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

### **'Strategy of Tension' Bombs Set Off Political Quakes in Europe**

**by Jeffrey Steinberg**

[See This Week's EIR Cover Story, "Investigation: The Synarchist Dossier: 'Strategy of Tension' Bombs Set Off Political Quakes in Europe"](#)

Seventy-two hours after Synarchist terrorists launched a new "strategy of tension" with a string of deadly bombings of commuter trains in Madrid, Spanish voters turned out in unprecedented numbers, on March 14, to bring down the right-wing Popular Party government of Prime Minister José Aznar (Aznar was not seeking re-election, but had hand-picked his successor). The defeat of the Popular Party also represents a crushing defeat for the George Bush/Dick Cheney Administration in Washington, for British Prime Minister Tony Blair, and, most of all, for Italian Prime Minister Silvio Berlusconi—who all participated in the so-called "coalition of the willing" to invade and occupy Iraq.

Evidence has now surfaced that, in the 48-hour period following the Madrid bombings, the Aznar cabinet devised two options, "Plan A" and "Plan B," for what amounted to a coup d'état. "Plan A" involved a declaration of martial law, and the suspension of the elections for the duration of the terror crisis. "Plan B" involved a several-month delay in the elections. Both options were presented to the Spanish King Juan Carlos, and he rejected them both, according to Spanish news accounts. Spanish television blacked out the mass demonstrations against the Aznar government, that took place all over Spain on March 13. By that point, the Popular Party knew that they would be swept out of office the next day.

Once before, in 1981, King Juan Carlos had rejected a right-wing coup attempt, this one involving a group of Spanish generals and young officers linked to the old Franco Fascist apparatus.

Prior to the March 2003 Iraq war, Spanish citizens had participated in mass demonstrations against the conflict, with an estimated 85% of all Spaniards strongly opposing the action. Nevertheless, on the eve of the election, polls showed the Popular Party ahead of the opposition Socialist Party by a narrow margin. On election day, with an 82% voter turnout, including a record-setting turnout by young voters, the Socialists won over 43% of the vote, driving Aznar's party out of power.

Lyndon LaRouche identified the Spanish vote as a "fundamental shift in geometry" in all of Europe. "This is not something that can be reversed. Berlusconi is in big trouble, along with Blair and Bush," LaRouche said.

Both the policies of Aznar—particularly his participation as junior partner in the Bush-Blair imperial war schemes—and the Madrid bombing itself, represented a clear signal that the same Synarchist bankers who put Benito Mussolini, Adolf Hitler, and Francisco Franco in power in the 1920s and '30s, during a previous period of global financial collapse, intend once again to install fascist regimes, to impose slave labor austerity and bail out the financial oligarchy—through wars and

genocide.

Under Aznar and Berlusconi, a new Black International was being given wide berth to organize—not only in Europe, but all over Central and South America as well. In LaRouche's judgment, sane forces in Europe decided that they could not allow a repeat of this horror, and moved, following the Madrid attacks, to nip the Synarchist upsurge in the bud. The confirmation that the Aznar regime was contemplating a coup, under the cover of the terror attacks, adds further confirmation to this assessment.

## **Bologna Bombing Revisited**

On Thursday, March 11, a total of ten sophisticated remote-detonated bombs went off on three Madrid commuter trains. Over 200 people were killed, and several thousand injured. Had all three trains been on schedule, they would have all been inside the Madrid station when the explosions occurred. This could have caused a level of deaths on a par with the Sept. 11, 2001 attacks in the United States.

Prime Minister Aznar, desperate to parlay the bombings into an election win for his party, personally phoned editors of major Spanish newspapers, to insist that they name the Basque separatist ETA as the authors of the attacks. When a group of Moroccans were arrested, based on evidence obtained from three bombs that were timed to go off later, but were found and defused, other media began screaming that the bombings were the work of al-Qaeda.

The reality, however, is quite different. Neither ETA nor al-Qaeda had a past profile of such actions; and both groups had been under intense scrutiny by both Spanish and French security services, ever since 9/11. The term "al-Qaeda," furthermore, has become an almost meaningless term, referring to a wide range of organizations and networks that oppose the new American imperial doctrine of Cheney and company. They range from Islamists to Arab nationalists, to leftists and rightists around the globe. These terms are meaningless in the context of the reality of the "new international terrorism," with its interface with a vast global underground economy of drug and weapon traffickers, offshore money-laundering centers and other criminal networks.

Even more to the point, Lyndon LaRouche has been warning since August 2003 of a new 9/11 attack against the United States or allies of the United States, to be blamed on Hispanic terrorists. (See documentation)

LaRouche made this assessment on the basis of two factors: First, on July 24, 2003, Vice President Dick Cheney had spoken at the American Enterprise Institute and virtually assured the audience that there would be another massive terrorist attack on the U.S.A., possibly involving the use of weapons of mass destruction.

Second, since early 2001, there were significant stirrings from the surviving neo-fascist networks of the 1970s and early 1980s "strategy of tension"—in Italy, Spain, France, and throughout the Western Hemisphere, particularly Argentina and Mexico.

These overt Synarchist groupings centered around the leading Franco fascist in Spain, Blas Piñar, whose son was recently promoted to the rank of General in the Spanish Army, despite having been implicated in the failed right-wing putsch attempt in the early 1980s. In Italy, one of the veterans of the "strategy of tension" terror campaign, Roberto Fiore, returned home after 20 years exile in Great Britain, and immediately entered into a high-profile political alliance with Alessandra Mussolini, the granddaughter of the Fascist dictator, who heads a neo-Fascist party and is in the Italian parliament. In Argentina, the network is centered around the Carlist magazine *Maritornes*, which intersects the Christendom College apparatus of extreme right-wing "Buckleyite" Catholics in the United States.

While neither ETA nor al-Qaeda have a profile of carrying out the kinds of train attacks that occurred on March 11, the Black International networks, now being revived in Europe and the Americas, do. In August 1969, the event that kicked off the entire "strategy of tension" was the simultaneous bombing of 10 trains in Italy, including four train stations around the country. In August 1980, the same apparatus blew up the train station in Bologna, killing 80 people and injuring many more.

In each of those instances, the actual terrorists were members of right-wing underground cells, like Ordine Nuovo and the Nucleus for the Defense of the State. But the bombings were staged in such a way that, for years, police believed that they were the work of left-wing terrorists. This was the essence of the "strategy of tension:" Create chaos through blind terrorism, and lay the basis for fascist military coups.

The failure to see the obvious parallels to the "strategy of tension" on the part of European and American intelligence services, LaRouche has warned, could be the result of more than mere incompetence. There is a long history of contamination of the Western intelligence services by the very oligarchical factions that promoted Hitler, Mussolini, Franco, and their heirs today. The contamination runs from the top down, beginning with the private financial institutions—typified by Lazard Brothers, Banque Worms, the Bank of England from the time of Montagu Norman, and the Harriman, Morgan, and Mellon interests in the United States.

Even before the end of World War II, individuals like Allen Dulles and James Jesus Angleton, both top officials of the Office of Strategic Service (OSS) and later, founders of the CIA, were negotiating secretly with top Nazi officials, to secret them out of Germany along with vast Nazi seized wealth, to regroup under the aegis of the Cold War against communism. These top Nazis and Fascists were smuggled into South America, the Middle East, and other parts of the world, later to resurface as the architects of the "strategy of tension" destabilizations.

## A Moment of Truth

The electoral outcome in Spain has delivered a serious setback to the financial oligarchs behind this new Black International offensive. However, the setback will be inconsequential unless there is a serious counterintelligence campaign to clean out these resurgent terrorists—in Europe, in the Americas, and elsewhere. Otherwise, the Madrid attacks will prove to have been merely the opening shot of a new terror war, aimed at destabilizing governments and paving the way for a new Synarchist world order of bankers' wars and Schachtian looting.

Lyndon LaRouche and *EIR* have a track record of more than 30 years of exposing this Synarchist insurgency. In the pages that follow, we provide a representative sampling of the vast dossier that *EIR* has published on this vital subject. The footprints of the Synarchist International are all over the Madrid bombings; yet, for the moment, every leading intelligence service in the world, with few exceptions, appears blind-sided. The World War II archives of the United States military and intelligence services are full of documentation of the pivotal role of the Synarchist international. In France, military intelligence files, accumulated by resistance forces within Vichy, are also of relevance.

With the death of Franklin Roosevelt, and the severe right-wing turn in the United States under President Harry Truman, the Synarchist apparatus, which had been all but dismantled in the Americas, was saved and promoted. Nevertheless, the institutional memory is still accessible, and the legacy of the international mobilization to defeat the Synarchist insurgency must be revived, if the world is to avert several generations of a Schachtian New Dark Age.

## LaRouche in 2004

### For immediate release

# LAROCHE WARNS PRESIDENT BUSH ON SPANISH BOMBINGS: — 'DON'T MAKE A CRAZY FUROR, GET THE INTELLIGENCE'

March 11—Democratic Party Presidential candidate Lyndon LaRouche issued the following statement today, after being briefed on the series of bombings in Madrid this morning, which, so far, have claimed 186 lives.

"The recent atrocities in Spain remind me of the Bologna train station bombing of 1980 [see InDepth Investigation, this issue]. I am not surprised at this act of brutal terrorism. As a leading U.S.A. public figure, I present the following precise assessment to the government and to the Democratic Party.

"I warned of precisely this kind of development in August of last year, following statements issued by Vice President Dick Cheney, in which he referenced new terrorist threats to the United States. I stated at the time, that it was crucial to look at the Spanish-speaking side of the international Synarchist apparatus. I pointed to Italian, French, Spanish, and South and Central American networks, targetting the United States. These networks were activated along the lines of Samuel Huntington's new Clash of Civilizations efforts, aimed at provoking confrontation between the U.S.A. and the Hispanic population of the Americas and the Iberian peninsula.

"In this context, I appeal to President Bush: Do not, I repeat, do not trigger some crazy furor over the events in Madrid. Instead, get on to the intelligence. We know where these terrorist attacks are coming from. Start with the international Synarchists, the international friends of the granddaughter of Mussolini, in Italy, France, Spain, and the Americas. Don't let it happen again."

For more information, contact LaRouche in 2004 at 1-800-929-7566.

## LAROCHE INTERVIEWED ON WRPI RADIO, TROY, NEW YORK

*Lyndon LaRouche was interviewed on WRPI radio, in Troy, New York, March 10. He was interviewed on the program "Piecing the Puzzle." WRPI is located on the campus of Rensselaer Polytechnic Institute, one of the top engineering schools in the country.*

HOST: We have a special interview today, with Mr. Lyndon LaRouche, Presidential candidate—actually a perennial Presidential candidate. Are you there, Mr. LaRouche?

LAROCHE: I'm here, fine.

HOST: How're you doing today?

LAROCHE: Well, not bad.

HOST: Well great. Welcome to the show, you're on WRPI, Troy. How are you doing on the campaign trail?

LAROCHE: We're doing fine, as far as the campaign trail is concerned. We're meeting a lot of people. Of course, there's still this blacklisting by the Democratic National Committee—which is no good for me, as a candidate; it's worse than that for the Democratic Party, which has a leading candidate, who is in danger of losing, precisely because of the Democratic Party National Committee's exclusion of me. This Nader thing just typifies that: The margin of vote is going to get tight,

because of the computerized voting, which leaves room for up to 20% vote fraud in the national Presidential elections, unless we change it; and there are efforts to change it. But, it's a very tight race, from any standpoint. And the Democratic Party will lose, if it tries to alienate leading candidates. I have a very large base, relative to other candidates, or former candidates—even larger than Kerry's does, in terms of a contributor base.

So, therefore, excluding me is a piece of idiocy on the part of the National Committee. But there are reasons for it. It's not simply pique. There are substantive reasons, for the issue between me and the DNC.

HOST: Well, what reasons do they have?

LAROCHE: Well, the basic reason goes back a long time. It goes back to 1971, after what Nixon did, in 1971, letting the dollar float essentially—that, I attacked the economists of that time, saying they'd all been "quackademics." I'd been warning that this would happen, or something like this would happen. And they had all said, it couldn't happen under the protection of these wonderful "built-in stabilizers." So, I attacked them as "quackademics," and they, in turn, picked a champion among their ranks, a fellow who was the so-called "leading Keynesian" in the United States at the time: Abba Lerner, a professor at Queens College.

HOST: And then you debated him?

LAROCHE: I debated him, and he admitted that his policies were Schachtian, that is, the policies of the Hitler economic policies.

HOST: Can you—before you go on, would you mind just giving a brief overview of what "Schachtian economic policies" consists of?

LAROCHE: Well, it started with World War I, in which you had the system set up, the so-called Versailles monetary system—which Keynes, among others, rightly denounced as unworkable. This led to a series of crises throughout the 1920s. And during this period, some of the bankers involved, decided to experiment with fascist projects: They put Mussolini into power in Italy in '22, other things of that sort. In France, attempts were made which were later successful, after the war with Germany. And [Hjalmar] Schacht, in Germany, was particularly an agent of the head of the Bank of England, Montagu Norman. And Montagu Norman, with support of some people in the United States, from the financial circles, supported the idea of putting Hitler into power in Germany. Now, they didn't intend that Hitler would become what he became, but they certainly had a nasty gentleman with a nasty policy they were pushing.

So, this policy became known as Schachtian policy: That is, when the banks are in crisis, people like Hitler were brought in on the assumption they would crush the people in order to protect the financier interests—very much like what you're seeing in Argentina today. Where certain wild-eyed bankers are demanding that Argentina be gobbled up, because of its debts. And that's a whole story in itself.

The problem with the Democratic Party, is, the Abba Lerner of today, in a sense, is Felix Rohatyn, who's famous for his association with "Big MAC"; he's with Lazard Brothers, the old international Lazard Frères firm. They're a very powerful group, and they're typical of a number of groups in the Democratic Party.

So, in the party, we have a split. They're not all idiots there, they know there's a financial crash coming on, fast. And the question is, what's going to be the policy of the next President, under conditions of a financial crash. Some people, like Bob Rubin, the former Treasurer, I think takes a sensible view of this matter. I don't know if he'd agree with me on everything; but, we agree to the fact that this thing is coming down; it's coming down fast, and we've got to respond to it, with Franklin

Roosevelt-type measures.

On the other side, those who are controlled by the influence of Felix Rohatyn, and people like him, hate my guts, and they are determined I should get nowhere near the Presidency. Because they intend to bring on the kind of policies, in the United States, and other parts of the world, of the kind that Schacht introduced to Nazi Germany: That is, austerity; loot the people, cut this, cut that—austerity, austerity, austerity; and then, have some kind of a military buildup, as a substitute for a normal kind of economic life.

HOST: So, these Schachtian economic policies, that have these strict programs—where do you see the United States actually manifesting those policies in the present day? Besides Argentina? Do you see that, like in NAFTA?

