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This Week You Need To Know

'CONVICT HIM OR KILL HIM!'

The Night They Came To Kill Me

by Lyndon H. LaRouche, Jr.

This statement was issued by the LaRouche in 2004 Presidential campaign committee on March 2, 2004.

On October 6, 1986, a virtual army of more than four hundred armed personnel descended upon the town of Leesburg, Virginia, for a raid on the offices of *EIR* and its associates, and also deployed for another, darker mission. The premises at which I was residing at that time were surrounded by an armed force, while aircraft, armored vehicles, and other personnel waited for the order to move in shooting. Fortunately, the killing did not happen, because someone with higher authority than the Justice Department Criminal Division head William Weld, ordered the attack on me called off. The forces readied to move in on me, my wife, and a number of my associates, were pulled back in the morning.

That was the second fully documented case of a U.S. Justice Department involvement in operations aimed at my personal elimination from politics. The first was documented in an FBI internal document dated late 1973. The first was an internal U.S. operation; the second, of Oct. 6-7, 1986, was international, including the involvement of the Soviet government of General Secretary Mikhail Gorbachev. To understand the higher level of command behind the way in which the Democratic National Committee bureaucrats have used the Party's nullification of the Voting Rights Act to attempt to exclude me from this election, we must point to the crucial features of the 1973 and 1986 attempts at my personal elimination.

This is not only my cause for complaint. The great majority of Americans are as much the intended victim as I am. They have a right to know what is being done to them in this connection. I explain.

Those events of Oct. 6-7, 1986 began in Sweden, when someone killed that nation's Prime Minister, Olof Palme, and immediately, fraudulently, assigned blame for the killing action to me. That libel was promptly adopted by my long-standing, usually lying enemies at the *Washington Post*, and copied by other well-known news-media cesspools. This killing occurred in the context of a massive outpouring of preparatory hate-propaganda against me, world-wide, from the government of Armand Hammer-associate Gorbachev. The issue behind the Soviet participation in the attack, was Soviet inside knowledge of my role in introducing what President Ronald Reagan had named publicly the "Strategic Defense Initiative (SDI)." Gorbachev, like his former sponsor, Soviet General Secretary Yuri Andropov, hated me on account of my international, as well as U.S. role in the development of the SDI proposal.

It became clear in the course of that year, that the killing of expendable target Palme was used, and therefore probably intended, to set into motion an environment for what would later pass as a "justified, retaliatory" killing of me; no other

plausible motive for the killing of Palme has been presented to the public, up to the present day. Tracing all the relevant developments, over both the interval from that shooting, to the Leesburg events of Oct. 6-7, later that same year, all of the relevant events in the pattern of action, including the preparatory steps taken by Boston's William Weld, represent a systemically functional connection between the killing of Palme and the referenced events of Oct. 6-7.

When those two Justice Department "elimination" operations against me are considered, the obvious question is: "Are the two actions, those of 1973 and 1986, related?" They are, in fact, closely related, and are key to understanding why the financial powers behind Democratic National Committee Chairman Terry McAuliffe's actions against me, have been so hysterically determined to exclude the one Democratic Presidential candidate who now represents, presently, officially, the broadest popular base of financial support of all current Democratic contenders. Why do the forces behind these actions fear me so much that they would take such extraordinarily high political risks in running these kinds of efforts to bring about my personal and political elimination?

In the second case, Oct. 6-7, 1986, the obvious motive for the projected official killing of me, my wife, and others on that occasion, was my role in the development of the SDI. Ironically, but not accidentally, this operation was unleashed at the time President Reagan was meeting Gorbachev in Reykjavik, Iceland, where the President, once again, firmly restated his commitment to SDI.

However, there is a direct connection to the earlier 1973 FBI operation. The 1973 campaign for my "elimination," the near-slaughter of Oct. 6-7, 1986, and the stubborn effort to exclude me from the debates now, are each and all products of the same issue of my fight against the effort of certain liberal economists, and others, to put the world as a whole under the thumb of the policies of former Nazi Economics Minister Hjalmar Schacht.

The ultimate origin of these and related actions is not the U.S. Department of Justice, but a much higher authority than the U.S. government, the same assortment of Venetian-style international financier-oligarchical interests, and their associated law firms, which unleashed the wave of fascist dictatorships in continental Europe over the interval 1922-1945. The common feature of those international financier interests, then, back during 1922-1945, and today, is their present commitment to imposing Schachtian economics upon both the U.S.A. itself, and also on the world at large, as the presently ongoing looting of Argentina typifies such fascist practices in action.

The intention of those financiers behind the demand for my exclusion from the Democratic Party proceedings, is to attempt to ensure that the next President of the U.S.A. is nothing but a pro-fascist banker's office boy in matters of national economic and social policy. A notable number of these pro-Schachtian financier interests are the proverbial "big bucks" behind the Democratic Party.

Three Linked Issues

Behind all of the operations against me, from 1973 through the present day, is a reflection of the common characteristic of three tightly linked issues. The first, my pro-FDR opposition to Schachtian economics. The second, my opposition to the so-called "utopian" military doctrines currently associated with "beast-man" Dick Cheney. Third, my intention to reverse the folly of the past forty years' downward drift of the U.S.A., from the world's leading producer nation, to today's predatory mess of Roman Empire-style "post-industrial" bread and circuses.

Go back to the late Summer and Fall of 1971. When the breakdown of the Bretton Woods system was ordered by President Richard Nixon, on August 15-16, 1971, I responded, denouncing the incompetence of those leading economists who had insisted that such an event could never happen under the so-called "built-in stabilizers." Since the mid-1960s, I had warned repeatedly, publicly, against such a highly probable trend, of a series of international monetary crises leading toward the consequent breakdown of the present world monetary system. It had happened. Once again, I had been proven right as a

long-range economic forecaster; virtually every university economics textbook, virtually every professor or similar type had been proven totally wrong on this issue.

Therefore, my associates and I launched a campaign against "Quackademic" economics professors. The turmoil this campaign produced on the campuses, and elsewhere, impelled the pained economists and their owners to select a champion of their cause, to defeat me in open debate. What soon proved to be the luckless Professor Abba Lerner, reputedly the leading resident Keynesian economist in the U.S.A., was selected for the contest.

We faced off on the premises of New York's Queens College campus. Professors and comparable notables chiefly gathered in the front rows, and students and others chiefly behind them. My challenge to Lerner was that his current proposals for Brazil were an echo of the doctrines of Nazi Economics Minister Hjalmar Schacht. I warned that his policy toward Brazil was typical of the kinds of fascist-like austerity policies which would be pushed under the new conditions created by Nixon's action. For the allotted time, and more, Lerner squirmed and wriggled, seeking to change the subject from the concrete issue I had posed as the test question of the time: Brazil policy. Then, the debate closed when Lerner whimpered, "But if Germany had accepted Schacht's policies, Hitler would not have been necessary." The assembled body reacted to this whimpered utterance as if stunned. Lerner was, figuratively, carried, *hors de combat*, from that day's field of battle.

Since that occasion, no leading economist in any part of the world has found the courage to challenge me in a debate on these crucial issues of Schachtian economic policy being pushed by the U.S. since that time. As Lerner's friend Professor Sidney Hook stated the point: "LaRouche won the debate, but"—he will lose much more as a result of that. It was his way of saying that the "establishment" would unite against me; it did.

There was no coincidence in any of this. The shift of the U.S. and British economies away from the U.S.'s leading role as the world's greatest producer nation, toward a pro-Schachtian, "post-industrial" utopianism, was the hallmark of the 1966-1968 Nixon campaign for the Presidency. The follies of this "post-industrial" shift into wild-eyed monetarism, led the U.S. government to the point, that it must abandon its foolish post-Kennedy economic and cultural policies, or make exactly the choice I had warned that I feared they would make. Nixon's decision of August 15, 1971 made the march in the direction of ruin and fascist-like dictatorship inevitable. Nixon's mid-August decision thus made the issue of the 1971 LaRouche-Lerner debate the inevitable continuing, leading issue of U.S. economic policy, from that date to the present neo-Schachtian days of Lazard Frères-associated Felix Rohatyn.

Nixon's decision put the leading institutions and voters of the U.S. into a virtual ideological-economic fishbowl. That is to say: The poor fish might think he can rule the universe by choosing that part of the interior of the fishbowl to which he might wish to swim, but the bowl itself was being moved without his consciousness of the direction into which the bowl was being carried. Such are the sometimes tragic, utopian delusions of Cartesian and other true believers in what they define as "self-evident" definitions, axioms, and postulates. The universe in which they believe, is only a fishbowl filled with those fools who believe that their own free choice, according to such beliefs, controls their destiny.

Most ordinary people today have little appreciation of the fierceness with which pro-Schachtian liberal financiers hate the memory of President Franklin Roosevelt. Most corporate and kindred Baby Boomers, such as my rivals for the Presidency, do not even know what a Schachtian tactic is. Nonetheless, the defeat, chiefly by Roosevelt's U.S.A., of those pro-Synarchist, pro-Schachtian financiers' effort to create a fascist internationalism during the post-Versailles decades, has prompted the financiers of today to seek every possible means to uproot and destroy the kind of agro-industrial constitutional republic which Roosevelt's victory over Hitler et al. represented. So, in August 1944, as soon as the U.S.-led breakthrough in Normandy had sealed the early doom of Hitler, those financier circles which had temporarily supported Roosevelt's war-effort, launched the right turn represented by Bertrand Russell's leading role in putting forward a utopian strategic doctrine of imperial world government through preventive nuclear war.

During his two terms in office, military traditionalist President Dwight Eisenhower defended our constitutional order from the rampaging utopians he labelled a "military-industrial complex." President John F. Kennedy's assassination broke the back of the resistance to those utopians; the U.S. official plunge into the quicksands of asymmetric warfare in Indo-China, and the parallel, mid-1960s "post-industrial" shift, were the concomitant of that victory of the utopians. The murders of Martin Luther King and Bobby Kennedy, were crucial elements of the march toward ruin of our economic culture, and worse, beyond.

The mid-1960s' cultural-paradigm down-shift, merely typified by the dionysiac rock-drug-sex counterculture, was the destruction of the mind and gut of what had been the world's greatest economy, the U.S. economy. The purpose of that induced cultural-paradigm shift was to uproot everything about the U.S. which was reflected in FDR's achievements as President.

My proposal for what President Reagan was later to name his "Strategic Defense Initiative" was prompted by a recognition of the growing actual risk of general thermonuclear war, in the doctrines of James R. Schlesinger's cabal, around the theme of the "present danger." I reacted out of my conviction that the nuclear madness of Trilateral Brzezinski's cronies, Schlesinger et al., showed that the U.S. must find ways to engage the Soviet Union in a long-term alternative to the thermonuclear war implicit in a continuation of the Russell-like, so-called "détente" policies of the 1970s. Thus, when the Reagan National Security Council entertained my back-channel discussions with the Soviet government, to explore what I proposed as the relevant alternative, I became a grave danger to the policies of the utopians inside and outside our defense establishment. At the close of the President's televised address of March 23, 1983, they decided I was too capable a political force of opposition to their schemes to be allowed to live. It is the same issue I represent against Cheney and his pack of neo-conservative lunatics today. That was the principal motive behind the indicated events of 1986.

In this way, the issue of my opposition to Schachtian economics, to utopian military madness, and to the past four decades' cultural-paradigm down-shift of the economy, mind, and morals of our nation, are three aspects of the same issue. For that, they wished me "eliminated" in 1973, sought to eliminate me by shameless open actions in 1986, and wish to eliminate all traces of my international influence today.

'Prison, Anyone?'

The abortion of the shooting assault intended for Oct. 6-7, 1986, led to a subsequent, high-level, intense debate in relevant circles. "Shall we kill him, or imprison him?" was the tenor of that debate. The threat from the utopian faction was, "If you allow him to beat the legal frame-up we are conducting, you will not stop us from killing him this time!"

That decision was in debate from no later than the evening of President Reagan's televised address of March 23, 1983. After a few days, the utopians had regrouped their forces around circles including the right-wing utopian, and fervent SDI (and LaRouche and Edward Teller opponents) Daniel P. Graham and the utopians of the Heritage Foundation. So, the name of SDI was continued, but, under the influence of circles backing Graham, the content was changed radically to emphasize obsolete, chiefly "off-the-shelf" technologies of no use for the indicated type of mission-assignment.

On Oct. 12, 1988, I delivered a memorable address in Berlin, which was taped there for later broadcast, that same month, on a nationwide TV campaign feature. I forecast the imminent collapse of the Soviet alliance, beginning probably soon in Poland, and spreading into other parts of Eastern Europe and the Soviet economy itself. I proposed a course of U.S. action to deal, through affirmative economic action, with the opportunity to uproot the embedded institutions of major military conflict throughout the world.

I was soon hustled off to the hoosegow by the fastest, if perhaps the most crooked railroad in the U.S.A., the Alexandria Federal Courthouse in the Eastern District of Virginia. So, in effect, the newly sworn President George Bush put me into

prison, and, a little more than five years later, Bill Clinton pulled me out. Now, the world makes a new turn around the circle of crisis. This time, those bankers who wish to put a Democrat who would be a virtual office boy for their Schachtian policies into the White House, are at it again. They are terrified at the thought that I, no office boy in these matters, would come even close to the White House.

Some leaders of nations are elected, others are either killed, or sent to prison to be defamed. So, powerful financier cabals have often ordered the fate of nations and the people, if the people let that happen. Thus, in today's world, the ultimate feat of importance for a republic, is to get competent leaders elected, and keep them from being killed at a sign from the hand of a pro-Synarchist financier mafioso.

THE PHASE-CHANGES OF MARCH 5: 'THERE'S A RUMBLING, — A RUMBLING, LIKE THE PRE-SHOCK OF AN EARTHQUAKE'

On March 5, 2004, Lyndon LaRouche addressed a weekend cadre school of the Australian LaRouche Youth Movement, which was held at Anglesea. Mr. LaRouche was welcomed by Doug Mitchell, a leader of the LYM, who moderated the question-and-answer dialogue which followed the opening remarks that are transcribed here. It was the first Australian LYM dialogue with Mr. LaRouche.

DOUG MITCHELL: So, last night, when Bruce [Director] gave his presentation, he put a title on this cadre school: "Ending the 'On the Beach' Mentality" here in Australia. It would be interesting, to see if you got something to say about that. But, it's a pretty historic occasion, to have you address a cadre school, and I think I'll just leave it over to you.

