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This Week You Need to Know:

In Ohio, It /s 'The Physical Economy, Stupid!'

by Paul Gallagher

Ohio, the "swing state" of swing states, is swinging at the end of its economic rope, and needs a nation-building President to rebuild the wrecked national economy, with Ohio at the center as before.

Even during the late-September "national Presidential debate over Iraq," John Kerry, John Edwards, or George Bush, when in Ohio, had to address the economic collapse, and when Dick Cheney refused to

talk about anything but "terr'sm" there, he paid for it in disgruntled Republicans, as the *New York Times* reported on Sept. 27.

Lyndon LaRouche has placed great importance on a Kerry landslide victory in Ohio, and 100 organizers of the LaRouche Youth Movement have been inspiring Democratic activists and campuses across the state's northern tier, saturating the cities with LaRouche's *Real Democratic Platform* and his new pamphlet, *It's the Physical Economy, Stupid!* In the state legislature's Democratic caucus, some representatives have been "demanding that the party go back to Franklin D. Roosevelt," the essential public infrastructure push to recovery in a state which has lost jobs for 101 straight months.

...more

Latest From LaRouche

LaRouche in Dialogue:

Defend the Vote with a Landslide Victory in November

Here are excerpts from the discussion that took place following Lyndon LaRouche's keynote address, "A Moment of Epic Decision," at the Labor Day Schiller Institute Conference, Sept. 4-5, 2004, in Reston, Va. (Subheads have been added.)

Question (from a Midwestern Congressional candidate): Mr. LaRouche, there's a lot of discussion in the black community, that the election is going to be stolen. This discussion's around two principal topics, one I'm familiar with, and one I'm not quite as familiar with. One is the obvious possibility of vote fraud, and I think there are a number of people who are working on this, and who are working on exposing the scandal around the Diebold contract for election voting machines.

But, my second question is one that I'm a little bit more confused about, and that is, the fact that, I'm told that the GOP is heavily involved, in what my friends are calling a "voter suppression" operation, that they're running through a combination of the Moonies and the Faith-Based Initiative. I understand why they would intend to suppress the black vote, but I don't understand how they would do it. And I don't understand why the Moonies would have any stronghold in the black community, at all. Could you please comment on this?

LaRouche: The Moonies have a history, and the history is the Buchmanites, the origin of this. And the Buchmanites were, at one point, a pro-Hitler operation, which gives you an idea—it was created in England. And therefore, you get some idea of what's going on.

And what they did, is they took a situation in Korea, in the relation between North and South Korea, and they created a branch, essentially, of the Buchmanite movement. And used that as a weapon, through certain corrupt channels of the U.S. Allen Dulles intelligence service. And brought it into the United States, and used it here, and elsewhere. So, it's a typical kind of operation: It is not a religion, it's an operation. And when you have this thing, in which you got Senator [John] Warner [R-Va] quite upset, about finding himself involved in sponsoring one of these things, where the guy proclaimed he was practically a god, is not exactly what we want running loose around here.

But, the key thing here is, don't bother worrying about the details of the Moonies, or other groups. Much more dangerous, is the cult that Tony Chaitkin keeps talking about, in Washington, D.C., which includes this crazy "Zealot" Miller, this fanatic you heard babbling about his "precious bodily fluids" on Wednesday night on television, just preceding Dick Cheney [at the Republican National Convention].

The thing to look at is, what is the nature of the operation? Now, let's be very focussed: In this case, we're talking about the operations against the Americans of African descent—or Americans of perceived African descent—either way you want to have it.

The point is: We also have, in the Department of Justice, we have a system, extending into the state systems, in which we are disenfranchising large masses of, especially, young black men. Or, who are no longer young, when they come out of prison. We are, by using this against them—in other words, the issue of habilitating the voting rights of a convicted person, is a first line of defense against this aspect of fraud. Because, if a person, once they have completed their penalty, have been discharged from supervision after incarceration, or after any other term, the object should be to get that person back on the voting rolls as soon as possible. Because, if you do that, if you follow that policy, then you can not do the purging, that is being done now, in the state of Florida and elsewhere, by the Republican machine.

We have this in Louisiana, for example, a concrete case, that we're discussing with a political official down there. It's going on. You have also a similar case, like Cynthia McKinney, who won her position back in the Congress, at least on the primary level, by overcoming this kind of problem—not just the purging of the rolls—but, by having a serious voter mobilization, to get herself re-elected, after a period of being tossed out.

So, the key thing, is we're defending the rights of *everybody*, defending the rights of communities to a fair vote, by eliminating a factor of exclusion which is being used now, where similar-name identification on the voting rolls, is being used to take away voter registration. And this is especially targetting the communities of perceived African descent. So, that's one aspect of it.

The 'Malaysian Monkey-Trap'

The other aspect is this: What has happened since Newt Gingrich, the fascist, became the head of the House of Representatives in that campaign, the immediate effect of the Gingrich election was to throw the Black Congressional

Caucus out of the Congress effectively, as a functioning entity, and to do similar things to spread this into state areas, with Justice Department frame-ups and the old kind of thing usually done. The "usual sort of thing" that the racists do, hmm?

What has happened, with the Democratic Party policy of going for a base in the upper 20% of suburban voters, as opposed to the general electorate, is that you have a complete period of ousting of key elected officials, of perceived African descent. (That is, you know, sometimes, they missed people who "passed," that sort of thing.)

And also, you have this process of discouraging people who were militants, to such a degree, that somebody comes along, and gives them an idea of a way to get some money for themselves. The usual way that the manipulation of the typical political person, of apparent African descent, the way they get at them, is you try corruption, get them to believe that some money is going to be given to them personally, or to their favorite cause, their church for example, which will not be given to them, unless they "behave themselves."

Then, what happens, is the people who are not in on that deal, around them, begin to want in. And they are controlled, as if in a Malaysian monkey-trap. You know how the Malaysian farmer catches a monkey: He takes a narrow-mouthed simple vase, or pot; he puts a nut in the pot. Now, the mouth of the pot is not so small that the monkey can't get his paw in. But, when the monkey gets his paw around the nut, and tries to pull the nut out, he could pull his paw out, but not with the nut in it. And, since he isn't willing to give up the nut, the farmer's family eats monkey for dinner that night.

And that's what's being done to a lot of the population in the United States. It's a typical tactic: You try a combination of intimidation and corruption, intimidation and corruption. The remedy for this thing—of course, all remedies that are legitimate, are legitimate: We have to fight against this purging. It's wrong. We have to fight for habilitation of voting rights, as universal. We *do* that. It's necessary! Otherwise, you're not going to protect *anybody's* vote, unless you protect *everybody's* vote.

But, the one thing we have to do, and we have to do it as part of the campaign organization: We must aim at creating a landslide victory in November. *We must have that victory!* The only way we'll get it, is, number one, mobilize the youth 18 to 25, the way we've *demonstrated* with our youth movement, so far. We've demonstrated a principle. The way we organize and operate with the youth movement, even sometimes against the advice of people associated with me—the adult, older people who have funny ideas they shouldn't be trying out on the youth. But, when it's done properly, a youth movement is the most effective political force, per capita, in the world today! Because the world is giving the youth a no-future society, and they've got enough spunk to want to do something about it!

And therefore, activating them will mobilize the older generation, which has grown pessimistic under the circumstances of the corrosion which has hit this society, so far.

By those methods, by aiming at the lower 80% of family-income brackets, in that way, to say, we, like Franklin Roosevelt in 1932, are campaigning for the victory of the interests of the common man, the "forgotten man." Conveying that idea clearly, not merely as an argument, but as exemplified by a course of practice.

The Magic of Music

For example: When you go into a demoralized community, where people have *given up* on life—they're just plodding along, trying to make ends meet. Waiting to die. Waiting to be carted off. In those communities, go in, and sing, a trained choral singing, of a Bach motet, and similar kinds of things. Sing with some aptitude, a Classical Negro spiritual, as part of the mix. I don't care whether it's white or black or whatever audience—do it! Do it, as a group. Don't do it, as just an individual or a couple of people. Do it as a group. Go in, create an intellectual force, a moral force, on the door-step of the poor. They come out. The children come out. Someone to sing with. It makes their day bright. Don't stop there. And they

ask you, "Why're you doing this? Why're you here?" And you tell them why you're there!

Now, it doesn't mean you're going to recruit them, necessarily. It does mean, you're going to have an *impact* on them: That somebody good, a stranger, came into their community, and did something that they perceived to be beautiful. And it was done for *them*. This is what they *don't get* from the political establishment in the United States today. The parties don't give that to them!

They try to recruit youth—it doesn't work! They don't know how to do it. They're thinking in their fixed bureaucratic terms. They're not thinking about that person, in that ghetto, that poor, frightened, torn-out, worn-out, frightened person—*as a human being*! Who has a human potential inside them.

Your object is to bring forth within them, a sense of optimism, not based on promises. Not by buying them; not by bribing them. But, the sense that you are now treating them as a *human being*, which they are—not somebody who you use.

And, if we do that, and approach that this way, we *can* mobilize a mass movement. The world, which is *horrified* by the Republican Convention, and its reverberations, is looking for an alternative. Republicans are looking for such an alternative. They look in the direction of the only credible alternative to the Republican Party, the Democratic Party. They look at the nominated candidate for President of the Democratic Party. What's the action? What's the action?

We have to add this factor of action to that work. And, just as our work with youth works in touching people who are otherwise left untouched, so, if we can infect the Democratic machine, or more viable parts of it, by doing the same thing, we can create, very rapidly, in a frightened population, looking for answers—we can create the basis, as Roosevelt did in 1932, for a mass movement of the "forgotten man." If we do that, we can achieve a landslide victory.

Asymmetric Warfare

Question: My name is Joelle Wright. I'm from Oakland, and I'm very excited to be here today. And my question for you, Lyn, is: What is al-Qaeda, and why does al-Qaeda keep coming up in almost every terrorist attack that's happening around the world? Most recently with the holdup of children in Russia, and the murder of those children in Russia. And, is there really a threat coming from Afghanistan, from this al-Qaeda faction, or leaning, or whatever it is?

LaRouche: Well, let's start with the hard side: The truth is, that if somebody sends a hit-man to kill you, and the hit-man doesn't know who sent him, but took it under contract, he is a danger to you. But, he's not the source of the danger.

Now, al-Qaeda is a offshoot of what the British intelligence service, out of the India Office, established as the Muslim Brotherhood in the aftermath of World War I. They took the India Office, which used to run these things, and which was the source of the Muslim Brotherhood, but established it formally as the Muslim Brotherhood in Egypt, as part of the setting up of the so-called Arab Bureau by British intelligence, in the immediate period following World War I.

This has been around, and has been used as a provocateur operation, of various kinds—part of the chess-play. In other words, the way you manage countries, as an imperial power, you don't just go in and do the killing yourself; you get them to kill each other. And that's the way it's done. You create fights among people on false issues, and play them against each other, so they become impotent in resisting you.

For example, that's the way the British established their empire, through the Seven Years War on Europe. They got the powers of Europe to engage in a massive fight with each other, where the British were giving financial backing, up to a point, to Frederick of Prussia, and supporting all the other powers of Europe, in making war against Prussia, and in quarrels

among themselves.

While the continent of Europe was engaged in these wars, the British snuck in, and stole India from the French, and stole Canada from the French. And, coming out of that treaty, after all these people had been bled in fighting the Seven Years War, now suddenly the British Empire, in the form of the British East India Company of Lord Shelburne, became the leading imperial power on this planet.

That's the way the method works—is to get people to fight each other. In other words, if you're a cop, and the barkeeper in a certain saloon is not paying his payoff to the corrupt cop, the cop will send in a guy to start a fight in the saloon. And then, the cop will send his troops in, to break up the saloon, and close down the saloon as a disorderly place. The next time, the guy will learn to pay the cop off in a timely fashion. Those are simple imitations of typical British foreign policy, in these matters.

So, al-Qaeda is that. It was a factor of destabilization. And the British intelligence service specialized, in its imperial operations, on *religious warfare*. If you want to study British intelligence, you go to Oxford; to some degree Cambridge, but especially Oxford. You look at the studies of *religion*, done by the British in this area. This is how they come up with ways to design religious plots, based on religious issues, to cause all kinds of strange religious sects to appear. These are then used, and motivated, on some kind of absolutist thing—they're sort of like Tom DeLay sects, you know, that kind of thing. To cause war without DeLay, or whatever—without his having to fight it. And these kinds of things are used as forces of manipulation. So, they have an ideological form.

Now, the Muslim Brotherhood was a significant force, especially in Egypt and elsewhere. And the Arab Bureau plays it, certainly. But, then comes the more relevant issue: is that during 1979, when Brzezinski was in charge of Carter, Brzezinski and Co., with his friend Samuel Huntington, set into motion the idea of asymmetric warfare, conducted against the Soviet Union, by drawing it into Afghanistan, by a provocation. And then, launching a massive Muslim religious movement, directed by people such as Vice President George Bush, Sr. and Jimmy Goldsmith, who were running the Afghanistan war.

