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This Week You Need To Know

HOW MOST OF TODAY'S ECONOMISTS BECAME ILLITERATES

Science: The Power To Prosper

by Lyndon H. LaRouche, Jr.

April 16, 2005

This report is about economics as that form of science without which no recovery from the presently onrushing world-wide monetary-financial collapse were possible. However, in science, as in preparing a decent meal, it is necessary to clean the kitchen of noxious debris.

However, the intention of this report is not simply to haul out the garbage. Consider that removal of noxious elements of currently widespread opinion as a necessary attack on certain groups of economists who continue to play the role of charlatans, at public expense. These predatory fellows need to be denounced for reason of the damage they would continue to do to the U.S.A. and other nations through the widespread influence of their deceits upon governments and others. I include this attack on them at the outset of this report, if only as a secondary feature of this report as a whole; I do so, because it would be virtually fatal negligence not to attack those dogmas for what will surely be their increasingly desperate frauds at this time. Unless they are denounced for their frauds, on exactly the issues I pose again here, the damage their erroneous opinions have already caused would not only continue, but worsen.

On this account, back in 1971, I accused many among those influential professors of economics of being "quackademics"; over the decades since then, that has been repeatedly proven to have been not only a correct, but necessary choice of language. In retrospect, it is now clear, that had more people heeded my warnings then, the U.S.A., and the world generally, would not be in the ugly mess it is today.

However, the principal topic which I address here. is the fact that, presently, even honest and otherwise intelligent people in government, business, and academia, simply do not have certain knowledge of a type which is absolutely crucial for choosing competent policies under the present crisis-circumstances confronting our government, businesses, and the general public. The principal topic of this report, is the presently urgent necessity of the study and practice of economics as a science, as essentially a branch of experimental physical science....

[**pdf version, complete article**](#)

Latest From LaRouche

LAROUCHE TO PERUVIAN CONFERENCE

This was a meeting on April 20, sponsored by the LaRouche organization in Peru, and workers from several unions, especially oilworkers, in the PetroPeru headquarters, devoted to reversing privatization in Peru. There were about 100 people there. Lyndon LaRouche gave the following presentation, after being introduced by Sara Vasquez.

Well, we have an interesting situation in the United States. I should start by saying that we are now in the onset of the greatest world crisis in the memory of anyone living today. This is much worse than the 1930s crisis, what is coming on. It could be controlled, but this would require a radical change in current policies. These changes will have to come, especially from inside the United States itself.

The reason is simple, which I think many of you realize. The present world financial-monetary system, is a dollar system. The dollar is bankrupt, and might plunge into the depths at any time, right now. The crisis of the automobile industry internationally, as well as inside the United States, is one of the triggers. The financial system of the world is ready to explode, explode in a way which is much worse than during the 1930s.

That's our situation.

But if the dollar were to collapse, then the holdings of dollars in Brazil, in other parts of the Americas, in China, in India, in Europe, would also collapse. A 50% collapse of the dollar value on the international market would be a collapse of the entire system in every part of the world. No part would escape.

So, therefore, unless we do something to prevent the collapse of the dollar, which we could do, the entire world is on the verge of going into the deepest depression anyone could imagine, right now, very soon.

The possibility of a change is not something far removed. This past weekend in the United States there was a crisis of the present government, the present administration. This was shown in many ways, including an issue about this fellow [John] Bolton, whose confirmation is now in jeopardy, and it might not make it at all. So, there's a tendency now for a general shakeup in the U.S. government, in a governmental crisis. The Bush Administration is not a solid entity. It's a tyrannical entity, but it's not solid. It has great weaknesses, and it could collapse at any time. The whole system.

So, therefore, we have to think of winning the fight inside the United States, and of tying winning the fight here, to things such as the recent resolution in Italy, in the Parliament, to have a new Bretton Woods system. That is, to go back to the kind of system we had before 1971, which was the system under which we worked fairly well in the Hemisphere. Most countries did undergo some significant degree of development in the Hemisphere during that period. It is since 1971, 1972, especially since 1982, that the great catastrophes have happened to the economies of Central and South America.

So, we're in that kind of situation.

We have a prospect of winning. The winning must come from the United States, because, as I said, if the dollar were to collapse, in a chaotic way, which could happen, unless we make a change in U.S. policy—then a collapse of the dollar would mean a collapse of the entire international system, in every part of the world. No part of the world would emerge as triumphant over a collapse of the dollar at this time. Because the dollar system is the world system.

Therefore, what we have to do here, is to put the dollar system under a reorganization of the type that Franklin Roosevelt used, in his work in the 1930s and 1940s. Under those conditions, if we stabilize the dollar on a long-term basis, we can stabilize the international monetary system, and with that stabilization, make the reforms in the monetary system which return to a fixed-exchange-rate monetary system, instead of the floating-exchange-rate system which has ruined, in

particular, South and Central America, which is just a direct result of the floating-exchange-rate system.

Under those conditions, it means that we will have to launch a reversal of trends of the past 35 years. We will have to go back to the emphasis on industrial and agricultural development, that is, physical industry, physical development of agriculture, physical improvement, large-scale infrastructure, basic economic infrastructure. Transportation, power management, power itself, water management, that sort of thing. Education, health care, all these things will have to be put back into place. Which means we should be thinking about a period of two generations ahead, of rebuilding the world economy, every part of it.

We have to have a fixed exchange rate, so we can have cooperation, and long-term credit, which will enable us to do this.

So, that's where we stand right now. We're at the point where we could go to hell, or we could go, not to paradise, but to something which is much better than hell. We could do that now.

This means that the United States, and we in the United States who are leading this fight, internationally, must reach out and must have ties, effective ties, with other parts of the world. Cooperation with other forces in the world, which are for development.

For example: You have the recent situation in South America, where what would have seemed impossible recently, where the Prime Minister of Spain met with the Presidents of Venezuela, and Colombia, and Brazil, and, in these cases there was cooperation, which people might have thought never could have happened before. These kinds of cooperation, extended throughout the Hemisphere and internationally, are what are needed. If the United States changes its policy, then these new kinds of cooperation, which have emerged again, typified by the Uribe-Chavez-Lula cooperation on infrastructure development, can mean a revival, in particular, of the entire Hemisphere.

This is our chance. It's a good chance. We have a major fight in the United States, like fighting a war. Even if you have the right policy and the right forces, the victory in the war is not guaranteed beforehand. But the chance to win the war, is presented. We now have the *chance* to win the war. We have the chance to reverse the ugly trends of the past 30-odd years.

And in Peru, of course, that can be quite promising. There are natural potentialities, which I'm sure you know about. These potentialities could be mobilized, and could mean a reversal in the trends in Peru, to an upward trend of the type that people have talked about over a few generations.

So, that's where we stand. I'm optimistic. Our situation in the United States summarily is this: I broke into a significant position in shaping the policies of the Democratic Party. I'm not running the Democratic Party, but my influence—the doors were opened for my influence in shaping party policy. This began, in a sense, in the [Democratic] Convention of last summer, last July. Then in the fall, I was brought in as a factor in the running of the Kerry Campaign for President. We went through the experience of the bad counting of the votes, Election Day, but on the 9th [of November], I launched a campaign with the website. This campaign changed the direction of motion in the Democratic Party. It began to move, as a solid force, within the party, and when the fight over the certification of the election of George Bush occurred, the Democratic Party was again a fighting force. Not perfect: We have to watch it every day to make sure it doesn't make more mistakes.

But we're on the up, and as of this past weekend, with the developments here in Washington this past weekend, there's a change. Everything is up to be decided. We'll have a change somehow, in some way, in the politics of the United States very soon. The fight is on now. The fight around the Bolton nomination, the fight around Social Security, these things are

coming together. There will be a change, as some Republican Representatives, Senators and others, move into a bipartisan cooperation on certain issues. That bipartisan cooperation can mean a sudden and significant change in the direction of U.S. policy-making.

Under conditions of crisis, especially with the now-ongoing collapse of the auto industry around General Motors, and Ford, this means that a change is being forced. The real-estate bubble in the United States is ready to collapse. You have the current-account deficit, the fiscal debt of the United States, which is becoming worse; the manifest incompetence of the Bush Administration. These factors are coming together. We're on the verge of a potential sudden and significant change in U.S. policy. And that change in policy promises the feasibility of the kind of changes we want in other countries, and in international cooperation.

That's what I can report to you now.

InDepth Coverage

Links to articles from

***Executive Intelligence Review**, Vol. 32, No. 17*

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Feature:

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National:

Bolton and DeLay Fiascos Highlight Revolt Against Bush

by Jeffrey Steinberg

A bipartisan Congressional revolt against the Bush Administration gained further momentum during the week of April 18, as United Nations Ambassador-nominee John Bolton and House Majority Leader Tom DeLay (R-Tex.) both appeared on the verge of being shot down. But the revolt is not restricted to reactions against outrageous personalities and fringe politics. There is a growing recognition, among sane elected officials on both sides of the aisle, that the Bush-Cheney Administration is thoroughly bankrupt on economic policy, at a moment when the entire global dollar-based financial system is at grave risk, and when what remains of the physical productive sector of the U.S. economy is about to be shut down.

- **Republican and Democratic Opposition Blocks Bolton in Senate Committee**

- **by Edward Spannaus**

Insisting that the Senate must confirm his nominee John Bolton as UN Ambassador, an obstinate President Bush urged the Senate on April 21 'to put politics aside.' The President should be careful what he wishes for: It is precisely because one Republican Senator did 'put politics aside' and follow his conscience, that 'serial abuser' John Bolton's nomination is in trouble. Other Republicans also are indicating their willingness to put partisanship aside, and to consider the Bolton nomination on its merits, or lack thereof—which portends a further weakening of the lame-duck President.

- **Fact Sheet**

- **Why Bolton Should Not Be Confirmed**

- **by Michele Steinberg and Mark Bender**

On April 12, Carl Ford, former Director of Intelligence and Research (INR) at the State Department, testified at the Senate Foreign Relations Committee on the behavior of John Bolton. Ford's testimony was a bombshell that showed Bolton to be a liar. And, there is more evidence of that quality, if the chairman, Richard Lugar (R-Ind.), honors the Democrats' request to call more witnesses.

- **Documentation**

- **'Behaving Like a Madman'**

The following letter was submitted to members of the Senate Foreign Relations Committee in opposition to the nomination of John Bolton. The author is Melody Townsel, now a Texas businesswoman, who was working as a subcontractor on a U.S. Agency for International Development (USAID) project in Kyrgyzstan in 1994. Since Bolton's abusive behavior has become an issue of investigation, Bolton cheerleaders tried to claim her charges were not made at the time, and that she is partisan, having organized a group called 'Mothers Against Bush.' But witnesses have come forward to confirm Townsel's letter...