LAROUCHE: Okay. Okay, now we have a very interesting day, today, in Europe and the United States. It's been building up over the past days, but it hit today, that in the wake of the Super Tuesday, that's this past week, primary elections, there has been a significant phase-shift, not only in the election process in the United States, where John Kerry, the Senator, and I are the only leading candidates who are still in the race. There are some others, who are in there for delegates; not for nomination.

There is some tremendous turmoil, in other issues:

For example, you take the case, which has caused much comment in Germany. You have the head of the IMF, who is sitting on top of the poor Argentines, and he was suddenly called back, in a sense, to Germany. That is, he was notified, that he was being appointed the President of Germany, to succeed the present President. And the fellow got on his plane, and left there, dropped the IMF, left his IMF post, and went back to Germany! The comment in Germany is, that Horst Koehler was getting out of the IMF, while the getting was good!

We have similar things like that: We have Greenspan, is mooted to be on the ropes, that Bush wants him fired. Gordon Brown, of the United Kingdom, is being mooted as a possible successor for Koehler; and similar kinds of things are going on.

What you have, is a general turmoil, around the world, which indicates that we're on the edge of a phase-change. You have the gyrations in the relationship between the valuation of the dollar and the euro, and other things of that sort.

In terms of my own experience, the response to me, is suddenly, greatly improved, inside the United States, in the media, and so forth, in terms of contacts, people I'm talking to, and that sort of thing.

So, there is a phase-shift in world affairs. And this obviously reflects one thing, among others: And that is, that this shebang, this present world monetary system is on the way to the burial grounds. Exactly which direction it will take, where the undertakers will lead it, and so forth, is not yet certain. But, it's obvious, there's a phase-change.

You've got two things, that are going on politically, internationally—especially, in the United States, but not just there. You have the neo-conservatives, these are the extreme right-wing animals, like Richard Perle and so forth; and contrary to the statements by some, that Richard Perle is not out, the fact of Richard Perle's withdrawing from his position with the Bush Administration, *is* a part of the same process as the withdrawal of Conrad Black—the man who was the moneybags for many of the neo-conservatives—who is in trouble all over the place, because they're sort of tired of his sort of funding of neo-conservatives.

This coincides with something else: Not only is the Bush neo-conservative phenomenon in trouble—and I probably must take the blame for a great deal of the suffering around the Bush camp, and others—but, the perception is, that the Bush sort of right-wing is not really going to work. It is not going to "carry the day," so to speak. And therefore, the right wing of importance right now, in the United States, is situated in the Democratic Party, on the Democratic side!

In the Democratic Party, we have a major conflict, between two views, in which my view lies in there, somewhere. You have one view, which is typified by the circles around the former Treasury Secretary Robert Rubin, which recognizes the severity of the present international monetary-financial crisis, as very few others of that generation do. (Oh, he's not actually a Baby Boomer; he's a little bit too old for that.)

But, then you have, on the opposite side, you have the group around Lazard Frères, who has a pro-Schachtian position. And if you haven't been told this already, Hjalmar Schacht was the man who, for the Bank of England chief, put Hitler in power in Germany, in 1933. And he is famous, not only for that, but as the Economics Minister of the Nazi system, and his policies, his economic austerity policies, are those which are associated with Nazism, the way Hitler came to power. These policies are not only popular with the outright fascists, or the obvious fascists—like the neo-conservatives around the Bush camp; like the Richard Perles and the Conrad Blacks, and so forth.

But, there is also another variety of fascist, as there was during the 1922-1945 period of the fascist heyday in Europe: These are the left-wing fascists, and they are typified by the Lazard Frères crowd, which was, during that period in European history, was very fascist, indeed. It's a hard-core Synarchist organization. Its typical expression in the United States, of that group, is Felix Rohatyn, an alumnus of Middlebury College in Vermont, where I had a funny experience some months ago. And he represents the pro-fascist economic policy alternative, inside the United States. His group, inside the Democratic Party, *is* moving to replace George Bush as President, because they say he's hopeless. But they have their own brand of fascism; and their commitment is to keep me out, at all costs.

What has happened now, is there's a shift in the situation. And some people in Europe have put it this way: Is that, Felix Rohatyn's crowd is incompetent. What they intend to do, what they're willing to do, will not fly under the conditions of the present world international financial crisis. It just won't fly. For example, one thing that Rohatyn and so forth will be dead against, is capital controls. Now, what is going to happen, of course, as the crisis hits with fuller force—and that can be in days; we're on the edge of it now: It can be weeks. It can be days. It can even be a couple of months or more. But, we're on the edge now. It is going to happen. What is keeping the system alive, is a hyperinflationary bubble of money-printing. In other words, a hyperinflationary process is keeping this bubble going, as long as the system will keep accepting the outpouring of this mass of money into the system, especially dollars and so forth.

It's going to come down: When it comes down, and if the world is not going to go "On the Beach" so to speak (in line with your discussion yesterday), then, there are going to have to be some changes.

First of all, we're going to have to put the IMF system into bankruptcy reorganization. That is, governments will have to take over, as they did during the immediate post-war period, when with the founding the original Bretton Woods system, governments took over, and the banks had to behave themselves, at that time. At a later time, up through 1989, there were changes. The Bretton Woods system was cancelled in '71-72. And in 1992, essentially, the Maastricht agreements and so forth, Europe gave up sanity, in terms of monetary policy.

But, we're going to have to go back to that. We're going to have go back to what was changed. We're going to have to put the IMF system into bankruptcy. Central banking systems are going to be taken into receivership, for bankruptcy reorganization. Governments are going to have to take control, of the business of generating and managing credit, credit of states. Under these circumstances, we're going to have to go back to a *regulated* system, of international trade and finance. We're going to have to go to *capital controls*: That is, governments are going to take responsibility for determining what our lawful priorities, in the flow of capital funds, and in what is allowable in the movement of capital funds. Because, in a crisis, we must manage, as you do in any bankruptcy.

Now, the Felix Rohatyn crowd, the Lazard Frères types, and similar types, *are dead set against capital controls, or anything like that. They're dead set against protectionist measures.* And protectionist measures are absolutely indispensable, for getting through the crisis that's coming on us now.

I represent that, but other people recognize, that this kind of measure, which I represent, must be used—they may not agree with the way I want to use it, or the way I want to do it—but they agree, it must be used, under conditions of this kind of crisis. *And, they can see this kind of crisis coming on, now.* And they see that the magnitude of the potential blowout, is far beyond anything that would permit a Felix Rohatyn's policies, to be applied to the present situation. For example, if the policies of Schacht are applied—and that's what you're looking at, in terms of the debt collection operation against Argentina—this is *pure fascism* in economic policy: The IMF is practicing *pure fascism* in its support for these collection policies.

But, that's the policy that would be applied, to the *interior* of every country in the world!—including Australia, of course—if these policies were continued. These are *Schachtian, pro-Nazi* policies. They may not call them pro-Nazi, but that's what they are.

So, there's a big fight about that. And the general opinion, among informed people, is that the Nazi-like policies, the Schachtian policies, which are associated with Felix Rohatyn's proposals *will not fly*, in this period, unless you want to have a general collapse of world civilization: a new dark age.

So, today, in the past couple of days, especially today, there's a rumbling, a rumbling, like the pre-shock of an earthquake. And that's what I was experiencing, during the course of the day, and overnight. *There's a big change coming.* And, I don't know what's coming. I think the monotremes of Australia will survive, but I wonder if some of the still more primitive animals, such as your local breed of neo-conservative, will also come out of this thing intact.

So, that's the nature of the situation.

Now, otherwise, on the subject of the youth movement: The key thing to understand this youth movement phenomenon—and this is something that's become empirically significant, around the world, as in the United States, during the recent four years. About 40 years ago, in the United States, and in the United Kingdom, following the assassination of President Kennedy, and the ouster of Macmillan in the United Kingdom, as Prime Minister—it was a coup—with the first Harold Wilson government in the United Kingdom, coming along shortly after the ouster of Macmillan, and what happened with the United States, after Kennedy was killed, and President Johnson was terrified (at least on these questions), we went into the Vietnam War, Indo-China War.

At that point, there was a cultural paradigm-shift, in the generation of university age, those particularly who were going into universities, at that time. This presented a cultural paradigm-shift, away from an idea of a producer society, which the United States had been the leading example of, up to that point, and against technology—an anti-technology, post-industrial movement, of which the most colorful form was the rock-drug-sex counterculture. But the rock-drug-sex counterculture was only the most extreme, the most radical, the most carnival tent-show-type part of this process of cultural change.

During the past 40 years, the culture of the United States has changed, and of the United Kingdom. And this has spilled over, into continental Europe, especially with the '68ers. It spilled into Central and South America. So, around this part of the world, and other parts of the world, the generation now in their fifties or their early sixties, the so-called Baby-Boomer generation, all around the world, are dominated by a *generational phenomenon*. In other words, even if people are not smoking pot, and having sex with strange animals, they are still Baby Boomers, in the sense, that most of them accept the values, which are common to that generation. And the values which are common to that generation, are acceptance of the leading role of cultural policy-changes, which have occurred, during this 40-year period.

Now, what has happened as a result of this, over 40 years, the culture of Europe, Australia, New Zealand, and of the United States, the Americas generally, has changed: It has changed to a post-industrial society. As a result of that change, and what goes with it, the present world monetary-financial economic system *is finished!* It's gone, to the point, it can no longer stand on its own legs. It is about to collapse.

Now, younger people, who were entering adulthood, during the recent four years—that is, going from adolescence to adulthood—looked around them, and said, "What we are going through, is a no-future society. That is, what our parents' generation have done to us, is, give us a no-future society in which to live—and not live it very well, and perhaps, not at all." So therefore, you had a conflict between young adults—that is, people who are young, but who think like adults; they don't think like adolescents or children. They think about their responsibility for being "mama" and "papa"; not being the children of the household, but being the parents in the household, or thinking in that direction. So therefore, they tend to be somewhat independent, and say, "Well, I'm not going to accept—. I'm not going to Hell! I don't care what my parents tell me to do, I'm not going there. I don't want the place. I'm going to change things, if possible. I'm not going to accept no-future, as a perspective."

What you have, therefore, is you have a conflict, between the parents' generation, and the younger generation, the young adults. This is not a conflict of prejudice: this is a conflict of reality. The older generation is still clinging, to those values and habits of behavior and belief, which mean no future for humanity. The younger generation's conflict with its parents' generation, is *not* the usual kind of thing, of the young people quarreling with the parents. It's not "leaving the egg," so to speak. This is real.

The younger generation represents a potentially healthy generation, for turning society *back*, away from, a no-future society perspective. Whereas the older generation is embedded with habits: habits of thinking, prejudices, knee-jerk reactions, emotional reflexes—all these things, which are against—would prevent a future for the younger generation, and their children. So, this is the nature of the conflict.

Thus, under these circumstances, what is needed, is that the younger generation, while it may not know everything it needs to know, is instinctively right, in sensing that their parents' generation's values—the people in their fifties and their early sixties—are wrong. They may not know exactly why they're wrong, but they know they're wrong, because the parents' generation is living in a no-future fantasy. And they know, that they've got to find their way *out* of this no-future end-game. That's the nature of the conflict.

Therefore, at this time, the kind of youth movement, which we've organized, in the United States, spread into Europe, and we have some seeds down there in Australia. This is absolutely essential, *not* to stage a generational quarrel, per se. The problem is, the older generation is habituated to those habits, those ways of behaving, which mean a no-future society. And therefore, young people must have *their independence*, which is their independence of the Baby-Boomer ideology. Because, if we don't get the world freed of the grip of Baby-Boomer ideology, the world is not going to make it, except plunging into a new dark age.

Therefore, the development of a young generation, *which will lead* their parents' generation *out* of madness, is the key to civilization.

This is not entirely uncommon in human history: That often cultures go down, not because they didn't have the magic elixir, or something of that sort; but, because they got into cultural habits, which in practice, led to acceptance of, or caused, a collapse of civilization. The Roman Empire is an example of a long process of decadence. Medieval European society, the so-called "ultramontane society," of the Welf faction, and similar people, is an example of that: That these cultural trends destroy civilization. They may not destroy everybody in it, but they put us into a dark age or a relative dark age, repeatedly.

So therefore, when you come to a dark age, the problem is not that a dark age is natural—except for accidents, natural accidents, which are beyond our reach—every catastrophe mankind faces, is imposed by mankind itself. It is not imposed by one or two leaders, usually—very rarely: *It is imposed by the fact, that the majority of the population, has become cultural addicted to habits of behavior and thinking, which have led, over the course of time, to a collapse of civilization.*

That's what we face, now, a collapse of civilization crisis. Not a mistake, which has to be fixed. Not a gimmick. You don't go to the store, and buy a new costume, and solve this problem. You have to go to a store, and get a new mind! A mind free of these cultural habits, which were developed with the Baby-Boomer generation, as the post-industrial, pleasure-society ideology, which has come to dominate Europe and the Americas, in the recent period. And, of course, has had not pleasant effects on the possibilities in Australia.

And therefore, the younger generation—those of us who are wise enough, will support the younger generation's efforts, to get out of this mess, and to lead their parents' generation, and others, under the pressure of crisis, into going back to ideas which worked. And building the future, by going back to the fork in the road, where they made the wrong turn. And make the proper turn this time, and get their reluctant parents' generation, to go along with the journey. Under those circumstances, there is no reason we should not come out of this crisis quite well, with a little suffering and hard work. But, if we don't make that change, there's no chance.

And therefore, in times like this, it is sometimes a generation of young adults which makes the turn.

Take the case of the history of the United States: If you look at the age, of the people who became the leaders of the United States—those who formed the Declaration of Independence; those who created the Constitution, and so forth—these people were recruited around a fellow, a scientist, a leading world scientist at the time, Benjamin Franklin, who was influenced from Europe. Influenced by, in part, people like Priestley, in England; Watt, who was recruited by Franklin and Priestley, who developed the famous Watt steam engine—in France, with the assistance of a great Frenchman, Lavoisier, who was killed by the French Revolution. By Leibniz's influence, directly, through his writings.

So, these young people, around the best ideas from Europe, grouped around Franklin, from the middle of the 1770s on, became a leadership, which created the United States. They were, with few exceptions, a youth movement. George Washington was not exactly a youth at that time; nor, of course, was Franklin, who died at a ripe old age. But, these guys—the Hamiltons, the Madisons, the Jeffersons, and so forth—these were part of a youth movement.

Now, what you have to think of yourself, today, is being typical of youth who are making this kind of turn. You have to think of yourselves, as people who are reaching out to find the so-called secrets of society—sometimes, the lost secrets of society—which are needed to rebuild nations, rebuild civilization. And, you are acting in that way, and in that degree, as the conscience of your nation, and the conscience of civilization, to turn the world back to where we made the wrong turn, especially the wrong turn of the middle of the 1960s. In that way, we shall come out all right. Not perfect, but all right.

