

## Electronic Intelligence Weekly

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## THIS WEEK YOU NEED TO KNOW

### The Rose Garden Games

**Sunday, June 30, 2002**

Soon, jokers might predict, that, perhaps, President George W. Bush, Jr. will make another Rose Garden speech, in which he attempts to use the issue of the onrushing collapse of the world economy in an attempt to distract public attention from the disastrous failure of his government's Middle East policies.

Especially since Bush's tragic June 24th address, some among us, both Democrats and Republicans, have expressed the suspicion, that the President is the helpless pinball in some nightmarish game, in which the flippers, are, on the one side, his own most lunatic advisers, and, on the other side, his even more rug-chewing adversaries grouped around Senators McCain and Lieberman.

Where does he go from here?

In the Sunday morning, June 30th internal briefing for our staff, Gerry Rose summed up the week's aftermath of Bush's speech in quotes from our staff briefing lead of Wednesday, June 26th:

"In a lengthy discussion of the substance of the Bush speech, and realities in the Middle East, Lyndon LaRouche said he is extremely pessimistic about the Bush 'folly' surrounding the whole Rose Garden speech of June 25th. If President Bush had not been ready to tell Sharon to halt his attacks now, it were better that the White House had done *nothing*, because the Bush Rose Garden speech has uncorked a scenario which Bush cannot control."

Rose wrote: "The insane Israeli crowd around Sharon will see themselves given the green light to kill Palestinian President Arafat, while pretending to be 'happy' with the Bush speech. LaRouche warns that Arafat could be dead within hours, at the hand of the Israelis. It would be parallel to the assassination of Dr. Martin Luther King, and the subsequent chaos that destroyed the Civil Rights movement after his murder. All the Israeli maniacs have to do now is create a terrorist atrocity to be blamed on Palestinians, and all the supposed 'positive impact,' of the Rose Garden speech will go down the tubes."

He continued: "The Bush Administration is actually terrified about the economy and financial blowout, and have made a major blunder that can blow up into general war, including with Israel using its nuclear submarines against Iran or Iraq. The Israelis will get rid of Arafat, and put Hamas in control—and then the war will start. LaRouche is determined that this not prevail. The Bush folly happened because they share the same stupidity that comes from small-minded people running virtually all the world today."

Rose added: "It is those governments' fear of the onrushing monetary-financial breakdown in progress crisis, and the

stupidity and small-mindedness of world leaders, that has defined the late-Summer time frame for the outbreak of a war of incalculable implications. Treasury Secretary Paul O'Neill's rewarming of Herbert Hoover's reelection-campaign propaganda, shows why the Bush Administration is running out of control. Not surprisingly, the Bush speech *is* the worst course that could have been taken, since it accelerates that war danger."

Two days after Bush's June 24th speech, in the June 26th edition of Israel's *Ha'aretz*, two Israeli space scientists declared that Israel now has the capability to fire missiles at targets anywhere on Earth, which includes, incidentally, "target U.S.A." At the same time, the Director of the Israeli intelligence service, the Mossad, was reported as briefing NATO's North Atlantic Council: "Israel cannot spare any effort to foil, prevent, or delay the attainment of weapons of mass destruction by countries like Iran, Iraq, Syria, and Libya."

At that point, LaRouche described the June 26th announcement of an Israeli nuclear ICBM capability as a sudden "phase-change" in the global strategic situation, a world already being driven to the brink of war by combination of an onrushing collapse of the world's present monetary-financial system, and an increasing tendency of some, such as Attorney-General Ashcroft, in the Bush Administration, toward "Reichstag Fire"-like government by emergency decree, since the Sept. 11, 2001 attacks.

Rose concluded, referring to our intelligence and editorial staffs: "Sometimes the news is the fact, that what you forecast is what is continuing to happen."

## Children Play Games

A series of spectacles like the President's orchestrated June 24th Rose Garden performance, prompts quips such as: "Is the President's teleprompter a ventriloquist?" The venom poured into the recitation of that text was obvious, and ominous; but, did the President himself actually have any comprehension of the practical implications of the words he was reciting? Has the President been turned into a programmed drone, deployed into his White House sand-box, or, into a virtual goliath? For the Classical tragedian, the evidence is clear, and the implications are all ugly ones.

Look at some interesting financial facts. During the period since the present collapse of the financial system began to spin out of control, during Spring 2000, the very wealthiest "old money" people from around the world have, on the average, significantly increased their holdings. At the same time, over the recent two years, not only the "new economy," but those which had once been solid major firms, together with the investors and 401(k) holders, are going belly-up at an accelerating rate. The obvious inference is, that the smartest wealthy people in the world seem to be in agreement with LaRouche's economic forecasts; while the foolishly stubborn folk, who rejected LaRouche's warnings and leadership, are going down the financial drain-pipes.

How did this happen?

During most of the recent four decades, more and more among the people of Europe and North America, among others, have established, or simply come to accept, a new set of rules, by which people are supposed to play. These are different rules than those which Americans, and many others, played by during the times Franklin Roosevelt, Eisenhower, and Kennedy were Presidents. By the time President Carter had installed Alan Greenspan's predecessor, Paul Volcker, as U.S. Federal Reserve Chairman and virtual controller of the President of the U.S., this new set of rules of the monetary-financial game had been set into place.

During the 1990s, as the so-called "Golden Generation," those who had entered universities during the 1960s, moved into top positions in government and business, had accepted the Volcker-Greenspan system's rules of the game. The game was, in fact, insane, but government, business, and the people generally came to accept playing according to those house rules. It

was called "being practical."

Look at another very important fact about the present world economic and strategic situation: the lunatic gladiatorial spectacle of the World Cup games. Win the game, and win the world. Win on the playing field, and win a night with the girls of your dreams. What do you see dominating your television screen? Spectator sports, spectator sex, spectator homicide, spectator gambling orgies such as "the market." Where has reality gone? The majority of the U.S. public, including most of the leading circles in government and major political parties, have their heads stuck inside a mass-spectator form of fantasy-life, all about games of one sort or another, and almost nothing about reality.

Think about the way games controlled the silly so-called citizens of ancient imperial Rome, in the time of Nero and those who followed him down the road to that famous Dark Age of Western Europe which Rome, and its culture, brought upon itself. Unless it changed the rules of its game, Rome was already doomed when Nero was Emperor, unless the rules under which the Empire operated were changed. Centuries later, that doom struck down Rome and its citizens alike, destroyed because it, and they, had continued to follow those rules which ultimately doomed it.

Now, history moves more quickly than it did in Nero's time. For anyone with the knowledge and intelligence to see this, the U.S. was on the skids about the time President Kennedy was assassinated, unless the U.S. stopped playing by the set of a new kind of rules of the game which were "set in political concrete" under Nixon and Carter. Nearly four decades since the death of President Kennedy, the game is played out, nearly to its end. So, the sins of the fathers visit the sons and grandsons. History is like that.

The name of the game in which President Bush is trapped, is "games," as in gambling, as in "game theory," as in Alan Greenspan's big financial bubble, as in the lunatic games played by "sand-box" mentalities of the likes of Wolfowitz, Perle, McCain, and Lieberman, and as in killer video games.

People who prefer games to reality, are called insane. When games replace reality for a nation, that nation is insane in a way which leads in the direction of its self-destruction. So, under certain conditions of crisis, when survival itself depends upon breaking unbreakable rules of the game, entire nations and their governments may go collectively insane, just as many governments around the world are today. The cause of that mass insanity is the habit of substituting winning a game, for meeting the challenges of real life, in that real world which exists only outside the playground where children, young, middle-aged, and old, act out their ineffable fantasies.

The problem is twofold: The rules of the game are insane, but people, including President George W. Bush, Jr., still insist on playing that game. That President's tenacious attachment to one of his policies, therefore, often creates a spectacle like that of the Hollywood cartoon character attempting to run across a bridge that isn't there. The rules of the game by which he is either playing, or being played, are the bridge that isn't there.

The President ran on a tax-cut policy which is now wrecking his Administration's ability to govern. The President, like the Democrats, capitulated to Newt Gingrich's 1994-95 "Jacobin" revolution in debt management, which is now wrecking his Administration's ability to govern. The President, like others, has committed himself to radical "free-trade" doctrines, including such as NAFTA and the WTO, which prohibit any solution for the presently exploding world-trade crisis, and is trying to perform a politically impossible tight-rope balancing act between urgently needed protectionist measures and the world's almost psychotic passion for "free trade."

The President is committed to a massive military expenditure and build-up, and an ever-increasing list of foreign military adventures, while destroying the economic mechanisms on which any real economic mobilization depends absolutely. Somewhere, deep in the Administration, one can imagine there is a robot telling itself, "I must now self-destruct," in order to prevent itself from doing anything in its own interests which might conflict with its commitments. One can imagine that

it was that robot, which dictated the speech which President Bush recited in the Rose Garden on June 24th.

There is a way out, a way back to sanity. That way is called, "Stop the games. Get back to reality." Shut down Sharon's insane drive toward nuclear war.

***FLASH!***

## **Preliminary Report: — Amelia Robinson's Trip to Iran**

Amelia Boynton Robinson "won over hearts and minds" during her recent trip to Iran. One might wonder what a historic leader of the American civil rights movement, might have in common with leading political circles in the Islamic Republic of Iran. With the June 20-26 visit to Iran by civil rights heroine and Schiller Institute leader Amelia Boynton Robinson, it became clear that they share a great deal. Mrs. Robinson, who was invited by IRIB (Islamic Republic of Iran Broadcasting), showed, in her numerous television and press interviews, that the power against which African-Americans and others were fighting, was the same that is threatening the world today with wars and destruction. Many Iranian interviewers, as well as political figures she met, stressed their view that the racist policies perpetrated against African-Americans prior to 1965, are being repeated today, against the new enemy image, Islam. In this, Iran is being targeted specifically, as a member of the "axis of evil."

Mrs. Robinson was interviewed by Iranian TV, on arrival in the early hours of June 21, and in the following days, again five times, on different programs, all on IRIB national television, and once on IRIB radio, from Isfahan. She delivered a press conference June 25, to members of the Association of Islamic Editors, with 20 persons attending. She also granted interviews to Farsi dailies, like *Jamei Jami*, and others.