Social Security

Andy Jacobs: The Second Battle of Parkersburg

by Nina Ogden

On Aug. 15, 1994, in a ceremony in the White House Rose Garden, President Bill Clinton signed the Social Security Independence Act with the same pen Franklin Delano Roosevelt had used to sign the Social Security Act of 1935. The 1994 Act returned the Social Security Administration to the status of the independent agency President Roosevelt had set up in 1935. President Clinton quoted President Roosevelt speaking to the New York State legislature in 1931, saying; 'The success or failure of any government must be measured by the well-being of its citizens.'

From the Congress

Rangel: Will U.S. Honor Obligations to Retirees?

Rep. Charles Rangel (D-N.Y.), the ranking minority member of the House Ways and Means Committee, sent this letter to Treasury Secretary John Snow on April 13.

California Dems Must Shape National Agenda

by Harley Schlanger

The author is the Western States spokesman for Lyndon LaRouche.

The last time California Democrats held a state convention, in San Jose in 2004, it was more of a wake than a deliberative gathering. Dispirited delegates were given no reason for optimism, as party leaders moped through the proceedings, clearly unnerved by the apparent Arnold Schwarzenegger juggernaut, which had swept Gov. Gray Davis (D) out of office in a recall election the previous November. Many party officials expressed concern that Arnold's 'charisma' and celebrity status might doom the Democrats to a marginal role for years to come.

LaRouche Answers Queries From National Institutions on Rebuilding the Economy

The following are questions to Lyndon LaRouche, and his answers, from eight Washington, D.C. institutions, submitted in response to his April 7 webcast. LaRouche's opening speech to the webcast appeared in EIR on April 15, and a portion of the question period, dealing with questions and answers from Democratic circles, in EIR on April 22.

Book Review

President Reagan Was Fierce Opponent of Mutually Assured Destruction Doctrine

by Jeffrey Steinberg

Ronald Reagan and His Quest To Abolish Nuclear Weapons

by Paul Lettow

New York: Random House, 2005 327 pages, hardbound, \$25.95

At a moment when the credibility of the institution of the U.S. Presidency has plummeted to perhaps an all-time low, as the result of the first four-year term and re-election of George W. Bush, Paul Lettow's new biography of President Ronald Reagan offers an invaluable counterpoint and message of hope. The book focusses almost exclusively on the single great legacy of the Reagan Presidency—his Strategic Defense Initiative (SDI). But, in painstakingly reviewing the process through which President Reagan launched, and then fought for the implementation of a global defense against nuclear weapons, the young Princeton and Oxford historian has provided a case study in Presidential leadership that is an inspiring lesson for all.

Economics:

Argentina

President Kirchner: 'There Is Life After the IMF'

by Cynthia R. Rush

On the final day of his five-day state visit to Germany, Argentine President Néstor Kirchner delivered a pointed warning to the International Monetary Fund and its allied financial beast-men who are determined to crush Argentina for daring to defy them. 'There is life after the IMF, and it's a very good life,' Kirchner said from Munich on April 15. And remember, he added, that 'being in the embrace of the IMF isn't exactly like being in heaven.'

Financial Sharks Call For Dismantling Of General Motors, As LaRouche Warned

by Richard Freeman

General Motors' announcement April 19 of a \$1.1 billion loss for the first quarter of 2005, and the disclosure of a far worse situation in its hemorrhaging of cash flow, created the opening for the Wall Street financial institutions to intensify their campaign to tear apart GM. Within hours, they called for the permanent closing of several assembly and feeder plants, which would dismantle considerable production capacity, and lay off many tens of thousands of workers. GM would break into several pieces, confirming what Lyndon LaRouche warned of the week of April 11. GM may undertake some of these close-downs as early as this Summer.

Interview: Carlos Lessa

The Financial Dragon Must Be Tamed!

Carlos Lessa was named president of Brazil's National Bank for Economic and Social Development (BNDES) when President Luiz Inacio Lula da Silva took office in January 2003, remaining at that post through November 2004. The previous government of Fernando Henrique Cardoso had reduced BNDES to a mere instrument for financing foreign takeovers of the Brazilian state sector, as it was privatized. Lessa, with Lula's authorization, restored BNDES to its historic role as Brazil's national bank for economic development, at the same time that it took the lead in financing numerous infrastructure projects for South America's physical integration.

Colombia's Uribe Tours China, Japan

by Maximiliano Londoño Penilla

The author is president of the Lyndon LaRouche Association in Colombia.

During his recent tour to China and Japan, April 6-13, Colombian President Alvaro Uribe put into motion several economic and security alliances which are important from the standpoint of a commitment to turn Colombia into an industrial and agricultural power, free of the plague of narco-terrorism.

China and India Must Lead the Way For Nuclear Power

by Ramtanu Maitra

The world's two most populous nations, China and India, representing more than 2.2 billion people, are now seemingly committed to an economic development program which would strengthen both nations and pull the entire population out of miserable poverty. The most immediate requirement for both these nations is to ensure a long-term supply of energy in its most efficient form—electricity. In addition, of course, both nations have to make sure that energy in the form of oil and gas also remains in abundant supply in the years to come.

International:

German State Election Could Decide Schröder's Fate

by Helga Zepp-LaRouche

The author is the chairman of the Civil Rights Movement Solidarity party (the BüSo) in Germany.

On May 22, Germany's most populous state, North Rhine Westphalia, will hold legislative elections. If the Social Democratic Party (SPD), which currently governs there in a coalition with the Green party, loses this election—and at the moment they have 35% of the vote, according to the polls, 10% behind the Christian Democratic Union (CDU)—then the situation for Social Democratic Chancellor Gerhard Schröder's national government in Berlin will become critical.

Malaysia's Anwar Ibrahim: Wolfowitz's Knife in Asia's Back

by Mike Billington

Simultaneous with the confirmation of Paul Wolfowitz to become the head of the World Bank (where, it can be credibly argued, he will be in a position to kill more people than he did at the Defense Department), a longtime friend of Wolfowitz, Malaysia's Anwar Ibrahim, made a reappearance in the international limelight. When Anwar was released last year after six years in prison in Malaysia, he flew directly to Germany, and Wolfowitz took time from his busy schedule at the Pentagon to join his old friend in Europe.

- Book Review

Anwar Ibrahim Defends Asia's Colonial Masters

by Mike Billington

The Asian Renaissance by Anwar Ibrahim

Kuala Lumpur: Times Books International, 1996 430 pages, paperbound, \$20

The following is a slightly adapted excerpt from a review of Anwar Ibrahim's book, published in EIR, April 26, 2001.

In Memoriam

Norbert Brainin: Founder and Primarius of the Amadeus Quartet

by Hartmut Cramer

The death of violinist Norbert Brainin on April 10, 2005, came as a shock, and is still difficult to grasp. He died at the age of 82 in London. With him the world loses one of those truly great artists and human beings, who, because of their moral integrity and extraordinary charisma, are able to shape an entire epoch, since they are able to successfully mediate in all cultures precisely that which makes man unique: the joy in creative work.

U.S. Economic/Financial News

Bipartisan Support in Senate for Rail Infrastructure

In an increasingly rare exhibition of bipartisanship, at a hearing of the Senate Commerce Subcommittee on Surface Transportation April 21, Sen. Trent Lott (R-Miss) and Sen. Frank Lautenberg (D-N.J.) agreed on the need for more ambitious plans for rail infrastructure development.

Three broadly different approaches were presented. The Administration's witness, Amtrak General Counsel Jeffrey Rosen, called for total de-funding of the national passenger railroad, supposedly as a "call to action." If the various states need

long-distance passenger railroad service, let them pay for it. What Rosen did not say, was that the states cannot pay, Amtrak will be bankrupted, and all remaining long-distance (non-commuter) passenger rail service will be lost, in an infrastructure catastrophe which will kill many towns, smaller cities, and surrounding countryside which depend on it.

Amtrak has developed its own plan, which was presented by its chairman, David Laney, with additional supporting testimony from its president David Gunn, a highly-regarded railwayman who is being kept on well past retirement age.

Amtrak's objectives, as presented in oral testimony, are 1) to bring the infrastructure into good repair, and 2) to increase capacity for all users. Amtrak cannot continue to operate at the \$1.4 billion budgeted in fiscal '05 (not to speak of zero funding). Annual budgets must begin at \$1.8 billion minimally, or \$1.6 billion if Amtrak is given a Federal loan facility for working capital. The Federal government must supply capital for necessary infrastructure expansion, if the states served by it agree to put up 15-30%.

Inspector General Mead added that future budgets must be minimally \$1.7-2.0 billion per year, otherwise the railroads are entering an area of high risk. States should be given non-matched Federal grants to compensate them for the greatest part of the losses incurred in long-distance passenger service in that state.

Senator Lott, the subcommittee chairman, asked Rosen whether it was true that the Administration contemplated zero funding. Rosen gave a long answer: in essence, he said that it depends how you define "zero." Lott asked in follow-up, "Did the Administration contemplate the serious consequences of such a ridiculous proposal?... Lott "was stunned and disgusted," when he heard it.

The transportation system is vital to the economic development of the United States, said Lott. Without adequate airways, railroads, ports and highways, the economy cannot grow. The Administration is not stepping up to the challenge of transportation.

Senator Byron Dorgan (D-N.D.) said that the American people should not be lulled into the illusion that passenger rail can stand on its own. Government pays for it because we need it. It's an essential service, the American people have chosen to have it, and we'll fund it.

The only Senator who openly supported the Administration policy was John Sununu (R-N.H.).

Dems, GOP Call for Infrastructure at Building Trades Conference

Both Democratic and Republican Members of Congress spoke out for infrastructure development at the legislative conference of the Building Trades unions in Washington on April 18-20.

According to a press release from the Building Trades, Senator Barack Obama (D-Ill) told the delegates that the Administration had spent a trillion dollars on tax cuts for people who don't need them or don't ask for them. "If, he said, we had spent that trillion dollars on rebuilding the nation's infrastructure, it could have put thousands of people to work."

Rep. Nick Rahall (D-W.Va.) urged the delegates to lobby for a House-passed bill which would provide \$248 billion for infrastructure and put tens of thousands to work. He noted that a roadblock had been set up by the White House and the Senate leadership with regard to the bill.

Senator George Voinovich (R-Ohio) said that America is in a dream world on infrastructure, and that the nation's infrastructure is falling apart, and also urged a lobbying effort, although his emphasis was on the Highway Bill.

Freshman Congresswoman Melissa Bean (D-Ill) said that for every \$1 million invested in infrastructure funding, over 47,000 jobs are created.

Senator Mary Landrieu, (D-La) called for strengthening the economy by creating jobs with investments in our infrastructure: highways, transit systems, energy projects, off-shore drilling, and water projects.

Democrats Meet To Devise Strategy To Save Medicaid

Democratic elected officials, from the Senate and House of Representatives, and state governors, met with Senate Minority Leader Harry Reid (Nev) April 21 to work out a strategy to save Medicaid. Sen. Hillary Clinton (N.Y.), as chair of the Democratic Steering and Outreach Committee, convened the gathering, which included Senators Jay Rockefeller (W.Va.), Max Baucus (Mt.), and others; Rep. John Dingell (Mich), and other House members, as well as Michigan Gov. Jennifer Granholm (Mich), and representatives from various groups, such as the American Academy of Pediatrics, the Health Task Force for the Consortium of People with Disabilities.