LAROUCHE: Oh sure! It's all part of the same thing. If, for example, if you do not protect—they have a protectionist system; if you go with a free-trade, international system, you drive the price of commodities on the world market to the lowest level. Then you create a situation, in which people, such as the people in the United States, can not compete with those markets, and also maintain a standard of living for our people. So therefore, our tradition has been protectionist. We say, that you have to levels of prices, which are called "fair prices," those which allow people who invest in production, as entrepreneurs in particular, to be able to save their capital—not lose their capital—because the prices are driven to the lowest possible level. So therefore, our policy has been traditionally that.

Now, with Nixon, we began to move in a different direction. And, after Nixon, we moved increasingly, toward a deregulated, wildly deregulated, free-trade system, in the wildest sense of the term, with NAFTA and globalization. We have destroyed the productive capacity of most of the United States, that we used to have. We were once the world's leading producer society. We're now the world's leading parasite: That is, we squeeze money out of people, we make people work for us at slave-labor wages to produce what we consume.

HOST: Right, and—

LAROUCHE: What we get is largely rotten goods, as a result of it!

HOST: Right. And you actually wrote, in a paper, you got Lerner to actually admit something: He mentioned that if they had adhered to those Schachtian policies then they wouldn't have "needed Hitler" in power?

LAROUCHE: Yeah, right. That's exactly it, and that is what Felix Rohatyn represents against me. And those in the Democratic Party, who are allied with Felix and his crowd on economic policy—just want me dead!

And this, unfortunately, includes the Kennedys, who normally would be—Ted, for example, would normally be friendly to my views on many issues. But, on this issue, there's real pressure from the Democratic Party to go along with the money. And it's vicious, it's savage, right now.

HOST: You mentioned that they want you dead—

LAROUCHE: Exactly. They've tried to kill me a couple of times. I don't know if these guys are trying to kill me now, but it's that kind of mood.

HOST: Who do you think is trying to do that?

LAROUCHE: It's actually a group of—it goes back in U.S. history to what was called the Essex Junto, which came out of

New England and subsequently in New York. These were the people, who, from 1763 on, opposed the move toward independence of the English colonies in North America. And, because they were based in Essex County (which is an area I lived in for a long time), in Massachusetts, they became known as the Essex Junto. These were the people who went big into the opium trade with England in the 1790s. They were also, earlier, involved in the slave trade. And these were the people who, in the Hartford Convention of 1814, were quite frankly treasonous.

Aaron Burr was part of this same crowd. He was a British agent, appointed by Jeremy Bentham, who got the Bank of Manhattan as a swindle. And so, it was the Hamilton-Burr conflict, which was really over this issue, is typical of the genesis of this kind of problem, today.

So, there are traditional circles in the United States, who maintain this opposition to the tradition of the American Revolution. They're American citizens, or they're tied to American citizens, and they tend to control, to a large degree, to control our financial life. This has been the fight between the financier interests and industrial and agricultural interests.

HOST: Do you believe that these groups are actually dictating policy to the U.S. government?

LAROUCHE: In the large degree. You have the idiot version of it, which is on the George W. Bush side of this thing. And you've got the typical young Republican, who's being recruited, who's an idiot! He's a "wedge issue" idiot. He says, "Roosevelt is no good. We're going to protect 'ours.' We're not going to let the others have anything." This is this kind of piggish attitude, toward their fellow citizens, which characterizes some very narrow-minded college graduates and so forth—who went to college, but they can't think! But, they do pick up these prejudices, and the Republican Party does have the machinery which specializes in these wedge issues. The Democratic Party does that too, to some degree, but the Republicans are really extreme.

The problem here in the Democratic Party, is there are people who say, "We have to adapt to the Republican so-called 'middle.' We have to adapt to it." And so, you have people who are behind it, like financier interests; and you have people who adapt to it, out of opportunism, or because they think that's the way the wind is blowing.

HOST: Well, that brings me to a point that you've brought up in the past, in your writing, which you call the "cult of sense-certainty." You've said that your economic forecasts throughout the latter half of the 20th Century have been right on. And, can you describe the science that you base these forecasts on? And how it connects to the "cult of sense-certainty"? And where do you see us going?

LAROUCHE: Well, we were not so good in the post-war period, and we weren't so good many times in our national history. But, up until '64, up until the time we launched the Indo-China War officially, we were, essentially, a successful producer society, most successful on the planet at that time; especially in the post-war period, after the Roosevelt revival.

We made a turn against that. And that has been our problem.

Now, the way I got into politics—I first got into politics in a certain way, in fighting Truman—and then Joe McCarthy, of course—on his right-wing turn, which occurred in the post-war period. But, then, once Eisenhower was in there, I was more disinterested in politics, because I thought Eisenhower had done the job I wanted done—not perfectly, but I wasn't needed any more. And then, in the early '60s, I saw this turn coming toward a post-industrial drift, and I got, again, into politics, by way of teaching at various university campuses and so forth.

[public service announcement]

HOST: And you are listening to "Piecing the Puzzle." We have a very special guest today, Presidential candidate Lyndon LaRouche, on the line. And I apologize for the interruption, Mr. LaRouche. If you could please continue:

LAROUCHE: Why sure. So that's essentially the problem: That we've changed our way of thinking, from taking pride in technological progress, pride in developing systems—like infrastructural systems, power distribution/production; water management systems; mass transit systems (we don't have railroads any more, and what we do have, is pretty antiquated). It's that sort of thing.

So, we've destroyed the society. We've taken away our big industries. So, for example, Detroit has about half the population it had some decades ago. Whole areas of the country are going to the pits. Look around Massachusetts, for example: Route 128 was the driver for the early phase of the space program, a significant driver. Then, it moved later to 495 circumferential [highway]. Look all over the country: You see areas that were great industrial and great agricultural areas—they're destroyed. And the population becomes more and more concentrated in a few areas, where this new kind, this new wave kind of employment exists. This has resulted in a collapse of our actual, physical income per capita, and our production of physical wealth per capita.

And, this has also affected the world at large. For example, in the recent period, look at the Bank for International Settlements quarterly report, which was just issued, and they indicate, that against what is probably in the order of \$41 trillion net product of the world, that in 2003, we had \$8.7 *quadrillion* dollars worth of turnover in financial derivatives. This is hyperinflationary stuff. This spills over into areas like Fannie Mae and Freddie Mac, which are now on the edge of a very serious crisis—they've probably lost \$25 billion in derivatives accounts in the recent period.

So, we're in that kind of situation, where the whole situation is coming down. We're on the verge of the greatest depression in modern history—a financial collapse with depression. And people just aren't quite awake to it yet, because they're in a state of denial. I think the reason they're in a state of denial, is because negatives, by themselves, should not determine politics. The fact that conditions are bad, does not mean that people are going to waken to reality. If people see that conditions are bad, and see that there are alternatives to bad conditions, that will bestir optimism, and you will find the better quality of response from among our people.

The problem is, that our political leaders are ducking the issues, of how bad the things are, because they know the voters are in a state of wishful denial, by and large.

HOST: And they're also using terror, as a distraction.

LAROUCHE: Well, that's on the Bush side, in particular, yes.

So, that's all it is. So, there's a lack of a sense of reality in the population. And it's not entirely their fault. That is, denial is understandable. If a population is made up of individuals who feel relatively powerless, find that the leaders offered to them are not realistic in providing realistic assessment of bad problems, but also providing realistic assessment of alternatives, then the people will become discouraged. And, I think that's really, in part, what's happening. Despite the fact there's more restiveness in the population than there has been in the past decade earlier, on economic issues. And despite the fact, that the youth population, particularly those in the 18-to-25 bracket, the college-eligible bracket, are moving now, as they have not been moving previously.

HOST: The leaders of this country, now, and maybe in the past decades—do you believe that they are aware of, in communication with, and are—I guess—in bed, with these financiers, who seem, according to your beliefs, steering this country?



LAROUCHE: I think what the problem is, it's a moral collapse in the quality of our leaders. Now, I know people around the Congress and other positions, whom I have a lot of personal respect for, whom I talk to, and whom we sometimes have the occasion to work with. They're not bad people; they're good people, who've got fine minds. But they find themselves caught up in a generational phenomenon, and the generation is stupid. You see this in our entertainment dimensions—our entertainment is corrupt and stupid. Our education systems are a bad joke, generally. There are very few exceptions. People rehearse answers to multiple-choice questionnaires, which computers score, as a substitute for education. That's typical of what's going on. Or, there's no education, in some cases. We're almost back to "blab schools" in the poor areas.

So, you have a population which has lost its morals, lost its sense of morality, its sense of optimism. You have a generation in their fifties, going into their sixties, who are now seeking a "comfort zone" into which they can flee, to escape from the reality of the monotony and threats of their lives. We have demoralized strong people.

This has happened in civilization before, and the greatest leaders in the past, have always been able to lead people out of that state of that malaise—which I try to do myself. I don't get much help from the establishment. But, where we're able to function, it does work.

But, the problem is, the lack of leadership: People need leadership. They need confidence in leaders, who will come out and say what the problem is. But, not just talk about the problem—who will then say what the solutions are, what the prospects for a solution are. And that's the way you mobilize people to begin to get up on their hind legs and start fighting. And that's what we need right now, with our people.

HOST: We'd have to have some kind of cooperation with the media, in order to be able to speak to the people, as well.

LAROUCHE: We do it fairly well. We found, with the youth movement, it works. We've got these young guys, who are organized the way we organized them—or, they organized themselves, actually. I don't do much of the organizing. They organize themselves. I just protect them, as much as I can, and encourage them.

But, when you have mass organizing, based on youth of that age-interval, when they're working in the proper way and doing mass organizing: For example, we just took a large position in votes for Democratic Committees in Los Angeles County and the Bay Area in California. That was the result of the mass organizing we did against Schwarzenegger. We've had similar effects in Mayor Street's campaign [in Philadelphia]: We jumped in, to help out, and there was a landslide victory for the Mayor's re-election.

So, your situation where the youth movements, to the extent they're functioning, are capable of turning the population around—not easily! Not all that brilliantly and suddenly. But, they are succeeding where everything else was failing.

So, I have great confidence in the ability of a mass movement, energized by youth in the 18-to-25 age-group, to turn this country around, whatever the mass media says.

HOST: Well, it seems to me, that people have been organizing and gaining more solidarity, and some kind of a peace movement, anti-imperialist movement, has been growing in this country since Bush Jr., has gotten into power.

LAROUCHE: Yeah. Well, that's purely negative. It hasn't had enough positives to it, that's the problem. You can just be negative. For example, let's take the case of this war issue. Cheney, of course, has been for preventive nuclear war, openly, since he was Secretary of Defense under Bush I. Since he came in, this administration—and you have to really admit that this President is pretty stupid—so you can't blame him for too much, that requires heavy thinking. I think he's down in the weight-lifting room most of the time, more than thinking. But, this crowd around Cheney, and Ashcroft, has controlled this

administration. They're an administration which is nasty, they're brutish, they're fascist by disposition, and they're looking for wars. They're looking for the kind of wars we can not get ourselves involved in.

So therefore, there's a natural response of people, after going through the memory of the experience of the Indo-China warfare, and other things, *and to see this thing happening*, now—*totally unnecessary*; they smell the racism in it, all these kinds of things, they react against it. Well, that's good.

But that's not good enough. You have to actually have understanding of what the problem is, and you have to a positive answer, not just a protest movement.

HOST: Well, what sort of what you call "utopian military doctrines" associated with Dick Cheney are out there, or are being used? And is the Project for a New American Century one of these? What's the basis of them?

LAROCHE: It's in that direction. Remember, this goes back. First of all you have the history of empires from the past. You have the Mesopotamian empires; you had the Roman Empire; you have the medieval system, from about the 9th Century-10th Century A.D. on, until the Renaissance. You have the attempted reaction, to turn the clock back to the past, with an imperial drive from the Hapsburgs and others, during the period 1511-1648.

It was actually the American Revolution, which became the consolidation, together with the Treaty of Westphalia, which became the consolidation of defending modern civilization against this drive to return to some kind of empire. The British East India Company, in 1763 emerged as an imperial power.

The ideas of these right-wingers today, the madmen like Cheney, all come from a tradition of "Let's have a one-world empire." Sometimes it's called "globalization," sometimes it's called "world government." "Imperialism" is not a popular word, so they don't use that word too much.

HOST: They used to use "new world order."

LAROCHE: Yeah, same thing. They use phrases, but you look at the content of the phrases, what are they talking about? They're talking about the destruction of the sovereign nation-state, and producing a Tower of Babel, essentially. They're just destroying everything.

So, there is that tendency. It is a fascist tendency. It's a very significant tendency in certain circles. Some people are conditioned. They would like to volunteer for the Roman legions, or for Hitler's legions—they may not know it that way, but that's what they really are; that's the way they're moving. That's the way they're compelled to go.

HOST: Mr. LaRouche, what's your take on the situation in Haiti? The recent coup d'état and President Aristide?

LAROCHE: Well, this is typical. It goes back all the way. We have a relation—the United States has a relationship between Haiti, going back to our struggle for independence. Then, Haiti has been essentially destroyed many times over. I mean, the country is destroyed, even compared to the adjoining region of the island. We have done with the worst with that area: It's not a problem with Aristide, or this guy, or that guy. The problem is, the United States has never accepted, in recent times, its moral responsibility to help the Haitians put their country back together again. That is our responsibility. We keep blaming them.

The way we treat the Haitians who are fleeing from that territory into Florida—it's horrible! It's wrong! We have to take a positive moral attitude on this thing, and we have to work with the nations of the region, to say—and tell the

Haitians—"We are determined that you should have your independence, and you shall have development, and you shall have medical care, and the ability to live." That's our job.

We do it not only for the Haitians, we do it for ourselves. We do it, because we want to be the kind of country that does that kind of thing: Where a great injustice exists, we are the kind of country that will offer to help.

HOST: Do you believe that, as President Aristide claims, that the United States, directly or indirectly, assisted in kidnapping him from Haiti?

LAROUCHE: Well, I think that, certainly, the U.S. policy created a situation in which that happened. As to what the actual agencies were involved, I don't know. But, I'm certain, from reading this and following these events, the United States is the principal perpetrator of the most recent mess! And, it came, probably, under the Clinton Administration: the mishandling of this Haitian problem under Clinton. And it's being mishandled in a much more extreme and worse way, under George Bush.

HOST: Right. They don't even pretend to be assisting any other countries. It's just—it just seems like a very hidden way of implementing slavery in these Third World countries.

LAROUCHE: Look, it goes back to the end of 15th Century, beginning of the 16th Century, where, with the discovery of the Americas, there were forces in Europe, which concentrated on the monarchies of Spain, especially after 1492, and Portugal; and they organized African slavery in a new degree and quality. And, the basis for this was, since new lands were opening up for producing tobacco, and sugar, and whatnot, in the Americas, that Europeans—starting with the Spanish and Portuguese—began capturing masses of slaves and began shipping them into the Americas. That continued.