And, that's, I think, what you are implicitly doing.

Thank you.

LAROCHE ON LOUISIANA RADIO — *EYES OPEN* WITH TONY BROWN, MARCH 5, 2004

TONY BROWN: You are listening to Eyes Open, of course, as you've heard, the highest rated call-in talk show in the state of Louisiana, on the most powerful station on the planet. Yeah, that's why we are broadcasting, 70,000 watts of clear digital sound, to the tristate area of Louisiana, primarily, and Texas and Mississippi. Heard in every major city in Louisiana, with the exception of New Orleans. As far east as Woodville and Natchez, Mississippi, and as far west as Houston and Beaumont, Texas.

Tell you what, folks, LaRouche leads Democrats in itemized individual contributions—yeah, this is out of his camp. "Democratic Presidential pre-candidate Lyndon LaRouche now leads all the remaining Democratic presidential candidates in the cumulative number of individual itemized contributions to his campaign, as measured by the Federal Elections Commission. This figure dramatically underscores the fact that LaRouche has a depth and breadth of popular support among ordinary citizens, far beyond his rivals." That, according to his campaign. "The FEC defines an itemized individual contribution as a contribution by a person who has given more than \$200 to a campaign."

He joins us here live, right now, on Eyes Open, with me, Tony Brown. And the reason, folks here in Louisiana, that you haven't heard from Mr. LaRouche, particularly in this area, is because he says that some people are afraid of him, certainly the Democratic Party.

Good morning, Mr. LaRouche. Thanks for joining us.

LAROCHE: Good morning. Good to be with you.

BROWN: Tell us exactly—certainly our listeners—why does it appear that some folks, certainly in the Democratic Party and in the news media—seem to be afraid of you?

LAROCHE: Well, it happens to do with financial interests. There are certain financier interests who have known me very well, for more than 30 years. They know exactly where I stand on how to deal with the situation, in which the world is bankrupt, and the government has to choose between the poor, and the bankers. And so, the bankers, or the financier crowd, doesn't like me one bit.

That's not true, of course, in all levels of the Democratic Party, or of the people. But in that crowd, which controls a lot of the money of the country, I am not popular.

BROWN: Now, I wanted to advertise this, Mr. LaRouche. You said that our system here in America, certainly when it comes to financing and the economy, is held together with spit, not glue. Explain.

LAROUCHE: Well, we're now bankrupt, and poorer people, people in the lower 80% of income brackets, know it. Some people are deluded by the stories about the fabulous riches being made on Wall Street. But that isn't getting down to the people. We're losing jobs, we're losing everything. We're losing infrastructure, we're losing health care, everything is going. We're now in a depression. We're about to get the real "other shoe" dropping, where the crash comes on top of the existing depression.

That's our situation.

People go into a state of denial. People don't like to see a hopeless situation, so they will cling to the hope that things are going to get better, as long as they can. And then they get to the point that they find it's not going to get better, and then they shift their values, and they begin to say, "We've got to do something about this."

BROWN: I remember reading something about you last year, that you had stated that America's economy's primarily driven on an inflated housing bubble. Explain that.

LAROUCHE: Well, what happened is that, you have several bubbles, but one is the housing bubble. Is that the Federal Reserve System began using Fannie Mae and Freddie Mac—which deal with mortgage-based securities—began using that to pump up the real estate market in certain parts of the country, as around Washington, D.C., spots on the West Coast, and so forth.

Now, what this has done, is driven houses, which are essentially shrink-wrapped plastic-covered, [hardly] better than shacks—

BROWN: They call them McMansions.

LAROUCHE: Yeah, or something like that. And these things are going for \$400 to \$600,000 mortgage, or more.

BROWN: Ridiculous.

LAROUCHE: And people who can not afford to carry that kind of a mortgage are taking these places, because that's what they can get. Now, if this thing collapses, as it will, these people are in trouble, and if it goes down, all those things that are based on mortgage-based securities, go into a collapse. Like LTCM in 1998. Same kind of thing. It's leveraged investments; it becomes a big bubble; it's bloated. Sooner or later, one of these bubbles blows, and then all the bubbles, start to blow.

BROWN: Now, let me let my listeners know that certainly this is, I think, your eighth attempt at the White House. You are about 80 years old. Do you think that your tenacity, and your persistent diligence, whatever, pay off for you?

LAROUCHE: Well, sure. I've been right along, but I've been warning that this is coming. I've been campaigning, saying, this *is* coming, along with some crazy war policies of some idiots, and warning against it. I've always been right. But, people go to a state of denial. They say, "Well, no, he's wrong. It can't be true. They won't let it happen." The famous phrase, "They won't let it happen." Who's "They"? Well, that's a good question.

No, we've come to the point that it *is* happening. Now, people who've been up in the grandstand, cheering for the gladiators in the arena, are now finding out, *they're* the guy in the arena. And they have to start voting for themselves, not for some favorite movie star.

BROWN: Now, you say, the lack of interest you're getting the mainstream media, despite your grassroots popular support, obviously, from your campaign contributions, from the average Joe, so to speak, is evidence, and should raise questions about corruption in the media. Can you explain that for us?

LAROCHE: Well, it is corruption in a sense, but let's call it for what it is, rather than just trying to describe it. What you have is the major media are controlled by major financier interests. These interests are not just U.S., they're international. These international financial interests are deadly afraid of me, would do almost anything—and they did try to kill me a couple of times—would do almost anything to prevent my getting near power.

BROWN: Did I hear you right, Mr. LaRouche? You said there have been several attempts on your life? By these interests?

LAROCHE: Oh sure, we have the case in 1973, goes back that early. The FBI memorandum—Washington and New York. They have a plan to have me *eliminated*, by using the Communist Party thugs to do it.

Then you have in 1986, parked on my front lawn, so to speak, over 400 Federal agents, coming in, ready to shoot. And they would have come in overnight, except the White House told them to stop it.

BROWN: And you're saying that the reason why certain people are afraid of you, and it certainly seems that the government is, is because you're telling the truth here.

LAROCHE: Well, it's more than that—that's part of it. But the fact is that they're afraid of me. And they know that under conditions—that I'm a sort of a Franklin Roosevelt man, in a sense. That, when faced with a crisis of the type we have now, my belief is, the government's *first* job is to defend the people, and the sovereignty of the nation first, and then deal with the claims of the bankers, later. That's what—they don't like that.

BROWN: Yes, sir. Now, getting back to how much money you've raised so far for your campaign, approximately \$6.7 million. Where is the money coming from?

LAROCHE: From people, ordinary people. There are no big pockets. I don't have any trace of big pockets anywhere in my funding. It's all ordinary people.

BROWN: Now, why do you think you have such broad popular support?

LAROCHE: Because I'm known for a long period of time, and despite the appearance that might be projected by the news media coverage of me, actually I'm well known in the base of the population, especially in certain layers. And they just, at times when something happens—. Look, you know, we won a big election, state election, in Illinois in 1986. We've won a lot of elections. We won the Houston Democratic leadership for a while. So, we've had a lot of victories of this type. I am well known in the population. Not everybody, but a lot of people, and people know what I stand for. So, it happens, time comes, people come back to turn out to support me. Time comes, they're not out to support me. This is the way things go in life.

BROWN: Let me ask you this, Mr. LaRouche. Now, I was looking at CNN this morning, and I was looking at an advertisement that is currently running, I think on the Internet with President Bush. What do you think about the

President's ads, which appear to use 9-11 images to get re-elected?

LAROUCHE: That is disgusting. It's disgusting, but look, from Bush himself, the poor guy is not, he's not our most brilliant guy. He's sort of an intellectually challenged guy.

BROWN: He's not the sharpest egg in the carton, is he?

LAROUCHE: No. He may smell a little bit, but there's no sharpness there. And he's been a puppet, largely, for people like Cheney's crowd. And that's been our problem. But he's *nothing*. He shouldn't be President. He's not qualified for dog-catcher—I have that from the dogs, I think.

BROWN: And, by the way, let me ask you this question. You are going to be on the Presidential primary ballot here in Louisiana come Tuesday. What is your message to Louisiana residents?

LAROUCHE: That we are in a crisis. The financial system is collapsing. It's been collapsing for a long time. Now, we've come to the end of the trolley line, and we've got to decide what you're going to do next.

Now, what we're down to is this: You're down to only two leading candidates who are in the picture. Sharpton's still in, but he's in there for delegates, not for winning the nomination.

BROWN: That's exactly right.

LAROUCHE: So, therefore, what you're down to is two leading candidates.

BROWN: Let me abreast you of this situation: Sharpton is not even on the Presidential primary ballot here in Louisiana.

LAROUCHE: I know, in some cases. He has limited resources, what do you expect?

BROWN: Well, he didn't fill out his form properly, certainly according to the people down in Baton Rouge, and he didn't send a proper check—I think he sent a campaign check, and they needed a money-order. So, it was trivial, but in any event, I think he has a law suit pending right now, trying to get that corrected.

LAROUCHE: I talked to him on the way to Augusta, on the plane. We were both coming from Los Angeles to Augusta, Georgia. We just had some brief discussion on this sort of thing. And he also said openly at Augusta, what he stands for, what he's trying to do. And that's what he's doing and that's all fine. But he doesn't have much of a campaign machine.

BROWN: Well, I want to thank you for being with us this morning. And your final word to residents here in Louisiana, who'll be going to the polls on Tuesday?

LAROUCHE: We're going to have to fight. We're going to have to fight from now on, not only between Kerry and me, but to make sure we get the machine going, so that we win in November.

BROWN: Okay, I want to thank you for joining us.

Links to articles from *Executive Intelligence Review**

Feature:

'CONVICT HIM OR KILL HIM!'

The Night They Came To Kill Me

by Lyndon H. LaRouche, Jr.

This statement was issued by the LaRouche in 2004 Presidential campaign committee on March 2, 2004.

"On October 6, 1986, a virtual army of more than four hundred armed personnel descended upon the town of Leesburg, Virginia, for a raid on the offices of EIR and its associates, and also deployed for another, darker mission..."

- Documentation:

- LaRouche's Fateful Debate With Abba Lerner

- On Dec. 2, 1971 an encounter took place at Queens College, in New York City, which shook the international financial community. Economist and political leader Lyndon LaRouche faced off in debate against the leading Keynesian economist Abba Lerner.

- SDI and the Jailing Of Lyndon LaRouche

- by Paul Gallagher

- This speech was given on March 21, 1993, to a conference of the Schiller Institute in Northern Virginia, and was published in an April 1993 EIR White Paper on 'The Crucial Role of Lyndon LaRouche in the Current Strategic Situation.' Gallagher was the former executive director of the Fusion Energy Foundation (FEF), which had been shut down by an illegal government-forced bankruptcy in 1987.

- FEC Figures Show LaRouche With Broadest Base of Support

- by Anita Gallagher

- Lyndon LaRouche is first among all candidates for the Democratic Presidential nomination in the breadth and depth of his base of support in the population, according to the latest, February 2004 Report on fundraising which every Presidential campaign must file with the Federal Election Commission.

Economics:

'REMITTANCES' AND LABOR RECYCLING

Harvard's Fascist Policy For the Americas

by Paul Gallagher

The publication of Harvard/Trilateral Commission 'cultural warmonger' Samuel Huntington's article in Foreign Policy magazine, which calls for a Clash of Civilizations between the 'native' American population and its Hispanic immigrants ..., points to an underlying fascist economic policy in the Hemisphere, which has recently gone under the name of 'immigration facilitation and workers' remittances' in the international banking community.

- Huntington Raves Again: Watch Out for a New Cheney War!

- by Gretchen Small

- Harvard's disgusting Samuel Huntington, whose 1996 anti-Islamic Clash of Civilizations tract laid the groundwork for the Cheney gang's Middle East wars, is preparing the ground for new wars, this time throughout the Americas, and within the United States itself.

Battle Lines Drawn in Argentina-IMF Showdown

by Cynthia R. Rush

There's no question that alarm bells went off on Wall Street and in the City of London, over the Feb. 27 report from Caracas, Venezuela that Argentine President Néstor Kirchner and Brazilian President Lula da Silva had agreed to meet March 10 in São Paulo, Brazil, to define a 'common

strategy' for dealing with the International Monetary Fund (IMF) and other multilateral lenders.

- **Documentation:**

Kirchner: Usurers Turned Recession to Depression

As Lyndon LaRouche noted, just-deceased former Mexican President José López Portillo, who developed Mexico's economy in confrontation with international finance in the 1970s, would have been happy with Argentine President Néstor Kirchner's March 1 speech.

International:

Attempt To Trigger Civil War Fails in Iraq

by Muriel Mirak-Weissbach

Someone certainly wants civil war in Iraq. The atrocities committed against Shi'ite worshippers on March 2, at holy sites in Baghdad and Kerbala, could have no other motivation than to pit Shi'ites against Sunnis.

Stop Playing Football With Korea Powderkeg, Says Russia

by Kathy Wolfe

The Six Power Talks on Korea adjourned in stalemate on Feb. 28, under Vice President Dick Cheney's continuing direction to the American delegation to make unilateral demands that North Korea simply give up all nuclear programs, including peaceful nuclear power, or else.

Legality of Iraq War Challenged in Britain

by Mark Burdman

With the end-of-March first anniversary of the launching of the Iraq war approaching, and Britain absorbed in months of intense controversy over Prime Minister Tony Blair's wildly exaggerated pre-war allegations about Iraq's weapons of mass destruction, Blair has been fervently hoping, as his 10 Downing Street spokesmen put it, to 'draw a line' under the Iraq issue, and to 'move on' to other matters of pressing concern. But alas for Blair, this has not come to pass...

Why Afghanistan Is Becoming a Narco-State

by Ramtanu Maitra

Within a few weeks, Afghan farmers in the southern and southeastern part of the country will start harvesting poppy. If the annual wailing of the United Nations Office on Drugs and Crime (UNODC) and U.S lawmakers are interpreted right, Afghanistan is going to have a bumper crop...

Palestinians Need Viable Political Solution

by Carl Osgood

Less than a month after President Bush took office, Palestinian legislator Dr. Hanan Ashrawi, then serving as a spokeswoman for Palestinian Authority president Yassir Arafat, warned an audience at the National Press Club in Washington, D.C., that the violence between Israelis and Palestinians could only stop if Israel withdraws from occupying Palestinian land. Instead, the victims of the occupation were being blamed for the violence resulting from the presence of Israeli troops, the checkpoints and the illegal settlements.