This group of people created what we call today, al-Qaeda. Now, they are the people who, for example, created Osama bin Laden, as part of the Goldsmith, Bush, etc., operation back during the 1980s, from 1981-82, when Bush, as Vice President, also had this other office, involving people such as Ollie North. And they created this operation, involving drug money and things like that, as in Central America. They ran the operation.

Now, at a certain point, they cut off Osama bin Laden, and parts of al-Qaeda, dropped them as protégés, and began to treat them as adversaries. And thus, having set them into motion, once the Soviet troops withdrew from Afghanistan, at that point, they became a factor of *destabilization*, in the Middle East, for people like the neo-conservatives, who wished to use them to destroy the Middle East, as a part of effectively setting forth a destruction of the sovereign powers of states of Europe, and even the United States itself.

So, this is a special kind of warfare. In fact, it's called "special warfare." The methods are those which are called "asymmetric warfare."

So, we do not have a problem with al-Qaeda as such. Al-Qaeda is a problem. It's like one of the loose hit-men, on the terrain, which can be sent against somebody. But the main thing, what is happening now—forget the news inversion; forget the Cheney official version of what's going on. What's going on now, is a global destabilization, conducted under the auspices of the preventive nuclear war doctrine, which was introduced through Cheney, into the first Bush Administration, when Cheney was Secretary of Defense. This is the policy.

The launching of terrorism and destabilization, including the new Iraq war, the attack on Afghanistan, the targeting of Syria, the targeting of Iran, the targeting of Transcaucasia, the targeting of Turkey through the effort of the Iraq war; the intent to destroy Jordan, the intent to destroy Egypt by destroying Sudan, and by destroying Sudan and controlling its water supplies through their U.S. asset Garang, then they would shut off the water to Egypt, and that would cause Egypt to collapse or go into a wild state. And the entire area, the entire area which I outlined in my 1999 program, "Storm Over Asia," would become a reality.

The effect would be, in fact, the equivalent of \$100-a-barrel oil, very quickly. We're on the verge, right now, of \$100-a-barrel oil. We're just barely skimming, underneath the lid of \$50-a-barrel oil, which is twice what the world can stand, on a durable scale. At \$100-a-barrel oil, the whole system blows.

So, what's at stake is not this thing that people talk about. What's at stake is the deployment of bombs, like hand grenades, stink bombs, deployed into areas of the world—on a global basis! I mean, for example, this plays Russia. This plays the entire Middle East. This plays Japan. It plays Pakistan; it plays India; it plays Southeast Asia; it plays all of continental Europe; it plays Africa. It's all one thing. It's one policy.

We're fighting a war—not a war against terrorism, unless you want to call Cheney a terrorist. We're fighting a war, a special kind of war, which was known before. It's asymmetric warfare, with a global purpose, by global powers! In other words, it's not an entity, springing from an al-Qaeda—that's not your source of terrorism. Cheney typifies your source of terrorism. And it's these forces playing this long-term strategic game—what the British used to call a "Great Game," orchestrating events in various parts of the world, using small forces, in asymmetric warfare mode.

How do you know that the guy's coming in? You don't even know that he existed: A group that you didn't know existed, comes in tomorrow, to your school, takes over the school, and slaughters many of the children, teachers, and others. You didn't even know the group existed. It was created by something, but you didn't know it existed—how are you going to defend yourself against that? There is no absolute defense against that, in the sense of reactive going against organizations. Because the organization you have to fight tomorrow, may be one you didn't know existed, the day before.

So therefore, you have to take a *global view*, of the problem. You have to say, "Who are the swine who are creating this problem? Let's eliminate the source of the disease from the planet." And the source of the disease is the Synarchist International. The people behind this are the same people who killed the Jews at Auschwitz. And when you understand that, you understand what you're dealing with.

Feature:

LaRouche Briefs Europe: 'A Turning Point in History'

by Werner Hartmann

Four hundred members and guests, from more than 30 countries and five continents, one-third them under 30 years of age, participated in the international conference of the Schiller Institute, 'A Turning Point in History,' held on Sept. 24-26 near Wiesbaden, Germany. The youth shaped the conference, with their interventions, with their singing, and their discussions both formal and informal. A future without the insane war policy of the Bush Administration, and without the brutal austerity in the service of bankrupt bankers, emerged on the horizon.

- **Lyndon H. LaRouche, Jr.: The Crucial Role of the United States In Saving Civilization Today**

Here is Lyndon LaRouche's keynote to the European Schiller Institute/International Caucus of Labor Committees conference near Wiesbaden, Germany, on Sept. 24.

- **Helga Zepp-LaRouche: The Real Reunification Of Germany Starts Now**

Helga Zepp-LaRouche gave this address to the Schiller Institute conference on Sept. 25. She is the founder of the Schiller Institute, and chairwoman of the Civil Rights Movement Solidarity (BüSo) party in Germany.

- **Greetings From Iraq's Dr. Ahmed al-Kubaisi**

Sheikh Dr. Ahmed al-Kubaisi, founder of the Iraqi United Patriotic Front and a leading Islamic scholar in Iraq, sent this message of greeting to the conference. It has been translated from Arabic.

Economics:

In Ohio, It Is 'The Physical Economy, Stupid!'

by Paul Gallagher

Ohio, the 'swing state' of swing states, is swinging at the end of its economic rope, and needs a nation-building President to rebuild the wrecked national economy, with Ohio at the center as before. Even during the late-September 'national Presidential debate over Iraq,' John Kerry, John Edwards, or George Bush, when in Ohio, had to address the economic collapse, and when Dick Cheney refused to talk about anything but 'terrism' there, he paid for it in disgruntled Republicans, as the New York Times reported on Sept. 27.

Ky. Governor's Healthcare Extortion Is 'A Sneak Preview' of Bush's Medicare

by Marcia Merry Baker

Thousands of Kentucky state workers staged a Sept. 27 'Day of Protest' at towns across the state, against huge health insurance hikes imposed by Gov. Ernie Fletcher (R) after Fletcher's office negotiated with insurance companies to pass extreme cost increases on to the public employees. The Kentucky Education Association called for the actions, and 23 school districts cancelled classes so employees could take part. The biggest rally brought out 4,000 in Louisville, the location of the state protest coordinator, Jefferson County Teachers Association President Brent McKim.

International:

North Korea Halts Peace Talks On Cheney Wild Provocations

by Kathy Wolfe

North Korean Vice Foreign Minister Choe Su Hon told the UN General Assembly Sept. 27, that the D.P.R.K. is 'unable to participate' further in the Six Party Talks on nuclear weapons, because the Cheney-Bush Administration is not negotiating in good faith, but instead acting to overthrow his government. 'The danger of war is snowballing, due to the U.S. extreme moves to isolate the D.P.R.K. and threats of preemptive strikes against it,' Choe said.

Afghan Election: Opium And Warlords Abound

By Ramtanu Maitra

On Sept. 29, at the U.S. House International Relations Committee hearing on the upcoming Oct. 9 presidential election in Afghanistan, Democrats and Republicans broke out into bitter partisan bickering. U.S Deputy Secretary of State Richard Armitage's assuring voice saying 'the election is going pretty damn good' did not soothe the raw nerves of the lawmakers.

Sharon's Hit-Men Kill in Damascus, In Countdown to Neo-Cons' New War

by Dean Andromidas

In the early morning of Sept. 26, a bomb exploded in the car of Din al-Sheikh Khalil, in Damascus, killing the Palestinian Hamas operative. Khalil was the latest victim of Israeli Prime Minister Ariel Sharon's 'terror against terror.' But make no mistake: The Khalil assassination was not in 'revenge,' after Palestinian militants killed five Israeli military officers and border policemen a few days just prior to the murder of Khalil. That hit took many weeks to plan and prepare, and has to be seen as part of the pre-war operations to set the stage for an attack on Syria and Iran, either by Israel alone or in tandem with the United States. The only question is, *will it be a pre-election 'October surprise,' or will it take place afterward?* [emphasis added: ed.]

New Indonesian President Faces Economic Crisis

by Mike Billington

One bright spot facing the newly elected President of Indonesia, Susilo Bambang Yudhoyono (known as SBY), is the possibility that the 'copy-cat Dick Cheney' now ruling neighboring Australia, Prime Minister John Howard, may be thrown out of office in the Australian election Oct. 9. This will come just three weeks after SBY's overwhelming victory (unofficially estimated at 61% to 39%) in the Sept. 20 presidential run-off in Indonesia, over incumbent President Megawati Sukarnoputri.

Was Secretive Fascist Fundy Party Created To Throw Australian Election?

by Allen Douglas

The federal election on Oct. 9 is still too close to call. Whether the Liberal/National party alliance (the 'Coalition') under Prime Minister John Howard will be re-elected over the Australian Labor Party (ALP), will likely be decided by a handful of votes in some 15 seats for the 150-seat House of Representatives. (See EIR, Sept. 24.) Lyndon LaRouche's associates in the Citizens Electoral Council (CEC) are running strong campaigns in some of those seats, and thus may well determine the overall outcome.

Spain: Zapatero Opposes Aznar's Crusade

by Cynthia R. Rush

The beast-men in Washington grouped around Vice President Dick Cheney could not have been pleased with the Sept. 21 speech given by Spanish Prime Minister Jose´ Luis Rodríguez Zapatero in New York. Speaking at the 59th session of the United Nations General Assembly, Zapatero intervened forcefully against Samuel Huntington's fascist 'clash of civilizations' thesis, used by the Bush Administration to justify its war against Iraq.

Report From Germany

by Rainer Apel

A New Phase for the Monday Rallies The establishment wants to kill the protests, but the LaRouche forces are intervening, and citizens are still on the move.

National:

Kerry Wins the Debate, So Far

by Nancy Spannaus

Despite insane restrictions on any real dialogue and confrontation, imposed by the will of President Bush's handlers in pre-debate discussions, the first debate of the 2004 Presidential election series resulted in a clear victory for Democratic nominee Sen. John Kerry. What the longer-term impact of this victory will mean for the outcome of the election, remains to be seen.

- **Statement From LaRouche: Bush's Mental Illness**

The Number One Issue On Sept. 27, with just two days to go before the first of three Presidential debates between President George W. Bush and Sen. John Kerry, Lyndon LaRouche, the former candidate for the 2004 Democratic Party Presidential nomination, issued the following statement—titled 'LaRouche: The Number One Issue in the Presidential Debates Is George W. Bush's Mental Illness'—through the LaRouche Political Action Committee.

- **King W's Leer**

Released by LaRouche PAC on Sept. 30, the day of the first Presidential candidates' debate, under the heading, 'More Evidence: 'W' Is Mentally Ill.'

Ashcroft and GOP Gearing Up Vote-Suppression for November Elections

by Edward Spannaus

New voter registrations are running at record levels in many Democratic areas, and voting-rights experts and Democratic activists expect an intensification of voter-intimidation and vote-suppression operations by Republican-linked groups, with the help of John Ashcroft's Justice

Book Review

A Cynical Attempt To Destroy the United States

by Nancy Spannaus

Dime's Worth of Difference: Beyond the Lesser of Two Evils

Edited by Alexander Cockburn and Jeffrey St. Clair

Oakland,California: CounterPunch and AK Press,2004

289 pages, paperback,\$15.95

Former CIA Analyst Hits Back Against Neo-Con Witchhunt

Former Central Intelligence Agency (CIA) analyst and dedicated public servant Larry Johnson has written a response to the Wall Street Journal editorial of Sept. 29 called 'The CIA Insurgency.' His reply, which is expected to be widely published through the Veteran Intelligence Professionals for Sanity (VIPS), states: 'The Wall Street Journal's editorial page today basically equates CIA officer Paul Pillar with Iraqi terrorists who are beheading and blowing up American soldiers. Is there a sewer they will not mine in order to smear decent people?'

Senator Conrad Hits DeLay in Indian Affairs Hearings on Abramoff Looting

by Anton Chaitkin

The Senate Indian Affairs Committee stunned a public hearing by revealing that recent newspaper coverage had inaccurately understated what the committee identified as over \$66 million in payments and millions more in political donations, extracted from six Indian tribes by casino lobbyist Jack Abramoff and his secret junior partner Michael Scanlon. The partners shared millions of this loot with former Christian Coalition executive director Ralph Reed, Abramoff's prote'ge' and currently Southeast USA director of the Bush-Cheney election campaign, who has used the Christian Coalition to carry out the Abramoff/Scanlon schemes.

U.S. Economic/Financial News

Jobless Without Benefits: Highest Rate in 60 Years

Under Bush-Cheney, now 41.7% of jobless Americans exhaust their unemployment benefits without finding a job; last year, a whopping 43.5% of people were still jobless when their 26 weeks of state unemployment benefits had run out. When combined with an unemployment insurance "exhaustion rate" of 42.5% in 2002, this represents the highest two-year peak in long-term unemployment since 1940 and 1941 (about 51% and 46%, respectively).

Since Bush took office, the unemployment insurance exhaustion rate has worsened dramatically. For the 12 months ending Aug. 31, 2004, about 41% of jobless workers used up their unemployment benefits without finding work, up markedly from an exhaustion rate of 31.9% in 2000, according to data released Sept. 27 by the Department of Labor, Bureau of Labor Statistics.