Muriel Mirak-Weissbach, member of the *EIR* editorial board, accompanied Mrs. Robinson, and took part in the interviews. As both emphasized, the work of the civil rights movement, led by Dr. Martin Luther King, was picked up, revived and carried forward by Lyndon LaRouche, whose program represents the same ideals but is applied to a global perspective.

In all the interviews, Iranians wanted to know about the current status of civil and human rights in America: from the treatment of African-Americans and other minorities, to the treatment of Muslims suspected of terrorism. There was great interest in learning about the dangers of a police-state apparatus being set up in the United States. The question asked by press people, was, "How can the U.S. claim to preach human rights to other nations, when it is violating them at home?"

Also, "Why did it take so long, after the end of the Civil War in 1865, for African Americans to gain their full civil rights?" And, "To what extent are the principles of the U.S. Constitution actually respected in practice today?"

One obvious area of concern touched on in the interviews, was the brutal treatment of Palestinians by Israel, with the full endorsement of the U.S. government. One question posed was: How can the U.S. claim to be fighting terrorism, when it is backing the state terrorism of Israel?

Mrs. Robinson was received by the Vice President in Communications and International Affairs of IRIB, Mr. Mohammad Honardoost, by Dr. Hossein M.M. Sadeghi, Dean of the Faculty of Judicial Sciences and Administrative Services, by Mrs. Soujaraee, Vice President of Iran for Women's Affairs, and by two women members of Parliament, Mrs. Rezazadeh and Mrs. Mosavari Manesh.

All those who met Mrs. Robinson were deeply moved by the story of her struggle for civil rights in America, and her

continuing efforts, in the Schiller Institute, to fight for justice throughout the world. Mrs. Robinson emphasized the power of love, in overcoming the hate of the racists, whom she characterized as "sick people." She explained the crisis in the U.S. today, is a result of the fact that America has strayed away from God, and from the Constitution. She praised the morality of Iran's women, as expressed in their Islamic dress code. In face of attacks and threats from the Anglo-American oligarchy, she said, Iran should remain steadfast, and never relinquish its independence, its sovereignty, and especially its culture.

## U.S. ECONOMIC NEWS

### The Wall Street 'Police Blotter'

*The list of companies involved in corporate crime and corruption, as part of the systemic fraud that was used to create and maintain the bubble, is growing exponentially, and now includes even "old economy" firms like Xerox. Here is the weekly roundup:*

\* **Xerox Corp.** inflated revenue by \$1.9 billion during 1992-2001, by misrepresenting the timing and makeup of equipment sales and service contracts, counting sales which should be recorded in future quarters. The world's biggest copier maker prematurely booked \$6.4 billion in revenue over the past five years, recognizing revenue immediately rather than over the life of the lease; the \$6.4 billion is more than twice the Securities and Exchange Commission's original estimate in April, when it fined Xerox \$10 million for filing false financial reports.

\* The **Securities and Exchange Commission** charged **Worldcom** with \$3.85 billion in fraud in a civil suit filed June 26 in the U.S. District Court for the Southern District of New York. "From at least the first quarter of 2001 through the first quarter of 2002, defendant **WorldCom Inc.** ... defrauded investors. In a scheme directed and approved by its senior management, **WorldCom** disguised its true operating performance by using undisclosed and improper accounting that materially overstated its income ... by approximately \$3.055 billion in 2001 and \$797 million during the first quarter of 2002," the **SEC** alleged. "**WorldCom** falsely portrayed itself as a profitable business" and "violated the anti-fraud and reporting provisions of the Federal securities laws" by this scheme, "intended to manipulate its earnings to keep them in line with Wall Street's expectations, and to support **WorldCom's** stock price," the suit reads. **WorldCom** actually lost \$662 million in 2001, and lost \$557 million in the first quarter of 2002, the **SEC** writes.

The **SEC** requests that the court: Force **WorldCom** to file factually accurate financial reports; impose civil monetary penalties on WorldCom; prohibit WorldCom from destroying, altering, or removing any relevant documents; and prohibit WorldCom from making any extraordinary payments to any employees.

\* Federal prosecutors in the **Enron** investigation, charged three former employees of **National Westminster Bank** with wire fraud in a suspected \$7.3-million scam involving an Enron-related partnership, in a criminal complaint filed June 27 in Houston.

\* Three current and former **WorldCom** executives—former CEO **Bernie Ebbers**, current CEO **John Sidgmore**, and former CFO **Scott Sullivan**—and **Salomon Smith Barney** analyst **Jack Grubman**, were subpoenaed by the House Financial Services Committee to appear at a July 8 hearing on accounting fraud. The House Energy and Commerce Committee subpoenaed **WorldCom** to provide financial records by July 11.

\* Federal prosecutors are widening a probe of **Martha Stewart** to include possible obstruction of justice and making false statements on her sale of **ImClone Systems** stock. **Douglas Faneuil**, the assistant to her **Merrill Lynch** stockbroker, reversed his initial account of the transaction that backed up Stewart's claim of a deal to sell the stock when it reached a

certain price. Faneuil now says that he is unaware of a pre-arranged selling agreement and that he concocted his initial story after pressure from Stewart's stockbroker, **Peter Bacanovic**.

\* **General American Life Insurance** will pay \$76 million to settle Department of Justice civil allegations that it altered records of Medicare claims, the tenth case since 1993.

\* **Tyco's** ex-CEO **Dennis Kozlowski** was indicted on June 26 on charges that he tampered with evidence in an effort to impede a criminal investigation of tax evasion. He allegedly removed a bill of lading from a file of documents at Tyco's offices.

\* Federal prosecutors are looking into **Enron** financing deals involving **Barclays Bank**, including loans structured in ways that hid them from Enron's auditors. The Manhattan District Attorney's office has opened an inquiry into transactions between **Enron** and both **JP Morgan Chase** and **Citigroup**, which were disguised loans.

## Telecom Meltdown

*This past week, the telecom sector blowout entered a new phase:*

\* **Worldcom**, the second-largest U.S. long-distance phone-service provider, spiralled toward the largest-ever bankruptcy, after admitting it had disguised \$3.8 billion in expenses as capital expenditures in 2001 and the first quarter of 2002, inflating cash flow so much that the Clinton, Miss.-based company actually lost millions of dollars—while it was reporting profits. **WorldCom** will restate earnings for all of 2001, and the first quarter of 2002; it is unlikely to get financing for its \$32 billion in debt. The company announced that 17,000 jobs will be cut beginning June 28, and that its chief financial officer, Scott Sullivan, has been fired.

\* **Adelphia**, the nation's sixth-largest cable television company filed for bankruptcy June 25 in Manhattan, mired in \$20 billion in debt, and under investigation by the **SEC** and Federal prosecutors in two states, in connection with \$3.1 billion in loans to the family that founded it.

\* **Alcatel**, Europe's biggest maker of telecom equipment, will report a loss for this year and cut 10,000 jobs, amid 5.5 billion euros of outstanding debt.

## Financial Meltdown

### Morgan Chase, Citigroup Stocks Burned in WorldCom Fallout

Worldcom's collapse has triggered a plunge in JP Morgan Chase and Citigroup stock prices, as Wall Street insiders whisper that much bigger problems are imminent. The stock price of the \$713-billion-in-assets JP Morgan Chase, America's second largest bank, fell \$1.74 June 26, to a level of \$31.18, a fall of 5.3%, and the stock price of the \$1.06-trillion-in-assets Citigroup, America's largest financial services company, fell \$2.28, to a level of \$37.02, a fall of 5.8%. Both—America's largest banking institutions—have major financial commitments to the disintegrating Worldcom.

In May, JP Morgan Chase arranged, along with Bank of America, a \$1.5-billion loan for Worldcom, backed by Worldcom's customer bills. Salomon Smith Barney, the investment banking arm of Citigroup, has advised in Worldcom's major acquisitions, including Worldcom's 1999 purchase of MCI, America's second largest long-distance phone carrier. Moreover, last year, Citigroup/Salomon and Morgan Chase were the lead co-managers of Worldcom's \$11.9-billion bond



issuance, the largest bond issuance ever by a U.S. company.

But, as the April 12 *EIR* showed ("Meltdown of the Telecoms Threatens World Financial System"), the lending of JP Morgan Chase and Citigroup/Salomon extends to the entire telecomm sector. Between 1996 and the end of 2001, financial institutions extended \$1.09 trillion in debt (bank borrowings and bonded debt) to the U.S. telecom sector. Of that \$1.09 trillion, just JP Morgan Chase and Citigroup/Salomon, extended 49.3% of the total.

Further, JP Morgan Chase and Citigroup/Salomon have were big lenders to Enron. They also have considerable credit exposure to Brazil and Argentina. JP Morgan Chase has \$24 trillion in derivatives outstanding, while Citigroup/Salomon has \$9.2 trillion in derivatives.

America's two largest banks are both at a phase of potential implosion.

### **More Energy Pirates Walk the Plank**

**Dynegy** will cut its dividend in half, starting in the third quarter, and sell stakes in assets to raise as much as \$2 billion and reduce debt. Fitch downgraded the company's debt rating to "junk" status, as Dynegy said its previous earnings forecast "no longer applies." The energy pirate will either sell, partially sell, or seek a joint venture for its stake in the Northern Natural Gas pipeline and Dynegy Storage; will set an initial public offering for its Dynegy Energy Partners unit.

**Williams** will lay off 16% of its trading staff.

### **Fannie Mae Issues Wishful Study on Housing**

The Harvard Joint Center for Housing Studies presented a fraudulent study June 25, claiming that the U.S. housing market is stable and will have no problems for years to come, based on the hoped-for, but non-existent, recovery. Entitled, "The State of the Nation's Housing," the study fantasizes, "With the economy emerging from its first recession in nearly a decade, the housing sector continues to display remarkable resilience. Even after the events of Sept. 11 threatened to deepen the downturn, rock-solid home prices and historically low mortgage interest rates helped consumers keep faith in the housing sector. As a result, not only home sales and production but also home improvement spending climbed to record-setting levels by year-end.... As the recovery takes hold, any pressure on housing markets from unemployment-related defaults and foreclosures should ease."

