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

# **LYNDON LAROCHE GIVES VIDEO INTERVIEW — TO EIR ARABIC CORRESPONDENT HUSSEIN ASKARY**

*Here is the hour-long video interview Lyndon LaRouche gave to EIR Arabic correspondent Hussein Askary on April 24, 2004. Subheads have been added.*

HUSSEIN ASKARY: Mr. Lyndon LaRouche, the Democratic Presidential candidate and prominent economist and statesman of the United States, has put forward a proposal to salvage the situation in Iraq and the Middle East in general, which he has called "The LaRouche Doctrine," and which is being circulated inside the United States and internationally—that, in the context of his proposals for the reorganization of the international financial and monetary systems. So, we are going to ask Mr. Lyndon LaRouche to elaborate on these proposals, and explain the way his initiatives could work.

LYNDON LAROCHE: Well, what I did was, among other things, I made a ten-point argument, in order to have it in the point form, which is more easily understood, and divided into three sections the ten points. The first is to emphasize that the present view of the strategic situation in the Middle East is wrong, and can not possibly lead to a successful result. Therefore, we have to redefine the question on all sides; various proposals from all sides, will not work, as previously established. For one reason, the situation [in Iraq] has gone much too far. We're now in advanced asymmetric warfare, and the United States could not stay in, and the United States could not simply get out, without leaving chaos behind. And therefore, some completely different approach has to be taken to the situation.

The first thing is to recognize that we have to create a zone of security, which is accepted among the countries of the region, and deal with the problem of reconstructing Iraq, in the context of an agreement within the region. Now, the zone I defined is as follows: To the north, you have Turkey; next to it, you have Syria, and you have Iran. You have also at the corner, of the intersection of Turkey and Iraq and Iran, you also have Armenia, and you have Azerbaijan, where there are also problems. If someone is to destabilize Transcaucasia, including the problems between Azerbaijan and Armenia and Iran, then you could not possibly maintain a secure Middle East security policy.

So therefore, there has to be a sense of a primary policy, which, on the north, is Egypt, which is a strong nation-state, with a very definite perception of what the Middle East problems are, for it. You have Iran; whether you agree with Iran or not, it's a major factor in the region, and has to be consulted and brought in on the agreement. Otherwise there is no secure agreement. You have Iraq itself, but Iraq doesn't have power now. So, Syria has a sense of being a Middle East power; that is, it has a sense of power as an integrity of a nation, and its own policy. You have Egypt, which is the keystone nation from the other side. You have various other nations that can be brought in, including Lebanon, Saudi Arabia, and so forth, but they can not actually function, unless there is a framework in which they can efficiently function within the region.

So that's number one. So we have to say, "Take the British term 'Middle East,' and scrap it." There is no Middle East, there's Southwest Asia. And people who want peace will stop using the term "Middle East" and say "Southwest Asia"

instead.

ASKARY: What is the significance of that?

LAROCHE: Well, the British invented the term "Middle East," which goes back to the beginning of the 19th Century in the course of the Napoleonic Wars, when the British decided that the Ottoman Empire was going to be in trouble. And they were going to be on the inside, and they were going to make trouble. So, they planted the first Jewish settlement, under British direction, in the Middle East, and also picked up some of the Jews who were there, who were bankers, in Syria and so forth, and picked them up and tried to play them as factors in the grain trade and other things which were inside the Ottoman Empire, and play this.

So, all during this period, from 1763 on, in particular, we've had a British Empire in fact. Beginning with 1763, with the Treaty of Paris, all of Europe had been involved, by the British, in attacking Prussia, and during this period, the British had exploited this war, the so-called Seven Years' War, in order to gobble up India, and to gobble up North America, from France. At that point the Treaty of Paris established the British East India *Company*—a *company*—as an empire. And later, this became, formally, the British Empire. But all during this period, from 1763, Europe had been dominated by a group, based in London, which, in fact, is a British Empire. It still exists today, except today, the difference is, the United States was picked, as an English-speaking country, to become a kind of Big Brother, on doing errands for the British masters in London—that sort of thing.

So, what we have to do, is get a sense of Asia as a whole, and the region as a whole, as the area, not some proprietary conception of British intelligence. Because all the classical things that we get on Middle East policy, come from the question of the British Empire, and various—Russia, Austro-Hungary, at one point, Turkey—all dealing with this region. So, the region has certain internal characteristics. It is the one area in Asia which *is* in trouble. It's the one area that has to be fixed. So, the people in this area really do have certain common, or interlocking interest, and therefore, unless you are able to bring together these nations around the idea of their interlocking interests—in common security interests, and economic development—you don't have a party in the Middle East which is going to be capable of administrating the question.

Now, we're dealing with the Arab, in particular, at the same time. From my experience, of more than a quarter of a century: Don't tell an Arab what to do. Give him an option to make a decision.

So, the first purpose was, define the question in that way. Instead of trying to impose an outside dictate on the region, let the region agree on its own common interest.

## The U.S. Presidential System

ASKARY: There is a question that comes up in that context: It's the role of the United States itself, because it is the occupying power, it is the dominant power in the Middle East, it is the party which is supporting the Israeli policy, and could determine the situation. You say, you can't impose a solution, but what could the U.S. ...

LAROCHE: That's what I get to. That's exactly it. That's exactly it.

It can only come from me, because I'm the only leading American figure, from the United States, who is in a position to, and willing to, take that view of what U.S. policy must be. The advantage of my doing it, is that they have no other solution. We're headed in an impossible situation. And there are — contrary to what the impression is from the outside—because many people outside don't understand the United States. Many people in the United States don't

understand the United States, so it's not an exclusive club. But, we have a Presidential system, and our country, unlike European countries, which are based today on the British-Dutch Liberal model of parliamentary system, we don't have that. We don't really think like that, as a nation. We have many people in the United States who think like that, unfortunately, but we are not that as a nation.

Our system is a Presidential system. It's a Constitutional-Presidential system, based on principles set forth in the Declaration of Independence and the Preamble to the Constitution. Therefore, from the beginning of the American Revolution, 1776, officially, we built a Presidential system, which is based on a central government, as a Presidential system, with a group of states which agree to become part of a Federal government, not a group of associate governments.

As a result, you have, with this kind of government, the Presidency has to make the decisions. The parliament can not make competent decisions and will not make decisions. It's for that reason, that in every crisis, every constitutional government in Europe has been overthrown. The British avoided that by never having a constitutional government. They have an arbitrary government of the monarchy. It's a relic of an imperial system, which doesn't require a parliamentary system: The boss is the boss. What do you need a constitution for? The boss is going to make the decisions. It may not be the Queen herself, but it's a group of people who have that function.

So, our system is unique, in the sense that we have an efficient system, which is based on the people, largely, who are permanent servants of government: in the military, in the intelligence services, diplomatic services, and other functions of the Federal government, who are also associated, with their collaborators, traditional collaborators, outside government, who actually run the government, as an executive branch

The problem is, the way we run the government, depends upon what kind of a President we have, because under the Constitution, the President is the chief executive. And, if the guy is a dummy, as this present one is, and so forth, you have a problem. Or, if he's an enemy, as many of our Presidents have been, have been virtual traitors, you have problems.

But the essential thing is, we're the only country that, since 1789, the only country in the world, that has maintained the same constitution, the same constitutional system. Not just a revision of the constitution—we've made revisions, in details of the Constitution—but we are the only country in the world which has a viable constitution of that type.

Now, my position is not only that of a candidate, which I've been several times, but for various reasons, I'm essentially a part of the Presidential system. It's the way it works in our country. In connection with the SDI, for example, I had to take an oath, because I was dealing with the Soviet government, as a back-channel, for the United States government.

ASKARY: You mean the SDI, the Strategic Defense Initiative?

LAROCHE: Right. So, since I was dealing with the Soviet government on behalf of the Presidency, I had to take an oath, in terms of what I was doing, a secrecy oath in terms of certain things I was doing. So, because of that, I am essentially part of the system. And many people who are candidates, not in this crowd in particular—Kerry is, of course—are part of the Presidential system, even though he's a Senator. So, therefore, when you get a statement from me, on a matter of crisis, where the rest of the system doesn't work, and where the great numbers, the majority—for example, the majority of the military hate this policy. It's only the dummies that like it. It's a fascist system, which is against the military. Most of the intelligence services don't like it; they've been opposed to it.

ASKARY: As part of your expertise in these security and military issues, I'd like to hear your view of the situation itself inside Iraq, and also, as these circles see it inside Iraq; in military-political terms, how have you seen the war itself, the developments since the war, and the current situation?

LAROUCHE: I'll give you an example. We discussed this weekend some of the changes—even Bremer has been forced to make certain adjustments in his language—in Iraq. What that represents, is, we've had a discussion, over the past days, in leading circles inside the United States, and other places: They agreed with my proposal, in broad terms—they haven't discussed thoroughly all the details. They put the pressure on. We have a crisis. It's obvious that the President's a failure, everybody else is a failure in dealing with the thing. Therefore, the people who represent the institutions, the permanent institutions of government, whether they're out of service or in service, go as experts, and say to their friends who are in government: "This is not going to work, and here is a possibility of a solution. And therefore, in U.S. national interests, we've got to get out of this mess."

And therefore, they like this ["The LaRouche Doctrine"], I think some of them like it, and you saw an immediate reflection, once the discussion came on this initial proposal. That was my purpose. My purpose was, not to try to push the thing, negotiate it myself, but to state the proposal, have people in the Arab world, in particular, hear it; have the people who know me in the United States and elsewhere, hear it, and say—now, knowing that it's an urgent situation—that if we can't do something within less than 30 days, the situation may be impossible for anyone to deal with.

## A Proposal for Action

ASKARY: So, the problem with the discussions that come up is, that, first of all, the situation inside Iraq is somehow locked. That the parties inside Iraq itself are incapable of finding a solution, because some people say, there might be a solution if we get more American casualties, then this will create a reaction inside the United States. But on the other hand, there are forces inside Iraq, and in the Middle East, who look at you as a person of credibility, somebody whom they could trust, because you have a history of interventions in the Middle East, and you have been tested on that side. But then the question that comes up is, two sides of the thing: How you can mobilize forces inside the United States—you refer to these circles—but you, as a political figure, but not only as an individual, because you are also leading a political movement, within the Democratic Party and within the nation as a whole.

LAROUCHE: It's a question of temperament. You see, we keep quoting Shakespeare: *Julius Caesar*, Cassius to Brutus. Most people, including people in high positions of government, think, as Cassius said of himself to Brutus: "We are underlings." Now, what does the underling do? The underling puts out a statement, and hopes that he will become admired for making this statement, and sits and waits, for admiration to sink in. Now, people who actually know something about government, particularly the Presidential system, don't do that. I go as far as I dare, in actually making the thing happen, and keep pushing. And that's the way you have to act; if you're a President, that's the way you act; if you're a key official of government, in a responsible position, that's the way you act. You have a responsibility: Your responsibility is to act. But your responsibility is also not to act, without clarifying what your purpose of action is, and what the action is.

So, what I did, within my limits, was to say, "I am pushing now, as an individual, within the U.S. system, for the United States to make a change in its behavior in this area."

This means that we have to do some other things, apart from just dealing with Iraq. Go back, for example, to what the problem is: First of all, the war was totally unjustified. It was fraudulent. The Congress were a bunch of cowards, the entire U.S. system, the Congressional system, was a bunch of cowards. This includes Kerry and the rest of them. They don't have the guts to be the President of the United States, because they're cowards. And on the question of the war, fundamental issues, if you're a coward on that issue, and you compromise, you don't have the qualifications for governing, leading a country. You have to have those—.

Yes, in a parliamentary system, you can have a fool as parliament, and what they do, if you get a crisis, the parliament is overthrown, a new government comes in, and somebody runs the thing anyway, not generally too well.

But in the Presidential system, you have to act that way. My proposal is not a proposal for discussion, like parliamentary discussion: It's a proposal of action. It's a proposal which, in the United States, is addressed primarily to two things: to those who represent the Presidential institutions; and to those in the Congress whom I consider responsible people, who can organize lawful support for what we must do. That is, there are certain people in the Congress who are very important. They have important committees, they have friends in the Congress, you have networks in the Congress. They're bipartisan. They're both Republican and Democratic—it's not a partisan affair. In a national emergency, people in both parties forget the parties for a moment, and they concentrate on what the national emergency is, and join forces to deal with it. So, if you have support from leading people in the Congress, and if you have the Executive branch prepared to act, you can do something.

And that's the purpose of this. It's to set forth, primarily to lay down for the Americans—that's why I call it a "doctrine"—is to lay down for the United States, a doctrine under which the Executive Branch of government will act. My intention is, they will act immediately, not as something that's going to happen after the next election. And that's what sometimes you have to do, in leadership.

So, in this case, I know that we have to have a client, the United States has to have someone to talk to; and the people to talk to, are not the people who are in power, in any way, in Iraq today. So therefore, we have to create a client. The client can not be just Iraq. It has to be a group of nations in the region, who are concerned about what's happening in Iraq. That's why I define the Southwest Asia policy. These nations, people in these nations, must agree that this crisis must be dealt with, and they want a solution. And they have to be a part of it.

Because, remember, when the U.S. went in there, right after they went in, they did the worst thing to complicate the problem. Any competent military commander, invading a country—whether he wanted to or not, but he's doing it because he's ordered—the first thing he will do, when he takes over any part of the territory of that country: He will go immediately to the local officials in that country, local institutions, and tell them: "Okay, we're here. Our job is, while we're here, you keep functioning. We set up a liaison with you and you continue functioning, as you would normally, in terms of the country."

ASKARY: That's the institutions which already exist, like the military, the security—?

LAROCHE: Right, exactly. You go to these institutions, and say, "Okay, we're here. We're having a fight with your boss, who may be kicked out. But you are running the country, it's your country; it's not our country. Therefore, you in the military, you must take responsibility for security. And you must take responsibility for economic coordination. You cannot have a disaster." Then you go to the civilian people, who run the various institutions, power plants, and so forth and so on, and say, "You stay on the job. If you've got a problem, you need cooperation, come to us, you will get our cooperation."

So, you know you're in there, not as an occupying force permanently; you're in there as a military force, which has moral responsibility for what it does to the country it's occupying.

## **Bremer: The New Saddam Hussein**

ASKARY: Not only did the occupation forces demolish all these institutions, but moreover, they were meddling in the constitutional laws of the country. You had made a statement earlier, on the importance of restoring the previous constitutions of Iraq as an interim period, to have the Iraqis dealing with this problem themselves.