Spain continued to be a slave-capturing nation, into the late 19th Century. The Spanish monarchy was the enemy of the United States, or the enemy of the United States of Lincoln, partly on the issue of slavery. Now, what happened is, they had a rationalization on this; the rationalization had two levels. The first level is, that people from Africa, that is, dark-skinned people from Africa, are not human; they're animals. And therefore, they're qualified to be treated only as property—to be hunted down, and if captured, treated as property. The number of people who were brought into the Americas as slaves, was a small fraction of the number of Africans who were murdered in the process and system of slave-catching.

Then, they came up with the second reason: They said, "Well what about these large Indian populations"—we're not talking about so much the United States, but in Mexico, Peru, and so forth; we had over 2 million people in Mexico with some degree of civilization *despite* the Aztecs—that is, a certain cultural level. And what the Spanish policy was, "No, we'll treat them as—they are human, but they're not fully human; they're not rational. Therefore we have to treat them like peasants. We have to treat them as cattle."

So, what happens in the Americas? You have a racist policy, which is centered in the United States, on the well-known Southern states area, and it looks at the Caribbean, and it makes that distinction. It says, "Since Haiti is black African-origin, biologically, chiefly, therefore, that's the lowest. Make sure we treat it that way." And they are not too kind with the Dominican Republic, or other neighbors in the Caribbean, also victims of policy. But, they're less cruel and less vicious, and less murderous than they are toward the Haitians. And that's really the root of the policy.

HOST: But aren't Dominicans, from the Dominican Republic, the origins are also black people that were dragged from the Africa and put into slavery over there?

LAROUCHE: Both. Both. You also had Hispanic. Of course, there's a *mestizo* culture. But, in the case of Haiti: Remember

Haiti established itself as a Haitian Republic; and it was a Haitian Republic, which at one point which was modelling itself on the idea of the United States. So, this got special hatred. And Haiti for various reasons, was a subject of special hatred, which is in the air. Of course, the problems that are occurring in other parts of the Caribbean are not much better. But, they're not quite as bad, either. And the Haitian thing, is the thing that really in my craw: This is the *worst* example of a *rotten policy* from the United States. There are other policies that are bad—but, this is the absolute worst.

In my view, you always go to the worst case, to set a policy. In your own country, you look at the poorest layer of our population, and say, "Will this work for their children and grandchildren?" And if it works for the poorest ones, justly, then it'll probably work for everyone—as Franklin Roosevelt defined that: Always go to the "forgotten man." Take the person who's the greatest victim of injustice, or neglect, and start there; and prove that you are really for the general welfare of people, by showing that you're willing to face that problem. Look it in the eye, and talk about curing it...

HOST: Well I want to thank you, very, very much, Mr. LaRouche, for your time, and I also want to wish you the best of luck in your campaign. And, maybe we'll talk to you again in the future.

LAROCHE: Why sure. Thank you.

Links to articles from *Executive Intelligence Review*\*

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## Feature:

### Let's Have a Second American Revolution!

by Helga Zepp-LaRouche

Here is the speech by Schiller Institute founder Helga Zepp-LaRouche to the Schiller Institute/International Caucus of Labor Committees conference in Reston, Virginia, on Feb. 15, 2004. Lyndon LaRouche's speech from the previous day was published in EIR on Feb. 27.

## Investigation:

### Strategy of Tension: The Case of Italy...

by Claudio Celani

The day of the Madrid bombings, March 11, Lyndon LaRouche issued a statement discarding the idea that the terrorist attacks had been carried out either by the Basque terrorist group ETA or by 'Islamic terrorism,' and commented that the modality of the Madrid atrocity reminded him of the 1980 Bologna train station bombing and, in general, of the terrorist 'strategy of tension' in Italy in the early seventies. In the following days, several experts interviewed by EIR, as well as some newspaper commentators, independently pointed to the same analogy.

- THE SYNARCHIST DOSSIER

#### 'Strategy of Tension' Bombs Set Off Political Quakes in Europe

by Jeffrey Steinberg

Seventy-two hours after Synarchist terrorists launched a new 'strategy of tension' with a string of deadly bombings of commuter trains in Madrid, Spanish voters turned out in unprecedented numbers, on March 14, to bring down the rightwing Popular Party government of Prime Minister Jose' Aznar.

- Documentation

#### LaRouche in August 2003 Warned of 'Hispanic 9/11'

Presidential candidate Lyndon LaRouche's memo of Aug. 9, 2003 was first published in EIR, Aug. 22, 2003, under the headline, 'When

Cheney Spoke of Terrorism: Which Terrorists, Dick?' LaRouche analyzed Vice President Dick Cheney's obvious threat of a 'new Sept. 11' terrorist attack, announced by Cheney on July 24 in a speech to the American Enterprise Institute in Washington, and repeated in several speeches the following week.

- **Licio Gelli's 'Comeback' Is Tension Strategy**  
**by Claudio Celani**

This analysis of the September 2003 public resurfacing of the notorious Licio Gelli, head of the P-2 Masonic Lodge which was at the center of the right-wing 'Strategy of Tension' of the 1970s and 1980s, was published in EIR, Oct. 17, 2003. It is excerpted here.

## **The EIR Record on The Nazi International**

[These] excerpts were compiled by Counterintelligence Editor **Michele Steinberg**, from both EIR and its monthly bulletin Investigative Leads, directed to intelligence and law-enforcement experts, which was published from 1979-95.

## **Blas Piñar's Next Generation of Fascists**

**by Gretchen Small**

There were many who dismissed Lyndon LaRouche's repeated warnings that Spain's leading fascist figure, former Franco official Blas Piñar, and his project to rebuild a fascist international, represented a strategic threat not just to Europe, but to the Americas, and to the United States itself. Piñar, EIR was insistently told, is a has-been, a fringe element, a nothing politically within Spain, and even less in the Americas. Those who so argued have been proven very wrong.

## **Economics:**

### **LAROCHE'S 30-YEAR ADVERSARY**

#### **Felix 'The Fixer' Rohatyn Is The Modern-Day Hjalmar Schacht**

**by L. Wolfe**

In the dark days of the 1974-75 New York City fiscal crisis, the world financial system, as it does today, stood teetering on the edge of a total collapse. In the three years since George Shultz and Arthur Burns had pushed a reluctant Richard Nixon to pull the plug on the Bretton Woods monetary system, there had been an orgy of speculative looting by Synarchist bankers that had accelerated the process of collapse.

### **Interview: LaMar Lemmons, III**

Detroit: a Deserted Hub Of a Non-Producing Nation

LaMar Lemmons, III is a former Michigan Democratic state representative whose district was in Detroit. He was interviewed on March 12 by **Marcia Merry Baker** and **Richard Freeman**.

## **International:**

### **Terror Alert Follows S. Korea 'Regime Change' EIR Warned Of**

**by Kathy Wolfe**

South Korean President Roh Moo-hyun was suspended from office March 12 in an unprecedented impeachment vote ahead of sharply-contested April 15 elections. Prime Minister Goh Kun became interim president, calling an emergency cabinet meeting. The Constitutional Court must next rule on the legality of the National Assembly vote, but said it will await the people's will on April 15, before acting. EIR warned of this scenario precisely last year...

### **Rwanda's Kagame Accused Of Causing 1994 Genocide**

**by Uwe Friesecke**

Ten years ago this April, one of the worst human catastrophes of the 20th Century happened, the genocide in Rwanda. Between April and July of 1994, more than 800,000 people were killed in that East African country.

## **LaRouche on Haiti**

Excerpts from an interview with U.S. Presidential candidate Lyndon LaRouche, by WRPI radio in Troy, New York on March 10, 2004.

## **U.S. Puts Musharraf Between Hammer and Anvil on Afghanistan**

**by Ramtanu Maitra**

The much-heralded U.S.-led Spring offensive in Afghanistan, under the code-name Operation Mountain Storm, was launched on March 15. The 13,500-strong U.S. troops, storming the mountains in southeastern Afghanistan, have been joined by some 70,000 Pakistani regulars and paramilitary, who moved into the dangerous border terrain of Pakistan where fiercely independent Pushtun tribes live, and allegedly provide shelter to the al-Qaeda and Taliban militia.

## **New Party Seeks To Re-create Israel's 'Rabin Opposition'**

**by Dean Andromidas**

In an effort to unite the Israeli peace camp and channel the rising ferment against the brutal economic policies of the government of Prime Minister Ariel Sharon, a new Israeli party, Yahad, has been formed.

## **Right-Left Synarchists Plan 100 Years' War in Ibero-America**

**by Valerie Rush**

The psychologically unbalanced President Hugo Cha´vez of Venezuela devoted his regular Sunday television broadcast on March 7, to a five-hour rant against what he claimed was the Bush Administration's role in trying to overthrow his government. overthrow his government. Referring to U.S. involvement in removing Haitian President Jean-Bertrand Aristide from that country's Presidency, Cha´vez warned, 'Venezuela is not Haiti, and I am not Aristide,' and threatened that, should Washington attempt such an intervention in his country, ' the Bolivarian revolution has enough allies on this continent to launch a Hundred Years' War, and not just on Venezuelan territory.' His threat is not an idle one...

## **National:**

## **Scare Tactics: Ashcroft's Phony 'War on Terrorism'**

**by Edward Spannaus**

Once described as America's 'de facto Minister of Fear,' Attorney General John Ashcroft fit that description in a statement issued on March 4, immediately after the conviction of three defendants in the 'Virginia Jihad' case. Ashcroft declared: 'Today, Americans get a glimpse of what is hiding in the shadows. Terrorists recruit, train, and finance jihad in America.' The truth is that Ashcroft's 'war on terrorism' gives no such glimpse; it is a gigantic dud.

## **House Finally Forced to Hearing on Halliburton**

**by Carl Osgood**

After months of resistance, the Republican-controlled House Government Reform Committee was compelled to hold a March 11 oversight hearing on contracting in Iraq, focussing on overcharges and price-gouging by Dick Cheney's Halliburton Corporation. The hearing, in front of an overflow audience and television cameras, lasted almost four hours.

## **State Revolt Appears Against Computer Voting**

**by Art Ticknor**

Catalyzed by Presidential candidate Lyndon LaRouche's campaign to ban computerized voting, expert studies documenting how serious security holes in electronic/touch-screen voting systems could be used to rig elections, and recent evidence of computer vote fraud, more elected representatives and election officials are opposing it.

## **LaRouche Tells Youth Mock Convention: Founding Fathers Were No Older Than You**

Lyndon LaRouche spoke to 1,000 or more students from the Northwest states of the United States, at the Northwest Model Democratic Nominating Convention in Portland, Oregon on March 11. The convention, a 40-year tradition organized by Portland State University, was addressed only by LaRouche personally among the Democratic Presidential candidates, and by Rep. Dennis Kucinich by telephone.

# U.S. Economic/Financial News

## Fannie Mae Admits Large Derivatives Losses

In its annual report filed on March 15, U.S. mortgage giant Fannie Mae said that its losses stemming from derivatives contracts closed during the years 2001-2003, amounted to almost \$15 billion. Its reported losses on closed derivatives contracts were \$1.7 billion for 2001, \$5.8 billion for 2002, and \$6.9 billion for 2003. Last week, London's *Financial Times* presented a study by an independent research institute claiming that Fannie Mae's derivatives losses had been in the range of \$24 billion, and were estimated at a little over \$15 billion, after taxes.

On March 16, the *Financial Times* said that Fannie Mae also reported losses on open hedge positions of \$5.3 billion for 2003; these can potentially be recouped if held to maturity.

In a filing with the Securities and Exchange Commission (SEC) on the same day, Fannie Mae further announced that due to "volatility in the market last year," its derivatives holdings surged by an incredible 59% (last year) to above \$1 trillion. Furthermore, Fannie's short-term debt (coming due within 12 months) increased by 27%, to \$484.1 billion, while longer-term debt went up by 1.7%, to \$477.1 billion.

In a special report released March 1, the Federal Deposit Insurance Corporation (FDIC), issued a strong warning concerning the exposure of U.S. commercial banks and S&Ls in debt titles issued by Fannie Mae and Freddie Mac, the so-called Government Sponsored Enterprises (GSE). Not only in the case of a liquidity crisis at one of the GSEs, but already as a consequence of a formal withdrawal of their implicit public guarantees, the debt titles issued by Fannie and Freddie could plunge in value, thereby causing massive losses at commercial banks and S&Ls. Total unsecured GSE debt held by FDIC-insured banks and savings associations amounted to \$296 billion at the end of the third quarter 2003.

On top of this, the same banks and savings associations held \$763 billion of mortgage-backed securities (MBS) issued by Fannie and Freddie. For the average U.S. commercial bank, these holdings add up to 151% of their core capital; in the case of the savings associations, it's 181%. There are actually a number of FDIC-insured institutions which "have very high concentrations of GSE-related securities that amount to more than 500 percent of their TIER 1 Capital." This means that a 20% plunge of Fannie and Freddie debt titles could wipe out the entire core capital of such banks.

## Seven Counterparties Hold Three-Fourths of Fannie's Derivatives

Seven counterparties account for 74% of Fannie Mae's trillion-dollar derivatives portfolio, Fannie Mae revealed in its annual 10K filing with the SEC. Fannie Mae has 23 derivatives counterparties, and seven of those institutions, each holding between 6% and 16% of the total, account for 74% of Fannie's \$1.04 trillion derivatives portfolio; with the remaining 16 counterparties each holding 5% or less. Those "counterparties consist of large banks, broker-dealers and other financial institutions that have a significant presence in the derivatives market, most of which are based in the United States," Fannie Mae said. The counterparties were not named, but they are likely led by the usual suspects, JP Morgan Chase, Bank of America, and Citigroup, and perhaps investment banks such as Merrill Lynch, Morgan Stanley and Goldman Sachs.

U.S. commercial banks also held \$982 billion in mortgage-backed securities at the end of 2003, up from \$912 billion at the end of 2002, according to the FDIC's latest quarterly banking profile.

## Reich Warns Bubbles Popping Could Be Shot 'Heard 'Round the World'



Interviewed on National Public Radio's Marketplace March 17, Robert Reich warned of the multiple bubbles that will shake the financial world when they pop. Reich, who was Secretary of Labor in the Clinton Administration, told Marketplace that the 2000 crash was due to Greenspan's refusal to raise interest rates to slow down "irrational exuberance." He asked: "Is history about to repeat itself? With interest rates so low, money has been rushing into assets like shares of stocks and real estate." He recounted the biggest market gains in 50 years over the last year, if adjusted for inflation; home prices at the highest levels in 25 years; a consumer bubble, based on consumer debt which is the highest in 20 years, since "consumers borrowed against these soaring values of their homes and stock portfolios. If all these bubbles keep expanding, and then burst, the sound will be heard around the world."

Reich concluded, oddly enough, that the Fed should not raise rates, "until the economy is back on track."