Rockefeller and Dingell drew out essential points about the fact that over 50 million Americans are now getting health care through Medicaid. As quoted a press release issued by Reid April 21, Rockefeller said that Medicaid, "is the foundation of our health care infrastructure through its support of hospitals, doctors, community health centers, and nursing homes in every state throughout the country. The bottom line is that we should strengthen, not weaken, Medicaid."

Dingell pointed to why the enrollment in Medicaid has soared over 35% in the past few years: "Increased enrollment [is] due to declining employer-sponsored coverage, rising numbers of uninsured due to the Nation's economic woes, and an aging society. Rather than cut the program, we should shore it up...."

Medicaid Battle Brings Together Bipartisan Coalition

After the Bush Administration released its FY 2006 budget Feb. 6 calling for \$60 billion in Medicaid cuts (over 10 years), a large House group filed H.R. 985 on Feb. 17, "To provide for the establishment of a Bipartisan Commission on Medicaid," and disallow any cuts in the programs. This effort was led by Rep. Heather Wilson (R-N.M.), and included many Republicans and Democrats, including Rep. John Conyers (D-Mich), Rep. Jim Gerlach (R-Pa), etc. However, they were not able to strike the Administration's Medicaid cuts of some \$20 billions, from the Budget Resolution passed for FY 2006. The Senate did succeed in striking all cuts, by passing on March 21, an amendment with bipartisan sponsorship by Senators Jeff Bingaman (D-N.M.), and Gordon Smith (R-Ore).

Now, the Medicaid issue is in the stage of budget reconciliation. So, on April 13, a House group of 44 Republicans wrote to the Chairman of the Committee on the Budget, asking that the House/Senate reconciliation process remove any reductions pin Medicaid.

Medicaid Act Provisions: Life-and-Death Issues

Core U.S. health-care infrastructure is at stake in the Medicaid fight, as well as immediate life-and-death consequences for millions. A few parameters, quoted from the Feb. 17 bill, "Bipartisan Commission on Medicaid Act of 2005":

* Medicaid provides "essential health care to ... one in six Americans."

- * Medicaid pays for health-care services for over one-quarter of American's children...
- * Medicaid is America's largest single purchaser of maternity care, paying for over one-third of all the births in the Nation each year.
- * Medicaid is America's single largest purchaser of nursing home services and other longterm care, covering the majority of nursing-home residents.
- * Medicaid is the single largest Federal grant-in-aid program to the States, accounting for over 40% of all Federal grants to States.
- * Medicaid is the single largest source of revenue for the Nation's safety net hospitals and health centers [community facilities open to all, especially in poor areas] and is critical to the ability of these providers to continue to serve Medicaid enrollees and uninsured Americans.

Thus thousands of facilities (hospitals, nursing homes, local health centers, etc.), and millions of jobs directly and indirectly, have come to be involved in the health care delivery system commissioned by the 1960s Medicaid program, enacted as Title XIX of the Social Security Act (42 U.S.C. 1396 seq.).

World Economic News

'People's Daily' Publishes LaRouche Call

The *People's Daily*, China's official newspaper, published an article on April 18, citing Lyndon LaRouche's call for a New Bretton Woods financial system. Washington correspondent Yong Tang quoted three U.S. analysts on a recent U.S. Senate resolution demanding that China revalue its currency, the renminbi: Morgan Stanley's Stephen Roach, Treasury Secretary John Snow, and LaRouche. The article introduces LaRouche with the subhead: "LaRouche Calls for a New Bretton Woods System."

The article then stated: "The celebrated American economist and independent Presidential candidate, Lyndon LaRouche, has many times succeeded in predicting the outbreak of financial crises in many parts of the world.... A few days ago on receiving a call from this paper's correspondent, who was looking for an interview, he was quite straightforward. 'Such an action by the U.S. Senate shows that it has lost its mind!' LaRouche said. 'You can't blame the emerging problems of the U.S. economy on the exchange rate of the renminbi. Such action by the Senate has an imperialist flavor, of unilaterally opposing the actions of a rival, without providing any solution to the problem.'

"Continuing ... LaRouche said, 'If you want to solve the problems of the U.S. economy, you have to conduct major surgery.' He considers the present global financial and monetary system as already beyond any cure. It requires a thoroughgoing reorganization of the system, and cannot be accomplished through a simple reform. The ultimate goal of such a thoroughgoing reorganization is the establishment of a new Bretton Woods system."

German Finance Minister Calls for Hedge-Fund Regulation

Returning from the G-7 summit in Washington, German Finance Minister Hans Eichel, not known for any political ambitions other than cutting budgets, suddenly converted to the anti-speculation camp. In an interview granted to *Reuters*, he said: "There are reasons to think about regulations that do not favor people making quick money and moving on....

There are financial investors, and we have seen that with Deutsche Bourse, which is only interested in short-term profits."

The planned takeover of the London Stock Exchange by Deutsche Bourse had been prevented last month by a group of hedge funds. Another trigger for Eichel's statement is probably the recent explosion of takeovers of German corporations by private equity investors. Last week, it was revealed that international private equity firms had tried to get hold of DaimlerChrysler in order to dismantle it and make some quick profits by selling it in pieces.

The *Financial Times* on April 20 devoted front-page coverage to the Eichel statements, noting that his "comments come after mounting criticism of the behavior of German business by Chancellor Gerhard Schroeder's Social Democratic party. At the weekend, Franz Muentefering, SPD chairman, said financial investors were like 'swarms of locusts' descending on Germany."

United States News Digest

New Democrat Moneybags Still in Disarray After the Election

A carefully vetted group of millionaires and billionaires met in Scottsdale, Ariz., over the weekend of April 16-17, to discuss how to do for the Democratic Party, what neocon millionaires have done in establishing and maintaining long-standing think tanks, such as the Heritage Foundation and the American Enterprise Institute, for the Republican Party. The meeting was organized by Ron Stein, a Clinton Administration Commerce Department official and New York investment banker, and the only speaker, so far admitted to, was George Soros, who poured \$23 million into Democratic "527" groups last year.

Soros reportedly told the gathering that they must be patient if they want to realize long-term political and ideological yields from an expected massive investment in "start-up" progressive think tanks. A spokeswoman for Stein told the Capitol Hill newspaper *The Hill* April 20, that the gathering "was a very preliminary meeting of committed donors interested in building a community to support progressive infrastructure," but she refused to name any other participants, although former White House spokesman Mike McCurry and New Democrat Network President Simon Rosenberg are both reported to have been there. Otherwise, Stein kept the meeting low profile, and excluded Democratic Party officials, such as DNC chairman Howard Dean, although Dean is said to have been briefed on it.

Revolt Brewing vs. Bush's 'No Child Left Behind' Law

"I wish they'd take the stinking money and go back to Washington," is how one Utah Republican State Representative responded to the threats of Bush's new Education Secretary Margaret Spellings to withhold Federal education funds to the state. The Republican-controlled Utah state house voted up a bill last week which orders state officials to ignore provisions of Bush's premier education "No Child Left Behind" act. Utah's Republican Governor said he will sign it. In response, Spellings, in a letter to Utah Senator Orin Hatch, threatened to cut \$76 million dollars of the state's \$107 million in Federal education funds.

Utah isn't the only state to revolt against Bush's "education" program. School districts in Michigan, Texas, and Vermont joined with the National Education Association in a federal lawsuit, filed April 19, charging the Department of Education has failed to provide adequate funding for No Child Left Behind.

The *New York Times* of April 20 wrote that Federal officials now fear that this will "embolden" other states to resist the law. The Attorney General of Connecticut has already announced he will sue the Department of Education over the law's finances, and Texas has rejected NCLB's testing of disabled children.

Bush's No Child Left Behind is also proving to leave minority students behind. The April 18 *Washington Post* reported a study commissioned by the Virginia Department of Education which found that in 2004, the first year that the Standards of Learning test was required for graduation—part of Bush NCLB law—the graduation rate for black and Hispanic students dropped significantly. The graduation rate for white students was 77.4% compared to 61.3% for blacks, and 66.5% for Hispanics. A drop of 4.9% from 2003 for blacks, and 11.6% for Hispanics.

Appellate Court Rejects Appeal by Two Plame Journalists

The Appellate Court in Washington, D.C. ruled, on April 19, that the appeal by two journalists to block a lower court's order that they testify to the grand jury probing the Valerie Plame leak, was rejected. Judith Miller of the *New York Times* and Matthew Cooper of *Time* magazine had refused to appear before the grand jury probing the July 2003 leak of the identity of undercover CIA officer Valerie Plame to syndicated columnist Robert Novak. Plame is the wife of former Ambassador Joseph Wilson, who exposed the fraud of the Niger uranium yellowcake story, promulgated by the Bush Administration to prove the now-discredited claim that Iraq possessed weapons of mass destruction.

Independent Counsel Patrick Fitzgerald argued before the lower court and the Appellate Court that he had completed his investigation, and now needed the Miller and Cooper testimony. The two journalists refused to reveal their sources on the information about Plame, and Washington, D.C. District Court Judge Thomas Hogan had ordered that they be jailed for as much as 18 months. The appellate ruling puts the case back before Judge Hogan as early as April 26. Attorneys for Miller and Cooper say they will take the case to the Supreme Court and try to avoid jail until the higher court has ruled.

As *EIR* has reported for the past two years, the Plame case centers around the Office of Vice President Dick Cheney. It was in Cheney's office that the dirty tricks campaign against Plame and Wilson originated.

Reid: Bush Doesn't Get It on Energy Crisis

"We cannot drill our way out of this problem," Senate Minority leader Harry Reid (D-Nev) said in an April 20 press release calling on President Bush to take effective action against high oil and gas prices.

"It's as if the President doesn't understand the problem. Families are paying record prices for energy, and the country's dependence on foreign oil continues to grow. Yet the President has an energy plan that does nothing to relieve the strain on America's families, or move us closer to energy independence."

The statement proposes no specific solution, other than calling for deferring deliveries to the Strategic Petroleum Reserve until oil markets stabilize.

Reid cites the rising prices of gasoline and other fuels, the record profits for big oil companies (Exxon Mobil up 218%; ConocoPhillips up 145%, Shell up 51%), and the increase in foreign oil dependency (up from 58.2% in 2000, to 61.7% today).

The day after Reid issued his statement, the House of Representatives voted 249-183 for an energy bill that gives massive tax breaks to the oil-and-gas industry, and repeals the 1935 Public Utility Holding Company Act. House Democrats charged that the bill would actually cause pump prices for gasoline to rise, and it would do nothing to protect consumers against Enron-style manipulation of the electricity market.