LAROCHE: Especially when you had an unjust war. I mean, many Iraqis did not like Saddam Hussein. But some of them feel they have an imitation Saddam Hussein in Paul Bremer, sitting there in the same place, doing the same kind of thing

that many Iraqis complained about [with] Saddam Hussein. So, if we want to democratize the country, the first thing to do, if we think Saddam was bad, we'd better get Paul Bremer out of there. And I would say, get his friend [George] Shultz, his sponsor, out of there too because he's not going to do much good.

So, the first thing is to simply recognize, you are not an imperial force. You are engaged in warfare. You have to operate under the modern law of war. And, if you are a military force, and taking responsibilities that a government has, you must act as a responsible agent to protect the very people whose country you're occupying. And the first thing you do, is make sure that the essential institutions of the country function. In other words, you go into an area, there's a mayor. Find the mayor, or find the police chief, find these various people: Where are they? We've got to talk to them. We've got to get this thing going again. And you tell them, "What do you need? What do you need? We'll try to get it for you." And so that was not done. Therefore, we took a situation which was already bad, that is, an illicit invasion of a country that had been looted over a period of years, under this UN occupation process.

ASKARY: The sanctions.

LAROCHE: Now, you come in, and you work to destroy the very structure of the country which you had been looting, as an occupying force. So, what you've done, is, you've created the ideal situation which exists in the world for what's called "asymmetric warfare." What you do is, you take the Iraqi military, which are a capable, trained force, as a military force—they may not have the most advanced weapons in the world, but they were a trained military force. You throw them out, and you start killing the people that they were supposed to be defending, their own people. You shut down the institutions on which the country depended for reasonable functioning. You turn the whole country against you, with the feeling of not only hatred, but desperation.

What happens? The Iraqi Army was trained, and others were trained, for asymmetric warfare. They were trained to fade into the desert and come back into the urban areas. You forced them to do that.

And you threaten to go to other countries and do the same. You create a general feeling in the so-called Arab world, and beyond, that this is something bigger than just Iraq. Then, they look across, and look at Israel and Palestine. And they see the same U.S. government which did this crime, the same George Bush and company, that did this crime, of an unlawful war—it's actually—a war crime was done against the U.S. Constitution, a war conducted, an occupation conducted, against the law of war. And you say, "We're going to do it everywhere."

So, what you do is, you put into motion generalized asymmetric warfare. And you do it under conditions of crisis.

You look at Sharon. What Sharon is doing in the Middle East, and with the consent and backing of the United States President, and Cheney, especially: This is mass murder. This is Hitler-like crimes. And you have a long period of a long war of the Israeli occupation of the Palestinian territory. And you have cruel, monstrous oppressions, actions which are comparable to those that Hitler perpetrated in occupied territory. You create a general acceleration of a deep, simmering hatred, which has been going on for generations.

Under those conditions, what are you doing? You're setting into motion the preconditions for—you've created combustible material that is about to burst into flames.

Now, you have the first thing which becomes the resistance phase, asymmetric war as resistance. Then it goes into a second phase. It becomes, not a resistance; it becomes an institution; it becomes a government of its own type. We've reached that phase.

So therefore, the United States can not get out, because we destroyed the structure of stability. The Europeans and others don't have the troops to put in. Therefore, we have to say, "Well, where do we get the troops?" "Oh, we have Iraqi troops! We have Iraqi institutions! We don't need to bring in a vast force of occupying military. We don't need to bring in a vast force of institutions. We need simply to provide what we should have been doing before: Provide cooperation and assistance in rebuilding the country." These Iraqis—I've got an army there. Call them back into service. You want 350,000 troops? They're there. Call them back into service, and tell them, now they're going to save the country. And you will find that works.

So, my view was, how do you get that into place? So, we had to go to a process in which the people of the region, or the key governments at least, would agree, that this is an area which is not just Iraq, but it's an area which has a coherent strategic interest, a group of states and peoples, who have coherent interests in having peaceful and productive relations among themselves, without having outside interference. So, that was number one.

The idea was, if they responded, then I could go to people in the United States and elsewhere, and say, "Okay, now we have a client. We have people who are responding, who say they want this kind of policy, or they want more of this kind of policy. So, now, we have somebody to talk to."

## **The LaRouche Doctrine**

ASKARY: So, you are now addressing not only the U.S. policymakers, but also the nations of the Middle East and the governments. So, if you want to address them, what kind of action do you expect from them, in response to your proposal, which you say, has to be in your name, as the "LaRouche Doctrine"?

LAROUCHE: It's like Bremer. Bremer, in the past couple of days, has made statements which sound like he's caving in to my policy. So therefore, words, or something that sounds like similar words, are not the same thing as my intention. Therefore, it has to be in my name, since, what's this policy mean?

Well, I'll tell you what the policy means: You've got somebody who's a guarantor of the intent of the policy, so don't go to some commentator, or some drunk on the street, and ask him what the policy means, like the thing with Bremer. So, the sane thing was to get a sense, an emergency sense, of an agreement on a Southwest Asia security pact, among the nations of the Middle East, with the idea that the United States would commit itself, by a doctrine of the United States, to support and participate in supporting that strategic interest.

In other words, Southwest Asia was the no man's land of Asia. There was no coherent definition of a strategic interest. You had, Nasser tried to do something like this, with the United Arab Republic, which blew apart, because the Syrians were a little jealous of this kind of thing from Egypt. There has not been a clear, coherent, sharp definition of a Southwest Asia interest.

ASKARY: If you can elaborate here: Because, when people hear, "American interest in the Middle East," the first they think about is the oil.

LAROUCHE: No, it's not the oil.

ASKARY: What do you mean by "American interest"; national, strategic, interest?

LAROUCHE: Well, we have an interest in going past the thing that caused two world wars, which is still running loose. We are in danger of going into a global dark age. Now, to get out of that dark age, means that economic and other things

have to be done, in many parts of the world. We have a very difficult situation among nations, with China. China is a positive part of a solution of security and development. It also has a conflict with its neighbors. China is trying to play down its conflict with its neighbors, to come to agreement with countries such as Russia, India, and so forth, and to become a cooperating partner, which it sees as a necessary policy.

We have Pakistan and India; we have Pakistan, India, and Bangladesh. We have Southeast Asia, in terms of the Mekong Delta development area, and Myanmar, and so forth. So, these areas—their cooperation is essential to a recovery from the process that's now going on in the world. It's also essential to get past this matter of routine, every few decades, a new world war. Therefore, we have to build a positive economic system of cooperation in Eurasia, in particular. If we do *not* have cooperation in Southwest Asia, then Southwest Asia, and adjoining countries, will become the ulcer to blow up the whole blasted agreement.

We have an African situation, where genocide is occurring.

Now, you have the problem, for example, of Sudan, and Egypt, and water. The United States is playing a dirty game, in water supplies of Sudan, Egypt, and so forth. And trying to take over, in view of an operation run from Britain and the United States and Israel, of the water sources of the Nile. Now, if you start to drain the water sources of the Nile, and control them, again, you're going to sink Sudan and Egypt.

Therefore, that means trouble. Therefore, we have a security interest, which does not mean simply protection. It means we have to have agreements, which are overriding, that people in that area accept: That any attempt to break those agreements, will be jointly resisted by all the nations in the area, by a common agreement, in common interest. You don't have to agree on everything. But you have to define certain things you will agree upon, because you recognize you must defend these things in your common interest. So that's what it was aimed at.

And also, the development of Southwest Asia, which has to be looked at as the crossroads between the Mediterranean and the Indian Ocean. What is needed is an economic development, which does not look at the desert as an impossible thing, but has to look at large-scale water management; we have to look in the long term, at petroleum and natural gas resources, not as fuels, but as petrochemical feed stocks, for the development of industries in the area; and to use the crossroads area, as an area of development. We build transportation routes, not only through the canals; but land routes, where you're going to put along the land routes, new cities, new centers, which will be centers of production: Which means to transform a long-term development of what has been the desert area, a gradual development, which will play a key part in the relationship between Europe and Asia. Not merely through the canal, but as actually a part of the connection of the process of production. So, it's an interest area.

ASKARY: You usually refer to these all these strategic issues in the context of your view of the world financial-economic situation. And your view is, also, that the question of stability and peace could also be essential to have the economic situation and development part of it—but there might be other forces who are not interested, whom you refer to.

LAROUCHE: Cheney, and some people in London in the Blair government, are very much against that: traditionally, the Fabian Society. Remember the Fabian Society was the instrument, as typified by H.G. Wells, and Bertrand Russell, which gave us, in the first case, World War I, from Britain, which was an attempt to play the nations of Asia and Eurasia against each other, to preserve the British Empire, by organizing a war. Then, later, you had Bertrand Russell, who came in with the idea of world government through preventive nuclear warfare, and perpetual warfare, like a Roman Empire based on nuclear weapons.

So, the Fabian Society is not exactly a friendly institution for normal people. They, and their friends in the United States, typified merely by Cheney, are determined to have a world war, now: warfare, using nuclear weapons—especially so-called



mini-nukes, which are actually low-radioactive-yield, but highly powerful weapons.

They may have been used at the airport, for all I know, in Baghdad: Something melted those tanks, and it wasn't a big firestorm—and it was difficult to create a big firestorm there—there is one thing that will do it: and that is, the right kind of nuclear weapon. But suddenly, something happened at the airport, which has never been cleared up, in my view. Someday, we'll find out.

But, the point is, they do have a nuclear intention, of hitting the nuclear reactor in Iran. They do have the intention of nuclear weapons dropped on North Korea—Cheney has that intention. This is the intention shared with people in the Blair government. The Blair government is a bunch of Fabian Society fanatics, one of my favorite enemies in the world; I mean, the people I like to have as enemies, in a sense.

And therefore, we do have a danger. Therefore, we've come to the time, where we can no longer have these kinds of wars. Therefore, we have to think of new ways, of alternatives to war. We can not eliminate the responsibility for strategic defense by countries, but we can avoid going to wars of the type we've gone to, and that some are trying to put us in, now.

So, it's a matter of defending civilization. And this is one corner of civilization; if we can secure this area and neutralize the danger of war from inside this area, we are doing part of our job in respect to the world as a whole. And if we don't do this, then the very fact that we don't do this, may mean that this part of Eurasia may be a cockpit for triggering more general war, as we've seen recently. We have to do it.

## The Legacy of the Roman Empire

ASKARY: But, what is the motivation of these forces, who would oppose such a solution for the region? But it also includes a solution for the political situation inside the United States? Because, there are obviously forces you have been fighting against, who are behind the war in Iraq, who are supporting Sharon's policies, and they are intending to spread that kind of warfare. What is their motivation?

LAROUCHE: Well, this is the Crusades all over again. And if you look at the Crusades, as they actually were, who fought them: The people who launched the Crusades were not Christians, first of all. They were Crusaders. And the Crusaders were Normans, largely Norman chivalry, who, with the control by Venice, by Venice's oligarchical families, and by certain other forces in Europe, for a long period of time, from about the 10th Century A.D. until near the end of the 14th Century, dominated Europe. And the Crusades were actually an extension of the Roman Empire. These people had the idea of being the new form of the Roman Empire, and they conducted the Crusades for that reason. For example, in the Fourth Crusade, what did they do? They took Byzantium, what was left of it, they occupied it and looted it. If you go to Venice today, you will find that what was in Byzantium, is there, in the form of pillars and so forth, stolen, by the Venetians from their wars in the 13th Century. This was the kind of force.

The point is this, is, you have, in the Roman Empire, typically, and its legacy in Europe, and in the practice of slavery, you have a conception, that some people, who are animals, but beastly animals; have other people who are lackeys, also animals. And they prey upon two other kinds of human cattle: wild cattle, they hunt down and kill; other cattle they herd, exploit, and when they get tired of them, they cull the herd. It's like camels, in some parts of the Arab world, where the camel runs his race, he has performed his function, and now his fine qualities will be appreciated in a dinner.

The general point is, we don't treat human beings that way. We may admire camels, but we also eat them. And some people treat people pretty much the same way.

So, the point is, that those who do not want the kind of world system, in which the people control their own destiny; because under that system, there's no room for these kind of people as powers.

And, it's the same thing: You see it in Cheney. And, you see it in Shultz, and so forth. You see it in some of the forces behind Blair. Their idea is to destroy the economy, as they've done in the past 40 years. We've destroyed the world economy. We shut down vital industries. We stopped infrastructure. We stopped development. No longer do we have development as a policy. We have "cheaper, cheaper, cheaper; cheaper labor; everything cheaper."

We are looting the world. We like to loot primary materials. Petroleum is something we like to loot. Now, the use of petroleum as a fuel is excessive, because, actually, a better fuel, are hydrogen-based fuels which we can generate synthetically, as with nuclear power. Petroleum is essentially a petrochemical resource, which we also burn as a fuel, as we burn wood. But, we stopped burning wood, because we found out this was creating a problem, by destroying the trees, which are essential for the climate. So therefore, you want to conserve your so-called natural or biospherical resources, and not use them, or just burn them up. But, use them in a better way, for a higher rate of benefit to humanity. And use other systems.

So, we're are denied technological development—we are told—in the name of controlling carbon dioxide (that's the big issue in the Kyoto agreements). Now, actually, we'd have a much better planet, if we had more carbon dioxide, because plants have one thing they love to eat, and that is carbon dioxide. They live on it. They make trees, they make plants, they make vegetables, they make the climate better. And, if you have more green growth on the planet, the climate is more moderate. You begin to bloom the desert. So, actually, those who are trying to—they're just trying to stop technological progress.

So, it is this conception of man, this degraded conception of man, which has been around for a long time: that some people decide they have a system, under which they will rule, and they will not allow the ordinary people to develop or acquire the powers, to take a hand in their own destiny. We kill people! We have medical policies, health policies—*we kill people*. We say, "They're not worth keeping them alive; kill them. Kill 'em! Let 'em die!"

So it's that kind of attitude, that the problem is. And unfortunately, most people are underlings. And those of us who are not underlings by disposition, have to defend the people, against their own underling qualities: by giving them courage, giving them a higher sense of what they are. So that they will be more creative, more confident, and not easily drawn into this kind of nonsense.