The number of people exhausting unemployment benefits has nearly doubled, to over 4.1 million nationwide from 2.1 million in 2000. At the same time, the average length of time that jobless workers depend on state jobless benefits has increased by about three weeks, to 16.7 weeks.

Some examples for industrial, election battleground states: (2004 data are for the 12 months ending June 30, the most recent available).

# exhaustions, 12-month period	exhaustion rate
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	2000	2004	2000	2004
Michigan	80,809	176,170	25.5%	35.1%
Ohio	48,306	123,064	22.1%	34.9%
Pennsylvania	96,622	197,823	15.2%	35.0%

Millions Lose Health-Care Under Bush-Cheney

Millions more Americans lack health-care coverage, and premiums jumped much faster than income, under Bush-Cheney, according to a report released by Families USA Sept. 28. Average premium costs rose at least three times faster than income in 35 states since Bush took office—if workers could get coverage at all. Nationally, workers' premium costs shot up by 35.9%, on average, while their earnings rose by only 12.4%. Premiums soared even as employer-provided insurance packages covered fewer health services, and workers were hit by increasing deductibles and co-payments.

The number of people facing "catastrophic" health-care costs jumped by 23%; 14.3 million Americans now pay more than 25% of their annual income for health care.

Some 12.7 million more people are uninsured today, than four years ago. A whopping 85.2 million Americans—one out of every three under 65 years of age—lacked health insurance at some time during 2003-2004, up from 72.5 million (29.6%) during 1999-2000, the report said. Over half of these people were uninsured for at least nine months. The vast majority of uninsured are working, or are members of working families.

"The number of people who were uninsured at some point in 2003-2004 exceeds the combined population of 32 states and the District of Columbia," said Ron Pollack, executive director of Families USA.

Findings for battleground states:			
	uninsured as % of non-elderly pop		increase in uninsured
	1999-2000	2003-04	
Michigan	24.3%	31.1%	585,000
Ohio	26.0%	29.5%	233,000
Pennsylvania	22.0%	27.4%	533,000

Amtrak Makes Case for Bridge Replacement in Connecticut

Amtrak officials took Congressional staffers on a tour of aged and deteriorating railroad bridges in Connecticut to show that they are not exaggerating when they insist increased Federal funding is needed to replace the spans—which are at least 85 years old, the *Hartford Courant* reported Sept. 29. On the heels of Congressional Democrats having joined the LaRouche-led fight against Cheney-Bush budget cuts to the nation's passenger railroad service, to instead rebuild and expand it, Amtrak escalated its campaign for Federal funding to replace rickety bridges and make badly needed repairs deferred under decades of under-investment. Amtrak engineers showed Federal officials the decayed railroad bridges in Connecticut, where 40 trains pass through per day.

The tour demonstrated "that these bridges have exceeded their useful life," Amtrak spokesman Cliff Black said. "We can't patch them with chewing gum and baling wire."

Todd Mitchell, chief of staff for Rep. Rob Simmons (R), agreed, "We're past the point of putting band-aids on these bridges."

Without replacing the bridges, the worn-out machinery that raises and lowers the 1919 drawbridge over the Thames River in New London, for example, could get stuck—halting train service between New York and Boston, or preventing a nuclear submarine from the U.S. Navy base in Groton from leaving port. In July, Amtrak engineers found several broken bolts, during a daily inspection—just as they did in 1994 and 1995. Amtrak was scheduled to replace the bridge in 1998, but Congress never approved funding.

The state's other two movable bridges—both built in 1907—are over the Connecticut River and the Niantic River.

Also slated for replacement are three of the worst fixed-bridges in Amtrak's inventory—two more than a century old. Replacing the 1899 East and 1899 West Harbor bridges that span Stonington Harbor will cost \$6 million, Amtrak estimates, plus another \$6 million to replace the 1906 span over the Pattagansett River in East Lyme.

USAir Liquidation Pending: Demands Court-Ordered Wage Cuts

US Airways, in a bankruptcy court filing over the weekend, threatened that this, its second bankruptcy in two years, would end in liquidation of the company and its assets, starting in January or February 2005, unless the court issues an order compelling \$1.2 billion in salary cuts from USAir's unionized employees. This averages a 23% cut in salaries and benefits for all 28,000 remaining employees, who already gave up \$2.3 billion in wages and benefits in the airline's first bankruptcy. USAir's revenues have collapsed to half what they were four years ago; it has no debtor-in-possession financing and is trying to operate on cash; so banks with potential credit lines are calling the shots here. They demand a plan for a non-union, low-budget airline, or no financing. Unless they're satisfied—or, the airline industry is re-regulated as Lyndon LaRouche has called for—USAir says it will start losing its leases, and thus its planes, in January.

United Airlines also facing collapsing revenues, is planning to demand more givebacks; even American Airlines, which is supposedly "profitable," and has recently been called the big carriers' one success story and a veritable workers' paradise, is mooting similar action. Delta is on the ropes, going through waves of layoffs, and making preparations for bankruptcy.

Major airline hubs abandoned so far: Pittsburgh, by USAir, and Columbus, by America West (one of those which got government loan bailouts, like USAir and American).

Manufacturing Updates: 'No Upswing In Swing States'

* *Ohio:* Auto-parts maker Delphi announced lay-offs of 120 workers at its Dayton-area plant—more than 25% of the factory's workforce, starting Oct. 4.

* *Michigan:* Auto-parts maker Internet Corp., one of the world's largest metal casters with nearly 6,000 employees, filed for bankruptcy, blaming soaring steel prices. Pepsi is closing its Frito-Lay manufacturing plant in Allen Park that employs 390 people—one of four shutdowns nationwide, by year-end.

* *Kentucky:* Auto-parts supplier Chelsea Industries is closing its two plants in Saline and Cadiz, as of Oct. 31, eliminating 109 jobs. Officials blamed falling orders from Mitsubishi, and sharp increases in steel prices.

* *West Virginia*: General Motors is ceasing packaging operations at its Martinsburg plant, cutting 200-300 jobs over the next few years.

Poverty Soaring in LaRouche-Designated Battleground States

Both California and Texas cities follow closely behind Cleveland, Ohio in high rates of poverty. The recently released Census Poverty 2003 survey, which severely understates the actual level of poverty, due to its flawed method of data gathering, still shows double-digit levels of poverty in America's large cities. Over 60 cities, with populations of 250,000 or more, have high rates of poverty according to the data. Below is a list of cities in California and Texas with 15% or above rates of overall poverty.

CALIFORNIA	% Rate	TEXAS	%Rate
Fresno	28.4	El Paso	24.5
Long Beach	24.1	Dallas	21.0
Stockton	20.6	Houston	20.3
Los Angeles	20.1	San Antonio	18.5
Santa Ana	16.4	Corpus Christi	16.8
		Austin	16.0

The rates of childhood poverty in these cities range from highs of 45.3% (Fresno) or 34.1% (El Paso) to lows of 10.6% (San Jose) and 12.9% (Arlington, Texas. The number of cities is too numerous to list here.

Foreclosures in Metro-Atlanta Jumped 19.4% Over 2003

Some 30,407 homes have been foreclosed by lenders so far this year (through Oct. 5), in metro Atlanta's 13 core counties, according to the Atlanta Foreclosure Report.

Fannie Mae Under Criminal Investigation for Fraud

On top of an informal inquiry by the Securities and Exchange Commission, the DOJ has opened a criminal probe which is still in the preliminary stages, after Fannie's regulator—the Office of Federal Housing Enterprise Oversight—said the mortgage finance giant manipulated its financial results, the *Wall Street Journal* reported Sept. 30. OFHEO's report had suggested that some Fannie Mae executives may have misled regulators, which in some cases would be an added criminal offense. Justice Department officials concluded that the regulator's findings demanded an investigation, the Journal said, adding that OFHEO referred its report to Federal prosecutors last week.

World Economic News

BIS: Global Derivatives, Forex Turnover \$2 Quadrillion/Year

In its new "Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity," the Bank for

International Settlements (BIS) presents figures on the typical daily trading action in April 2004, based on data from 52 central banks and monetary authorities. Key findings are:

* Average daily turnover on traditional foreign exchange markets increased by 57% compared to three years ago, reaching \$1.88 trillion. By far the leading country in Forex transactions is Britain (\$753 billion), followed by the U.S. (\$461 billion), Japan (\$199 billion), Singapore (\$125 billion), Germany (\$118 billion), and Hong Kong (\$102 billion). These country figures include some double-counting and therefore add up to more than the \$1.88 trillion.

* OTC derivatives turnover has increased 112% in three years and reached \$1.22 trillion per day in April 2004. Again, Britain is by far the biggest market for such transactions (\$643 billion), followed by the U.S. (\$355 billion) and France (\$154 billion). The BIS emphasizes the ever-more prominent role of hedge funds in the OTC derivatives business. In 43% of the OTC transactions, one of the two counterparties is a non-bank (in most cases a hedge fund or an insurance firm).

* For a full year, these April figures lead to an annual turnover of roughly \$500 trillion in traditional Forex transactions and \$300 trillion in OTC derivatives. The annual turnover in exchange-traded derivatives, according to the latest BIS Quarterly Report, currently amounts to \$1.2 quadrillion. This all adds up to an annual Forex and derivatives turnover of about \$2 quadrillion. At least that's the official story.

United States News Digest

Top Air Force Legal Officer Targetted by Pentagon

The U.S. Air Force Judge Advocate General, Maj-Gen. Thomas Fiscus, has stepped down from his post, asking to be temporarily relieved from duty, as a result of an investigation of an improper sexual relationship with a female subordinate; the investigation was reportedly triggered by an anonymous phone call.

Two aspects of the case are notable.

First, the Oct. 4 issue of *Air Force Times* reports that Fiscus was opposing a proposal to have the Air Force's civilian lawyers (i.e., the General Counsel's office) control the uniformed lawyers in the JAG corps. Fiscus and other uniformed officers were resisting this, on grounds that this would end decades of tradition and subject the uniformed lawyers to top-down directives from Pentagon civilians, presumably coming from Secretary Donald Rumsfeld's office and his General Counsel.

Second, the *Washington Post* noted Sept. 30 that Fiscus and other Air Force lawyers have been among the most vocal in opposing the Administration's detainee policies, i.e., the rejection of the Geneva Convention and approving the use of torture. A lawyer who handles military cases, David Sheldon, is quoted as saying that "The timing of it is certainly suspect," because of Fiscus's office's opposing Rumsfeld and the Office of the Secretary of Defense (OSD) on detainee issues. Sheldon confirmed his suspicions to *EIR*, saying that there are a lot of sore feelings between the uniformed lawyers and OSD over the policy toward detainees, in which the uniformed lawyers' voices were not heeded.

Another source familiar with the matter confirmed that Fiscus had personally been very involved in opposing the detainee policies being developed by the OSD last year, and said that there is ample reason for Rumsfeld to want to retaliate against him.

Congress Set To Come Back for Lame-Duck Session

On Sept. 29, the House and Senate passed a continuing resolution (CR) to keep the government open until Nov. 20, leaving the yet-to-be-passed spending bills until a lame-duck session schedule to begin Nov. 15. Of the 13 annual spending bills, only the defense bill has been signed into law, although the GOP leadership hopes to pass five more by the end of next week. This year, the Republicans couldn't even agree among themselves on a budget resolution, which provides the framework for crafting the appropriations bills, and so, none was ever passed.

Representative David Obey, the ranking Democrat on the House Appropriations Committee, took note of the situation during debate on the CR. He noted that the funding in the House-passed bills for programs such as health care, veterans' health, law enforcement, and transportation "have been so stingy," that Senate Republicans didn't even want to take them up," and so, the Republican leadership is ducking those tough issues until after the election. He called the CR a "monument to institutional failure" and to "ideological zealotry." "This Congress is failing to meet even the most basic and minimal expectations that the country has for it by way of doing our routine business," he added.

Iraq War Costs Now Up To \$100 Billion

According to figures made available by the Pentagon, military operations in Iraq cost \$86.1 billion between January of 2003 and June of 2004, or an average of \$4.4 billion per month. The average is actually up slightly from late last year, when it was hovering around \$4 billion. If the \$4.4 billion average holds for July, August, and September, the war is now very close to costing \$100 billion, and that excludes reconstruction, military operations outside of the region, and the costs of repair and replacement of equipment of units that have redeployed to their home bases. The war in Afghanistan adds another \$745 million per month.

Part of Patriot Act Ruled Unconstitutional

U.S. District Judge Victor Marrero, of the Southern District of New York, ruled on Sept. 28 that the part of the Patriot Act that allows FBI agents to use so-called "national security letters" to obtain records from Internet service providers without judicial review or public view, is unconstitutional. Marrero wrote that the provision allowing such letters "effectively bars or substantially deters any judicial challenge," and violates free-speech rights. Using the letters, the FBI can prohibit companies from revealing that the demands were ever made. Marrero wrote that "democracy abhors undue secrecy," and ruled that "an unlimited government warrant to conceal ... has no place in our open society." He warned that the protective shield of secrecy "may serve not as much to secure a safe country, as simply to save face."

Marrero ordered the government to stop using the letters but stayed his order for 90 days to allow time for an appeal. Attorney General John Ashcroft told reporters on Sept. 29 that "it is almost a certainty that" the ruling "would be appealed." He added that "we believe the [Patriot] act to be completely consistent with the United States Constitution."

