of which were free.

\*School Breakfast Program: Participation rose to an average 8.1 million children each school day. Of the almost 1.4 billion breakfasts that were served, almost 75% were provided free.

\*Child and Adult Care Food Program: The number of subsidized meals served in adult day-care facilities jumped by 10%, while those served in child care centers increased by 7%.

### **'Consumer Confidence' Plummets to Near 10-Year Low**

The Consumer Confidence Index in February plunged almost 15 points to 64.0—its lowest level since October 1993—reported the Conference Board Feb. 25, citing worries over lack of job creation, low income growth, rising fuel costs, and a possible war against Iraq.

### **Outsourcing of 'New Economy' Jobs on the Upswing**

Remember those IT jobs that were going to replace the U.S. manufacturing jobs that were outsourced? The IT jobs are being outsourced, too. For example, a *Business Week* article cited in the *Washington Times* Feb. 27, described technology parks on the outskirts of India's major cities, where IT work that Americans did three years ago is now done. The same thing is happening in China, the Philippines, Russia, Eastern Europe, Costa Rica, and South Africa.

Another sign of the Roman Empire-style collapse of the once-great U.S. economy.

### **Wall Street Police Blotter**

\*Four former **Qwest Communications** executives were indicted for accounting fraud Feb. 25. The Qwest execs are accused of devising a scheme to inflate revenue by more than \$33 million during the second quarter of 2001 (during which time Arthur Andersen was Qwest's accountant), to meet growth targets, at the fourth-largest local U.S. telephone company.

The Federal indictment charges the executives with securities and wire fraud, conspiracy, filing false reports with the Securities and Exchange Commission, and making false statements to accountants. If convicted, the defendants could face up to 10 years in prison and fines of \$1 million, said U.S. Attorney General John Ashcroft, adding that arrest warrants have been issued. The executives allegedly booked millions of dollars prematurely from a sale to the Arizona School Facilities Board.

The defendants are the former chief financial officer **Grant Graham**, senior vice president **Thomas Hall**, vice president John Walker, and assistant controller **Bryan Treadway**.

In addition, the SEC filed a simultaneous civil lawsuit against the four, plus one current and three other former Qwest executives.

\*Two former **K-Mart** vice presidents were indicted on charges of securities fraud and conspiracy for inflating profit by \$42.3 million, prior to the retailer filing for bankruptcy. **Enio Montini** and **Joseph Hofmeister** could face up to 10 years in prison and a \$1 million fine if convicted of the most serious charges. They were also accused of making false statements to the Securities and Exchange Commission.

\*The Dutch company **Royal Ahold** is being investigated by the U.S. Attorney General's office and the Securities and Exchange Commission (SEC), after the world's third-largest food retailer said its U.S. food-service unit inflated profit by \$500 million in 2001 and 2002. Ahold's bank creditors, including Goldman Sachs and JP Morgan Chase, could force asset sales were the company to fall short of earnings targets.

\***Fleming Cos.**, the top U.S. grocery distributor, said that the SEC has launched a formal investigation into its trade practices with suppliers. The head of its wholesale operations resigned. Fleming also said it would cut 1,800 jobs to cut costs and reduce its \$1.95 billion debt.

## World Economic News

### France Pounds Another Nail into Maastricht Coffin

French Prime Minister Jean-Pierre Raffarin said France likely broke the European Union's limit on budget deficits in 2002, but it won't drastically cut spending. "I won't carry out a policy of austerity," an unapologetic Raffarin declared at a ceremony for the bicentennial of the Paris Chamber of Commerce and Industry. Tightening spending, he warned, "would depress the situation further."

France's ruling party, the Union for a Presidential Majority (UMP), called on Feb. 25 for a temporary suspension of limits imposed by the Maastricht Treaty. "One could imagine that there could be a certain understanding concerning the near-term overshooting of the Stability and Growth Pact," said Jacques Barrot, president of the UMP contingent in the National Assembly.

Germany and Portugal have also surpassed EU budget deficit limits.

EU regulations require euro-zone nations to keep budget deficits to no more than 3% of Gross Domestic Product.

### Deutsche Bank Calls for 'Bad Bank' To Take Over Loans



Deutsche Bank, the German central bank, has proposed the establishment of a publicly financed "bad bank" that would buy up the problematic *Mittelstand* (small to medium-size firms) loans of private German banks. The daily *Frankfurter Allgemeine Zeitung* on Feb. 23 revealed more details on the Feb. 16 emergency summit in the Chancery, which included Chancellor Gerhard Schroeder, Economics Minister Clement, Finance Minister Hans Eichel and the top managers of Deutsche Bank, Dresdner Bank, HypoVereinsbank, DZ-Bank, West-Landbank, Allianz, Munich Re, and Kreditanstalt fuer Wiederaufbau (KfW).

According to unnamed participants, Deutsche Bank CEO Josef Ackermann proposed that German banks should set up a new entity, a "bad bank," into which the banks would transfer all their problematic loans, about 7 billion euros or more. In this way, the banks could prevent large write-offs which would further erode their core capital. The scheme would require the government to guarantee the problem loans. First participants of the plan to clean up their credit portfolio should include Dresdner Bank, Commerzbank, and HypoVereinsbank. The head of DZ-Bank, which is in a very precarious state as well, welcomed the proposal. Deutsche Bank itself, said Ackermann, would not participate in this operation as—claims Ackermann—it can solve all its problems on its own.

*FAZ* described the proposal as "unprecedented" in postwar German banking history. Top bankers in Frankfurt, the German financial center, denounced the plan, because it would be an admission that German banks are in a disastrous situation. Meanwhile, Dresdner Bank has already set up an "Institutional Restructuring Unit" (IRU), into which it has transferred 17 billion euros of either problem or "non-strategic" loans. Dresdner Bank plans to put up to 30 billion euros of loans and assets into this new unit.

According to the German financial daily *Handelsblatt*, the initiator of the emergency meeting was Roland Berger, head of the Roland Berger consulting group. Berger, in an interview with *Handelsblatt*, attacked the present structure of the German banking sector—in particular, that two-thirds of the credit volume still belongs to public or semi-public banks—as the key obstacle to boosting banks' profits. He said that now is the time to break up Germany's "obsolete" three-pillar banking structure, consisting of S&Ls, cooperative banks, and private banks. According to recent figures from the Bundesbank, the market share of all Germany's major private banks amounts to just 24%. Once the smaller private banks are added, the figure rises to 34%. The remaining 66% of market share belongs to the state-owned Landesbanken (25%), the mortgage credit banks (14%), the S&Ls (13%), the cooperative banks (10%), and certain government-owned banks (4%) like the KfW.

### **Accounting Fraud Sinks World's Third-Largest Food Retailer**

In the very first minute of trading on Monday morning, Feb. 24, the price of Ahold stock, the world's third-largest food retailer, crashed by 55%. Later in the day, Ahold stocks plunged by 66% compared to the Friday close on Feb. 21, and reached a new 12-year low. The bonds of Ahold were tumbling as well.

All this happened after the retail giant, based in Amsterdam, revealed that auditors Deloitte & Touche had discovered an accounting irregularity of at least \$500 million in 2001 and 2002 at its key unit, U.S. Foodservice, which supplies food to restaurants, schools, and prisons (see also "Wall Street Police Blotter," above). CEO Cees van der Hoeven and CFO Michael Meurs have resigned. Ahold owns the Dutch supermarket chain Albert Heijn, the biggest in the Netherlands. But 60% of Ahold's profits are being generated in the U.S., where Ahold runs 1,600 stores, in its two retail chains Stop & Shop and Giant.

Already last year, Ahold had to put out profit and sales warnings twice due to much weaker-than-expected demand. The company just reported its first quarterly loss in almost 30 years. The total net debt of Ahold amounts to 12 billion euros. Ahold's long-term credit rating was cut to junk by Standard & Poor's Feb. 24. The conglomerate's largest share-holders are the Benelux financial firm Fortis and the Dutch insurance groups ING and Aegon.

## **British Gov't Proposes Financial Emergency Measures for 'Extreme Situation'**

In its just-released consultation paper on financial-security planing, the British Treasury has proposed that the government should fully take over operations at London stock markets and other key financial centers, should London be hit by a major terror attack. Under the headline, "Brown may run London exchanges in emergency," the *Financial Times* of Feb. 26 states:

"Gordon Brown, Britain's Chancellor of the Exchequer, is seeking sweeping powers to take control of London's Stock Exchange and other key financial exchanges, settlement and payment systems in the event of a large terrorist attack. This unprecedented right to shut down or take over core parts of the City of London financial district could avoid economic meltdown in 'extreme situations,' a Treasury consultation paper said yesterday.

"The new powers would allow the government to suspend trading—in effect freezing settlement of any transactions—on any of the main exchanges. Normal legal rights to sue a counterparty for non-payment, or take legal action against an exchange for failing to operate, could be removed. In more severe cases still, ministers would have the power to 'direct financial infrastructure ... at the heart of the system,' overriding the normal contractual and trading rules. An example cited in the paper is that clearing banks could be forced to suspend direct debit payments to protect retail customers should employers be unable to pay salaries because the bank's systems have collapsed."

The *FT* stresses that the new powers would be used only in "extreme circumstances," and not to intervene in a purely financial crisis. Ruth Kelly, a Treasury Minister, said: "We would only do this if the risk to the financial system as a whole and the wider economy outweighed the cost."

## **German DAX Crashes to Lowest Level Since August 1985**

Escalating disasters in the banking and insurance sectors, and panic selling of former premium stocks such as ThyssenKrupp and Bayer, pushed the German DAX-30 Feb. 25, below the 2,500 point mark for the first time since summer 1996. Thus, the DAX has now erased more than two-thirds of its March 2000 peak value of 7,600 points.

Following the S&P downgrading Feb. 21, ThyssenKrupp stocks fell by 15% in just two trading days. Stock prices of the Bayer chemical group suffered their biggest crash in decades, down 14%, after a new lawsuit was filed in the U.S. against Bayer's drug Baycol, which was withdrawn in 2001 after it was determined that it caused serious side effects. The *Financial Times* Feb. 26 quoted the German lawyer Michael Wittl, representing the German claimants against Bayer, saying: "Bayer is the first to experience the U.S.-German tensions. The industry can now see what the Chancellor has brought to them."

Meanwhile, the Duesseldorf state prosecution has started an investigation against Deutsche Bank chief executive officer Ackermann, former Mannesmann CEO Esser, and other top managers for bribery in the takeover of Mannesmann by Vodafone three years ago. The former Deutsche Telekom top management is now being accused of deliberately misleading investors, with the assistance of Finance Minister Eichel, during the big emission of Deutsche Telekom stock two years ago.

Allianz and Munich Re, the two giant insurance companies, according to reports accelerated the stock-market plunge in recent days as the low DAX value triggered a new round of forced stock sales. In Switzerland, Swiss Re, the world's second-largest reinsurer, announced that due to crashing stock markets, they will have to cut dividend payments for the first time since the San Francisco earthquake and fire of 1906.



Credit Suisse will cut another 1,250 jobs on top of the 8,000 job cuts announced in recent two years, after reporting a full-year loss of 3.3 billion Swiss francs, the biggest ever recorded by any European bank. British bank Abbey National announced its first full-year loss since it was founded in 1849.

### **UK Corporate Investments in Cardiac Arrest**

British corporate investments suffered their biggest setback since records began being kept in 1986. According to government figures presented on Feb. 25, British investments in 2002 fell by 10% compared to the year before. Manufacturing output in 2002 posted its sharpest decline since 1991. In the fourth quarter 2002, corporate investments dropped to 25.6 billion pounds, the lowest in five years. Manufacturing investment fell 18% in the fourth quarter 2002 compared to 12 months ago. Even in the service sector, investments plunged by 7.6%.

### **Wall Street Banks Force Genocidal Debt Scheme on Mexico**

For the first time ever, Mexico has issued a global bond which includes a "collective action clause (CAC)," designed to facilitate a debt restructuring, should Mexico be unable to pay. The inclusion of the CAC in Mexico's \$1-billion global bond offering, placed on the market by JP Morgan and Goldman Sachs Feb. 26, reflects not only the fragility of the country's debt bubble, but the world financial oligarchy's insane attempt to maintain the fiction that bankrupt financial assets are still, somehow, "performing."

Mexico is the first emerging-market country to include this clause—which, contrary to current practice, would allow it to renegotiate its debt without agreement from all 100% of the bondholders; in this case, only 75% would have to agree. This is a scheme which is kissing cousins with the one put forward by the IMF's Deputy Managing Director Anne Krueger last year, which would allow for emerging-market debt restructuring, accompanied by a harsh austerity regime, all under the dictatorship of a supranational authority. Although a spokesman for one group of investors phoned Mexican officials early on Feb. 26 to express their nervousness about including the CAC, arguing that it would jeopardize their position in the event of a moratorium, the U.S. Treasury is fully behind the CAC inclusion. The IMF also congratulated Mexico for the move.

When briefed on this development, U.S. Democratic Presidential pre-candidate Lyndon LaRouche warned that these policies will lead to a new dark age. Mexico's financial assets are bankrupt, as are those of every other country, and the attempt to assert otherwise through this type of scheme, will bring on genocide.

### **Economists Say Indonesia Better Off Without IMF**

A group of 35 leading economists in Indonesia, headed by former Economics Minister Rizal Ramli, said the economy would fare better without the IMF, the *Jakarta Post* reported Feb. 27. Ramli said that once the IMF gets its hands off Indonesia, the economy would expand more strongly, and even return to pre-crisis growth levels of around 7% by 2005. "The sooner Indonesia parts with the IMF, the better for the economy, as [going] without the IMF means that we have the flexibility to do a lot of things," Rizal said, adding that most of the IMF programs had simply pushed the economy deeper into crisis. The IMF program with Indonesia has to be extended, or it ends at the end of the year.

Rizal said that, as a resource-rich country, Indonesia could generate as much as \$58 billion from internal sources to stimulate the economy, especially given the current oil windfall.

## **United States News Digest**

## **U.S. Diplomat Resigns in Protest of Iraq War**

More than 80 U.S. ambassadors and envoys to foreign nations have reported that abroad, President George W. Bush is held in the lowest regard of any President recorded, a well-respected Washington political observer told *EIR* on Feb. 28. The source was commenting on the resignation of a senior embassy official in Athens, Greece, and said that this resignation is just the tip of iceberg.

The resignation of J. Brady Kiesling, 45, a 20-year career U.S. Foreign Service officer who was political officer at the U.S. embassy, Athens, has made international headlines. Kiesling faxed a letter of resignation to Secretary of State Colin Powell Feb. 24 in which he stated: "Our fervent pursuit of war with Iraq is driving us to squander the international legitimacy that has been America's most potent weapon of both offense and defense since the days of Woodrow Wilson."

A friend made a copy of the letter available to the *New York Times*, which interviewed him by phone. Kiesling told the *Times*: "I've been comforted by the expressions of support... [but] No one has any illusions that the policy will be changed. Too much has been invested in the war." In the letter, Kiesling said: "We should ask ourselves why we have failed to persuade more of the world that a war with Iraq is necessary. We have over the past two years done too much to assert to our world partners that narrow and mercenary U.S. interests override the cherished values of our partners. Even where our aims were not in question, our consistency is at issue. The model of Afghanistan is little comfort to allies wondering on what basis we plan to rebuild the Middle East, and in whose image and interests." Kiesling has served in embassies from Tel Aviv to Casablanca to Yerevan.