## Breaking Out of 'Underlingness'

ASKARY: Right. Now, you addressed the people who are watching this, whether in the Middle East itself, or inside the United States—because there is a U.S. population also, that has to be mobilized. What do you want to tell them, in, for example, support for your initiative, as a person?

LAROCHE: We don't have that much of a problem. The problem we have is of a different type. It's not a lack of knowledge. I'm one of the best-known figures in the United States. I'm much better known, and have a broader base of support in the United States, than, actually, Kerry had, up until recently. Kerry nominally has more support, because he went into this thing with Dean and company, of getting contributions through the e-mail contributors. Which we don't really use. We have access to do it, but we don't do it—I don't like it. But, we have a broader base of support for my candidacy, than virtually any other individual in the United States, in terms of that kind of support: the number of people who financially support me, and my candidacy.

So therefore, I don't have a problem. I have a problem—people think that the enemy is not going to let me win. That's where the problem is. And, who's my enemy? My enemy is the oligarchy. It's usually the British oligarchy, which took over the United States and took over our financial system. It's the same thing, as the worst kind behind Tony Blair. And Tony Blair's a part of it. So that's the problem.

But, when you come to a crisis, as we did several times, as with Roosevelt—we come to a crisis, the American people will break out of their "underlingness." They will respond to leadership, and they will act. But, they will only act if given the kind of leadership to which they will respond. What they will respond to, is someone who, they are convinced, is on *their* side—who is not out to loot them, but is on *their* side; and who has practical measures in view. Like, for example, employment: "You want to create a lot of jobs? Okay, that's good." That sort of thing.

So, we're in one of those periods of crisis, where we're either going to Hell, or we're going to go the other way. As with Roosevelt in 1933, we're going to have to make a decision. We're at a turning point. And since we're the only nation on the planet with a combination of significant power, we have a responsibility to the world, to have the courage to take the first step, in getting the whole world out of this financial crisis we're in now. Anyone, who does understand the United States, who understands the world, who looks at the problem, as I looked at this problem: You have a sense, you have a *personal responsibility*, given your limitations, of: What can you do to bring about an initiative, which will change something that urgently needs to be changed? And, it is not sitting back, and trying to write a book full of proposals for future generations. You have to act now, to save people now. You don't kill people, and then hope that you glory in the fact that they should have acted that way; they should have acted as you proposed.

## The Mission of the United States

ASKARY: There is actually a recognition, especially among people from older generations, for example, in the Middle East, people, even religious personalities, who are aware of your role: And they actually recognize the fact that the United States, when they were students in the '40s and '50s, represented something totally different from what you see today. But, they refer to that America. They say, you are—Lyndon LaRouche *is* the representative of that America. You yourself talk about a mission for the United States. What is this mission?

LAROUCHE: We've come to the point where the purpose for which we were created, is now on our plate. We were created by Europeans, who despaired of being able to create a true republic in Europe at that time, under those conditions of the 18th Century, in which the British had just begun the empire. And, you had the British, and then you had all these reactionary types, like the Habsburgs and so forth, running loose. So, it was impossible for them.

The idea was, by creating a republic in North America, sponsoring it, that they would create the conditions under which you could spread it into Europe. Well, it never happened, because of the French Revolution, which the British orchestrated. So, Europe never had a true republic. The closest we came to it in Europe, was with de Gaulle, in the high point of his period. We *never had* a true republic in Europe.

And, the institutions in Europe are based on Anglo-Dutch Liberal standards. This standard gives you a government, which is, first of all, it's impotent, in a crisis. It may work fine, from time to time. But it *can not* respond effectively in a time of crisis, not on its own. It can follow other people. But it can not take the initiative. And, so, that's the nature of the situation. And also, there were two world wars in Europe. Europe has been destroyed by two world wars: *Demoralizing* effect. This has cumulative effects, which go from generation to generation. It does not have the courage to do that any more.

So, we have a responsibility in the United States, of performing the mission which was assigned us by Europe: of being the key example, which was supposed to unleash a wave of transformations of governments in Europe. And the next government on the list, was supposed to be France. At that point, France was destroyed, and turned into a monster, by the

Jacobin Terror and by Napoleon. We never recovered in Europe, from that. It still goes around to this day.

You still have—human beings are human beings, and therefore, good human beings will always develop things which are progressive, beneficial to humanity. So, we have institutions in Europe, and developments, which are highly beneficial. *But! They were never allowed to stay in charge.* Always, the bankers came in. The Anglo-Dutch Liberal bankers, and similar influence came in, and *always* managed—by wars, by orchestrating wars and so forth—to control the situation, so that every time some durable thing was being proposed in Europe, it got smashed, by some kind of interference.

And that's the situation today. So we, as the United States, we have a moral responsibility, to free the world from the legacy of Anglo-Dutch Liberal tyranny. And give the world a sense, that we can run the affairs of nations without any of this dictatorship.

ASKARY: So, it's not a natural state of affairs in history, that great powers usually become like an empire. That was not the intention of the founders of the U.S. republic?

LAROCHE: No! Actually, this intention goes back to Mesopotamia, things like that. The Persian Empire, for example, is one expression of it. Or the Babylonian Empire, before then, which rotted out, and was replaced by the Persians. Then, the Peloponnesian War in Greece, which was an imperial kind of thing; the Roman Empire; the medieval imperial system, run by Venice and the Norman chivalry. And, then, the attempt to found empires again, by the Venetians, afterwards, against the Renaissance. Then, you've got the British Empire emerging, in the attempt to try to create a new empire, to prevent this kind of reform from occurring.

So, what we had is, we had a legacy of empire, which is based on this idea, that some small group has to dominate the world. And, basically, in Europe today, it's the Roman Empire, the legacy of the Roman Empire. And we have to get rid of that legacy.

ASKARY: Or, the Western side, like people in the Middle East, for example, in the Arab and other nations—they see themselves all the time as victims, that they are weakened nations at the moment—

LAROCHE: They are!

ASKARY: And their only reaction is frustration, and desperation. But in the context of your proposal, your statements of policy, you refer also to the question, that the Muslim and Arab nations could play a role, in the sense of a dialogue among civilizations. Not that the Arab and Muslim ones are always the receivers, or the subjects of a certain policy, but, what is their role, as a culture or as a people of historical background, in bringing about these kinds of things?

LAROCHE: Very simple: You have an area of development, an area which needs development. The worst example is the Middle East desert.

Now, you know, I was in Iraq, in 1975, and went up the Euphrates River. And I saw—which I had known before, because I knew the period of Haroun al-Rashid—here I was, in a country, it's in the 20th Century, and the population of Iraq now, is lower than it was under Haroun al-Rashid. And when I go up the Euphrates River, and there are these [irrigation water] wheels: Where they function, you have the village, and the fruit and so forth is fine, very good. Then, you go to the next place, where there used to be a village: It's not there—the wheel doesn't turn, it's not there any more.

So therefore, the destruction of what had been built up, in the various parts of the history of the area, to where there had been a population estimated at 35 million people—under more primitive conditions economically, in the world—had a

higher standard of living. And the collapse, of course, of the Caliphate was actually another story. But, nonetheless, under the Caliphate, under al-Mamoun and so forth, things had developed to a certain point.

And you go into the country, and you see: This is wrong. The water system is still there. It has to be managed. We can do synthetic things with water supplies; we can change the climate, if we just get enough plant growth going, by micro-weather systems, will come in. The population of Iraq, at that time, for example, as I knew it in '75, it was in a highly progressive mode. Baghdad, I think, was about 2 million people, at that time. It was a small country. But you could see building everywhere—building, building, building! You'd walk the street, you'd see there's a new Pakistan-designed mosque that's going up, probably some Saudi prince was paying for it. And you see, building, building, building! And the spirit of the population, which is a highly cultured population—many whom I dealt with were fairly ordinary Arabs—they spoke English fluently (because of the benefit of the British occupation). But, they are a highly cultured people. And with a very strong passion for improving their country. It was destroyed!

So that, *if* we did the obvious thing, this area, because of its geographic location, under conditions of development of Asia, in Asia generally, and in Europe, would become—actually, as I described it in Abu Dhabi: It would become a crossroads of development, not merely for pipelines for petroleum; but actually, that the movement, as in the U.S. continental railroad, transcontinental railroad, when you move a system of transportation, along a route, it becomes a zone of production. If you move power and water along that route, this becomes a zone of production. So that, the railroad costs you nothing, because it makes possible the production which otherwise would not occur. You, therefore, transform the area into an area of agriculture and industrial production, which more than pays for the cost of maintaining and creating the railroad.

So, if you take the Middle East as that way, you say: Europe is going to develop. Asia is going to continue to develop. Here's an area which is the natural crossroads, between the Mediterranean and the Indian Ocean. So, it's obviously an area of *great* potential for development. You look at the population of the Palestinians, or, what it was some time ago—they've been brutalized since. But the Palestinians are a well-educated population, in general, highly culturally motivated. Given an opportunity, they would become a very positive factor. You have an Egyptian population, which has the same qualities. You put some of these—.

What I saw in Abu Dhabi: In the development there, within 20 years, just what occurred in 20 years, a place with two buildings on a sparse desert, next to just the edge of the water of the Gulf: And here, you have a bustling city, of people from all over the Arab world. Some are citizens, and some are not. But they have permanent visas, they work there. You look at the conditions of life of these people, the habits; and you have a city, which is a beautiful city—developed out of the desert—with plans to develop the whole country.

The whole area has a natural potentiality for development.

## **There Must Be Development!**

ASKARY: It's quite seldom that in the context of political discussions, and conversations, and interviews, that economic issues come up in the discussion. This is one of the major problems, in, for example, looking at politics in the Middle East, the way people look at it that way. Because what we have, is a similar situation, in the Palestinian-Israeli peace agreements: Everybody wanted to talk about political solutions! And nobody was willing to discuss economic solutions, as if these are two separate things! They would say: "Let's get the political agreement, to these long-standing historical problems first, and then we will think about the economy."

LAROCHE: That's absolutely the wrong way to do it.

But now, there were people who *did* want to do it. *But*: The point was, that the World Bank intervened on the Oslo Accords, and ruled out the allowance of development; and said, "You can have micro-development."

We're in an area that needs water to develop, as in Jordan,. You look at, I mean, we went through Jordan: You got *sand*—and a couple of enclaves. Sand, Sand, sand, sand! You fly from Sudan, and you go in there, and it's sand, sand, sand! So therefore, obviously, development—water development and power development—are the major keystones to development of the area. If you want peace, if you don't have enough water, for both the Israelis and the Palestinians, how are you going to have peace? If you take all the water away from the Palestinians, how're you going to have peace?

ASKARY: So, Mr. LaRouche, what is the next step you're going to take, immediately now, in the coming days and weeks?

LAROCHE: I'm just trying to see what—I'm going to do what I'm doing, in this area; what I've laid out as a policy and doctrine.

I think we're getting people interested in Europe in this, some important people that I've talked to. We're getting response from some people, in the Arab world in particular. Others are interested.

We have among people in the United States, who are influential in the Presidential system and in certain parts of the Congress, we're getting interest. I mean really, immediately, interest.

I'm actually discussing, with some people, who are senior people, to come on as a task force with me, under the auspices of my Presidential campaign, who are experts in this area: to be prominent Americans associated with me, people who have certain special capabilities, to make themselves apparent, both as advisers to me, and so forth. So, that if we get the situation, where people in that part of the world are able to respond, and we signal that we can then go, by an escalation, a rapid escalation of international discussion. And I'm sure that there are people in various parts, like Cairo and so forth, who will tend to sponsor that kind of discussion, and to get a general idea—not a detailed contract, not a contract; but a principled agreement on objectives. And make very simple lines: "Here are the things that have to be done, to bring about peace."

That would mean—and I've had technical discussions with people on this: How we actually go about it. Get the Iraqi military, get the Iraqi technicians, back into employment, immediately. Give them back *their* government, under *their* constitution. Forget all experiments. Don't try to settle every problem. Get the country functioning. And, we draw the U.S. forces, and other military forces in there, *as supporting forces, for the Iraqi military*. Because Iraq will demand, by instinct, it will have the capability of defending themselves. So therefore, an Iraqi army has to be rebuilt. That's one of the tasks to turn this thing around. We're not coming in as enemies: We're coming to help you build something *for you*, so you can defend yourself.

ASKARY: Ladies and Gentlemen, we thank Mr. Lyndon LaRouche for this enlightening approach, and his patience and time.

LAROCHE: Thank you.

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**Feature:**

## **Southwest Asia: The LaRouche Doctrine**

**by Lyndon H. LaRouche, Jr.**

*This statement was released by the LaRouche in 2004 Presidential campaign committee on April 17, 2004.*

The very future existence of the U.S.A., and much more besides, are being put in terrible peril by current economic and military policies of both the U.S. Bush Administration and the matching, negligent follies of Senator Kerry's presently ill-advised campaign....

- **LaRouche Brings Hope As Iraq War Worsens**

**by Muriel Mirak-Weissbach**

As soon as the LaRouche Doctrine was issued internationally, on April 17, Arab intellectuals and political figures rallied to express their support for the initiative, and to seek the ways and means of implementing it.

## **LaRouche's Oasis Plan: Developing The Desert Is the Basis for Peace**

**by Marcia Merry Baker**

Lyndon LaRouche has put forward formulations of his 'Oasis Plan' of economic great projects for Southwest Asia and North Africa since the beginnings, in 1975, of his discussions of a common policy with leading Israelis and Arabs. This 'Oasis' outline was published in EIR, Jan. 5, 1996 and excerpted in a Special Report, 'Who Is Sparking Religious War in the Middle East,' in December 2000.

- **LaRouche Initiatives for Peace in Southwest Asia**

These are only some of the major initiatives taken by statesman Lyndon LaRouche, toward peace through economic development in the Southwest Asian region.

## **Science and Culture:**

### **Reductionism As Mental Slavery: When Even Scientists Were Brainwashed**

Lyndon H. LaRouche, Jr. examines 'the historically specific quality of mass-insanity which has brought the world at large into the presently erupting, global, monetary-financial, economic, and strategic crisis.' He treats the subject from the reference-point of the problems afflicting physical science, with the history of the Fusion Energy Foundation and its role in formulating the Strategic Defense Initiative (SDI) as his principal case study.