Iraq Insurgency Wider, Deeper Than Bush Will Admit

There have been more than 2,300 attacks by insurgents against civilian and military targets in Iraq during the past 30 days, according to a study by a private security company, which has access to military records, the *New York Times* reported Sept. 29. This shows the resistance to be much more widespread than what is described by Iraqi officials such as Prime Minister Ayad Allawi, who said that 14-15 of Iraq's 18 provinces "are completely safe." In fact, the attacks range over every major population center outside the Kurdish north.

Of course, the number of attacks have dropped in some areas such as Fallujah, which is controlled by insurgents, and which is a "no go" zone for U.S. troops and Iraqi security forces.

The *Los Angeles Times* reported Sept. 28 that top U.S. military leaders in Iraq dispute the claims made by Allawi and some Bush Administration officials, that foreign fighters are streaming into Iraq to fight Americans; these U.S. military officers say the insurgency is largely home-grown. "They say these guys are flowing across [the border] and fomenting all this violence. We don't think so," said a senior U.S. military official in Baghdad. "What's the main threat? It's internal."

U.S. military officials say that the insurgency is composed of a core of Saddam loyalists, bolstered by an expanding number of ordinary Iraqis who have become disillusioned with the U.S. failure to deliver basic services, jobs, and reconstruction projects.

"People try to turn this into the Mujahadin, jihad war. It's not that," said one U.S. intelligence official. "How many foreign fighters have been captured and processed? Very few."

Wall Street Journal Tells Goss To Purge CIA

Congratulating Porter Goss on his Senate confirmation as the new Director of Central Intelligence, the Sept. 29 *Wall Street Journal* calls on him to defeat the "insurgency" taking place "inside Langley against the Bush Administration."

Attacking leaks that "make the ... Bush Administration look bad," such as that of the January 2003 National Intelligence Estimate warning of an insurgency in Iraq—and purported "insubordination," the *Journal* complains that CIA officials are "engaging in a policy debate." "Given the timing of the latest leaks so close to an election, they are now clearly trying to defeat President Bush and elect John Kerry," the lead editorial worries.

The *Journal* instructs Goss that "his task" is to tell these officials—at senior rungs of the agency—who want Bush defeated, to "shut up"—a blatant confirmation of Lyndon LaRouche's and EIR's warning of why Cheney-protector Goss was put in to head the CIA.

Goss Could Become NID Without Confirmation

A provision in the intelligence reorganization bill filed by House Republicans Sept. 22, would allow Porter Goss to become the first National Intelligence Director—if such a position is created—without having to undergo a Senate hearing or a vote confirming him. The bill allows the President to make an "initial appointment" of the NID, stating: "The individual serving as the director of central intelligence on the date immediately preceding the date of the enactment of this act may, at the discretion of the president, become the national intelligence director." The Senate bill does not contain such a provision.

The House bill also adds new police-state powers, beyond what the 9/11 Commission recommended, including some provisions that were in the draft of the "Patriot II" bill leaked last year. According to the *Los Angeles Times* Sept. 25, "ebullient Republicans" are boasting it would be hard for Democrats to oppose anything supposedly aimed at preventing future terrorist attacks. The bill is being criticized by House Democrats and some Republicans, such as Rep. Ray LaHood of Illinois, who said, "What will end up happening is, we'll pass something in the House that will be totally different than the Senate, then have the huge train wreck that we always have trying to reconcile the two."

Demand Probe of Army Re-Enlistment Tactics Demanded

Rep. Diana DeGette (D-Colo) is demanding an investigation of the Army's coercive re-enlistment tactics, in which soldiers are threatened with tours of duty in Iraq, if they refuse to re-enlist. DeGette, in a letter sent Sept. 27 to House Armed Services Committee chairman Duncan Hunter (R-Calif), requested that the panel investigate whether the "White House or civilian Pentagon officials are pressuring the military to use coercive tactics to get soldiers to re-enlist, in order to maintain

the force levels necessary to fight the war in Iraq and war on terror."

In a press release, DeGette insisted, "If this is the case, it is completely unacceptable. It is an insult to America's veterans and must be investigated and, if found true, it must be stopped immediately."

"The political decisions made by this White House and civilians at the Pentagon," she added, "are damaging the capabilities of our military."

DeGette cited reports by the *Rocky Mountain News* and *Denver Post*, that Fort Carson-stationed veterans of the Iraq war nearing the end of their eight-year enlistments are threatened with a second tour in Iraq if they do not re-enlist.

Many No-Shows Among Ready Reservists

Fewer than two-thirds of former soldiers who are being reactivated as the Individual Ready Reserves, for duty in Iraq, are showing up. The U.S. Army, in response, is threatening some with desertion charges. Only 1,038 of the 1,662 ready reservists ordered to report to Fort Jackson, S.C. by Sept. 22 had done so, the Army said. Most of those who failed to report—about 500 of 624 soldiers—are requesting exemptions on health or personal grounds.

Dowd: Bush Has His Own Puppet

Now George Bush "has his own puppet to play with," Ayad Allawi—"someone to echo his every word and mimic his every action," wrote columnist Maureen Dowd in the Sept. 26 *New York Times*, in an op-ed titled, "Dance of the Marionettes." Dowd skewered the Bush-Cheney crowd for having the gall to assert that Allawi is an objective analyst of the state of conditions in Iraq, "since he has as much riding on putting the chaos in a sunny light as they do." Just as Bush became the "host body" for the utopians' schemes of invading Iraq, launching preemptive war, etc., Dowd says, Bush has turned Allawi into a "host body for the Panglossian palaver that he believes will get him reelected." But things are going so badly in Iraq, she adds, that the utopians have had to scale back their "grand visions" for Iraq's future, seen in Donald Rumsfeld's Sept. 24 remarks that the country doesn't have to be "peaceful and perfect," in order for U.S. troops presence to be reduced.

Ibero-American News Digest

Haiti: A Free-Trade Tragedy

The tragic plight of Haiti became international news last week, after mass flooding, triggered by Hurricane Jeanne, wiped out the country's third-largest city, Gonaives, killing an estimated 2,000 people, injuring countless more, and leaving some 300,000 homeless—and, in many cases, without any shelter. Crops and livestock have been destroyed; roads washed out; electricity, potable water, sewage systems, and hospitals knocked out of commission. As things now stand, despite some international efforts to provide emergency assistance, this island nation of 8 million is facing extinction from starvation and disease.

Hurricane Jeanne notwithstanding, there is nothing "natural" about this disaster. The world's financial elites have used Haiti as a laboratory for "free-trade" policies and IMF-induced genocide for decades, and today's tragedy is the direct consequence.

Repeatedly denied the right to develop itself, to grow its own food, to build modern infrastructure, to industrialize, Haiti

has instead been kept as a virtual concentration camp of cheap labor, a brutal example of British colonial free-trade policy in a "post-colonial" world. Left with no margin of survival, Haiti's million people—80% of whom lived below the poverty line before this latest crisis—live forever on the brink of disaster.

In 1941, Haiti was nearly self-sufficient in food. Its land was largely owned by small farmers who produced food for national consumption, not cash crops for export. That same year, under the aegis of the Good Neighbor Policy, the Franklin Roosevelt Administration in the U.S. set up SHADA (Société Haitiano-Américaine de Développement Agricole), a development corporation to serve as a model for similar entities established in other Ibero-American countries. With a \$5-million credit line from the U.S. government, and active involvement by the U.S. Export-Import Bank, SHADA pursued "the development and exploitation of all agricultural and other resources of, and within, the Republic of Haiti.... Experimentation is to be undertaken to improve existing crops and to cultivate new ones."

Then, it was determined that while the industrialization of Haiti might not be on the immediate agenda, its ability to meet its food needs must be guaranteed. But over the past decade, due to the imposition of free-trade policies which demanded that Haiti open itself up to cheap food imports, thereby destroying its own agriculture, Haiti has gone from what was nearly food self-sufficiency in the 1940s, to producing less than 45% of its food needs today. And with the havoc wrought by Jeanne, which destroyed harvests of sweet potatoes, rice, banana, and other food crops in the "breadbasket" region of Haiti known as the Artibonite, the level of food self-sufficiency has plummeted further.

In colonial times, it is estimated that three-quarters of Haiti was forested. Today, less than 1% of Haitian territory still has trees that have not yet been burned for fuel by a population which relies on charcoal for fuel, because it cannot afford even kerosene. The flooding that proved so devastating to Gonaïves and other Haitian towns was the consequence of the land having been so denuded that it could neither absorb nor hold back the floodwaters.

In Gonaïves, corpses are still trapped in the mud that has replaced city streets and homes. Hundreds of decayed bodies are being hurriedly buried in mass graves, some much too close to the surface. Many people have gone for a week without food, and are drinking muddy water contaminated by broken sewage lines and rotting corpses, both human and animal. There are no hospitals, only some open-air tents where volunteer doctors are giving babies intravenous feeds, only to send them back on the street to starve. Often without benefit of anesthesia and antibiotics, and with no ability to keep the wounds clean, doctors are amputating limbs that have gone gangrenous from untreated wounds.

UNICEF officials toured 14 shelters holding 8,800 homeless people afflicted with rampant illness, with no sanitation and no food. Tens of thousands are still living out in the open. The government has announced plans to evacuate some of the homeless to a tent camp, but conditions are not likely to be any better. Various United Nations aid organizations are calling the situation "critical," as armed bands desperate for food and water have attacked relief trucks and food distribution centers, and 3,000 international peacekeepers are mobilized to protect what emergency supplies are making their way into the worst areas.

An international mobilization to pour food, medicine, clothing, and shelter into Haiti should be at the top of every nation's agenda. But, as important, the vicious free-trade policies that have destroyed Haiti and are ravaging nations around the world, must be overturned. It's high time for a new Good Neighbor Policy.

Brazil Fin Min To Increase Primary Budget Surplus

On Sept. 22, Brazil's Finance Minister Antonio Palocci announced an increase in the primary budget surplus, from 4.25% of GDP to 4.50% of GDP. The justification for this, is that Brazil is doing "so well," that it has generated a larger surplus than the 4.25% agreed on with the IMF, and is therefore in a position to pay more debt. From Brasília, President Lula da Silva praised the "persistence of the economics team," whose budget-cutting "has produced results far beyond our

expectations." With extra revenue, "We will assume our responsibility. We owe, so we are going to pay a larger part of what we owe." The IMF and various Wall Street predators were thrilled.

The increase in the primary budget surplus supposedly means that the Central Bank won't raise interest rates again, but no one believes that. When the Bank's Monetary Policy Committee (Copom) raised the benchmark Selic rate last week to 16.25% from 16%, it indicated that this was the beginning of a period of "adjustment" in the rate. The Bank is already pointing out that inflation for 2005 will probably exceed its 4.5% target, which will undoubtedly be used to justify raising rates again.

The increase in Brazil's primary budget surplus means that fewer funds will be available for productive investments. Last February, for example, as part of the government's budget-cutting policy, President Lula froze R\$3 billion already authorized in the 2004 budget for investment in roads, water, and sanitation infrastructure. It was hoped that these funds, which represent 25% of the total public investment budget, would be released soon. But, as part of this latest austerity measure, the Executive has indicated that these funds will remain frozen. Funding for the Ministries of Transportation, National Integration and Cities will be most seriously affected by this measure.

It is estimated that the new primary budget surplus of 4.5% of GDP will yield an additional R\$4.2 billion, an amount that could finance the entirety of the project to divert the Sao Francisco River. Lula recently said he wanted that project to be like the Tennessee Valley Authority that Franklin Delano Roosevelt built, but he appears to have decided that paying the debt is more important. As of now, almost all infrastructure projects being built in Brazil, such as expanding and improving the country's ports, are for the purpose of facilitating export activity.

Mexican Jobless Rate Highest in Seven Years

Mexico's official statistical agency Inegi reported a jobless rate of 4.35% at the end of August, the highest in seven years, *El Universal* reported Sept. 23. Even more revealing of the state of the economy, is the fact that unemployment for ages 12-19 is 10.8%, and 8.6% for youth aged 20-24. In addition, 7.4% of the labor force earns less than the minimum wage, and 51.3% receive no benefits whatsoever.

Against this backdrop, President Vicente Fox has determined that the country's top priority is to ram through "structural reform" which will allegedly create jobs and promote economic growth.

Andean Coca Growers Defy Eradication Efforts

In both Bolivia and Peru, the coca-growing peasants—both the victims and cheap fodder for the campaigns of the narco-terrorists and legalization lobbyists—are once again being mobilized into action against ongoing government drug-eradication programs.

In Peru, where more than 50 *cocalero* leaders have been conducting a hunger strike to protest coca eradication, the *cocalero* ranks have begun to "radicalize" their protests by blockading highways and threatening to take over public buildings, including schools and hospitals, as a means of drawing attention to their cause. The first such event occurred the last week in September, when a group of some 300 unarmed coca farmers, accompanied by a bunch of university students, occupied an Inca temple in the city of Cuzco, and held nearly a score of foreign tourists hostage, the majority of them French, to demand government attention to the indefinite strike of coca-farmers in the area. The tourists were freed an hour into the occupation, by troops using tear-gas to clear the place. Seven "militants" were arrested, and nobody was seriously hurt. The *cocaleros* are insisting the government has broken promises to buy a portion of the coca crop for legitimate use, and to move ahead with alternative crop assistance, something the Toledo government denies.