## **White House Doesn't Rule Out Use of 'Mini-Nukes' Against Iraq**

In a White House press conference on Feb. 25, *EIR* correspondent William Jones had the following exchange with spokesman Ari Fleischer:

*EIR*: "Ari, if there are, indeed, military hostilities with Iraq, would the President condone the use of the so-called mini-nukes, which have been authorized for development under recent Presidential directives, in the fight against Saddam Hussein for bunker-busting or anything other purpose?"

FLEISCHER: "In standing with our long-time policies, the White House and the government do not rule anything in, do not rule anything out. So I don't talk about specific types of munitions."

## **Pentagon Moots Conventional Warheads on ICBMs**

The Air Force Space Command is evaluating a change in policy to arm ICBMs with conventional explosives, the *New York Times* reported Feb. 24. The long-range Intercontinental Ballistic Missiles, which can reach targets anywhere in the world in 35 to 45 minutes, have, so far, only been armed with nuclear warheads. The Pentagon says this new concept would give the U.S. the ability to attack targets thousands of miles away with precision-guided, non-nuclear explosives, without putting pilots at risk.

The idea comes out of the Pentagon's secret Nuclear Posture Review, produced last March. That report discussed redesigning the nuclear arsenal to suit the needs of an imperial power, rather than the bipolar world that existed until the collapse of the Soviet Union. It included proposals to incorporate into U.S. military doctrine the use of very small nuclear bombs, "bunker busters," and neutron bombs, which kill people but do not damage real estate.

## Rehearsal for Iraq Occupation Held Under Feith

A rehearsal for an Iraq occupation was held recently under Jabotinskyite Undersecretary of Defense Doug Feith, according to neo-con insider Judith Miller in the *New York Times* of Feb. 23.

Miller reported that "the new office of postwar planning held a secret session this weekend," at the Eisenhower Hall of the National Defense University in Washington, involving about 100 officials from a dozen agencies. The head of this new office is Gen. Jay Garner—the American occupation "Viceroy" who has been exposed in this week's *EIR*, as a key operative for JINSA, the organization of right-wing Israeli crazies and spies. "Allied nations" were also invited but *EIR* hasn't found out if this included Israel. The meeting was classified.

This Feith/JINSA plan by the Pentagon to impose a military Viceroy has the Iraqi National Congress (opposition) figures screaming over being double-crossed, and serious opposition Iraqi intellectuals are using the situation to increase international opposition to the war in Europe, and the developing world.

## U.S. Chickenhawks Ranting and Raving

Rupert Murdoch's *New York Post* is a useful barometer of how the neo-conservative warmongers are feeling. Their level of desperate frenzy was well reflected in a series of ridiculous articles last week:

\*George F. Will says that the "New Jews" are the Americans, since the Europeans have substituted "American" for "Jew," in their "traditional" anti-Semitism that existed from "medieval times to 1945."

\**National Review* Editor Peter Beinart worries "Will 'W' Betray Iraq?" because the public support for the war is thinning.

\*A full-page "exposé" goes after the Jewish peace group "Not in Our Name," which opposes Israeli occupation, for being financed by terrorist-linked foundations. The group was part of the anti-war demonstrations of Feb. 15.

## Lieberman Blasts Anti-War Democratic Presidential Hopefuls

Senator Joseph Lieberman, the Democratic Party poster boy of Rupert Murdoch's and William Kristol's *The Weekly Standard*, denounced those other contenders for the Democratic Presidential nomination who oppose a war with Iraq. Speaking at an Iowa event organized two weeks ago by a local labor leader who opposes the war, Lieberman said that the 1991 Persian Gulf War, which he had co-sponsored a resolution to conduct, had left Iraqi President Saddam Hussein in power.

Lieberman added, "I worried then and throughout the '90s that we were allowing Saddam to become a ticking time bomb. I'm not going to oppose a policy [of regime change] that I've supported for 12 years just because the person who happens to be the Commander in Chief of the United States today is a Republican.... I'm going to hope, ultimately, that people will draw a conclusion, even if they disagree with me on Iraq, that ... [I will] be the kind of candidate and type of President who will not try to please all the people all of the time."

Among those on the platform with Lieberman for this harangue (which was reported in the Feb. 25 *New York Post* by the editors of the *Weekly Standard*) were Rep. Dennis Kucinich (D-Ohio), and former Vermont Governor Howard Dean, who denounced the war.

## **New York Times Worries That Iraq War Could Go Wrong**

In a lead editorial Feb. 23, while agreeing with the notion that force is necessary to disarm Saddam Hussein, the *New York Times* fretted that if the U.S. goes it alone, or nearly alone, just about everything could go wrong. So the *Times* called for more discussion. "The real calculations," the editors wrote, "will be entirely about the odds of succeeding." If the war is short, with few casualties, and reveals real evidence of nuclear or biological weapons, and of collusion between Saddam and the terrorists, then President Bush will look like a hero and all those who ridiculed him will look like fools.

However, "things could go terribly wrong, very quickly." The war could be brutal and protracted, Saddam could set his oil wells on fire, and if he is destroyed, the whole region could plunge into chaos as various clans and tribes struggle for the lucrative spoils, drawing in Turkey, Iran, and others. Furthermore, "a long-term occupation of Iraq will create resentment in the Muslim world that could lead to more, not less, terrorism."

The *Times* opined that those risks would be worth taking if there were a broad international coalition; but, in answer to those who say that backing down from the present military buildup would be a sign of weakness, "We don't think the world's only superpower should be making war to avoid embarrassment.... An invasion of Iraq that is not supported by many traditional allies, or those powers that we need to be allied with in the best possible future, will send a message that we can do whatever we want. But it is not going to make the rest of the world root for us to succeed."

## **Conyers: Will U.S. Invade France Next?**

Is the U.S. going to invade France next? Detroit Democratic Congressman John Conyers recently demanded, in response to government filings in a lawsuit brought seeking to block President George W. Bush from launching an imperial war. The lawsuit charged that Bush should be enjoined from waging war, because to do so would violate the Constitution, by violating the separation of powers, and by Presidential usurpation of powers granted only to Congress in the Constitution.

On Feb. 24, in Boston, where the case was brought, U.S. District Judge Joseph Tauro dismissed the case, ruling that the court did not have jurisdiction to issue an injunction against Bush. This court move was not unexpected, and the plaintiffs, including six Congressmen, some servicemen already in the Persian Gulf, and family members of servicemen and servicewomen, continue their opposition to the war.

In a statement released on Feb. 24, reports *Reuters* wire service, Conyers said he was shocked to read court documents filed last week in which "the Administration claimed the President can send U.S. armed forces into battle whenever he thinks it is necessary to protect the 'national security interest.' " "That's an open-ended grab for imperial power, worthy of Julius Caesar or Napoleon," Conyers said in a statement. "Does it mean that if President Bush decides it's in the national security interest to invade Iraq under the UN banner, and France threatens to veto a new Security Council resolution, that President Bush can invade France?"

## **Los Angeles Joins 120 U.S. Cities in Anti-War Resolution**

According to *The Los Angeles Times*, the City Council in L.A. on Feb. 21 by a vote of 9-4 voted against war with Iraq. The resolution was clinched when Councilwoman Jan Perry brought forward an amendment pledging greater efforts to seek Federal funding to help the homeless. Los Angeles, the nation's second largest city, thus joins almost 120 other cities, including Chicago, that have voted up similar resolutions against the war.

## **Congressman Claims Bush Wants To Assassinate Saddam Hussein**

According to combined wires on Feb. 25, White House spokesman Ari Fleischer said in response to a question that: "If we go to war in Iraq, and hostilities result, command and control and top generals, people who are in charge of fighting the war to kill the United States' troops, cannot assume that they will be safe. ... If you go to war, command and control are legitimate targets, under international law."

Asked whether that could mean Saddam Hussein, Fleischer replied, "Of course."

Senator Peter Fitzgerald (R-Ill.) had been quoted as saying that President Bush told him that he would order the assassination of Saddam Hussein "if we had intelligence on where he was now and we had a clear shot." The quote appeared Feb. 25, in the Arlington Heights (Ill.) *Daily Herald*.

Next, White House spokesman Scott Stanzel told the *Daily Herald* that he couldn't confirm that the conversation took place, but he said that President Gerald Ford's 1976 executive order banning assassinations "remains in place." But, as the case of the CIA drone assassination of alleged al-Qaeda fighters in Yemen illustrates, the U.S. is already back in the business of "Murder, Inc.," and Stanzel is adding yet another lie to the White House "credibility gap."

### **Administration Backs Away from Rewrite of Medicare**

Under bipartisan fire, the Bush Administration is backing away from requiring Medicare recipients to join private health plans in order to receive prescription-drug benefits, as President Bush had put forward in his State of the Union message.

A new draft Medicare proposal, which was outlined in a private meeting between Health and Human Services Secretary Tommy Thompson and Republican members of the Senate Finance Committee, reportedly (according to the *Wall Street Journal*) is still criticized for not going far enough in offering coverage to seniors enrolled in the traditional fee-for-service program.

### **Fannie Mae Makes Bid To Take Over Consecos Loans**

Fannie Mae last week made a bid to take over \$23 billion in bankrupt Consecos's mobile-home loans. Raising new concerns about the credit quality of parts of its massive \$800-billion mortgage portfolio, Fannie Mae last week placed a \$70 million bid to "service" the Consecos loans. Already, Fannie Mae owns or guarantees about \$7 billion of the Consecos securities. Servicing loans includes processing payments and hounding delinquent borrowers.

### **Supreme Court Decision Could Reverse Limitations on Habeas Corpus**

In a surprise ruling last week, the U.S. Supreme Court ordered a new hearing for a Texas Death Row inmate, in an 8-to-1 decision that warned the Federal appeals courts against shutting the door prematurely on state inmates who seek to present Constitutional challenges to their convictions or sentences through *habeas corpus* petitions. The *New York Times* of Feb. 25 said that the decision could have a substantial impact in reopening Federal courthouse doors that some appellate judges have closed, through strict interpretations of the new limits on *habeas* review that Congress adopted in the "Anti-Terrorism and Effective Death Penalty Act of 1996."

In the opinion written by Justice Anthony Kennedy, the Supreme Court sharply criticized both the Texas courts, and the lower Federal courts, for ignoring strong evidence of racial bias in the selection of the nearly all-white jury that found a black Texas man, Thomas Miller-El, guilty of murder 17 years ago.

Justice Kennedy said that while it was true that Congress had rewritten the *habeas corpus* statute to require greater

deference by Federal judges to state court determinations, "deference does not imply abandonment or abdication of judicial review."

The lone dissent was from Justice Clarence Thomas, who said that the proof of racial bias was circumstantial at best.

The ruling vacated a ruling from the Fifth Circuit U.S. Court of Appeals, which covers Texas, Louisiana, and Mississippi. From 1992 to 2002, Texas carried out 247 executions, accounting for 37% of all executions in the country.

## **Ibero-American News Digest**

### **Brazilian Foreign Minister Suggests Economy Could Stop War**

War with Iraq is possible, "but it is not inevitable," Brazilian Foreign Minister Celso Amorim told President Lula da Silva and his Cabinet at their last meeting, *Folha de Sao Paulo* reported on Feb. 24. He repeated that statement to *Folha*, the paper reported. He then added that "many things, including the economy itself, are at stake." Citing the signs of "fragility" of the U.S. economy, he said that while many times war could be a solution for a recession, "with certainty, that is not the case now."

### **Mexico Wavers on Iraq War Under Brutal U.S. Pressure**

Until Feb. 25, the Fox government in Mexico (currently a member of the UN Security Council), had held firm on a policy of "no war," including lobbying other Security Council members to side with Germany and France. "It's not just a matter of stating an opinion. It's a question of using convincing arguments so that there is no war. Our position is clear.... It is no to war," President Vicente Fox told reporters the previous week.

In this policy, the President was backed by "institutional Mexico." Fox met with the governors of the states on Feb. 21, and received their unanimous backing—from PAN, PRD, and PRI governors alike—for Mexico's insistence that there must be a peaceful solution to the Iraq crisis. The governors told Fox that Mexico must be governed by its Constitution and the principles of international law, Juan Carlos Romero Hicks, the governor of Fox's home state of Guanajuato, reported at the end of the meeting. Mexico's Constitution establishes respect for sovereignty and non-interference in domestic conflicts of other countries, as its foreign policy.

Mexican papers headlined the statement of Interior Minister Santiago Creel on Feb. 21: "Mexico does not accept any pressure from anyone." Creel's remarks were made in response to U.S. Ambassador Tony Garza's Feb. 20 threats that the U.S. Congress might block pro-Mexican legislation, should Mexico vote against the United States at the UN.

Polls show that 70-80% of the Mexican population oppose any war against Iraq. With Congressional elections only five months away, Fox cannot afford to appear to grovel again before the United States, as Mexico did under the despised Foreign Secretary Jorge Castaneda.

The Bush team has not let up, however, threatening economic retaliation should Mexico, a country which sends 90% of its exports to the U.S., vote against the United States. In a speech Feb. 21 to the University of the Americas in Puebla, U.S. Ambassador Garza pounded away at the assertion that the special character of the U.S.-Mexico relationship is being put to the test at the UN, that Mexico could be hit by terrorism, and that people should listen to Henry Kissinger, because he speaks from decades of experience, etc. Kissinger had told 80 top Mexican businessmen in Monterey on Feb. 20 that "the United States would be very angry if Mexico voted against, or abstained from supporting," the new Bush-Blair resolution



at the UN.

All the pressure appears to have gained some ground. In a speech Feb. 25 to U.S. and Mexican businessmen, President Fox emphasized Mexico's support for urgent "efforts to achieve the elimination of weapons of mass destruction in Iraq," and made no mention of his previous "no war" position. *Associated Press* reported Feb. 26 that after Fox's speech, the Foreign Ministry issued a confidential directive for its diplomatic representatives, which does not commit Mexico to voting for the Bush-Blair resolution, but says that Mexico agrees the resolution's sole aim is to disarm Iraq. The directive, of which *AP* obtained a copy, asserts that "this issue is of critical importance to the United States and to the Bush Administration," and Mexico's primary "national interest" is its relationship to the United States.

### **Chile Does Not Want a War**

"Chile doesn't want a war, so we're not looking for any pretext for war," Chile's Ambassador to the United Nations Gabriel Valdes stated, according to a Feb. 21 *Bloomberg* wire. "We want the inspectors to have the possibility to disarm Iraq, and that Iraq cooperates with the inspectors."

### **FARC-Linked Drug Mob Shuts Down Sections of Rio de Janeiro**

The "Red Commando" drug gang headed by Fernando Beira-Mar, Brazil's leading cocaine trafficker, who has been jailed in Rio de Janeiro since his 2002 capture in Colombia (where he was being protected by the narcoterrorist FARC), put out the word on Feb. 24 that businesses in sections of Rio must close and transportation shut down, or they would be "radically punished."