*The Ford Foundation, Fannie Mae Foundation, and Freddie Mac funded the study.*

Timed with the release of the Harvard study, Orawin Velz, a Fannie Mae economist stated, Fannie Mae "is very bullish on the housing market unless there is a terrorist attack.... The inventory of houses will never blow up like it used to do, like it did in the last recession." David Lereah, chief economist at the National Association of Realtors added, "There is no [housing] bubble. I'm as sure of that as I can be of anything."

### **U.S. Stocks: Biggest First-Half Losses Since 1970s**

In the first six months of 2002, U.S. and European companies lost **\$2.7 trillion** of market value, on top of several trillions of dollars that disappeared during 2000 and 2001. According to a Bloomberg calculation made before the last trading day in June, the Standard & Poor's index has lost 13.7% this year, the biggest first-half loss since 1970, when it declined 21%. The index was already down 10.1% in 2000, and 13% last year. The Nasdaq index has fallen 27% so far this year, and since March 2000 has lost three-quarters of its value. The Dow Jones index is down 9% this year. The combined loss in market

value of the 5,000 top U.S. companies making up the Wilshire-5000 index amounts to \$1.5 trillion since the beginning of the year. General Electric, Microsoft, Citigroup, and IBM alone lost a combined \$300 billion in market value this year.

But, U.S. stocks were not alone in suffering huge losses: The Dow Jones Stoxx-600 index of leading European companies declined 18% this year, erasing \$1.2 trillion in market value. Stocks of Alcatel, Deutsche Telekom, France Telecom, Nokia, and Vivendi all tumbled more than 50% since the beginning of the year. The German DAX index fell 17% in the first six months of 2002, the steepest first-half loss since 1971.

### State Pension Funds Washed Out by WorldCom Debacle

State pension funds have lost more than \$1.6 billion on WorldCom stocks and bonds, a development which is expected to spawn a new wave of lawsuits, on top of legal action for losses from the collapse of Enron, Global Crossing, Adelphia and Tyco. The WorldCom hit also intersects worsening state budget crises, boding ill for retirees.

"We ought to be putting some of these guys in jail," said Tom Herndon, executive director of the Florida State Board of Administration. "This is a crisis," said Iowa treasurer Michael Fitzgerald, whose fund is considering litigation for the first time ever. New York Comptroller Carl McCall said he is considering a lawsuit.

Below are the largest state pension-fund losses incurred from the WorldCom meltdown:

Pension fund loss	(\$ millions)
California Public Employees' Retirement System	565
New York State Common Retirement Fund	300
California Teachers' Retirement Fund	263
Michigan Municipal Employees' Retirement System	116
Florida State Board of Administration	100
New York City Municipal Workers' Funds	100
Virginia Retirement System	44
Wisconsin Investment Board	36.3
Iowa Public Employees' Retirement System	33

### Mineta Offers Amtrak Half a Loaf

Well, no one can say about George W. Bush, what was said about Benito Mussolini: That he made the trains run on time. Transportation Secretary Norman Mineta told Amtrak, the Administration will give them *half* of what they need to keep the trains running. Amtrak President David Gunn reported that Mineta offered the nation's passenger rail system a \$100-million loan guarantee—they need \$200 million, a bare minimum—and told them they could make up the remainder with various "self-help type actions." One of Mineta's suggestions, was that Amtrak mortgage Chicago's Union Station, which it owns. Gunn said Amtrak officials reviewed that, and other "helpful" suggestions, but ruled them out as impractical.

At this point, intercity passenger train service in the United States is assured only until July 4, at which point the trains could stop running, unless Congress agrees to provide at least \$100 million more, by a loan guarantee or an allocation, to close the remaining budget gap until Sept. 30. The deal includes conditions to hold down Amtrak's costs and increase financial "transparency."



## Airline Losses Could Exceed \$5 Billion This Year

UBS Warburg analyst Samuel Buttrick warned that U.S. airline losses could exceed \$5 billion, which is higher than previously estimated, according to *Aviation Week* June 24. Losses for 2003 are now expected to exceed \$1 billion. Last year, losses came in at \$7 billion.

United Airlines, the world's second-largest air carrier, applied yesterday for a \$1.8 billion Federal loan guarantee. The airline's "recovery plan," estimated to provide \$560 million in "cost savings" over three years, takes money mainly in the form of wage "concessions."

## Dollar Collapse Worries London, New York

Both the London *Independent* and *New York Times* ran articles last week on the U.S. dollar collapse. "The U.S. dollar yesterday moved to the brink of free fall—a nightmare scenario for the world economy—after reverberations from the WorldCom scandal triggered panic among investors," who "rushed to dump dollar assets," writes Philip Thornton in the *Independent*. "After years of pumping billions of dollars into the United States because it seemed the land of opportunity, foreign investors are pulling back," frets the *New York Times*. "The immediate impact is discernable in the value of the dollar, which has been sliding since March."

## Will Congress Lift the Debt Ceiling, or Just Raise the Roof?

While the Democrat-controlled Senate has already approved a \$450-billion increase in the \$5.95 trillion Federal borrowing cap, the House of Representatives, controlled by the GOP, has refused to lift the debt ceiling. House Republican leaders say they lack the votes to pass the increase, adding that they want to insert a debt-limit increase in the budget for the widely-supported anti-terrorism legislation. As *EIW* "went to press," the government faced the requirement of crediting \$67 billion in interest to Social Security and other trust funds, and sending \$54 billion in benefits to Social Security, veterans, and other beneficiaries on July 1-3.

But, Congressional aides from both sides say that in the interim, Treasury Secretary Paul O'Neill can "borrow" from a civil service retirement fund, which would probably provide enough additional borrowing room for another four to six weeks.

# WORLD ECONOMIC NEWS

## Global Efforts Fail To Stop U.S. Dollar Collapse

The U.S. Federal Reserve Bank, the European Central Bank, and the Bank of Japan, for the first time since September 2000, all sold yen June 28, in a futile effort to halt the collapse of the dollar.

After the \$5-billion sale, the yen traded at 119.72 per dollar, barely changed from 119.64 on June 27. The euro rose to \$.9905 from \$.9883 on June 27.

The U.S. dollar is undergoing its biggest quarterly drop in 14 years, having fallen 10% against a basket of currencies comprised of the yen, euro, Swiss franc, Swedish krona, Canadian dollar, and British pound.

## Foreign Investment in Indonesia Plummets

Foreign direct investment (FDI) approvals in Indonesia, for the first five months of the year, have fallen by almost 60% over the same period recorded in 2001, the *Jakarta Post* reported June 28. Data from the Investment Coordinating Board (BKPM) showed that as of May 30, FDI approvals reached \$1.67 billion spread over 402 projects, a far cry compared to the \$3.98 billion posted during the same period last year. Although BKPM chairman Theo F. Toemion attributed the sharp decline to accumulated problems lingering in the country, he also admitted that legal uncertainty had played a significant part in diminishing foreign investor confidence.

### **The Long Arm of WorldCom Reaches into Ibero-America**

WorldCom, which owns the two largest long-distance telephone companies in Ibero-America, is preparing to sell them: Brazil's Embratel and Mexico's Avantel. Goldman Sachs has already been hired to handle the sales, according to Brazilian reports. They should be real bargains: Embratel's stock collapsed by 25.5% June 26, on the news of the troubles of its owner, WorldCom.

### **As Africa Dies, G-8 Offers Empty Words**

The Group of Eight leading industrial nations apparently have nothing to offer the dying continent of Africa except words of encouragement. In a just-released 19-page document, the G-8, which just held a summit in Alberta, Canada, asks Africa to be patient, and to wait a bit longer before G-8 nations can specify exactly what it will do to help facilitate NEPAD, the New Partnership for Africa's Development. The G-8 reassured Africa that the continent will be discussed again at next year's summit.

No total-dollar figure was announced for the African Action Plan. Nor could the G-8 leaders agree on any specific amount for the Global Fund to Fight AIDS, tuberculosis, and malaria; the only health-related deadline they set, was a promise to work to eliminate polio by 2005. The G-8 did "promise" to pay their share of up to \$1 billion needed to top up a debt-relief program for poor countries.

The G-8 also said it would provide additional support for efforts to bring peace to the Congo and to Sudan, and help support peace in Angola and Sierra Leone—all of which countries have significant natural resources coveted by the West. The leaders of Britain, Canada, France, Germany, Italy, Japan, Russia, and the United States said that half or more of new aid for development, which they already promised last March in Monterrey, might go to African countries that root out corruption; this is to be decided country by country. The group also promised to provide technical and unspecified financial assistance for an African peacekeeping force.

### **Financial Turmoil in Ibero America Escalates**

Despite appearances, "calm" is non-existent anywhere in Ibero-America. A summary of the latest developments:

**Uruguay:** The Central Bank was forced to take over the Banco de Montevideo, the country's fourth-largest bank, on June 21, due to illiquidity and other "irregularities." Its owners, the Peirano family, are stockholders in Argentina's Banco Velox and Disco supermarkets, as well. Thus, the Banco de Montevideo, suffered the same fate as the Banco de Galicia, and Banco Comercial, both owned by Argentines as well as foreign banks. The Central Bank also had to take over the Caja Obrera (a workers' savings bank), owned by the Banco de Montevideo. The June 19 float of the peso—a devaluation—continues to spark protest: At least 70% of the debts held by the Uruguayan people are in dollars.

**Paraguay:** The economy is barely holding together—70% of its foreign trade is with Brazil. The very shaky government is trying to negotiate a \$220-million loan with multilateral lenders, to bolster reserves and defend the currency, the guarani,

which has nosedived by 17% this year. The World Bank says it is negotiating to provide Paraguay with "financial armor"—the same term describing IMF/World Bank loans granted Argentina in 2000 and 2001, which were supposed to have protected it from "shocks." It didn't do much good in Argentina, nor will it in Paraguay.