In the coca-producing region of Bolivia known as the Chapare, the coca-producers' federations are threatening to expel all government and foreign personnel if coca eradication isn't "immediately" suspended and police withdrawn. The threat was issued at a gathering of six *cocalero* federations, following a series of bloody confrontations in recent days between the growers and police and military troops sent to accelerate eradication efforts in the area. At least one farmer was killed, and a number injured in those confrontations.

Peru Court May Release Narco-Terrorist Leader Guzman

A Peruvian judge in Lima has accepted a *habeas corpus* petition on the part of imprisoned Shining Path leader Abimael Guzman and eight other terrorists, who are claiming that their constitutional rights were violated at the time of their arrest, conviction, and imprisonment under President Alberto Fujimori (1990-2000). The outcome of the petition could well hang on a pending decision of the Inter-American Court regarding the Lori Berenson case, which could set a precedent for the Guzman and other terrorist cases. Berenson is the American who was arrested several years ago in a conspiracy by the narco-terrorist Tupac Amaru Revolutionary Movement (MRTA) in Peru, and is now demanding release from prison alleging that she was denied due process at the time of her trial.

Shining Path (Sendero Luminoso) is reportedly becoming increasingly active again in Peru, with a special focus on recruiting at universities. According to known pro-terrorist Carlos Tapia, a former member of the George Soros-created "Truth Commission," their plan is to recruit intellectuals to their cause. Shining Path is said to be active at San Marcos University in Lima and at a half-dozen other universities, and is reactivating "study circles" at the Universidad Nacional del Centro in Huancayo, just as it did in the 1980s. According to Tapia, Shining Path is in its "fourth phase" of the people's war, which is to strengthen its ideological base, and then "organize the masses."

That not just students, but also teachers, are the focus of this recruitment drive was suggested by raids carried out in five cities by the Interior Ministry, in which 17 presumed members of Shining Path were arrested, eight of them teachers and deans of state colleges.

Western European News Digest

Blair Gov't Planned Iraq War Long Before Parliament Approval

A report in Britain's *Evening Standard* of Sept. 29, based on a document leaked from the U.S. Pentagon, reveals that the U.K. joined the U.S. in planning the Iraq war *nine months prior to receiving Parliamentary approval*. The article in question was written by Andrew Gilligan, the BBC reporter who had interviewed the late weapons inspector Dr. David Kelly about the "sexing up" of Tony Blair's Iraq dossier. The Commons voted to join the Iraq war on March 18, 2003.

British military commanders took part in a war-planning conference with U.S. commanders in June 2002, according to details from the Pentagon document reported in the *Standard*. Blair was claiming at the time that there had been no decisions to take military action against Iraq.

Speculation in Britain is that Blair had "agreed" to help attack Iraq already in April 2002, when he visited Bush at his Crawford, Texas ranch, which Blair denies.

The Pentagon document is titled "Operation Iraqi Freedom: Strategic Lessons Learned," and was prepared for Rumsfeld to make a presentation on events from Sept. 11, 2001 through the following year.

British Defense Expert: 'Things Are Closing In on Bush and Blair'

A senior British defense expert said in discussion with *EIR* Sept. 29 that "things are closing in," both Britain and the U.S., on the Blair and Bush governments, especially because of the disastrous situation in Iraq. He added that, so far, the neo-cons "are getting away with murder," but the situation in Iraq "is a prescription for long-running terrorism."

He said Iraq is the "focal point," but domestic politics are weighing in on the Labour government in education, health, and the pension crisis.

He pointed to how things in Europe are "stacking up" against Bush. The "overwhelming majority" of people oppose Bush, both in Germany and France, and even right-wingers in Germany, which puts pressure on Blair.

In the British Labour Party, there had always been a 20% anti-American faction, but now it is much more. Despite the pressure, he thinks it unlikely Blair would lose next year's British election, but would get a much reduced majority and then quit, in, at most, 18 months.

Blair Announces Third Term; Labour Submits on Iraq

Prime Minister Tony Blair has undergone a procedure to correct his heart flutters, reported the London press on Sept. 30, a condition for which he had been hospitalized last year. Nonetheless, Blair announced at the end of the Labour Party conference in Brighton, Sept. 30, that he was determined to serve a full third term if Labour wins the national elections set for next spring, but would not serve any further term.

Such announcements are not "done" in British politics. As one newspaper article noted, either a Prime Minister acts as if he (or she) is going to be there forever, or he or she resigns, effective immediately. Blair's "long-term" plans mark a confused situation.

Blair, who faces substantial opposition in his own party over the Iraq war, is clearly determined to block the efforts of Chancellor [of Her Majesty's Treasury] Gordon Brown to become Prime Minister, by announcing his third-term intentions. But at the same time, Downing Street announced not only Blair's heart treatment, but that Tony and his wife Cherie have bought a 3.6-million-pound "retirement" home in London.

The broader situation remains equally turbid, with the demonstration in the by-election in Hartlepool yesterday, that there is no effective electoral opposition to Blair. The election was due to New Labour guru Peter Mandelson's moving to Brussels as British European Commissioner. This was a long-term Labour Party safe seat. Labour managed to retain the district, but with a reduced majority. The main opposition party, the Tories, did disastrously, coming in a distant fourth place. The third party, the Liberal Democrats, came in second, and the U.K. Independence Party third, receiving 149 more votes than the Tory candidate.

Meanwhile, at the Labour Party convention on Sept. 30, a deal with leaders of the main unions undercut an expected debate on whether Britain should set a faster timetable to pull out of Iraq. The party voted to endorse the current UN mandate, which keeps British forces there until the end of 2005.

The motion calling the "continuing occupation" of Iraq as "unjustifiably destructive of both lives and resources," and calling for troops to come home at an "early date" was defeated, 86%:14%. Behind-the-scenes negotiations with the union leaders got them to drop confrontation with Blair on Iraq.

Germany Heading for Era of Blackouts

Massive investments in power production and power grids are required, as well as a return to nuclear technologies; this was the principal conclusion of a press conference by the Federal Association of Electrical Engineering (ZVEI), which took place on Sept. 27 in Mannheim.

ZVEI board member Joachim Schneider noted, that since the liberalization of the German energy sector in 1998, investments in power plants have crashed by 45% and investments in power grids by 30%. The mounting investment backlog is all the more dangerous because rising numbers of intrinsically unreliable windmills require ever more traditional power capacities to be held in reserve.

Furthermore, liberalization has led to a sharp rise in the power trade, which means an additional burden put on power grids. Much of the infrastructure grid is now more than 50 years old and has to be replaced soon. Should the "assault on investments" continue, Schneider warned, it will not only mean more jobs lost in the electrical engineering sector, but would threaten overall German power security.

According to the ZVEI, 40 gigawatts in installed power production, which is 40% of total capacity, will reach the end of their lifespans by the year 2020. An additional 22 gigawatts of nuclear power will be shut down by the year 2025, due to the political decision to "exit from nuclear power."

All of this means investments in the range of 40 billion euros just to maintain power production at its current level. In the European Union (EU), about 250 billion euros will be required between now and 2030, to replace 330 gigawatts now in power production. These figures do not include the investment needed to cover rising power demand; they do not include investments for power grids; nor do they include investments required for the new EU members in the East.

Professor Harald Weber of the Rostock-based Institute for Electrical Engineering emphasized at the same conference that the long-term energy supply can only be guaranteed by nuclear technologies. This includes nuclear fission as well as nuclear fusion. Of course, achieving nuclear fusion will require "giant research efforts." He said it may take more time until these issues can be publicly discussed in Europe. But due to rising power, gas and oil prices, as well as last year's series of "blackouts," people are starting to realize that they have been blinded by the promises of the "Internet age" and that "dirty" technologies, like power production, do still count.

Anti-Hartz IV Monday Rallies Continue in Germany

Turnout for the Monday rallies throughout Germany, against the economic austerity policy known as Hartz IV, were somewhat smaller Sept. 27, in the large cities, while attendance remained high in many smaller cities.

Rallies took place in more than 220 cities, and the combined turnout in Berlin, Leipzig, and Magdeburg, where leftist organizations and Attac have diminished the ferment through fruitless faction fights, was between 5,000 and 8,000.

However, in Halle and Zwickau, about 1,000-1,200 citizens took part; in many other medium-sized cities, turnout was between 300 and 700. In Zwickau, LaRouche Youth Movement member Bernd Kozok was able address the rally.

In a number of smaller cities, protesters feel sold out, after speakers from the party political organizations and labor unions refused to speak. Citizens are now looking for speakers to continue Monday protests.

Those who want rallies to end after the big Berlin rally on Oct. 2, are fully aware of the difficulty of attracting people with

their impotent redistributionist slogans, and, as the Berlin coordinating office for the Oct. 2 event told this news service Sept. 28, only "several ten thousands" were out on Saturday (!).

In Magdeburg, citizens have forced the organizing committee there to become political, and discuss economic alternatives to Hartz IV. At the Monday rally, the committee presented a hastily cooked-up catalogue of demands, which mostly look populist, but there is something more constructive among them, calling for no-interest loans to *Mittelstand* (small- and medium-size) firms, calling for the entire Hartz IV to be postponed until after the next national elections, in 2006, so that the German electorate can vote it down.

Ex-French Prime Minister Signals Break with EU Constitution

Echoes of Rimbaud: Calling Europe a "drunken ship" (*un bateau ivre*), Pervenche Beres, the European Parliament Chairman of the Economic and Monetary Affairs Committee, has called for dumping the nascent European Constitution.

Former French Prime Minister Laurent Fabius, who is also a potential Presidential candidate, was supported Sept. 29 in his rejection of the European Constitution by Beres, the influential Socialist parliamentarian, and one of the officials who wrote the Constitutional treaty!

In her article in the Sept. 29 *Le Monde*, titled "Saying 'No' To Save Europe," Beres wrote: "Being a staunch European and member of the Conventions that wrote up the project for a Constitutional Treaty and the Chart of Fundamental Rights, I would not have dared to say NO to the Constitutional Treaty. The political choice of Laurent Fabius allows me to do so. For the left, for France, for Europe."

She then listed all the reasons to say "no." "Because Europe has become a drunken ship to which this text will restore neither direction nor compass. One cannot complain that it doesn't work and not seize the opportunity which is given to us to act.... Because there is urgency and because it is in this way that we lose the least time. The French have the right to say, 'This time, it is no, because we want another Europe.'"

Beres quotes German economist Wolfgang Munchau, who had told the *Financial Times* (Sept. 6), "The problem of the Constitution, is that it leaves intact the present economic system which is failing. It simply cannot be the basis for a framework of a political union capable of supporting a monetary union in the long term. Valery Giscard d'Estaing, the former French President who chaired the Convention, predicted that the Constitution would last 50 years. Let's hope he's wrong. If he's right, the Constitution could very well survive the euro," i.e., the euro will have crashed first.

Russia and the CIS News Digest

Putin: Terrorism Is Deployed To Break Up Russia

In late-September speeches to various audiences, Russian President Vladimir Putin continued to campaign on his theme that "international terrorism," and the forces behind it, aim to break up the Russian Federation. The need to foil that intent defines the high stakes in his current efforts to consolidate the power of the Russian state.

On Sept. 24, before the World Congress of News Agencies, held in Moscow, Putin said that "the ultimate aim of the series of terrorist acts, organized in Russia, was not only to destabilize the country's life, but to deal a blow to its integrity." Calling on the media to avoid "any, even unintentional, form of assistance to terrorists," Putin warned that people should be aware of how media coverage gets exploited "to multiply the psychological and information impact during hostage seizures." While noting that the fight against terrorism "should not be an excuse for suppressing the freedom and

independence of the mass media," he had particularly pointed remarks for foreign press and officials, regarding "double standards" in the discussion of terrorism. In concluding remarks to the conference, Putin asked: "How can the horrible tragedy in Beslan, the execution of completely innocent children, be called a siege, as some media outlets called it, the 'Beslan siege'? Even wild beasts don't act like that, and reporters call it a 'siege.' And call the people who do this 'rebels.' If someone is seeking to achieve political objectives by such means, everybody should have just one definition: murderer and terrorist."

Earlier, in reply to a question from the Chinese press agency Xinhua, Putin once again referred to persistence of intelligence agencies abroad, in exploiting "terrorists" to further their goals, and implicitly criticized the practice of treating the Chechen insurgency as separate from religious-fanaticism-driven terrorism elsewhere: "At one time, the so-called socialist camp tried to export the socialist revolution. This is a thing of the past, but the prerequisites were created in the course of that struggle, for the emergence of extremism based on religious fanaticism. That genie was also let out of the bottle. We must together force it back now. One link of the international terrorist net must not be used for achieving geopolitical interests in relations with other countries, with assertions that two heads of the hydra are dangerous, but one is not. It should be understood that this is a common threat."