The drug mob then demonstrated once again that it has the capability to shut down one of Brazil's largest cities. Shops in 12 neighborhoods located near the drug-mob-dominated *favelas* (slums) closed their doors. Some 30 city buses were burned, one set afire before the passengers could get out, sending five people to the hospital with burns and broken limbs. Other buses were machine-gunned. Men on motorcycles threw grenades and homemade bombs at several buildings. A police unit was attacked, and several supermarkets looted. By the end of the day, police had detained 50 people, 22 of them on drug charges.

*Estado de Sao Paulo* noted Feb. 25 that the methods employed were modelled on those used by the FARC against Colombian cities.

The "Red Commando" sent out a letter portraying its attack as a demonstration that "the people" say "enough," and demand their rights.

### **Argentines Increasingly Depend on Largesse of Relatives Abroad**

Many Argentines have now joined the ranks of those Central American countries whose populations depend for survival on money sent home by family members living abroad. In 2002, Argentines residing in the United States sent an estimated 20% of their income to family members back home, totalling \$300 million sent for the entire year. U.S.-based agencies that handle money transfers into Ibero-America are accustomed to dealing with Hondurans, Salvadorans, Nicaraguans, and citizens of other Central American countries, whose remittances to family members back home often represent 10% of the GDP of their native countries, and can mean the difference between life and death in those countries. Argentines rarely appeared at such agencies—until now.

Many Argentine families increasingly depend on funds from relatives in the U.S., Italy, or Spain, in order to buy food or

pay rent. In fact, 2% of all food sold by Argentine supermarkets today, comes from credit-card purchases made via the Internet, from Argentines abroad. The food is then delivered to the needy relatives inside the country.

### **Brazil Raises Interest Rates—Again**

In a suicidal move, Brazil has again raised interest rates, from 25.5% to 26.5%. Announced following the Feb. 19 meeting of the Central Bank's Monetary Policy Committee (Cocom), the 1% hike automatically increases the public debt by 3.97 billion reals, because 62% of the official R\$397 billion in public debt is indexed to the basic Selic interest rate. *Monitor Mercantil* pointed out Feb. 20 that the rate increase will therefore also nullify part of the R\$14 billion worth of 2003 budget cuts announced the previous week. Finance Minister Antonio Palocci said the increase was necessary to combat rising inflation.

The announcement provoked an immediate angry response from businessmen, labor leaders, and consumer advocates, who warn of devastating consequences for industry, employment, and consumption. Only bankers were pleased with the move, while several Workers Party (PT) loyalists described the decision as "tough, but necessary." Horacio Lafer Piva, head of the Sao Paulo State Federation of Industries (FIESP), warned that "the option of fighting inflation with higher unemployment, declining wages, and reduced [operating] margins for the productive sector, is unsustainable." A FIESP statement warns that this new rate hike compromises economic growth for the first half of this year, and "severely threatens" growth for the remainder of the year.

### **Brazil Slashes Social Programs, Sanitation Infrastructure**

The 5 billion reals in budget cuts for social programs announced by Brazil's Lula da Silva government, will drastically reduce vitally needed investment in Brazil's sanitation infrastructure, including sewer systems and potable water, *Folha de Sao Paulo* reported Feb. 17. It is estimated that at least 11.1 million people, most of them poor, and residing in the least developed regions of the country, will be denied infrastructure that was to have been provided by the "Sanitation Is Life" program. The cuts announced for this sector will reduce by 85% funds originally earmarked for this program. Planning Ministry head Guido Mantega said that sanitation projects will only be built "when there is money." The lack of basic sanitation infrastructure is one of the primary causes of infant mortality in Brazil. The 1991 census reported that only 52.4% of households were connected to sewer systems, and there was only minimal improvement shown in the 2000 census.

### **Financial Times Warns Uruguay Against Debt Restructure**

Were Uruguay to restructure its foreign debt, as has been rumored, that would be seen as a default by "the markets," the London *Financial Times* warned on Feb. 19. IMF Western Hemisphere Division chief Anoop Singh announced Feb. 23 that an agreement had been reached with Uruguay for 2003, but didn't say whether a debt restructuring were part of the agreement. However, President Jorge Batlle told *AFX* news service Feb. 18 that his government was negotiating "a rescheduling of part of the debt" with the Fund.

Uruguay is desperate for IMF assistance, which was cut off last December because the government hadn't met IMF criteria for shutting down insolvent banks. The country's \$11-billion debt load represents 90% of GDP; after the government dipped into its reserves to make recent debt payments, reserves stood at a record low of \$534 million. A 19% increase in the price of diesel oil is expected to hit the agricultural sector especially hard—Uruguay depends on agriculture for most of its revenue—right in the middle of the harvest.

### **Chile Faces Domestic Economic Paralysis; Fears Possible Brazil Default**

Fears are growing in Chile over the possibility of a Brazilian default, and domestic economic paralysis. Fitch rating agency downgraded Chile's peso-denominated debt by one notch on Feb. 24, due to its concern over a budget deficit expected to reach \$460 million this year. Although touted as the most "stable" of the Ibero-American economies, Chile is not doing well. Totally dependent on revenue from copper exports, it has been hurt by the slump in the copper price, now at \$0.75/lb. "Chile is vulnerable to global shocks," Fitch warns.

Business leaders are extremely anxious about lack of growth in the domestic economy, reflected in January's 16% drop in capital-goods imports. *Bloomberg* frets that economic expansion that was supposed to occur this year, will be stunted by concern over a possible Brazilian debt default, as well as by the rising oil price, and the impact of a war against Iraq. Chile is wholly dependent on imported oil.

### **LaRouche Visit to Arkansas Reported on Argentine Radio**

*Radio Municipal* in the southern Argentine province of Neuquen, where Lyndon LaRouche has been interviewed a number of times over recent years, ran a 90-minute interview with *EIR* Ibero-American editor Dennis Small Feb. 24. In the course of the interview, which was conducted by a panel of local dignitaries, including two state legislators and a city councilman, Small reported on LaRouche's recent historic visit to Arkansas, where he was hosted by the leader of the state legislative Black Caucus; the policy brawl inside the Democratic Party and the U.S. generally; the Chickenhawk drive to war, including their nuclear option; the international LaRouche Youth Movement's recent activities on Capitol Hill; and LaRouche's global economic reorganization policies.

Most of the questions from the panel centered on economic issues, with a fairly heavy provincial emphasis at the beginning, but all of the participants showed real familiarity with, and respect for, LaRouche's ideas. Indicative was the question from the city councilman: We understand what LaRouche proposes, and that he is a major contender for 2004. Now explain to us, if he were to win, exactly what would his policies be to save nations like Argentina, and to help us industrialize?

## **Western European News Digest**

### **Debate Over War Rages in Germany**

The debate in Germany continues to rage: Can the Iraq war be justified? Can it be prevented? During a prime-time talk show Feb. 23 on *ARD-TV*, a real knock-down, drag-out fight erupted between the warmonger faction—led by *Wall Street Journal-Europe* editor Frederick Kempe—and the anti-war faction, Bundestag President Wolfgang Thierse, Trier Bishop Rheinhard Marx, and UN inspector (1991-97) Rolf Ekeus. The debate showed that the German anti-war faction is fighting hard.

Thierse expressed his hope that the war could be avoided even at this late hour, through peaceful disarmament of Iraq. He argued for continued inspections, citing their success in the 1990s, and then argued, "Whoever wants to use violence, whoever wants to drop bombs, has the burden of proof, that it would not work with other, diplomatic and political means.... This was the fundamental conviction of the world community, and international law is based on this." Thierse rejected the charge made by *Journal* editor Kempe, that German Chancellor Gerhard "Schroeder's policy made a war more probable, because Saddam Hussein no longer feels challenged." Thierse replied, on the contrary, "The German position, with the French and others, has thus far prevented the war from having already started."

Ekeus said, "I believe the time given for inspections has not been sufficient.... After four years of no inspections.... Experience has shown that at least one, if not two, years are required, to show where Iraq stands today, in order to be really

sure that those weapons have been destroyed."

Regarding the missiles Iraq is being asked to destroy, retired NATO Gen. Klaus Rheinhardt said, he thought it was not a question of strategic significance, but of Iraq's "credibility." On the other hand, Ekeus pointed out that it is not a matter of the weapons' range; the Al-Samoud 2 missiles would be required by Iraq in case of an attack, for self-defense. Although he did not say so explicitly, he implied that that was the reason why they were slated for destruction.

All the participants showed uneasiness about what the situation would look like after a war, pointing to the ethnic conflicts that could explode. Thierse reported on what Mubarak had told him in Berlin: "I talked to Egyptian President Mubarak. He told me it would be disastrous if an American General were named as Protector [in Iraq]. That would create such an Islamist-fundamentalist movement in the whole Middle East, that one cannot imagine."

Interestingly, Bavarian Interior Minister Beckstein (CSU), who had defended Christian Democratic Union chairman Angela Merkel and her propitiation of Washington (saying he didn't think Russia or China would be such good partners or friends), came out strongly in favor of deploying German military *inside* Germany, to fight terrorism. He said that 9/11 had been planned years in advance, and that more attacks are "in the pipeline."

### **Chirac, Schroeder Reiterate: 'No' to War**

French President Jacques Chirac and German Chancellor Gerhard Schroeder, meeting in Berlin last week, reiterated their "no" to war, endorsing inspections instead. In a press conference following their meeting, speaking of the U.S.-British-Spanish "second resolution" now before the UN Security Council, Chirac said: "We see no reason in this context to change our logic, which is a logic of peace, and to switch to a logic of war." Before the meeting, Chirac described the new resolution as "neither useful nor necessary."

### **This War May Be Stopped—But What About Scripts for Long-Term Geopolitical Interventions?**

Whereas numerous German experts and politicians see a viable chance for preempting the war, in spite of the worst armtwisting by the war lobby, concerns are being increasingly voiced about the underlying geopolitical designs driving the Iraq issue. It is also being pointed out in this debate, that the oil issue is not at the center of U.S. moves.

Germany's former Assistant Foreign Minister Ludger Volmer told *DLR* radio last week that if Iraq complied with all UNSC requests and if the Bush Administration were willing to accept military restraint if Iraq complied, war could be prevented, and disarmament would proceed through inspections. "But then, you also hear unofficial voices saying they will march in no matter what Iraq does," Volmer said, adding that this issue is at the core of the dispute among Security Council members. Several days ago, Volmer also warned that if certain strategic scenarios written up in the backrooms in Washington, become reality in policy-making, world peace as a whole is at stake.

Udo Steinbach, director of the German Oriental Institute in Hamburg, also warned that what seems to dominate U.S. policy now is a design for strategic control over the belt from eastern Africa to western China, via the Arabian Peninsula, the Persian Gulf, and South and Central Asia. That is why the huge military buildup is occurring right now. The Americans want to stay there, he claimed, and the British hope to regain, marching at their side, positions they had given up in 1967. For Steinbach, all the propaganda and buildup against Iraq is in reality aimed at Iran, which, because of its much greater political, economic, and military potentials, U.S. geopoliticians consider a far worse obstacle to their designs. Ever since Bush took office, these scenarios have moved more and more to the core of U.S. policy-making, Steinbach insisted.

### **Blair Says, 'I Believe It'**

British Prime Minister Tony Blair, defending himself against charges that he is nothing more than George Bush's poodle in the matter of war on Iraq, told the *Guardian* in an interview published March 1: "It's worse than you think. I believe in it. I am truly committed to dealing with this, irrespective of the position of America. If the Americans were not doing this, I would be pressing for them to be doing so."

### **Spain May Join Anglo-Americans with Troops in War in Iraq**

The Spanish daily *El Mundo* hinted Feb. 24 that Spanish Prime Minister Jose Maria Aznar made promises to President George W. Bush in Texas, that were more concrete than just statements of "solidarity" with the U.S. cause against Saddam Hussein.

On Feb. 25, the daily leaked that Aznar is thinking of deploying a naval task force around the aircraft carrier Prince of Asturias to the Persian Gulf, as well as an unspecified number of F-18 aircraft. It is not even ruled out that ground forces that have been accustomed through training to service in extremely hot and arid areas in Spain, will be deployed to the Gulf region.

However, Spanish citizens, like Britons, strongly oppose the war in Iraq, as was emphasized in Feb. 26 coverage in *El Mundo* and *El Pais*. After 240,000 demonstrators hit the streets of Madrid Feb. 23 to protest against Aznar for the Prestige affair (the oiltanker that broke up and sank off the Iberian coast), as well as against his Iraq policy, Foreign Minister Ana Palacio—who like Aznar is peddling the U.S. warhawk line on Iraq—was confronted with harsh criticism in Parliament coming from all parties. This, of course, had been preceded by the gigantic anti-war demonstrations in Spain—the largest in Europe—on Feb. 15, involving nearly 4 million people.

After the Parliamentary debate Feb. 23, Aznar rushed to the U.S., meeting with President Bush and working with him to edit the second Iraq resolution subsequently presented to the UN Security Council.

The Spanish opposition parties—PSOE, CIU, IU PNV, Coalition Canaria, and Grupo Mixto—are now working on a motion inspired by the German-French memorandum which was put forward in the UN Security Council. A debate is to take place beginning this week, in which the opposition wants Aznar to explain his policy.

### **Aznar Urged Bush To Muzzle Rumsfeld**

Spanish Prime Minister Aznar, in an interview with the *Wall Street Journal* Feb. 27, said he told President Bush during their Feb. 22-23 meeting in Crawford, Texas, "We need a lot of Powell and not much of Rumsfeld." "The more Powell speaks and the less Rumsfeld speaks, that wouldn't be a bad thing altogether," Aznar told the *Journal*.

### **British Treasury Emergency Plans Central to Preparations for Iraq War**

The plans for emergency measures released by the British Treasury (See [ECONOMICS NEWS DIGEST](#)) are central to the psychological operations for the Iraq war, but also indicate that something very big, leading to a "meltdown," may soon erupt in the financial system, stated a well-informed City of London source last week.

He told *EIR* Feb. 26: "This is a Treasury 'Green Paper,' a consultative document, asking for comment from City practitioners. On the surface, what it is about, is that the Treasury, with Army personnel, could take over the City, and run it topdown, if the City is hit with a dirty bomb, or some other big terror outrage.



"But," he went on, "it also reflects concern, that there could be a disturbance somewhere else, where the markets melt down. Most dicey is the insurance sector. What happens if there is a mega-disaster, really big terrorism, for example, and there are \$100 billion in insurance claims, which drive the insurance companies under?"

"Then there is the clear element, that this is an attempt to get us into a mood for war. It is the management of psychology that is typical of the Blair government. They are trying to create an emergency atmosphere. They are especially worried, because there are significant indications that there will be a large degree of opposition to Blair, in the Parliament debate tonight." (There was.) "This is politically risky for Blair. And the way this government operates, is by control of mass psychology."

The City of London source then pointed to one other, most important factor: "I can tell you, that there is some puzzlement in official circles, about where the losses in the bond markets have ended up. The suspicion is that it ended up in the already shaky pension/insurance sector. But there have been so many corporate bond defaults, that this must end up somewhere. There could be something lying in the accounts, that current accounting rules have covered up. This could indicate, that something very ominous is happening out there in the financial system, and it will break publicly, soon."