**Ecuador:** Negotiations for a \$240-million IMF loan are going nowhere, because the government refuses to impose the austerity conditionalities the Fund demands. The situation is extremely unstable.

### **Ibero-American Currencies All on Same Downward Track**

Brazil's real lost 1.79% on June 26, hitting 2.879—getting close to its all-time low. The Mexican peso lost nearly 1%, and is nearing, at 9.9490, the 10-to-the-dollar level deemed "psychologically important" to the faint of heart. Chile and Venezuela's lost another three-quarters of a percentage point, each, both reaching near-record lows again. Argentina's peso, of all things, was the "bright spot," coming off the utter disaster of four to the dollar hit on June 25, to close at 3.84.

## **UNITED STATES NEWS DIGEST**

### **Ashcroft Provokes Congress Over New Police-State Powers; Leahy Warns Homeland Security Dept. 'Above the Law'**

Representative John Sensenbrenner (R-Wisc), angrily cancelled hearings of the House Judiciary Committee when Attorney General John Ashcroft failed to provide the committee with his testimony in advance. Sensenbrenner, and the ranking Democrat on the committee, Rep. John Conyers (D-Mich), have both gone on record opposing Ashcroft's plan to institute sweeping new powers under revised Attorney General guidelines. New hearings will be scheduled.

Meanwhile, in the Senate, opening a Senate Judiciary Committee hearing June 25 with Tom Ridge, Committee chair Sen. Patrick Leahy (D-Vt) said that the Bush Administration's proposed Department of Homeland Security is "above the law," because it is exempted from many of the legal requirements that apply to other agencies.

Leahy cited a number of areas in which the new Department would be exempted from existing laws, including the Freedom of Information Act, conflict-of-interest rules for agency advisers, whistleblower protection rules, procurement rules, and Inspector General investigations. He said that "really what this does is put them above the law," and "that's not a good signal to send."

Leahy warned that there are four items which he said are cobbled together under "management flexibility," that could slow the bill down in the Senate: (1) FOIA exemptions; (2) weakening whistleblower protections; (3) weakening safeguards for the gathering and handling of sensitive law enforcement information; and (4) threatening job security for government employees.

Leahy stressed that "we do not want to go back to the excesses of the days of J. Edgar Hoover and COINTELPRO and things like that."

Leahy also told Ridge that he is concerned about the reduction of law-enforcement and crime-reduction programs which may accompany the creation of the new Department. Other Senators, such as Dianne Feinstein (D-Calif), raised concerns that the FBI and the Coast Guard will be taken out of narcotics enforcement.

At the same time, at hearings June 27 chaired by Sen. Joseph Lieberman (D-Conn), CIA Director George Tenet and FBI

Director Robert Mueller clashed with Lieberman over the contents of his own Homeland Security Bill, "To establish the Department of National Homeland Security and the National Office for Combating Terrorism," S. 252.

The Lieberman bill would establish a National Office for Counterterrorism, whose director would be on the National Security Council, which would have much more power than Bush's Homeland Security Office, and would incorporate the counterterror intelligence functions of the FBI and CIA.

Tenet and Mueller strongly oppose this.

When Lieberman asked Mueller directly whether counterterrorism should be transferred from the FBI to the President's new agency, Mueller said, no. "It would disrupt our ongoing battle. And, remember our history. Domestic intelligence collection should be steeped in the Constitution and under the Department of Justice."

### **New Jersey Appellate Court: Secret Detentions Okay**

The New Jersey State Appellate Court has ruled to uphold secret detention of immigrants. The New Jersey Appellate Division reversed state court rulings which had ordered the disclosure of names of immigrants secretly held in Hudson and Passaic County jails for Federal proceedings designated "Special Interest" by the Immigration and Naturalization Service.

The lower court had ruled that withholding the detainees' names violated the state's Right To Know law. But Appellate Judge Howard Kerstin, joined by Judges Isaiah Steinberg and Edwin Alley, ruled that the Federal government has the authority to refuse to disclose a list of its detainees in the county jails, on the basis of an INS rule (adopted five days after the lower court decision) which forbids the release of information about Special Interest detainees without INS permission.

### **Rehnquist Says Courts Will Bend the Law in Time of War**

Supreme Court Chief Justice William Rehnquist, in a speech to a meeting of Federal judges on June 14, cited various historical examples to show that the Federal courts are likely to bend the law in the government's favor in times of hostilities. "One is reminded of the Latin maxim *inter arma silent leges*—'In times of war, the laws are silent'," Rehnquist said, citing examples such as President Lincoln's suspension of *habeas corpus* during the Civil War, and the Supreme Court's upholding of the internment of Japanese Americans and the military trial of Nazi saboteurs during World War II. "These cases suggest that, while the laws are surely not silent in time of war, courts may interpret them differently than in time of peace," Rehnquist said.

Although Rehnquist claimed to be offering "only a historical perspective," there is no doubt that his remarks reflect his own views, as he has also written a book on the subject. While an official of the Justice Department in the early 1970s, Rehnquist travelled around the country calling for "qualified martial law" to deal with civil unrest.

### **9th Circuit Appeals Court Rules Pledge of Allegiance 'Unconstitutional'**

As if there were not enough "single issues" already flying around to divert Americans from reality, the 9th Circuit Court of Appeals set up a real circus with its ruling in *Newdow v. U.S. Congress* that reciting the Pledge of Allegiance containing the words "one nation under God" is unconstitutional.

Using the sort of tortured interpretation of the "Establishment Clause" of the First Amendment which has become commonplace in U.S. courts, the 9th Circuit (which covers nine Western states, including California) said that the Pledge is "an impermissible endorsement of religion," because it sends a message to non-believers that they are outsiders.

In truth, the Establishment Clause (which reads: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof...") was intended to bar the establishment of a state church, as existed in many European countries, or as was the case in, for example, colonial Virginia with the Anglican Church.

The words "under God" were added in 1954 by Congress, at the request of President Eisenhower, apparently as part of the anti-Communist frenzy of the period.

The 9th Circuit is known for its liberal leanings, and is the most overturned appeals court in the country. The judge who wrote the ruling, Alfred Goodwin, was appointed by Republican President Nixon in 1971. He has since stayed the decision, presumably reacting to the furor that built up nationally, almost instantaneously.

### **Wal-Mart Forced Employees To Work Off the Clock, Without Pay**

According to a *New York Times* front-page article June 25, more than 40 current and former Wal-Mart workers interviewed during the past four months say that the world's largest retailer forces or pressures employees to work hours that are not recorded or paid.

This has arisen because of an intense focus on cost-cutting, which has created an unofficial policy that encourages managers to request or require off-the-clock work, and to avoid paying overtime. Class-action and individual lawsuits have been filed by current and former workers in 28 states, asserting that these practices have helped Wal-Mart undersell the competition and boost profits, as well as cheat employees out of hundreds of millions of dollars.

Examples given by employees in depositions and interviews with the New York Times include:

- \* In California, Louisiana, New York, Ohio, Oregon, and Washington, managers locked the front door and prevented workers—even those who had clocked out—from leaving until everyone finished straightening the store;
- \* Managers ordered employees in six states to clock out after their eight-hour shifts and then continue working, so no overtime would show up;
- \* Employees, fearing they would be written up or fired if they didn't finish their daily tasks before going home, worked off-the-clock—with their managers' knowledge and approval;
- \* Managers deleted hours from employee time cards to avoid paying overtime.

Wal-Mart's system of rewards and punishments, based on cost-cutting, gives managers strong incentives to demand off-the-clock work. If a store manager doesn't keep payroll costs below a target, for example, he or she faces a reprimand and sometimes demotion or dismissal. Another policy strongly discourages overtime pay. "[H]olding down labor costs—including fighting off unionization at its stores—is at the heart of Wal-Mart's effort to be the nation's low-cost retailer," notes *Times* author Steven Greenhouse.

"It was like a plantation," said Colby LaGrue, a former employee at a Wal-Mart store outside New Orleans.

### **Ohio Budget Collapse Taking Terrible Toll**

The state of Ohio last week was denying \$100 million in funds that are due to local school districts, in order to balance the state budget. Panicked school district treasurers reported they only learned of the delay when the money did not arrive, and they called the state to find out what was going on.

Meantime, the state announced that it would delay \$75 million in Medicaid payments to doctors, hospitals, and pharmacies, in order to technically balance its budget before the end of the fiscal year on June 30. Also being held up, are additional monies owed the schools for school lunch and dinner programs, and funds for various programs to aid the poor. State Budget Department spokesman Tim Keene was quoted in the *Akron Beacon Journal* as saying, "Everything is in flux," and saying he did not know what would be paid when.

Finally, under immense pressure, the Governor's office agreed to release all property tax payments owed to local school districts by Sunday, June 30. However, \$80 million in payments for Medicaid and \$40 million in aid to the poor will still be delayed, permitting the state to technically fulfill a balanced budget requirement June 30.

Asked where the money was coming from to make payments which seemed impossible only days before, Budget Department spokesman Keene said that over the past few days more substantial revenues had materialized and greater clarity on the financial situation had been attained....

In the midst of this financial chaos, President Bush is reportedly planning an appearance in Cleveland July 1, where he is expected to discuss faith-based initiatives, and aid to minorities for housing.

### **Strike Looming That Could Shut Down West Coast**

With the contract between the International Longshore and Warehouse Union (ILWU) and shippers expiring on July 1, a strike is possible—or a lockout which would halt shipping through all 29 major U.S West Coast ports.

The union has officially broken silence for the first time since the negotiations began in mid-May, to say that critical issues are still unresolved and that the negotiations are in trouble. Points in dispute between shippers and the union include wages, health care, benefits, and layoffs due to technology upgrades.

Companies are reportedly stockpiling goods from Asia to hedge against a strike while some analysts worry that a strike could trigger a sudden crisis in international financial markets. The last West Coast dock strike occurred in 1971.