Marines, Army Face Equipment Shortages

The collapse of the U.S. industrial base means, among other things, that the U.S. military is waging war without enough equipment. This came out, on April 20, during a hearing of the Readiness Subcommittee of the Senate Armed Services Committee when Sen. Daniel Akaka (D-Hi) asked Lt. Gen. John Sattler, commander of the III Marine Expeditionary Force, what effect equipment problems are having on readiness. Sattler, whose force recently returned from one year in Iraq, had already reported that military equipment is being subjected to about ten years worth of wear and tear during one year of operations in Iraq. In response to Akaka's question, Sattler explained that when the III MEF left Iraq, it turned over most of its equipment to the II MEF, which replaced it. That meant that when the III MEF arrived back at its home base at Camp Pendleton, Calif., it had no equipment to train on.

The Marines are now in the process of "crossleveling" equipment, moving it around among stateside bases in order to give the III MEF enough equipment for it to resume training. Even after that process is complete, there will still be equipment shortages that will have to be made up through procurement, Sattler explained. If there were a new contingency requiring deployment of combat forces, the III MEF wouldn't be able to go, because it doesn't have the necessary equipment.

Lt. Gen. Thomas Metz, commander of the Army's III Corps at Fort Hood, Texas, which also recently returned from Iraq, said the Army is in a similar situation. "It will be a continuing problem as we leave vehicles in theater," he said.

Bipartisan Pro-Labor Bill Introduced in Congress

Reporters and labor union members were subjected to a rare sight on Capitol Hill, on April 19, when a Democrat and a Republican joined together to defend the rights of labor unions to organize free of intimidation and coercion by targeted corporations. Representatives George Miller (D-Calif) and Peter King (R-N.Y.) both spoke at an event moderated by AFL-CIO president John Sweeney to announce their support for the "Employee Free Choice Act," which would strengthen the penalties against employers for violating provisions of the National Labor Relations Act pertaining to union organizing activity by employees. It also simplifies certification of union representation and provides that if an employer and a union engaged in bargaining for their first contract cannot reach agreement after 90 days, the dispute can be referred for mediation and arbitration.

Miller told the assembled crowd, "The right of working men and women to freely organize and bargain collectively is a fundamental human right," yet a 2000 Human Rights Watch report found "rampant violations" of the right of free association in the United States. "Many workers who try to form and join trade unions to bargain with their employers are spied on, harassed, pressured, threatened, suspended, fired, deported, or otherwise victimized in reprisal for their exercise of the right of free association." King seconded Miller's comments, saying that "it's really an issue of basic human rights" to be able to organize and bargain collectively.

The bill also has bipartisan sponsorship in the Senate, from Edward M. Kennedy (D-Mass) and Arlen Specter (R- Pa). Kennedy noted in a press release that the U.S. economy has lost nearly 3 million manufacturing jobs. "Our economy may be growing," he said, "but workers aren't benefitting and wages are stagnant."

Ibero-American News Digest

Ecuadorian Government Ousted

After four months of growing street protests and partisan wrangling between political parties, branches of government, and power-seekers, a majority of the Congress of Ecuador voted on April 20 to oust President Lucio Gutierrez, and replace him with Vice President Alfredo Palacio, a move that was quickly supported by the Armed Forces. Palacio was sworn in the same day. His government has yet to be internationally recognized, however, as of April 23, and U.S. Secretary of State

Condoleezza Rice "suggested" on April 22 that new elections should be called as soon as possible. Both the Organization of American States (OAS) and the South American Community of Nations have decided to send missions into Ecuador, to help "mediate" a consensus in what remains a highly polarized and unstable situation.

Details of the fight which led to the de facto coup are complicated, with the ostensible issue being the President's dumping of the entire Supreme Court last December, so as to head off demands for his impeachment by Congressional interests out to replace him. In recent weeks, the Bush Administration, while calling for "dialogue" to resolve the growing political conflict, sided with Congressional opponents of Gutierrez, charging the independence of the judiciary had been violated.

The competing interests which make up the opposition range from the rightwing free traders of Guayaquil's oligarchy, centered in the Social Christian party; to the ambitious Mayor of Quito, "Paco" Moncayo, the former "war" hero in the 1995 conflict with Peru, who worked with now-OAS Secretary General Luigi Einaudi; to the radical Jacobins of the CONAIE Indian movement, and their associates.

Few signs have been seen that they are prepared to address the underlying issue: that the looting of Ecuador under the dying global financial system has driven the country to collapse, after having destroyed even the existence of its own currency, with the decision to dollarize in 2000. Three Presidents have been overthrown since 1997. Gutierrez himself—a former Lt. Colonel who led a Jacobin uprising in 2000 against then-President Jamil Mahuad, in alleged opposition to the decision to dollarize the economy—once elected to office did Wall Street's bidding with enthusiasm.

What must be watched closely, is how the crisis in Ecuador affects the nascent "peace through infrastructure integration" in South America.

Will Lopez Obrador Case Lead to a Constitutional Crisis in Mexico?

The next flashpoint shaping up in battle over the currently leading Mexican Presidential candidate, Andres Manuel Lopez Obrador, could occur on April 25, when Lopez Obrador has announced he intends to return to his office as Mexico City Mayor, because his lawyers have decided that under the Constitution, it is legal for him to do so. Lopez Obrador is organizing a silent march of his supporters for the day before, Sunday, April 24.

Lopez Obrador, a pre-candidate within the PRD Party for the 2006 Presidential election, was stripped of his legal immunity on April 7 by an unholy alliance in the Congress between the ruling PAN Party of President Vicente Fox and the majority of the formerly ruling PRI Party, so that he could be tried on absurd "contempt of court" charges brought against him by prosecutors of the Fox regime, in a blatant attempt to block his candidacy.

Lopez Obrador had not returned to his Mayoral office since the Congressional vote, until his lawyers determined that he is constitutionally empowered to continue as Mayor despite the charges. Mexico's Constitution specifies that a public official who is subject to criminal proceedings must leave his office, once a judge has decided that there are charges against him—the equivalent of an indictment under the Mexican legal system. But Lopez Obrador's immunity was only lifted by the Chamber of Deputies (so far), and a court decision awaits rulings on various legal maneuvers initiated by his supporters.

Others say that if he assumes his office again, he will be in violation of a Federal law which says that an official has to leave as soon as immunity is lifted. Proponents of this legal view say an arrest warrant could be issued against Lopez Obrador for abuse of authority, should he return to his office.

Any such decision could lead to a constitutional crisis. As constitutional lawyer Clemente Valdes told *Reforma* newspaper,

"If the Constitution continues to govern in this country, clearly what the Constitution says takes precedence over what any secondary law says."

Lyndon LaRouche commented April 19 that the unbelievable stupidity of this campaign by President Fox, reveals just how desperate Fox and his crew must be.

Brazil's Debt Rises, with Interest Rate Hikes

The Brazilian Central Bank raised interest rates, and thus Brazil's debt, once again. The quarter-point hike on April 20, bringing the benchmark SELIC rate to 19.5%, set off howls from virtually all of Brazil's labor, industry, and trade federations. The National Association of Financial Executives calculates that the increase means that the average interest rate charged to consumers will now be the equivalent of 140% a year! The Unified Labor Federation (CUT) called for President Lula to step in, and ordered the monetary authorities to change policy. Sao Paulo Commercial Association chief Guilherme Afif Domingos slammed the Central Bank for listening solely to the financial market, "ignoring the impact of its policy upon the real side of the economy, which is what produces, generates employment, and income."

This is the eighth month in a row in which the Central Bank has increased interest rates. Since 56.9% of the Federal debt now carries floating interest rates, various newspapers calculated that the Central Bank had already increased the Federal government debt by over 102 billion reais (close to \$40 billion!) between September 2004 and March 2005, solely by raising the interest rates from 16% to 19.25%.

As another Sao Paulo businessman, Abram Szajman, pointed out, the increase in the debt means that everything the government "saves" by cutting the budget, is eaten up by the debt increases. In the first two months of 2005 alone, the government spent nearly 40% of tax revenues collected on debt payments, Szajman said, while the rate hikes do nothing to stop inflation—the ostensible pretext for the increases—since international commodity prices are going through the roof, anyway.

Free Trade Accord 'Off the Agenda' of Brazil's President

Speaking to a gathering of labor leaders in the capital Brasilia just days before U.S. Secretary of State Condoleezza Rice was to visit Brazil, President Lula da Silva said on April 20 that "for two years, the Free Trade Accord of the Americas (FTAA) has not been discussed in Brazil, because we took it off the agenda." Indeed, Brazil has focussed on strengthening trade ties among its Ibero-American neighbors and promoting infrastructural projects for regional integration.

"How did we take it off the agenda?" asked Lula. "By strengthening Mercosur, creating the South American Community of Nations and trying to establish a new standard of relations between south American countries," he answered himself.

Nonetheless, Brazil still co-chairs with the U.S. the talks to create the FTAA. So, Foreign Ministry spokesman Glaucio Veloso had to translate Lula's words for diplomatic consumption: "In no way did the President want to say that Brazil is no longer interested in FTAA or wants to withdraw." Veloso said that "what he is saying is that over the past two years Brazil has resorted to a new approach towards negotiations."

Central America Free Trade in Trouble, Too

The more President Bush pushes the Central America Free Trade Accord (CAFTA-DR, including the Dominican Republic), the more the resistance against it grows. A group of both Democratic and Republican legislators, trade-union leaders, and businessmen held a press conference on April 21, to announce their rejection of the treaty, which the House of

Representatives is soon to begin discussing. Democratic Rep. Sherrod Brown (Ohio) said that about 195 Democrats and 60 Republicans oppose it, and in any event, those agreements are as bad as NAFTA, which promised everything and delivered nothing but an increase of the trade deficit from \$39 billion in 1992, to \$618 billion in 2004.

But Bush insisted, in an April 20 speech to the U.S. Hispanic Chamber of Commerce in Washington, that "we need to continue to knock down trade barriers across the world, so we can open up new markets for America's entrepreneurs." About \$33 billion of goods a year are exported and imported between the U.S. and Central America.

But while the U.S. Hispanic Chamber of Commerce voted to support the CAFTA-DR deal, within two hours a representative of the nation's largest and oldest Hispanic organization, the League of United Latin American Citizens, pushed her way to the front of an anti-CAFTA rally on Capitol Hill, and said her group opposed CAFTA.

Western European News Digest

German Social Democratic Chairman Attacks Free Traders

In an April 17 interview with *Bild am Sonntag*, Germany's largest Sunday mass-tabloid, SPD Chairman Franz Muntefering said that the worst threat to industry and jobs is financial investors. "They remain anonymous, have no face, fall upon firms like swarms of locusts, eat them up and move on." These are people with no respect at all for rules and limits, and it is "against this form of capitalism that we are fighting," Muntefering said, adding that one "must not leave the world to the hands of money." Chancellor Gerhard Schroeder gave full support to Muntefering, having his official press spokesman Hans Langguth state in Berlin April 17 that he, too, shares the view that there is a social responsibility that capital is obliged to carry out. Langguth referenced the March 17 governmental statement given by Schroeder, in which he had urgently called on managers to create jobs.