## Virginia Joins Other States as It Hits Fiscal Wall

The 2004 Virginia legislative session could adjourn without adopting a new two-year state budget, threatening a government shutdown in July. Media reports are full of the pious statements of Gov. Mark Warner (D), legislative leaders, and experts about the "refusal to compromise" of the House of Delegates—which proposes tax increases of a few hundred million dollars—and the Senate, which wants a \$3.9-billion, two-year increase in income and sales taxes. Both houses are Republican-controlled!

Lost in the "refusal to compromise" morality play is the underlying issue: The state Republican Party has fixated on "no new taxes" for several years, while taking control of the legislature, thanks to the similar obsessions of voters, and the passivity of the Democrats—*until* Moody's and Standard and Poors both, in November 2003, threatened to downgrade the state's credit, due to huge budget holes from falling tax revenue. Virginia, whose semi-annual budget is about \$29 billion, has had multi-billion-dollar budget holes open up in its last two budgets, requiring severe cuts against higher education, state layoffs, closure of some state offices, etc. But the budget shortfall has returned: *Total state revenues are lower than they were three years ago, due to the economic collapse*. Without tax increases, as much as \$800 million more in cuts would be needed in this new budget, hitting the bone of economic activity in the state.

Thus, the conversion to tax increases, by the Senate and the Governor (while the House leaders pathetically insist, echoing the President and GOP crowd in Washington, D.C., "No! There's a recovery coming! Don't raise taxes. Just wait!"). In fact, the state is in the vise Lyndon LaRouche has emphasized: cutting economic activity if it does raise taxes; or cutting economic activity and tax revenue by budget austerity, if it doesn't.

The impasse continued as this was being written: The legislature adjourned March 17, was called back into emergency session by Warner the following day, March 18-19; after which there was still no sign of budget. House leaders are now back to demanding a popular referendum on tax increases. Standard and Poors has again announced it is "reexamining" the state's credit rating.

## What Recovery? Record-High Bankruptcies in 2003

In another slap in the face to the wishful thinkers promoting the phony "recovery," the American Bankruptcy Institute (ABI) reported March 12 that one of every 73 U.S. households filed for bankruptcy in 2003, a record high, despite interest rates at a 45-year-low. Utah, ABI said, had the highest per-household bankruptcy rate—one in 47—followed closely by Tennessee, Georgia, and Nevada. Household debt had soared to \$10.4 trillion, at the end of last year, according to data from the Federal Reserve. There were 1.625 million personal bankruptcies filed in calendar 2003.

## World Economic News



## **Scotsman Cites *Economist* on Danger of Housing Bust**

"Housing Boom Faces Global Meltdown," declared the headline in the Edinburgh daily *The Scotsman* March 18, above an alarming feature on the coming housing crash. It's based on a story in the upcoming issue of the London *Economist*, which is not yet available to the public. *The Scotsman* says:

"The global housing boom that has propped up the world economy in the face of falling share markets in the past few years is teetering on the edge of a crash, it was claimed yesterday, writes Frank O'Donnell. House prices in Australia, Ireland, Netherlands, Spain, Britain, and the United States will fall by at least 20 per cent over the next four years, according to a report in the *Economist*. The trigger for a house-price crash could be a relatively modest increase in interest rates because total levels of household debt are at record highs. Pam Woodall, the magazine's economics editor, said it was wrong to assume rate rises on the scale of the late 1980s would be required to hit house prices, as the major indicator for the residential market—the ratio of house prices to average income—is at record highs in the U.S., Australia and the UK.

"The U.S. in particular has seen the biggest rise in house prices in its history since the mid-1990s, and a sharp fall in the market in the largest global economy would tip the world into recession. 'The US has very little fiscal or monetary ammunition left to support its economy if house prices collapse,' she said. 'If the U.S. falls, it would be the first global property bust in history.' Property is the biggest business in the world, accounting for 15 percent of global gross domestic product, with assets of \$50 trillion, compared with \$30 trillion in shares."

## ***Economist* Warns Housing Vastly 'Overvalued'**

"Homing in on Trouble—Sell, Sell, Sell!" reads the headline of a report in London's *Economist*, in the March 13-19 edition. It documents the dramatic increase of house prices in the U.S., Britain, and other countries in recent years. "House prices are at record levels in relation to average income in America, Australia, Britain, Ireland, the Netherlands and Spain. The prices of British, Irish and Dutch homes are now 50% above their 30-year average relative to incomes. By the same gauge, property is 'overvalued' by 23% in America, by 33% in Australia, and by 68% in Spain.

"The main reason why house prices have been rising so rapidly in so many countries is the historically low level of interest rates, which has allowed households to borrow more to buy a home." What we are experiencing now is "irrational exuberance" and "the Bank for International Settlements (BIS) is keeping a close eye on the housing market. After stock markets tumbled, the boom in house prices helped to support spending by boosting household wealth. If prices went into reverse the world economy could be in big trouble."

The *Economist* then features the various papers on the housing markets which the BIS included in its latest Quarterly Review. "Translated out of BIS-speak, the central bankers seem to be worried," it concludes.

## **German Leaders Know System Is Finished, But Have No Plan**

The German political class knows that the financial system is finished, but they don't have a plan, and refuse responsibility, stated a Frankfurt banker in a private discussion with *EIR* on March 17. The banker had a meeting, on March 15, with members of the CDU (Christian Democratic Union) presidium, where he presented his view that an unprecedented global financial crisis will soon erupt, probably even before the end of the U.S. Presidential elections. The tax cuts have failed to push up the U.S. economy, he said; the U.S. job market is still a disaster, and therefore, the precarious situation of private households is about to trigger a dramatic downturn in the housing market. This will hit a global financial system which is characterized by incredible amounts of unpayable debt and asset price bubbles, he continued. One external shock could be enough to bring the whole system down. The banker said the top CDU members basically agreed to his analysis. They are

alarmed, but they have not the slightest idea what to do about it.

He had a similar experience in August 2003, when he was invited by the top aides of German Economics Minister Wolfgang Clement to present and discuss his view of the bankrupt global financial system. The reaction, he said, was total impotence. Of course, they have no plan. But it's even worse. They even refuse to be responsible to intervene in this situation. Typical of the attitude of these "experts": They asked the banker for the likely timing of the of inevitable U.S. housing crash. When the banker said, it will definitely take place in the next three years, but it could even happen within the next three months, one of the SPD (Social Democratic Party) members said: "Let's hope it happens in three years. Then we are gone anyway, and the opposition has to deal with the problem." In private discussions, they asked the banker—a gold and silver bug—for hints where to put their money.

## United States News Digest

### Democrats Upbeat About Retaking U.S. Senate

The Democratic Party now sees a more serious chance of taking back control of the U.S. Senate in the November elections, the *Washington Post* reported March 14. One minor factor in this shift in attitude was the recent announcement by Sen. Ben Nighthorse Campbell (R-Col) that he will not be seeking re-election in November. Other Republicans retiring are: Sen. Don Nickles (Okla); Sen. Peter Fitzgerald (Ill); in Alaska, Sen. Lisa Murkowski is running against a popular former Democratic Governor, Tony Knowles.

The Democrats need to gain only one or two Senate seats to take the majority, depending on whether or not the Democrats win the White House, in which case, a Democratic Vice President would have a tie-breaking vote. There are, however, five Southern Democrats also retiring in November—John Edwards (NC), Ernest Hollings (SC), Zell Miller (Ga), Bob Graham (Fla) and John Breaux (La)—and former GOP Rep. John Thune is challenging Tom Daschle, the Senate minority leader, in South Dakota.

While the South has been drifting into the GOP "Southern Strategy" camp over recent decades, it is widely acknowledged that the severe job losses in the South could badly damage the GOP, in both Senate and Presidential voting.

What is significant, beyond the particulars of these situations, is the fact that the Democratic Party is professing to be serious about the chance to take back the majority in the Senate.

In related coverage of the "battleground states," the New York Post noted that Bush has several must-win states, including Florida and Ohio, both of which he won in 2000 against Gore. But Ohio has lost a large number of jobs since Bush's election, and this could pose a big problem for the GOP. Eight other states where the margin of victory was extremely close in 2000, round out the Big Ten battleground states: Wisconsin, Pennsylvania, Iowa, Missouri, West Virginia, Arizona, New Hampshire, and Arizona.

### Will U.S. Elections Be Cancelled by Terrorism?

In his March 16 column in the *Washington Post*, Establishment mouthpiece Jim Hoagland raises the question that the U.S. elections could be cancelled by terrorism, albeit in the form: We should take steps to prevent that from happening.

Terrorists tampered with the election in Spain and brought down the government, Hoagland wrote, and this same threat cannot be ignored in the U.S. The Bush and Kerry campaigns, other candidates, and the voters "must adapt to the likelihood that terrorists will use violence to disrupt or influence national elections here this autumn."

Hoagland proposes measures that should be taken, to prevent this from happening here. Among these: "A national consensus on the importance of holding elections as scheduled—even in the face of an event such as Sept. 11, 2001—should be formed now.... The two major parties need to come together to establish a bipartisan framework for minimizing the force of terrorist incidents aimed and influencing elections."

## **Cheney Still Hying Terrorist/WMD Threat**

Singing the same ol' tune, Vice President Dick Cheney once again warned in a speech on March 15 in Phoenix, about terrorists obtaining weapons of mass destruction. "The attacks of Sept. 11, 2001, signaled the arrival of an entirely different era. We suffered massive casualties on our own soil. We awakened to dangers even more lethal—the possibility that terrorists had gained chemical, biological, or even nuclear weapons from outlaw regimes and turned those weapons against the United States or our friends.... We must do everything in our power to protect our people from terrorist attacks, and to keep terrorists from ever acquiring weapons of mass destruction."

Even though the event was a fundraiser for a local Congressman, Rep. Rick Renzi, Cheney also went out of his way to praise John McCain (R-Ariz)—who is no great friend of the Bush-Cheney Administration. After lauding McCain, Cheney declared that "I look forward to swearing in Senator McCain for his fourth term next January." One wonders if this has something to do with the fact that McCain has been mooted by some as a possible running mate for John Kerry.

## **Army Medics in Iraq Apply for Objector Status**

Two Army medics serving in Tikrit, Iraq have applied for conscientious objector status and want to be honorably discharged from the military because the idea of killing is "revolting" to them, their company commanders said March 16. The two medics, both privates first class, notified the Army of their request on Feb. 9, the day before their Germany-based 1st battalion, 18th Infantry Regiment deployed to Iraq. The officer did not name the two, and only mentioned that they came from California and Illinois. Their requests follow the application of Staff Sgt. Camilo Mejia of Miami Beach, who surrendered after failing to return to his unit after five months home duty.

## **How About an Israel Accountability Act?**

The Council for the National Interest threw down the gauntlet to Congress and the Israeli lobby, on March 17, calling for an Israel Accountability Act for the purpose of bringing more balance to American policy in the Middle East. Eugene Bird, a retired foreign service officer, and president of the CNI, reported that the suggestion is so hot, that no Member of Congress would sponsor a meeting room on Capitol Hill for the event, so they wound up at the National Press Club, instead. Bird actually opened his remarks by challenging the pro-Israel lobby, naming AIPAC, the Anti-Defamation League, the Zionist Organization of America, and the Washington Institute for Near East Policy, to a series of debates, between now and the election on any subject germane to a U.S. withdrawal from Iraq and an Israeli withdrawal from the Palestinian territories.

Dr. Imad Moustapha, the Syrian Ambassador to the U.S., followed Bird to the podium to describe the real impact of the Syria Accountability Act, which he described as "the embodiment of how a special interest group has made U.S. foreign policy hostage to their interest, that group being the war party in Israel. He noted that, in spite of the claims in the Syria Accountability Act, that it is not Syria that is occupying someone else's land, nor is it Syria that is controlling the destiny of another nation by sheer military force. He urged the U.S. to look at the violence in the Middle East and be honest and fair and admit who is responsible for this situation.

## **Medicaid, SCHIP Threatened With Cuts in Mississippi**

Hundreds rallied at the Mississippi State Capitol on March 11, to fight for continued financial support for Medicaid and SCHIP (Children's Health Insurance Program), for working families who cannot afford to pay for health insurance), according to the *Jackson Advocate* March 17. Several bills are now before the legislature for massive cuts both programs, to balance the state's budget, under new the Republican Governor, former RNC Chair Haley Barbour.

Because of the extremely low wage levels in the state, over 400,000 Mississippi children depend on Medicaid and the insurance provided through SCHIP. Nearly every pediatrician in the state works under the provisions of both Medicaid and SCHIP. 26% of the children live in poverty. Without Medicaid and SCHIP, these children have no health care in Mississippi. In 2003, two-thirds of Medicaid recipients in Mississippi were children. Recommendations for changes in the program will cause 20,000 children to lose eligibility. One bill proposes to recertify all Medicaid recipients in the state; if passed, the bill will cut eligibility from 200% of poverty to 133%, which would cut 20,00 children from the program.

Meanwhile, Barbour is proposing to remove even the limited protections enjoyed by state employees, who have the largest union in the state. While workers do not have collective bargaining, they now have civil service protection under the State Personnel Board, which does provide a grievance procedure, and certain guarantees. Senate Bill 2638 removes 10 state agencies from the protection of the Board. Employees of those agencies will then serve "at the will" of the governor or the department head—i.e., their pay can be reduced or workers be fired "at will"—with no warning and no recourse, and without due process or just cause. The bill purports to save \$26 million. Sixty-one percent of state employees make less than the state average salary of \$29,000 a year.

## **Bush Administration Blew the Raimondi Appointment**

The fumbling of the appointment of Tony Raimondi as assistant Secretary of Commerce was entirely the Bush Administration's fault, wrote GOP columnist Robert Novak, on March 18 in the *Washington Post*. The new position, to be responsible for manufacturing within the Commerce Department, was reported to have been aborted last week when John Kerry revealed that Raimondi had owned a factory in China. But Novak reports that the Administration had failed to vet the appointment through the normal channels within the party—including especially Sen. Chuck Hagel, from Raimondi's state of Nebraska. Had he asked, Bush would have learned that Raimondi had supported Hagel's Democratic opponent Ben Nelson in the 1996 election, and has Nelson on his board of directors.

One Republican source told Novak that Hagel was not consulted, because he "simply can not be trusted" by the White House controllers. Hagel is known to have voted with the Democrats on the Senate Intelligence Committee, demanding that they investigate the OSP and Cheney network's lies before the Iraq war, which opened the flood gates.

## **LaRouche Named on House Floor in Defense of First Amendment**

Rep. Ron Paul (R-Texas) identified Lyndon LaRouche as an example of what happens when the First Amendment is violated. *Counterpunch* published, on March 18, the March 10 floor statement by Paul before the U.S. House of Representatives, defending the First Amendment, against the "Broadcast Indecency Act of 2004," which he calls, "An Indecent Attack on the First Amendment."

Paul argued: "This atrocious piece of legislation should be defeated. It cannot improve the moral behavior of U.S. citizens, but it can do irreparable harm to our cherished right to freedom of speech."