The Russian President took up these themes again, when he spoke Sept. 29 at a meeting of the Presidential Council for Coordination with Religious Organizations. He told its 22 members, who represent the major faiths within the Russian Federation, "I would like to stress: The main goal of the unprecedented series of terrorist acts, organized and carried out in Russia, was to break up our society, to sow hostility and distrust among different peoples, to create a divided between Islam and the rest of the world, and ultimately deal a blow to the unity of Russia."

Lavrov: Stop Narco-Financing of Terrorism

In his speech to the UN General Assembly, delivered Sept. 23, Russian Foreign Minister Sergei Lavrov included a call for action to cut off the financial support for acts of terrorism. It was point five, of a seven-point agenda for fighting terrorism, which Lavrov presented. In particular, he said that illegal narcotics flows out of Afghanistan must be stopped, since this criminal business is a major source of funds for terrorism. "The drug trade is closely intertwined with terrorism," Lavrov said.

Russia To Shift Holiday to 'Time of Troubles' Date

United Russia, Rodina, and the Liberal Democratic Party of Russia have introduced a bill in the Russian State Duma, to reorganize the calendar of national holidays in the country. One of the changes, all of which are likely to be adopted, is to eliminate the Nov. 7 holiday that marked the 1917 Great October Socialist (Bolshevik) Revolution, and more recently has been called the Day of Reconciliation and Accord. It would be replaced with a holiday on Nov. 4, the date on which in 1612 forces led by Minin and Pozharsky drove Polish occupation forces out of Moscow. That event ended the so-called "Time of Troubles," the period of coups and disorder in Russia—after the death of Ivan IV ("the Terrible"), before the beginning of the Romanov Dynasty, and not long before the Thirty Years' War gripped Western Europe—which was the subject of Alexander Pushkin's tragedy *Boris Godunov*, and of Friedrich Schiller's last, unfinished play *Demetrius*.

Fradkov to EU: Energy Cooperation Must Honor Russia's Interests

Russian Prime Minister Mikhail Fradkov began a visit to The Hague Sept. 29, for bilateral talks, and to meet with Dutch leaders who currently hold the European Union chairmanship. A Russia-EU summit is in preparation for Nov. 10. Addressing journalists there, Fradkov said that the oft-discussed matter of Russia's ensuring Europe's energy security, should be posed differently. "Europeans have been raising the issue of ensuring their energy security for a long time and with insistence," Itar-TASS quoted Fradkov, "But our interests, including geostrategic ones, should be regarded as the

cornerstone. Russia must push for long-term accords with Europe, which would help it develop its own national power grid, power-generation capacity, and the industrial, agricultural and transport sectors."

The remarks reported by Itar-TASS echoed a speech Fradkov made earlier in the week, on the need for a state-led national industrial policy in Russia.

Fradkov held other meetings, geared to the continuation of Russian interaction with the world's biggest oil companies, around petroleum exports from Russia, including talks with Royal Dutch/Shell leaders, on that company's investment in Siberian oil, the Sakhalin fields, "and a number of other fields that are not being publicly discussed yet."

ConocoPhillips Wins \$2 Billion Stake in Lukoil

ConocoPhillips has won a 7.6% stake in Russia's Lukoil, paying \$1.988 billion at an auction, it was announced Sept. 29. Conoco said it would buy another 2.4% stake of Lukoil on the open market, and would seek to raise its share in the company to 20% within three more years. Conoco's chief executive James Mulva said: "This is a strategic investment. ConocoPhillips has become the exclusive equity partner of Lukoil." Lukoil has the world's second largest oil reserves after ExxonMobil. Also an open question, is the fate of the contracts held by Lukoil, with the Iraqi government under Saddam Hussein, to develop the large West Qurna oilfield in Iraq.

Russia To Integrate Infrastructure in Central Asia

Anatoli Chubais, CEO of Russia's national electricity utility, UES Russia, said at a Sept. 28 press conference that the company might link to Afghanistan's energy system via Tajikistan. Itar-TASS reported that Chubais said this could happen during the next three to ten years, as UES projects in Tajikistan are completed. "Afghanistan is even now receiving electric power from Tajikistan, which in turn, is connected to Russia. We are seriously analyzing grid projects for Afghanistan," he said. The Russian firm also is working to develop "large-scale projects" in Kyrgyzstan.

Farther down the road, Chubais said, the UES Russia system could be connected to China's grid. "At present this topic sounds hypothetical, but it could become a reason for serious talks in a year," Chubais said. The press conference took place in connection with a Moscow conference called "Russia: Investment in a Growth Economy." Chubais noted that UES Russia cooperation with Iran has also been discussed, even as Iran works towards increased energy cooperation with both Azerbaijan and Armenia."

Russian Cabinet Votes for Kyoto Treaty Ratification

The Russian government voted Sept. 30 in favor of adherence to the Kyoto Treaty on limiting so-called "greenhouse gases." They did this, despite expert evaluations, submitted by the Russian Academy of Sciences, which showed that 1) the "global warming" premises of the treaty are unsound, and 2) the financial benefits Russia may get from selling its air-pollution quotas to other countries, will not outweigh the losses from the suppression of industrial development involved with doing that.

Presidential adviser Andrei Illarionov, a radical free-trader who's opposed to Kyoto (not because he's pro-industry, but because he's anti-regulation), said that the decision was a bad one, but "politically necessary." He did not elaborate. Adherence to Kyoto has been demanded of Russia by the EU, in earlier talks, as a quid quo pro for EU support for Russia's bid to join the World Trade Organization.

North Caucasus Kingpin Implicated in Klebnikov Murder

On Sept. 28, Moscow police chief Gen. Lt. Vladimir Pronin announced that two Chechens have been implicated in connection with the gangland-style slaying last July of Paul Klebnikov, the American editor of *Forbes* magazine's Russian edition. Pronin said that the men were implicated when ballistics tests showed that a handgun, confiscated when they were arrested for a kidnap-for-ransom scheme, was the weapon used to kill Klebnikov. The men deny the charge and say they got the gun from a third party. The next day, *Vedomosti* newspaper quoted an unnamed source in the Prosecutor General's office, who said Pronin had compromised the investigation by his "publicity stunt" in leaking the connection to Klebnikov.

Russian media monitored by RFE/RL Newsline have reported that investigators are looking at a "Chechen trail" in the Klebnikov case. Author of the earlier book *Godfather of the Kremlin*, about Boris Berezovsky, Klebnikov's last book was the Russian-language *Dialogue with a Barbarian*. In this 2003 volume, Klebnikov published excerpts from 20 hours of interviews he did in 2001 with Khodj-Akhmad Nukhayev, on the latter's career as a criminal businessman, who moved on the status of ideologue and financier for separatist guerrilla forces in Chechnya. In the late 1990s, Nukhayev was also in business partnership with Lord Alistair McAlpine, the British Tory fundraiser who defected to Jimmy Goldsmith's political movement, in the Caucasus Investment Fund and Caucasus Open Market project to turn the entire Russian North Caucasus, into a free-trade zone. Nukhayev also had criminal business interests in the Port of Novorossiysk in the 1990s, which were reportedly subsequently cleaned out by Russia. Novorossiysk has been a major transshipment point in illegal economic flows between Central Asia and Europe, including narcotics, weapons, and women being taken into sex slavery.

When Klebnikov interviewed him, Nukhayev resided in Baku. Klebnikov told *Izvestia* that Nukhayev disappeared from there around the time of the October 2002 Nord-Ost theater hostage-taking in Moscow. But he remains active behind the scenes. Greetings from Nukhayev were read at a November 2003 Moscow conference on "The Caucasus Against Globalism," which was attended by the self-styled "Eurasianist" Alexander Dugin, and by Russian Academy of Sciences ethnographer by Sergei Arutyunov, who publicly favors separation of much of the North Caucasus from Russia.

Southwest Asia News Digest

Bush in Fantasyland: Iraq Unravelling; War Will Spread

President George W. Bush and Iraqi Prime Minister Ayad Allawi played "make-believe" Sept. 23, when they held a joint press conference in the White House Rose Garden to put out the message that the situation in Iraq was improving, and that elections would be held on schedule in January. Their statements followed a month in which suicide bombings, attacks on British and American soldiers, and air bombardments of urban areas have been frequent occurrences throughout the country. Iraqis who have not suffered violence face their own horrors: Unemployment stands at over 50%, raw sewage fills the streets, and electricity blackouts last up to 14 hours a day.

Jordan's King Abdullah, speaking before talks in Paris on Sept. 28, stated that, "It seems impossible to me to organize indisputable elections in the chaos we see today. Only if the situation improved could an election be organized on schedule."

The King's view has been echoed by others involved in the region, including United Nations Secretary General Kofi Annan, and numerous military-intelligence analysts within the United States. Yet the Allawi government and Bush insist that elections will go ahead, after a massive bombing-purge campaign in the three provinces dominated by Sunnis. And they still receive the backing of nominal Democrats, like Joe Lieberman, who was ostentatiously kissed by the thuggish Allawi after the latter's speech to Congress last week.

Analysts reached by *EIR* stress that the Allawi-Bush scenario is programmed to create more chaos, if not outright civil war.

According to one well-placed Egyptian journalist, since August, the Bush Administration has been working secretly on a plan to pull out of Iraq sometime next year. The two-phase scheme, which was further pinned down during Allawi's visit to Washington, involves: 1) a massive U.S. military counterinsurgency offensive into the Sunni Triangle, to wipe out major centers of insurgency, in what will be tantamount to an ethnic cleansing of the Sunni population. Signs, according to the source, that this operation is already underway include this week's rescinding of the no-entry orders, under which American military patrols stayed out of certain Sunni towns and cities where tribal leaders had arranged security agreements with the insurgents. The bombing and other military operations against Falluja over the weekend are the most dramatic example of this shift. Also, the source added, the U.S. has also rescinded its ban on sales of heavy military equipment to Iraq. The objective, he said, is to create, as rapidly as possible, a six-division Iraqi Army (approximately 120,000 troops) to take over the crackdown.

2) Following the January elections, the new "sovereign" Iraqi government will ask the U.S. military to leave the country in a timely fashion, thus leaving behind whatever mess exists.

Briefed on this report, and on assessments from several leading American military analysts that Iraq is "lost," Lyndon LaRouche commented that this would be a far worse fiasco than the Nixon pullout from Saigon in 1973. This is the detonator of a charge that will have bloody repercussions throughout the Muslim world, and beyond, LaRouche said. Look, under these circumstances, for Sharon and the crazies in Israel to do something really berserk, like bomb Iran and Syria.

The only viable alternative to such an "Iraqization" scenario, remains the "LaRouche Doctrine for Southwest Asia." Issued last April, this Doctrine calls for the U.S. to offer its support to a security arrangement among four of Iraq's neighbors: Iran, Syria, Turkey, and Egypt—as well as the Caucasus region. Without an agreement among these neighbors to provide security through economic cooperation in the region, and de facto recognize each other's sovereign existence, there is no hope for peace in Iraq, LaRouche emphasized.

There have been recent leaks from Bush Administration officials that Secretary of State Colin Powell will call a meeting bringing together these neighbors, plus the Organization of the Islamic Conference, to discuss humanitarian aid in the region. Yet this outlook runs 180 degrees contrary to the dominant Cheney-Rumsfeld policy of confrontation with Syria and/or Iran.

The confrontation policy has been proceeding apace, both on the matter of Iran's negotiations with the International Atomic Energy Agency, and on the question of Syria's relationship with terrorists in Israel or Iraq. So far, the Israelis have taken the lead, perhaps by arrangement with the neocons, with a very loud drumbeat for preemptive strikes against both Iran (for its nuclear reactor site), and Syria (for housing various Islamic militant groups).

Such a confrontation, of course, will only spread the rage against the U.S. and Israel, and the murderous chaos.

(This article by Nancy Spannaus originally appeared in *The New Federalist* Oct. 4.)

Rumsfeld Hunter-Killer Teams Implicated in Iraq Prisoner Deaths

Three members of a secret Navy SEAL team operating in Iraq, have been charged with abusing Iraqi detainees, two of whom died in American custody after being beaten. One detainee died at Abu Ghraib prison, and the other at a base near Mosul. This brings to seven the number of Navy Special Operations personnel who now face criminal charges in connection with the prisoner-torture and abuse scandal.

Both deaths involved Navy SEAL Team 7, which was conducting clandestine operations in Iraq in conjunction with the

CIA, searching for so-called "high-value" insurgent and terrorist targets.

The description of these cases of abuse fit the special "hunter-killer" teams created by Defense Secretary Rumsfeld in 2002, and which are a central feature of Seymour Hersh's new book, *Chain of Command*.

In Iraq, these military Special Operations Forces and CIA paramilitary operatives were combined in Task Force 20, which was visited by Guantanamo Commander Gen. Geoffrey Miller on his infamous trip to Iraq in 2003 to "Gitmo-ize" Abu Ghraib prison. More background on this is found in an article in the torture scandal in the Sept. 24 *EIR*.

U.S. Pressuring To Remove ElBaradei from IAEA

A new board of governors of the UN nuclear watchdog, the International Atomic Energy Agency, was to meet on Sept. 27 in Vienna to set procedures for electing a new director-general. The current chief, Mohammad ElBaradei, had earlier this month thrown his hat into the ring for a third term, but is opposed by the United States.