German Metalworkers Official in Line with UAW

Briefed on the implications of the impending General Motors collapse, and the alternatives discussed among auto workers for keeping the high-tech capacities of GM for production other than cars, a German metalworkers union official said that his union had made a similar proposal several years ago. The official said that they had proposed a network connecting all the railway links between the supplying firms and Opel Bochum in phase one—this would cut costs in logistics, but cut them in a productive way; an underground network in phase two—which turned out in the discussion to be the very same CargoCap concept originally designed at the Ruhr University Bochum, which the BueSo of Helga Zepp-LaRouche is now campaigning for, in the ongoing North Rhine-Westphalia election campaign.

The union leader said that at that time, everybody rejected the idea. Told that it would make a lot of sense to revive the proposal, in light of what SPD party chairman Franz Muntefering has said ("I know Franz," he said), he replied, indeed, maybe one should do that.

'LaRouche's Emergency Action Plan Makes Sense for Italy'

"LaRouche's 'Emergency Action' for General Motors makes sense also in Italy," commented Italian Deputy Giovanni Bianchi, a friend of Lyndon LaRouche who was among the Italian Parliament signers of the motion for a New Bretton Woods, recently voted up in Rome's Chamber of Deputies. "The collapse of the real economy is common to both the United States and Italy, so LaRouche's emergency action goes in the right direction," Bianchi told Liliana Gorini, a leader of LaRouche's movement in Italy. "The key is reindustrialization of certain sectors, which cannot keep up competition with low-cost products from Southeast Asia, and what he said about the machine-tool sector is very important. Reconverting the

auto sector would be the key, in the U.S. but also here."

Bianchi was referring to the crisis at automaker Fiat, the leading auto producer in Italy, whose stocks were suspended from trading April 18, after diving when the market opened in Milan.

Asked about reactions to Deputy Mario Lettieri's mention of LaRouche during his speech in the Parliament for the New Bretton Woods motion, Bianchi said "it was commented on positively."

Pitched Battle in France Over EU Constitution

The political situation in France is more and more polarized by the debate on the European Constitution, provoking an institutional crisis. Latest polls show that the percentage of those intending to vote against the EU Constitution has risen to 55-56%.

LaRouche activists, led by Jacques Cheminade, are intervening forcefully in up to ten events per day in the Paris region and have distributed 100,000 leaflets. After a public debate April 18 organized by the Paris daily *Le Monde*, LaRouche associates caught up with former government official Jean Paul Chevenement, who encouraged the organizers to continue with their good work and who left open the possibility of collaboration in the future.

A recent op-ed in *Le Figaro* by George Sarre, who is first secretary of Chevenement's movement, the MRC, and a Former Minister and current Mayor of the Paris 11th Arrondissement, wrote that rejection of the Constitution is no big drama, since the Nice treaty is applicable up to 2009, and that a "no" vote would give everybody a chance to renegotiate a new treaty, better suited to the present situation.

"The European project we must reconstruct if, on May 29, the French "no" blocks further progress on this archaic Europe, will have to respond to present challenges: full employment, independence of Europe, national cohesion." "Full employment must become the main objective of the European central bank. The stability pact must be replaced by a pact for progress, employment and investment. In this mission, the Central Bank must be under the control of the Council of Ministers of the Economy in the Eurozone countries and controlled by their national parliaments."

"Especially, the future treaty will have to plan for the possibility of industrial policies: Before consuming, one has to produce!" Sarre writes."

Poland Pays Homage to the Warsaw Ghetto Martyrs

On the 62nd anniversary of the Warsaw Ghetto Uprising, survivors, citizens, and government officials placed wreaths at a monument in Warsaw honoring hundreds of citizens who took up arms on April 19, 1943, in a heroic act of civilian resistance against the Nazis.

Marek Edelman, 84, who helped lead the uprising, and was one of only a dozen who survived, took part in the observance. Former Polish Foreign Minister Wladyslaw Bartoszewski, 83, who was a member of a Polish organization assisting the Jews during the war, said the fighters surprised the Nazis, who did not expect any resistance.

NATO Foreign Ministers Deliberate on Mideast Role

Following the meeting in Washington, D.C. between Israeli Prime Minister Ariel Sharon and President George Bush, the

central topic at the NATO Foreign Ministers meeting April 20-21, in Vilnius, Lithuania, was on how to revive the Mideast peace process, the *Daily Times* reported from Brussels April 20. Among other items on the agenda were relations with Russia and Ukraine. More broadly, the participants planned to discuss a U.S.-backed plan to give NATO a bigger role in the political dialogue.

It also seems at the outset that France, which is not a NATO member, is not quite willing to go along with that line. France made itself clear before the two-day meeting commenced that it is willing to discuss the subject in general terms, but is staunchly opposed to any wider NATO role in the region. "NATO has no role replacing international efforts in the region," said French Foreign Ministry spokesman Jean Baptiste Mattei.

Tempers Still Flare Over Calipari Assassination Report

The Pentagon claims that the "investigation continues" into the March 4 killing of Italian SISMI chief Nicolò Calipari by U.S. forces at a temporary checkpoint in Baghdad, and that, "it is inappropriate to comment while the investigation continues." Calipari had rescued Italian journalist Giuliana Sgrena from kidnappers, and was killed at a U.S. checkpoint while driving her to the airport to leave Iraq. The Italians are objecting to a finding that cleared the U.S. soldiers at the checkpoint. But a Pentagon lieutenant colonel, a duty officer, blew his stack when asked who was the contact point between the Italian government in Rome and U.S. government in Washington. "That's a crappy way of doing business," he yelled.

On March 24, there was a report that the Italian authorities had written to U.S. Attorney General Alberto Gonzales, demanding that the Italian investigators get access to the car in which Calipari and Sgrena were riding, when Calipari was killed. Then, on April 15, NBC News and the leading Italian newspaper, *Corriere della Sera*, reported that Italian members of the investigative commission into the killing objected to a finding that "U.S. soldiers at the checkpoint acted appropriately." Thomas Casey, a State Dept. press officer, said there is no conclusion to the probe, and anyone who says so is "misinformed."

Italy Returns Ethiopian National Treasure

Italy has begun the process of returning a 1,700-year old stone to Ethiopia, stolen by Italian troops in 1937. The Axum obelisk, one of Ethiopia's national treasures, weighs 160 tons, and is being shipped back in sections, accompanied by celebrations in Ethiopia. Can the Elgin Marbles, stolen by a British lord from the Parthenon in Athens, and now in the British Museum, be far behind?

Russia and the CIS News Digest

Zhukov Says HIV/AIDS Is National Security Threat

Deputy Prime Minister Alexander Zhukov became the highest-ranking Russian official to admit that the rapid spread of the HIV virus is a threat to the nation. "The spread of AIDS has gone beyond the framework of a purely medical problem, becoming a threat to the country's national security," Zhukov said March 30 at a Moscow conference held under the auspices of UNAIDS.

Another conference participant, UN World Food Program director James Morris, wrote in the *Moscow Times* of April 1 that "the next generation of Russians is facing a threat even more horrific and catastrophic than that posed by Hitler's invading armies in 1941.... AIDS is spreading more quickly here than anywhere else in the world." Morris noted that an estimated 1.7% of males and 0.8% of females in the 15-24 age bracket, in Eastern Europe and the CIS, are HIV-positive.

Earlier this year, the American International Health Alliance (AIHA) held a conference in St. Petersburg on setting up HIV/AIDS training programs for medical professionals in Russia. According to AIHA's *Connections* publication, the programs will concentrate on five geographical HIV "hot spots," two of them are on seacoasts (St. Petersburg and Sakhalin Island), but the other three—Orenburg on the Ural River, and the lower Volga cities of Samara and Saratov—deep in Russia's interior. Vladimir Gerasimov, a doctor from Orenburg, explained that HIV initially spread in these cities among intravenous drug users, due to the area's proximity to Kazakstan, and the fact that the Russia-Kazakstan border has been a narcotics transshipment route for many years. "Now the epidemic has broken out of the traditional risk groups and threatens all the inhabitants of the region," Gerasimov said. About 1% of the population in Orenburg is HIV-positive, and around 5% of these are children born to HIV-infected mothers.

Russian Labor Force Shrinks

Once again there were over three-quarters of a million more deaths than births in the Russian population in 2004, for a so-called "natural decrease" of 790,000 people. Russian demographer Anatoli Vishnevsky, interviewed in the April issue of *Politicheskyy Klass*, commented that Russia's population is headed toward falling by another one-third, to under 100 million people, by the year 2050. He warned that, among other dangers, this would make it highly problematic for Russia to hold on to its current territory, especially in Asia.

On March 30, Minister for Regional Development Vladimir Yakovlev spelled out how the demographic collapse has *already* hit the Russian economy. Itar-TASS quoted Yakovlev's summary of the current situation: Some 60% of the males in Russia are under-age, elderly, or handicapped. Of the remaining, able-bodied men (Yakovlev said there are only 20 million of them, though 40% of the 67 million-male population would be around 27 million), about 1 million are incarcerated, 4 million are employed in the military or other "force" ministries, 4 million are alcoholics, and 1 million are drug addicts. That leaves somewhere in the range of only 10-17 million unimpaired Russia males available to work, at the present time. The total population is around 143 million.

Demonstrations Hit Bashkortostan

Some promoters of "Orange Revolution" insurgencies in north-central Eurasia would like to see them spread next, not merely throughout formerly Soviet Central Asia, but into Russia itself. Such people paid close attention to an outbreak of protests, in late March, against Bashkortostan President Murtaza Rakhimov. Bashkortostan (formerly the Soviet autonomous republic of Bashkiria) and Tatarstan are major ethnic so-called "autonomies" in Russia, being situated in central Russia near the Volga and the Ural Mountains. They are the former seats of the Tatar khans, and they are important oil-producing regions. According to reports, some 20,000 people demonstrated against Rakhimov in Ufa, the capital, on March 26.

As with the March regime-change in Kyrgyzstan, questions have been raised about the current demonstrations being a Moscow-approved preemptive effort to dampen popular unrest by replacing a local leader. Bashkortostan's authorities recently came under heavy criticism from Russia's human rights ombudsman, Vladimir Lukin, for police brutality against demonstrators last December. Moreover, opposition leader Ramil Bignov is a well-established businessman with close ties to Ural Rakhimov, the President's son. Bignov has been putting a lid on the demonstrations at some points: *RFE/RL Newswire* quoted another opposition figure, who said that on March 26 the crowd "could have seized the [Bashkir] White House. There were calls for such a seizure, but Bignov stopped this."