### **AIPAC Money Succeeds in Defeating Key Black Caucus Democrat**

Five-term Congressman Earl Hilliard was defeated in the Democratic primary in Alabama this week, by a 34-year-old Harvard-trained former Federal prosecutor, Artur Davis, who has no machine, but got very large donations from the Zionist lobby for his campaign. Hilliard supported the creation of a Palestinian state, and recently opposed the Congressional resolution backing Israel's war on terror.

Also targetted for defeat by the Jewish lobby is maverick Congresswoman Cynthia McKinney (D-Ga), also a leading Black Caucus member, who, like Hilliard, was a thorn in many sides, especially after Sept. 11.

### **American Muslim Council Holds Pre-Lobbying Session**

Speeches at the American Muslim Council pre-lobbying session were hard-hitting (the AMC held its national conference this past week, addressed by FBI Director Robert Mueller).



At the pre-lobbying session, Ray Busch, AMC Director of Government Operations, attacked the use of secret evidence against immigrants as unconstitutional, and called for support of the Feingold bill to outlaw racial profiling. He said that the Patriots Act was passed in the wake of Sept. 11 with no judicial review, or hearings, and noted that it allows roving wire-taps which could be used in any criminal investigation now.

Calling the Patriots Act an attack on the Constitution, he declared that it puts freedom of speech in jeopardy, and described the raids on Muslim homes and businesses in Northern Virginia. Dressed like swat teams, those conducting the raid (Treasury, not FBI), behaved like storm troopers, he insisted. He further denounced the attacks on immigrants, who can now be detained for any violation.

Dr. Jamil Fayeze of Lake Forest University, who spoke on the Israeli/Palestinian conflict said, "Lest the world forget colonization, Palestine is colonized. Israel practices apartheid against its Palestinian citizens; 52% of Israeli Palestinians live below the poverty line. The Israelis want to keep the Palestinians under occupation and capitulation. This is their strategy. Some say separation, others, apartheid. They want to divide up the West Bank, into 64 divisions, 120 checkpoints. Some favor transfer or expulsion to Lebanon or Jordan. Sharon told the Senate Foreign Relations Committee there would be no peace for 10 years. No [Israeli] settlement will move."

Mohammed Alomari, from Focus on American and Arab Interests and Relations (FAAIR), spoke on the genocidal consequences of the embargo on Iraq, reporting much of the material which has been in *EIR* in terms of the destruction of civilian infrastructure—a continuing cause of death, he said. He described the fraud of the "oil for food" program, where the Iraqis get less than half, with the rest going to Israel, Kuwait, and the UN bureaucracy, including weapons inspectors. He asserted that 10,000 die every month under this program.

Waqar Ahmed Husaini, president of the Institute of Islamic Science, Technology and Development, concluded by speaking of the conflict between Muslims and Hindus in India. He said we have a clash of civilizations going on, and we must use the classical Islamic strategy of good deeds. He also said Muslims should focus more on science than on beards.

## **IBERO-AMERICAN NEWS DIGEST**

### **No Calm on the Continent: Financial Explosions in Every Country**

#### **JP Morgan Chase Tells Toledo: Privatize, or You're Out**

After the Peruvian government halted the privatization of two electricity companies June 19, because it could not control popular protests against the privatization, Wall Street sent Peru a message, in the form of a JP Morgan Chase downgrade of its recommendation for holding Peruvian debt. JP Morgan's statement announcing the decision (reported in *Expreso* of June 27) was an ultimatum. The postponement of the privatizations "was a negative surprise for the markets, but our hope is that in the short term, President Toledo and his Cabinet will correct what we could call a lapse." As long as Economics Minister Pedro Pablo Kuczynski (PPK) and Prime Minister Roberto Danino are in their posts, "we think ... a program of economic reforms, including asset sales, will be maintained."

Both men are still at their posts, and assuring Wall Street that privatizations have not been ended, but merely postponed. PPK denied he had any plans to leave the government, and told RPP Radio June 21 that the government would likely sell four electricity distributors in September. This week, PPK was up in Washington, meeting with officials of the multilateral banks, and unnamed members of the Bush Administration. His message is, that the temporary halt in the privatizations is no violation of Peru's IMF accord (which requires that Peru raise \$700 million from privatizations this year), because the

privatizations will continue "with a new strategy."

## **Argentina Blowing Apart: Who Pulled the Plug on Duhalde?**

*EIW* is asking: Did someone pull the plug on Argentine President Eduardo Duhalde, to blow Argentina apart? Marches and strikes are underway, demanding Duhalde resign in the wake of the deaths of two protesters on June 26, the worst incident since the riots and deaths which led to Fernando de la Rúa's resignation as President last December.

What happened, exactly, is not clear. The protesters involved were "piqueteros," groups of unemployed whose primary modus operandi has been to block highways ("picketing"), demanding food, jobs, etc.. Their core leadership is terrorist Jacobin.

One of the groups involved in the most recent clash is the United Left (IU), which previously brought leaders of Colombia's FARC into Argentina. The protesters had shut down a key bridge into Buenos Aires, in what was clearly a well-prepared operation. A clash reportedly broke out between two groups of protesters, and in the resulting *mélée* between the groups, and security forces which moved in to clear the bridge and stop the fighting, two people were killed. There were even reports of machine-gun fire erupting at some point.

The "piqueteros" then called a march for June 27 in Buenos Aires, which was backed by the radical CTA trade union federation, whose strength lies in the teachers and public-sector workers. A march called by the same forces a week ago drew 10,000. To build for it, the CTA called a strike, and is calling for Duhalde's resignation.

On June 28, *Clarín* and *La Nación* reported that the possibility that "a plot" was behind the June 26 violence "hasn't been ruled out," according to Cabinet Chief Alfredo Atanasof. Investigators are asking why it was only at one site, out of 11, that the violence occurred. "There are more than suspicions that events weren't entirely spontaneous," Atanasof said.

However, President Duhalde is blaming the police for the deaths, and is yelling that "repression" won't be tolerated in democratic Argentina. This is a foolish move, since evidence suggests that something more sophisticated was responsible.

## **Seineldin Warns of Financial Interest Behind Coup**

In several radio interviews beginning June 25, Argentine patriot and political prisoner Col. Muhammed Seineldin warned that international financial interests are fomenting a coup option in Argentina. Seineldin, the imprisoned national leader, said that the enemies of Argentina had freed Domingo Cavallo (the former Economics Minister who ruined the country), while keeping him, Seineldin, in jail.

According to Brazil's *Folha de Sao Paulo* of June 25, Foreign Minister Carlos Ruckauf told a conference at the Air Force Superior War College last week, that he would support, "without hesitation," the deployment of the Armed Forces to repress violent protest. Currently in Argentina, the military is prohibited by law from having anything to do with "internal security," a prohibition stemming from the days of the 1970s war against terrorism. It's unlikely that military leadership would support such a proposal, given the situation in the country and mass poverty, and *Folha* reports that Ruckauf's discussion of the option was not at all well received by the audience.

In this light, it is noteworthy that after his release from jail, Cavallo met with Argentina's former President Carlos Menem, before Menem came up to the United States, for meetings in Washington, D.C., followed by a visit to the summer home of the elder George Bush, in Kennebunkport, Maine.

Then, the elder Bush's Iran-Contra operative Oliver North arrived in Argentina last Sunday (June 23), on a private airplane, which landed at a private airport. Media reports say he was there to meet with people from the "investigative" spook firm, Kroll Associates. *EIR* is also investigating another report that North was meeting with Jose Moreno Ocampo, the head of Transparency International in Argentina, who was the Federal prosecutor against Seineldin in the early 1990s, and in the recent period was hired by Cavallo to help get Cavallo out of jail.

### **'Lula' Anti-Globalization Forces Back IMF**

During his recent trip to Brazil, American economist and 2004 Democratic Party Presidential pre-candidate Lyndon LaRouche said: If you want to fight globalization, I'm your man. The rest are frauds.

That is the framework in which to see the developments at the "anti-globalization" Workers Party (PT) national convention in Brazil on June 22-23.

The PT promises that "everything that it is possible for the PT to do to calm the market, the PT will do," in the words of PT Congressman Aloizio Mercadante. Presidential candidate "Lula" Da Silva opened the PT national convention by reading a "Letter to the Brazilian People," in which he declared that the PT will be as "fiscally responsible" as required, in order to honor Brazil's contracts. The PT program promises to maintain the pillars of the disastrous, IMF-dictated economic policy of the current government: It will maintain a primary budget surplus (i.e., cut spending to ensure that a revenue surplus is available for debt service)—and, as a sign of good faith, its Congressmen will vote up the current government's decision to raise the primary budget surplus from 3.5% to 3.75% of GNP. It will stick to the Fraga-IMF regime of keeping inflation within a certain band; maintain the floating exchange rate; etc.

The PT says it's necessary to change Brazil's economic policies—but only after the "markets" are stable. Lula told Argentina's *Clarín*: "Although I may not like it, we cannot avoid the IMF."

### **FARC Threatens Colombia Leadership; Pastrana Waffles**

The narcoterrorist FARC has dramatically escalated its offensive against the Colombian nation. Flushed with their success at using death threats to force out of office or into hiding at least 100 mayors or other officials in 12 provinces, the FARC issued a general warning to the mayors, city councilmen, judges, inspectors, and prosecutors of cities in nine other departments, including Cundinamarca, where Bogota is located. "Those who do not comply with this order, can be captured or executed," says the FARC statement. The intent "is to not allow a single state representative to function in any municipality."

There is insufficient security to defend the threatened officials if they choose to stay in office, but the governors of their respective provinces are refusing to accept their resignations under pressure of death threats. Further, in southern provinces like Arauca and Caqueta, the paramilitaries are reportedly threatening mayors who yield to FARC death threats and resign! Large numbers of these mayors are planning to meet with the FARC, despite warnings from Defense Minister Gustavo Bell that they may be taken hostage and used to press for an exchange with imprisoned FARC terrorists.

However, on June 24, when the mayors of some of Colombia's largest cities, including the capital city Bogota, met with President Pastrana to demand measures to protect them from the FARC's death threats, they received nothing. Pastrana gave vague assurances that he would convoke an "investigating committee" (!) and issue an appeal for national and international solidarity with Colombia.