### **Ari Fleischer Arrogantly Treats Vatican as Just Another State**

In a White House press briefing Feb. 26, spokesman Ari Fleischer answered a question on the Vatican's opposition to the Iraq war by saying that "The Vatican is considered a sovereign nation" and that "The Pope has historically played an important role in international dialogue and has the right to participate in it," but President Bush "will take a decision in light of what he considers most appropriate to protect Americans."

Officially, the Vatican played down the statement, but the bishops' daily *Avvenire* characterized it as offensive. *La Stampa* reported that, "for a long time, the Vatican has had strong doubts of the Presidential staff's ability to assess the role and influence of the Catholic Church in these events. 'When Condoleezza Rice claims that she does not understand the Pope's position, has she really read what John Paul II says?' a collaborator of the Pope said."

Meanwhile, the Vatican continues to exercise moral pressure on world governments. Monsignor Tauran visited Vilnius, the Lithuanian capital, Feb. 26, where he insisted against saying "yes" to any U.S. request. Lithuania is a member of the European bloc supporting the U.S. against Iraq. The next day, he briefed all ambassadors to the Holy See on the Pope's position on the Iraq war. In the morning, Archbishop Renato Martino had done the same with 20 ambassadors of European nations, in a meeting organized by the Greek ambassador.

The Pope received Spanish Premier Aznar and the deputy chairman of the Iranian Parliament, Seyed Mohammed Reza Khatami, on Feb. 27.

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

### **The 'Axis of Peace' as the Beginning of a Great Europe**

"The 'Axis of Peace' as the Beginning of a Great Europe—Russia, France and Germany demonstrate that their positions are not directed against America," is the title of a signal article published in *Nezavisimaya Gazeta* Feb. 28 by Igor Maksimych, a leading researcher at the Russian Academy of Sciences' Institute of Europe. The article should be read in the context of earlier signs of the principled character of the emerging strategic partnerships in Eurasia. The latter include a mid-February source report, to the effect that President Vladimir Putin and his circles have been studying the work of 19th-century thinker Sergei Witte, in the context of formulating a new Eurasian policy pivoting on cooperation with France and



Germany (see [RUSSIA/EURASIA DIGEST in EIW of Feb. 24.](#)) Here are excerpts from the *Nezavisimaya* article:

"The lightning visit of German Chancellor Schroeder to Moscow triggered much speculation around the world. Almost nobody realized the most natural answer to the question, why a simple telephone call could not have been sufficient: namely, that it was necessary, at such a dramatic moment of the crisis around Iraq, to be completely convinced, that one's partner would not waver. Because very big stakes have been placed above all on the reliability and credibility of the leadership of Europe's most important countries.

"The point is, all three participants in the European Axis of Peace—Russia, France, and Germany—are under the most extreme pressure.... The biggest attack has been against France, for whose position Jacques Chirac is responsible. But it is also being alleged of Vladimir Putin that he, when push comes to shove, would chose to 'be on the side of the winner,' which Washington considers to be its own side.

"From reliable sources it has become known that Schroeder left Moscow extremely happy: Neither he, nor Putin, nor Chirac is considering changing their rejection of the military plans of Washington. And China is supporting them. The possibilities for a peaceful disarmament of Iraq have not been exhausted, and until then, Russia, Germany, and France, and also China, are not ready to share with the USA the responsibility for the possibly catastrophic consequences of an invasion of Iraq....

"(But) this time, the Security Council is not just considering this or that formulation of an American-British proposal, but will be able to choose between two conceptions of the future development of the world....

"The extremely close coordination in the positions of the three countries, on questions of international affairs, has still another aspect, no less important than the effort to find a way out of the mess that the U.S. has gotten itself and the whole world into. It is the beginning of formation of a universal European identity, without which our continent would have no future. A Great Europe from Reykjavik to Vladivostok was declared and promised in writing, at the moment that the Cold War was ended, by common efforts, without the use of force....

"Today France, Germany, and Russia have taken the step toward becoming the initiating group for creating a Great Europe. The composition of the group is optimal—it is composed of the strongest and most influential nations of the continent, who, in the last analysis, will determine its future. If France were not to participate, then the cooperation between Russia and Germany could easily be portrayed as a 'rebirth of Rapallo.' (Although the original Rapallo Agreement of 1922 contained nothing but a rejection of territorial claims connected with the First World War and the Russian Revolution, the French politicians at the time succeeding in frightening Europe with the image of a 'German-Soviet threat.') If Germany were not to participate, then it would suffer the fears of being surrounded, as did German policy from the time of Bismarck's 'nightmare coalition.' Without Russia, this group would not have an all-embracing European character, which, indeed, defines its essence.

"The notion of a beneficent triangular cooperation for the continent, is nothing new in European politics. Attempts to create a 'triangle' Paris-Berlin-Moscow, that could determine the fate of Europe, were also made in the 1990s. It didn't work then, because the Russian leadership was not able to elaborate a suitable policy toward Europe (or in any other direction). Today the situation has changed. At the moment there is no guarantee of success, but the chances of success have increased."

### **Emergency Russo-German Consultations on Iraq**

German Chancellor Gerhard Schroeder flew to Moscow on Feb. 26 for several hours of talks with Russian President

Vladimir Putin, with Iraq being at the top of the agenda. The surprise meeting is said to have prepared for concerted special diplomatic efforts of Germany and Russia at the United Nations, to counter the "Gang of 3" (U.S., UK, Spain) and its push for a pro-war resolution.

In this context, it is worth noting that diplomats in Berlin as well as in Moscow have given great importance to reports from the Non-Aligned Meeting in Kuala Lumpur, as indicating a vast majority of the members of the United Nations are against war.

After almost four hours of talks (without translator, as both spoke German), Schroeder and Putin told the press in Moscow the evening of Feb. 26, that they would not support any UN Security Council resolution that granted an automatic resort to military measures. Instead, both governments are sticking to their joint position, with the French, that inspections should be enhanced and continued.

On that, Putin specified that what is envisioned, is "making the inspections more intensified, giving them a more systematic character," and that they should be given a more precise agenda to which Iraq has to respond and with which inspectors should proceed. The German Chancellor added that it is only logical that both Germany and Russia are opposed to war, as both have experienced the horrors of war in the past century. Because of that, he said, it is an immensely positive historical achievement that Germans and Russians have very friendly relations with each other, and cooperate closely in many fields, like the United Nations, today.

### **Other Russian Diplomacy Aims To Avert Iraq War**

Chief of the Russian Chamber of Commerce and Industry Yevgeni Primakov, the Mideast intelligence officer who became Foreign Minister and then Prime Minister of Russia (1998-99), visited Iraq for several hours on Feb. 22. By the next day, he was back in Moscow, according to Russian reports. The visit was strictly confidential, with no official announcement from the Russian Foreign Ministry, the Russian embassy in Baghdad, or the Iraqi side. Diplomatic sources cited by *Strana.ru* "did not exclude"—but there was no official confirmation—that Primakov carried a message from Russian President Vladimir Putin to President Saddam Hussein. From sources at the Russian embassy in Baghdad, *Strana.ru* reported that Primakov was meeting with "his old acquaintances in the Iraqi leadership, with whom he has been in contact since the 1960s and 1970s." The Baghdad correspondent of *TVS* television said on the air Sunday evening that Primakov met with Saddam Hussein, a report that was subsequently officially confirmed.

Russian Presidential Chief of Staff Alexander Voloshin visited Washington the week of Feb. 24, meeting with Secretary of State Colin Powell, White House chief of staff Andrew Card, Vice President Dick Cheney, and National Security Adviser Condi Rice, at least. President George Bush "stopped by" during the Voloshin-Rice meeting. *Associated Press* suggested Voloshin's "unannounced" visit was a diplomatic package with Primakov's "equally secretive" trip to Baghdad, and Foreign Minister Igor Ivanov's consultations with Beijing.

### **Igor Ivanov in Beijing**

Chinese President Jiang Zemin and CCP Secretary General Hu Jintao both met with Russian Foreign Minister Igor Ivanov in Beijing Feb. 27 (see [ASIA NEWS DIGEST](#)).

War against Iraq "can and should be avoided," states the joint Chinese-Russian communiqué issued in Beijing Feb. 27. The communiqué states that "The two sides advocate [that] the Iraq crisis be resolved within the framework of the United Nations and through political and diplomatic means." It says that the UN inspections "are playing an important role and have already made some progress, so the inspections should continue.... Iraq should fully comprehend the importance and

urgency of the inspections ... to create the necessary conditions for politically resolving the Iraq issue." The communiqué says the two sides will "try their utmost to promote a political solution to the Iraq issue and believe war can and should be avoided. The international community has widely urged all steps be taken to avoid war. Such aspirations should be respected..., and all the UN member states should respect and safeguard the authority of the UN Security Council."

Speaking from Beijing, Ivanov said that "Russia has the right to veto in the UN Security Council and will use it if it is necessary in the interests of international stability." Ivanov said after the issuance of the Russo-Chinese statement that: "Of course, if you use the veto power you should fully understand the responsibilities of it before using it, it can only be used for international peace and stability.... At the same time, Russia will not be in favor of any new resolution which allows the use of military force directly or indirectly to solve the Iraq issue."

A second joint communiqué committed the two nations to push for a dialogue between the Democratic Peoples Republic of Korea (North Korea) and the United States (see [ASIA NEWS DIGEST](#)).

### **Duma Calls for World Parliamentarians To Meet in Baghdad in March**

The Russian State Duma passed a resolution on Feb. 21, by a 377-1 vote, calling for an international meeting of parliamentarians to discuss the result of weapons inspections in Iraq. The resolution calls for legislators from around the world to convene for three days in Baghdad beginning March 4, to help prevent the U.S. from launching a war without United Nations approval.

### **Dollar Panic on Russian Currency Markets**

In a Feb. 22 article entitled "A Dollar on the Brink of Collapse," *Vremya VN* reports that there has been a minor panic on the Russian currency markets for a number of days, over fears of a collapse of dollar quotations. The Bank of Russia has been forced to resort to "serious intervention," and the markets are in a state of agitation, with much talk of an inevitable collapse of the dollar exchange rate in the next few weeks.

### **Russian Central Bank Reserves at All-Time High**

In the first part of February, Russia's gold and foreign currency reserves reached the historic high of \$50.2 billion. According to First Deputy Chairman of the Bank of Russia Tatyana Paramonova, the Russian Federation's reserves rank in the top 15 worldwide. She called the reserves "insurance against the fluctuations, which might affect world markets under certain conditions." Inflation is now declining in Russia and the ruble's exchange rate is steady, which allows the buildup of reserves, she said.

The chief source of new reserves in the recent period has been foreign investment in the Russian economy. It grew by \$3 billion in January, of which \$1.1 billion was in the form of loans to various Russian companies. The larger part of the increase, \$1.9 billion, came from the proceeds of the privatization of the Slavneft oil company.

Also of interest is the statement by First Deputy Chairman of the Central Bank Oleg Vyugin, who announced that the recent increase in reserves was due not to any Central Bank decisions, but to the growth of the economy. Vyugin remarked that this inspired optimism and that Russia would be able to make its large foreign debt payments without difficulty. The first of them will be made by the Ministry of Finance at the end of February, taking money out of the gold and foreign currency reserves. Vyugin forecasts that Russia's reserves will rise to \$55 billion by the end of this year, based on world oil prices of \$21-22/barrel.

## **German-Russian Talks on Energy Cooperation Will Be Regular**

As the German Chancellor said after talks with the Russian President in Moscow Feb. 26, the two also discussed a Russian proposal to establish a German-Russian forum which would meet regularly and make discussions about mutual cooperation on energy issues more official than before.

## **Mideast News Digest**

### **Arafat: The Murderers of Rabin Are Now in the Israeli Government**

In a teleconference address to the Non-Aligned Summit in Kuala Lumpur on Feb. 24, Palestinian Authority President Yasser Arafat declared that those behind the assassination of the late Israeli Prime Minister Yitzhak Rabin (slain in November 1995), are now in power in Israel. Arafat, who was prevented by the Israelis, through military force, from attending the NAM summit in person, said that Israeli Prime Minister Ariel Sharon had attempted "to break our will and determination, and our adherence to the peace of the brave, which I signed with my partner, the late Yitzhak Rabin, who was assassinated by radical elements now participating in the government of Israel."

He added that the second Sharon government would take advantage of a war with Iraq: "The Palestinian people, who are suffering the greatest hardships as a result of the Israeli aggression against them and the occupation of their land, are going to pay a heavy price if war is waged. The Israeli government is the first in line to push for this war, in order to exploit the situation, while the world is busy with Iraq."

Two days earlier, on Feb. 22, according to *Bernama*, Jenin Mayor Walid Musa Abu Mowes, briefed press attending the NAM summit on conditions in his West Bank city. He reported that to date, 5,000 homes have been demolished in Jenin province, of which 1,360 are in the city of Jenin. About 13,000 Palestinians have been jailed, including 2,030 from Jenin city. The city's infrastructure, including sanitation, water, and electricity, has been destroyed. Unemployment has reached 70%, and all service facilities and buildings have been destroyed, as well as police stations, jails, all official buildings, and the only hospital in the city, which has forced people to seek medical care in other provinces.

He also described the difficulty of moving about, pointing out that it took him 14 hours to travel the short distance from Jenin to the Jordanian border, but it only took him 10 hours to reach the summit in Kuala Lumpur.

When asked what Sharon would do, were there a war on Iraq, Mowes said Sharon might take the opportunity to "go all out" against the Palestinians and "wipe them out."

The speeches by Arafat and Mayor Mowes, were received with great support by the heads of state and government attending the NAM summit; a statement supporting a fully sovereign independent state of Palestine was adopted at the summit (excerpted below).

### **Non-Aligned Summit Issues Statement on Palestine**

On Feb. 25, the 23rd Non-Aligned Summit meeting in Kuala Lumpur issued a statement on Palestine, of which highlights include:

"1. The Heads of State or Government expressed grave concern at the continued destruction and devastation of Palestinian society and the Palestinian Authority being caused by the Israeli occupying forces since 28 September 2000. They strongly

condemned the systematic human rights violations and reported war crimes that have been committed by the Israeli occupying forces against the Palestinian people. In this regard, they condemned in particular the willful killing of Palestinian civilians, including extrajudicial executions; the excessive and indiscriminate use of force, resulting in extensive loss of life and injury; the wanton destruction of homes, infrastructure, and agricultural lands; the detention and imprisonment of thousands of Palestinians; and the imposition of collective punishments on the entire Palestinian population, including severe restrictions on the movement of persons and goods, resulting in the socioeconomic debilitation of the Palestinian people, amounting to a dire humanitarian crisis.

"2. The Heads of State or Government also expressed their grave concern at the policies and practices of the Israeli government that have undermined the Oslo agreements and obstructed efforts to end the tragic situation on the ground, including the Mitchell recommendations. They called for the immediate withdrawal of the Israeli occupying forces from Palestinian cities to ... arrangements prior to September 2000. In this regard, they stressed the importance of the full implementation of relevant Security Council Resolutions, including 1322 (2000), 1397 (2002), 1403 (2002) and 1435 (2002).