The U.S. claims that it "supports" the position of the Geneva group of top ten contributors to the UN, that heads of the international organization should not serve more than two terms. The U.S. is the largest contributor.

The U.S. pointed out that its "policy has nothing to do with the director-general's qualifications...." However, it is widely known that Mohammad ElBaradei is strongly disliked by U.S. neocons for two reasons: reports indicate they believe that ElBaradei is "coaching" Tehran on how to hide its uranium-enrichment program. Second, in March 2003, ElBaradei exposed at the UN Security Council that the documents that supposedly proved that Iraq was trying to buy uranium "yellow cake" from Niger, were a crude fraud.

Veteran Journalist Warns of Perpetual War Under Bush

"If George W. Bush is re-elected, we will have war without end," warned Helen Thomas, the doyenne of the White House press corps. Thomas was lambasted for her remarks by the Moonie-owned *Washington Times* Sept. 27, in a blurb entitled "Helen bares all." Thomas, who has been working the White House since the days of John F. Kennedy, had been the UPI White House correspondent until a few years ago when the *Times* bought up UPI, at which point Thomas resigned her position.

Although well into her 80s, Thomas is still doing her White House stint, now for the Hearst newspapers. Bush, she said, "has made us the most despised nation in the world.... We should have never invaded Iraq. It will be a long time before we get our honor back." She scolded her press colleagues "because they have rolled over and played dead."

Israeli 'Courage To Refuse' Nominated for Nobel Peace Prize

The Courage to Refuse movement of Israeli Army reservists who refuse to serve in the Occupied Territories has been nominated for the Nobel Peace Prize. The two founders of the movement, Captain David Zonshein and Arik Diamant, were named as the candidates.

"Our candidacy is a victory for those who love Israel, and a victory for Zionist values and the Israeli spirit, which have championed an uncompromising battle defending the State of Israel alongside protecting human life, human rights, and honor," Zonshein said.

"We see this as a victory for real Zionism, based on the principles of freedom, justice, and peace", said Daimant. "Particularly in these times, when the right-wing settlers announced their refusal to evacuate settlements, our candidacy marks a line between refusal to take part in actions that oppose Jewish and international law and ethics, and refusal of settlers, whose sole purpose is the perpetuation of control over another nation."

New Zealand, Washington Probe Israeli Spying

New Zealand deported two Mossad agents after they had been convicted of trying to acquire a New Zealand passport illegally, reported the Israeli paper *Ha'aretz* on Sept. 29. The two, Uriel Kelman and Eli Cara, had served half of their six-month sentences, and also had to donate \$50,000 each to charities, as agreed in a plea bargain. New Zealand Prime Minister Helen Clark, however, did not lift the diplomatic sanctions she ordered against Israel because of Israel's refusal to accept responsibility. "The ball remains in Israel's court," Clark said in a statement.

The New Zealand case is the second international spy scandal involving Israel. On Sept. 29, the prestigious London publication, *Jane's Foreign Report*, wrote that the FBI is continuing a "broad" investigation to uncover Israeli espionage in the U.S. Pentagon.

The *Jane's* story, entitled "A Mole called Mega," reveals that the Larry Franklin spy scandal "has rekindled suspicions," long held by the FBI and others in Washington, "that Israel systematically spies on its strategic ally and benefactor."

Jane's notes that the probe goes way beyond the question of one lone analyst passing secrets to Israel. "Shortly before George Tenet retired as director of the Central Intelligence Agency (CIA) in June, he alleged that an Israeli agent was operating in Washington," *Jane's* reports, adding that, although Tenet was challenged to identify the agent, he did not do so. "For years, the FBI has been convinced that there is at least one high-level Israeli mole in Washington," *Jane's* writes.

The story also notes that there is "growing unease in some quarters in Washington about the influence that Israel's right wing has in the Bush Administration through the pro-Likud neo-conservatives, largely in the Pentagon," and through AIPAC (American-Israel Public Affairs Committee) and WINEP (the Washington Institute for Near East Policy.)

Iraq Reconstruction Money Diverted to U.S. Banks

One of the provisions in the continuing resolution passed by the Congress, on Sept. 29, would transfer \$360 million from the \$18.6 billion passed last year for Iraq reconstruction to, instead, relief of U.S. banks owed money by Iraq, the *Washington Post* reported Sept. 30. This is in addition to nearly \$2 billion transferred from reconstruction accounts to security.

Foreign Operations Appropriations Subcommittee chairman Jim Kolbe (R-Ariz) explained that this "debt forgiveness" "provides former Secretary of State James Baker with the tools for upcoming debt negotiations in the Paris Club this fall. It would enable the U.S. to forgive nearly \$4 billion of debt owed by Iraq, thus spurring vastly greater amounts of debt forgiveness by Iraq's other creditors."

Asia News Digest

North Korea Halts Peace Talks on U.S. Provocations

North Korean Vice Foreign Minister Choe Su Hon told the UN General Assembly on Sept. 27 that the DPRK is "unable to

participate" further in the Six Party Talks on nuclear weapons, because the U.S. Bush-Cheney Administration is not negotiating in good faith, but instead acting to overthrow his government. "The danger of war is snowballing," Choe said, "due to the U.S. extreme moves to isolate the DPRK and threats of preemptive strikes against it."

Choe's announcement came as the *New York Times* claimed on Sept. 26 that the "CIA is circulating warnings that North Korea may conduct its first nuclear test, before the U.S. Presidential election." The Pentagon and the Japan Defense Agency also mobilized a fleet off North Korea on Sept. 21 to watch for what they claim is an imminent test of a long-range ballistic missile. Such reports may be overblown, but there is no doubt that Cheney's "perpetual war" doctrine had made the world a far more dangerous place.

Choe's remarks were consistent with the policy paper of last Dec. 12 by the DPRK Ambassador Li Gun, who made clear that North Korea will never unilaterally disarm. Li noted that Washington, by simply repeating the demand that Pyongyang do so anyway, was attending the talks with an "ulterior motive"—to deliberately blow up the negotiations, and overthrow the regime.

Neo-Cons Pit Japan vs. the Ultimate Target: China

A plan for the ultimate attack on China, as well as Russia, was laid out in a Sept. 18-21 series in Tokyo's *Yomiuri News* and in more detail by veteran Japanese reporter Yoichi Funabashi in the Sept. 28 *Asahi News* in the first of a three-part feature. "U.S. Force Transformation: Frustration with Japan Mounts."

The U.S. is pushing Japan to become a base for deployments into the entire "arc of instability" from Africa and the Balkans, to the Middle East, Southeast Asia, and China, Funabashi reports after a Sept. 18-21 trip to Washington. U.S. Defense Secretary Donald Rumsfeld's "Force Transformation" would make Japan a host for U.S. Army, Navy, Air Force, and Marine Corps bases controlled entirely by the U.S. command in Guam, violating Japan's "no-war" constitution and exceeding the bounds of the U.S.-Japan Security Treaty. "As Undersecretary of Defense Douglas Feith told Congress, 'combat commanders no longer own forces in their theaters,' " Funabashi notes. "Instead of keeping troops for 'fighting in place,' it aims to improve their 'ability to the move to the fight.'..."

"In the long view, the transformation targets Asia, which is expected to be directly affected by the rise of China as a central player, Funabashi says. "All it [the Pentagon] needs in Japan is an advance base that the Air Force in Guam can use in emergencies. The thinking strongly reflects the awareness that China is a potential military threat...."

Armitage Weighs in on Myanmar

UN Special Envoy to Myanmar, veteran Malaysian diplomat Razali Ismail, held talks with on Sept. 27 with the U.S. Deputy Secretary of State Richard Armitage, to convey a message to the Myanmar leadership to launch "meaningful" dialogue with the National League for Democracy (NLD). Razali had initiated talks between the NLD and the ruling State Peace and Development Council in October 2000, which collapsed in 2003.

State Department deputy spokesman Adam Ereli reported on Sept. 29 that Razali and Armitage "agreed on the need for the ruling Council to release NLD leader Aung San Suu Kyi from house arrest, as well as other political prisoners, and on the importance of beginning a meaningful dialogue on national reconciliation and steps for the establishment of democracy."

Iran Seeks Indian Radar Systems

According to the *Daily Times* of Pakistan Sept. 27, citing industry sources in Iran, "Iran is negotiating with India to buy

advanced radar systems to help protect its nuclear weapons facilities." The sources told the *Daily Times* that the systems are designed for fire control and surveillance of anti-aircraft batteries. Iran is seeking an unspecified number of Upgraded Support Fledermaus Radar Systems from India's Bharat Electronics Ltd (BEL). The deal could be as high as \$70 million and mark the first major defense agreement between New Delhi and Tehran.

The source claim that Tehran had made this request about a year ago. New Delhi has not rejected the offer, but is under pressure from Washington not to sell the radars to Iran.

India To Raise Issue of Undermining Arafat with Israel

India's Minister of State for External Affairs E. Ahmed, who visited Yasser Arafat at Ramallah in early September, told the Delhi-based news daily, the *Hindustan Times*, that he "saw the suffering of President Arafat and how he has been confined to his house.... President Arafat narrated to me the sufferings of his people. I will take this up with the Israeli government." Ahmed was also quoted as saying Israel's treatment of Arafat "was an affront to the Palestinian people" and must stop forthwith.

India regards Arafat as the elected leader of the Palestinians. Ahmed pointed out that India considers "the already tense and uncertain situation in West Asia could only be exacerbated by irresponsible pronouncements regarding President Arafat."

Afghan Warlords Threaten Elections

The U.S.-based Human Rights Watch group released a 51-page report on Sept. 28 which said local warlords are involved in widespread intimidation and threats of violence aimed at postponing the Oct. 9 Presidential elections in Afghanistan. Accusing the U.S. government of complacency, Human Rights Watch pointed out in its report, entitled "The Rule of the Gun," that the power of the warlords is so complete in some provinces, that political activists and journalists are censoring themselves for fear of retaliation.

On Sept. 27, the head of the U.S.-led coalition forces in Afghanistan, Lt. Gen. David Barno, issued a warning saying: "Clearly, for all terrorist organizations in the region, disrupting the free election that is pending here in Afghanistan—and of which they are not a part—appears to be a shared objective." Barno, who like most Americans in Afghanistan would like to blame everything on al-Qaeda, said: "We see some indications that al-Qaeda is apparently encouraging attempts to disrupt the election process.... We also see al-Qaeda and foreign-fighter involvement, particularly in the southeast—in the Paktia, Khost area, in that border region opposite North and South Waziristan [both inside Pakistan], which is where the Pakistanis have been conducting a number of their operations."

Vote or No Vote, Poppies Will Bloom in Afghanistan

With more than 1.5 million Afghans involved in the drug trade, which is officially estimated to be worth US\$2.5 billion annually (*EIR* notes that it seems to be a gross underestimate; it is actually closer to \$10 billion), trying to change the situation overnight could backfire, and lead to deteriorating security and stability, according to Maria Costa, Executive Director of the UN's Office on Drugs and Crime.

Elaborating on her thesis, Costa said: "Dismantling the opium economy will be a long and complex process. It simply cannot be done by military and authoritarian means. That has been tried in the past and was unsustainable. It must be done with instruments of democracy, the rule of law, and development."

A Western diplomat pointed out that democracy would have little effect on the drug trade. "[Interim President Hamid]

Karzai's natural constituency is the Pushtuns, and Pushtun farmers are the ones growing the poppies. If he bulldozes in and destroys crops, if he arrests and punishes farmers, they are definitely going to think that the Taliban have a point when they say the government is bad."

Meanwhile, Moscow has begun to exert pressure on Kabul. Russian President Vladimir Putin said on Sept. 23, "They are doing almost nothing," Interfax agency quoted him as telling the head of Russia's drug control agency.

Al-Qaeda's Uzbek Bodyguards

Despite daily "arrests" of al-Qaeda operatives announced by Islamabad, the fact remains that the Pakistani forces have achieved little in their attempt to wipe out the 600-700-strong al-Qaeda fighters operating in the area, says Owais Tohid of the *Christian Science Monitor* in an article from Peshawar on Sept. 27. Tohid also reports his discussions with the head of the U.S. forces, Lt. Gen. David Barno, who told him that he believes that the top al-Qaeda leaders could very well be in Pakistan.

Meanwhile, hundreds of Uzbek militants, leaving their homes in Uzbekistan, now form the bulwark of al-Qaeda's defenses in South Waziristan, located in Pakistan's tribal areas bordering Afghanistan's northeastern provinces. The Central Asians are filling the ranks left open by the Arab fighters who have left the region to operate in Iraq, or elsewhere, ostensibly under orders from Osama bin Laden, Tohid says. Within this group of Uzbek militants who provide the inner core of security, live the "big fish"—Ayman al-Zawahiri and Osama bin Laden.

Pakistan To Go It Alone on Pipeline, if Necessary

Pakistani Federal Minister for Petroleum and Natural Resources, Amanullah Jadoon, told newsmen that irrespective of whether or not India participates in the joint venture to lay the pipelines to bring in gas from the Iranian gas fields, the project will be completed, *The Dawn* of Islamabad reported Sept. 29. If necessary, Pakistan will go it alone in laying the pipelines.