He continued, "We should all know that the First Amendment was not written to protect non-controversial mainstream speech, but rather the ideas and beliefs of what the majority see as controversial or fringe.

"It could easily be argued that this must be done, since political ideas and fanatical religious beliefs are far the most dangerous ideas known to man. Sadly, we're moving in that direction, and no matter how well intended the promoters of these limits on the First Amendment are, both on the left and the right, they nevertheless endorse the principle of suppressing any expressions of dissent if one chooses to criticize the government."

Paul then mentions LaRouche: "When the direct attack on political and religious views comes, initially it will be on targets that most will ignore, since they will be seen as outside the mainstream and therefore unworthy of defending—like the Branch Davidians or Lyndon LaRouche."

Paul concludes, "Congress has been a poor steward of the First Amendment. This newest attack should alert us all to the dangers of government regulating freedom of speech—of any kind."

## **Ibero-American News Digest**

### **FLASH: LaRouche Visits Mexico, Again!**

U.S. Democratic Presidential candidate Lyndon H. LaRouche, Jr. was invited to address a conference at the International Relations Department of one of Mexico's most prestigious schools, the Technological Institute of Monterrey, on March 20. LaRouche was last in Mexico in November 2002.

During his several-day visit to the capital of the state of Nuevo Leon, LaRouche held a well-attended press conference (journalists from 11 local and national media were present), met with local trade-union and political leaders, and addressed a group of over 100 Mexican youth organized by the LaRouche Youth Movement, who came from all over Mexico, some of them driving up to 20 hours, to meet with the American statesman.

### **Assassination Attempt Against Nationalist Mexican Governor**

The Governor of the southern Mexican state of Oaxaca, Jose Murat, a leading nationalist from the opposition PRI Party, was ambushed on the morning of March 18, while on his way to an official meeting, narrowly escaping assassination. Murat and his security detail's cars were riddled with bullets from pistols and automatic rifles. The perpetrators escaped. Murat suffered minor scrapes and a crack on the head from his vehicle's crash, and was taken to a local hospital.

U.S. Presidential candidate Lyndon LaRouche, who was visiting Mexico at the time, made public his assessment, that this attempt was an extremely serious warning, and must be understood in the context of the Spanish terrorist bombings. The synarchists are going after Mexico's institutions—its Presidency, included—he said, and any investigation of the capability for this, should start with the drug traffickers, and at the borders—both north and south.

Governor Murat, who is considered a likely Presidential candidate in 2006, is one the most prominent leaders of the fight to defend Mexico's institutions. In 2002 and 2003, he helped defeat the Fox government's various attempts to privatize Mexico's oil and electricity, and to impose a value-added tax on food and medicine. In the period leading up to the 2000 Presidential elections, Murat was very active in trying to purge the rot in the PRI left by the succession of Salinas, de la Madrid, and Zedillo Administrations. Aside from his current post, he has served as a Senator from Oaxaca, in which capacity, he headed up the Foreign Relations Committee; as a Federal Deputy; and has held a number of executive positions within the PRI.

The people who failed to kill him March 18, delivered another threat to him while he was still at the Social Security

hospital where he was being checked over following the attack. The threat came to the hospital switchboard, and warned that "you got away this time, but we're coming back to finish the job." Murat subsequently revealed that he has received 15 death threats in the past, and that his daughter was the victim of a failed kidnapping attempt.

At a press conference right after leaving the hospital, Murat charged that his assailants were "only a few, and they are cowards.... I will not be cowed or intimidated." Murat warned, "This [attack] doesn't just affect Oaxaca, this affects Mexico."

## **Assassination Attempt Raises Fears of Political Instability**

Several Mexican political leaders expressed the fear that the assassination attempt against Gov. Jose Murat presaged political instability, and posed a threat to "governability." Congressmen, Senators, and other political leaders worried that the attack on Murat signalled a worsening of a fragile political stability, which would be exacerbated, especially during this year's upcoming elections. Both the Senate and the House of Deputies issued official denunciations, while President Vicente Fox personally called Murat to say that the attack was "an affront to the rule of law, social conviviality, and politics." Jesus Ortega Martinez, head of the PRD bloc in Congress, termed the attempt as "serious ... part of the deterioration of the country's political and social life." He warned that should the national situation become more "complicated ... it can lead us to extreme scenarios of political instability from which it will later be difficult to escape." PRI Congressional coordinator Emilio Chuayfet warned that the attack affected the PRI's "institutional credibility," as well as Mexicans' confidence in themselves.

Interior Secretary Santiago Creel vowed that the full weight of his office would be brought to bear in investigating this attack to the fullest.

## **Brazil-Argentina Alliance Will Rattle Synarchists**

One week after the International Monetary Fund backed down from forcing Argentina to default on a \$3.1-billion payment on March 9, Argentine President Nestor Kirchner and Brazilian President Inacio Lula da Silva held what they called an "historic" meeting in Rio de Janeiro March 15-16, to forge a "common approach" toward multilateral lending agencies in dealing with the foreign debt. The centerpiece of that approach is a call to change the way the primary budget surplus is calculated—this is the money set aside to pay debt—so that, as their final communiqué states, it does "not compromise growth, and guarantees the sustainability of the debt, such that even investment in infrastructure may be maintained."

The significance of their meeting does not lie so much in the specifics they discussed, although these are by no means trivial. What is more likely to unnerve synarchist banking circles, is the fact that Kirchner and Lula met at all, at a time of great international financial turbulence, and spent several hours talking and working closely together to craft the final "Declaration on Cooperation for Fair Economic Growth." The document doesn't call for overthrowing the IMF system, but with references to problems in the "international financial architecture," it does reflect both leaders' recognition that the demands of that crumbling system increasingly jeopardize their nations' existence.

From all reports, in approving the document's final version, Lula personally overrode his monetarist Finance Minister Antonio Palocci, the architect of Brazil's orthodox economic policy. Palocci didn't want any link made between primary budget surplus and economic growth in the document, for fear of upsetting "the markets." Palocci also didn't appear at the final press conference at which the document was presented.

The focus on the primary budget surplus touches on a fundamental point: Lula's acceptance, at Palocci's urging, of a primary budget surplus equivalent to 4.25% of gross domestic product, in order to guarantee debt payment, has been disastrous for Brazil's economy. It has paralyzed growth and caused high unemployment, provoking growing discontent

among the leadership and base of the ruling Workers' Party.

In Argentina, Kirchner is battling the IMF demand that he increase the primary budget surplus above the 3% of GDP agreed on in the current loan accord. In an interview published in the March 16 *Clarín*, IMF acting Managing Director Anne Krueger threatened that unless the surplus figure were increased, the country would face renewed crisis and isolation from international markets. Kirchner responded emphatically that the 3% figure is "a ceiling, not a floor," and will not be changed.

The hysteria that came out of synarchist banking circles and their media outlets following the Argentine default threat, makes clear why a Kirchner-Lula alliance would be viewed as a potential threat. The IMF itself is so financially precarious, that it had to give in to Argentina, rather than take the chance that a default could bring down the whole fragile system. Argentina accounts for 15% of the Fund's outstanding loans, and Brazil and Argentina together account for 50%. Were Argentina and Brazil to coordinate their policies in a meaningful way, where would that leave the IMF and its synarchist backers?

Kirchner told Lula during their conversations that "we shouldn't be afraid of change ... because we can't condemn ourselves to live in today's social situation for the rest of our lives." After Lula's collaborators had formulated a document that the Argentines considered too weak, it was Lula who made the decision to go with the stronger wording. After all, Lula reportedly said, "Two mountains (Brazil and Argentina) can't give birth to a mouse." Within 60 days, the two countries will have a concrete proposal ready to present to the IMF and allied institutions, and have invited Paraguay and Uruguay, their partners in the Common Market of the South (Mercosur), to join them in dealing with the IMF as a group.

### **Concerns About Kirchner's Safety After Helicopter Incident**

There are concerns about Argentine President Nestor Kirchner's security, after the helicopter he was travelling in fell to the ground from a distance of two meters—twice—having been unable to gain altitude in windy weather, on March 13. The second time, it landed dangerously close to a ravine, according to press reports March 15. This incident, similar to one last August, occurred in the province of Mendoza, where Kirchner had given a speech, and caused considerable concern among some of his closest aides. The Argentine President is also known for breaking protocol, and going off into crowds to talk to people, without concern for security. One Peronist deputy from Mendoza commented, "I'm worried about the President's security.... He has to be a little more careful; it would be terrible for Argentina, if anything were to happen to him." Also travelling in the Sikorsky helicopter were Chief of Staff Alberto Fernandez, Defense Minister Jose Pampuro, and the Governors of Mendoza and San Juan.

### **Cheneyac Otto Reich Threatens El Salvador on Eve of Elections**

President Bush's special envoy to Ibero-America, the neo-conservative Otto Reich, publicly threatened this week that a victory by former left-wing FMLN guerrilla leader Schafik Handal in the March 21 Salvadoran Presidential elections would bring retaliation from the United States against the small Central American country, *El Diario de Hoy* reported March 14.

The election threatens to polarize the country once again, along the dividing lines of the civil war which destroyed the country in the 1980s. The two candidates leading the polls at the eve of elections, are Handal, who is campaigning on a platform of economic change, and Tony Saca of the rightwing ARENA Party, who champions free trade.

"We would have to evaluate our relations" with El Salvador, Reich insisted, given that we don't share the same values vis-à-vis democracy, property rights, and terrorism with the Farabundo Marti National Liberation Front (FMLN). He called Handal, a prominent member of the Sao Paulo Forum (the continental umbrella group of terrorists and left-political leaders

founded by the Cuban Communist Party in 1990), "authoritarian," and an open admirer of Fidel Castro and Venezuela's Hugo Chavez. He urged the Salvadoran population to think hard and long about electing someone who could well turn into a dictator, drawing an obvious parallel to Chavez. Said Reich, "the choice [of a President] is sovereign, but the response will also be sovereign," adding that the U.S. reserved the right to revise all aspects of its relations with El Salvador in the event of Schafik Handal's election to the Presidency.

Reich's warnings take on an added import, in the immediate aftermath of the U.S. intervention in Haiti and Aristide's downfall there.

His comments bring to mind the intervention of then U.S. Ambassador to Bolivia Manuel Rocha, who, during July 2002 run-off elections for Bolivian President, gave a speech warning that an election victory by Sao Paulo Forum darling and cocalero leader Evo Morales would lead the U.S. to cut off all aid to that country. The ambassador's comments so enraged Bolivia's electorate that Evo Morales—who gratefully applauded Rocha's big-stick intervention—nearly won the election.

## Western European News Digest

### 'New Political and Diplomatic Game' After Spanish Elections

"A totally new political and diplomatic game" has been created by Spain's "extraordinary" election and post-election developments, a senior British defense source said in discussion with EIR March 17. He agreed with Lyndon LaRouche's evaluation that "the cat's out of the bag." He asserted that "we will hear all the usual posturings from Washington and London, but the fact is, they will have to beat a retreat. What we have seen in Spain is quite extraordinary: Twelve hours after the election new Prime Minister [Jose Luis Rodriguez] Zapatero, made statements that cannot now simply be withdrawn, they have a quality of irreversibility about them. To say, that the Iraq war is a 'result of lies,' and to speak about the 'magnificent relations' he wants with France and Germany—he cannot now back out of such declarations."

The source affirmed that the Bush Administration would have no choice, but to attempt to "short-circuit the effects of this sudden, emerging uniqueness of Spain," by "going to the United Nations to effectively take over the situation in Iraq—and this will mean enormous concessions by the U.S. and Britain to the UN. If concessions are not now made, the whole thing will begin to unravel. After the elections in Spain, we are in a totally new political and diplomatic game. A policy retreat is now in the offing."

He said the French, in particular, are enjoying this new dynamic: "The words 'I told you so' are now echoing like mad throughout France," while the governments of Britain, Italy, Poland, and the U.S. are in confusion.

This source, who has long insisted that Cheney would eventually use "health problems" to remove himself from office, repeated this forecast today, in the context of discussing the changed political-diplomatic environment.

### Kosova Events Signal Collapse of UN-NATO Policy

Croatian sources, who are following the situation in Kosovo closely, told *EIR* March 19, that they see the situation as having been provoked as part of a broader strategy of tension being unleashed now in Europe, following events in Spain.

Alex Anderson of the International Crisis Group in Kosova, told *EIR* the situation is now explosive. Speaking from Kosovo, he said, "We were all taken by surprise by the ferocity of what happened on Wednesday when clashes broke out between Serbs and ethnic Albanians.... This is the result of the failure of the United Nations and NATO to come to grips with the fact that they must resolve the final status of Kosovo." Anderson sees the situation as the coming to the surface of



the accumulated rage and frustration due political and, especially, economic stagnation, indicated by reports of 60% unemployment.

This has the overtones of a rebellion by all sides against the *status quo* of the past four years. Although he said the security situation had on the surface improved over the past years, these events show how fragile and artificial the situation has been.

He would not say the situation had been provoked by either side, but did say that over the past year, Serbia has been making moves to demonstrate that Kosovo is still part of Serbia-Montenegro. They have set up parallel structures to the UN, and have poured over 100 million euros into the province in order to pay higher salaries than the UN, as a way of reinforcing their control, which has caused friction between Serbs and Albanians.

He was also surprised at the events inside Serbia proper, including the burning down of mosques, and demonstrations, which he said are obviously organized by the extremist organizations.

### **EU's Prodi: Force Alone Cannot Defeat Terrorism**

In an interview with the *Financial Times* March 16, European Commission President Romano Prodi said that the March 11 Madrid atrocities showed that the U.S. strategy of using force to defeat terrorism was insufficient, and that the European Union needed to develop its own response. Prodi said Europe needed also to focus on "soft security" and work to develop cooperation with neighboring countries.

"These dark days have shown us how the American approach itself has not been sufficient to deal with the situation completely," he said. "It is clear that force alone cannot win the fight against terrorism. Europe's response must be more wide-ranging than the American reaction." Prodi said the EU was developing a "hard security" strategy of defense and police cooperation. But he stressed the need for better judicial cooperation, and a policy to ensure that neighboring countries, such as Morocco, Russia and Libya, did not feel isolated.

"One thing is clear," he said. "Things will only start moving when we have resolved the conflict between the Israelis and Palestinians. From Madrid, people are calling out for Europe to provide greater protection and security."

### **Chirac, Schroeder Oppose Clash of Civilizations Scenario**

After their meeting in Paris March 16, the French Jacques Chirac President and German Chancellor Gerhard Schröder told the press that both countries agree that an effective anti-terror strategy requires the eradication the roots of political violence and extremism in numerous crisis regions of this world.

"We must counterpose hope, solidarity, and the dialogue of civilizations, against the alleged inevitability of a clash of civilizations," Chirac said. It is necessary to increase economic development and to eliminate injustice in the world, Schröder added, stating that the war on terrorism cannot be won with military means alone.