## **Economics:**

### **Beware Rohatyn Reminiscing: A Coast-to-Coast 'Big MAC'?**

**by Marcia Merry Baker**

Felix Rohatyn—the Lazard Frères investment banker who grabbed dictatorial powers in New York City's 1975 financial crisis, drastically reduced its workforce, froze its unions' wages while grabbing their pension funds to buy city bonds, and imposed brutal austerity on the city's services—proposed such a financial dictatorship for the United States as a whole on April 15, writing 'offshore' in the London Financial Times.

### **German Central Bank Chief Forced Out**

**by Rainer Apel**

Confronted with new revelations about yet another irregularity in handling personal finances (BMW picked up the tab for a trip to a Monaco racing event in 2003 for him and his wife), German Central Bank Governor Ernst Welteke, on April 16, announced his resignation.

## **International:**

### **LaRouche Challenges Russian Youth To Assert Leadership**

We continue our report on Lyndon LaRouche's mid-April visit to Moscow, where he addressed a scientific conference at the Vernadsky State Geological Museum of the Russian Academy of Sciences, on the subject of 'Science and Our Future: Ideas To Change the World.' He also spoke to student audiences elsewhere.

- **LaRouche at Moscow University: Russia's Great Mission Is Asian Development**

Here are Mr. LaRouche's opening remarks to an audience of primarily students at Moscow State University, on April 14, 2004.

- **LaRouche at Vernadsky Museum:  
'Set Fire to Inflammable Material Called Youth'**

Mr. LaRouche made these remarks at the close of the conference at the Vernadsky State Geological Museum of the Russian Academy of Sciences on April 16, 2004.

## **Bush, Sharon Change The Rules of the Game**

**by Dean Andromidas**

On April 17, within hours of his return from his love fest with President George W. Bush in Washington, Israel Prime Minister Ariel Sharon ordered the assassination of Abdel Azziz Rantisi, the leader of the Palestinian Hamas organization in the Gaza Strip. The 'targeted assassination' confirmed that Sharon's disengagement plan, with the backing of the President of the United States, is merely a cover for Sharon's ongoing war against the Palestinians that promises to spread throughout the region.

## **Will Korea Seize Its '1989-Like' Chance?**

**by L. Wolfe and Kathy Wolfe**

In what Europeans know as the 'historical opportunity of 1989,' the peaceful people's revolutions in Eastern Europe toppled the Berlin Wall, and placed Germany and all of Europe on the threshold of a potential new era of cooperation and prosperity. Instead of taking the pathway down that road, as proposed by U.S. political figure Lyndon LaRouche, the Europeans allowed themselves to be bullied by Anglo-American circles into a policy of looting the East of raw materials and labor; and a great opportunity to change a corrupt and bankrupt world paradigm was lost.

## **Strategy of Tension:**

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

**by Claudio Celani**

#### **Part 4**

The synarchist strategy of tension ripped Italy apart beginning in the 1960s, as neo-Nazi, banking, and terror networks joined forces to destabilize the nation. Part 3, in EIR of April 9, 2004, unravelled the threads of cover-up that followed the terror bombing of the Bologna train station in 1980, which killed 85 people and injured more than 200. We showed that interlinked personnel of the Propaganda-2 (P2) freemasonic organization and the SISMI military intelligence services covered up the tracks of the terrorists over many years.

## **National:**

### **Rove's Problem: 'Dump Cheney, Or Get Out Of Town'**

**by Jeffrey Steinberg**

Dick Cheney went off to Asia on a three-nation tour in mid-April, in what one Washington insider described as a desperate effort to 'improve his image.' The Vice President is now such a liability to the Bush re-election effort that pressure is mounting on White House campaign strategist Karl Rove, in the words of one longtime Republican Party strategist, to 'either dump Cheney from the ticket or get out of town.'

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

### **Bond Market Faces Huge 'Shock' if Fed Hikes Rates**



The highly leveraged bond market faces a massive "shock" if the Fed rapidly hikes interest rates, warned *Business Week* in its April 26 issue, in a feature on the terror spreading through financial markets. "Jittery" traders in the multi-trillion-dollar bond market, some of whom are dumping bonds to cut the losses that were triggered by the phony jobs report on April 2, are "all dreading" the release of the next jobs report on May 7, which may trigger another sharp sell-off.

There is intense "anxiety" about how soon the Fed will raise short-term interest rates, *Business Week* said, because the bond market is "more leveraged and more hooked on cheap Fed financing than it has been in at least a decade." A rate hike would spell the end of the very profitable "carry trade," in which hedge funds, banks, and Wall Street dealers borrow money at low overnight rates and use the cash to buy bonds with yields that are higher than borrowing costs.

Bond market bets are leveraged "more than ever," *BW* said. Net borrowings by Treasury securities dealers, such as big Wall Street banks and securities firms, have doubled over the past three years, up to nearly \$800 billion. Hedge funds and offshore tax havens have doubled purchases of bonds. Some hedge funds are so leveraged, the *Wall Street Journal* noted April 19, they have been using more than \$25 of borrowed money for each \$1 of their own to make trades.

Worse, the bond market is twice as leveraged as it was just in 1994, the "worst year of losses ever" for bond investors. Then, dramatic price changes in interest-rate derivatives sunk several hedge funds and forced the wealthy Orange County, Calif. into bankruptcy.

A rapid interest-rate hike, by not giving bond investors time to unwind their positions, would cause "violent selling that could roil trading firms, rattle bank lending, and paralyze borrowers, from corporations to home buyers." For example, the interest-rate swaps market could become illiquid, the *WSJ* warned, endangering non-financial companies (GE, GM, Deere) that depend on their financial subsidiaries for at least 50% of their profits.

## **Greenspan Hint Sends Bond Prices Tumbling**

Delphic Fed chairman Alan "Dracula" Greenspan, in testimony to the Senate Banking Committee April 20, said the risk of deflation had essentially disappeared, while the "strong" U.S. banking system would be able to adjust to higher borrowing costs. Bond investors interpreted his comments as suggesting the Fed is prepared to raise soon its key short-term interest rate. The banking sector "is adequately managing its interest rate exposure," he said in the prepared text. "Many banks indicate that they now either are interest-rate neutral or are positioned to benefit from rising rates." While admitting that "some banks would undoubtedly be hurt by rising rates," Greenspan insisted that the banking system appears "not to have exposed itself to undue risk." The economy is "clearly coming back," he opined, adding that the threat of deflation was "no longer an issue."

In response, U.S. Treasury prices fell, sending short-term yields up to their highest level in 18 months. The yield on the two-year note jumped 14 basis points to its highest level since October 2002. Also, the yield on the benchmark 10-year note rose seven basis points to 4.47%, the highest closing level since September.

## **Fed Governors Debate Rate Hike as Bonds Fall**

Richmond Federal Reserve governor Alfred Broaddus became the fourth Fed governor to take a public position for or against interest-rate hikes since "Bush's April 2"—the President's April Foolish declaration of victory on the economic front. The public statements, reported in *USA Today* April 19, indicate a fight in the Fed over whether or not to go for near-term rate hikes. Broaddus said he did not think an immediate increase in rates was needed, joining Ben "Bubbles" Bernanke who had denounced the idea. Governors Poole of St. Louis and Parry of San Francisco have come out for rate hikes.

Meanwhile, ahead of Greenspin's testimony to the Senate Banking Committee, Dallas Fed president Robert McAtteer said the central bank could raise interest rates and still stimulate the economy, Dow Jones reported April 20. The current 1% Fed funds rate, he told Cable News Network, "could be a bit higher, and policy would still be very accommodative." Likewise, Philadelphia Fed president Anthony Santomero said interest rates "will begin returning to a more neutral stance," but "only slowly." Both officials are nonvoting members of the Fed's Open Market Committee, which sets interest rates.

The bond markets, meanwhile, are continuing to fall two and a half weeks after April 2, with Treasury bond rates having risen almost 0.8% since last month. Treasury "confidence indices" point to further falls expected.

### **Fannie Mae Delays Release of Quarterly Balance Sheet**

Fannie Mae has postponed the release of quarterly balance sheet and future derivatives losses, disclosures that were expected to be included with its quarterly earnings statement, issued April 19. Fannie, whose accounting practices are under investigation by its Federal regulator OFHEO, announced it would delay reporting the future impact of most derivatives on earnings and total stockholders' equity, until its SEC filing on May 10—after the Fed's Open Market Committee meets May 4. A Fannie Mae official said the balance sheet is increasingly complicated and the company wants to do "as much checking as possible" of the data.

The three-week delay, according to some analysts, suggests Fannie has "something to hide," such as understated write-downs in its \$8-billion portfolio of securities backed by mobile-home loans—its trailer trash.

### **LAX Suffers Second Blackout in Eight Days**

Los Angeles International Airport suffered power outages April 19, causing some buildings to go without electricity for nearly two hours, the second such lapse in only eight days. Some buildings were without power for two hours, although, thanks to back-up batteries, no flights were disrupted. The outage started at 11:31 a.m., causing lights to flicker in the airport, and some buildings remained without power until 1:19 p.m.

Bob Marks, regional Vice President of the National Air Traffic Controllers Association remarked, in an understatement: "This sure seems like a fragile power infrastructure.

## **World Economic News**

### **Fed Must Prepare World for Ugly News: Rates Will Rise**

A few days before the semi-annual gathering of the International Monetary Fund (IMF), World Bank, and the G-7 Finance Ministers and Central Bank governors, key quotes from the new "World Economic Outlook" have been leaked to the media. The IMF will release the report on April 21, which will be a topic of the discussions over the April 24-25 weekend. According to London's *Financial Times* April 19, which says it received a draft of the main chapter through its Spanish affiliate *Expansion*, the IMF warns that the Fed must prepare the world economy for higher interest rates to "avoid financial market disruption both domestically and abroad."

Formulated in the what the *FT* terms the "cautious language of international economic diplomacy," the IMF warns that "the ground should continue to be prepared for future monetary tightening...." Rising U.S. interest rates, the IMF says, besides the obvious consequences for U.S. bond and mortgage markets, could trigger further severe difficulties in emerging markets. Another risk to the world economy is the large U.S. current account deficit. Hopefully this could be neatly resolved. But, "A more disorderly adjustment—including abrupt movements in exchange rates—could not be ruled out.

This would have significantly more serious consequences, with potential spillovers into other financial markets, including through higher U.S. interest rates."

While the IMF is very worried over the ultimate result of the Fed's liquidity generation, once rates start to rise again, it actually is demanding euro-zone open the monetary floodgates even wider. The IMF says: "Further easing would be appropriate if as a result of these or other factors inflation looked likely to fall below the desirable level." Presently the European Central Bank prime rate has stayed at 2.0%, twice the Fed's base rate. However, Germany's prime rate is reportedly at its lowest prime rate since 1876.

### **Bundesbank: Derivatives Risks Threaten Financial System**

The high concentration of risks in credit derivatives "could threaten financial system stability," the Bundesbank warned in a 20-page feature headlined "Instruments for credit risk transfer: its use by German banks and aspects of financial stability," released April 20. The bank's Monthly Report is written in typical central banker's language. While the Bundesbank starts off by portraying credit derivatives as useful financial innovations that increase the "flexibility" of the system, it then adds a lot of "buts."

At the end of the third quarter of 2003, the credit derivatives contracts of German banks amounted to 566 billion euros. Usually, one would expect that in most of these contracts, the banks were giving away their credit risks (the "buyer" of the credit derivative) while the counterparty were an insurance firm or a hedge fund taking this risk (the "seller" of the credit derivative). However, this is not the case. First, it's interesting that German banks are entering the credit derivative markets in order to take over additional credit risks (263 billion euros) nearly as much as to transfer existing credit risks (303 billion euros). Furthermore, the Bundesbank survey reveals that 83% of credit derivatives contracts with German bank participation are "inter-banking" contracts, that is, both parties are banks. Most often (in 67% of all cases) the counterparty is a foreign bank.

Credit derivatives in general reduce the powers of supervision agencies, because credit risks are being traded with counterparties abroad, including hedge funds or financial institutions based in offshore centers, says the Bundesbank. However, the most worrying aspect concerning credit derivatives is the concentration of credit derivatives among a few banks. The Bundesbank notes that this is a problem effecting all types of derivatives. Its survey found that the top four German banks account for 78% of all credit derivatives with German bank participation. What happens if a single large player in the credit derivatives markets—for whatever reason—suddenly decides to drastically cut down its derivatives exposure? The "liquidity illusion" in this market segment would suddenly disappear. Other market participants could then suffer losses, forcing them to liquidate asset holdings. "Due to this selling pressure, the disturbance could spill over to other financial markets and other market actors." All of this increases the "systemic damage potential" of a single negative market event. The Bundesbank therefore calls on the banks to establish appropriate "risk management" procedures, including covering the risks with enough core capital. Otherwise, concludes the Bundesbank feature, these risks "could threaten the financial system stability."

### **When the Markets Announce Financial Catastrophes....**

Without mentioning explicitly the current threat of a financial blow-out, Muriel Motte obviously has this in mind when writing in *Le Figaro Economy* April 20 about how "investors go to the more sophisticated financial products, in the search for advanced indicators of coming financial catastrophes." Motte writes that credit derivatives markets, called "default swaps" in France or "CDS" in English, are better indicators of possible crashes than the bond markets themselves. When a bank lends money to a company at high risk and wishes to cover that risk, it buys a CDS from an insurance company or a hedge fund, a product which guarantees full reimbursement in the case of catastrophe.

In the recent period, due to the increasing indebtedness of companies, this market has literally "exploded," says Motte, signalling that it represents some \$3.5 billion today (and is expected to go up to \$10 billion by 2007). It is this "highly liquid" market which signals the great bankruptcies ahead of time, as was the case with Parmalat and Enron. The article is accompanied by a graphic which shows clearly a scramble for CDSs in the weeks prior to the failure of those large companies. Motte underlines the fact that at this point 350 to 400 companies in Europe already have default swaps attached to their debt.

## **Financial Warfare Opened Against Brazil**

J.P. Morgan Chase set off financial turmoil on April 15, when it lowered its rating on Brazilian bonds, and sold some of its own Brazilian holdings. Morgan Chase, the world's leading trader in Brazilian bonds, just so happens to be the company which determines country-risk, the premium which many Third World and former Soviet bloc countries have to pay over U.S. Treasury bills to sell their bonds. Bank of America quickly followed with its recommendation that investors "substantially" sell off Brazilian paper, as did Merrill Lynch, Citigroup, Deutsche Bank, and others. When U.S. interest rates rise, they argue, Brazil's ability to service its debt becomes more doubtful.