Yet the greatest show of enthusiasm for an uprising in Bashkortostan has come from newspapers owned by exiled tycoon Boris Berezovsky, an avowed foe of President Putin. Berezovsky's *Nezavisimaya Gazeta* compared the March 26 demonstration with the overthrow of Askar Akayev in Kyrgyzstan and commented that, just as Kyrgyzstan was the

"weakest link in Central Asia, ... Bashkortostan, judging by everything, is the weakest link in Russia." The March 29 *Nezavisimaya* article was headlined, "The Six Most Volatile Regions in Russia," with the kicker: "Smoldering fires in Muslim regions are extinguished with federal subsidies; events in the CIS may serve as a catalyst for regional revolts in Russia."

Rice Plays to Belarus Opposition

U.S. Secretary of State Condoleezza Rice met seven Belarus dissidents April 21 outside of a gathering of NATO foreign ministers in Vilnius, Lithuania. "You are in our thoughts," she told them, "While it may seem difficult and long, and at times far away, there will be a road to democracy in Belarus." While visiting Russia earlier in the week of April 18, to make preparations for an early-May meeting between Presidents Putin and Bush, Rice had termed Belarusian President Alexander Lukashenka head of "the last true dictatorship in the center of Europe."

Russian Foreign Minister Sergei Lavrov, responded sharply to Rice's comments. "We would not, of course, advocate what some people call regime change anywhere. You cannot impose democracy from the outside," Lavrov said. On April 22, Lukashenka arrived in Moscow for a summit with President Putin and a session of the Supreme State Council of the Russia-Belarus Union.

Kyrgyzstan To Join Kazakstan-Proposed CACO

Acting President and Prime Minister Kurmanbek Bakiyev of Kyrgyzstan has agreed in principle to join the Central Asian Cooperation Organization (CACO) proposed by Kazak President Nursultan Nazarbayev. "We fully support this idea. The idea has been around for quite a while now, and I think that such a union would only promote economic rapprochement, first and foremost, and of course political union," Bakiyev said. The others in the proposed union are Uzbekistan and Tajikistan.

Three of these four countries, all except Uzbekistan, are members of the Russia-led Commonwealth of Independent States (CIS). With Askar Akayev removed from Kyrgyzstan's Presidency and Russian troops leaving Tajikistan, CACO could become a step out of the Russian orbit by the central Asian countries. Washington has become extremely active in this area. Following its successful "democratic revolution" in Georgia, the United States is making inroads in this resource-rich and geostrategically situated region. U.S. Chief Commander in Afghanistan Lt. Gen. David Barno was in Tajikistan on April 19, and met with President Rakhmonov. It was reported recently that the U.S. might help build a bridge over the Amu Darya River between Afghanistan and Tajikistan.

Putin Confirms Syria Missile Deal

In an April 19 interview with Israeli TV, Russian President Vladimir Putin bluntly confirmed Russia's sale of anti-aircraft missiles to Syria, which the Israelis don't like. Putin said the missiles pose no threat to Israel, but "will of course make it difficult to fly over the residence of the Syrian President. It will make flying low difficult." The allusion was to illegal Israeli overflights of Syrian air space, including even buzzing the Presidential palace. Last year Israeli aircraft bombed an alleged Palestinian training camp in Syria. In a broadcast statement the same day, Israeli Prime Minister Ariel Sharon had complained that the sale of the missiles posed a threat to Israel. Putin's blunt remarks came just a few days before he was to make an official visit to Israel, the first by a Russian or Soviet head of state since the founding of modern Israel.

Currency Turmoil in Ukraine

On April 21, the Ukrainian National Bank announced a 3% upvaluation of the country's currency, the hryvna, against the

U.S. dollar. National Bank head Volodymyr Stelmakh defended the move before a parliamentary session as a necessary measure to fight inflation. The problem for the Ukrainian people is that they generally keep their savings in dollars. Thus they lost 3% of their savings in one day. Economics Minister Serhiy Teryokhin held a special press conference April 22, calling on people not to "succumb to panic." He criticized the upvaluation as "too fast," but defended it in principle, warning that otherwise inflation would spiral out of control. One of the factors in price inflation and upward pressure on the hryvna currency is a recent influx of hot capital into Ukraine, which has created a Ukrainian government bond bubble.

Southwest Asia News Digest

Bush's Lebanon Declaration Considered Laughable

Determined to prevent new U.S. or French occupation forces from entering Lebanon under the pretext of "stabilization" auspices of the U.S./French sponsored UN Security Council resolution 1559, political figures in both the "loyalist" and "opposition" camp agreed on a caretaker Prime Minister, and elected Najib Miqati, the former Public Works and Transport Minister, on April 15. Lebanese Prime Minister Omar Karami had been unable to form a government for six weeks and resigned for the second time on April 14. After being asked to form a government by President Emile Lahoud, Miqati immediately began consulting with all political factions and religious confessions, and announced a 14-person, technocratic cabinet. The cabinet, whose primary job is to bring about parliamentary elections before the mandate of the current Parliament expires on May 31, convened and announced on April 22 that elections will be held on May 29.

After six weeks of deadlock, the selection of a new Prime Minister, formation of a caretaker cabinet, and announcement of a mechanism for the parliamentary elections was all accomplished smoothly, within a week. Many sources reported to EIRNS that the breaking of the deadlock, which many feared would be exploited by outside forces, was brought about through Saudi, French, Syrian, and Lebanese diplomatic negotiations. All sources report optimism in Lebanon that "good compromises" are being made, and look forward to electoral discussions which focus on the economic development of the country and the region. Literature on LaRouche's "Oasis Plan," for Middle East development is circulating widely in the country.

The Syrian military and intelligence forces have been leaving Lebanon, and UN Secretary General Kofi Annan agreed to postpone a UN report on Syrian compliance until April 26, despite protests from the Bush Administration.

In the midst of this moment of calm, President George Bush gave a ten-minute interview to the Lebanese Broadcasting Corporation which aired on April 20. Disregarding the new government, and the withdrawal of Syrian forces, Bush raved about free elections, disarming Hezbollah by international force, and shutting down Hezbollah's offices in Syria.

Then, Bush promised of lots of World Bank money—in a barely veiled threat. "There will be plenty of help, but only if Lebanon is a democracy and the elections are held on time," he said.

A Maronite leader in Lebanon reported on the response to Bush's broadcast: "The people are asking, 'Is the President of the United States senile? There is a French word for a senile person who just repeats the same words over and over again. This is what President Bush was doing—just repeating 'freedom, democracy, freedom, democracy.' He is no longer convincing.... At no time in memory or history, during either world war, would an American President concern himself with the small internal matters of other nations, such as insisting on Tuesday that Syria close down Hezbollah offices in their own country.... World leaders are doing diplomacy without him."

A Palestinian Mother's Letter to Bush in Memory of Her Son

The mother of a 15-year-old teenager, one of three young people killed on April 9 by Israeli soldiers in Gaza, asked Bouthaina Shaaban, Syrian Minister of Expatriates, to send the following letter to President George W. Bush. The excerpts are from a UPI story of April 19:

"On the eve of Sharon's visit to your ranch in Texas, my son Khalid was playing football.... In less than an hour, he was brought back in a bundle of blood. The Israeli soldiers had killed him and two other playmates....

"Your discussions of the 'issues' were irrelevant to my pain. The issue, Mr. President, is not withdrawal from Gaza, or evacuating the settlers from Gaza. Once [former Israeli Prime Minister Yitzhak] Rabin said it all loud and clear—as you might remember—when he wished he would wake up one day 'to find that Gaza had been swallowed by the sea.'

"The core issue, Mr. President, is occupation and settlement. Two roads towards one goal: depriving us of our lands and waters, after killing some and forcing the rest out. When you describe our struggle for freedom as terrorism, and Israeli crimes as kin to your war on terrorism, you are entrapping Americans in an unjust war. You are abolishing the legitimate Palestinian rights to state and freedom. You are allowing Sharon to kill Palestinians wherever and whenever he wants, even if they were only few children playing football....

"Mr. President, I hear you calling for freedom and democracy, why don't you call for Palestinian freedom and democracy, too? What prompts your indifference? Our human tragedy, Mr. President, is one of the cruelest in the 20th Century.

"Khalid, my son, and his friends were killed just because the Israeli government wanted the lands of their fathers and forefathers. They were not even resisting; they were just playing football."

Iraq: The Worst of Vietnam and Lebanon

Speaking at a Jamestown Foundation conference on "Insurgency and Jihad: The Iraqi Theater and Beyond," on April 11, former Defense Intelligence Officer for the Mideast, Col. Patrick Lang, and former National Defense University and CIA analyst Phebe Marr, warned that the situation inside Iraq was hardly progressing to democracy.

Colonel Lang reported that American forces inside Iraq are now increasingly forced to remain in their military compounds, or travel in large combat units, due to the spread of the resistance. He cited the writings of T.E. Lawrence ("Lawrence of Arabia"), who catalogued a similar situation in the Arabian Peninsula during the early 20th Century, when the British were being driven out of Iraq. Lang added that, following the January elections, the resistance changed its "targetting strategy." Having driven much of the American military force back to the barracks, the attacks did not go down, they only shifted to the new Iraqi security forces and government.

Lang said that in his several tours of duty in Vietnam in the 1960s, he was always able to move around the urban areas in the south without concern for his safety. Nothing like that is possible inside the Sunni Triangle in Iraq. In effect, Iraq is worse than Vietnam, and the emphasis recently by Defense Secretary Donald Rumsfeld et al. on turning over the security of Iraq to the Iraqis, is a replay of the "Vietnamization" program of the earlier war.

Dr. Marr detailed the disintegration of the once-vibrant Iraqi middle class. As the result of the loss of national identity, Iraqis are now reverting to sectarian differences, and religious and tribal identities. Also, both she and Lang described the new phenomenon of a merging of Arab and Iraqi nationalists, Ba'athist, etc., with Islamists, both Sunni and Shi'ite. This is a new phenomenon brought about by the U.S. invasion and failed occupation, they warned, and it has dire implications for the larger Southwest Asian region.

Bush's Quagmire: Iraq Out of Control

One aspect of the Iraq debacle is the U.S. went to war without an industrial-economic base. On April 20, shocking details of the lack of equipment for U.S. forces came out during a hearing of the Readiness Subcommittee of the Senate Armed Services Committee, from Gen. John Sattler, commander of the Third Marine Expeditionary Force (see USA Digest this week).

Another aspect is the Administration's lies that the insurgency is due to "foreign terrorists." April 20 was one of the most violent, and disturbing days since the Bush-Cheney regime preemptively struck Iraq in March 2003.

Two American soldiers were killed in a bomb blast in Baghdad, and a suicide bomber killed ten people outside an Iraqi recruitment center in Baghdad. The blast occurred just outside "Saddam Hussein's palace," which is in an area secured by the U.S. military. The two Americans were killed in an attack on their convoy.

Late in the day, there was an assassination attempt against Iraqi Prime Minister Ayad Allawi, the man appointed by Paul Bremer, former proconsul of the American occupation. Allawi remains in office until the new government is formed. Allawi survived a car bomb attack that killed one of his escorts, and wounded four other people.