"3. The Heads of State or Government emphasized that the main danger to the realization of the national rights of the Palestinian people and the achievement of a peaceful solution is the settler colonialism that has been carried out in the Occupied Palestinian Territory, including East Jerusalem, since 1967, through land confiscation, settlement building, and the transfer of Israeli nationals to the Occupied Territory...."

Further points call for the International Criminal Court to act against Israeli crimes; the two-state solution; and support for the Arab peace initiative.

### **Diplomats, Intelligence Veterans Revolt Against Iraq War**

The Bush Administration is coming under immense criticism from within its own intelligence and diplomatic ranks, in addition to top international diplomats. See this week's U.S. NEWS DIGEST for the report of the resignation of a senior U.S. diplomat in Athens over the war policy. Some of the notable incidents are summarized here:

According to *AFX* in Hamburg on Feb. 23, International Atomic Energy Agency (IAEA) Director Mohammed ElBaradei said that he cannot rule out resigning his position as a chief UN weapons inspector, if the U.S. attacks Iraq without a UN mandate. In an interview with Germany's *Der Spiegel* magazine, ElBaradei said that as long as the inspectors can report progress, he sees no reason why they should stop their work.

\*Joseph Wilson, the senior American diplomat in Baghdad during 1991 Gulf War, in an article called "Republic or Empire?" said of a second Gulf War that: "The underlying objective of this war is the imposition of a *Pax Americana* on the region and installation of vassal regimes that will control restive populations." Wilson said that Iraq was just the first target for the neo-cons: "American pre-eminence in the Gulf is necessary but not sufficient for the hawks. Nothing short of conquest, occupation and imposition of handpicked leaders on a vanquished population will suffice."

\*Roy Jonkers, editor of the Association of Former Intelligence Officers' (AFIO) weekly e-mail briefing, wrote in the Feb. 18 edition that: "While the Intelligence Community is contorting itself to provide allies and others with publishable intelligence to serve as a figleaf of justification, the planned U.S./U.K. invasion and occupation of Iraq is proceeding inexorably. It gives no pleasure to see our Secretary of State embarrassed by citing as evidence a 10-year-old paper inserted by a partisan think tank [i.e., 'The Blair Dossier'], or to see the DCI [Director of Central Intelligence George Tenet] waving the bin Laden statement as proof of a connection with Saddam, apparently unaware that the statement lambasts the Saddam government as an infidel regime...."



"The planned Iraq invasion is made for strategic reasons ... [in which] the Administration is being propelled by a strategic vision that draws strength from Realpolitik power considerations of *Pax Americana* (American world dominance and peacekeeping), from proponents of security for Israel on its own terms (Israeli regional dominance), [and from] various [other questionable sources]...."

\*Sir Harold Walker, the British Ambassador from 1990-91, and a veteran diplomat, in various Arab countries wrote in the lead letter to the London *Times* on Feb. 26 that: "The current threat [from Iraq] is not so immediate as to justify a full-scale war, the only outcome of which would be incalculable harm to an already suffering Iraqi population...."

### **'Clean Break' Blueprint Exposed as Basis for Iraq War**

When Lyndon LaRouche exposed the "Clean Break" document, and its authors behind the Iraq war scheme, in September 2002, with a series of campaign statements, and a webcast on the anniversary of Sept. 11, the LaRouche movement initiated the exposé that has played a crucial role in creating worldwide resistance against the Iraq war. Last week, the "Clean Break" exposé was everywhere:

\*On Feb. 26, a Letter to the Editor published in the *Washington Post* by Robert L. Norberg, a retired 31-year career employee of the Saudi oil giant ARAMCO, rebutted the Feb. 18 op-ed by Lawrence Kaplan which claimed that critics of "Clean Break" are just anti-Israel. Norberg traced the policy directly to the utopian troika of Richard Perle, Douglas Feith, and David Wurmser, and called upon them to "recuse themselves," because they are co-authors of "A Clean Break: A New Strategy for Securing the Realm," which was "hand-delivered" to then-Israeli Prime Minister Benjamin Netanyahu.

\*On Feb. 21, *PBS* "Frontline" ran an hour-long exposé of the Wolfowitz Cabal, drawing on all of the material *EIR* has published for the last year (without crediting *EIR*). Also echoing other *EIR* exposés, the show traced the origins of the new imperial dogma of "preemptive war," to the Bush "41" Pentagon, under Dick Cheney, where Paul Wolfowitz, Lawrence Libby, and others first came up with the idea of preemption.

\*On Feb. 23, on *NBC's* "Meet the Press," Anglo-Israeli agent in the Bush Administration Richard Perle was confronted by moderator Tim Russert, who challenged Perle to deny that the current U.S. war strategy had originated as an Israeli plan. Russert said, "The roots of the overall strategy can be traced to a paper published in 1996 by the Institute for Advanced Strategic and Political Studies (IASPS), an Israeli think tank. The document was titled 'A Clean Break: A New Strategy for Security of the Realm.'... Israel, according to the 1996 paper, would 'shape its strategic environment, beginning with the removal of Saddam Hussein.' ..." All Perle could say is that the U.S. interests are the same as the Israeli governments of Sharon and Netanyahu.

### **Neo-Cons Target Iran for Nuclear Program**

On Feb. 20, in two separate but obviously coordinated events, the American Enterprise Institute (AEI) held a forum attacking Russian collaboration with Iran. Speaker Henry Sokolski, the former Senate staffer who has groomed himself as the "proliferation expert" of the Chickenhawk loonies, said that Iran is clearly building a nuclear weapon, and that they are using Russian technical assistance to do so.

Meanwhile, across town, the National Council of Resistance of Iran (NCRI), formerly known as the Iranian Mujaheddin, presented new "evidence," including satellite pictures of a site at Natanz, Iran, at which they claim the Iranians are working on testing centrifuges and working on enriched uranium production. However, the "People's Mujaheddin" are suspect, since their spokesman, Alireza Jafarzadeh, told the audience that "Our only interest is in overthrowing the government of the mullahs."



While the Iranians have committed to developing a full fuel-cycle nuclear energy program, the site at Natanz has apparently not been under IAEA inspection. Only *CNN* played up the NCRI "exposé," because of its obvious bias.

Meanwhile, IAEA Director Mohammed ElBaradei visited the nuclear site of the Atomic Energy Organization of Iran (AEOI) near Natanz on Feb. 22 "fingered" by NCRI. ElBaradei visited the site together with the AEOI head Reza Aqazadeh. Iran has signed all the relevant anti-proliferation treaties, and is open to regular inspections.

In a related development, Russia's Atomic Energy Minister Aleksandr Rumyantsev told a press conference in Moscow on Feb. 22 that, given the benefits of the technology, "It is the natural right of Iran to use the nuclear energy." He also stressed, "The nuclear technology provided by Russia at Iran's Bushehr Nuclear Plant is under direct supervision of the IAEA."

### **Saudi Arabia, Jordan Reject U.S. Strikes**

On Feb. 26, according to wires and a press conference in Jeddah, Saudi Arabia's Foreign Minister Prince Saud al-Faisal denied reports that had been printed in *The Washington Post* that his nation would permit expanded use of Saudi airspace to attack Iraq. Prince Saud added that: "Either Iraq has weapons of mass destruction or it doesn't. If it does, then it should produce them. If it doesn't, it should respond to the inspectors' demands and, when it does, we expect the crisis will end and the sanctions will be lifted."

He also called on the U.S.: "Unilateral action would not be advisable nor in the interest of the situation in Iraq ... or to the interests of the United States. Thankfully, we have seen the United States agreeing to allow the United Nations to tackle the issue of Iraq."

Meanwhile, Jordan's Prime Minister Ali Abul-Ragheb also said that Jordan would not be "a launching pad or participate in any military action against Iraq." The Prime Minister added that "several hundred" U.S. troops are in Jordan, but only to man anti-missile batteries to protect the Kingdom's airspace.

### **National Security Archive Releases Documents Proving U.S. Helped Iraq in War in 1980s**

On Feb. 25, the National Security Archive released documents that include briefing materials and diplomatic reports on two trips by Donald Rumsfeld, currently Secretary of Defense, to Baghdad in the 1980s. The documents also concern Iraq's chemical weapons and their use, and Presidential directives from that period (the Reagan Administration) on U.S. priorities regarding oil and military access.

An NSA report summarizes the documents as showing that while the U.S. re-established ties and supported Saddam, "he had invaded his neighbor, had long-range nuclear aspirations that would 'probably include an eventual nuclear weapon capability,' harbored known terrorists, abused human rights of his citizens, and possessed and used chemical weapons on Iranians and his own people."

A 1984 public U.S. condemnation of chemical weapons included the following interesting formulation: "The U.S. finds the present Iranian regime's intransigent refusal to deviate from its avowed objective of eliminating the legitimate government of neighboring Iraq to be inconsistent with the accepted norms of behavior among nations and the moral and religious basis which it claims."

## **Asia News Digest**

## **China and Russia Urge Normalization of U.S.-North Korea Relations**

China and Russia will endeavor to push for a dialogue between the Democratic Peoples Republic of Korea (North Korea) and the United States, states the second joint communiqué issued by the Chinese and Russian Foreign Ministers in Beijing, as reported by *People's Daily* on Feb. 27.

The joint communiqué states that "an equal and constructive dialogue between the United States and the DPRK on the DPRK nuclear issue, will be of great significance to the normalization of relations between the DPRK and the United States. Both China and Russia are ready to actively push for a political solution of the DPRK nuclear issue in the bilateral and multilateral arenas so as to maintain peace and stability in the Asia-Pacific region."

## **Friendship and Cooperation Mark China-Russia Talks**

Chinese President Jiang Zemin and Chinese Communist Party (CCP) Secretary General Hu Jintao met with Russian Foreign Minister Igor Ivanov in Beijing on Feb. 27. In a statement reported by the *People's Daily*, Jiang said that Russia-China relations had "progressed to a new height," possessing two "magic weapons": their strategic partnership of cooperation, and their "Good-Neighborly Treaty of Friendship and Cooperation."

Jiang added that in the context of the current "volatile international situation," the two nations must increase cooperation, and called for more economic cooperation, especially in the energy field.

Ivanov responded that, "in the current circumstances, it was in the interests of both sides and of international stability, for the two countries to maintain close ties and work for a new international order and a multipolarized world."

## **Powell Fails To Win Washington Agenda in China**

In his emergency visit to Asia (which also included South Korea and Japan) U.S. Secretary of State Colin Powell failed to win China to the Washington agenda on Iraq and North Korea, when he visited Beijing on Feb. 24.

Instead, Chinese Foreign Minister Tang Jiaxuan addressed the issues as follows: First, Tang was emphatic that the United States must begin "talks on an equal footing as soon as possible" with North Korea, as the only way to break the current deadlock and ease tensions. The U.S. has refused to do so, and is instead trying to pressure China and Russia to "mediate" for U.S. ends against North Korea. Tang told Powell that China supports non-nuclearization of the Korean Peninsula, and "insists on maintaining peace, stability and security on the peninsula." The issue of North Korean nuclear capabilities "should be settled peacefully through dialogue and consultation."

Powell got just as little satisfaction on Iraq. Tang told Powell that China "hopes all parties concerned will try every possible means to avoid war in Iraq and seek a political solution" in the UN framework. This is in the interests of all the parties concerned. He expressed the wish that all such parties would keep in close contact, continue to work for a political solution and do everything possible to avoid war.

Even more, Tang told Powell that "most members of the international community, including China, believed it was *imperative* now to continue weapons inspection in Iraq to find out the truth," rather than working on a new UN resolution on Iraq.

## **Afghanistan Disintegrating; Russian, Indian Ministers Express Concern**

Despite the rosy picture presented in Washington, D.C. this week by the beleaguered President Hamid Karzai of Afghanistan, the country is disintegrating. *EIR's* Ramtanu Maitra presents an comprehensive report on the crisis in this week's *INDEPTH*, in an article titled, "Anti-U.S. Taliban Ready To Strike." It also includes a profile of former-U.S./British intelligence asset former Prime Minister Gulbuddin Hekmaty, who has just been placed on the State Department's list of international terrorists. Maitra writes:

"The death of Afghanistan's Minister for Mines and Industries, Juma Muhammad Muhammadi, in an air crash on Feb. 24 off Pakistan's coast after taking off from Karachi, typifies the problems that beset the Afghan transition government under President Hamid Karzai. It also warns of the inability of the United States troops and allied forces to restore security in Afghanistan.

"Juma Muhammad Muhammadi, a World Bank official and an American citizen, is the third high-ranking Minister killed in the last year since the U.S.-backed Karzai government took control of Kabul after the withdrawal of the Taliban forces from the Afghan capital. In February 2002, Karzai's Tourism Minister, Abdul Rehman, was assassinated at Kabul Airport. In July, Haji Abdul Qadir, the Vice President, was shot dead in an ambush in Kabul."

## **Veiled Warning: U.S. Losing Patience with Musharraf**

On Feb. 25, the *Washington Post* delivered a veiled warning in its lead editorial, lashing out against Pakistan and "Gen. Pervez Musharraf" (the *Post* declined to use the title "President"), ostensibly for the failure to curb the rise of the Taliban and al-Qaeda. The editorial pointed out that during his recent trip to Washington, Pakistani Foreign Minister Khursheed Kasuri had asked the United States to withdraw its troops from the rural bases in southeast Afghanistan, which the *Post* interpreted as Islamabad's complicity in allowing the Taliban and the al-Qaeda "to move in without opposition." In other words: the *Post* claims that Islamabad is backing the growth of the Taliban and the al-Qaeda in Afghanistan.

Oodles of reports have appeared—for many months—which indicate that U.S. troops, and U.S. allies, are on the defensive and the Taliban/al-Qaeda combo are on the rise. But, since the war on Afghanistan began in October 2001, the *Washington Post* has never written an editorial—forget a lead editorial—on this problem. Then, why now a lead editorial?

Really, the editorial is to warn Musharraf that if Pakistan, which is now a temporary member of the UN Security Council, does not vote along with the United States at the UNSC, Washington will pull the rug out from under him. There is no question that Washington can do it, and may do it. At this point, Musharraf could manage to keep a large number of agitators off the street, because of the foreign exchange pouring in, thanks to the United States. Musharraf is using that money to keep things under control in a very dicey situation. The *Post* is reminding Musharraf that if Pakistan does not back the United States on the Iraq war, his end is in sight.

## **Trade and Investment 'Boom' Between China and ASEAN**

Cooperation between China and the ASEAN nations is now seeing a "boom in mutual investment and large-scale cargo and service trade," reported the *People's Daily* on Feb. 25.

China-ASEAN trade was worth US\$54.77 billion in 2002, an increase of 31.7%, year on year. ASEAN is now China's fifth largest trading partner, and China is ASEAN's sixth.

Trade has developed from "border barter trade" to "much higher-level economic cooperation," a "milestone" for China-

ASEAN cooperation, *People's Daily* quoted a member of the Guangxi Academy of Social Sciences as saying at a recent forum on the China-ASEAN Free Trade Area. Cooperation will focus on farming, information technology, human resources, and exploration of the Mekong River Valley.