Brazil's country-risk promptly rose by 9.3% on April 15, to hit 6.11%, and the value of its bonds and currency began falling. The banks' move served as a warning to the government of the kind of financial warfare it will face, should it give in to the enormous political and social pressure exploding in the country against the Lula government's capitulation to International Monetary Fund austerity.

## **United States News Digest**

### **Kissinger Protégé Named U.S. Ambassador to Iraq**

In announcing the appointment of current U.S. Ambassador to the UN John Negroponte as Ambassador to Iraq, President Bush praised Negroponte as having done a "really good job" of spreading "freedom and peace" around the world. A Kissinger protégé, who worked with Sir Henry during the Paris peace talks to end the Vietnam War, Negroponte, as Ambassador to the Philippines, Honduras, and Mexico, did not exhibit freedom and peace as his strong points.

His "service" in Honduras is illustrative. Negroponte used his 1981-84 stint as Ambassador for the sole purpose of establishing the drug-linked Contra operation there. As *EIR* documented in its 1996 report, "Would a President Bob Dole prosecute drug super-kingpin George Bush?", Negroponte was infamous for acting as an imperial proconsul. He crushed all Honduran opposition to the basing of the Contras in that country, and chose the notoriously corrupt Moonie agent, Gen. Gustavo Alvarez, as his "inside" man for the Contra operation. Several prominent Alvarez backers were arrested in 1984 for cocaine trafficking and coup plotting. Negroponte's wife, Diana Villiers-Negroponte, has her own dirty history as well. She was a top British Tory Party intelligence operative, descended from one of Scotland's oldest aristocratic families. While her husband served as Ambassador, she controlled access to refugee camps in Honduras set up for the Nicaraguan "Miskito" Indians, a group long controlled by the British, dating back to the 18th Century.

Bush "41" appointed Negroponte as Ambassador to Mexico in 1989, a move that scandalized Mexicans who knew of Negroponte's dirty past.

The *Washington Post* noted April 20 that Negroponte was a "contentious" appointment as Ambassador to the UN, precisely because of his role in Honduras, but then quotes unnamed Democratic Congressional staffers who insist that "the Honduras issue is ancient history."

Negroponte's appointment will have to be confirmed by the Senate.

## **Ridge Says 'Ratchet Up' Terror Alert**

Speaking at an event in Las Vegas April 19, Homeland Security Secretary Tom Ridge said the government must "ratchet up" security, from now through the 2005 inauguration, not based on "specific or credible intelligence" but rather, on suspicion that high-profile political, economic, and athletic events are good targets, such as the upcoming World War II Memorial dedication, and the Democratic and Republican national conventions. He has created a new task force, comprised of representatives of nine Cabinet departments, to coordinate government and private security through the inauguration, *USA Today* reported April 20.

Rep. Carolyn Maloney (D-NY) ridiculed this: The Homeland Security Department, she said, "should not have to form a special task force to protect Americans during big events. It should know how to coordinate for the security of those events." Ridge also said he will expand promotion of awareness for people to prepare for attack and complete a database which identifies vulnerabilities.

## **Democratic Party Left Troubled by Kerry's 'Me-Too-ism'**

The New America Foundation sponsored a presentation on April 20 of Chalmers Johnson's new book "Sorrows of Empire," which covers the disasters of Iraq, the economy, and the general collapse of republican principles. The first question to Johnson, from Steve Clemons, who heads the Foundation, was, "What do you think of the Kerry campaign? It appears more and more that the only differences from Bush on Iraq are cosmetic."

Johnson expressed the demoralization of this wing of the Democratic Party: "If Kerry is going to win, it will have to be on domestic issues. The best you can say is that he's not what General Zinni calls a 'chickenhawk.' I just finished scraping off my Howard Dean bumper sticker—but even Dean, although he was against the war, had nothing to say about what the positive military policy should be." Johnson knows LaRouche well, but typically refused to mention him, while crying that "the political system just isn't providing any avenue to solve this crisis," and babbled about the World Social Forum and Seattle 1999 as the only promising direction.

Johnson said that he resigned from the Council on Foreign Relations when they published Samuel Huntington's *Clash of Civilizations*, saying that it were better published by the Nazis.

## **Is Rice Leaking Election Strategy?**

National Security Advisor Condoleezza Rice told Fox News on Sunday, April 19, that the government is bracing for possible terrorist attacks before the November Presidential election. Referencing the March 11 Madrid bombings, she said the opportunity for terrorists to influence the election may "be too good to pass up for them," and that "the terrorists might have learned, we hope, the wrong lesson from Spain."

Rice's warning coincided with that of former Spanish Prime Minister Jose Maria Aznar. He said, "I told George Bush, and Tony Blair and other political leaders to be extremely careful before elections ... and to be very vigilant."

## **Conservatives and Neo-Cons Split Over Iraq**

The deterioration of the situation in Iraq has aggravated the divisions between old-line conservatives and neo-cons, across party lines. The *New York Times* quoted Richard Viguerie April 19, the conservative direct-mail guru, saying, "I can't think

of any other issue that has divided conservatives as much as this issue in my political lifetime." Conservative talk-show personality and columnist Pat Buchanan issued another attack on the war policy, referring to Bush's statement that "the consequences of failure in Iraq would be unthinkable." But, he writes, Iraq may well be a "no-win" situation, with the population believing it is "the wrong war, in the wrong place, at the wrong time, with the wrong enemy," and Bush had "best begin to think the unthinkable." Rep. John Duncan (R-Tenn), one of the few Republicans who voted against the war, has called for Bush to declare victory and get out.

The right-wing *Weekly Standard's* Bill Kristol, meanwhile, applauded Kerry for his defense of the Bush policy in Iraq, saying, "I will take Bush over Kerry, but Kerry over Buchanan or any of the lesser Buchananites on the right," adding: "If we have to make common cause with the more hawkish liberals and fight the conservatives, that is fine with me, too."

## **Mimicking LaRouche, Nader Calls for Iraq Troop Withdrawal**

Within hours of the mass distribution via e-mail of "The LaRouche Doctrine," outlining Lyndon LaRouche's solution to the crisis in Southwest Asia, including a call for the immediate withdrawal of U.S. troops from Iraq, political gadfly, and independent Presidential spoiler Ralph Nader called on April 19 for the U.S. to announce a full pullout of its troops from Iraq within six months, with international peacekeepers under the UN replacing them. "How do you separate the mainstream Iraqis from the insurgents when the mainstream Iraqis are now increasingly opposed to our presence there and increasingly, quietly or otherwise, supporting the insurgents? The way you do it is you declare you are getting out."

Nader called both President George Bush and presumptive Democratic Presidential nominee John Kerry "pro-war candidates." Mimicking LaRouche's "me too" polemic, Nader said of Kerry's call for more troops to Iraq: "Now he's got to out-Bush Bush."

## **Bush Initiative To Train Peacekeepers**

The Bush Administration is planning train Africans and others to serve as military and police in "peacekeeping" operations. Undersecretary of Defense for Policy Doug Feith is a leading spokesman for this "British East India Company" approach to training colonials as the cannon fodder for the imperial regime. The "Global Peace Operations Initiative" will be officially announced soon, with a \$660 million budget over five years. Africa is the primary target for recruits, but the planned 75,000 troops could serve anywhere in peacekeeping "by the UN or by others," according to Feith. Not surprisingly, the training would be done in part by private contractors.

## **Gestapo Education Bill Wending Its Way Through Congress**

If the right wing, pro-Israeli Likud lobby has its way, international studies departments at American universities could soon become subject to gestapo-like oversight, in the form of an International Advisory Board to be created by a bill now wending its way through Congress. Under the bill, the board would be "authorized to study, monitor, apprise and evaluate a sample of activities" supported by Title VI of the 1965 Higher Education Act, "in order to provide recommendations to the Secretary (of Education) and the Congress for the improvement" of international studies programs, especially those dealing with the Middle East. The board is to "make recommendations that will assist the Secretary and the Congress to improve the programs under this title to better reflect the national needs related to homeland security, international education and international affairs..."

Neo-con Daniel Pipes, while minimizing his own role in pushing the bill, loves the idea of an oversight board. "Middle east studies are a failed field," he wrote in a Jan. 28 article posted on catholicexchange.com, "and the academics who consume these funds (authorized under the 1965 law) also happen to allocate them a classic case of unaccountability." His complaint about the board is that "it has only advisory, not supervisory powers," being specifically prohibited from considering

curricula. He complains that professors can still teach politically one-sided courses without losing their funding. Other supporters of the bill include Stanley Kurtz, who writes for synarchist William Buckley's National Review and Martin Kramer, a professor of Arab studies at the Moshe Dayan Center at Tel Aviv University. The bill's backers worry that too many university Arab studies programs are not sufficiently supportive of Israel's present policies.

Academic institutions are mobilizing against the bill. The American Association of University Professors, in a March 18 action alert to its members, charged that "the establishment of this board would be a major departure from the respect Congress has traditionally shown for academic freedom on campuses and would bring political monitoring directly into the classroom."

## **Several Moonie Publications Shutting Down**

The Moonie-owned News World Communications is shutting down several of its publications, and laying off 86 staff members, allegedly because of a "restructuring" operation. Thirty-eight employees at the Spanish-language *Noticias del Mundo* were informed April 16 that the publication would shut down on April 30, because the paper is "in bad shape." In addition, the glitzy Washington, D.C.-based *The World and I* magazine, will close, laying off 31 employees, while the bi-weekly *Insight on the News* is laying off 17 people. No details are given on News World Communications' financial status, although its Vice President said the company was attempting to improve its "competitive standing." All of the Moonie publications have been operating in the red, from the outset, and one recent estimate was that Moon's other "business enterprises" were subsidizing the *Washington Times* to the tune of over \$100 million a year. So this may have implications for the overall Moonie offshore dirty operations.

## **Ibero-American News Digest**

### **Bolivia Again Hit with Mass Protests; Soros Role Seen**

On April 20, twenty thousand people took to the streets in La Paz, calling for Bolivia's President Carlos Mesa, who took office only six months ago, to resign. Driving the protests are the same issues of economic devastation which led to last October's mass strike which drove Mesa's predecessor, Gonzalo Sanchez de Losada from office. Bus, truck, and taxi drivers simultaneously went on national strike.

George Soros's Jacobin agent Congressman Evo Morales, a leader of the coca producers, helped organize this latest protest, using the pretext that the government failed to put through a new Hydrocarbons Law as promised, before signing a gas export agreement with his counterpart Nestor Kirchner. Morales demanded that Mesa not travel to Argentina to sign the deal, charging any gas deal with Argentina "would only benefit the multinationals, and not the Bolivian people." Morales warned Mesa that if he wanted to continue governing, he must first produce a new Hydrocarbons Law. Otherwise, he will have to suffer the consequences because "the people" reject any idea of exporting gas.

The country is rife with coup rumors, which have intensified over the past two to three weeks. On March 26, the head of the Armed Forces, Adm. Luis Aranda, warned that retired "generals, colonels and mid-level officers seek to destabilize the government," and were coordinating with "some political parties and labor movements." Mesa is described as "under siege," as various sectors of the population are protesting, or on strike, around budgetary and economic issues. At an April 20 ceremony at the Military Academy in La Paz, Mesa referenced the coup rumors, and warned that any disruption of Bolivia's democracy would lead to disaster.

### **Shining Path Terrorists Reactivated in Peru**

Giving a press interview from "clandestinity"—somewhere in the jungles of the coca-saturated Huallaga Valley—one of the at-large remnants of Sendero Luminoso known as "Artemio" announced that the Alejandro Toledo government's failure to release Sendero Luminoso (Shining Path) "President Abimael" and other narco-terrorist leaders from prison has forced an end to the terrorists' 60-day "truce" with the government, and that selective terrorism, sabotage, and assassinations would begin anew. Artemio had given an interview to BBC back in January, where he announced that armed action would be suspended to facilitate a negotiated amnesty for Abimael and the others. In his latest interview, Artemio did not hesitate to admit that he has received "economic contributions from the drug trade." His interview was broadcast on national television in Peru Sunday, April 18.

While the international media says Artemio commands about 150 armed terrorists, Peru's anti-terrorism division says it's no more than 30-40 men, and that while they might pose the threat of violence, "they do not pose a threat to the government."

Although "President Abimael" has not yet been released from jail, an estimated 50% of the terrorists imprisoned under former President Alberto Fujimori's anti-terrorist Administration have been let out of jail, a result of pressures from the Inter-American Court of the Organization of American States and a multitude of George Soros-funded human rights lobbies. Those who remain in jail, like Abimael, have in effect taken over their own prisons under the Toledo's regime's "jail flexibilization" program, and set their own rules, visitor guidelines, and more. Abimael has reportedly taken advantage of this relative freedom to reorganize the leadership of Sendero Luminoso, preparatory to their anticipated "amnesty."

### **Peru's *Cocaleros* March for Legalization of Coca**

Simultaneous with the threat of Shining Path terrorist-at-large "Artemio" to renew terrorism in Peru, coca-growers announced that the April 20 deadline that they had given the government to resolve their complaints against coca eradication, is now expired. The *cocaleros*, as the coca-farmers are called, began a protest march on Lima, under the slogan, "Legalize the coca leaf." An estimated 10,000 were expected to participate. At least one trade union, the regional state workers union CITE, had pledged to join the march.

"The peoples' marches and protests will lead to the fall of [President Alejandro] Toledo this month," declared Isaac Humala, head of the so-called Peruvian Nationalist Movement and father of ethnic racist provocateurs Antauro and Ollanta Humala who lead a paramilitary group of brown-shirted former soldiers. In an April 19 interview with the newspaper *La Razon*, Humala, Sr. declared that Toledo's Presidency represents "the final end of 472 years of arbitrariness and treason in Peru.... The current neo-liberal system is destroying the country. It is most likely that Toledo's fall will occur this month, with the march of the coca-growers, the coffee growers, and of the regional fronts." Humala added, "These demonstrations could be bloody...."

### **Will Brazil's Lula da Silva Last Out His Term?**

After only 15 months in office, this is the question beginning to be raised inside Brazil. Lula's government lacks any direction, and if doesn't exert some leadership, the Brazilian President could end up like Argentina's Fernando de la Rúa, who was ousted by giant protests in the midst of a grave political-economic crisis, a professor from the Federal University of Rio de Janeiro, Fernando Jose Cardim, told a conference of the Brazilian Association of NGOs on April 13. Likewise, on April 19, *Folha de Sao Paulo's* Clovis Rossi opened an article raising the question: "The MST's 'Red April,' the quasi-civil war in Rio de Janeiro: Does the Lula government run the risk of being destabilized in the streets, as has occurred in a handful of Latin American countries in the last 10 years?"