But the most disturbing news was the discovery of some 69 Iraqi corpses—50 in the Tigris River, and 19 in a sports stadium in a town 140 miles northwest of Baghdad. All were apparently killed in two incidents last week.

The 50 bodies found in the river are reportedly those of Shi'ite hostages, taken earlier, in the town of Al-Madain, in an incident reported April 16, in which Sunni gunmen had rounded up the Shi'ites. However, the story was denied April 18, when the U.S. military arrived and found no hostages, or signs of a massacre. Then, on April 20, the 50 bodies found in the river were reported to be the Al-Madain hostages. Such conflicting reports are not uncommon in the "fog of war," but they indicate the level of chaos that has been caused by the Bush-Cheney lack of policy. The 19 dead found in the soccer stadium are reportedly recent recruits to the new Iraqi security forces, who had been on their way to a holiday break.

U. S. Congressional Delegation Reports on Iraq Horrors

The scenes of April 20 (see above) are verification of the testimony provided by one witness to the Iraq quagmire, Rep. Jim McGovern (D-Mass), who travelled with an eight-member Congressional delegation, headed by House Minority leader Nancy Pelosi (D-Calif) to Iraq recently. McGovern described what they found in an article for the May 5 issue of *The Nation*. McGovern could not get a straight answer to why the U.S. forces cannot be cut back, when he was repeatedly told that there are 146,000 Iraqi troops already trained. He also observed the constant lack of electricity and infrastructure that the Iraqi population lives under.

McGovern writes that prior to their arrival in Iraq, the delegation was in Cairo, where they met Egyptian President Hosni Mubarak, who lamented at the mistakes made by the United States. "The army you disbanded is now the army you're fighting," Mubarak pointed out.

Asia News Digest

IMF Offers Philippines a Deal They Can't Refuse

The leading Philippines newspaper, the *Inquirer*, reported April 21 that, "In line with new financial standards as

recommended by the International Monetary Fund, the Department of Finance will no longer include liabilities of government financial institutions in computing the public-sector debt, which would significantly improve the Philippines' debt picture, a department official said." While the foregoing may sound like a spoof, it is not. The Philippines will "save" about \$20 billion by dropping the debt of the Central Bank, the Land Bank of the Philippines, and the partly-government-owned Philippine National Bank, from the computation.

Liabilities of the financial sector will still be reported, but only as a memorandum item, the official said, reporting that other countries have begun computing public-sector debts using the "new method."

Political Brawl in Indonesia Over Nuclear Plants

Indonesian Energy Minister Purnomo Yusgiantoro on April 19 contradicted earlier comments by the head of the country's Atomic and Nuclear Energy Agency, Sudyartomo Suntono, who had announced that authorities had given the green light to plans to build a nuclear plant that will begin producing electricity in 2016. Instead, the Energy Minister said Indonesia would seek public approval before building its first nuclear-power station, a controversial plan to site a plant on the densely populated island of Java. Even worse, Yusgiantoro said that the government was prioritizing alternative sources of energy ahead of nuclear power. He cited untapped geothermal resources, which he said could generate up to 20,000 megawatts of electricity.

Atomic and Nuclear Energy Agency spokesman Deddy Harsono had told AFP April 17 that the nuclear project "will be tendered in 2008 for start of construction in 2010 and production in 2016." He explained that the site of the project, the Muria peninsula on Central Java province's northeast coast, was chosen for its tectonic and volcanic stability—a major concern in a country that experiences regular eruptions and earthquakes.

Indonesian nuclear-power plans were shelved in 1997 after a huge international greenie mobilization against them, but also due to the discovery and exploitation of the large Natuna gas field. Then, the 1997-98 collapse of the Indonesian currency, the rupiah, ended all plans until now. Under the original plan, 12 nuclear plants were slated for the northern coast of Java, with a total capacity of 7,000 megawatts.

Manila Won't Contest Myanmar's ASEAN Chairmanship

Philippines President Gloria Macapagal-Arroyo's government will not contest Myanmar's assumption of the rotating chairmanship of the Association of Southeast Asian Nations (ASEAN) next year, Arroyo announced on April 19. The President said it would be "imprudent" for the country to question Myanmar's leadership of ASEAN, since the Philippines stood to benefit from the outcome. "We go with the ASEAN consensus," Arroyo told reporters in Malacanang. She said the Myanmar issue was discussed among ASEAN heads of state "frequently," but only on an "informal basis."

Breakthrough Signalled in Philippine-MILF Talks

The prospect of a breakthrough in peace talks to end the 27-year-old war between Philippines government forces and the rebel Moro Islamic Liberation Front (MILF) appeared on April 21, when talks taking place in the southern Philippines resulted in a declaration that formal peace negotiations were expected to begin within months. In a joint statement, both sides "hailed the outcome of the meeting as a breakthrough" toward a just and durable solution to the conflict in the southern island of Mindanao.

The breakthrough came when the MILF said they would be willing to compromise on their demand for "ancestral domain," which refers to their claim to the island, where they have fought for 27 years to establish an independent Islamic

state.

Malaysia's Space Launch Set for October 2007

Malaysia will announce the names of its first pair of astronauts by the end of 2005 and plan to be in space in October 2007, the *New Straits Times* of Kuala Lumpur reported April 17. Russia is helping Malaysia send its first astronaut into space, as part of a package, following Malaysia's purchase of 18 Sukhoi military jets. "We will have the names of the two astronauts by the end of this year. One will be on standby, while the other will be sent into space," Datuk Dr. Mazlan Othman said in an interview with the *Times*. The two will be selected from 3,500 candidates drawn from more than 7,000 applicants, most of whom were under 40, and 18% of whom were women.

Musharraf Gives U.S. Two More Air Bases

Pakistan President Pervez Musharraf agreed to provide the U.S. with two more air bases during Defense Secretary Donald Rumsfeld's recent trip to Afghanistan and Pakistan. Reports say that Afghanistan has assured Rumsfeld that it will allow five more bases (bringing the total to eight). Musharraf's assurances would bring the number of U.S. airbases in Pakistan to five.

The two new Pakistani bases will be near Karachi and Islamabad. The other three are in Dalbandin, Jacobabad, and Pasni. While the previous three were identified for use only in search-and-rescue operations, setting up two air bases near major cities—one of them the capital—raises questions. When Rumsfeld was asked about the bases, he was quoted as saying that the number is not important, but "what is important is what we do with them." One thing the U.S. plans to "do" with these bases is to station a large contingent of Special Forces inside Pakistan. Our source report indicates the U.S. plans to station as many as 9,000 Special Forces in Pakistan once the two bases are acquired. In return, Washington has agreed to provide Pakistan with F-16 fighter planes.

Afghan Government Cut Out of Reconstruction Aid

Afghan Finance Minister Anwar Al-Haq Ahadi told Radio Free Europe on April 18 that Afghanistan's government controls less than one-third of the reconstruction aid to the country, after the U.S.-led war. He was speaking from Washington, where he was attending the IMF-World Bank annual spring meeting. "If most of the money were to be channelled through the government, we think there would be more coherence to the programs, greater rationality to it, and we think greater effectiveness. Usually the argument is used that the Afghan government does not have the capacity to handle this amount of money for reconstruction," he said.

Donors last year in Berlin pledged more than \$8 billion to Afghanistan over a period of up to three years. In addition, Washington has proposed spending more than \$5 billion on assistance to Afghanistan in its next budget. President Hamid Karzai, in a recent outburst, said the NGOs (non-governmental organizations) have salted away the money, living high on the hog.

Ahadi told Radio Free Europe that the international efforts to build schools and improve infrastructure in Afghanistan would be better run by the government: "It is clinics, it's bridges, it's roads. In all those areas we would be able to do better in terms of cost-effectiveness."

The Taliban Open a Radio Station

To all those who believed the Taliban were dead and gone, the message that the Taliban delivered through their newly-

opened radio station in the southern Afghan province of Kandahar is that they are alive and well. The name of the station is Shariat Shagh, or Voice of Shariat.

Nor have Taliban activities on the ground come to a screeching halt. On April 19, the outgoing U.S. commander of the coalition forces in Afghanistan, Lt. Gen. David Barno, indicated that Pakistan is ready once more to begin a fresh operation against foreign terrorists and the Taliban in North Waziristan—a tribal agency in Pakistan bordering Afghanistan. Barno said the remnants of the Taliban and al-Qaeda were planning "to stage some high-visibility attack over the next six to nine months that would get them back on the scoreboard after suffering strategic defeats last year."

Africa News Digest

Intense Battle Against Marburg Virus Continues in Angola

The intense battle against Marburg virus continues in Angola. Even while the Angolan government briefly claimed April 17 that the Marburg outbreak is "under control" and an AP wire of April 23 claimed that the World Health Organization (WHO) saw the outbreak as "coming under control," an intense battle to contain the deadly disease is continuing. According to a WHO update of April 22, "WHO is optimistic that the outbreak can be controlled if present activities continue with sufficient vigor."

Probably the most honest assessment available was that of WHO spokesman David Daigle April 18, when he told Reuters, "We haven't contained it. We haven't broken the transmission cycle. We are still finding cases.... We are quite terrified that this could still really take off. It could spread very quickly in Uige or it could spread to somewhere like Luanda."

Dr. Michael Ryan, WHO's top outbreak specialist, speaking from Geneva by conference call April 23, said, "[T]his is the most critical time now in the response. Continuing and intensifying the effort is what we need to do now, not relax."

WHO had asked the community of nations for \$3.5 million. Angola has so far actually received \$1 million from donor governments.

A team of 28 newly trained, volunteer Angolan health professionals arrived in Uige April 21.

The WHO team has made several humane adjustments in its routines, such as allowing one patient's relative, fitted with a bioprotective suit, to visit the sick. This is paying off. "Traditional leaders are coming to the office to report suspected cases or dead bodies. It was not like that two weeks ago," according to Dr. Nestor Ndayimiridje, WHO's team leader for the outbreak in Angola.

U.S. Intelligence: France, U.K. in Retreat from Africa

A report from U.S. National Intelligence Council (NIC) suggests that France and Great Britain will probably continue to disengage gradually from Africa, and India and China will be increasingly active there over the next 15 years, according to *Malayala Manorama* (India) April 15. The NIC report, which is not otherwise identified, says that India "has a strategic interest in the Indian Ocean. Indeed, it is more likely that India will have a foreign policy toward the Indian Ocean littoral than to[ward] Africa in general, as evidenced by the development of the IBSA (India, Brazil, and South Africa) forum." China's interest, it says, is in raw materials; its only political interest is in fighting diplomatic recognition of the Republic of China (Taiwan). Africa has responded positively to China's interest, according to the NIC report. The NIC is a thinktank of all 15 U.S. intelligence agencies.

Bush Administration Africa Specialist Unhinged Over Question from LaRouche Rep

Dr. Cindy Courville, a Special Assistant to the President and Senior Director for Africa Affairs for the National Security Council, lost her composure when LaRouche movement representative Larry Freeman punctured her lying account of the Africa continent, in a seminar for invited guests in the Rayburn House Office Building April 14.