Saakashvili's Roses Not Yet Wilted in U.S. Visit

by William Jones

The first visit to the United States by the newly elected President of the Republic of Georgia, Mikhail Saakashvili, was for him, as he said, 'like coming home.' The new President, brought to power in Georgia in a U.S.-supported move against old Soviet apparatchik and Gorbachev protégé' Eduard Shevardnadze, was given a royal welcome to Washington.

Conference Report:

Europe's Mission: Build A Future for 6 Billion People

by Helga Zepp-LaRouche

Helga Zepp-LaRouche, the chairwoman of the Civil Rights Movement Solidarity (Bu"So) political party in Germany gave this keynote speech to the party's national convention on Jan. 25, to outline the perspectives for the party's participation in the European Parliament elections. The Bu"So chose 86 candidates for the June 13 elections. The speech was translated from German by Alexander Hartmann.

National:

Subpoena Threats Haunt Cheney and White House

by Michele Steinberg

Vice President Dick Cheney's national security advisor Lewis 'Scooter' Libby is again in the sights of the ongoing Federal grand jury investigation into the leaking of the identity of CIA 'non-official cover' agent Valerie Plame.

LaRouche: For Fair Elections, Ban Computer Voting Now!

by Edward Spannaus

Computer voting must be totally banned for the upcoming November Presidential elections, Democratic candidate Lyndon H. LaRouche told a large audience at a campaign event in Los Angeles on February 26. What is needed is not just a protest, LaRouche said in response to a questioner. 'We have to have some action now, before the election.' This will not come from the courts, he noted, reminding his listeners of what happened to the last Presidential election at the hands of Justice Antonin Scalia and the U.S. Supreme Court.

From 'War on Terror' To 'Climate Warfare'

by Ralf Schauerhammer

Under the headline 'Now the Pentagon Tells Bush: Climate Change Will Destroy Us,' the London Observer's Feb. 22 issue brought sensational news: 'Climate change over the next 20 years could result in a global catastrophe....The document predicts that abrupt climate change could bring the planet to the edge of anarchy as countries develop a nuclear threat to defend and secure dwindling food, water, and energy supplies. ...Just how the Observer obtained this 'suppressed' report, isn't nearly as mysterious as the editors make it out to be.

U.S. Economic/Financial News

OFHEO: U.S. Housing Prices Soared in 2003

Supporting Lyndon LaRouche's assertion of a bubble in U.S. housing prices, the Office of Federal Housing Enterprise Oversight (OFHEO) reported March 1 that house prices "increased dramatically" during October-December 2003. This recent jump in house prices was widespread geographically; and represents an acceleration of the decades-long period of rapid increases in the prices of homes.

Average U.S. house prices shot up by 7.97% over the year from the fourth quarter of 2002 through the fourth quarter of 2003, according to OFHEO's house price index. Over the most recent quarter, house prices surged by 3.67%, or an astonishing annualized rate of 14.67%; this appreciation is more than two percentage points higher than the increase in the previous quarter.

The index reflects price changes in sales or refinancings of single-family homes whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac.

This rapid increase in housing prices, was not confined to a few states. "This acceleration in price appreciation is widespread," said OFHEO. In all but two states, the rates of the rise in house prices, increased in the fourth quarter of 2003. The biggest price increases in the quarter, occurred in Virginia, New York, and the District of Columbia. Even states that had been lagging behind the average national rate, experienced a "substantial acceleration" in housing price growth.

Metropolitan areas in California and Florida, continue to dominate those with the highest house-price appreciation.

Historically low mortgage interest rates, held down by the Federal Reserve, were cited by OFHEO as contributing to the accelerating growth in housing prices.

Moreover, this represents an acceleration of "a prolonged period of rapid house-price gains," noted OFHEO's chief economist. The year 2003 marks the fourth consecutive year in which house prices have risen more than 7.5%, on average, across the nation. Over the past five years, prices have surged 41.81%; since 1980, when former Fed Chairman Paul Volcker launched the "controlled disintegration" of the U.S. economy, they have soared, by a whopping 206.93%—i.e., more than tripled.

Fed's Bernanke Worries System Near Systemic Breakdown

Speaking at Washington and Lee University in Virginia March 2, on the subject, "Money, Gold, and the Great Depression," Federal Reserve Board member Ben Bernanke, confirmed what Lyndon LaRouche has said: the average citizen is told that everything is fine, but those with even a modicum of knowledge about the world financial system know that it is hopelessly bankrupt, and on the verge of *systemic breakdown*.

Though he did not explicitly compare today's crisis to that of 1929-33, by making that latter crisis the subject of his so-called "objective" talk, Bernanke revealed what really is on his mind.

Bernanke focusses on, what for him is the main topic: that during the last crisis, the Fed did not generate enough liquidity to save the banking system. Bernanke laments, "The Federal Reserve had the power at least to ameliorate the problems of the banks. For example, the Fed could have been more aggressive in lending cash to banks [taking their loans and investments as collateral], or it could have simply put more cash in circulation. Either action would have made it easier for banks to obtain the cash necessary to pay off depositors, which might have stopped bank runs before they resulted in bank closings and failures. Indeed, a central element of the Federal Reserve's original mission had been to provide just this type of assistance to the banking system as lender of last resort. The Fed's failure to fulfill its mission was, again, largely the result of the economic theories held by the Federal Reserve leadership."

Bernanke is involved in a brawl inside the ranks of the central bankers about what do about the system's insolvency, in which he is arguing that, if need be, as he has said, money should be dropped out of airplanes. Such desperate moves threaten to generate a Weimar-style hyperinflation

London *Economist* Highlights U.S. 'Phoney Recovery'

"America is experiencing the biggest credit bubble in history," warned Kurt Richebaecher, former chief economist at Dresdener Bank, in a special feature on the U.S. economy, in the Feb. 28 London *Economist*. The *Economist* piece, headlined, "The American economy—A phoney recovery," comes just two weeks after the same publication pointed to "The coming storm," on global financial markets because top banks are now even more exposed to high-risk speculation than before the LTCM collapse in 1998. Richebaecher, who joined Lyndon LaRouche at a Berlin seminar in Nov. 2001 on the "New Bretton Woods," is presented by the *Economist* as "an independent economist who publishes a monthly newsletter."

Following extensive quotes from Richebaecher concerning the poor performance of the U.S. economy, while at the same time the debt generation is breaking all historic records, the *Economist* notes that the U.S. has been enjoying a very special

kind of "wealth creation": "the Fed is, in, effect printing it. Not only has it held interest rates unusually low, but the excesses of an asset-driven economy are being fuelled by artificially low bond yields (helped by huge purchases from Asian central banks trying to suppress the rise in their currencies) and hence mortgage rates."

What the Federal Reserve is doing "is cushioning the impact of the bursting of one bubble by inflating another—in housing." However, Alan Greenspan's method—to just continue printing money—is no longer supported by certain other top central banks, states the *Economist*, a mouthpiece of the City of London. "Other central banks seem to be breaking ranks with the Fed. Officials at the European Central Bank, the Bank of England, the Reserve Bank of Australia, and the Bank for International Settlements [the central banks' central bank] have given some support to the view that monetary policy should sometimes lean against a rapid growth in asset prices and build-up of debt, even if consumer-price inflation is low. The Bank of England and the Reserve Bank of Australia both recently raised rates because of such concerns."

In the case of the ECB, the *Economist* refers to last week's warning by ECB chief economist Otmar Issing, who "suggested that central bankers should avoid contributing to unsustainable collective euphoria and should perhaps signal concerns about asset values. Mr. Greenspan, alas, shows no sign of taking his advice."

Dem Senators Offer Measures To Stop Outsourcing of Jobs

At a press conference on March 3, Democratic Senators Tom Daschle (S.D.), Chris Dodd (Conn.), Tom Harkin (Iowa), and Debbie Stabenow (Mich.) announced the introduction of amendments to a Jobs Act, intended to stop out-sourcing. The amendments include: 1. "prohibiting the shipping of jobs overseas for any contract with the federal government"; 2. "deny all favorable tax treatment to businesses who insist on shipping their jobs overseas"; 3. that, "a corporation that ships its entire plant overseas [will be] taxed like everybody else, not benefitting from the tax deductions that they get today by shipping an entire operation to China, India, or someplace else."

The amendments do not correct the underlying policy shift of the post-industrial society of the past 40 years; but catalyzed by the LaRouche campaign, and the reality of loss of manufacturing jobs, Democrats have begun to respond to the consequences.

ISM Survey Lies That U.S. Manufacturing Is Expanding

On March 1, the Institute for Supply Management (ISM), an association of supply managers, escalated its peddling of the myth that U.S. manufacturing is in a "recovery." ISM wildly claimed that manufacturing activity rose again in February—even as more and more factories shut down permanently, such as Ford's truck plant in Edison, N.J. ISM's faked index of manufacturing activity hit 61.4, indicating purported rising production—and touted as capping the best four-month performance in manufacturing in two decades. (A reading above 50 indicates expansion.)

Adding to this lie, ISM claimed that manufacturing employment shot up in February, showing that factories are supposedly stepping up hiring. ISM's employment index—which has consistently claimed rising payrolls, even as the Bureau of Labor Statistics acknowledges manufacturing employment has fallen for 40 consecutive months—jumped to 56.3 in February, up from 52.9 in January.

Showing the reality of the accelerating breakdown of the manufacturing sector, a recent report on plant shutdowns by Alliance Capital Management found that 21,513 U.S. factories were closed in 2002 and 2003, up sharply from 13,824 shutdowns during 1998-2001.

The first aspect of ISM's deception device: The monthly survey is based not on actual levels of manufacturing production

or payrolls, but on the *mood* of purchasing managers at companies. ISM's index compares the number of purchasing agents who deem conditions to be getting better, with those who say circumstances are the same or deteriorating.

Then ISM's survey method discounts jobs losses, thereby falsely inflating employment levels and showing purported hiring. ISM surveys only purchasing managers at active plants rather than those at factories that have been closed; when a plant is shut down, ISM replaces it with another participant.

Even ISM chairman Norbert Ore noted a higher level of this "churn" in survey participants late last year, as new participants were brought in to replace those at plants that were closed permanently. Yet, he declared, on release of the new ISM survey, "Businesses are back."

World Economic News

Ruble Price To Be Determined by Dollar and Euro

The Bank of Russia is shifting its exchange-rate policy. Now, the price of the Russian ruble will be determined not only by the U.S. dollar, but by a basket of currencies, which will be built by Russian monetary authorities, *Izvestia* reported March 1.

This will expand the possibilities of the Central Bank of Russia, which will be able to stop supporting the U.S. dollar on the Russian market, the newspaper said. Analysts expect that the new rules will be introduced after the Presidential elections on March 14.

Oleg Vyugin, Deputy Chairman of the Central Bank, said at a news conference, that the dollar should be replaced by a basket of currencies including the dollar and the euro.

Izvestia reported that the largest part of export proceeds comes to Russia in the form of dollars, but the demand for euros is also significant, as some imports are paid for in euros. That is why the strengthening of the ruble against the dollar was compensated for by the euro's strengthening against the American currency. This helped Russian producers, as prices for imports from Europe remained high.

But Russian owners of dollars did not benefit from this advantage. The weakening of the dollar hit their personal savings, and they started shifting to the euro and the ruble instead. It became clear that the pegging of the ruble's exchange rate to the dollar does not correspond to reality anymore.

This played into the hands of the Central Bank, the newspaper believes: The new strategy will give it more freedom to determine the national exchange-rate policy. It is the first step towards achieving the main goal of Russia's foreign-exchange policy: to ensure that the ruble is fully convertible, *Izvestia* said.

However, this does not mean that the Central Bank will withdraw from the foreign-exchange market. The Central Bank has enough foreign currency, and its ruble resources are unlimited. According to analysts, the real exchange rate of the Russian ruble (taking into account the inflation rates of the previous years) is still 17% below its level before the 1998 default. The Central Bank will work on this problem. For the Russian people, the best strategy now would be to transfer their savings into rubles and wait until inflation goes down, *Izvestia* concluded.

Russian Central Bank To Use Forex Reserves To Steady Ruble

The Russian government is prepared to use its foreign-exchange reserves to cushion any upward pressure on the ruble, as it closely watches the dollar's fall against the euro, the *Financial Times* reported on March 1.

Oleg Vyugin, the Central Bank's first deputy chairman, told the *FT* that the bank was prepared to act to prevent the currency market from "overheating." The country has seen strong interest from portfolio investors, lured by its rising markets and economic potential.

"If there is a big flood of portfolio investment into the Russian market, the Central Bank is ready to use its reserves to sterilize this," Vyugin was quoted as saying.

Gold and foreign-exchange reserves stood at \$86.7 billion as of Feb. 20, up \$9.8 billion since the start of 2004, thanks largely to high oil and commodities prices, heavy corporate borrowing abroad, and more Russians shifting their savings into rubles away from a weak dollar.

That has propelled the ruble to almost three-year highs against the dollar and forced the Central Bank to contain the rise to help local producers compete with foreign goods.

Vyugin declined to reveal any target rate for the ruble, the paper said, adding, the Central Bank was closely monitoring the dollar. Most of the country's export revenues are in dollars, while half its imports come from the euro zone.

"If we just followed the dollar rate, we could end up with a jump in inflation," Vyugin added. "At the moment, the dollar-euro exchange rate suits us. But if we move substantially, we may review our forex policy."

Japan Dollar Buying More Than Doubles—Again!

Japan's Ministry of Finance announced Feb. 27 that it and the Bank of Japan, in February, sold about 3.3 trillion yen (\$31 billion) to purchase dollars in the foreign-exchange market, boosting the year-to-date total to more than 10 trillion yen (\$95 billion). This is already about half of the 20.4 trillion yen (\$193 billion) sold into the forex market in all of 2003, which itself was three times the annual intervention figure for all of 2002. If this rate were to be continued for all of 2004, it would mean buying dollars on the scale of almost \$600 billion.

Japan engaged in large-scale interventions in early February to keep the dollar from collapsing below 105 yen. Despite the fact, that since then, speculation against the dollar has temporarily eased, Japanese interventions have continued more strongly than before, in an attempt to permanently weaken the yen (prop the dollar) at the Y109/\$1 level.

A senior Finance Ministry official stressed to Nikkei that moves to weaken the yen (e.g., bailout the dollar) continue, and further interventions will be carried out, if necessary. Tax money allocated for interventions has been exhausted because of the massive yen-selling, but the government will secure a potential of \$1.3 trillion (140 trillion yen!) once the fiscal 2004 budget is passed by the Diet in March.