## **China To Fulfill Indonesia's Power Needs**

In yet another case of China's crucial intervention in Indonesia, China Huadian Engineering Company (CHEC) signed an agreement on Feb. 24 with local companies PT Dana Mulia Sukses and PT Radu Pratama to construct power plants in Indonesia. This comes as the IMF crowd has squeezed Indonesia almost to social chaos, demanding increased fuel prices to entice Western power companies to come in and make sweetheart deals for desperately needed power plants.

The planned Chinese power projects may include coal-fired, hydro, combined cycle, geothermal, and gas-fired power plants. CHEC Vice President Xu Bo said in a press conference that the main target would be to fulfill power demand in Java, which made up 75% of the total power demand in Indonesia. "We will concentrate on establishing about 30 power plants in Java, starting this year," he told reporters through an interpreter. "We plan to put emphasis on the development of hydro power, which is more environmentally friendly, and the fact that Indonesia has so much water reserves," he added. However, the company refused to reveal the value of the contract because further negotiations are still needed. "The contract value will depend on the kind of power plants to be developed," he said.

There have been fears that Java and other areas in Indonesia would suffer a power crisis in the next two or three years because of fast-growing electricity demand. Xu was optimistic his company could meet Indonesia's demand for electricity because of CHEC's extensive experience in the sector. He pointed out that CHEC operated 60 coal-fired and hydro power projects in China, the U.S., Chile, Argentina, and Sudan. "At the moment, the political and economic relationship between China and Indonesia is good and we see it as being opportune to begin the (power project) collaboration," he said, when asked whether he was concerned about the uncertainties plaguing the local power sector.

CHEC is a subsidiary of the state-owned China Huadian Corporation. Currently, CHEC is one of the largest general contractors in China's power sector, and owns 116 power plants, with a combined power capacity of 31,090 megawatts. "We plan to add between 4,000 and 5,000 megawatts per year worldwide, with Indonesia receiving a big portion of this," Xu said.

## **Former U.S. Ambassador to Korea Hits Bush on North Korea**

Former U.S. Ambassador to Korea James Laney hit President Bush's Korea policy in the Council on Foreign Relations' *Foreign Affairs*, March/April issues. What Laney proposes as the solution, in an article written with Jason Shaplen, who has served as an adviser on Korea affairs, is expanding the deal between the U.S. and the North struck in 1994, under President Clinton.

Laney, who was Ambassador under Clinton from 1993-97, says that the situation in Korea is worsening daily under the Bush Administration's refusal to talk, but the crisis is also an opportunity to expand on the positive aspects of the 1994 accord with North Korea. He notes the significant economic development in the South in the absence of conflict since 1994, and the absence of approximately 30 nuclear weapons which could have been built if the North had not shut its uranium facility. Before the current crisis, Laney notes, there was support from Colin Powell for infrastructure development in the region, including the rail and road projects connecting South and North Korea, and beyond. But he also warns that the North Korean people's loyalty to either the country or to Kim Jong-Il should not be underestimated.

Laney's plan calls for an immediate pledge of security by the U.S., Russia, Japan, and China, which would not be seen as "rewarding bad behavior," since all four countries have already agreed in some form that there will be no military action.

Then negotiations can proceed, aimed at ending all nuclear weapons programs, with intrusive inspections, in exchange for normalizing Japanese and U.S. relations with the North in phases, Japanese reparations as aid, nuclear plants and oil (as in the 1994 deal), and lifting sanctions.

### **Powell Downplays Danger of Korea Missile Test**

North Korea tested a missile on Feb. 24, the day before the inauguration of the new South Korean President, but U.S. Secretary of State Colin Powell, visiting Seoul for the inauguration, dismissed the action, saying the missile in question was an old, short-range missile, and the test was "fairly innocuous."

Powell also said that North Korea's plutonium reprocessing facility at the Yongbyon nuclear center had not been reactivated, and that "I think that's a wise choice, if it's a conscious choice." North Korea's reopening of the nuclear power plant itself, however, was the subject of much invective in the Western press.

### **Washington Post Compelled To Apologize to Indonesian Military**

The *Washington Post* published a prominent retraction on Feb. 24, of an article originally published Nov. 3, 2002, by journalists Ellen Nakashima and Alan Sipress, concerning the Indonesia military. The Nov. 3 article claimed that "Senior Indonesian military officials discussed an operation" against Freeport McMoran, the world's biggest gold/copper mine in Papua, which discussion, the *Post* said, included the commander in chief of the Indonesian Army, Gen. Endriartono Sutarto. General Sutarto has vehemently denied that he or any other top military officers discussed any operation targeting Freeport. An ambush on Aug. 31, 2002 led to the deaths of two American teachers and an Indonesian employed by Freeport.

Indonesian military lawyers and Gen. Sutarto sued the *Post*, whose Feb. 24 retraction states: "As a result of the general's denial, *The Post* investigated the matter further. The reporting has revealed no substantiation that Sutarto or other high-ranking Indonesian military officers were involved in any discussion or planning of the attack. The *Post* regrets publication of this report."

## **Africa News Digest**

### **South African Weapons Inspectors in Iraq**

A team of South African weapons experts now in Iraq, led by Deputy Foreign Minister Aziz Pahad, had a lengthy meeting with Iraqi Presidential adviser Gen. Amer al-Saadi and Gen. Hosam Mohamad Amin, head of the National Monitoring Directorate that liaises with the UN inspectors, *AFP* reported last week. On Iraqi television, Deputy Foreign Minister Pahad was quoted as saying, "The objective of our visit is to work seriously to stop war and spread peace."

The purpose of the visit is to advise the Iraqi government on how to destroy proscribed weapons and document what it has destroyed, drawing on South Africa's experience of voluntary nuclear, biological, and chemical disarmament 10 years ago.

### **Bush Pushing for Security Council Votes by Africans**

U.S. Assistant Secretary of State for Africa Walter Kansteiner was diverted from a visit to South Africa, to visit the capitals of Angola, Cameroon, and Guinea-Conakry as Colin Powell's special envoy in the matter of a second UN Security Council resolution on Iraq, and is getting telephone backup from President Bush and Vice President Dick Cheney.

After Kansteiner's tour, Baroness Valerie Amos, a black face in the House of Lords who is the British Spokeswoman for International Development, harassed the three governments with a second round of visits.

Kansteiner was in Luanda, Angola, Feb. 20 and met with Angolan President Jose Eduardo dos Santos. The Angolan government press agency reports, "Asked if he got from dos Santos the Angolan position on Iraq, the American diplomat said that they discussed the possibility of future negotiations in New York." Kansteiner also met with the Prime Minister, Finance Minister, and Vice Minister of Foreign Affairs.

President dos Santos' telephones have been ringing off the hook on this issue over the past week. He has received calls from Presidents Bush and Chirac, Vice President Cheney, and Portuguese Prime Minister Durao Barroso.

Kansteiner left Luanda Feb. 21 and was to go to Cameroon and then Guinea-Conakry. There is no news—even of his arrival—from Cameroon, but a source close to the Guinean Presidency told *AFP* Feb. 22 that Guinea's President Lansana Conte did not give Kansteiner a definite answer on the UNSC vote.

From the Francophone Summit: Chirac Says Relations Between France and Africa Have Entered a New 'Equal Partnership'

"The new partnership extends from development issues, such as fighting AIDS and improving agriculture and education, to fighting terrorism and organized crime," French President Jacques Chirac said at the 22nd Franco-African Summit in Paris, adding that "France would encourage African development, but not dictate what to do," according to *VOA News* Feb. 21. "He reiterated his call for African governments to work harder at establishing real democracies and at respecting human rights," *VOA News* said.

Chirac has named a special representative to work on New Partnership for Africa's Development (NEPAD) issues before the next Group of Eight summit in June, according to the *South African Broadcasting Corporation (SABC)* on Feb. 21. *SABC* adds, "The ties with South Africa are visibly warming."

### **Chirac Calls for Temporary Halt in Agriculture Subsidies**

Speaking at the Franco-African summit, French President Chirac called on developed countries to suspend subsidies for agricultural exports to African countries temporarily. He said that cheap imports were undercutting Africans' own markets. The London *Financial Times* on Feb. 21 said that this stance "appeared to mark an abrupt shift in the position of the French government, which has until now strenuously denied that export subsidies harmed farmers in poor countries.... France has led the opposition to reform of Europe's Common Agricultural Policy [CAP]."

Chirac called for suspension of subsidies until the Doha round of trade talks is completed. "However, he hedged his proposals by insisting they must cover food aid and export credits. The United States, the biggest user of such policies, is resisting European Union (EU) pressure in the Doha talks to curb them," the *Financial Times* says.

An unnamed British diplomat is quoted by the *Financial Times* as saying, "This is actually pretty sensational. It is entirely in line with what we are trying to do in the debate on the reform of the CAP."

The EU is the biggest exporter to Africa, but only about 3% of EU farm exports go to Africa.

Chirac also proposed at least 10 years of favorable trade terms for Africa, according to *VOA News* on Feb. 21. It is not



clear whether the proposal is for all of Africa, or just the poorer countries.

### **France To Work With Africans on Zimbabwe Solution**

French President Chirac has agreed with the Presidents of Zimbabwe, Nigeria, and South Africa to work on a political and economic solution in Zimbabwe, according to the *SABC* on Feb. 21. According to *SABC*, "Thabo Mbeki, the South African President, said President Chirac has agreed to work with South Africa and Nigeria in resolving democracy, rule of law, and land ownership issues in Zimbabwe. Mbeki said, 'I think it will be a positive thing, because indeed, he was insisting that if there is a problem, let's discuss it and let's find a solution. And if there are things that need to be done that might require resources in order to change the situation for the better, let's see what we can do.' And so, as I say, practically, he will be working with President Obasanjo, myself, and President Mugabe."

### **Mbeki Tells Howard: Zimbabwe Sanctions Are Finished**

South African President Mbeki told Australian Prime Minister John Howard that Commonwealth sanctions against Zimbabwe are finished. Somehow, Mbeki arranged to reach Howard in a telephone booth in Hawaii, while Howard's plane was on a refuelling stop en route to Washington. The message: That Mbeki and Nigerian President Olusegun Obasanjo had decided there was no point in the three of them meeting as scheduled in March (the three are the Commonwealth "troika" on Zimbabwe), since Mbeki and Obasanjo had already decided that Commonwealth sanctions against Zimbabwe must not be renewed. The sanctions will lapse in March.

The *New Zealand Herald* Feb. 11 captured Howard's pique: "Caught on the hop, he said yesterday he had not expected 'to discuss Zimbabwe in a telephone booth in Hawaii.'"

Now it appears they may have to meet anyway, because of the technicalities of their mandate from the Commonwealth. But it will be a formality. Mbeki's spokesman Bheki Kumalo said Jan. 24, "There is no need for sanctions against Zimbabwe. We are totally opposed to it. It is not even a last resort. There will be total chaos and a meltdown that will threaten the very Zimbabweans we are trying to help."

### **Nigerian President in Singapore Seeking Investments**

Nigerian President Obasanjo was in Singapore last week, seeking large-scale investments. A Singapore firm is already building a \$1-billion petrochemical complex in Nigeria, the *Straits Times* of Singapore reported on Feb. 22. Obasanjo, at an investment forum at the Shangri-La Hotel Feb. 21, urged Singaporeans to follow the example of Eurochem Technologies Corp., the Singapore corporation in the Tolaram Group which is building the petrochemical complex in the Lekki Free Trade Zone east of Lagos.

Obasanjo said his government was committed to "building a truly private-sector-led market economy." He travelled with a delegation of 82 ministers, state leaders, the chairman of the central bank, senior advisers, and others. He met Feb. 22 with President S.R. Nathan and Prime Minister Goh Chok Tong, who was to host a dinner in his honor.

Obasanjo told the forum, "Your property is as safe [in Nigeria] as in the Bank of England."

### **Stalemate and Threat of Renewed War in Ivory Coast**

Despite statements indicating an Ivorian accord—by West African Presidents Gnassingbe Eyadema (Togo) Feb. 19, and

Abdoulaye Wade (Senegal) Feb. 21, at the Franco-African summit—there is no such agreement at this time.

The rebels have gone back to saying they must have the defense and security portfolios, and that President Gbagbo must cede most of his powers to the Prime Minister—"otherwise, the resumption of the war will be inevitable, bloody, and catastrophic," rebel leader Guillaume Soro told reporters in Paris Feb. 24. But diplomacy continues.

President Gbagbo says the ceding of his powers to the Prime Minister would change the country's Presidential system to a parliamentary system.

### **Gabon Journal Chides Bush For Pushing 'Cowboy' Justice**

Cowboy Bush thinks international law is the law of the Far West, says an editorial against an Iraq war, in the latest issue of the Gabonese fortnightly journal *Nku'u*. Gabon, although a part of Francophone Africa, is a major source of oil for the U.S. and has other important U.S. economic ties. It is scarcely known for anti-American journalism.

The editorial, reported by *Agence France Presse* Feb. 26, says there is nothing left to stop President George W. Bush "in his atavistic obsession to draw and fire faster than his shadow.... Only international law—which he otherwise confuses with the law of the Far West—is holding him back, but for how long?" The editorial says the real motive behind the U.S. drive to overthrow the Iraqi government is a quest for "*espace vital*" (*Lebensraum*, literally) for the sale of its goods and as a source of oil. "The disarmament of Iraq is nothing but a pretext, a smokescreen," the editorial says, adding that no country in the world has as big a stockpile of weapons of mass destruction as the U.S., "and no one gets excited about that."

*Nku'u* is not close to the government, but President Omar Bongo has affirmed Gabon's strong ties with France in the wake of the Franco-African summit and its declaration against an Iraq war. Bongo called for "a new type of partnership between France and Africa," echoing the language of President Chirac at the summit.

### **Destabilization of Gabon Underway?**

An ostensibly radical party in Gabon has declared "peaceful" war on the government of President Omar Bongo, in what has all the earmarkings of a "Project Democracy" model destabilization. Gabon's Rassemblement National des Republicains (RNR) announced that it will form a "parallel government" between now and March 9, at a press conference Feb. 22 in Libreville, the Gabonese capital. RNR President Gerard Ella Nguema Mintoghe, aged 30, demanded that President Omar Bongo dissolve the Government, Parliament, and county and municipal councils.

He said that in the legislative elections in 2001 and local elections in 2002, abstention was so high, especially in the large towns, that those elected were elected by default. The parallel government will be responsible for organizing elections. Nguema said his party was "declaring war on those who have ruined Gabon," but in a "peaceful" manner. If the authorities take an unpopular measure, the parallel government will make its own decision, and we will see who is right, he said.

"There is nothing more dangerous than a people that does not vote. The silence of the Gabonese people is dangerous. When it gets fed up, it takes up arms and, being a republican, I do not agree with that," said RNR National Federal Secretary Pierre-Claver Ondong Minkoh.