Driving the collapse of the government's credibility, is its commitment to achieving the primary budget surplus demanded by the IMF—4.25% of GNP—which it cannot do, without destroying its own political base.



As an *O Globo* article reports, "the books don't balance." That is, if the government gives the wage increase demanded by the state workers, raises the minimum wage by more than the rate of inflation, and spends what it takes to lessen agrarian conflicts, the government will have to spend R\$3.6 billion more than is allocated in the 2004 budget, an amount equal to a third of what it budgeted for investment this year. And that doesn't include anything for the military. Nor for the state governors, who are threatening to sue the Federal government, for greater fiscal help. Without help from the Federal government, "the states are going to enter a state of bankruptcy.... The situation is becoming untenable," warned Gov. German Rigotto of Rio Grande do Sul, a member of the government-allied PMDB party, in an interview with *Valor* on April 19.

## **FDR Ally President Vargas Honored in Brazil**

On April 19, Brazil's National Bank for Economic and Social Development (BNDES) held a seminar on "Vargas and the Mission of National Development," to mark the 50th anniversary of the death of Getulio Vargas, President of Brazil from 1930-1945, and again from 1950-1954.

Despite all the neo-liberals and globalizers have done to stamp out Vargas's legacy in Brazil—the explicit goal of President Fernando Henrique Cardoso in his two terms in office in the 1990s was to "de-Vargas-ize" Brazil—the legacy of this great President lives on. Vargas and Franklin D. Roosevelt worked closely together on matters of war and development, after their first meeting in 1936, with U.S. Senator Edward Burke reporting some years after FDR died, that FDR had said, "The New Deal had two creators. I'm one of them, and the other is President Vargas of Brazil." Under Vargas's governments, Brazil's state oil and steel industries, and BNDES itself, were established, in collaboration with FDR's people, who saw the industrialization of Brazil as one of the world's great tasks.

BNDES's announcement of the seminar on Vargas was itself a pointed intervention into today's great crisis in Brazil:

"The cycle of seminars intends ... to provoke a broad reflection on the present and future of Brazil, taking as a reference the Vargas Era, the wellspring of the great social and economic transformations of the country in the 20th Century. It will be an opportunity to revive that which is contemporaneous and inspiring for new generations in his vision of Brazil, in light of the relevance of his basic themes, such as the necessity of a rigorous national mission, the defense of sovereignty, the defense of territorial integrity, and industrial development as the basis for the material progress of the Brazilian people."

## **Colombia's Social Security Looted; Privatization Mooted**

The Colombian social security system (ISS), along with the remnants of the public-health system which ISS administers, is in the crosshairs of the vulture funds for wholesale takeover and looting. As in other Ibero-American nations, the purpose of this genocidal policy is to create one more source of capital to keep the bubble afloat a while longer.

On the initiative of the IMF and World Bank, economic thinktanks in Colombia, like Fedesarrollo and ANIF, have been pumping out reports designed to "prove" that ISS is bankrupt, and should be dismantled and/or privatized. The fact is that, like the energy crisis in Argentina, the insolvency of ISS has been artificially created, the result of an ongoing campaign to strip it of members, with many affiliates being denied drugs and medical care, thereby forcing people into the HMOs, created in 1993, under then Finance Minister Rudolf Hommes. In 1998, ISS had 4,655,000 affiliates in Colombia. Today, it has fewer than 2.1 million. Hommes is today a behind-the-scenes adviser to President Uribe, as well as a prominent member of the Violy Byorum firm which, it should be remembered, helped facilitate the Grasso Abraço initiative in Colombia.

At a March 31 conference sponsored by the banker-controlled ANIF thinktank (which spawned 1990s narco-President Ernesto Samper Pizano), ANIF President Luis Carlos Sarmiento demanded elimination of publicly-administered pension

funds as "inefficient and onerous." Although President Alvaro Uribe stupidly embraced the privatization call, Finance Minister Carrasquilla, an IMF creature, nonetheless urged a more "modest," slower pace, for fear that the backlash to an accelerated privatization scheme could bury an entire packet of IMF austerity dictates currently before Congress. The debate continues, while pensions go unpaid for months, even years, and more public hospitals shut down each day.

## **Mexican Unionists Charge IMF Behind Privatization Campaign**

On April 17, Roberto Vega Galina, leader of Mexico's National Union of Social Security Workers (SNTSS), declared that the attacks against Mexico's social security system, known as IMSS, and against its workers for trying to defend their pension and other benefits, follow the implicit dictates of the International Monetary Fund and World Bank. His comments are especially significant, given that it is the SNTSS which has been in the forefront of the fight to stop the privatization of Mexico's state companies, and which called the April 14 mobilization which brought out 70,000 workers nationally in a "mega-march" against the privatization drive against IMSS.

Trade unionist Francisco Hernandez Juarez, a leader of the National Workers Union, also issued a public statement April 14—the same day of the SNTSS march—denouncing the Fox government for answering to the international bankers over the needs of the Mexican population: "They were the ones who spent the pension money. Now, they say that IMSS is bankrupt. Let's make no mistake: This isn't a question of good or bad. The government answers to the policy of Washington and the International Monetary Fund, by means of which they hope to remove IMSS's liabilities, and privatize it."

## **Western European News Digest**

### **Spanish Prime Minister Orders Troops Out of Iraq**

President Jose Luis Rodriguez Zapatero, made his first official act as President to pull Spanish troops out of Iraq. Zapatero, who took office on April 17, issued orders the following day, "for the Defense Minister to do what is necessary to bring Spain's troops home from Iraq with the maximum of security and in the shortest time possible."

Zapatero said, "More than a year ago, I made a public promise. Should I be elected Prime Minister, I would make a decision to bring home Spanish troops if the UN didn't take charge of the situation. The information gathered in recent weeks leads us to believe that this [UN takeover] is not going to happen." New Foreign Minister Moratinos was to discuss Iraq policy with U.S. Secretary of State Colin Powell, in their April 21 meeting in Washington.

Zapatero's announcement was endorsed by the German Foreign Ministry, whose spokesman said on April 19, that Germany does not think the Spanish decision should be misread as "backing-down in the face of terrorism," but an autonomous decision which was announced long ago, and moreover, is a decision appealing to the United Nations to take a central role in Iraq—which is also Germany's policy. The Foreign Ministers of Germany and France, Oskar Fischer and Michel Barnier, who met in Berlin on April 19, reiterated at their press conference the Franco-German call for a central UN role, and for a "real transfer of sovereignty to Iraq within the envisaged timetable." Barnier then left for Moscow for two days of talks with the Russian government.

### **Polish Politicians At Odds After Spain's Decision**

President Aleksander Kwazniewski said April 20 that Poland's troops would stay in Iraq, while other leading Polish politicians have hinted just the opposite. Defense Minister Jerzy Szmajdzinski has said that Polish troops will not fill the gaps left in Iraq by the withdrawal of the Spaniards.

Tadeusz Iwinski, head of the foreign relations desk at the Polish Prime Minister's office, said in an interview to the April 21 *Irish Times* that Poland is considering pulling out as well, and that its decision will be influenced by the plans of the new Spanish government. Poland will very likely reduce its contingent in Iraq considerably, by the end of 2004.

Outgoing Polish Prime Minister Leszek Miller added today that "we cannot turn a blind eye to the fact that Spain and others are leaving Iraq.... We will not make any rash gestures; the final decision about the pull-out will be agreed to and thought over, but the problem exists." The decision will be taken by the new Prime Minister who takes over when Miller steps down on May 2.

### **British Troops Will Be in Basra for Years**

"We are in cloud-cuckoo land" if anybody expects an Iraqi security force to bring stability—the British will be there for 10 years," said Brig. Nick Carter, commander of British forces in Basra, Iraq, reported the April 20 *London Independent*. In comments to *The Scotsman*, Carter also said that it will take between "two and 10 years" of British occupation to establish stability in Iraq, under the "authority of an Iraqi force" that has the support of all the rival factions.

Following an attack on British forces April 18 by the militia of Moqtada al-Sadr, Carter said that while the "wider Shi'a community regard Sadr as an upstart, they have some sympathy with his grievances. The Basra Shi'a will see an attack on Sadr as an attack on the Shi'a overall. He is becoming a bit of a talisman figure."

### **A French Proposal for an Iraq Exit Strategy**

The April 20 editorial in *Le Figaro* by Renaud Girard offers an intriguing proposal for the U.S. in Iraq. Girard wrote that "things are going so badly in Iraq for America, that France henceforth must do everything possible to help its old ally."

Sending troops to Iraq won't do anything, declared *Figaro*. The situation is so bad that it makes one think of Napoleon in Spain—the more troops poured in, the more new recruits are found for the resistance. This is the classic vicious circle, which in the past plagued colonial expeditions.

Turning the situation over to the UN is also not a solution, the editorial continued. First of all, in the 60 years of the UN's existence, it has never shown itself capable of effectively administering the territories put in its charge.

The Iraqi question is nonetheless solvable, according to Girard. On the ground, it is evident that every day the number of Iraqis who don't want the Americans there rises. That's fine because the Americans hope to withdraw as soon as possible. The problem for Paul Bremer is the lack of credible Iraqi interlocutors.

*Figaro* adds: There is one possibility that has not been explored, that of a "Loya Jirga," that is, a national conference where all of the true representatives of Iraqi society are convened to decide the future of the country, to oversee the transfer of sovereignty and the departure of the occupation forces. France could attempt to organize such a conference in Paris.

Those invited would include the leading tribal leaders, both Shi'ite and Sunni, including those from rebellious regions, the two Kurdish political leaders, the two Shi'ite leaders Ayatollah al-Sistani and Imam Moqtadr al-Sadr, civil and military officials from the U.S. and Britain, along with neighboring countries, Iran, Turkey, Syria, where the role of the moderator is not to be underestimated.

Paris must again convince Washington that such a conference is not some vindictive diplomatic gesture but a friendly gesture from an old and loyal friend, the editorial concludes.

## **French, Egyptian Presidents Meet on Mideast, Iraq**

Egyptian President Hosni Mubarak made an official visit to Paris April 19 for a lengthy meeting with President Jacques Chirac. Both declared they are "extremely worried" by the Israeli/Palestinian developments, as well as the situation in Iraq.

Their proposals, however, fall short of the vision developed by U.S. Presidential candidate Lyndon H. LaRouche in his "LaRouche Doctrine." On the Israeli "withdrawal" from Gaza and parts of the West Bank, Chirac stated that such a withdrawal could only be "positive" under certain conditions: that it takes place within the context of the "Road Map" and in total cooperation with the Palestinian Authority; and that "it is a step toward the creation of a viable Palestinian state."

On the unilateral decisions taken by the Israelis concerning the non-return of Palestinian refugees, or the borders of the future state, Chirac stated that "nobody could presuppose the results of something which must be negotiated" between the two parties.

Both heads of state declared their "worries" about the evolution of the Iraqi situation. In this context, Chirac proposed the holding of an international conference on Iraq modelled on the one held in Bonn for Afghanistan, which was a disaster. For now, both await the results of the UN mission in Iraq to be led by Lakhdar Brahimi. As for the American project for a greater Middle East, Chirac warned against "those who imagine they can impose something. One does not impose; one discusses and establishes a concerted effort and a cooperation, one does not impose."

## **Moroccan Intelligence Questions Links to Madrid Train Bombing**

Tahar Ben Jelloun, one of Morocco's leading authors, writing in the April 22 weekly edition of *Die Zeit* gave a picture of the family and other background of the Moroccans who have been arrested in Spain since the March 11 train bombing. The portrait reviews the social problems and slum districts of Morocco's big cities, such as Tangier, Fez, and Casablanca, but leaves the question open as to whether there is evidence of the role of the arrested Moroccans in the train bombing.

Jelloun reported a discussion with an unnamed senior intelligence officer in Morocco, who told him that, these days, with the many overlaps between drug-related and other organized crime and terrorism, it is difficult to trace who are the real terrorists. The Moroccans, killed in a Madrid apartment are typical small-time criminals, mostly involved in drugs, who make some extra money with illegal activity. They were likely recruited the day before March 11, to bring some suitcases somewhere, for money. The suitcases were then picked up by others who planted the bombs on the train. The real terrorists are not the Moroccans but others, who are not necessarily, Islamic extremists.

## **Italian Investigator Points to Mafia-Terror Links**

A leading Italian anti-Mafia investigator points to links between organized crime and terrorists. At a Rome press briefing April 20, prominently covered in Italian and German media, Pierluigi Vigna, the chief prosecutor of organized-crime rings such as the Mafia, said the threat posed by such groups goes beyond criminal activities: "We have evidence that groups of the Camorra are implicated in an exchange of weapons for drugs with terrorist groups." Asked by journalists to be more precise, Vigna said: "Islamic terrorist groups."

Vigna said that because of ongoing investigations, he would not go into further details, but did cite the example of a Camorra member in Sicily, who converted to Islam, who made contact with Arabic and other Muslims detained in Italian prisons.

Findings of Spanish investigators that are looking into the background of the March 11 Madrid train bomb incidents, provided evidence of drugs-for-arms/explosives swaps, as well, Italian media reported.

In Italy alone, the four main organized-crime rings—the Mafia, the Camorra, the n'Drangheta, and Sacra Corona Unita—make a combined "income" of more than 100 billion euros annually, from illegal activities, Vigna said. Drug deals alone yield 59 billion euros per year. The Camorra, especially, is known for running a big illegal trade with explosives; therefore, their links to terrorist groups deserve special attention by law enforcement authorities.

## **Moro Escaped Death in 1974 Italicus Train Bombing**

Former Italian Prime Minister Aldo Moro's daughter, Maria Fida Moro, wrote in her new book, *La Nebulosa—del Caso Moro*, that originally, her father was supposed to travel on the same Italicus train that was torn apart by a (neo-nazi) terrorist bomb on Aug. 4, 1974. Moro was kidnapped and assassinated by Red Brigades terrorists in 1978. Twelve passengers were killed and several hundred wounded in the incident. Moro was expected to rejoin his family for summer vacation on Aug. 5, but decided virtually at the last minute not to take that train.