France and Germany intend to present their respective proposals, also for the better coordination of anti-terrorism measures in Europe, to next week's EU Summit in Dublin.

### **Spanish Elections Bode Ill for Blair**

Britain will be the first to suffer the implications of Spain's elections, a senior continental European political figure

commented to *EIR* March 15, and the results bode ill for Tony Prime Minister Blair.

When it was suggested to him, that the results would have significant effects in Italy and Britain, he shot back, "I would reverse the order. Britain is first. The implications of the vote, are that we can say goodbye to Mr. Blair. What happened in Spain yesterday, absolutely accelerates the coming downfall of Blair. So, for the days and weeks ahead, this will all be felt much more in Britain, than in Italy. There should well be alarm in 10 Downing Street."

He added: "The effects of the Spanish results will be felt in Britain, Italy, and Poland, in that order. Things will move faster in Britain than the other two, but the other two leaders will also pay the price, for jumping on the bandwagon of the Iraq war, and the Washington-London 'New Europe vs. Old Europe' strategy."

## **Anti-Terror Measures Increase Across Europe**

In the wake of the Madrid bombings, surveillance and protection has been massively increased throughout Europe, at central stations, rail lines, airports and other public mass transport hubs, in countries of the European Union.

In France, the second-highest anti-terrorism alert status "red" was imposed past weekend, after a renewed threat by the ominous AZF group against the French railway system came in, via an "open letter" by the group to President Jacques Chirac.

In Italy, special measures have been imposed for Rome and four other major cities—Milan, Naples, Perugia, Bologna. In Germany, surveillance of central stations and airports has been intensified. A special working group of Interior Minister Otto Schily and several state interior ministers was convened in Germany, on March 15, with a controversial proposal by Joerg Schoenbohm, Interior Minister of Brandenburg, on the agenda: He calls for the creation of a German National Guard, composed of the anti-crime agency BKA, the border police BGS and the customs service. In Brussels, the interior ministers of the EU member governments will meet March 22, as well.

NATO has began rehearsing deployments against terror attacks: Interestingly, the day before the Madrid terror attacks, German, Dutch, and British NATO forces held an exercise on Dutch territory, codenamed "Berlin Plus CME/CMX," with the script speaking of terror attacks on trains, with many human casualties.

## **Will Euro-Zone Break Apart?**

The euro-zone could break apart, Morgan Stanley economist Joachim Fels wrote in an editorial for the March 15 German daily *Frankfurter Allgemeine Zeitung*, headlined "There also exists a way out of the monetary union." He notes that political and economic tensions in Europe are rising, and this will further increase after 10 new members join the European Union later this year, as there are divergent economic interests between the rich and the poor countries. The risks involved here have not yet been recognized by financial markets.

Another problem, says Fels, is the "suspension of the Stability Pact" which increases the risk that budget deficits are going "out of control." There will be ever more pressure on the central banks just to print money to cure economic problems. And what happens once a "severe political and economic crisis" erupts?

Against this background, states Fels, "even a break-up of the European Union or the euro cannot be fully ruled out, in particular if the stability consensus in Europe, which is the basis of the Monetary Union, disintegrates." Fels concludes that, concerning Europe, people are starting to "think the unthinkable."

## **Unions To Hold Actions vs. Maastricht; in Defense of 'Public Good'**

Labor unions in numerous European countries will hold days of action April 2-4, with calls to modify the Maastricht criteria. The campaign will begin with activities in numerous French cities, and with a mass protest rally in Brussels; there will also be activities in London, and in several East European capitals, including Warsaw and Budapest.

On April 3, big mass events are planned in Paris, Rome, Vienna, Berlin, as well as in many other big cities in several EU countries.

One of the more interesting issues in this Europe-wide mobilization will be the "defense of public good." The relevant declaration of the European Labor Federation states, among other aspects, the following:

"Railway chaos in Great Britain, days-long power blackout in California: If basic public services do not function, entire countries get paralyzed. The so-called services in the public interest are, therefore, not eligible for reckless competition and profit orientation at all costs.

"Public works secure the infrastructure and quality of living. They have to be protected in their existing state and even expanded. The nationwide supply of gas, water and power as well as public transportation, connects human beings and enhances social integration of Europe.

"The integration of Europe poses new challenges to the so far, mostly nationally organized infrastructure and transportation grids. New investments are urgently required, to handle the increasing cross-border transport. Public services have a special responsibility for the success of European integration.

"But public services are coming under the pressure of privatization and deregulation. The negative results of that can be studied in America and in Great Britain. We need, therefore, clear European regulations to protect public goods from general rules of competition.... If privatizations are to be carried out, the state must be allowed to impose regulations, to secure a comprehensive supply of its citizens."

In that context, the labor unions call for a review of the Maastricht budgeting rules, to enable the states again to invest in the public sectors.

## **Russia and the CIS News Digest**

### **Putin Re-elected as President of Russia**

The turnout in the March 14 Russian Presidential election surpassed 64% of eligible voters, well over the 50% necessary for the election to be valid. President Vladimir Putin was re-elected with over 71% the vote. In second place was the Communist Party candidate, Nikolai Kharitonov, with 13.7%. Independent Sergei Glazyev had 4.1%, former Union of Right Forces co-leader Irina Khakamada had 3.9%, the Liberal Democratic Party of Russia candidate Malyshkin had 2%, and Federation Council speaker Sergei Mironov, less than 1%. The line for "against all" received 3.5%.

On March 12, the campaign staff chiefs for Glazyev, Khakamada, and Kharitonov gave a joint press conference to warn against "massive vote fraud," on top of their having been deprived of equal access to the media. The same day, Glazyev was unable to hold a scheduled campaign meeting in St. Petersburg, when the venue was cancelled at the last minute—as had also occurred during his visits to Siberia and Nizhny Novgorod. The same tactic was used against Khakamada in

## Pattern of Suspicious Destructive Events in Russia

Russian media and public attention are focussed on a string of violent events that occurred simultaneous with the Madrid bombing and the Russian Presidential election. Although the official line on two of them is that "terrorism is ruled out," questions have been raised about both.

\*Just as the polls closed at 9:00 p.m. in the March 14 Presidential election, a spectacular disaster broke out in central Moscow: The beautiful, colonnaded Manezh building next to the Kremlin—the former Imperial Riding School stables, built in 1817 to commemorate the fifth anniversary of victory over Napoleon—caught fire, and burned to the ground. Five hundred firefighters were mobilized to douse the fire and prevent sparks from igniting fires in other historic buildings nearby. Two firemen died. Moscow Mayor Yuri Luzhkov, Emergencies Minister Sergei Shoigu, and Prime Minister Mikhail Fradkov rushed to the scene.

While Luzhkov and others cited the probability of a short circuit in the building's ventilation system, the usually cautious head of the Central Electoral Commission, Alexander Veshnyakov, termed the fire "a provocation." According to St. Petersburg television, specialists at a similar building in that city are convinced that the Moscow Manezh fire was arson, timed with the Presidential elections. With flames shooting high into the air, it looked from many vantage points in Moscow as if the Kremlin were on fire.

\*A gas explosion in an apartment building in Arkhangelsk killed at least 50 people on March 15. Initially two homeless men were blamed for having stripped fittings from a gas line in order to sell the brass for scrap. But *RFE/RL Newsline* reported doubts raised by Russian sources: "Moscow Anti-Explosives Center Director Adolf Mishuyev told *NTV* on 16 March that the Arkhangelsk explosion could be the result of 'new tactics by terrorists.'... The only thing saboteurs need to do is to remove fittings from a gas pipe and light a candle on an upper floor of the building. When the building fills with gas, it will explode, Mishuyev said. *Newsinfo.ru* on 16 March reported a detail that could support Mishuyev's suspicions. The building that exploded belongs to the Internal Affairs Ministry, the website reported, saying that it served as a residence for active and retired local Interior Ministry personnel and their families. *Strana.ru* on 17 March reported that the building housed veterans of the Ministry's special forces, including veterans of the war in Chechnya."

A local Internal Affairs Ministry spokesman, however, said that building ownership was transferred to the city of Arkhangelsk in the 1990s and only a few police still lived there.

\**Kommersant* of March 13 reported indications that an election-day terrorist act was prevented in Stavropol, southern Russia, when a group of terrorists was eliminated by the combined forces of the regional police and special units of FSB (Federal Security Agency). On March 10, two policemen were killed at a highway checkpoint near Mineralnyye Vody (in the vicinity of Chechnya), by passengers of two cars, which tried to escape the checkpoint. Another group was detected in the Sovetskoye district, close to Kabardino-Balkaria, another North Caucasus region. There, the besieged terrorists opened fire on the FSB spetsnaz. Six of the potential terrorists were killed—a Russian and three from the North Caucasus. In one of the cars were detailed maps of Stavropol city.

## Russian Intercontinental SLBM Tests Succeed on Re-Test

On March 17, Russian Navy Commander-in-Chief Admiral Kuroyedov observed successful test-firings of intercontinental submarine-launched ballistic missiles, of the type that failed during last month's major exercises. A Navy spokesman said that the nuclear-powered submarine Novomoskovsk fired two RSM-54 long-range missiles in the space of a few hours from a point in the Barents Sea. Both missiles hit their target range in Kamchatka peninsula on the Pacific, 4,500 miles

away.

## **Minister: Russia Is World, Not Regional Power**

Russian Deputy Foreign Minister Vyacheslav Trubnikov, a veteran of the Soviet and Russian intelligence services, and close associate of former Prime Minister Yevgeni Primakov, gave an interview to *Vremya Novostei* newspaper on March 17, about Russia's role within the Commonwealth of Independent States (CIS). Besides issues of NATO and EU expansion, Trubnikov spoke emphatically on Russia's identity as a world power. Asked if he agreed "with political consultants who propose that Russia, as a regional power, should reorient itself exclusively towards the post-Soviet area," Trubnikov replied:

"I disagree. Due to its historical and geopolitical significance Russia cannot be confined within the regional framework.... I'm certain our country will take a proper position by becoming a pole in the multi-polar world order. We already have the formal attributes for that: affiliation with the nuclear club, permanent membership in the UN Security Council. Undoubtedly, Russia's economic might will determine its role of a great power. Slowly but surely we are increasing our economic potential. This is the Euro-Asian Economic Community within the framework of the CIS, the common economic area. Russia has been the driving force for integration processes across post-Soviet territory, which is a very difficult and responsible occupation."

At the same time, he criticized people within Russia who believe Moscow's involvement with other CIS members is too costly, for "little in return." If Russia were to abandon its role in the CIS, Trubnikov said, "our niche would be filled immediately—this is reality. It would be a rash move."

## **CIA Warns of 'Greater Assertiveness' by Russia**

A CIA assessment made public in mid-March warns of a "greater assertiveness" on the part of Russia after President Vladimir Putin's re-election. The report, together with a Defense Intelligence Agency assessment that Russia is "attempting to reclaim great power status" under Putin, was played up in a March 14 article in the *New York Times*.

## **Russian Deputy Chief of Staff in China**

General Yuri Baluyevsky, first deputy chief of the Russian Armed Services General Staff, visited China the week of March 15, for meetings with Liang Guanglie, chief of the General Staff of the Chinese People's Liberation Army. This is the eighth round of Sino-Russian military consultations. The two sides discussed issues of strategic stability, and current and future cooperation between the militaries of China and Russia. Baluyevsky met with Chinese Defense Minister Cao Gangchuan, to discuss regional security, Korea, West Asia, international terrorism, and non-proliferation. Also scheduled was a tour of a number of military facilities throughout China.

## **Georgian President in Talks on Ajaria Crisis**

Georgian President Mikhail Saakashvili travelled to Batumi, capital of the Ajaria region, on March 18, for talks with Ajaria's leader Aslan Abashidze. Speaker of the Georgian Parliament Nino Burjanadze had negotiated with Abashidze for six hours, to arrange the meeting. Relations between Ajaria and the central government in Tbilisi have deteriorated since Saakashvili's election last December, which Abashidze strongly opposed, while Saakashvili attacked Abashidze (who has nationwide influence) during the campaign.

Saakashvili said March 17 that he was ready to lift an economic blockade imposed on Ajaria, if Abashidze agreed to hold

democratic legislative elections. "If the negotiations are successful, the economic sanctions will be lifted," he said. Saakashvili accused Ajaria of trying to secede from Georgia. But after the talks on March 18, he did pledge to lift the blockade.

The crisis escalated earlier in the month, when the Georgian leader tried to enter the autonomous republic with a group of special forces troops and several dozen bodyguards, but was stopped by the national guard of Ajaria. Then, Saakashvili issued an ultimatum, that he be recognized as sovereign of all Georgia, and be guaranteed free passage. In order to prevent the return of Abashidze from Moscow, where he was at the time, Saakashvili blocked air space, and mobilized armed units at the borders of Ajaria, as well as blockading the port of Batumi. The port blockade immediately hit Georgia's trade with Azerbaijan and Turkey, as Batumi is a key port for Eurasian trade. Itar-Tass reported, however, that the blockade, which has cut rail traffic too, did not affect the construction of the Baku-Tblisi-Erzum gas pipeline.

The EU's special envoy for the South Caucasus, Finnish diplomat Heikki Talvitie, flew to Georgia March 16 to discuss the crisis with Saakashvili. Also attempting to mediate was Moscow Mayor Yuri Luzhkov, who also arrived in Batumi March 16 and, on urging from former Russian Foreign Minister Igor Ivanov, Saakashvili agreed to meet with the Mayor.

## Mideast News Digest

### Syria Accountability Act Should be Repealed

Syria will be hit with U.S. sanctions, within 7-10 days, as required by the Syria Accountability Act (SAA), according to a statement on March 10 by Assistant Secretary of State William Burns, to the House International Relations Committee.

Burns testified just after completing a disastrous trip to Israel, during which Burns's delegation—controlled by National Security Council neo-cons Stephen Hadley and Elliot Abrams—met Israeli Prime Minister Ariel Sharon and Finance Minister Benjamin Netanyahu. After the trip, Sharon announced he will he will *never* negotiate with the Palestinian Authority leadership.

Ending all peace negotiations and annexing the occupied territories has been Sharon's plan all along. But *now* is the time he can get away with it, because of the upcoming Presidential election. With rampant terrorism showing the failures of the "war on terrorism," and the American occupation of Iraq in shambles, Sharon knows that the White House *does not dare* confront him, and lose the support of its fanatical supporters: the Christian fundamentalists and right-wing Zionists who support expulsion of the Palestinians, and say there will never be a Palestinian state.

Congressman Eliot Engel, a neo-conservative *Democrat* from New York, who sponsored the "Syrian Accountability and Lebanese Sovereignty Restoration Act" (SAA), supports exactly this policy of never allowing a Palestinian state, which he cleverly disguises as part of the war against terrorism. Participating in the October, 2003 "Jerusalem Summit" conference, with Israeli Tourism Minister Benny Elon, who wants to expel all Palestinians, and with U.S. Cheneyacs, Richard Perle and Daniel Pipes, Engel endorsed the declaration calling for Israel to annex the Palestinian territories, permanently. This dream of "Greater Israel" also favors the invasion of Lebanon.