Courville, formerly of the Defense Department, said that under President Bush, "political stability" was sweeping across Africa; Ivory Coast, Sierra Leone, Nigeria, and Democratic Republic of the Congo, were all achieving political "stability," she said. The sole exceptions were Sudan and Zimbabwe, where, despite U.S. antipathy to these allegedly undemocratic regimes, there would be no American "boots on the ground" to bring about regime change; but Courville would not rule out U.S. support for regime change accomplished by others.

Free trade and investment is the Bush policy, she said, because direct aid has not and will not work (she claimed), stating unequivocally that there would be no "Marshall Plan" for Africa.

For African nations to sit at the table with the "grown-ups" (the Western bankers and commodity cartels?), Courville said, they had to be accountable and stop acting like children. She told the audience of African activists that China was Africa's new "colonial master."

While many in the audience were shocked at this arrogant and ignorant presentation, the controlled environment was not broken until Freeman spoke.

Freeman said Courville seemed to be speaking of a different continent. Noting the current crisis in several West African countries—the unacceptable mortality rates and the spread of AIDS—he focussed on the policy of economic genocide still going on today in Congo, whose stability Courville had earlier praised as a Bush "accomplishment." Freeman concluded, "Dr. Courville, how would the Bush policy of free trade and accountability do anything but continue the genocide?"

Courville launched into a lengthy tirade against Freeman, repeating many of her earlier condescending statements about the "childish" behavior of African leaders. But now she was defensive and showed visible signs of anger. She blurted out, "I see you snickering at me."

The Bushies are mean when they dish it out, but they can't take it when they are exposed.

Sudan: 'Abundant Oil' Discovered in Northern Darfur State

Drilling for oil has begun in the very part of Darfur in which the insurrection is centered. Mohamed Siddiq, a spokesman for Sudan's Ministry of Energy and Mining, told Reuters April 19 by telephone that "The drilling was undertaken on the basis of the geological studies and surveys, which proved the presence of oil in abundant quantities in Darfur."

Reuters writes, "Siddiq said the ABCO consortium, in which the Swiss company Cliveden owns a 37% share, owned the rights to the field. Work on the first oil well, southwest of El-Fasher in North Darfur State, is underway." (Sudapet, the Sudanese national oil company, probably also holds a significant share in the ABCO consortium.)

The presence of oil in the southernmost part of Southern Darfur State, where the rebels have scarcely penetrated, was already well established. The China National Petroleum Corporation has rights there.

South Africa to Build High-Speed Rail and Int'l Airport

South Africa will build a high-speed rail line connecting Pretoria, Johannesburg, and the Johannesburg International Airport, a run of 50 miles. The train will travel at speeds between 160 and 180 km per hour (100 to 113 mph). The project, called Gautrain Rapid Rail Link, is described by Reuters April 13 as "one of the biggest investments planned ahead of the 2010 soccer World Cup." A "preferred bidder" will be named in May—to be chosen between two consortia, one led by Bombardier (Canada) and the other by CAF (Spain). Each includes a South African engineering firm—Murray & Roberts and Grinaker/LTA, respectively. The project is being funded by the Gauteng provincial government.

South Africa Unemployment Rises Despite Public Works Program

Unemployment rose in South Africa from 41.2% to 41.8% between the first and third quarters of 2004, despite a new public works program. This was reported by Reuters March 31 under the headline: "S. Africa jobless rate falls to 26.2%." The "fall" is based on ingenious statistics familiar from the practice of the U.S. Department of Labor. Near the end of the story, Reuters writes, "Under an expanded definition of unemployment that includes people who have not looked for work over a four-week period, the jobless rate actually climbed to 41.8% from 41.2%."

Reuters states, "A quarter of a million jobs were created between March and September last year—a development which Statistics South Africa described as 'significant'.... Most of the new jobs were created in the construction sector, which showed a 25% employment rise in the period, suggesting an official public works program may be paying off."

"After his budget for 2005 [was] released last month, Finance Minister Trevor Manuel said that if the jobless rate was as high as 40%, there would be a revolution in the country," according to Reuters.

S. African Trade Unions Demand Protection From Cheap Imports

The Save Jobs Campaign, led by the Congress of South African Trade Unions (COSATU), the South African Council of Churches, and some NGOs, demands that the country's leading retailers commit to buying at least 75% of their textile and garment stock from local manufacturers. The campaign submitted a memo to Truworths and Woolworths in the week ending April 15, documenting that clothing imports had undercut local manufactures. These and other retailers have been called on to sign an agreement to buy 75% locally and boycott "sweatshop-produced goods."

According to the South African Clothing and Textile Workers Union (SACTWU), \$428 million was spent on clothing from China in 2004, amounting to 75% of imports. "Our analysis shows that within the first three months of 2005, 4,000 jobs have been lost in the textile industry," said SACTWU Deputy General Secretary Andre Kriel April 15. The garment workers are only paid \$35 per month on average, and have no benefits if they lose their jobs, he said.

The unions have also sought government action to defend the clothing and textile industry from unfair competition.

South African Iron Ore Producer Seeks Chinese Investment

South Africa's Kumba Resources, the world's fourth-largest iron-ore producer, is in talks with China's Wuhan Iron and Steel Company for investment in a South African iron ore project, according to *Xinhua* April 13. Kumba, controlled by mining giant Anglo American Plc, exported about 40% of the 20.9 million tons of iron it produced last year to China, with the rest going mainly to Europe.

This Week in History

April 25 - May 1, 1936

FDR Tells Democrats: 'We Are Becoming "Nation-Minded"'

President Franklin Roosevelt addressed the Democratic Party's annual Thomas Jefferson Birthday Dinner in New York City on April 25, 1936. As it was a Presidential election year, it was important for Roosevelt's party to really grasp the outlook which had guided him during the past three years as he worked to pull America out of the Great Depression and ensure that it would not happen again. The "Economic Royalists," as Roosevelt had dubbed the Wall Street crowd and its international allies, were screaming bloody murder about the government credit which the President had extended to American agriculture and industry, and wanted to end the employment programs which had whittled down the number of idled workers.

In countering these attacks, Roosevelt took a comprehensive view of the nation's welfare: "A century ago this country was regarded as an economic unity. But as time went on, things happened. The country, bit by bit, was cut up into segments. We heard, more and more, about the problems of particular localities, the problems of particular groups. More and more people put on blinders; they could see only their own individual interests or the single community in which their business happened to be located.

"It is only in these comparatively recent days that we have been turning back to the broader vision of the Founding Fathers.

"That is why, while I may be breaking another precedent—and they say in Washington that my day is not complete without smashing at least one precedent—I can come here to the City of New York and talk with you about the cotton problem of Georgia, the corn and hog problem of Iowa, the wheat problem of the Dakotas, the dust storms of the West, the destructive tornadoes in the South, and the floods in the Northeast. In the same way I would not hesitate to discuss the slum clearance problems or any other problems of the big cities of the East with any farmer audience in Georgia or Iowa or the Dakotas or anywhere else, because we are becoming nation-minded.

"The strong arm of the Nation is needed not in immediate relief alone. We all grant that. It is needed also in taking measures or prevention before natural disasters occur. It is needed equally in taking measures to prevent economic disasters which are not natural, but are made by man...."

"Some economists are still trying to find out what it was that hit us back in 1929. I am not a professional economist but I think I know. What hit us was a decade of debauch, of group selfishness—the sole objective expressed in the thought—'every man for himself and the devil take the hindmost.' And the result was that about 98% of the American population turned out to be 'the hindmost.'

"Let me illustrate what happened by taking the case of the garment workers in the City of New York. They make about 40% of all the clothes of the Nation worn outside of New York City. Their work and wages in this city were dependent on the sales they made all over the country. The garment workers' depression here did not begin in 1929. It began back in 1921, when the depression began on the farms of the Nation. But back in the '20s, people in power still thought of prosperity chiefly in industrial or financial terms. They overlooked the farm depression; and because it went unrelieved, the troubles that started among the farmers in 1921 finally and inevitably reached the garment workers on Eighth Avenue.

"Nebraska's corn and Eighth Avenue's clothing are not different problems; they are the same national problem. Before the war a Nebraska farmer could take a 200-pound hog to market and buy a suit of clothes made in the City of New York. But in 1932, in order to get that same suit of clothes, he had to take two and a half hogs to market. Back in the '20s, a cotton farmer had to raise seven pounds of cotton to buy one pair of New York-made overalls. By 1932, however, he had to raise 14 pounds of cotton to get those New York overalls...."

"If all of the 7 million people living in the City of New York could afford to buy the bread and meat and vegetables and milk and fish and cotton and wool that their health and decent living call for, then we in this country would need crop production from 3 million more acres of good crop land than we are using today to feed and clothe the City of New York...."

What our success has been you can prove by the simple process of putting the financial pages of any newspaper published in 1936 alongside the financial pages of the same newspaper published in 1932. By financial pages, I do not mean, as some of you might think, merely the stock market quotation pages, although you will agree that they, too, have at least passed panic prices. By financial pages I mean the published prices of farm products and raw materials and the many reports of industrial earnings...."

"Some individuals are never satisfied. People complain to me about the current costs of rebuilding America, about the burden on future generations. I tell them that, whereas the deficit of the Federal Government this year is about \$3 billion, the national income of the people of the United States has risen from \$35 billion in the year 1932, to \$65 billion in the year 1936. And I tell them further that the only burden we need to fear is the burden that our children would have to bear if we failed to take these measures today.

"Building national income and distributing it more widely, mean not only the bettering of conditions of life, but the end of, and insurance against, individual and national deficits in the days to come.

"Nationwide thinking, nationwide planning and nationwide action are the three great essentials to prevent nationwide crises for future generations to struggle through.

"Other individuals are never satisfied; one of them, for example, that I read about the other day, belongs to a newly organized Brain Trust—not mine. He says that the only way to get complete recovery—and I wonder if he really admits we have had any recovery at all—is to lower prices by cheapening the costs of production...."

"Reduction of costs of manufacture by cutting wages or lengthening hours does not mean more purchasing power and more goods consumed. It means the exact opposite.

"The history of that period from 1929 to 1933 shows that consumption of goods actually declines with a declining price level. And the reason is obvious. The reason is that in such periods the buying power of the Nation goes down faster than the prices go down.

On the other hand, if you increase buying power, prices will go up, but more goods will be bought. Wages ought to, and must, go up with prices. It does not mean unsound inflation or skyrocketing prices; those should be avoided, just as we seek to avoid deflation and bankruptcy sale values. What we do seek is a greater purchasing power and a reasonably stable and constant price level, and we are attaining that end.... The objective cannot be obtained in a month or a year—we know that. But, my friends, results, proven by facts and figures, show that we are on our way—very definitely on our way. Higher wages for workers, more income for farmers, mean more goods produced, more and better food eaten, fewer unemployed and lower taxes.

"That is my economic and social philosophy, and, incidentally, that is my political philosophy as well."

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