Investigators who reconstructed the incident said hundreds of people would have been killed if the bomb had detonated when the train entered a nearby tunnel. Parallels have been drawn recently between the Italicus incident and the March 11 Madrid train bombs.

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

### **Putin: Some Outstanding Russia-EU Issues Settled**

A large part of the EU Commission arrived for several days of talks in Moscow April 22. The EU delegation, led by Commission President Romano Prodi, included Chris Patten (Foreign Relations), Loyola de Palacio (Energy and Transport), Pascal Lamy (Trade Relations), Guenter Verheugen (EU Expansion), Antonio Vitorino (Justice), Philippe Busquin (Research, Science, Aerospace), and Margot Wallstroem (Environmental Affairs). The EU-Russian talks are also to prepare the ground for the May 21 EU-Russian Summit in Moscow.

At a press conference following his talks with Prodi on April 22, Russian President Vladimir Putin indicated that agreement had been reached concerning Russian freight transit to Kalinigrad across Lithuania. Several days earlier, Deputy Foreign Minister Vladimir Chizhov said that while "95%" of the disputes related to EU expansion had been solved, the transit question and the situation of Russian ethnic populations in the Baltic states remained.

### **Russian Economic Leaders Trek to London**

While Prime Minister Mikhail Fradkov continued an intense schedule of meetings on tax-policy changes—the new Russian government's main notion of how to boost the economy—and abolishing government agencies (over 120 state commissions have been reduced to 14), two of the government's three top economic officials travelled to London on April 19. First Deputy Prime Minister Alexander Zhukov and Finance Minister Alexei Kudrin were among 1,500 people in attendance at the annual Russian Economic Forum, along with top Russian CEOs Alexei Mordashov of Severstal, Rosneft's Sergei Bogdanchikov, General Director of United Machine Building Works Kakha Bendukidze, and Unified Energy Systems boss Anatoli Chubais. Chukotka Governor Roman Abramovich, owner of Sibneft oil company and Britain's Chelsea soccer team, was also there.

### **Amnesty for Oligarchs Hinted in Russia**

The *London Times* reported April 19 that Finance Minister Alexei Kudrin had hinted at a possible amnesty—with respect to tax evasion such as Yukos Oil owner Mikhail Khodorkovsky is charged with, as well as illegalities during privatization—for Russia's "oligarchs," within the next four years, if they follow "new rules": paying their taxes, contributing to charity, and staying out of politics. Kudrin said, "This is not the most popular idea in Russia today. We have to pick a moment when the rules are absolutely clear so that legalizing underground capital will not shock the public and society, and will not be revised.... I believe this will happen during Mr. Putin's Presidency." *Vedomosti* reported April 19 that Arkadi Volsky, head of the Russian Union of Industrialists and Entrepreneurs, has made a similar appeal to legitimize the privatizations of the 1990s "through the payment of taxes on dishonestly acquired property," which revenues could then be used to fight poverty.

Earlier in April, Chairman of the Russian Audit Chamber Sergei Stepashin issued an estimate, that the Russian state received only \$9.7 billion from the privatization of 145,000 enterprises under former President Boris Yeltsin, which included gigantic oil companies, industrial combines, and ports.

## **Uzbekistan Closes Soros Institute**

RIA Novosti reported April 22 that, "Shrugging off pressure from U.S. officials and international organizations," as well as the complaints of George Soros that Uzbekistan is "stifling civil society," the office of Soros's Open Society Institute in Uzbekistan has been closed. On April 14, the Uzbek government revoked the registration of the OSI Assistance Foundation in Tashkent, which had functioned in Tashkent since 1996, which effectively shut it down. It is notable that Soros, the megaspeculator and drug legalizer who has used his ill-gotten gains to subvert governments across the globe, called on the U.S. government to "re-evaluate" its strategic partnership with Tashkent. Since the U.S. launched its attacks in Afghanistan, Uzbekistan has allowed the stationing of U.S. troops.

Uzbekistan, the most populous nation of Central Asia, will host the Shanghai Cooperation Organization summit in June. In March, there was a militant Islamic attack in Tashkent, which killed 48 people.

Uzbekistan's Ministry of Justice sent the OSI a letter accusing it of activities that undermined government authority. The letter said that OSI-funded educational materials were trying to "discredit" government policies by allegedly distorting "the essence and the content of socio-economic, public, and political reforms conducted in Uzbekistan."

Soros responded that the decision showed Uzbekistan's "horrendous" human rights record. "Now that [the government] refuses even the semblance of working toward a freer society, how can anyone claim that it is observing human rights?" The OSI, which has spent at least \$22 million (officially) in Uzbekistan, was the largest private donor in Uzbekistan in 2003, giving \$3.7 million in "assistance."

## **Russia-China Diplomacy Precedes SCO Session**

Russian Defense Minister Sergei Ivanov visited China starting April 20 to discuss the situation on the Korean Peninsula, with his counterpart, Cao Gangchuan. North Korean leader Kim Jong Il has just finished a visit to Beijing. Ivanov said at a press conference that the North Korean nuclear "crisis" must be settled on the basis of a compromise taking both North Korean and U.S. concerns into account. This must be resolved through "political efforts," Ivanov said.

Referring to the Shanghai Cooperation Organization, whose Foreign Ministers were to confer in Moscow April 23, Ivanov said that the SCO's "full potential is not being used. Its potential is immense, and there is proof of this." Cao Gangchuan said that "The military-technical cooperation of China and Russia fully corresponds to the level of strategic partnership

between our states," and is "the most important part of the Chinese-Russian strategic partnership." He emphasized that, despite the "large volume" of Russian-Chinese military-technical cooperation, "it is not directed against other countries but at maintaining stability in the Asia Pacific region."

On April 23, Chinese Foreign Minister Li Zhaoxing arrived in Russia for the SCO meeting. Russian Foreign Ministry spokesman Alexander Yakovenko was quoted by Itar-TASS, saying that Li and Russian Foreign Minister Sergei Lavrov would also confer on "expanding trilateral dialogue in the format of India-Russia-China, launched in September 2002 with the informal meeting of their Foreign Ministers on the sidelines of the UN General Assembly session." Yakovenko said, "Interaction of Eurasia's three largest nations could become a weighty factor of strengthening international and regional security and countering new threats and challenges of the modern times."

Foreign Minister Li was received by Russian President Putin on April 22. Putin anticipates three summits this year with Chinese President Hu Jintao: at the SCO summit in Tashkent in June, the Asian Pacific Economic Summit in Chile, and the Sino-Russian Beijing Summit in October. RIA Novosti reported that discussions between Li and Russian Security Council Secretary Igor Ivanov emphasized the promotion of Eurasian security through more specific cooperation between China and the members of the Collective Security Treaty Organization (Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan and Tajikistan), focussed on international terrorism, drug trafficking, frontier, visa and immigration policy.

## **Ukraine and Poland Confine Iraq Troops to Peacekeeping**

The Defense Ministers of Ukraine and Poland announced April 19 that their troops in Iraq should be confined to strictly peacekeeping operations and not be part of any offensive military activities. The decision was made during the April 18-19 meeting of the ministers in Kiev. The troop pull-out from several cities under the control of the Muqtada al-Sadr movement, which is within the zone where troops of both countries are located, was ordered at the peak of armed clashes two weeks ago.

The Kiev decree is seen as a prelude to accelerated troop pullout, as there will soon be a debate in the Ukrainian Parliament on foreign policy. Critics of the Iraq mission (which include many deputies of the formerly pro-American opposition) argue that Ukraine is being drawn into wars, when its interest is in a peaceful and cooperative world. The debate intensified after three Ukrainian soldiers were killed in Iraq.

## **Mideast News Digest**

### **Bush's Hands Bloodied by Israel's Death Squads**

Israel's death squads are violating international law, announced Asma Jahangir, the United Nations Special Rapporteur on extrajudicial, summary, or arbitrary executions, in an April 20 statement. Condemning the April 17 assassination of Abdel Aziz Rantisi, Hamas leader in Gaza, the statement says, "Aerial bombings or 'targetted assassinations' against civilian populations will only lead to escalating violence," and calls on the Israeli forces "to immediately end this unacceptable practice." Jahangir reports on death-squad activities to the UN Commission on Human Rights, and her statement came out after an emergency meeting of the UN Security Council on April 19, called to pass a resolution condemning the Rantisi killing by the Israelis.

Importantly, in the UN debate on April 19, it was not Israeli Prime Minister Ariel Sharon who was blamed, *but the United States* for having vetoed, on March 24, a Security Council resolution that condemned the earlier "extra-judicial execution" of Hamas leader Sheikh Ahmed Yassin, who was Rantisi's predecessor. Twenty-six days later, Rantisi was killed. On April 21, the Palestinian Authority reported that Israeli snipers on rooftops in a town north of Gaza, were shooting young

Palestinian men in the street below, aiming for their chests and heads. Eleven had been killed by 6:00 p.m. Israeli time.

At the April 19 UN debate, more than 40 countries spoke against the assassinations, but only two of them—the U.S. and Israel—defended the assassination policy. Nonetheless, the U.S. representative, Deputy UN Ambassador James Cunningham, said the U.S. will *again* veto the resolution, because it does not speak of Hamas terrorism against Israel.

Even the U.S.'s imperial partner in Iraq, Britain, condemned the barbaric attack on Rantisi, which was a blow to Tony Blair, who had stood with President Bush in the Rose Garden at the White House one day earlier, praising Bush's embrace of Sharon's phony plan for "unilateral disengagement" as a step for peace.

Palestinian envoy to the UN Nasser al-Kidwa told the Council that it had allowed Israel "to continue acting beyond the parameters of international law.... It is without a doubt that the recent failure of the Security Council ... to take urgent measures to address the deterioration of the situation, due to the veto cast by one of the Council's permanent members [the U.S.], has further emboldened the Israeli government to continue to carry out such illegal actions with impunity."

And both Palestinian Foreign Affairs Minister Nabil Shaath and legislator Hanan Ashrawi, who are well-known speakers in the U.S., blamed the U.S. for not stopping Israel's illegal assassinations.

However, it was Algerian envoy to the UN Human Rights Commission Mohamed-Salah Dembri, who made a crucial point about Israel's behavior. Israel has "made the physical liquidation of its opposers a doctrine," he said. "Never, including the worst moments of contemporary history, or even [in] the Rwandan genocide" had death squads been so open. Instead, "All had tried to hide or deny it." - Perpetual War -

President George W. Bush and Vice President Dick Cheney are in awe of Sharon's killing prowess, and the Sharon doctrine of extra-judicial executions is the basis for Cheney's doctrine of preventive war. The Cheney doctrine is a declaration of "perpetual war" on civilization, and in effect, Bush and Cheney are pulling the trigger every time a Palestinian dies in one of Sharon's assassinations, or an Israeli dies in the inevitable terrorist revenge attack.

Peace was never a goal for Sharon, who has secretly called his Administration Israel's "Second War of Independence"—which he kicked off in September 2000, when Israeli security forces used live ammunition to gun down Palestinian rioters armed with rocks after Sharon's march on the Temple Mount with 3,000 Israeli police.

It was the beginning of Sharon and his generals' asymmetrical war against the Palestinians: bullets against stones; F-16s and Apache helicopters firing rockets against dynamite-stuffed vests delivered by human bombs. One "targetted assassination" in July 2002 wounded 140 Palestinians, and killed 12, including an infant, when the Israelis dropped a 1,000-pound bomb on an apartment house in Gaza City in order to kill Salah Sehadah, head of the military wing of Hamas. Sehadah was killed, but in the next year, scores of suicide bombers gave their lives in order to kill hundreds of Israeli civilians, and wound thousands of other Israelis.

But with the U.S. backing this policy of murder, on April 14 Sharon got what he wanted to accomplish in this "Second War of Independence," in a letter from Bush. The letter gives Sharon a new border for Israel, with the legal authority to annex the lands won by the Israeli Army in the 1967 War, lands in which the settlements were set up in order to create Jewish "population centers" which had not existed before. This is in violation of UN Security Council Resolution 242.

Second, Bush's letter unilaterally declares that Israel has the right to prevent Palestinian refugees from ever returning to their homes in what is now the state of Israel. Bush says that the solution to the Palestinian refugee problem will be "found in the establishment of a Palestinian state, and settling the Palestinian refugees there, rather than in Israel." This not only



violates UNSCR 242, which affirms "just settlement of the refugee problem," but also the 1949 UN General Assembly Resolution 194, which says, "The refugees wishing to return to their homes and live at peace with neighbours should be permitted to do so at the earliest practicable date...."

## **Sharon: I Told Bush I Can Kill Arafat**

Israel Prime Minister Ariel Sharon, in an interview with *Ha'aretz* on April 23, said he told President George Bush he is no longer going to keep his pledge not to kill Palestinian President Yasser Arafat.

"I told the President, in our first meeting about three years ago, I accepted your request not to harm Arafat physically," Sharon told *Ha'aretz*. "I told him I understand the problems surrounding the situation, but I am released from that pledge." Sharon did not say what Bush's response was. The statement did draw responses from the Bush Administration, reiterating the policy that Arafat should not be harmed. However, in light of the recent Bush-Sharon summit, and the Bush Administration's veto in March of a Security Council resolution condemning Israel's targetted assassinations of Hamas leader Sheikh Yassin, no one is confident that statements from the Bush Administration on this issue carry much weight, or are necessarily even a reflection of the Administration's true policy. Vice President Dick Cheney is known to be a long-time advocate of the elimination of Arafat, and there are widespread reports that Israeli commandos are part of U.S. Special Forces and private mercenary teams, hunting down and assassinating rebels inside Iraq and Afghanistan.

Jibril Rajoub, Arafat's National Security Advisor said that if Israel harmed Arafat, it would constitute a declaration of war on all Palestinians, all Arabs, and the entire Muslim world." Nabil Abu Rudeineh, an aide to Arafat, warned that Sharon's "dangerous statements ... could push the whole region into tremendous danger.... We call upon the U.S. Administration to clarify its position on these statements and to bear its responsibility toward this escalation."

## **Who Will Be Dumped? Chalabi or Brahimi?**

A well-placed Egyptian source reported that there will be a "heavy storm" of backlash against special UN envoy Lakhdar Brahimi—not because he criticized Israel (though that will be the cover), but because he has recommended the firing of Ahmed Chalabi, his relatives, and cronies in the Iraqi Governing Council and the newly installed Iraqi ministries, in the interim government.