This operation has all over it the clawprints of the Chickenhawk-linked IASPS and its African Oil Policy Initiative Group (AOPIG)—as also of IMF revolutionary Alassane Ouattara. The AOPIG policy paper of June 2002, "African Oil: A Priority for U.S. National Security and African Development," stated, "There is a need to reshape a new U.S. national

security policy for sub-Saharan Africa facilitating economic *and political* development" (emphasis added), to be based on large petroleum revenues from "states such as Nigeria, Angola, Equatorial Guinea, Gabon and Congo (Brazzaville)."

The RNR was founded by about 50 very young militants in 1999, the same year that Ouattara left the IMF and became president of the Rassemblement des Republicains (RDR) in Ivory Coast (now intertwined with the MPCCI rebels), a party with similar profile (and name) to the Gabonese RNR. Also in 1999, Ouattara founded the International Institute for Africa, with offices in Washington, Paris, and two African countries—Ivory Coast and Gabon. And, Ouattara has spent some time in Gabon since November 2002.

To secure oil from Africa, the Clash of Civilizations crowd needs a greater degree of political control, which only weak governments can provide. That is the end toward which Ivory Coast and Gabon are being driven.

### **German Musicians Perform Classical Concert in Sudan**

For the first time in 25 years, German musicians performed a Classical concert in Sudan. The concert took place in front of the pyramids of Meroe on Feb. 7, with a program of works by Mozart and Beethoven. Under the direction of Hamburg conductor Klaus-Peter Modest, the 25 musicians played the overture to Mozart's "Magic Flute." The public was especially excited about Frederick the Great's Flute Concerto No. 3, performed with a soloist from the Kaumischen Oper Berlin. The concert, attended by 250 people, was a benefit to help restore the 2,000-year-old Meroe pyramids, largely in ruins. The music began at sundown, and reportedly, the musicians had to fight off sand, flies, and wind, which threatened to blow away the scores. Most of the musicians are members of the Hamburger Juristenorchester. Several ministers of the Sudanese government travelled from Khartoum to attend the concert.

## ***LATEST FROM LAROCHE***

### **LaRouche Tours Arkansas**

### **'To Deal With a Depression': LaRouche's Remarks — To Members of the Black Caucus of Arkansas**

### **'We Can Rebuild This Economy,' — LaRouche Tells Pine Bluff Town Meeting**

Well, I have some very bad news for you, and some good news. I suppose that's the way it's supposed to be.

The world is now, contrary to reports, in a depression which is worse than that of 1929-33. The United States is hard hit. The nations of Europe, and the Americas, are all hard hit. Under the present circumstances, and present policies, there will never be an economic recovery in the United States. Under present national policies, a deep crash, worsening, is inevitable. However, that can be cured.

The situation is somewhat analogous, though not precisely, to what we faced under Franklin Roosevelt, coming in as President after his election in 1932. The policies of Coolidge, of Hoover, and so forth, during the 1920s, gave us a Great Depression. That was not the only cause for it, but it was the leading cause. There were bad policies. Roosevelt, speaking to the question of the "forgotten man," in 1932, was elected as President; and in 1933, took measures which save this nation, and not only got us out of a deep depression—there was a 50% cut in the average income of the people of the United States, that had occurred at that time—saved the nation. We went through a horrible war. We emerged as virtually

the only power on this planet, the greatest producer on this planet, and virtually the only real economy on this planet at that time. He led us to success.

During the postwar period, we did some unfortunate things, but much of the Roosevelt legacy continued. We continued to grow, in prosperity, relatively speaking, for the next period, up until about 1964. Until about the time that the Vietnam War started. Since that time, we have been transformed from a producer society, the leading producer society of the world per capita, to a consumer society, living by exporting our jobs, to cheap labor overseas, in agriculture and industry. We have robbed people overseas, to make them work cheaply for us, as in the case of neighboring Mexico. We are now bankrupt.

If you look at the record, in point of fact, even by official statistics, which are largely fraudulent, you look at the lower 80% of family income brackets, there has been a catastrophic collapse of the lower 80% of family income brackets. The lower 80% of the people of the United States, receive *less* than the upper 20%, and there has been a recent catastrophe. Anyway, that's part of the picture.

The international financial system is hopelessly bankrupt. Most of the leading banks of the world, especially Europe, and the United States, are bankrupt. The Federal Reserve system is bankrupt. So, therefore, we are in a real catastrophe.

Now, we could fix that, not by simply copying what Franklin Roosevelt did in the last depression, but by learning the lessons from what he did do, and what he accomplished.

At present, what this means, is this, for the states. We're talking here in Arkansas about a state. It's a state which is on the relatively lower end of the 50, in conditions of life and opportunity. But in 46, at least, of the 50 Federal states of the United States, the state governments—and that means also the local governments, the county and local governments—face an impossible situation. That is, there is no way possible, for these state governments, including their county and local components, to continue to balance their budgets, and maintain a decent life. It doesn't exist.

This is similar to what Roosevelt faced in 1933, when he was inaugurated: bankrupt banks, bank holiday measures, starvation beyond belief, then, around the country, despair. He *saved* the country, because he was committed to the principle upon which this country was founded, the principle of the general welfare. That we are a sovereign nation. The legitimacy of government depends upon meeting the needs of the general welfare of the entire population, and also our posterity. Teachers, education, for example.

Therefore he took measures, which we should study now, to understand what we should do, and what we can convince people to do, on the basis of experience, to take as emergency measures now, to save this nation, as Roosevelt saved the nation, and made us a great power again, during his term in office.

Now, therefore, the first problem is, the states have very limited power to deal with this. The income of the states, the total amount of money floating around into the states, is not adequate to maintain the present combined private and public institutions. So switching money around, is not going to solve the problem. The states are bankrupt. What we need is growth. But the states cannot provide growth by themselves. Under our Federal Constitution, the states or any other institution in a state, can not obligate the U.S. Federal government, or the United States as an entity, to future debt. The power to create Federal indebtedness, national indebtedness, lies with the Federal government, with the power of the Treasury, with the consent of Congress, to print currency, or to promise to print currency, or to issue bonds against future currency issue. Therefore the states are now going to depend upon the mechanisms of the Federal government to create *credit*.

Now, what are the remedies the states in particular, have available to them, potentially, to deal with the problems of the states, and the communities within them?

Large-scale investment, in basic economic infrastructure, in order to increase the levels of employment, and income to the point that the states and the communities, can now balance their budgets. In other words, you have to bring the taxable revenue of the state up to the level at which the state can balance its budget. Otherwise, all the clamor about improvements, will not work.

Now many of the states are aware of this problem, as I describe it. Some governors don't agree, but every state agrees they have a problem. At least 46 of them do. California has a hopeless situation, for example; the largest and wealthiest state has a hopeless situation. There's no way they can solve their problems, within state facilities. Within the reign of the income of the state, there's *nothing* they can do to solve the problem. They try to increase taxes? It will have a regressive effect upon the economy. If they cut state budgets, it will have a regressive effect on the economy. So budget-balancing, and similar tricks, *will not work* by themselves. We need an additional source of income. We need a *stimulant*. And the stimulant is largely to increase the amount of employment of our people. We have many unemployed people, and mis-employed people. And properly employed, through government, — that is, with state governments, and sometimes the Federal government, but with the backing of the Federal government's action on credit—states can solve their problems.

The categories are what we call basic economic infrastructure. Power. The nation has a crisis, and a shortage, of power generation and distribution. The states have a problem in water management. The states have a problem in transportation. The United States has a crucial problem in transportation. If Amtrak goes, and it's about to go, we *no longer have a national rail system*. No semblance of it. The airlines are collapsing. The pressure on United Airlines, is to produce cheap competitive flights, to put the other airlines that are not in bankruptcy, into bankruptcy. We're about to lose the air-traffic system. Right?

We have problems in other categories. We have problems in education. We have a *disaster* in national education, as you were discussing some aspects of today. But what you were discussing was really only an aspect of a national problem. We have a *crisis* in education. We are teaching people to rehearse examinations, through multiple-choice questionnaires scored by computer. [Audience—"yes, yes"] We are not teaching the student, we are scoring the school system and the state, competitively, on the basis of this monkey business, of monkey-see, monkey-do. We are not producing enough teachers who are qualified. We are not reaching the mind of the student, with a process of reliving the process of discovery. We're training children like monkeys. And no wonder they're frustrated.

We have a crisis in family conditions. Commuting conditions. The standard family no longer exists in many parts of this country. We have latchkey children. We have, as a result of the changes in culture under the Baby Boomer generation, you have children who were raised with, I don't know how many mothers, and how many fathers, and they don't know which one is real. And siblings, the same things. You have broken communities, and broken patchwork families. And the young people who are coming into secondary school and universities today, are victims, largely of the patchwork family system which was developed in the past 40 years.

We have problems in health care. We did have, in the postwar period, immediately, legislation called the Hill-Burton legislation. Hill-Burton legislation was in part a reflection of our experience in World War II. We had to build a military, medical system, to support 16 or 17 million people, largely overseas, under wartime conditions: whether in combat conditions, or in reserve conditions, or in so-called rear-echelon conditions. We applied that lesson, of that experience and early experience, to the idea of medical care. And you had, in the postwar period, this Hill-Burton legislation, which prescribed that the Federal policy should be, we should have objectives so that the people in *each* county in the United States, or each county in a state, would have a certain level of assured care potentiality, in terms of types of beds, types of care, available. So that a woman giving childbirth, a troubled childbirth, would not have to drive a hundred miles over country roads, to try to get to a hospital that's not there—which you have in states and areas like Arkansas.

We built a good system, which was based on the cooperation of Federal, state, municipal, and also voluntary and private facilities, largely hospital, or similar types of facilities. It was a good system. In 1973, Nixon destroyed it, with the HMO legislation. We are now systematically murdering people with so-called health-care reform. This is simply murder, and it's selective. It targets the poor, it targets the aged, and so forth and so on.

So we have, in these areas, in the areas of infrastructure—we need high-speed public transportation. We need it on an interstate basis. We need it on a statewide basis. We need it on a local basis.

We need water management. Parts of the country are desperate. California, the Southwest, is in desperate condition for lack of water management. The entire area of the so-called American Desert, it's a dry area, we could fix it. We have never fixed the northern end of the Mississippi River, and Missouri. We could fix it.

These things are necessary. We have problems of potable water, usable water, in areas.

If we do these things, and if we provide public credit, reorganize the banking system, provide public credit to encourage the rebuilding of industry, based on the stimulus of the economy based on investment in the public sector, we can get our budgets back in order. We can rebuild this economy.

The problem right now is this: The United States is baffled in Washington by a couple of problems. Number One, we have a lunatic—and let me speak frankly — (Laughter) You know, I'm 80 years of age, but I'm a frisky 80 years of age, who intends to become the next President. I have an inclination to speak frankly, and you'll forgive me if I do. But these idiots in Washington, influenced by a bunch of criminals, want to have a war. They want to have a totally unnecessary war in Iraq. We don't have any situation in any part of the world that the United States, if I were President, couldn't handle without war. And I travel in a good number of parts of the world, and I know people. (Applause) It doesn't exist. We're a powerful nation, and when we do the right thing, other nations will cooperate with us, and there are ways to solve these problems. There is no power on this Earth that represents a credible threat to the United States. None! And there's no problem we can't solve in a reasonable way, with the support and cooperation of other nations, which we can get.

If I'm President of the United States, and I say, "I want to have a meeting among nations, on the question of international financial reform, because of this bankrupt system," they will come. And they will come quickly. And there will be a reasonable discussion. Because of the history of the United States, and the power we represent, when the President of the United States asks other nations to come, even if they don't like us, they'll come, and they will discuss. And if we can reach reasonable agreements, those agreements will be effective. There's no problem we can't solve.

So, we're not concerned—we're concerned and tied up with this idea, of we're going to kill somebody, in a form of warfare which is against our Constitution, and against international law. You don't go to war because you don't like somebody. (Laughter) You find a different way to solve the problem. And most of the world agrees with that. Most of the people of the United States *agree* with that, despite all the funny stuff with the polls, and the mass media.

At the same time, we're paying no attention, in Washington, to the fact that we have the biggest financial crisis in modern history. This Federal government is probably right now running on about a \$1-trillion-a-year Federal deficit. And the President, with his policies, is about to increase that deficit, for no good reason.

So, what's happened in Washington is all tied up on this issue, and the world as well, on the issue of war, or no war. Will President Bush decide, purely on an impulse, to declare war on some morning, possibly in March? We've got about 130,000 or more troops in the Middle East, ready to go, and all he has to do, under the present circumstances, is say "go," and we're in a war. And we don't know when we return from it, or what the effects will be.



As a result of that, many of the good people in Washington, and some of them are good, some of them I like—I just don't think they have enough guts, but they're good people, including, I think, Bill Clinton, who's sort of around Washington—nice guy; doesn't do some of the things he should have done, but I like him. But these fellows are not paying attention to the issue of the economy, because we're all tied up with the question of war. Are we going to war; are we not going to war? The press inundates us, the mass media: war or no war? No news about the economy. And while the economy is collapsing, nobody in Washington is actually doing anything about the economy.

You're talking about the economy here, tonight, various aspects of the economy, the problems that arise from it. You're dealing in a state which has limitations: It's one of the poorest states in the Union per capita. It's asked to strain its resources to meet the effects on the state, which is already poor, of a national economic crisis, international financial crisis. You're looking for resources to meet the problem, when the resources don't exist. The potential resources in the state do exist, if you had the credit for long-term, 20-year, 25-year programs in infrastructure, to increase current employment: you could balance your budgets. But without that assistance from the Federal government, in terms of credit creation on long-term programs, you can't solve the problem. And it's not to your shame, because 46, or more states of the United States are in the same condition. And you belong to a state, the southern part of the state, which, after all these effects of the collapse of the lower 80% of family household income, you have in this part of the world, some of the poorest. And therefore the resources per capita, and per square kilometer, are less.

We can solve the problem. But the problem is, the nation is not alert to that. The governors are, the state governments are alert to this. But the Federal government is not.

Now, my concern, and I'm raising quite a fuss about it, is to get the Federal government on the issue of economic recovery.

Now, this means one thing that they don't like. This means admitting that we're in a depression; admitting that our banks are bankrupt, and they are. We can deal with that, but the Federal government must admit the problem, and act upon it. We must admit that what we've been doing for the past 40 years, in terms of economic policy, especially since 1971, has been *insane*. We've been tearing ourselves down, but we're a rich and powerful country. Not only do we have resources which we've built up in previous times, but we had imperial power. We could go to other countries, we could dictate to people what their currency's value would be, relatively—we did it! We could dictate to them: You support us, or else! We did it. We squeezed the world, to keep this country in power, economically.

Now, we've come to the end of it. There's nothing left to squeeze. The system is collapsing. Japan is collapsing. The Japan economic system, banking system, is hopelessly bankrupt, and they've been supporting us in recent years. South and Central America almost don't *exist* any more, when they were once powerful nations. We looted them! Africa is a case of deliberate genocide, by the governments of the United States, the United Kingdom, and Israel. They're the principal source, and this is *genocide*. This is not mass death; this is deliberate selective mass murder. As the case of AIDS in Botswana typifies the problem. The case of the [non-]availability of generic drugs, to areas of Africa which desperately need them to fight this disease. Asia's in somewhat better condition, although there are problems there. The Middle East is, of course, a warfare pit. Europe is in trouble.