The enraged mayors of Medellin and Cali afterwards told the press that they were angry at Pastrana's refusal to declare an

immediate state of siege, as provided for by Article 213 of the Colombian Constitution, and their outrage was seconded by the lead editorial of the daily *El Tiempo*, which said that the crisis is spreading, more elected officials are resigning or being forced to govern from afar, and so, "If this isn't the time, when is?" Article 213 can be invoked when institutional stability, the security of the state, or the citizens' welfare is threatened. Any one of these would suffice to declare a state of siege, says *El Tiempo*, and today we face all three conditions. Pastrana's answer was merely, "If a state of siege were the solution, it would have already been applied. We haven't rejected it."

## **Colombian Economist Tells Uribe To Dump IMF**

Colombian economist and former government minister Carlos Lemos Simmonds penned an op-ed in the June 22 *El Tiempo* of Bogota, warning Colombia's President-elect Alvaro Uribe Velez that "if economic policy isn't changed, all else will fail." He was referring to the war against narcoterrorism that Uribe has pledged to wage, and which was the mandate behind the landslide victory that swept Uribe into office on a first-round vote in May.

Lemos Simmonds began by advising Uribe's newly chosen Finance Minister, former IMF employee Roberto Junguito, to re-read his own writings on the economy and that of his predecessors, "and then do exactly the opposite." Says Lemos, "If Dr. Junguito, like his predecessors, insists that the country can manage with the recessive and provably failed prescriptions of neo-liberalism and the IMF," we will fail. "Like Argentina, which we are looking more and more like every day, we will remain stuck in a swamp from which there is no escape."

## **Oligarchy Pushing 'Regionalization' vs. Nation-States**

The Chilean and Argentine Patagonia region is targetted as an experiment in "regionalization" to break up Ibero-American nation-states.

Purchases by American ecology magnate Douglas Tomkins of vast tracts of land in both the Chilean and Argentine Patagonia region, purportedly to create national parks, are being investigated by elected officials in both countries, as a threat to the general welfare.

Argentine legislators in the province of Santa Cruz are currently investigating Tomkins' purchase of 140,000 hectares in that province, bordering Chile. Peronist deputy Monica Kuney warns against foreign purchases of "strategic areas for the security of both countries, because they are on the border."

Tomkins has been involved in Argentina for four years, through his Conservation Land Trust, and aside from the 140,000 hectares in Santa Cruz, has plans for three other projects requiring land purchase in the Patagonia. Land he bought in Santa Cruz is now being held in trust by the Fundacion Vida Silvestre, the Argentine affiliate of Prince Philip's Worldwide Fund for Nature (WWF).

In Chile, officials charge that Tomkins' outfit is not the non-profit organization it claims to be, and owes significant sums of money to local authorities. The Mayor of Chaiten, Jose Miguel Fritis, has called on the national government to buy, or expropriate, lands Tomkins bought. Senator Rodolfo Stange warns that Tomkins' "excessive and suspicious" land purchases have resulted in depopulation.

The intent behind operations like Tomkins is revealed in a June 20 article in Miami's *El Nuevo Herald* where Inter-American Dialogue toady Andres Oppenheimer says the Argentine "regionalization" scheme should be applied throughout Ibero-America.

Recall that a few years ago, Oppenheimer enthusiastically backed the nation-wrecking proposal put forward by Harvard-based Juan Enriquez Cabot (of the Boston Cabots), a "Mexican" who "predicted" that Ibero-American nation-states would fall apart in crises, and regroup into regions, with their borders erased. There were "too many flags" in Ibero-America, said Cabot.

Why should Argentina's rich Patagonian provinces finance the corrupt and indebted Buenos Aires province, Oppenheimer asks, suggesting that these provinces would be better off independent. Then they could make deals with Chile that would benefit them financially. He mentions Inter-American Development Bank studies which show that local governments "are better administrators of public funds than central governments," because citizens vigilantly watch how municipalities spend money on schools and hospitals.

## **WESTERN EUROPEAN NEWS DIGEST**

### **Belgian Court Dismisses Case Against Sharon**

According to a Reuters dispatch of June 26, a Belgian appeals court has dismissed the genocide case against Israeli Prime Minister Ariel Sharon on the basis that he is not and was not in Belgium. A court spokesman said, "What the court decided is that the complaint against Sharon ... is not admissible because of the principle of Belgian law, that crimes committed in other countries cannot be prosecuted in Belgium unless the author or presumed author has been found in Belgium." Sharon was the defendant in a case brought under a relatively new Belgian law empowering Belgium to try those accused of committing genocide in other countries. Sharon is accused of genocide for his role in September 1982 in massacres in two Palestinian refugee camps in Lebanon, Sabra and Shatila.

Michael Verhaeghe, one of the lawyers representing the Palestinian plaintiffs who brought the case, said, "We are not satisfied with this. It completely undermines the scope of universal jurisdiction. We are appealing to the Supreme Court. The fight goes on, that's clear."

This ruling is in fact worse than if the court had recognized Sharon as having diplomatic immunity. Verhaeghe now says they might have to prove that Sharon was in Belgium.

Despite the court's finding, moves are being made to change Belgian law so as to ensure that those not in Belgium can be prosecuted under Belgian law. Senator Vincent Van Quickenborne, a Flemish liberal, has already drafted a law to this effect.

"The bill is ready. It is just a matter of days," Quickenborne said. The latter is one of the Flemish lawmakers who were the last to see Elie Hobeika, the Lebanese Falangist who was assassinated earlier this year after he announced that he would testify in the Sharon case.

### **Some Background**

Attorney Verhaeghe was interviewed by EIR reporter Dean Andromidas in January 2002. This excerpt of that interview gives the background of the case, in his words:

"The case started before I got involved. The case started with an historian, Mrs. Rosemary Sayigh, doing investigative work in Lebanon, already three or four years ago. She interviewed many of the survivors of the massacre ... and she compiled a kind of group testimony, which struck her, in the sense that there were new elements popping up that had not been known



before: Such as witnesses referring to an Israeli presence in the camps during the massacres, which is still a contested point. Later, there was also the matter of people who 'disappeared,' people who were abducted—taken away and never seen again. Rosemary Sayigh has made a full study of the issue on the basis of these testimonies, and was in contact with Chibli Mallat, who is now our colleague on the legal team.

"After that, Chibli, in a bit of a coincidence with Sharon's announced visit to Belgium, started to look in the direction of Belgium [to bring the case—ed.]...

"We hesitated a bit in respect to filing the complaint in Belgium, because it would put a lot of pressure on Belgian law. Nonetheless, after reading all the testimony of our clients, and looking at the fact that the massacre at Sabra and Shatila is comparable with Srebrenica [Bosnia] and other dark pages in the history of the last half-century, we decided to go ahead, notwithstanding the fact that one of the accused was Ariel Sharon, Prime Minister of Israel....

"We first had the intervention of Mrs. Hirsch as a lawyer for the State of Israel, ... whereas, of course, the complaint was not at all directed against the State of Israel. So, it was still a political reflex, and not the legal debate we wanted. But this political reflex was eventually taken away with the intervention of the lawyers for Sharon and the withdrawal of Mrs. Hirsch, for the State of Israel has no longer intervened. So we eventually got down to where we wanted to have this case, basically: a legal debate on the basis of legal principles, where every argument is valid and can be advanced in a legal debate. Now we will see what the Court of Appeals will do, following the complete examination of all the arguments developed for and against Mr. Sharon."

## **European Labor Challenges Maastricht**

The economic-financial policy of the European Union governments has arrived at a crossroad: Either they continue to cut social and labor market budgets, and risk really big conflicts with the labor movement in the autumn, or they begin to think seriously about changes in the Maastricht "budget-balancing" policy. (The anti-national-sovereignty Maastricht Treaty is the foundation of the integrated, single-currency, European Union.)

The ongoing pattern of labor protests and strike actions throughout Europe, gives a foretaste of what the political-social situation may look like, when jobless figures begin increasing again, after the summer recess. Not for many years has there been such an intensity of labor protests in numerous European countries at the same time, as in the last week:

In Germany, the first nationwide strike of construction workers in 50 years extended into its third week, and strikers escalated by setting up temporary road blockades in several cities. Warning strikes occurred by banking and retail sector employees. France saw a pattern of local and regional public transport workers. In Italy, employees of the judicial sector went on a one-day strike, June 20, followed by municipal public transport workers.

Spain had its first general labor strike in 10 years, with several million workers of all labor unions taking part, on June 20. In Greece, seamen were on strike for most of the week, paralyzing the vital ferry system. Lastly, flight controllers went on strike on June 20 in several EU countries, forcing airlines to cancel a large part of their flights, right at the start of the summer tourism season.

It is worth noting that in all cases, labor unions no longer signal the kind of "understanding" they have shown in recent years for "moderate wage agreements" and "fiscal discipline" pressures on public employers. The stagnation and decline of average living standards, while unemployment remains at historically high levels, is simply too obvious.

## **Italy Leads the Way to Breaking with Maastricht**



Italian Finance Minister Giulio Tremonti is recommending that state programs for defense and infrastructure be exempted from Maastricht rules. In remarks made from Rome June 24, Tremonti said that he welcomes the European Union Seville Summit's decision to permit Italy a budget deficit of 0.5% GDP in 2003, in order to fund programs that can create jobs, as a crucial support for the Italian economy.

Tremonti added that "we must now look at how we can make a more substantial change for the European economy as a whole," which he said would be possible if there were a special regulation governing state expenditures for infrastructure, defense, developing sector aid and structural economic reform programs.

Tremonti said that in his view, the Maastricht criteria were useful as long as the EU was preparing for the final stage of the euro introduction, but now, after what he called the "successful launch of the euro," it was time to "move to another phase, one which maintains stability but also puts the emphasis on growth and flexibility."

### **More Layoffs in Leading European News Media**

Following announcements of layoffs by the British wire service *Reuters* and the German daily *Frankfurter Allgemeine Zeitung* a week ago, now Switzerland's *Neue Zuercher Zeitung* news daily and Germany's leading business daily, *Handelsblatt*, are also preparing job cuts—according to insiders, in the range of 10% or more.