The source says that Brahimi made known his recommendation for dismissing those Chalabi-linked and other figures on the IGC, who would be eliminated from the next interim government. In addition, against strong opposition from U.S. Secretary of Defense Donald Rumsfeld, Vice President Dick Cheney, and the neo-cons, Brahimi told the Americans that former Iraqi military officers had to be brought in to run the new Iraq military, and that de-Baathification was a serious error.

Behind the scenes, there is much rage and attempts to regroup to keep open the neo-con options, and keep Chalabi on board, said the source.

## **UN Envoy Calls Israeli Policy Biggest Poison**

United Nations Special Envoy to Iraq, Lakdar Brahimi, linked Israel's policy toward the Palestinians to the situation in Iraq. "The big poison in the region is the Israeli policy of domination and the suffering imposed on the Palestinians," Brahimi told an interviewer on France's Inter radio April 22. He also said his job was complicated by Iraqi perceptions of "Israel's completely violent and repressive security policy and determination to occupy more and more of Palestinian territory."

Brahimi's forthrightness immediately drew fire. UN Secretary General Kofi Annan replied through his spokesman, insisting that Brahimi "was expressing his personal views." Israel's UN Deputy Ambassador Arye Mekel, rebuked Brahimi's comments as "disturbing." There could be more backlash from this.

## **Corruption Consumes Iraq Reconstruction Funds**

A report by National Public Radio's "Marketplace" program, in conjunction with the Center for Investigative Journalism, has concluded that corruption in Iraq is so rampant that it is costing as much as 20% of the billions of dollars that have been allocated for reconstruction. The corruption includes bribery by Iraqi companies to get contracts, the pocketing of money by Iraqi ministry officials, the selling of medical supplies and other equipment on the black market, and so forth.

The report emphasizes, however, that Washington is sinking in as much corruption as Baghdad. The Bush Administration has been in a race to privatize everything, as shown in the case of Halliburton and its \$2.64 per gallon gasoline. Aside from that, the Bush Administration also successfully fought attempts in Congress to add anti-corruption measures, such as outlawing war profiteering, to last fall's \$87 billion Iraq war appropriations bill. The result was that the money is going out with very little oversight. The Pentagon, itself only has about 80 people qualified to audit contracts, when outside experts say that at least twice that number is needed. The response of the Defense Department to the staff shortage is—you guessed it—to outsource the auditing to private companies.

This raises its own set of problems, as Rep. Henry Waxman (D-Calif) pointed out. There's nothing to prevent one private contractor from overseeing another, with whom it may have had, or will have business, in the future.

## **Asia News Digest**

### **Aussie PM Rejects Probe of Intelligence Failures**

The Australian government of Prime Minister John Howard has been rocked by the leaking of a damning assessment by the military's top intelligence officer who said that the nation's intelligence system had failed in the case of Iraq's WMD, and in a litany of other cases going back a decade. The allegations, by Lt. Col. Lance Collins, were made in a letter to Howard in March, in which Collins called for a Royal Commission (the form of inquiry with the widest range of powers) into Australia's intelligence system.

An official internal report into a Redress of Grievance (ROG) claim made by Collins four years ago, conducted by a Capt. Martin Toohey, was recently sensationally leaked to *The Bulletin*, in which Toohey found that Collins's allegations had "considerable veracity." Toohey found that the Defence Intelligence Organization "distorts intelligence estimates to the extent those estimates are heavily driven by government policy; in other words, DIO reports what the government wants to hear."

Since the leak, Howard has been careful to not attack Collins's personal credibility, because he is such a highly respected, decorated military officer. However, he immediately rejected flatly Collins' call for a Royal Commission, and has continued to do so. On April 19, Collins released a statement in response, stating that not holding a Royal Commission into intelligence failings would threaten lives and national security.

### **U.S. Warns Taiwan's Chen: No Change in Status Quo**

The U.S. State Department issued a strong warning against Taiwanese President Chen Shui-bian's provocations towards war, the *Financial Times* reported April 22. James Kelly, Assistant Secretary of State for East Asia and the Pacific, James

Kelly, testifying before the House International Relations Committee on April 21, said: "We have real concerns that our efforts at deterring Chinese coercion might fail if Beijing ever becomes convinced Taiwan is embarked on a course towards independence and permanent separation from China." While saying that the U.S. "strongly disagrees" with the Chinese military build-up across the Strait and their policy to use force in the case of Taiwanese efforts to declare independence, Kelly also stated that "it would be irresponsible of us and Taiwan's leaders to treat these statements as empty threats." He warned Chen that his move to create a new constitution by 2006 could result in a war, which "could destroy much of what Taiwan has built and crush its hopes for the future."

Most important, when asked if Taiwan was under the impression that the U.S. was willing to defend them at all costs (which is exactly what President Bush said in the early days of his Administration), Kelly responded, "If they heard that, they misunderstood."

Chen has claimed that the status quo has changed, that Taiwan is already a sovereign and independent nation. However, Kelly said that the U.S. opposes any change in the status quo "as we define it."

Chen rejected the new U.S. warning on April 22, saying that the "one China" policy is a "political myth," and that the "Chinese Communist regime is a traditional autocratic empire that will definitely die one day," and that he will proceed with the plan for a constitution.

## **China Hand Fears War Over Taiwan Provocations**

Speaking to the U.S. China People's Friendship Association in Washington, D.C. on April 22, Chas Freeman, a former career diplomat with extensive experience in both East Asia and Southwest Asia, pulled no punches in describing Taiwan President Chen Shui-bian's push for independence and a new constitution as a course for war. He said Chen's provocative policies are based entirely on the promise by President George W. Bush to defend Taiwan "by any means necessary." U.S. Secretary of State Colin Powell, and even Bush, have recently told Chen directly to stop threatening to draft a new constitution, while the State Department's James Kelly made a stronger warning in Congressional testimony April 21 (see above).

Asked by *EIR* April 22 if the neo-con China-hawks, despite their public face of friendship with China since 9/11, were not simply telling Chen to ignore Bush and the State Department warnings, and to proceed with his independence policies, with assurance that the U.S. will defend them, Freeman concurred. "Every time the State Department, or Bush, warns Chen to stop his provocative actions, someone at the Defense Department holds a briefing on background, watering down the warning, and essentially telling Chen to go right ahead."

Freeman said that China is indeed building up its military capacity, to be prepared to use force against Taiwan by 2006, the year Chen intends to issue a new constitution. A war would probably not be nuclear, he thinks, but it would be devastating to China, and would include Chinese strikes on the U.S. mainland or foreign bases—but would not solve the Taiwan problem! Freeman said that the U.S. must declare that it will not defend Taiwan if Chen brings about a war through actions which explicitly reject U.S. warnings, and that the U.S. should accept no change of status which is not accepted by both sides.

## **China To Hold Third International Silk Road Meet**

China will hold the Third International Silk Road Conference in October in Xi'an, the ancient Silk Road capital, Feng Zhenglin, Chinese Vice Minister of Communications, announced April 16. "We have made transportation cooperation the priority on the agenda," Feng said, according to the *Peoples Daily* April 17. Transportation cooperation could bring prosperity, as the ancient commercial route across Eurasia did centuries ago, he said.

The Transport Ministers of the Shanghai Cooperation Organization—China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan—have set up a special "meeting mechanism" to this end. "The development of transport cooperation between China and Central Asian countries will further consolidate and develop ties among the relevant nations and promote socio-economic development in the region," Feng said. China is negotiating with Kyrgyzstan and Uzbekistan on road construction, and planning to build a road linking China with Afghanistan, Tajikistan, and Iran. China has already opened an "inland" port with Kazakhstan, two with Kyrgyzstan, and launched 47 international cargo transport routes to Kazakhstan and Kyrgyzstan. China is yet to open direct auto transport route to Uzbekistan and Tajikistan.

## **Indonesia's Wiranto Nominated Despite UN Indictment**

Indonesia's Golkar, the party of former President Suharto, has nominated General Wiranto as its candidate, despite his indictment as a "war criminal" by the UN Court in East Timor. The human rights mafia is having fits, as Wiranto, the highly popular former head of the military under three Presidents—Suharto, BJ Habibie, and Abdurrahman Wahid—beat out Golkar chairman Akbar Tandjung for the nomination as Golkar's Presidential candidate. The UN indictment came when Indonesia refused to follow "orders" from abroad, to indict Wiranto for his supposed responsibility as military chief for the bloodshed in East Timor after the independence election in 1999. The UN indictment means that Wiranto could potentially be arrested when he travels overseas, even if he were elected President.

Wiranto's two leading opponents are current President Megawati Sukarnoputri, and another former general, Susilo Bambang Yudhoyono, who resigned as Coordinating Minister for Security in Megawati's government to run for President. Golkar slightly edged out Megawati's party (PDI-P) in the legislative elections (21% to 19%), and has by far the most in-depth, nation-wide political machine, after running the country for 30 years.

The recent legislative elections left the Parliament deeply divided, with six parties all holding a significant number of seats. The July Presidential election is unlikely to have a majority winner, in which case there will be a run-off in September.

## **Sihanouk Slams Proposed UN Tribunal for Khmer Rouge Victims**

After five years of negotiations with the UN to convene a tribunal on the Khmer Rouge genocide in Cambodia, King Sihanouk posted a message on his website on April 18, marking the 29th anniversary of the Khmer Rouge's 1975 seizure of power, to denounce the proposed UN tribunal. Sihanouk also called for doing away with the macabre exhibits of human skulls in the country, and, instead to honor those who died with a proper Buddhist cremation ceremony. Sihanouk lost five of his own children and 14 grandchildren in the genocide. In his message, Sihanouk also said he thinks the number of people killed was closer to 3 million.

The UN tribunal preparations are ongoing at this time, with at least six elderly potential defendants who could appear as defendants.

## **This Week in History**

**April 26 - May 2, 1937**

**Social Security Is Born**

At the end of April 1937, the Federal government of the United States began to send out Social Security checks to Americans 65 years and older. Today, as the representatives of predatory finance threaten to either reduce, or otherwise undercut, this established right of Americans, we do well to recall the origin and significance of what we call Social Security.

The Social Security Act of 1935 was the product of a long struggle within the United States, to implement the concept of the Federal government's powers to tax and act for the "general welfare" of the U.S. population. The Preamble to the bill was just that simple: "An Act to provide for the General Welfare," through providing for old-age assistance, old-age insurance, unemployment insurance, and the like. The bill passed under conditions of intense political struggle, with individuals like Dr. Charles Townsend, a California physician who agitated for public pensions, carrying out a petition campaign for such government aid, which resulted in 20 million signatures, and with the ideologues of Wall Street seeking to spike the plan, eventually with a court challenge which went all the way up to the Supreme Court. It was not until May 24, 1937—after the first checks had begun to be issued—that the Highest Court ruled the Old-Age provision Constitutional under the General Welfare clause.

Conditions for the elderly during the Depression years were particularly horrible. There were approximately 7.6 million people over 65, and only 3% of them were able to get help from the state programs which had been established on their behalf. President Roosevelt had been in favor of providing Federal aid before he entered the Presidency, and when he appointed Frances Perkins his Secretary of Labor, he knew he was putting someone in place who was going to fight for such programs. Perkins testified in her autobiography that FDR was passionate about the need to provide for the poor, old, and destitute, and considered it a "personal affront" that people were subject to such conditions in America.

In June of 1934, after having dealt with pressing issues around the banking system, gold, and public works programs, President Roosevelt turned his attention to helping the poor who could not work, or should not be working. He issued a message to Congress which included three subjects: housing, unemployment insurance, and "security against the hazards and vicissitudes of life." Further, the message said that "next winter we may well undertake the great task of furthering the security of the citizen and his family through social insurance." While bending over backwards to be conciliatory to business, Roosevelt said: "We must dedicate ourselves anew to a recovery of the old and sacred possessive rights for which mankind has constantly struggled—homes, livelihood, and individual security. The road to these values is the way of progress."

Immediately after issuing the message, Roosevelt appointed a Cabinet Committee on Economic Security, with Perkins as chairman. The Committee devised the bill which the President introduced into Congress in January 1935, a bill which dealt with social insurance for the aged and unemployed, as well as support for the destitute. Great pains were taken to provide the income for fulfilling the bill's mandates, through taxation on business and individuals, but the principle of a broad entitlement for all of those over 65 was never breached.

It took seven months for FDR's team to get the bill through Congress, by which time its name had been changed to the Social Security Act. Upon the signing on Aug. 14, FDR made the following statement:

"Today, a hope of many years' standing is in large part fulfilled. The civilization of the past hundred years, with its startling industrial changes, has tended more and more to make life insecure. Young people have come to wonder what would be their lot when they came to old age. The man with a job has wondered how long the job would last.

"This social security measure gives at least some protection to thirty millions of our citizens who will reap direct benefits through unemployment compensation, through old-age pensions, and through increased services for the protection of children and the prevention of ill health.

"We can never insure one hundred percent of the population against one hundred percent of the hazards and vicissitudes of life, but we have tried to frame a law which will give some measures of protection to the average citizen and to his family against the loss of a job and against poverty-ridden old age.

"This law, too, represents a cornerstone in a structure which is being built but is by no means complete. It is a structure intended to lessen the force of possible future depressions. It will act as a protection to future Administrations against the necessity of going deeply into debt to furnish relief to the needy. The law will flatten out the peaks and valleys of deflation and of inflation. It is, in short, a law that will take care of human needs and at the same time provide for the United States an economic structure of vastly greater soundness.

"I congratulate all of you ladies and gentlemen, all of you in the Congress, in the executive departments, and all of you who come from private life, and I thank you for your splendid efforts in behalf of this sound, needed and patriotic legislation.

"If the Senate and the House of Representatives in this long and arduous session had done nothing more than pass this Bill, the session would be regarded as historic for all time."

Social Security checks began going out in lump sums to retirees who applied in 1937, and in 1940 began to be paid monthly. It wasn't until 1950 that a cost-of-living allowance was added. Numerous amendments have also expanded the categories of beneficiaries, to include dependents and survivors of those paying into the system, as well as individuals with disabilities. By 1999, the number of beneficiaries per year had risen to 44.6 million. Over 50% of those over 65 years of age depend on Social Security for half or more of their income.

Under these circumstances, as we sink deeper into the new depression, and a total financial blowout looms, the same sharks who opposed Social Security in the first place, are trying to shrink it, or eliminate it. To do so, would be the equivalent of ripping up the Constitutional commitment to the General Welfare.

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