So, we have this crisis.

Therefore, if we are willing, we can get the Federal government to pay attention to business, to pay attention to the economy; if we use the lessons of Roosevelt's response to the Depression, not as direct copies, but to learn to do what he did; maybe do it better our way, but do it. If we enter into cooperation with other nations, cooperation, we can get, we can bring this financial-monetary crisis under control. We can start a process of genuine growth. If we use the U.S. Constitution, the way it was intended, if the Federal government launches large-scale projects, and enters into agreements with the states, on which the states' power of creating public utilities, large-scale public improvement programs in place,

we can raise the level of employment, by plan, up to levels which, on a budgetary basis, will guarantee a stable budget....

So, that's what we have to do. So, therefore, I say, what I give you is a message, a *blunt* message; it's truthful. I've been the most successful forecaster in the world for the past 35 years. Never made a mistake. No one else has done that. So I say, on that authority, I can assure that the situation is as bad as I tell you, and the options are as good as I promise.

But, what we have to do, and I'm going to be doing this all over the country, as well as around the world, is, we have to get people in the states, to awaken themselves to what the problem in Washington is. We've got to pull ourselves together, and force the Federal government to respond to the fact that we don't need this foolish war, and to respond to the fact that we have a depression, and if we use the lessons of the past, we should know how to *fix* it, and let's fix it.

Thank you. (Applause)

## *In Depth Coverage*

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

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### **Feature:**

#### [The Human Race Says No, at the Brink of Iraq War](#)

[by Michele Steinberg and William Jones](#)

Presidential pre-candidate Lyndon LaRouche, who has catalyzed international resistance to a new Mideast war, was a guest of honor at the Kuwait National Day Celebration in Washington, D.C. on Feb. 26. Arriving at the Willard Hotel for the reception, LaRouche was met and escorted by a welcoming committee of Kuwaiti military and diplomatic representatives.....**See p.36: Facing Global 'No War,' U.S. Plays 'Monopoly',** by Muriel Mirak-Weissbach

#### [Revolt Against Blair Explodes Across U.K.](#)

[by Mark Burdman](#)

As British Prime Minister Tony Blair constantly repeats his intention for war against Iraq, side by side with the Bush Administration, the revolt against his war policy grows, by leaps and bounds, throughout the population and institutions of Great Britain.

#### [Africa Unites Against Iraq War](#)

[by David Cherry](#)

'There is an alternative to war,' says the terse statement of the 22nd Heads of State Conference of Africa and France, issued on Feb. 20 in Paris. It states, 'The use of force, which entails serious risks of destabilization of the region, for Africa, and the world, should only be a last resort.'

#### [The Pope Leads Diplomacy for Peace](#)

[by Claudio Celani](#)

As it was in the days of the Cuban Missile Crisis, Vatican diplomacy is again at the center of efforts to keep world peace. diplomacy is again at the center of efforts to keep world peace. how, during those days of October 1962, Pope John XXIII played an important role in bringing the two adversaries—the American and the Soviet governments—to reach an agreement that saved world peace and allowed both sides to 'save face.'

#### [José Rizal and the Challenge of Philippines Independence](#)

by John D. Morris

The story of the Philippines' national hero, Dr. Jose Rizal, and his family, is representative of the courageous spirit and moral intellect, the sublime quality of leadership, that makes possible the emergence of an independent nation from colonialized, disunited, or economically looted territories.

## **Economics:**

### Disarray in Crisis Is Clear Among G-7 Finance Ministers

by Paul Gallagher

A most unusual set of statements resulted from the Feb. 21-22 Paris meeting of the Group of Seven Finance Ministers and central bank governors, which had been expected to indicate what monetary moves the industrialized nations would take to meet the shock of a new Mideast war.

### Emergency Meetings Over German Bank Crisis

by Lothar Komp

The German Finance Ministry declined comment, but according to a report in a weekly financial publication, the German government and the Bundesbank central bank were working out scenarios for holding off or responding to a crisis of the country's banking system, in an emergency meeting on Feb. 16.

### Pro-American Germans Oppose Iraq War

by Rainer Apel

Following the two mass protests in Germany against an Iraq war—the Munich peace march of 35,000 on Feb. 8 and the nationwide day of protest of 500,000 in Berlin and 250,000 in many other cities on Feb. 15—there has been a shift in the public debate away from the simplistic view that 'Bush wants Iraqi oil,' to a more profound look at the unsavory marriage between monetarist economics, global geopolitics, and war designs that motivates the war party.

### Brazil: Lula About To Slam Into Soros' 'Wall of Money'

by Dennis Small

Luiz Inácio Lula da Silva probably doesn't regard his first 60 days in office as President of Brazil as much of a honeymoon. After campaigning against the International Monetary Fund's neo-liberal economic policies, he nonetheless has capitulated to each of the IMF's demands, one by one...

### Major Airlines Will Go Bankrupt Without LaRouche's Re-Regulation

by Anita Gallagher American Airlines, the largest airline in the world, will follow United, the world's second-largest carrier, into bankruptcy by May, if it fails to gain \$1.8 billion in wage and benefit cutbacks from its unions, according to an official of its pilots' union.

### Kolkata: Mother Teresa's Haunt

by Ramtanu Maitra

A recent visit to Kolkata—which was earlier known as Calcutta—makes it amply clear what went wrong with India's development over the last three decades in particular. Teeming with millions of poor, unskilled people, many of whom are living on the decayed pavements of the city, Kolkata epitomizes the negligence of its leaders and the acceptance of poverty by the people in general.

## **International:**

### Sharon Forms New War Government in Israel

by Dean Andromidas

The death of former Israeli Ambassador Shlomo Argov on Feb. 23, was a poignant reminder of how dangerous Israel's current prime minister is. It was the attempted assassination of Argov on June 3, 1982 which gave Ariel Sharon the pretext to launch the bloody war in Lebanon.

## An America 'Posse' Heads for Philippines

by Mike Billington

On Feb. 19, a senior official at the U.S. Department of Defense, on condition of anonymity, revealed to the press that the United States was preparing to send 3,000 Special Forces, Marines, and support troops into the southern islands of the Philippines, to engage in combat with the Abu Sayyaf terrorist gang.

## Anti-U.S. Taliban Ready to Strike

by Ramtanu Maitra

The death of Afghanistan's Minister for Mines and Industries, Juma Muhammad Muhammadi, in an air crash on Feb. 24 off Pakistan's coast after taking off from Karachi, typifies the problems that beset the Afghan transition government under President Hamid Karzai.

## Pro-Drug Soros Ally Forced Out of UN Post

by Lotta-Stina Thronell

'Swedish Revelation Shakes Up the UN,' was the headline in Svenska Dagbladet on Feb. 4. The Swedish daily reported that Mike Trace, the United Kingdom's former deputy drug czar and the newly appointed Head of Demand Reduction at the United Nations Office for Drug Control and Crime in Vienna, has been forced to leave his new post after revelations by the Swedish anti-legalization organization, the Hassela Nordic Network.

## Non-Aligned Movement Revives A Voice for the Third World

by Mike Billington

With the collapse of the Soviet empire, leaving the United States as the 'only superpower,' the historic role of the Non- Aligned Movement reached an impasse. NAM was created as an alliance of Third World nations, mostly former colonies of the European powers, which opposed the idea that each nation must choose sides in the 'bipolar' division of the world into a communist bloc and a capitalist bloc, led by the Soviet Union and the United States.

## **National:**

## LaRouche Becoming the Issue in the Democratic Party

Lyndon LaRouche, who is seeking the 2004 Democratic Presidential nomination, returned on Feb. 23-25 to the state of Arkansas, where he garnered more than 22% of the vote in the last Democratic Presidential primary.

## Nuclear First-Strike Plan: It Keeps Getting Scarier

by Jeffrey Steinberg

In the third week of February a number of newspapers in the United States and Great Britain published segments of a Pentagon document, suggesting that the Bush Administration is moving ahead with plans to develop a new generation of 'mini' nuclear weapons, to be used against 'Third World despots' who collude with terrorists and possess weapons of mass destruction—i.e., Saddam Hussein's Iraq.

## The Ghost of Bertrand Russell Stalks Cheney-Rumsfeld Pentagon

by Jeffrey Steinberg

The United States nuclear weapons policy known as the 'negative security assurance' aimed at stopping the proliferation of nuclear weapons and encouraging all nations not currently possessing nuclear weapons to sign the Non-Proliferation Treaty (NPT)...An in-depth review by EIR has turned up chilling evidence that a group of utopian war planners, who now hold critical posts in the Pentagon civilian bureaucracy and in the Office of the Vice President, have been promoting a new U.S. imperial doctrine of offensive nuclear war against Third World targets...

## Imagery Intelligence of U.S. Blurred

By Ray McGovern

(Ray McGovern was a CIA analyst for 27 years and is a co-founder of Veteran Intelligence Professionals for Sanity (VIPS). He wrote this commentary on Feb. 19.)

"Two weeks after what initially seemed to be a triumph at the UN, Secretary of State Powell has taken some major hits to his credibility. His

defensiveness can be seen in his undiplomatic trashing of the French for being 'afraid' to take responsibility for making war on Iraq..."

## This Week in History

### March 3-March 8

We begin *EIW*'s second year of publication, by harkening back to our first History column, which was launched by focussing on the inaugural *actions* of President Franklin Delano Roosevelt. Once again, FDR's leadership, especially the decisive moves which he took 70 years ago, during the March 4-June 12 "One Hundred Days," must be brought to our recollection. That quality of leadership, and the principle of the general welfare which informed it, still represents the crying need of the American population, and the world, today.

So, over the next 15 weeks, we will review again, with more attention to the principles involved, the method by which FDR reversed the nation's course into destruction—explicitly referencing the kinds of actions which are needed today.

Having survived an assassination attempt in January 1933, Franklin Roosevelt took office on March 4, 1933. We will republish here the first part of his Inaugural Address. But before we do, let's summarize the key points:

- 1) First, face the whole truth, including the fact that "the only thing we have to fear is fear itself."
- 2) Second, the nation's dire crisis is *man-made*, and therefore soluble.
- 3) Third, the values of the "money-changers," and the idea that money is the source of happiness and success, must be put aside as false.
- 4) Fourth, the major element of a solution is putting people to productive work.
- 5) Fifth, there are certain minimal changes that must be made to the money system, including those measures that will end speculation, and create a sound currency.

In large part, the same shifts are what we require today, although our population's corruption by the speculation-based, consumer society is much, much greater, and thus the abruptness of the shift required is much, much greater. More important, it must be recognized that there are many fewer people willing to tell the truth about the actual economic and financial crisis these days—with Lyndon LaRouche being left as the only prominent political leader situated to inspire the kind of confidence, and change in orientation, which FDR led the American people into back in 1933.

Re-read the March 4, 1933 Inaugural address, with this reality in mind:

I am certain that my fellow Americans expect that on my induction into the Presidency I will address them with a candor and a decision which the present situation of our Nation impels. This is preeminently the time to speak the truth, the whole truth, frankly and boldly. Nor need we shrink from honestly facing conditions in our country today. This great Nation will endure as it has endured, will revive and will prosper. So, first of all, let me assert my firm belief that the only thing we have to fear is fear itself—nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance. In every dark hour of our national life a leadership of frankness and vigor has met with that understanding and support of the people themselves which is essential to victory. I am convinced that you will again give that support to leadership in these critical days.

In such a spirit on my part and on yours we face our common difficulties. They concern, thank God, only material things. Values have shrunk to fantastic levels; taxes have risen; our ability to pay has fallen; government of all kinds is faced by serious curtailment of income; the means of exchange are frozen in the currents of trade; the withered leaves of industrial enterprise lie on every side; farmers find no markets for their produce; the savings of many years in thousands of families are gone.

More important, a host of unemployed citizens face the grim problem of existence, and an equally great number toil with little return. Only a foolish optimist can deny the dark realities of the moment.

Yet our distress comes from no failure of substance. We are stricken by no plague of locusts. Compared with the perils which our forefathers conquered because they believed and were not afraid, we have still much to be thankful for. Nature still offers her bounty and human efforts have multiplied it. Plenty is at our doorstep, but a generous use of it languishes in the very sight of the supply. Primarily this is because the rulers of the exchange of mankind's goods have failed, through their own stubbornness and their own incompetence, have admitted their failure, and abdicated. Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men.

True they have tried, but their efforts have been cast in the pattern of an outworn tradition. Faced by failure of credit they have proposed only the lending of more money. Stripped of the lure of profit by which to induce our people to follow their false leadership, they have resorted to exhortations, pleading tearfully for restored confidence. They know only the rules of a generation of self-seekers. They have no vision, and when there is no vision the people perish.

The money changers have fled from their high seats in the temple of our civilization. We may now restore that temple to the ancient truths. The measure of the restoration lies in the extent to which we apply social values more noble than mere monetary profit.

Happiness lies not in the mere possession of money; it lies in the joy of achievement, in the thrill of creative effort. The joy and moral stimulation of work no longer must be forgotten in the mad chase of evanescent profits. These dark days will be worth all they cost us if they teach us that our true destiny is not to be ministered unto but to minister to ourselves and to our fellow men.

Recognition of the falsity of material wealth as the standard of success goes hand in hand with the abandonment of the false belief that public office and high political position are to be valued only by the standards of pride of place and personal profit; and there must be an end to a conduct in banking and in business which too often has given to a sacred trust the likeness of callous and selfish wrongdoing. Small wonder that confidence languishes, for it thrives only on honesty, on honor, on the sacredness of obligations, on faithful protection, on unselfish performance; without them it cannot live.

Restoration calls, however, not for changes in ethics alone. This Nation asks for action, and action now.

Our greatest primary task is to put people to work. This is no unsolvable problem if we face it wisely and courageously. It can be accomplished in part by direct recruiting by the Government itself, treating the task as we would treat the emergency of a war, but at the same time, through this employment, accomplishing greatly needed projects to stimulate and reorganize the use of our natural resources.

Hand in hand with this we must frankly recognize the overbalance of population in our industrial centers and, by engaging on a national scale in a redistribution, endeavor to provide a better use of the land for those best fitted for the land. The task



can be helped by definite efforts to raise the values of agricultural products and with this the power to purchase the output of our cities. It can be helped by preventing realistically the tragedy of the growing loss through foreclosure of our small homes and our farms. It can be helped by insistence that the Federal, State, and local governments act forthwith on the demand that their cost be drastically reduced. It can be helped by the unifying of relief activities which today are often scattered, uneconomical, and unequal. It can be helped by national planning for and supervision of all forms of transportation and of communications and other utilities which have a definitely public character. There are many ways in which it can be helped, but it can never be helped merely by talking about it. We must act and act quickly.

Finally, in our progress toward a resumption of work we require two safeguards against a return of the evils of the old order; there must be a strict supervision of all banking and credits and investments; there must be an end to speculation with other people's money, and there must be provision for an adequate but sound currency.

There are the lines of attack. I shall presently urge upon a new Congress in special session detailed measures for their fulfillment, and I shall seek the immediate assistance of the several States....

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