United States News Digest

The Coming Fall of Dick Cheney: Subpoenas Haunting the White House

See this week's [InDepth](#), for the Congressional and Justice Department actions zeroing in on Dick Cheney, Halliburton,

and bogus intelligence from the Iraqi National Congress.

Two-Front Criminal Probe of Tom DeLay

The FBI and a Texas prosecutor are each now conducting separate criminal investigations into House Majority Leader Tom DeLay's vast fundraising and lobbying machine. Republicans Rep. Frank Wolf (Va.) and Sen. John McCain (Ariz.), are calling for a Congressional investigation. While the national and Texas probes are focussed initially on separate sets of individuals and alleged crimes, they are digging into overlapping aspects of what is known as "DeLay, Inc."

The FBI investigation, and the demands for a Congressional probe, concern the looting of Indian tribes by lobbyist Jack Abramoff and his associate Michael Scanlon. Abramoff was the principal organizer and fundraiser for Tom DeLay's original election-funding group, Americans for a Republican Majority (ARMPAC), created in 1994. Scanlon was DeLay's aide and chief public spokesman until joining Abramoff in private lobbying a few years ago.

Travis County District Attorney Ronald Earle is investigating the illegal use of corporate donations, through ARMPAC's spinoff, Texans for a Republican Majority (TRMPAC), to grab control of the Texas legislature in the 2002 elections. DeLay then secured the legislature's passage of a scheme to redraw the Texas Congressional Districts so as to increase the hold of Republicans, and DeLay personally, over the U.S. House of Representatives.

Representing Tom DeLay's influence in Washington, Abramoff and Scanlon reportedly took some \$45 million in fees from several Indian tribes in recent years. The Choctaws in Mississippi paid Abramoff \$10 million, and also contributed to DeLay's Texas scheme, TRMPAC. Another casino tribe, the Barona Band of California, donated thousands to DeLay's Texas group. Indictments are expected soon in the Texas case, in which the Speaker of the Texas house of Representatives, DeLay's man Tom Craddick, is most deeply embroiled.

Detroit Terror Case Is Out of Control

In the latest effort to contain the damage in a Detroit prosecution, once proclaimed as a major victory in the war on terrorism, Attorney General John Ashcroft on Feb. 28 appointed a "special attorney" to investigate prosecutorial misconduct.

Craig Morford, a Federal prosecutor from Cleveland, has been designated as the equivalent of a special prosecutor, who will report to the Deputy Attorney General, not to Ashcroft. He is authorized "to conduct in the Eastern District of Michigan any kind of legal proceedings, civil or criminal, including Grand Jury proceedings and proceedings before United States Magistrates which United States Attorneys are authorized to conduct," according to a statement issued by Ashcroft.

In the Detroit case, two Arab men were convicted of conspiracy to support terrorism; one was convicted of document fraud, and one was acquitted. The judge is now considering throwing out the conviction, because of prosecutorial misconduct which included withholding of evidence, and threatening a defense lawyer with an unfounded criminal investigation. The lead prosecutor in that case has been transferred out of Detroit, and he is suing Ashcroft and other DOJ officials. "The whole thing is clearly a mess," says former DOJ official Michael Greenberger.

Senate Takes Up the JOBS Act

On March 3, the Senate began work on a bill which is claimed, by both parties, to address the loss of manufacturing jobs. The Jumpstart Our Business Strength (JOBS) Act mostly addresses international tax provisions in order to satisfy a World

Trade Organization complaint against the United States, but it also includes provisions intended to give American corporations incentives not to outsource jobs to other countries, including rewarding manufacturers who keep operations in the United States by lowering the top corporate income tax rate. Senate Finance Committee Chairman Charles Grassley (R-Iowa), speaking to reporters on March 2, said, "We can compete [globally] if we have a taxing environment and a regulation environment that allows our manufacturers to have a level playing field."

Democrats see the bill as an opportunity to critique President Bush's economic record. Senate Minority Leader Tom Daschle (S.D.) said that the bill "will give us a key opportunity to talk directly about jobs, how we can create them; to pass a bill that would put emphasis on manufacturing jobs in particular; but to discourage outsourcing and to ensure that if you have a job, you're going to get paid for it, especially if you work overtime."

Ibero-American News Digest

Peru Congressman Tells Kirchner: Let's Go With LaRouche's New Bretton Woods

Congressman Ivan Calderon Castillon, from Piura in the north of Peru, sent a letter of support to Argentine President Nestor Kirchner on Feb. 22, urging him to take up Lyndon LaRouche's call for a creation of a New Bretton Woods. "I have the great honor of addressing Your Excellency ... to express my satisfaction and support for the resistance of your government against the usurious international financial institutions, specifically the IMF, which, with their malicious intention of collecting the last cent possible from victim nations, will end up provoking the inexorable and imminent collapse of the international financial system foreseen by the famous U.S. politician and economist, Lyndon H. LaRouche, Jr., currently a Democratic pre-candidate for the Presidency of the United States of America," the letter began.

"This situation does not reflect the bankruptcy of Argentina, but of the international financial system," which is now disintegrating, and is about to explode," Congressman Calderon wrote. If Argentina adopts a clear policy of resistance in this situation, you will "set a precedent for other nations, such as my own, to take initiatives aimed at putting an end to the looting by the international oligarchy.

"Argentina, and the whole continent also, should press, as Mr. Lyndon H. LaRouche, Jr. has proposed, for the creation of a more just New World Economic Order through a New Bretton Woods agreed upon between perfectly sovereign nations. Through this, by mutual accord, they would decide to put an end to the already finished IMF system and the floating exchange currency system, adopting in its stead a system of fixed exchange rates, and getting underway Hamiltonian National Banks to issue credit for the giant basic infrastructure projects which have been postponed for decades, which could, among their other benefits, obliterate unemployment," the letter stated.

Calderon informed President Kirchner that he was a signer of the Call for an Ad Hoc Committee for a New Bretton Woods, and had submitted bills for the founding of institutions in Peru based on Alexander Hamilton's concept of a National Bank. To achieve all this, he added, requires the physical and political integration of the Ibero-American nations, and the promotion of a system of sovereign and developed republics in the Americas, as was proposed by the United States' John Quincy Adams.

Aristide Ousted; What Now for Haiti?

The U.S. drove Haitian President Jean-Bertrand Aristide out of power on Feb. 29. On Saturday, Feb. 28, the Bush Administration put out the word through several officials that the crisis and violence in Haiti was Aristide's fault, and that he had to leave. The next day, some of the 50 Marines who had been sent to secure the U.S. Embassy escorted Aristide to a private plane, and he flew off, ultimately landing in the Central African Republic.

Chief Justice Boniface Alexandre was sworn in as interim President of Haiti on Feb. 29, and the U.S. State Department began hurriedly setting up a new government for Haiti. Ignoring calls for an investigation of Aristide's ouster coming from the Caribbean Community, the State Department formed a tripartite commission—consisting of Aristide representative Leslie Voltaire, former opposition senator Paul Denis, and the U.N. Development Program Coordinator in Haiti, Adama Guindo—whose job assignment is to set up a "Council of Elders," made up of some dozen or so "eminent Haitians," which would, in turn, have responsibility for arranging Presidential and parliamentary elections, and regrouping the police forces.

Administration officials have said nothing about providing that which Haiti needs most: economic reconstruction. A useful proposal was made, however, by retired State Department official Lawrence Pezzullo, during a forum sponsored by the Center for Strategic and International Studies on March 3. Pezzullo, who was involved in Haiti matters during the U.S. intervention into Haiti during the 1993-1994 period, reported that the U.S. had a plan in 1994, to transform Haiti's military into an Engineering Corps. Instead, the military was disbanded. Pezzullo suggested that that plan could be dusted off and reconstituted, today, as a way of rebuilding the country's infrastructure and pumping money back into the economy. "The country could use an engineering focussed military," he said.

Rumsfeld Pushes Utopian Military Force for Haiti

U.S. Defense Secretary Donald Rumsfeld jumped on the Haiti crisis as a pretext to champion, once again, his utopian schemes for global peacekeeping forces to occupy "ungovernable areas." Rumsfeld announced at the March 1 Defense Department briefing that the U.S. would be sending in 1,500-2,000 Marines to secure Haiti, until the international peace-keeping force can be assembled to take over the job. Once the UN force is in action, the U.S. will lower its force in Haiti.

Rumsfeld's main point of emphasis, was that Haiti "demonstrates the need for greater international capacity to conduct global peace operations." The U.S. can help organize, train, develop, and fund multinational "peace-enforcing" forces, which would mean that the U.S. wouldn't have to go in in every case.

Rumsfeld argued in November 2002, at the Defense Ministerial of the Americas, that since terrorists and drug runners were threatening to take over "unoccupied areas of countries," where weak nations no longer maintain control, multilateral military forces were needed to "re-establish sovereignty" [sic]. Haiti was one of the targets cited—as was Colombia, and even the slums of Brazil's largest cities, as *EIR* exposed at the time.

An anti-neo-con U.S. military source, who follows Ibero-America, emphasized to *EIR* that Rumsfeld's idea of a hemispheric force was most definitely on the agenda, and those who had said the proposal was dead, are flat wrong. He said that Argentina and Chile are targetted as the first countries to jointly form such a force. As for the deployment of the Marines to Haiti, he noted bitterly: "We are right back where we were in the 1930s."

Venezuela Referendum Failure Brings Threat of Civil War

Venezuela's National Election Council (CNE), in which the government holds a 3-2 majority, officially announced on March 2, that the opposition had failed to collect sufficient signatures on the petition for a referendum on recalling President Hugo Chavez early from his term. CNE head Francisco Carresquero "offered" the opposition another chance on March 18-22, to "repair" or validate some 1.1 million signatures rejected because of alleged irregularities. The proposed "repair" is a farce, as it would require those who signed the petitions to make their way to official polling stations, to see if they were the ones who had to re-do their paper-work, in the hopes of correcting the million-plus which were rejected.

Skirmishes between opposition radicals and the National Guard in Caracas began on Feb. 27, after the National Guard prevented the opposition from marching to the site where the Group of 15 summit was being held. Youths lit bonfires of

burning tires and garbage, and set up barricades, across the city's streets and avenues. Firemen report that 220 people were wounded on Feb. 29, alone, in these skirmishes.

The situation is thus moving towards civil war. The declared strategy of the synarchist networks within the opposition directing these actions is not to overthrow Chavez by such tactics, but to create such chaos that the military decides to intervene. The Armed Forces would split under such circumstances.

Chavez Threatens To Cut Off U.S. Oil

Venezuelan President Hugo Chavez went on national television on Feb. 29 to blame the U.S. for fomenting the coup plot against him. Calling Bush an "asshole" for believing reports that Chavez had lost his base of support, and insisting that he (Chavez) will last longer in the Presidency than Bush, Chavez declared that "Venezuela is not Haiti, and Chavez is not Aristide," and will not be ousted as was the Haitian dictator.

Chavez threatened that if Bush continues to back the opposition, Venezuela will cut off all oil sales to the U.S. Should the U.S. retaliate by seizing Venezuelan property in the United States—Citgo, for example, is a subsidiary of the Venezuelan state oil company, PDVSA—Chavez promised his regime would retaliate by seizing U.S. property in Venezuela.

Top Synarchist Economists To Descend on Mexico

Top mouthpieces for the dying International Monetary Fund system will be descending on Monterrey, Mexico this month, invited by the Economics Department of the prestigious Monterrey Technological Institute. The International Economics Symposium, sponsored by the Tec (as the institute is known) and the Harbor Intelligence consulting firm, will be held March 18-20 in Monterrey. The list of speakers constitute a "Who's Who" of fascist economics, including:

* The University of Chicago's Gary Becker (1992 Nobel Laureate), who will lecture on prospects for the U.S. economy, and its implications for Mexico. Becker is a member of the fascist Mont Pelerin Society, and, along with his fellow Chicago University Prof. Milton Friedman, advocates drug legalization, elimination of the minimum wage, and privatization of state pensions worldwide. Several of his students went on to become the officials responsible for the 1990s destruction of Argentina.

* James Heckman (2000 Nobel Laureate), a statistician who specializes in developing the theoretical underpinnings of the globalization of labor, will discuss why Mexico must gut its labor force even further, in order to compete with China's cheap labor force.

* Robert Barro, a Mont Pelerinite from Harvard, will give the monetarists' view of "growth," and how to achieve it. He is infamous for the lie that rising unemployment reflects rising productivity.

* Former Pinochet economic adviser Martin Costobal will promote the Chilean "success story"; Barbara Rockefeller, strategist for Rockefeller Treasury Services, and J.P. Morgan's Martin Anidjar will chip in with their "expertise" on wrecking currencies; and Carlos Salinas's murderous Treasury Secretary Pedro Aspe will provide a "Mexican" touch to the discussions.

Publicity has already begun for the event, which would seem to be aimed at shoring up the Mexican front in Wall Street's war against the Ibero-American debtors, as Argentina and Brazil show signs of resisting their own destruction.

More Bad Economic News for Brazil's Lula Government

The Brazilian government's Geographic and Statistical Agency (IBGE) reported Feb. 27 that official unemployment rose from 10.9% in December, to 11.2% in January, in the six major metropolitan regions included in its Monthly Employment Survey. Of the 2.4 million unemployed in these regions, 47.5% live in Sao Paulo—the industrial heartland of the country. According to Sao Paulo's Fundacao Seade and Diesse, unemployment in Sao Paulo hit 19.1% in January, the highest number since 1985. Fundacao Seade projects that that number will rise further in March and April.

Nearly half of unemployed (46.5%) in the six metropolitan regions are under 24 years of age.

The IBGE also reported that family consumption, calculated as part of the Gross National Product (GNP), fell by 3.3% in January 2004, its worst fall since the index began in 1992. The drop in consumption was driven by the high unemployment, and the 12.9% drop in average income in 2003, the IBGE pointed out.

Overall GNP fell by 0.2% in January, also the worst statistic since 1992. GNP, based on money values without any distinction between real and fictitious value, is a rotten gauge of an economy, but the categories of collapse reported by IBGE point to areas of disaster. Construction fell by 8.6%; investment (gross fixed capital) fell by 6.6%. A 5% increase in agriculture, resulting from a big increase in volume and price of farm-product exports, pushed the GNP figure up.

Western European News Digest

France, Japan Propose Joint Project for Iraq Reconstruction

French Foreign Minister Dominique de Villepin discussed a proposed joint plan for Iraq's reconstruction with Japanese Prime Minister Koizumi Kawaguchi and Foreign Minister Yoriko Kawaguchi, according to the *Arab Times* March 2.