One of the aspects behind this trend is the drastic recent drop in business advertisements, caused by the worsening corporate income situation. Ads contribute significantly to the income of news and newspaper companies.

Meantime, strikes are spreading in several European countries. As of June 25, Greek seamen were entering their second strike week, and of June 26, flight control personnel staged strike actions in Italy, paralyzing a large part of Alitalia flights. Some 106 flights were called off altogether, and 200 others delayed by hours, at Italian airports.

In Germany, the construction sector negotiated an agreement, but between 4,000 and 8,000 telecom workers were on strike towards the end of the week in the three German states of Baden-Wuerttemberg, Rhineland-Palatinate, and Saarland, causing considerable problems at telephone services.

### **Robertson Says NATO's New Mission Is Fighting Terrorism**

Since Sept. 11, NATO has been transformed, so that its primary mission is now fighting terrorism, said NATO Secretary-General Lord George Robertson in a speech to the American Enterprise Institute in Washington on June 20. Saying that "the old NATO will not be enough to meet today's risks and challenges," Robertson said that NATO "is therefore mirroring the profound change being wrought by the Bush Administration in its [NATO's] most fundamental process of transformation since the end of the Cold War."

Robertson's definition of NATO's new mission also seems to mirror the Bush Administration's doctrine of "preventive" or preemptive attack, in that Robertson stated that NATO forces "must be able to deter, defend, disrupt and protect against terrorist attack, or threats of attack directed from abroad, and to act against such terrorists and those who harbor them."

"So much for the sterile 'out of area' debate," Robertson declared, a debate which had, he said "hamstrung NATO throughout much of the early 1990s."

### **Montenegro Abolishes Death Penalty**

The Parliament of Montenegro has abolished the death penalty, clearing the way for Yugoslavia's admission into the Council of Europe, according to the Death Penalty Information Center. Yugoslavia, made up of Montenegro and Serbia, had previously applied for admission to the Council, but abolition of capital punishment is a condition for acceptance. Both the Yugoslav Federal Parliament and the Serbian Parliament had already banned the death penalty.

## Russia and Eastern Europe News Digest

### Putin: Main Task Is To End Poverty

At his June 24 press conference, Russian President Vladimir Putin defined "our principal task" as being "to get the country out of poverty." This statement came in reply to a question about the potential for "extremist" movements to arise in Russia. Putin countered, "I do not see such a threat. In my opinion, broadly speaking, such a threat develops, or can develop, where and when the leadership of a particular country does not pay attention to the basic needs of the population."

Questions about economic strains on the Russian population and the country's many impoverished regions, were prominent throughout the press conference. The President strongly criticized some regional leaders: "What have they been doing over the previous ten years? They would not pay wages for years and pensions for months, they did not pay social benefits at all, they accumulated billions in debts on benefits for children, and so on. And they are still unable to settle the debts. What operational decision can be taken today, other than to redistribute resources? In what way? — Through the Federal center." Putin said he saw no other way to balance the needs of "donor regions" and "subsidized regions," than through the orchestration of Federal budget spending. The Russian government, and Putin's staff economics advisers, have been hotly debating blanket spending cuts, as they attempt to maintain a budget surplus. Putin confirmed, however, that international debt service remains sacrosanct, and will be at the level of \$17 billion next year.

Putin acknowledged that he wants to tread ever so carefully in the matter of utilities and housing reform, which is slated to involve substantial domestic rates hikes. This reform "is developing quite slowly," he said, and "it is clear why. It is because this is a very sensitive question for the population."

### Putin Rejects Bush Threats to Arafat

On June 24, the same day as George W. Bush's speech on the Middle East, Russian President Vladimir Putin said it would be "dangerous and wrong" to remove Palestinian leader Yasser Arafat. Speaking at his second-ever full-scale press conference for Russian media, Putin called on the Palestinian Authority to do everything possible to stop terrorism, but added that the ouster of Arafat would cause dangerous radicalization.

The Russian President stated, "We are very much concerned about what is happening in the Middle East and not only because the Middle East region is not far from our borders, but also because the Middle East is one of those world centers whose developments affect the situation in the more remote regions of the world.... We believe that solving all the disputes and problems, and untying the Middle Eastern knot, must be based on the resolutions adopted by the United Nations....

"At the same time, we of course condemn any manifestations of terrorism, and we believe that the Palestinian leadership should do everything they can to ensure an end to the terrorist activity in the region. An unconditional end.

"I would make only one remark in this connection, namely, that when I spoke about the Palestinian leadership, I had in mind, first and foremost, Chairman Arafat. And I must note in this connection that it would be dangerous and erroneous to eliminate him from the political stage, because in the view of the Russian leadership this would only radicalize the

Palestinian movement."

On Thursday, June 27, Associated Press reported that President Putin's foreign policy adviser, Sergei Prikhodko, reiterated the Russian view, saying "We must work with the leadership in place, including Arafat."

### **Israeli Ultra-Rightist in Moscow Pushing Elimination of Arafat**

However, on June 24, the same day that President Putin defended Arafat's continuing as Palestinian leader, the ultra-rightwing, racist Israeli faction was represented in Moscow in the person of Avigdor Lieberman, head of the Israel Beiteinu Party, who was advancing the plan to annihilate Arafat.

In an interview to *Izvestia*, Lieberman explained that he and his faction (allegedly) broke away from the Likud Party because Likud leader and Israeli Prime Minister Ariel Sharon conceded to the plans of establishing a Palestinian state. Contradicting himself, he immediately declared that Likud's majority is opposed to any plan of Palestinian statehood. "Therefore, Sharon will not be able to implement such a plan in the near term."

His main message—also delivered in private meetings to parties unknown—was that Arafat has to be eliminated. Only after Arafat is gone, can the Palestinians be managed, and Lieberman proposed that instead of the Oslo "land for peace" approach, there would be—after Arafat—"five enclaves" that would be completely unconnected, and under Israeli rule. These would be four Muslim enclaves "in Gaza, Judea, Samaria, and Jericho," and a Christian enclave around Bethlehem. "Under Arafat's power, Christian Arabs undergo heavy pressure. Christian girls are raped by Islamic radicals," Lieberman declared.

Lieberman, noted *Izvestia*, owes his political career to Israel's former Prime Minister Benjamin Netanyahu, who also recently visited Moscow, and who led the ruling Likud Party into a vote—supposedly against Sharon's wishes—declaring that there will never be a Palestinian state next to Israel.

### **Russian Scientists Protest Below-Survival Funding**

A march on Moscow by Russian scientists began the week of June 24, according to the BBC and other media. The BBC's Nikolai Gorshkov reported that "the desperate state of affairs in Russian science," was the theme of the 62-mile march on foot to the capital, from a research center 62 miles to the south of Moscow. The plan was to cover the distance in three days, and hold a rally at the gates of the Russian government on June 27. According to Gorshkov, they will "urge the government to reverse the current downward trend and increase the funding for science."

Russian scientists say that at least half a million scientists have left Russia since the collapse of the Soviet Union, a "massive brain drain." President Putin has made rejuvenating Russia's scientific establishment a priority, but the scientists accuse the government of reneging on its pledge to keep up funding. According to Gorshkov, "Russia's budgetary spending on science has decreased twofold in the past six years, and is now less than a budget of a single major Western university, the organizers of the scientists' protest say."

### **Once Again, What Sank the Kursk?**

Russian statements concerning the cause of the sinking of the nuclear submarine Kursk in August 2000, took a new turn on June 21, when the head of the official investigative commission, Science Minister Ilya Klebanov, announced that the hypothesis of a collision with a foreign—American or British—submarine, had finally been dropped from the commission's list of three alternative explanations for the tragedy.

Klebanov used curiously evasive language: "We have accepted what is currently the only legitimate explanation: an explosion of a 650-mm torpedo," which was carried in the nose section of the Kursk. But the fact that such an explosion occurred, has never been in serious doubt. The crucial question, to which Klebanov once again failed to give a decisive answer, was: What caused the torpedo to explode?

Furthermore, Klebanov unexpectedly announced the termination of ongoing operations in the Barents Sea, to raise large fragments of the exploded forward section of the Kursk from the sea bottom—fragments that might provide crucial evidence of what actually occurred. So far, only a few fragments have been recovered; the rest are to be destroyed on the ocean floor by explosive charges, supposedly to eliminate any danger to fishing in the Barents Sea.

Readers of *Executive Intelligence Review* have been provided with details from high-level Russian military officials which repeatedly referred to an entire array of evidence pointing to a collision with a foreign submarine, as having been the trigger for an explosion.

The circumstances behind the June 21 announcement point strongly to a move by Klebanov and others in the Russian government, to definitively bury any "U.S. connection" in the sinking of the Kursk, in an effort to propitiate the Bush Administration. The practice of sacrificing truth for the sake of favors from Washington, threatens to bring far greater disasters to Russia, than the loss of a nuclear submarine.

## MIDEAST NEWS DIGEST

### Secret Talks with Israel Threaten U.S. National Security

Deputy Undersecretary of Defense Douglas Feith—a notorious member of the "X Committee" that was long associated with the espionage of convicted Israeli spy Jonathan Jay Pollard—is now plotting with Sharon government officials to put U.S. national security in the hands of Israeli intelligence. Sharon was one of the leading officials who ran the "off the reservation" Israeli operation that ran Pollard until he was arrested in 1985.

Two of Israel's rightwing fascists, Brig Gen. David Tzur, and Minister of the Interior Uzi Landau, held secret meetings this week with Bush Administration officials led by Feith to discuss merging U.S. and Israeli functions in a single office, reported the *Washington Times* on June 29 in an article called, "U.S., Israel Discuss Joint Terror Office."

As reported in the *Washington Times*, this joint U.S.-Israel counter-terror office, "to be in Washington, would monitor an almost instantaneous communications link between the proposed U.S. Department of Homeland Defense and the Israeli government on matters of homeland security. Visa policies, terrorist profiles and virtually all other internal security data—except classified intelligence—would be swapped by computer, fax and telephone."