Sharon's White House collaborators, entrenched in Vice President Dick Cheney's office (Lewis Libby, former attorney for Marc Rich, the fugitive financier known for "helping" the Mossad; and David Wurmser, a former think-tanker for former Israeli Prime Minister Benjamin Netanyahu), want to implement a war against Syria, as they laid out in the 1996 strategy paper for then-Prime Minister Netanyahu, "Clean Break: A New Strategy for Securing the Realm." In this plan, both Iraq and Syria were to be conquered in a war that destroyed the Ba'ath Party and installed new regimes. That report was co-authored by Wurmser, and Under Secretary of Defense for Policy, Doug Feith.

In April 2003, these neo-cons tried to push through an invasion of Syria as an adjunct to the war on Iraq. It was stopped by firm institutional pressure on President Bush. The neo-cons then began a step-by-step approach, using the SAA to impose sanctions and isolation of Syria.

Phase I is economic war against Syria, in fulfillment of the provisions of the SAA, which was signed into law by President Bush last December. This includes sanctions that are mandatory, unless Bush waives them on grounds of "national security interests." Washington sources indicate the neo-cons want the most stringent measures:

- \* prohibit the export of products from the U.S., other than food or medicine;
- \* prohibit U.S. businesses from investing or operating in Syria;
- \* block any transactions in any property in which the government of Syria has any interest.

But, there also a "Phase II" in the neo-cons' plan: military action—which is *not* contained in the SAA. Sources in the intelligence community report that war exercises concerning an invasion of Syria *have already taken place* in the last few weeks.

And, there is evidence that the charges against Syria, written into the bill by Engel, were being "sexed up" by the neo-cons inside and outside the government, in the same way that the reports against Iraq were. The key channels for this disinformation to Congress appear to be Under Secretary of State for Arms Control and International Security John Bolton, and Feith's Office of Special Plans, run by another former Cheney aide, Bill Luti.

## **100,000 U.S. Troops To Stay in Iraq After July 1**

The U.S. military is not leaving Iraq after the "transfer" of sovereignty to an appointed government on June 30, reported Associated Press, citing unnamed British and American occupation officials. Instead, the Bush Administration is frantically seeking an "invitation" from the non-existent Iraqi interim government.

Iraq's future defense ministry will have fewer than 100 employees, led by a civilian approved by "Iraq's U.S. overseer, L. Paul Bremer," AP reported March 14, citing its British sources. Negotiations are underway now for the "transitional" government to "invite" the U.S. military to "stay in control of Iraq's security." They expect to sell this as "technically ending America's status as occupier."

The Pentagon is insisting that the American military must be "free to continue to kill insurgents, interrogate prisoners, and command Iraq's new security forces," but there is "no treaty ... and no Iraqi government to approve it." An unnamed official said of this mockery, we are negotiating "with ourselves."

Given the escalating violence in Iraq, the military presence is an impossible dilemma for the American occupiers—who want to have a dictatorship in Iraq, but do not want to be called "occupiers." The weekend of March 13-14 saw the highest number of U.S. troop deaths in many months, with six U.S. soldiers killed by roadside bombs in Tikrit and Baghdad. On March 17, a car bomb killed at least 27 people, and wounded 41 others, in front of the Mount Lebanon Hotel in Baghdad. U.S. Army officers estimated the bomb, which blew a 20-foot crater, 10-feet deep, contained a ton of explosives. The explosion occurred in the Karrada neighborhood, which has a mix of residential and commercial buildings. At least six buildings were damaged, and the resulting fires led journalists to speak of "scenes of Armageddon," and "Hell."

As with the question of elections, the U.S. is already in conflict with its own appointed Iraqi Governing Council. Hamed Al-Bayati, a spokesman for IGC member Abdel Aziz al-Hakim (head of the Shi'ite Supreme Council for the Islamic Revolution in Iraq), said that foreign troops will be needed, but, "If we have a sovereign government, we can't put our forces under the command of another country's forces."

A British official told reporters, on condition of anonymity, that a small Iraqi "Defense Ministry," and the command really being under U.S. control is "the scheme being planned at the moment. The Americans will announce it when it is all ready." Earlier this week, it was announced that NSC Deputy, Robert Blackwell was in Iraq consulting with viceroy Bremer about what to do with the "transition."

## **Secret Hand Alleged Behind Kurdish Riots In Syria**

At least 14 people were killed in northeastern Syria on March 12-13, in riots which began at a soccer match in the town of Kameshli, near the border with Turkey. Interior Minister Ali Haj Hammoud travelled to the Kameshli area to take charge of efforts to end the disturbances.

Syrian Kurds make up 12% of the government of Al Hassaka, where the violence occurred. Khaled Kheder, deputy governor of Al Hassaka, accused Kurdish political groupings of instigating the rioting. "The parties that instigated [the violence], which have internal and external affiliations, have deployed some poor Kurds to use them and exploit them in what happened," he said.

The Syrian government has declared that the Kurdish riots were the result of an outside effort to destabilize Syria. Regional sources have told *EIR* that links to the U.S.-allied Iraqi Kurdish organizations that aided in the war against Saddam Hussein are important.

Since March 12, the violence has escalated. The Turkish Anatolia news agency reported that Syrian forces had killed seven Kurds in Aleppo and Afrin, during a commemoration of the victims of Iraqi gas attacks in Halabja in 1988. Five were killed and 30 injured in Ras al-Ain on March 15. Kurds attacked a police station in Amouda, killing a police chief and four officers. In Doumar, 300 Kurds were arrested that day.

According to an Arab regional expert, with good contacts in Syria, this has to be seen in the context of the deteriorating U.S. position in Iraq, and, therefore, the entire region. "The Americans are panicked about the situation in Iraq," he said, "and are trying to neutralize Turkey and Syria, by sending signals that there is 'no one next,' " after Iraq. (This refers to the widespread view, based on threats by Bush Administration neo-cons, that after Iraq, Syria, Lebanon, and Iran "are next" on the U.S. target list.) The source continued, saying, "The Americans are trying to ease tensions," at least ostensibly. However, at the same time, there are American circles behind the Kurdish uprising. "The Kurds never moved without an okay from the U.S.," he said. The Turks are on military alert in the south, because they fear that the Kurdish violence could escalate and spread.

"What has happened," he said, "is a result of Bashar al Assad's historic visit to Turkey," just recently, the "first Syrian President to visit Turkey." He pointed out that Turkey "is now uniting with other neighbors of Iraq, in opposition to the U.S. policy there. This has led to a Turkey-Syria-Iran triangle, which "has the blessing of Egypt and the Saudis." Mubarak was also recently in Damascus for a meeting with President Bashar.

## **IAEA Nuclear Inspectors Return to Iran**

Iran has agreed to let United Nations inspectors into the country by the end of March, reversing an earlier decision to stop



inspections, said Mohamed ElBaradei, head of the UN International Atomic Energy Agency. Tehran had put off inspections scheduled for early March, to protest a tough resolution by the IAEA watchdog against the country, for hiding sensitive parts of a weapons program that the United States claims is devoted to developing nuclear arms.

"I was informed this morning by the Iranian authorities that the new date for inspectors' arrival in Iran would be on March 27," El-Baradei told reporters in Washington, on March 15. "Although this delay is regrettable, nonetheless, it is still within our time schedule for the conduct of investigations" leading up to a June meeting of the IAEA board of governors that is to rule on Iran's cooperation. "I hope and trust there will be no further delays.... It is clearly in the interest of Iran to cooperate fully with the IAEA," ElBaradei added.

On March 17, following a cabinet meeting, Iranian President Khatami presented more of the picture, when he told reporters that Washington had "tried its utmost" at the last IAEA meeting to move the Iran case to the UN Security Council, which would be the first step towards imposing sanctions on Iran. "We will continue our cooperation with the agency," he said, "as long as we know the U.S. plots are not effective," Khatami said.

## Asia News Digest

### Conference Aims at Chinese Currency Revaluation

C. Fred Bergsten's Institute for International Economics (IIE) held a conference March 16 on "Economic Relations Between the U.S., Japan, and East Asia," which focussed on demanding a revaluation of the Chinese renminbi. Bergsten is a leading player in the circles of Felix Rohatyn's synarchist bankers, committed to saving the bankrupt international financial system by any and all means necessary, including, prominently, the looting of China and Asia generally. He and his fellow IIE members presented various justifications for the U.S. demand that China revalue its currency.

Also speaking at the conference were Haruhiko Kuroda, former Japanese Vice Minister of Finance; Wu Jinglian, a senior fellow at the Development Research Institute Center of the State Council, and a leading architect of China's "opening up."

Kuroda's main theme backed the IIE group: That the U.S. recovery is robust, and will remain the great driver of the world economy for the foreseeable future, although the rapid growth of China's trade is important. He also concurred with the IIE crowd in saying that the huge trade imbalances are primarily due to the overvalued renminbi. He warned that the undervaluation is creating an asset price bubble within China which is threatening to burst into severe inflation. He also said that Malaysia and Thailand will need to revalue as well.

Professor Wu, to the contrary, stated the official Chinese position in his speech, namely that there would be no early revaluation.

In discussion, Kuroda insisted that a dollar collapse was impossible—that the housing bubble in China was just as bad as that in the United States.! Wu, on the other hand, said emphatically that a dollar collapse was his greatest worry.

### China Limits Renminbi Purchases

In a move designed to curb speculation on a possible revaluation of the renminbi against the dollar, the State Administration of Foreign Exchange (SAFE) in Beijing, has imposed restrictions on the amount of U.S. dollars non-residents in China can change into renminbi. This amount has been cut by half. As of March 15, non-mainland Chinese are limited to buying \$10,000 worth of renminbi a day, down from \$20,000 previously, and up to a maximum \$50,000 a month, SAFE announced. Approval from the SAFE will be needed on a case-by-case basis for any amount in excess of new

ceilings. The new rules applied to all designated foreign exchange banks.

## **Manila Won't Be Another Madrid, Arroyo Tells Interpol**

The Philippines is another country facing extreme tension over last week's bombings in Madrid and the election results in Spain. Not only is President Gloria Macapagal-Arroyo a staunch supporter of the neo-con war in Iraq, with Philippine troops on the ground there, but she is facing a close and contentious election on May 10. Already there is a movement by former military leaders close to coup-master Fidel Ramos, called "No-El," demanding a cancellation of the elections and the immediate imposition of a junta to run the country (although Ramos has carefully distanced himself from his lifelong subordinates, who are running this blatant subversion).

Interpol Secretary General Ronald Noble adopted the "al-Qaeda did it" line vis-à-vis Madrid, and hinted that al-Qaeda might be training its sights on other staunch U.S. supporters, such as the Philippines. While Manila insists things are under control, the *Manila Times* reports an American intelligence source according to whom, "It's not a question of if, but when and where"—claiming that Hambali, the Indonesian terrorist undergoing secret interrogation by the U.S., has revealed that the next likely targets are the Israeli embassy in Manila, and a Manila hotel. Since no one else, not even the Indonesians, is allowed to see Hambali, there is no way to confirm such U.S. claims.

## **South Korea Faces Terror Threat; Impeachment Fracas Continues**

Acting Korean President Goh Kun put Korea on "high alert" March 18, warning of attacks on public facilities following the Madrid bombings, as the saga of the impeachment of President Roh Moo-hyun continues. "Those countries which have their troops stationed in Iraq have become main targets for terrorist attacks," Goh said in a statement. Goh convened an emergency cabinet terror task-force meeting, including the Defense Ministry, the National Intelligence Service (KCIA), and the police. South Korea is due in April to deploy 3,000 troops to Iraq.

Beginning March 24, the new Korean bullet train to be inaugurated April 1, and all rail, airport, and other public locations nationwide, will undergo armed anti-terror drills, Goh announced, in a series of actions half-militarizing the nation. The Ministry of Transportation said it would carry out anti-terror drills at subway stations in Seoul, at the giant new Incheon International Airport, and at the country's 83 major public transportation sites. Anti-terrorism drills will be held in major cities to prepare people for terrorist attacks.

## **Koreans Rally in Support of Roh; Who Controls the Government?**

Candlelight rallies in Seoul, South Korea charging that President Roh's impeachment was a coup, have fallen off from 50,000 nightly to 1,500 as of March 18. Roh is riding high in the polls, with a 70% approval rating for the April 15 elections. However, as Lyndon LaRouche said recently, nothing is predictable in the Korean situation, given the explosive world environment.

Just who is now in control of South Korea's government is entirely unclear. The question of whether or not the rallies will be suppressed, has become a daily tug-of-war battle within government agencies. Neither the elected Roh progressive cabinet, nor the domestic Korean neo-cons who control large chunks of the career bureaucracies, have control. Neo-con sympathizers in the Seoul police on March 15 threatened to arrest all rally leaders, as the crowds grew, saying political demonstrations after dark are illegal. But Roh's Home Affairs Minister Huh Sung-kwan announced March 16 that the vigils would be classed as "cultural events" to bypass the law, since use of force would injure the thousands of women and children in the crowds.

On March 18, the Supreme Public Prosecutors' Office overruled the government, proclaiming the rallies formally illegal. President Goh's office then said that while it must accept the judicial ruling, the Executive Branch would nonetheless refuse to use force.

## **Mahathir Blames Bush Policies for Madrid Bombings**

In an interview with *Agence France Presse* on March 18, former Malaysian Prime Minister Dr. Mahathir bin Mohamad accused President George W. Bush of making the world a more dangerous place. He charged that Bush had "a closed mind," refusing to heed warnings that invading Iraq would lead to increased terrorism.

"He wants to do something and he doesn't care about what others say. It's quite obvious that lots of people were against the invasion of Iraq, but he just ignored all this." He told *AFP* that he had written to Bush before the invasion, seeking to warn him that it would increase terrorism. Asked if the Madrid attacks proved him right, Dr. Mahathir replied, "I think so. That's what I told President Bush. It's the wrong move in the fight against terrorism, to invade Iraq—but what is my voice?"

"This thing is escalating. If you believe in confrontation and beating down your enemy, and then he hits back, we are not going to have peace in this world."

## **New Kazakhstan Eurasian Railroad Planned**

A new Kazakhstan Eurasian Railroad will connect to Bangladesh and India, announced Kanat Zhangaskin, vice president of the Kazakhstan National Railway Company, in Hong Kong March 12, the *Taipei Times* reported. The new railroad, over 3,000 kilometers long, will branch to either Iran or Russia on the western Kazakh border. The Russia route would be the fastest from China to Europe. He said that a parallel project will run from Bangladesh through the Indian subcontinent, and on to Iran. Then, a tunnel through the Turkish Bosphorus Straits would connect to Europe.