A French Foreign Ministry official hinted that the plan "has to do with reconstruction aid, and is related to such things as culture and medicine. A museum is also being discussed. Germany's *Der Spiegel* said in February that Germany, France, and Japan had agreed to coordinate civilian reconstruction in Iraq in four areas: training Iraqi police, rebuilding the education system, increasing water and energy supplies, and assisting universities and libraries.

France and Japan are also expected to discuss their respective interests in pursuing the \$10-bn International Thermonuclear Experimental (Fusion) Reactor (ITER).

SPD Loses Ground in Hamburg Elections; Hangs On for Now

Germany's Social Democrats (SPD) lost votes in Hamburg in recent elections, but not as many as feared. The reshuffle of the ruling SPD leadership, announced along with Chancellor Gerhard Schröder's resignation as party chairman three weeks ago, has not prevented a further erosion of the SPD's popularity, nor has it remoralized party membership to any noteworthy extent. The SPD lost less than 5.9% in the Feb. 29 vote, but the 30.6% it received is still the worst result in 50 years in Hamburg.

The Christian Democrats (CDU) of Mayor Ole von Beust received 47%, a gain of almost 21%—which is not as spectacular as it seems, because it derives mainly from the totally decomposed populist "law and order" Rechtstaatliche Offensive party, which, in the 2001 elections, received more than 19%. The CDU gained some votes from the SPD and the Free Democrats (FDP), but all that combined did not win the CDU more than 50% of votes cast. Under German election law, votes for parties that fail to reach the 5% threshold for entry into the legislature, are redistributed among parties whose

vote total was at least the 5% threshold. That regulation gave the CDU an absolute majority of seats in the Hamburg city-state parliament, even though the party has stayed below 48%, in terms of votes cast for it, as such.

A majority, even a thin one, is a majority, however, so Ole von Beust retains the Mayor's office, as does Chancellor Gerhard Schroeder with his thin majority in the federal Bundestag, the lower house of parliament. The Hamburg vote has not changed the balance at the federal upper house, the Bundesrat, nor are SPD's losses in Hamburg dramatic enough to increase pressure on the Schroeder government beyond the existing considerable pressure.

It is, however, not very likely that the SPD will recover between now and the next round of elections in mid-June, nor will it regain votes to a significant extent in any of the 13 other elections this year. Without a real shift in policy, away from the budget-cutting Agenda 2010, the SPD will not be able to recover, and Schroeder will continue to muddle through, somehow—unless a stock market crash, a new Parmalat affair, or another big other scandal intervenes to shake things up.

British Chancellor of the Exchequer Mooted for IMF Head

The name of Gordon Brown, Britain's Chancellor of the Exchequer, has been floated to fill the vacancy created by IMF Managing Director Horst Koehler, who gave a one-day notice that he was leaving, to run for the post of next President of Germany, now held by Johannes Rau, whose term expires in May.

The lead front-page story in the March 5 London *Guardian* reports, "Gordon Brown was last night being lined up in Washington as a possible new head of the International Monetary Fund.... IMF sources confirmed last night that Mr. Brown was one of the top candidates to succeed Horst Koehler.... The Chancellor is already a powerful force within the Fund, in his position as chairman of its main decision-making body, the international monetary and financial committee, and was the most prominent of the names being touted in Washington last night."

Guardian writers Larry Elliott and Charlotte Denny put two caveats on Brown taking the IMF post. One, that this would mean relinquishing his ambition to replace Tony Blair as British Prime Minister, at a time when Blair is in ever-growing troubles over Iraq. Second, continental Europeans are reluctant to see the British take the position, and there are competing candidacies mooted from France, Spain, and Poland, the latter being Polish head of the Central Bank Leszek Balczerowicz, an IMF "shock therapy" operative of international notoriety.

See the March 5 *EIW InDepth* for the article, "Trickster Brown Rising to Prominence in U.K.," for the skinny on this wily operative.

Privatization of S&Ls Blocked in Mecklenburg-Vorpommern

Following strong resistance from the German Savings & Loan associations, the finance ministry of the eastern German state of Mecklenburg-Vorpommern was forced to stop the first-ever sale of a German S&L bank. This effort was part of a frontal attack by the International Monetary Fund (IMF), the European Commission bureaucracy and in particular the large commercial banks in Germany to finally break apart the German public banking sector.

While other European countries have largely privatized their banking sectors during the 1980s and 1990s, Germany is now the only European Union member where public and cooperative banks still have a combined market share of more than 50% in terms of clients and deposits. The municipality of Stralsund, bankrupt like thousands of other German municipalities, was singled out to set a precedent which then could be used to privatize the whole German S&L sector, thereby eliminating its crucial role in providing credits for local *Mittelstand* and regional development. The same Berlin-based legal firm, which helped the commercial banks and the European Commission to formally dismantle the public bail-

out clauses for the German Landesbanken and S&Ls by 2005, offered its advice to the Stralsund mayor to find some dirty tricks to circumvent the German S&L law, which rules out any privatization. The notorious synarchist investment bank, Lazard Frères, stepped in to manage the S&L takeover through a commercial bank.

The efforts failed as the Mecklenburg-Vorpommern Finance Ministry pushed through new legislation which makes it even harder to touch the legal status of the state's S&Ls. However, this certainly doesn't mean that the attack on the public German banking sector, which is explicitly obliged to the "*Gemeinwohl*" (common good) principle, will end. The sharks will just look for new flanks.

Youth Propose New Common French-German History Text

In the context of the European election campaign, discussion is underway among some history scholars about addressing the common historical roots of France and Germany, the *Frankfurter Allgemeine Zeitung* reported March 2. An initiative by the German-French youth parliament has proposed to their respective governments, the writing of a common German/French history book for the gymnasiums, said Saarland Minister President and CDU member Peter Mueller, who is responsible for bilateral relations between the two countries.

In June 2003, an agreement was received from 16 Minister Presidents for promoting such a history project. On Jan. 22, invited experts came from Germany and France to discuss the history project, whose aim is to discuss the history of the two countries, from the standpoint of common identity, and to study the causes of divergences. Proposals include writing a bilingual history book for the second-class level of the gymnasium, giving emphasis, for example, to "antiquity as the basis for European history," the "Karolingian Empire in the 8/9th Century," the Bismarck era and the French Third Republic," and "the Second World War and its Consequences."

In Fall 2004, the final outline should be finished, so that the text writing can begin. Of note, is the difference of approach among French and German historians. French historians tend to emphasize the actions of "great historical figures and individuals," whereas German historians tend to explain history from the standpoint of "structures," The book is supposed to be published in May 2005.

Bush Administration Tells Britain: Find Pro-War Lawyer

The U.S. government told the British government to "get yourself some different lawyers," when it was informed that Foreign Office legal advice, in the run-up to the Iraq war, was that a new war would not be legal without an explicit UN resolution authorizing it.

Baroness Helena Kennedy, a prominent lawyer, writes in her book *Just Law*, due for release in early March: "In the weeks before the war, the British government conveyed to Washington its concerns about the war, explaining that the preponderance of its legal opinion was that war would be unlawful without a second resolution of the [UN] Security Council."

In an interview with Britain's GMTV on Feb. 29, Baroness Kennedy questioned the way in which Attorney General Lord Goldsmith came up with his advice that the war would be legal. She told GMTV, based on information from a Whitehall source, that, after receiving Washington's view, Lord Goldsmith turned to a lawyer of "hawkish" views, Prof. Christopher Greenwood of the London School of Economics, basing his opinion on Greenwood's advice. She noted, "It was interesting, that out of probably only two lawyers who would have argued for the legality of going to war, one of them was the person the attorney general turned to."

Dalyell: Fundamental Issue Is 'Illegal, Preemptive War'

Bush, Blair Iraq war is an illegal, pre-emptive war Tom Dalyell, the longest-serving member of the House of Commons, told *EIR* March 1. "The fundamental issue, is that this is an illegal pre-emptive war," Dalyell said. He was commenting on the enormous implications of the British government's sudden decision, last week, to drop the case against Katharine Gun, the employee at the GCHQ/Cheltenham surveillance center charged with violating the Official Secrets Act, for having passed confidential information to the *Observer* in March 2003, about American and British espionage operations at the United Nations.

Dalyell said: "The focus being given to [former Blair Cabinet Minister] Clare Short's spat with 10 Downing Street have been a diversion. There is one central issue: What happened, and why, between the decision to go ahead with the Gun case, and the decision to drop it? Everything else is secondary.... The defense in the case was prepared to call Elisabeth Wilmschurst, former deputy legal adviser of the Foreign Office, who resigned on the eve of the [Iraq] war, as a matter of principle, at the age of 55.... The fundamental issue underlying all this, is that the Iraq war is an illegal pre-emptive war."

Dalyell called for the release of the Attorney General Lord Goldsmith's full decision in March 2003, declaring the war to be legal, be published.

Is Tony Blair Follow the Path of Thatcher, Heath?

British Prime Minister "Tony Blair won't last long," and would be well-advised to find an amenable exit, rather than be brought down ruthlessly and terribly," a well-connected continental European source told *EIR* March 1. "He will be out, within the next few months. He will likely follow the path of Conservative Prime Ministers Ted Heath and Maggie Thatcher. He has become a liability to his own parliamentary Labour Party, and is dead, in political terms. The downfalls of Heath and Thatcher were ruthless and terrible; Blair is headed in the same direction."

Russia and the CIS News Digest

Mikhail Fradkov Becomes Prime Minister of Russia

Russian President Vladimir Putin surprised all but his closest circle of advisers by naming Mikhail Fradkov, Russia's Ambassador to the European Union (holding the rank of Minister), to replace Mikhail Kasyanov as Prime Minister of the Russian Federation. Putin made the announcement March 1, saying that Fradkov fit the bill: "highly professional, an upstanding person with good experience of working in various areas of state service." At a cabinet meeting later that day, Putin noted that Fradkov "was Minister of Foreign Economic Ties at one time, so he worked in the economic section of the government; he was deputy secretary of the Russian Security Council, so he knows the 'force' agencies well; and, before departing for his overseas assignment in Brussels, he headed the Tax Police, so he has good experience in combatting corruption. He demonstrated in Brussels that he is a good, strong administrator and an upstanding person."

The Moscow press ran in circles to find a profile of Fradkov. The liberal daily *Izvestia* joined Communist Party leader Gennadi Zyuganov in trying to link him to the Alpha finance-industry group, because "he came to the Ministry of Foreign Economic Ties when it was headed by one of Alpha's leaders, Pyotr Aven" (which says next to nothing, as such overlap with Aven is also the case for the staunch opponent of Russia's "oligarchs," Sergei Glazyev). Others played up Fradkov's rumored "*siloviki*" (force agency people) and intelligence connections, citing various of his and his family's personal contacts. Many of the characterizations—"Neither a St. Petersburg man, nor a Chekist," "an economist, but not a liberal"—sounded for all the world like Nikolai Gogol's introduction of his famous character Chichikov, in *Dead Souls*: "a gentleman who was not handsome, but neither was he bad-looking; not too stout, but not terribly thin; not someone who

could be called old, but neither was he exactly young."

Fradkov does have a very broad background, including in areas that intersect intelligence work. Now aged 53, he earned his first degree as an industrial engineer, then an economics doctorate from the Academy of Foreign Trade a decade later, in 1981. In the mid-1970s he was an economic counselor at the Soviet Embassy in India, after which he worked in the machinery exports section of GKES, the Soviet State Committee for Economic Ties, and at the Soviet Ministry of Foreign Economic Ties. In 1991-92, he represented Russia at GATT. In the fall of 1992, he was named Deputy Minister of Foreign Economic Ties, serving under Aven and then under Glazyev. (Presidential candidate Glazyev, after stating that Putin "has installed people in all key positions who will not take a step without his agreement," commented that he knows Fradkov from their work together, as "a good and upstanding person.")

After Glazyev quit the government in protest of President Boris Yeltsin's policies, Fradkov remained at the Ministry of Foreign Economic Ties, handling major business such as nuclear power deals in China and Russia's negotiations for contracts on the Three Gorges Dam, and headed it in 1997-98. Yeltsin chastised Fradkov on national television in November 1997 for lack of progress in CIS customs relations, but he kept his job. In 1999, he was Minister of Trade. In May 2000, he went to the Security Council. In May 2001, Fradkov was named director of the Federal Tax Police, then went to the Brussels assignment when the Tax Police was abolished in 2003.

Fradkov Promises To Streamline Government

The Russian State Duma voted on March 5, by 352 to 58, to confirm Mikhail Fradkov as Prime Minister of the Russian Federation. Addressing the Duma, Fradkov promised to streamline the Russian government, merging ministries and eliminating deputy premierships in order to improve the efficiency of strategic planning and responsibility for the implementation of policy. After the reorganization of the government, details of which are yet to be announced, Fradkov said his top priorities would include an in-depth analysis of the state of the real economy, including both the production of goods and the service sector, and measures to bolster science, R&D and personnel training throughout Russia.

Attempt To Oust Glazyev from Rodina Leadership

Sergei Glazyev was all but ousted March 4 from his position as leader of the Rodina parliamentary group, after his fellow Rodina founder Dmitri Rogozin circulated a paper ballot among Rodina parliamentarians, on which 22 of 38 voted to remove Glazyev. People's Will Party leader Sergei Baburin, who had backed Glazyev in last month's clash with Rogozin, joined the push to kick him out. The proposed rearrangement would make Rogozin head of the Rodina group, while Baburin replaced Rogozin as a deputy speaker of the Duma. Glazyev refused to recognize the leadership change as legitimate, and RIA Novosti reported he was still "formally" head of the Rodina group, pending a decision on March 16 by a Duma rules body. There were reports of a scuffle in the Duma building, between members of Glazyev's staff and two individuals who attempted to remove the name plate from his office door.

Glazyev said the developments were part of a plot against him, instigated from within the Kremlin staff. He also issued an open letter to President Putin, demanding that Putin act to uphold the Constitution against the electoral dirty tricks, which have already been aimed against Glazyev's and other candidacies, and against large-scale vote fraud, now being prepared. Glazyev continues to voice his expectation of winning as much as 20% of the vote in the March 14 Presidential election.

HIV/AIDS at Take-off Point in Russia, CIS

In a report issued Feb. 17, the United Nations Development Program (UNDP) warned that the spread of HIV infection in Russia, Ukraine, and some other former Soviet republics, is repeating the pattern seen in southern Africa. "We're hitting the tripwire of a 1 percent infection rate among adults," said UNDP head March Malloch Brown. In late 2001, the UN

estimated that 1 million people in that region were infected; now the level is between 1.2 and 1.8 million. Transitions Online editorialized in its Feb. 23 issue, "Russia and Ukraine are close to the point when HIV/AIDS will explode into the general public.... Russia, Ukraine, and Estonia are now where South Africa was 12 years ago. In South Africa, the rate of infection is now 20 percent.... By 2025, one forecast suggests that between 4 and 19 million Russians will have HIV, and that, due to AIDS, the population will have lost 3 to 12 million of its potential population."