These are encouraging words. The gas pipeline referred to is the one that would bring Iranian gas to India via Pakistan. India and Iran had been discussing this project for years. The Indians claim that Pakistan's unclear position on whether it will allow the pipeline to go through its territory, is one of the major obstacles. India and Iran had assured Pakistan that if it allows the pipeline to cross its territory, Islamabad would receive as much as \$800 million annually as the transit tax.

Although the project got entangled with the Kashmir issue, and was delayed in recent weeks, there had been some forward movement. Jadoon's statement is indicative that Islamabad wants to put a priority to the project. Recently, a meeting took place between India's Minister of State for External Affairs Mani Shankar Aiyar, and the Pakistan Foreign Minister Mahmud Kasuri, that discussed the pipeline issue in a positive environment, reports indicate.

Africa News Digest

Separatism Emerges in Nigeria's Oil-Producing Niger Delta

Mujahid Dokubo Asari, a separatist warlord in Nigeria's oil-producing Niger Delta, arrived in Abuja, the capital, Sept. 29, saying he came for talks with President Olusegun Obasanjo. He told Reuters that his planned offensive against the government, scheduled to begin Oct. 1, would be suspended if an agreement was reached on self-determination and resource control in the Delta. Almost all of Nigeria's 2.3 million barrels of oil per day are produced in the Delta. Asari's Niger Delta People's Volunteer Force threatened Sept. 27 to launch an "all-out war on the Nigerian state," advised all

foreign oil workers to leave the Delta, and told oil companies to shut down their operations.

EIR notes that the major oil companies themselves promote separatism in oil-rich regions as a matter of standard practice, absorbing the short-term consequences, because mini-states have no bargaining power. But their practice is also fully consistent with the oligarchy's IMF and World Bank decivilizing policy worldwide.

State Department Warns Nigeria To 'Keep Peace' in Delta

The U.S. State Department has warned Nigeria to "keep the peace" in the Niger Delta. After separatist leader Mujahid Dokubo Asari, on Sept. 27, threatened "all-out war on the Nigerian state," State Department spokesman Richard Boucher told the press Sept. 28 that "We've made clear to the Nigerian authorities they have a responsibility to keep the peace in that area for the sake of the people as well as for the safety of American citizens and property," noting that the region is "among the poorest in the country."

United Press International reported on Sept. 29 that Asari's threats "contributed to oil prices surpassing \$50 per barrel overnight," Sept. 27.

In August, the Nigerian Defense Ministry announced that Nigeria and the United States had agreed to hold "joint military training in the Niger Delta."

Report: Asari in Talks with Obasanjo While Under Arrest

Niger Delta separatist leader Asari, while holding talks with Nigerian President Obasanjo and others, is also under arrest, according to the Nigerian *Daily Independent* Oct. 1, citing a statement by Information Minister Chukwuemeka Chikelu on Sept. 29. Chikelu claimed Mujahid Dokubo Asari was cooperating with the government in seeking to resolve the conflict in the Niger Delta. Asari's version is that a truce has been agreed to while talks go on. Asari's arrest had not been reported by other media as of Oct. 2, but it is credible, in light of the government's recent declaration that he was "wanted dead or alive."

Obasanjo had reacted to Asari's threat to start blowing up oil installations in the Niger Delta beginning Oct. 1, by mobilizing the region's political leaders to find Asari. He was flown to Abuja on Sept. 29 on a Presidential jet after receiving certain assurances, along with five other members of his Niger Delta People's Volunteer Force.

Shell Oil spokesman Don Boham said, "We are not in any way moved by [Asari's] threat. We believe the Nigerian security forces are equal to the task of safeguarding oil installations and protecting workers," according to the *Daily Champion* Sept. 29. Shell had in fact announced the shutdown of its Santa Barbara flowstation (28,000 barrels/day) Sept. 28 because of the violence and, according to unconfirmed reports, evacuated 200 non-essential staff the week before.

Amnesty International says 500 people died in Delta violence, in the three weeks ending mid-September, mainly in gun battles between separatist insurgents travelling in speedboats, and a new deployment of government troops sent into the Delta.

The National Council of State, including four former heads of state, met Sept. 28 and gave its approval for President Obasanjo to use all available means to respond to any group threatening Nigeria's sovereignty.

Asari's Political Savvy Makes Him Dangerous

Mujahid Dokubo Asari and his organization are more dangerous than the mere gangs and cults operating in the Niger Delta, because of his political savvy.

Interviewed by *The News* of Lagos Sept. 13, Asari said that while gasoline is selling for N45 per liter in Abuja and Lagos, in the Delta it is sold for N200. "This same oil I am refining it and selling at N15 per liter in the riverine areas.... They are happy because I have emancipated them from Obasanjo and [Rivers State Governor] Odili's slavery." He did not explain how he has refining capability.

"Everyday I travel, I meet the Navy and Army on the high seas," Asari boasted. "My people ... smoke exchange cigarettes with them and greet each other and we discuss and we move.... Whenever they are sent after us, they just shoot in the air and run away." He also claimed, "When we came to Port Harcourt the last time and saw the Navy, they complained that their war boats had broken down. We seized their arms, rescued them and their boats, escorted them, and after that we gave them back their arms."

Even if these claims should be only partly true, they show Asari knows how to build a popular base.

Asari claims, "We have cordial relationship with [separatist organizations] MASSOB and OPC." MASSOB is the Movement for the Actualization of the Sovereign State of Biafra; OPC is the O'odua Peoples Congress (of the Yoruba).

"Nigeria as a state is illegal," Asari blustered. "We must have a Sovereign National Conference because Nigeria is a nullity and does not exist."

Asari, aged 40, is the son of a high court justice. He studied law at the University of Calabar, where he was a student leader and a socialist. He converted to Islam there in 1988, even though there are very few Muslims among the 11 million Ijaw people—the only people he seeks to lead. He says he admires Osama bin Laden, and named a son after him because of his fight against Western imperialism, but his own struggle is not Islamist, but separatist. There are, however, competing Ijaw organizations.

This Week in History

October 4 - October 10, 1932

FDR's Decisive Presidential Campaign of 1932

From mid-September until early October 1932, Democratic Presidential candidate Franklin Delano Roosevelt travelled 9,000 miles, on a railroad whistlestop tour which took him to the West Coast and back again, ending with a radio address on Oct. 6. As the Governor of New York, Roosevelt was familiar with the disastrous economic and social conditions which followed the 1929 crash, but he wanted to see for himself what conditions were like across the whole country. He also wanted to counter the rumors, which were being eagerly circulated by the opposition, that his physical condition made it impossible for him to withstand the rigors of hard campaigning.

Conditions in the fall of 1932 were grim enough, but the stubborn belief by the Hoover administration that things would eventually get better was allowing the situation to worsen, literally day by day. Tarpaper shacks inhabited by the unemployed and the dispossessed surrounded the major cities. Railroad engine firemen often shovelled coal out the door from their passing trains to the shacks by the rails so that the inhabitants would have fuel for cooking and for keeping

themselves warm. Thousands and thousands of citizens, including teenage children, rode boxcars from one region of the country to another, desperately trying to find work. Houses and farms were foreclosed in record numbers, and in the farm states of Idaho, North Dakota, and Minnesota, further foreclosures were barred in order to stop the riots by farmers. There was even a surge of emigration, as some Americans left their country to look for opportunity in Europe.

President Herbert Hoover remained a prisoner of his belief that self-reliance and "rugged individualism" could enable anyone to succeed, and his Secretary of the Treasury, Andrew Mellon, rejoiced that the President held such a compliant ideology. When a delegation visited Hoover in June of 1930, and pleaded for a program of Federal public works, he replied, "Gentlemen, you have come 60 days too late. The depression is over." When a drought was killing cattle in the Southwest in 1930, he asked Congress to provide loans to the farmers to buy cattle feed. But when he was asked to allow the Farm Board to give away surplus wheat to the unemployed, he refused.

Probably nothing demonstrated Hoover's rigidity more than his behavior with the Bonus Army. Veterans of World War I had been legally granted an insurance policy which they could cash in 1945. Given their straitened circumstances, many veterans began to pressure Congress to allow them to obtain their cash immediately. In May of 1932, a bill allowing them to do so was introduced in the House, but it was shelved when the Hoover Administration announced itself against the bill because it was inflationary, and would interfere with the balanced budget. Roosevelt, too, disapproved of early payment, but he offered the New York veterans who went to Washington free transportation home and guaranteed them employment.

Not so with President Hoover, who, in a self-fulfilling prophecy, foresaw demonstrations and even revolution. When the first economy-in-government bill had come before the Senate Appropriations Committee, the Senators proposed reducing armed forces salaries by 10%. President Hoover, however, urged them to restore the cuts to enlisted men's salaries, because if there were riots, he did not want to have count on disgruntled soldiers who had had their pay cut.

When the bonus bill was shelved in May 1932, thousands of veterans descended on Washington and camped out. Hoover, at first, sent them supplies. The House then voted on June 13 to pay the bonus, but the Senate voted against it. When many of the veterans refused to leave following this defeat, Hoover ordered the camps to be evacuated on July 28. The U.S. Army, led by Chief of Staff Douglas MacArthur, and future Generals Dwight Eisenhower and George Patton, was deployed to destroy the encampment. In a show of force, the troops used tanks, sabers, and tear gas against the veterans, resulting in two deaths and the shacks and tents being set on fire. When Roosevelt read the news, he said that Hoover should have sent out for coffee and sandwiches and invited a delegation to the White House. Which is what, in essence, Roosevelt did when the Bonus Army returned after his inauguration, and he sent them food and offered them all jobs in the Civilian Conservation Corps.

Less than two months after the scattering of the Bonus Army, Governor Roosevelt boarded the "Roosevelt Special" in Albany and headed west, talking about crop control in Topeka, railroad subsidies in Salt Lake City, reciprocal tariffs in Seattle, and social justice in hard-hit Detroit on the way back. Then, on Oct. 6, he beamed a radio message to a simultaneous set of luncheons held by the Business and Professional Men's League throughout the country. The projected New Deal policies had not sprung fully-formed: they were still in the process of development, but it was Roosevelt's overall principles and perspective which were communicated to the voters that day.

"It is needless for me to point out that the events of the past three years have proved to very many ... business men that the Republican leadership is by no means proof against unsound economics resulting in disastrous speculation and subsequent ruin. Furthermore, this same leadership has been unable to do more than put temporary patches on a leaking roof without any attempt to put a new roof on our economic structure. And you all know that a roof that has to be mended in some new place after every rain will not last long, but must be rebuilt as quickly as possible.

"Business men in every part of the country have learned this other lesson from the depression: that an artificial, over-

stimulated business boom is an unsound menace, especially if it affects only one portion of the population, while other portions of our population are getting poorer and poorer. That is why I have so greatly stressed the necessity of restoring prosperity to our agricultural interests, to our cattle interests, to our mining interests, as an essential adjunct to restoring general business prosperity.

"This doctrine I have been preaching ever since the day I was nominated, and I am happy that the President, in his speech on Tuesday, finally has come to agree with me on this point when he says, 'Every thinking citizen knows that the farmer, the worker, and the business man are in the same boat and must all come to shore together.' I am glad also that he thereby admits that the farmer, the worker and the business man are now all of them very much at sea!

"I have just returned from a visit to a score of the States of the Nation. I made this trip primarily to learn at first hand the problems and the conditions in the various sections of the country. I took occasion to explain various aspects of the program which I propose as a chart to guide my Administration if I am elected President.

"Back in April, in discussing certain questions, I used the term 'a concert of interests' to describe my policy. It is not a new term, but one which had historic standing. I have conceived it to be a necessity in the present state of affairs to keep this constantly in mind.

"To do otherwise is to go from group to group in the country, promising temporary and oftentimes inexpedient things. It is to go to the farmers and promise them something and then to the business men and promise them another thing.... This type of campaigning, which might be called a 'pork-barrel' campaign, is not my notion of what the country needs in a time like this. It is my profound conviction that the Democratic candidates are to be entrusted with the administration of Government at the coming election. There will be high responsibility and I am not going to enter upon that responsibility without charting a course sufficiently broad and deep to make certain a successful voyage....

"With this broad purpose in mind, I have further described the spirit of my program as a 'new deal,' which is plain English for a changed concept of the duty and responsibility of Government toward economic life. Into this general plan and actuated by this spirit, I have been setting the details of the program intended to right specific troubles of specific groups without, at the same time, inflicting hardships upon other groups. Above all, my program has looked to the long view, intending to see that the factors that brought about our present condition may not occur again....

"It is up to the Government to maintain its most sacred trust to guard the welfare of its citizens.... The time has come when industrial leadership must serve the public interest. I am sure that you will not fail to improve. I have discovered in my journeying that, as I suspected, the American people are thoroughly disillusioned concerning our economic policies at home and abroad. There is arising an insistent demand for a new deal. I have been telling you some of the ways in which I conceive those insistent demands ought to be met. I should like to say again that there is neither magic nor cure-all in any of this. Hard necessity drives us now. The mandate is clear and peremptory. These are the things which we must do."

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