## **China's Growth Triggers Soaring Electricity Demands**

Over the past two years, China's electricity consumption has increased 25%, an increase equal to the total power consumption in Brazil, according to Cambridge Energy consultant Scott Roberts, as reported in the *New York Times* on March 14. "They are adding a middle-sized country every two years in terms of energy consumption," Roberts said. China's energy needs are expected to double by 2020, and the Communist Party is rolling out plans for at least 100 new power plants, including nuclear (20 plants), hydropower and coal-fired plants. Today, nearly 70% of China's power comes from coal. Last year, China also accounted for almost one-third of the world's consumption of finished steel, and has built so many new cars, factories, airports, and high-rise buildings, that it has surpassed the U.S. as the world's top steel importer. Its oil imports also rose by one-third last year.

## **Thailand: Mass Demonstrations vs. Energy Privatization**

Half a million trade unionists plan to demonstrate in Thailand against the privatization of the state power company, *The Nation* reported March 17. Prime Minister Thaksin Shinawatra insists that he will proceed with the partial stock offering for the Electricity Generating Authority of Thailand (EGAT), although it has been stalled once already by protests by EGAT employees and sympathizers, which have been ongoing for over three weeks, as of March 17. The opponents want to force the government to hold a referendum on the issue before privatization is implemented.

Energy Minister Prommin Lertsuridej argued that the privatization will be "implemented cautiously to ensure fair allocation of shares to the public and fair benefits for workers," and said the public can be "assured that floating EGAT will not lead

to runaway charges, power outages, and other maladies as feared." But union leaders say the government had yet to explain how its privatization plans would serve the public instead of stock-market players. The results of privatization of power around the world has been one disaster after another, as documented in *EIR*.

## Africa News Digest

### Are U.S. Special Forces 'Bashing a Hornet's Nest' in Africa?

The Pan-Sahel Initiative of the U.S. European Command (USEUCOM) is engaged in anti-terror "cooperation" with the African countries of Mali, Niger, Mauritania, and Chad, with State Department funding. This "cooperation" takes the form of U.S. special operations forces training chosen units of local armies in "mobility, communication, land navigation, and small unit tactics." That, at least, is the limit of what is being said publicly. Now, an extension of the program to Morocco, Tunisia, and Algeria is under consideration. However, some fear that the program may provoke anti-European terrorism from African Muslim sources.

There are significant populations in this belt across Africa that have been manipulated to rally around the standard of Osama bin Laden and al-Qaeda. Air Force Gen. Charles Wald told the *Associated Press* March 6 that a particular target of the program is the Algerian-based Salafist Group for Call and Combat—accused of kidnapping 32 European tourists in the Sahara last year—which reportedly issued a manifesto associating itself with al-Qaeda some months ago.

Wald's description of his approach to the whole area is, "We need to drain the swamp." The actual content of any such "anti-terror" operation conjures up an image of bashing a hornets' nest.

### Book Reveals: Secret Service Role in Algerian 'Islamic Terror'

A book review in the *Sueddeutsche Zeitung* March 15, exposed Algerian "Islamic terrorism" as being run by the Algerian security agencies, at least since the military coup there in 1991. The book, which came out last year in France under the title *Chronique des Années de Sang. Algérie: Comment les Services Secrets Ont Manipulé les Groupes Islamistes* (*A Chronicle of the Years of Blood. Algeria: How the Secret Services Manipulated Islamic Groups*) was written by Mohamad Samraoui, a former leading officer of the Algerian counter-espionage agency DCE. Living in exile in Germany, after he served as military attaché at the Algerian embassy in Bonn, Samraoui wrote that "the terror groups in the underground were bred and manipulated by the secret service of Algeria."

According to Samraoui's insider knowledge, the state-run terrorists were recruited from existing Algerian opposition Islamists, who were turned around after arrest, and then run by such entities as the CPO operations department of the secret services. Ostensibly, this was supposed to be for infiltrating Islamist movements, but in reality, the waves of terror over the next years were set up by that operation. Samraoui learned that, on one night in July 1991, the first artificial Islamist terror base was set up some 50 kilometers from Algiers, and the first pro-extremist leaflet of "Islamist terrorists" was printed at the "military Antar barracks in Ben-Aknoum, the headquarters of the most important CPO center for illegal operations."

Also, the alleged blacklists with civilian targets of the "terrorists," Samraoui found out, were produced at the Centre Ghermoul, where the HQ of the counterespionage DCE was located. All the so-called "emirs" of the Armed Islamic Group (GIA) terrorists were run as puppets of the secret services, and the terrorists were always activated with special brutality whenever the Algerian government made attempts to reach a conciliation deal with the non-terrorist Islamist movement.

### Call for Crude Oil To Be Quoted in Euros, Not Dollars

A South African government economist called for crude oil to be quoted in euros, instead of dollars, in an op-ed in Johannesburg's *Business Report* March 16. Mandla Maleka, chief economist of Eskom Treasury, the in-house bank of the South African government-run corporation for electric power production, Eskom, wrote: "Perhaps the time is ripe for crude oil prices to be quoted in euros rather than in U.S. dollars. This was Saddam Hussein's wish before his demise from grace. In fact, while still in power, he settled his oil accounts in euros and not in dollars. Quoting prices in U.S. dollars means that as the U.S. dollar weakens, the price of oil increases.... [T]he U.S. dollar looks set to remain stuck to the floor as a result of structural problems with deficits.... The implications of high oil prices for South Africa are huge.... Well, with the U.S. having made its intention clear of increasing its oil imports from Africa, are the relations between the U.S. and some of its traditional sources at an all-time low? Is last week's coup attempt in Equatorial Guinea part of a bigger crude oil price plan? Would you be surprised at intimations that the British and U.S. intelligence agencies were involved?"

## **Cheney Gang Pawprints on Equatoguinean Coup Attempt**

In the July 2003 coup in oil-rich Sao Tome, former members of the South African 32 Buffalo Battalion pulled the coup. The 32 Buffalo Battalion consisted of mercenaries mainly recruited from Portuguese Africa in the 1970s. Then, Western diplomats (and African Presidents) got involved and negotiated a reversal of the coup, *in which conditions desired by the Cheneyac IASPS/AOPIG (Advanced and Strategic Political Studies/Africa Oil Policy Initiative Group) were imposed on the restored government.* The "former" mercenaries were somehow let off the hook.

In the current, aborted Equatoguinean coup, the Angolan Foreign Minister reports that the 23 Angolans among the 67 men arrested at the airport in Harare are, again, former members of the 32 Buffalo Battalion.

The plane used by these men was flown from Sao Tome to South Africa March 7, where they took delivery of it and immediately flew north. And they planned to retreat to Sao Tome as a safe haven, if they met too much resistance to achieve their coup in Equatorial Guinea, according to information obtained by the Zimbabwe Home Affairs Minister. But Sao Tome is a client state of the U.S., by choice of its President, Fradique de Menezes, who fears Nigerian dominance.

The plane itself was sold by Dodson Aviation, Inc., headquartered in Ottawa, Kansas, to London-based Logo Logistics, which has Simon Mann of British SAS and formerly of Executive Outcomes as one of its executives. Mann is among those under arrest in Zimbabwe. The Dodson subsidiary in South Africa, Dodson International Parts (SA) Pty Ltd, seems to be a successor to Dodson Aviation Maintenance and Spare Parts, which doubled as a mercenary operation.

## **Brit Press Covers for Cheneyacs in Equatoguinea**

The March 14 London *Observer* and *Independent* cover for the Cheneyite origins of the coup attempt in oil-rich Equatorial Guinea in their March 14 stories, which could be summarized in few words: "The coup was hatched in London" (*Observer*), and "The coup was not hatched in Cheney's Washington" (*Independent*).

The stories are titled, respectively, "Did African coup begin in Chelsea?" and "The inside story of the ties that bind [Equatoguinean] President Obiang and powerful American interests."

But the truth is, the Cheney network considers the Gulf of Guinea to be its own private lake, and DIA agents (chiefly) are crawling all over the countries that share its coastline. No coup takes place without the network's green light.

## **Thailand, Malaysian Power Firms Consider Sudan Project**

Thailand's Electricity Generating Plc (EGCO) and Malaysia's Petronas oil firm are looking to invest in an independent

power project in Sudan, the *Bangkok Post* March 11. EGCO's senior executive vice president said the company was negotiating with the Malaysian firm on project details, including the plant capacity and investment budget. He said the North African country, now at peace after a long civil war, needed massive investment in rehabilitation and infrastructure development. With a population of 35 million, and current generating capacity of just 600 megawatts, Sudan is woefully short on power. The Sudan government recently announced a 1,250-megawatt, \$1.5-billion hydropower generating project to boost generating capacity.

## This Week in History

**March 22-28, 1584**

### Walter Raleigh Receives a Charter — To Colonize North America

Four hundred and twenty years ago, on March 25, 1584, Queen Elizabeth I granted a charter to Walter Raleigh, authorizing him to set up an English colony in lands not under the dominion of any Christian prince on friendly terms with England. Nothing was said about the exact location of the colony, but British expeditions had been exploring the area from Spanish and French Florida up to Newfoundland for a number of decades. Elizabeth's grandfather Henry VII had agreed to sponsor the westward voyages of Christopher Columbus, but when the explorer's brother returned from England with the happy news, Columbus had already begun his first voyage under the sponsorship of Spain. So England began its own series of explorations, and by the time of Elizabeth, many of the navigators of those voyages were concentrated in the West Country of England.

Walter Raleigh grew up in the west of England, and many of his relatives were part of the exploring group. Sir Francis Drake was his cousin, and Humphrey Gilbert was his half-brother. In 1578, Raleigh had helped Gilbert plan an expedition to colonize Newfoundland, under the same kind of charter which Raleigh himself would later receive. The expedition was large and well planned, but after it reached Newfoundland, dissension began. After a fight with the Spaniards, Gilbert himself ordered the ships back to England, to try again at a more favorable time.

Spanish explorers had also been mapping the coast of North America, and in 1565, they massacred the French Protestant colony in Florida and moved up to explore the coast as far as Chesapeake Bay. Their Jesuit mission on the Rappahannock River, however, was wiped out by the Indians. Reprisals by the Spaniards against the Indians followed swiftly, but the Spaniards did not found a new mission. Thus, there were, at the time of Raleigh's expeditions, no colonies of other European nations on the east coast of North America.

The intense rivalry between European powers over colonizing America was a mirror of the devastating religious wars which were raging in Europe, and were only brought to an end by the 1648 Treaty of Westphalia. To most observers of the time, the causes were national rivalries or strong religious differences. But above these proximate causes, and "pulling their strings," was a reaction by the former feudal powers against the ideas of the Golden Renaissance, which recognized that man, created in the image of God, must not be treated as a beast. It was the Renaissance ideas which finally succeeded in shaping the colonization and eventual sovereign development of the United States.

Once Raleigh had obtained his charter, he was not one to tarry, and he had a preliminary expedition on the way to America by April 27 of the same year. Although he yearned to accompany it, the Queen insisted that he remain at court. Raleigh's two ships were commanded by Philip Amadas and Arthur Barlow, and it was Barlow who wrote an account of the expedition. On July 4, they sighted the southern part of the east coast, and "sailed along the same a hundred and twenty English miles, before we could find any entrance, or river issuing into the sea." They finally reached the Barrier Islands of the future North Carolina, where they landed and planted the Arms of England.

Barlow and his associates were much impressed with the fertility of the islands, and viewed them almost as a Garden of Eden. "We viewed the land about us, being, whereat we first landed, very sandy and low towards the water side, but so full of grapes, as the very beating and surge of the sea overflowed them of which we found such plenty, as well there as in all places else, both on the sand and on the green soil, on the hills, as in the plains, as well on every little shrub, as also climbing towards the tops of high cedars, that I think in all the world the like abundance is not to be found, and myself having seen those parts of Europe that most abound, find such difference as were incredible to be written."

The Indians appeared after two days and were very hospitable. When the expedition returned to England, it left two Englishmen there as hostages for the safe return of two Indians, Manteo, and Wanchese, who were to see London, and, it was hoped, learn the English language so that the explorers could learn their Indian language. Barlow had reported that "We found the people most gentle, loving and faithful, void of all guile and treason, and such as live after the manner of the golden age." However, there is evidence, which Barlow failed to report, that perhaps these Indians were not quite as pacific as Barlow represented them to be. For example, one of the tribal chiefs was recovering from a war wound, and that the most appreciated gift to another chief was a round metal object that he could use as a breastplate to defend himself against the arrows of opposing tribes.

When the two ships returned, Queen Elizabeth knighted Raleigh, and the colony was named "Virginia" in honor of the Virgin Queen. Raleigh recruited families and planned for a city to be built in the colony. In 1585, the colonists were landed on Roanoke Island, but instead of concentrating on establishing a firm base, they spent much of their time in exploration and managed to alienate the Indians. When Sir Francis Drake appeared, back from fighting the Spanish in South America and the Caribbean, the colonists begged to be taken home. Fifteen men were left on the site, but the relief ship sent by Raleigh for the colony could find no one.

In 1587, Raleigh mounted another effort, this time directing the colonists to settle in Chesapeake Bay, which avoided the alienated Indians and provided much easier maneuvering room for the ships. But their pilot led them again to Roanoke Island, where they had a difficult time. Governor John White, the grandfather of the first baby born in the colony, Virginia Dare, set sail for England to procure supplies and to obtain Raleigh's advice. He was unable to return because all ships were confiscated by the Queen for the defense of England against the Spanish Armada.

When White was finally able to reach Roanoke Island in 1590, he found the word "Croatoan" carved in one of the posts of the fort, without the cross which White had arranged as a signal for the colonists to use if they were in distress. Croatoan was the island where Manteo, one of the Indians who had visited London, lived, and so White assumed the colonists had run out of food and had to go live with their Indian friend. But both ships of White's convoy suffered damage, and they were not able to get to Croatoan. Then, in 1602, Raleigh sent another expedition to find the colonists, but its leaders failed, and wound up accomplishing nothing.

In 1603, Elizabeth died, and the new king, James I, was heavily influenced by Raleigh's enemies and eventually sent Raleigh to the Tower of London on a trumped-up charge of treason. Raleigh's rights in Virginia were transferred to the crown, and James granted them to the new Virginia Company. Captain John Smith carefully studied the reports of all of Raleigh's colonizing efforts, and this time, after many ups and downs, the colonization became permanent. Smith also scouted and charted New England, laying the basis for the actual republic founded by the Massachusetts Bay Colony.

Raleigh was found guilty of treason in a mock trial, where he was denied counsel, was unable to confront his accusers, and in which only one highly pressured witness testified by deposition against him. Raleigh was later executed, but his conduct during the trial had an effect on the future United States. His trial became a *cause célèbre*, and many of America's Founding Fathers had read the published accounts of his well-reasoned defense and his criticism of the sham procedures. As the legal basis of a republic, the U.S. Constitution provides that "No person shall be convicted of treason unless on the testimony of

two witnesses to the same overt act, or on confession in open court." The Sixth Amendment provides that the accused shall have the right "to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defense."

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