The UNDP report notes that the spread of drug use and prostitution in the region are factors with underlying causes: "Evidence is growing that HIV/AIDS spreads more rapidly where poverty is extensive, incomes and wealth are distributed very unevenly, livelihoods are not sustainable, large population movements occur, and civil disorder is present." Adds Transitions, "These are patterns that should sound familiar to Russians and Ukrainians. Poverty is rife; upwards of 30 million Russians live below the poverty line, according to figures from last year. Within Russia, internal migration is significant, despite the costs and difficulties. The growth of the oil industry is encouraging movement. Ukrainians work in large numbers abroad, despite the new obstacles posed by its neighbors' imminent EU membership. Human trafficking is at horrific levels."

According to Russian reports, 70% of those contracting HIV are under 25 years of age. Mother-to-child transmission of HIV is a major concern. Only a tiny fraction of HIV sufferers in Russia are receiving highly active antiretroviral therapy (HAART), the "cocktail" of antiretroviral drugs used against AIDS in the West.

Demographers Murray Feshbach and Judyth Twigg discussed the looming AIDS crisis in Russia, at a Kennan Institute seminar on Feb. 6. There Feshbach noted that all projections show that Russian death rates from AIDS and related illnesses will be higher, per capita, in 2010 than they were in the USA at the height of the HIV epidemic. HIV/AIDS will interact with tuberculosis, which is already a major problem in Russia.

In a Feb. 26 communication to Johnson's Russia List, Feshbach pointed out that in 2001, 781 people died of TB in the United States, while 29,900 died in Russia; adjusting for the USA's higher population, the Russian TB-related mortality rate is 60 times greater than that in the USA. The officially reported rate of syphilis in Russia is 120 per 100,000 population, as against 0.7 per 100,000 in Western Europe. "For the moment," Feshbach added, "the HIV/AIDS death rates are still relatively low in comparison to Sub-Saharan Africa, but just wait a few more years when the seroconversion from HIV to AIDS [in people infected during the 1990s] hits Russia, and the numbers of deaths zoom, analogous to the growth of HIV in the 1997-1999 period" in southern Africa. Most of the victims will die when they are between 25 and 40 years of age, making an enormous impact on the economy and society.

Russia, EU Seek Agreement on EU Expansion

Kremlin spokesman Sergei Yastrzhembsky said Feb. 26 that Russia expects to be able to sign a new Partnership and Cooperation Agreement (PCA) with the European Union before May 1, when 10 new EU members formally join. The new members are East European countries, including the three Baltic states that part of the Soviet Union. An extension of the existing Russia-EU PCA to those countries would hit Russia with quotas, tariffs, and visa restrictions on business with countries that have been its major trading partners. "There is no crisis in relations with Europe," said Yastrzhembsky, but "there are some key points of disagreement. We are affected by this process financially and economically." According to Russian acting Foreign Minister Igor Ivanov, the EU will account for over half of Russia's foreign trade, instead of the current 36%.

Earlier this year, Russia submitted a list of 14 agenda items for discussion about desired changes in the PCA, including higher quotas for Russian exports to EU members. The European Commission in mid-February circulated a harshly worded policy paper, calling to toughen up in relations with Russia due to the latter's performance in a whole range of areas: human rights, democracy, freedom of the press, trade, border regimes, and the environment. The British press,

especially, played up the conflict. The London *Economist* headlined Feb. 21, "Russia and the European Union: Dark Skies to the East."

On Feb. 23, the EU foreign ministers issued a statement that called the existing PCA the "cornerstone" of EU-Russia relations, adding that Russia should agree to renew it "without pre-condition or distinction by May 1," in order to "avoid a serious impact on EU-Russia relations in general." The ministers said, "The EU is open to discuss any of Russia's legitimate concerns over the impact of enlargement, but this shall remain entirely separate from PCA extension." That same day, Russian Deputy Foreign Minister Vladimir Chizhov told the *Financial Times* Russia would be willing to extend the old PCA to the new EU members, but on a temporary basis. He estimated that EU expansion will cost Russia \$375 million annually in lost trade. Stiffer conditions for the export of Russian aluminium, chemicals, grain, and nuclear fuel were of special concern, he said.

Heritage Man Calls for Lukashenka To Get Soros/Georgia Treatment

In a Feb. 29 *Washington Times* op-ed titled "Farewell to Europe's last dictator," Ariel Cohen of the Heritage Foundation, called for the ouster of Alexander Lukashenka as President of Belarus. He wrote, "Local NGO-organized effort and international support, culminating in political protests tied to stolen elections, may be the magic mix which makes dictators disappear." While not mentioning George Soros, the neo-con "right winger" Cohen is clearly in bed with the neo-con "left winger" Soros. Cohen claims that if Lukashenka is not overthrown in the 2004 elections, or in a "Rose Revolution" soon thereafter, then "his country will be reabsorbed in a quasi-imperial Russia." (Cohen wrote *Russian Imperialism: Development and Crisis* in 1998.) He suggested Lukashenka could flee to North Korea or Cuba, but better yet, he be tried for killing his political opponents.

Mideast News Digest

Iraqi Constitution Signing Boycotted by Shi'ites

The March 5 signing of the Iraqi Interim Constitution was delayed when five Shi'ite members of the Iraqi Governing Council, including Pentagon darling Ahmad Chalabi, boycotted the ceremony. The signing, originally scheduled for March 3, had already been postponed after the terrorist bombings of March 2.

Over the weekend, the Shi'ite members will be meeting with the highest religious Shi'a leader, Grand Ayatollah Ali al-Husseini al-Sistani, to decide on their next move.

A statement distributed March 6 by the IGC said the members would reconvene Monday, March 8, "to finalize" outstanding issues "and sign" the interim charter. Occupation viceroy Paul Bremer was involved in private negotiations with council members in an attempt to resolve the Shi'ite objections, but seven hours after the scheduled ceremony, a coalition spokesman said no deal was reached Friday. And no date has been given for the signing to take place.

The members of the 24-person IGC—a body appointed by the Occupation—who refused to sign were all Shi'ites: Ahmad Chalabi of the Iraqi National Congress, Abdel-Aziz al-Hakim of the Supreme Council of the Islamic Revolution in Iraq (SCIRI), Ibrahim al-Jaafari of the Dawa party, independent Shi'ite Mouwafak al-Rubaie, and the current IGC president, Shi'ite cleric Muhammad Bahr al-Ulloom.

This was no small embarrassment to Bremer, who had appeared on March 5 on CNN's "American Morning," touting the constitution as "an extraordinary document, which is really unprecedented in Iraq's history." Officials had planned an elaborate ceremony for the signing, full of symbols of Iraqi unity, including a map of the country with the slogan, "We all

participate in the new Iraq." News wires reported: "Twenty-five fountain pens, one for each member, were lined up on an antique desk belonging to King Feisal I, Iraq's first monarch." Why the gesture to the British puppet king? one might ask.

In addition to the pens, children wearing traditional costumes representing Iraq's main ethnic groups, had been deployed. Although no ceremony took place, the kids went ahead on stage and sang a repertoire of patriotic songs.

The Shi'ites object to two clauses in the document: one gives the Kurds a veto over a permanent constitution, through a referendum; and another reportedly regarding the presidency in a future government, said a spokesman for one of the Shiite parties that refused to sign.

The clause about the Kurds says that even if a majority of Iraqis support the permanent constitution, the referendum would fail if two-thirds of the voters in three provinces reject it—i.e., the three provinces in the north, controlled by the Kurds.

But there was more at stake: al-Sistani has rejected any governing body that is not elected. Entifadh Qanbar, a spokesman for Chalabi's INC which also refused to sign, said members had to deal with the issue of how "an unelected body can bind an elected body in the future."

How Bremer, or anyone else, can reconcile the positions of the Kurds and the Shi'ites is the big question. What the second postponement underlines is that al-Sistani, not Bremer, is the one who rules in Iraq.

Attempt To Trigger Civil War Fails in Iraq

Someone certainly wants civil war in Iraq. The atrocities committed against Shi'ite worshippers on March 2, at holy sites in Baghdad and Karbala, could have no other motivation than to pit Shi'ites against Sunnis. It was only the firm authority of the highest religious Shi'a leadership, Ayatollah Ali al-Husseini al-Sistani—echoed by his Sunni counterparts—which prevented a spiral of revenge. See Muriel Mirak-Weissbach report in *EIW's InDepth*.

Ashrawi in Washington: Palestinian Situation 'Extremely Critical'

On Feb. 12, Palestinian legislator Dr. Hanan Ashrawi made a return appearance in Washington, D.C., sponsored by the Council for the National Interest, Ashrawi reported that the already bad situation in the Palestinian Territories has only worsened since her previous Washington report, which was just after George W. Bush took office in 2001. Ashrawi warned that conditions are "extremely critical"; that continuation of the status quo is "untenable." See this week's *InDepth* for the full report.

Asia News Digest

Neo-Con Michael Pillsbury Provoking China

While Taiwanese President Chen Shui-bian was organizing a demonstration of supporters holding hands across the entire island, symbolizing a defense of Taiwan against China's missiles, China-basher Michael Pillsbury, whose work on the Chinese military has been used in the China hawks' pro-Taiwan propaganda, was in Taiwan Feb. 29, speaking to the Institute for Taiwan Defense and Security. Pillsbury praised the changes implemented by the Bush Administration regarding Taiwan policy: regular arms sale, not just yearly; an offer of Kidd-class missile destroyers and submarines; a push to develop missile defense and early warning systems. Pillsbury said that China's supposed build-up "casts a cloud" over their expressed wish for peaceful reunification. Pillsbury and his friends are not pleased with the Bush

Administration's pressure on President Chen to drop or weaken the planned referendum condemning Chinese missiles.

Tajikistan Reports Heavy Influx of Afghan Heroin

According to a recent UN report on drugs, Tajikistan is now the target of narco-traffickers taking heroin and opium out of Afghanistan, the BBC reported March 3. Last year, nearly six tons of heroin were seized along the Afghanistan-Tajikistan border, almost 1,000 times more than the amount seized in 1996. This means that all the heroin crossing Central Asia is coming through Tajikistan by boats, cars, and on pack animals. The amount seized is estimated to be less than 10% of the total.

The heroin, the UN report notes, is also much purer now than in recent years, suggesting the existence of a sophisticated and established refining process within Afghanistan.

The UN reports says that the acetic anhydride, the chemical used for refining of opium and producing heroin, comes from the United States, Mexico, and Europe. The UN has started a plan, Operation Topaz, to block the entry of acetic anhydride into Afghanistan. Although Tajikistan has joined Operation Topaz, Turkmenistan has refused to join, and does not report to the UN drug control board.

Kyrgyzstan: A Terrorist Haven

According to a terrorist of the Islamic Movement of Uzbekistan (IMU), the leading Central Asian terrorist outfit, who is now in Kyrgyz prison waiting to be hanged, "Kyrgyzstan has the most favorable conditions for carrying out terrorist attacks," and as a base for former members of the Islamic Movement of Uzbekistan.

The assessment of this terrorist is to the point. By providing a base for the U.S. Army, the Kyrgyz government has attracted the IMU terrorists the way honey attracts bees. Kyrgyzstan is hosting some 1,100 U.S. troops at the main civilian airport near the capital city of Bishkek. The U.S base conducts missions supporting air operations over Afghanistan, some 450 miles southwest of Kyrgyzstan.

The IMU members fought alongside the Taliban and al-Qaeda against the U.S.-backed Northern Alliance in Afghanistan. The IMU's objective is to overthrow the pro-U.S Islam Karimov government in Uzbekistan.

The U.S-led Afghan operation, now more than two years old, has dispersed the IMU cadres, but the massive spurt in opium production in Afghanistan has kept the IMU in good financial health.

Israel To Sell AWACS to India; Pakistan Fears New Arms Race

The Israeli Security Cabinet has cleared a \$1.1 billion sale of the Phalcon Airborne Warning and Control System (AWACS) to India. Under the AWACS deal, Israeli Phalcon radar is to be mounted and integrated on the Russian-designed Ilyushin-76 planes by the Beriyev Aircraft Design Bureau, a unit of the Irkut Aerospace Corporation, the producer of Sukhoi-30 MKI warplanes for India. Under the contract, India will buy three IL-76 from Uzbekistan, send them to Russia for new engines, and then, Russia sends them on to Israel for avionics. A senior official of the Irkut Aerospace Corp. told the Feb. 29 *Press Trust of India* that they "hope to sign the contract with Israel by April."

The news of India's purchase of the Phalcon system came under immediate criticism from the Pakistani Foreign Ministry. "Such transactions undermine the spirit of peace and stability pushed by Pakistan, India, and the international community in the region," said Pakistani Foreign Ministry spokesman Masood Khan. The director general of Islamabad's Inter-

Services Public Relations, Maj.-Gen. Shaukat Sultan noted: "The arrival of such a sophisticated system in our neighborhood is certainly a cause for concern to us. It will also whip up a new arms race in the region.... We will take every possible step to ensure security."

Thai Gov't Pressured To Withdraw Troops From Iraq

Thailand's House Committee on Foreign Affairs called on the government on Feb. 29 to review the deployment of troops in Iraq, saying a withdrawal could ease tension in three largely Muslim southern provinces by distancing Thailand from the United States, *The Nation* reported March 1.

Committee vice-chairman Kobsak Chutikul said the government should not dispatch a second contingent of troops to Iraq, since the first contingent had sufficiently demonstrated Thailand's commitment to the United States and the international community. A second Thai contingent of 400 troops is slated to leave for Iraq on March 17. Kobsak has said the new contingent should wait until the new Iraqi government requests their deployment.

Kobsak further made the connection with an outbreak of violence in three largely Muslim provinces since Jan. 4. "Staying longer with the U.S. seems to add fuel to the anti-U.S. fire," said Kobsak. Violent attacks have taken place daily since the Jan. 4 raid on a military base which killed four soldiers, followed by nearly daily attacks on Iraqi police officials.

UN: Some Success in Reducing Drug Use in Asia

The UN Narcotics Control Board released its latest report March 2, which paints a patchy picture of success in reducing drug use in Asia. Successes can be seen in Myanmar, where, through a process of securing ceasefire accords with opium-producing ethnic groups, and in joint efforts with a highly successful crop-substitution program, carried out in cooperation with Thailand, Myanmar, which had been the second-largest opium producer, after Afghanistan, has reduced its opium-poppy production by almost two-thirds. A similar drop has been seen in Laos, the world's third-largest producer of opium.

In other areas, cannabis use is dropping, but the second-biggest threat is methamphetamine use, which is most acute in Myanmar and China where production is concentrated, and in Thailand, South Korea, and Japan, where consumption levels are among the highest in the world.

The Narcotics Control Board reports that more than two-thirds of global seizures of methamphetamines take place in East and Southeast Asia, and half are in China alone. The report concluded: "Most of the clandestine laboratories were detected by Chinese authorities in the provinces of Fujian and Guangdong."

Malaysian Prime Minister Calls for Elections

Malaysian Prime Minister Abdullah Ahmad Badawi, on March 3, called for general elections. Although no date has yet been set for the elections, they are expected to take place within weeks, *The News* of Pakistan reported from Kuala Lumpur.

Meanwhile, Malaysian King Syed Sirajuddin Syed Putra Jamalullail has signed a decree dissolving Parliament, effective March 4, "to make way for the 11th general election."

Under Malaysian parliamentary rules, the king formally dissolves Parliament on the advice of the Prime Minister, then the Election Commission meets to set the date for the nomination of candidates and the polling date. The Election Commission is expected to meet early next week.

India, Brazil, South Africa Have Begun Strategic Talks

The foreign ministers of India, Brazil, and South Africa held a two-day (March 4-5) meeting in New Delhi aimed at cementing trade and defense cooperation, an Indian official told *The Daily Times* of Pakistan.

The talks will take place under the newly-formed dialogue forum set up by the G-3 economic grouping. Brazil has been seeking free-trade deals among developing countries, as a way of offsetting the trading clout of developed nations, and is keen to work on a trilateral agreement with India and South Africa.

"The foreign ministers are expected to work out a preliminary plan to explore such a free trade agreement," said India's Foreign Secretary B. Shashank. The trilateral forum has a vast potential for shaping a debate on globalization issues and influencing their course, so that globalization becomes a positive force for the benefit of developing nations, Shashank said.

India's Foreign Minister Yashwant Sinha, his Brazilian counterpart Celso Amorim, and South African Minister Nkosazana Diamani-Zuma, will also discuss ways of creating a strong trading partnership with China and Russia to make their presence felt at the WTO. \

Sri Lanka: Tigers Split; Elimination Now Expected

The Tamil Tigers of Sri Lanka have split almost down the middle, as peace broker Norway moved to salvage the situation, according to the *Asian Age* of Colombo March 4. On the ground, the Tigers' eastern commander, Muralitharan (better known as "Karuna") expressed his unwillingness to accept the Tiger leadership under V. Prabhakaran. Muralitharan has demanded complete autonomy for the Batticalao-Amparai district within the Tamil Tigers' administration.

Both President Chandrika Kumaratunga and Prime Minister Ranil Wickramasinghe have kept quiet watching the development. The Norwegians, who were the "best friends" of the Tigers, ostensibly worried about violence breaking out, met with Prabhakaran's political wing leader, S.P. Thamilselvan.

The breaking of the Tamil Tigers is the best news for both Colombo and New Delhi. The break, it is expected, will lead to the elimination of the Tigers. On the other hand, the Donald Rumsfeld-Andrew Marshall duo in the Pentagon were behind the Norwegians' attempt to help the Tigers get hold of the eastern port of Trincomalee. With the Tigers split, the Pentagon will have to temporarily forsake the Trincomalee dream.

Africa News Digest

Powell: Sudan Peace Talks Should Soon Conclude

The fate of Sudanese peace talks will soon be clear, U.S. Secretary of State Colin Powell told a Congressional committee March 3. "By the end of March I hope we'll have cracked this. We are very close. We'll work very hard in the days ahead to try to bring this to a successful conclusion," he said. Negotiations have been stuck on power sharing and the status of disputed regions, particularly the Abyei region. "The power-sharing part is pretty much complete, the wealth sharing part is complete, two of the three disputed areas are pretty much taken care of. Abyei is the hard one," Powell explained.

Sudanese Foreign Minister Mustafa Osman Ismail said on Feb. 28 that the government's talks with the Sudan People's

Liberation Army (SPLA) had stumbled on power sharing and on the fate of three regions, Abyei, the Nuba Mountains, and Blue Nile State. He said the round of negotiations begun on Feb. 18 in Kenya, "should continue until March 18 at the least," but he promised no breakthroughs.

Sudanese officials, in discussions with *EIR*, made the following points: The Government of Sudan (GoS) is willing to make numerous concessions, for the sake of peace. Thus, the GoS has agreed to a referendum on self-determination for the South, after five years, even though, according to international law, this is ridiculous: Southern Sudan has never been a separate entity, even under British colonial rule.

On the territorial question, there is not so much room for compromise. The Nuba Mountains and Blue Nile State are part of the North, and will remain so, officials said. As for Abyei, it is historically part of Kordufan, which is a state of the North. One reason the SPLA wants it, is that oil has been discovered there.

Reports that the GoS had agreed to two separate central banks, two defense ministries, and two armies, are not true, said the officials. The SPLA wanted a separate currency, with a new name (not dinar), but this was refused. There is one central bank, with a branch in the South, and one currency. There is one army, although the SPLA military forces in the South, together with the GoS forces, are to jointly patrol as peacekeeping forces.

The Sudanese officials stressed their willingness to make concessions for the sake of peace. They said the Bush Administration seems to want peace, whereas former Secretary of State Madeleine Albright, in her famous Uganda visit, had vowed to overthrow the Khartoum government by all means. The United States, however, is making sure that only Great Britain and Norway are allowed into the Inter-Governmental Authority for Development and Drought Control (IGAD) talks, and that Germany, in particular, is excluded.

U.S. Denounces Sudan for Darfur Crisis

For the first time, U.S. State Department spokesman Richard Boucher stated that the United States is "very worried" about the situation in Darfur, where, he charged, the Government of Sudan (GoS) had attacked defenseless villages, and that 1 million people are in danger of starvation as a result, according to a recent report in the *Frankfurter Allgemeine Zeitung*.

But Sudanese officials told *EIR* a different story: Since the peace talks with the Sudan People's Liberation Army (SPLA) seem to be progressing overall, a new front has been opened against the GoS in Darfur. The forces mobilized there are actually criminal gangs, well-armed with Russian weapons, and "represented" by newly created pseudo-political groups, such as the Party of Justice and Equality and the Sudanese Liberation Movement. These forces have been targetting trade caravans and robbing them. The SPLA is pushing for international non-governmental organizations to go into the area, make contact with the political groups, and then launch campaigns for their "recognition" internationally as a liberation movement. There was a meeting in North Rhine-Westphalia, Germany last year, promoting this cause. As the area is near the Chad border, the groups have disrupted trade, and threatened bilateral retaliations.

The Chad and Sudanese governments, at the Presidential level, are, however, committed to stopping the insurgency, and will organize an event in March to try to settle the issue.

Nigeria Says Ignore Statement on Nuclear Power

Pakistan offered to share military assistance, including nuclear power, with Nigeria, on March 3, during a visit to Nigeria by Pakistani General Muhammad Aziz Khan. Khan was there to work out the dynamics of how to assist Nigeria's armed forces to strengthen their military capability and to acquire nuclear power.

On March 4, the Nigerian government issued a statement saying that the part of the offer to help Nigeria acquire nuclear power was a mistake, and should be ignored.

U.S. Looks for Access to African Bases

General Charles Wald, Deputy Commander of U.S. European Command (EUCOM) told Reuters Feb. 29 that the U.S. is talking with numerous African governments about securing access to potential trouble spots, amid alleged indications of al-Qaeda operations. Wald suggested that target areas include the Sahel, the Maghreb, and eastern Africa. EUCOM oversees operations in all of Africa except for the Horn, and hopes to secure agreements that will allow it fast access to emerging threats, but without permanent bases.

Wald has met with leaders of Algeria, Nigeria, Angola, and South Africa to discuss intelligence sharing, joint military exercises and U.S. troop access to local airstrips.

EUCOM Commander and Supreme Allied Commander, Europe, Gen. James L. Jones, has also been touring the continent.

U.S. military experts are training troops in Mali to guard the southern fringe of the Sahara, as well as for operations in Mauritania, Niger, Chad, Algeria, Morocco, and Tunisia.

Recently the U.S. signed an agreement with Sao Tome and Principe to fund feasibility studies for building a deep-water port and developing an airport on these islands. While denying that the U.S. is looking for permanent bases, Wald admitted that the facility "would have its uses."

This Week in History

March 8 - 14, 1783

George Washington Foils the Newburgh Plot

In March of 1783, peace negotiations were underway in Paris, and there was every indication that the Revolutionary War would soon be ended and the United States would be free to enjoy its independence. Yet, the approach of peace, which should have been the cause for deep joy, also brought a sense of increasing dread to Gen. George Washington and to the Continental Army, which was encamped at Newburgh, N.Y. For it appeared that the bankrupt Confederation government could not, and some members simply would not, fulfill a commitment to remunerate the members of the Continental Army for their years of difficult service to the cause of independence. If the army were to be disbanded before some assurance of pay was received from Congress, many felt that the state governments would refuse aid as well, and that therefore the soldiers would be justified in claiming their rights at the point of a bayonet.

Discontent had been building since the previous spring, when Col. Lewis Nicola had sent Washington a letter describing the army's plight and proposing that Washington take over the government as king. The General was aware that there was not only a military faction in operation, but also a faction in Congress which was searching about for someone to replace him if he should refuse a crown. The tensions in the army became so volatile by the fall, that Washington channelled them into a petition from the officers to Congress, that was conveyed by three officers of high rank who were to remain in Philadelphia until the issue was settled one way or another. No sooner had they arrived, when their hopes were blasted by the states of Rhode Island and Virginia, who refused to vote for an amendment to the Articles of Confederation which

would have allowed Congress to collect taxes on some imports.

In January of 1783, there was a reduction in the size of the army, but those soldiers who were mustered out had to make their way home with no pay in their pockets. Washington wrote to his brother John Augustine, "The army, as usual, is without pay, and a great part of the soldiery without shirts; and the patience of them is equally threadbare. It seems to be a matter of small consequence to those at a distance. In truth, if one were to hazard an opinion for them on this subject, it would be that the army, having contracted a habit of living without money, it would be injurious to it to introduce other customs."

Warnings of a Plot

In February, Washington started receiving letters warning him that a plot had developed to discredit him and replace him with another general who would lead the troops against Congress. His old friend and physician, Dr. James Craik, wrote with a dire warning after a tour of the Eastern seaboard, and convinced him that the plot was known in many locations. Joseph Jones, a delegate to Congress from Fredericksburg, Va., who was one of the trusted "confidential correspondents" who kept Washington up to date on intelligence, also warned the Commander-in-Chief of a pending military coup.

On March 12, Washington wrote back to Jones, describing the situation: "...It may be necessary it should be known to you, and to such others as you may think proper, that the temper of the Army, though very irritable on account of their long-protracted sufferings, has been apparently extremely quiet while their business was depending before Congress until four days past. In the mean time, it should seem reports have been propagated in Philadelphia that dangerous combinations were forming in the Army; and this at a time when there was not a syllable of the kind in agitation in Camp.

"It also appears, that upon the arrival of a certain Gentleman from Philadelphia in Camp, whose name, I do not, at present, incline to mention, such sentiments as these were immediately and industriously circulated. That it was universally expected the Army would not disband until they had obtained Justice. That the public creditors looked up to them for redress of their Grievances, would afford them every aid, and even join them in the Field, if necessary. That some Members of Congress wished the Measure might take effect, in order to compel the Public, particularly the delinquent States, to do justice. With many other suggestions of a Similar Nature; from whence, and a variety of other considerations it is generally believed the Scheme was not only planned, but also digested and matured in Philadelphia; and that some people have been playing a double game; spreading at the Camp and in Philadelphia Reports and raising jealousies equally void of Foundation until called into being by their vile Artifices; for as soon as the Minds of the Army were thought to be prepared for the transaction, anonymous invitations were circulated, requesting a general Meeting of the Officers next day; at the same instant many Copies of the Address to the Officers of the Army was scattered in every State line of it."

Washington acted quickly and sent out his General Orders the next day, calling for a meeting of the officers on March 15, where they might "devise what further measures ought to be adopted, as most rational, and best calculated to attain the object in view." As he wrote to Jones, "It is commonly supposed, if the Officers had met agreeable to the anonymous Summons, resolutions might have been formed, the consequences of which may be more easily conceived than expressed. Now, they will have leisure to view the matter more calmly and seriously."

In the days leading up to the meeting, General Washington met privately with most of the leading officers, impressing them with the fact that if the Army were to dictate policy to the government on the point of a bayonet, such a desperate measure would lead, as he wrote Alexander Hamilton, to "civil commotions and end in blood." Washington also warned Hamilton, "in strict confidence," that there was a secret scheme to make the officers of the Army "puppets to establish continental funds."

Washington, Hamilton and many others favored the establishment of a stronger central government, with the power to tax

in order to pay current expenses and to honor loans and other debts. Part of those debts were in the form of certificates which Washington, for lack of funds, had been forced to give in exchange for food and supplies for the Army. Many of the recipients were poor, and had sold their certificates to speculators at a fraction of their value in order to raise some cash. Some of these speculators planned to use the Army's muscle as a front, in order to cash in their certificates. As much as he favored the development of a national treasury, Washington could not agree that the end justified the means.

Call to Action

When the time came for the officers to meet, Washington spoke about the consequences of what had been suggested in the anonymous letters, and then ended by saying: "And let me conjure you, in the name of our common Country, as you value your own sacred honor, as you respect the rights of humanity, and as you regard the Military and National character of America, to express your utmost horror and detestation of the Man who wishes, under any specious pretences, to overturn the liberties of our Country, and who wickedly attempts to open the flood Gates of Civil discord, and deluge our rising Empire in Blood. By thus determining and thus acting, you will pursue the plain and direct road to the attainment of your wishes, You will defeat the insidious designs of our Enemies, who are compelled to resort from open force to secret Artifice. You will give one more distinguished proof of unexampled patriotism and patient virtue, rising superior to the pressure of the most complicated sufferings; And you will, by the dignity of your Conduct, afford occasion for Posterity to say, when speaking of the glorious example you have exhibited to Mankind, 'had this day been wanting, the World had never seen the last stage of perfection to which human nature is capable of attaining.'"

After Washington left the meeting, Gen. Henry Knox and Gen. Israel Putnam proposed, and the assembled officers passed, an address to Congress which stated that they "view with abhorrence and reject with disdain the infamous propositions" contained in the anonymous Newburgh letters.

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