Landau, in an interview with the *Washington Times*, declared that "Israel is a laboratory for fighting terror." He claimed that Sen. Dianne Feinstein (D-Calif), House Majority Whip Tom DeLay (R-Texas), and Rep. Curt Weldon (R-Pa) are active boosters of the scheme. Weldon confirmed that he is proposing such a joint U.S.-Israeli office as the centerpiece of broader legislation he is drafting, along with Sen. John Kyl (R-Ariz) and Rep. Jane Hartman (D-Calif). Weldon said, "We have laid out a strategy for increased cooperation with Israel. The U.S.-Israeli office would be run by a point person in the new Homeland Defense Department." A Defense Department official confirmed that there had been a closed-door meeting on Thursday, June 27 with the two Israeli officials, and that the meeting was attended by Feith (a member of the Wolfowitz cabal)—who was recently in Israel on another top-level Pentagon mission. Both Landau and Gen. Tzur confirmed that the proposal for the new D.C. office came from the Israeli government.

Landau, describing the meeting with Feith, could not contain his enthusiasm about the new level of Israeli penetration of the U.S. national security structures: "I felt like a member of the same family. We're all facing the same problem of terror." While in the U.S., Landau addressed a New York gathering of the Conference of Presidents of Major American Jewish Organizations.

### **Arab-Americans Horrified by Joint Israeli-U.S. Office**

Asked by the *Washington Times* to comment on the proposal for a joint U.S.-Israeli homeland security office in Washington, Ibrahim Hooper of the Council on American-Islamic Relations said, "It's bizarre beyond belief. It would suggest to us an 'Israelization' of American politics." He asked, "What message is sent when our legislators begin tying our national security to a foreign country engaged in a brutal occupation? Is it Israel and America against the rest of the world?"

### **Arafat Puts Forward His Peace Proposal for America**

The following is brought to *EIW* from *Neue Solidaritaet's* "Till Eulenspiegel" column. *Neue Solidaritaet* is the German-language newspaper of the LaRouche movement:

*June 26 (NS)—The recent controversial speech on the Mideast by U.S. President George W. Bush has been received and reported by the media all over the world. However, less well known, is that there was another speech on Mideast policy, which Palestinian President Yasser Arafat delivered not long before, in which he—just as Bush did later to the Palestinian people—directly addressed the American population. Fortunately, the "Till Eulenspiegel" editorial staff has obtained a copy of the Arafat speech, and we can report to you on some of its more notable features.*

Arafat began by addressing the impact on the international community, of the U.S. strategy for a "clash of civilizations," and the well-advanced preparations for a military attack on Iraq and other countries. He stated:

"For too long, the citizens of the many nations have lived in the midst of death and fear. The hatred of a few holds the hopes of many hostage.... And this casts a dark shadow over the entire world. For the sake of all humanity, things must change in the United States."

On this basis, he put forward a fundamental proposal: "Peace requires a new and different American leadership.... I call on the American people to elect new leaders."

However, measures must be taken to ensure that these elections are not fixed, Arafat noted. This indicates his awareness of the reports of independent observers from the U.S. and the international community on the 2000 Presidential elections, especially in primaries where Lyndon LaRouche was a candidate, and in the state of Florida.

Arafat proposed: "I call upon the American people, to build a practicing democracy, based on tolerance and liberty. If the American people actively pursue these goals, Palestine and the world will actively support their efforts. And Palestine, along with others in the international community will help the Americans organize and monitor fair elections by the end of the year."

Referring to the fact that U.S. politics are notoriously financed, in the main, through murky contributions from Wall Street firms and oil multitis, such as Enron, as well as from dubious political lobbies, rather than from representative organizations committed to the general welfare, Arafat further noted: "Today, the elected American government has no authority, and power is concentrated in the hands of an unaccountable few. The American people are gifted and capable, and I am



confident they can achieve a new birth for their nation. But it will be built through reform. And reform must be more than cosmetic change, or veiled attempt to preserve the status quo. True reform will require entirely new political and economic institutions."

The ever-worsening economic and financial crisis, and its social impact on the United States, were clearly addressed, if in an understated manner: "Today, the American people live in economic stagnation, made worse by official corruption. A true American state will require a vibrant economy, where honest enterprise is encouraged by honest government. The Palestinians stand ready to work with America on a major project of economic reform and development. Palestine is willing to oversee reforms in American finances, encouraging transparency and independent auditing."

Arafat addressed the widespread abuses in the U.S. judicial system, which have been exacerbated by the police state measures introduced by Attorney General John Ashcroft after Sept. 11. "Today, the American people lack effective courts of law and have no means to defend and vindicate their rights. An American state will require a system of reliable justice to punish those who prey on the innocent. Palestine and members of the international community stand ready to work with U.S. leaders to establish, finance, and monitor a truly independent judiciary."

As to the obvious problems of the many American media and law enforcement agencies, which urgently require reform, he noted: "It will require an externally supervised effort to rebuild and reform the American security services. The security system must have clear lines of authority and accountability and a unified chain of command."

Towards the close of his speech, Arafat broadened his vision, from a rebirth in America, to a renewal of the entire Christian world: "I have a hope for the people of Christian countries. Your commitments to morality, and learning, and tolerance led to great historical achievements. And those values are alive in the Christian world today. You have a rich culture, and you share the aspirations of men and women in every culture. Prosperity and freedom and dignity are not just Palestinian hopes, or hopes of the Islamic world. They are universal, human hopes. And even in the violence and turmoil in the United States, Palestine believes those hopes have the power to transform lives and nations."

*—We are astonished to hear that rumors are circulating, that the Arafat speech is not authentic, and merely a satiric rendition of President Bush's speech with "American" and "Palestinian" reversed. Given the intensity with which U.S. police authorities are listening in on any and every statement made in Arabic everywhere in the world, it stands to reason that Chairman Arafat's speech was listened in on by an FBI agent, sent to Washington for decoding, and ended up in the President's speechwriting department by mistake.—T.E.*

## **Sharon Wearing Makeup All the Time**

How much pancake makeup does it take to cover up corpulent Ariel Sharon's war crimes? Bush's "Man of Peace," Sharon, is ridiculed in the Israeli paper *Ha'aretz* by commentator Yoel Marcus, in a June 25 article called, "Give Us Answers, Not Makeup." Marcus takes on Sharon's hypocrisy in visiting of the site of a recent suicide bomb attack. This is the first time since coming to office that Sharon visited a site where a terror attack occurred, unlike when he was in the opposition and unlike previous Prime Ministers. Marcus added that Sharon came to the site fully made up for TV cameras, and quoted a *Ma'ariv* journalist who revealed, "Sharon never leaves his house without makeup. What's he worried about at his age? That someone will see his wrinkles?"

"Recent public opinion surveys show that the public's love affair with Sharon is over," adds Marcus. "More people are worried about security and the economic situation. More people believe he has no solution to Israel's economic and defense problems. More people want a different Prime Minister. Blind faith in Sharon is evaporating. From the roof of the Prime Minister's office on a clear day, even he can see the end of his career."



## **Bonds Collapse, Bank of Israel Hikes Interest Rates—Again!**

Israeli money is fleeing the country so fast that Bank of Israel Governor David Klein on June 23 increased interest rates again by 2% to an incredible 9.1%. This is the third rate hike within four weeks, since the hikes haven't stopped the flow out of the shekel and into the dollar. The rate is still 4.9502 to the dollar, a very slight rise.

The hike follows a 23.4% rise in the money supply over the last 12 months, which puts the inflation forecast at 6%, way above the so-called government target of 2-3%. Some are forecasting an inflation rate of 8% or 10% by the end of the year as being more realistic. The official inflation rate now is 4.9%.

Analysts are saying that the rate hike will not have a long-range curative effect on the economy, as the public has little confidence in the government's economic policies. This was seen quite dramatically in the collapse of the government bond market. The unindexed Shahr government bonds lost 2.5% on the average, after reaching 4.0% losses during trading. Since the beginning of the year, bond prices have shed some 20%, which has sent yields skyrocketing to 12.5%. This was spurred by large withdrawals from shekel-based mutual funds, which had to sell bonds to be able to repay savers. Some 500 million shekels were withdrawn on June 23, which is to be added to the 4-6 billion shekels already withdrawn from the beginning of the month. This is over \$1.1 billion.

Short-term Treasury bills also lost, with yields jumping to 10.5%. Galil bond yields, which are linked to the Consumer Price Index, rose to 6%.

Just prior to the rate hike, interest rates on short-term loans had reached almost 10%.

Klein is desperately using the interest rate to stem the flow out of the shekel, but is having no success, even though Israeli interest rates are over four times higher than those in the United States. *Ha'aretz* economic commentator Avraham Tal says the real reason is that "the fear of a severe security crisis, with everything that involves, has until now been the main cause of the accelerated devaluation, and is liable to be a cause for its continuation. Business and private citizens are looking for a safe haven in the dollar in Israel and abroad. No raising of the interest rates, nor any additional cutback in the budget, will help to combat that...."

## **New, Bigger Sharon War Crimes Follow Bush's Blessing**

On June 28, the Israel military blew up the headquarters of the Palestinian Authority in Hebron, knowing that 15 men were inside. This type of action has not been carried out since Israel Prime Minister Ariel Sharon, as commander of the infamous 101 Brigade in 1956, ordered troops to blow up every house in a West Bank village knowing women and children were still in the building. It is clear, and the IDF in effect admits it is, that this could not have been possible prior to President George Bush's speech endorsing Sharon's war aims on June 24. The building that they blew up was not a security headquarters but housed all the PA administration.

The Israeli Army released a statement: "The Army operated in the Palestinian security compound and detonated in a controlled manner part of the building where wanted Palestinians were taking refuge and refused to turn themselves in."

A military source made it clear that they have been given a free hand, telling *Ha'aretz*, "Unlike the previous cases—the siege of the muqata [Arafat's headquarters] in Ramallah and the Church of the Nativity in Bethlehem—the situation this time is much less complicated. In Hebron, there are no civilians among those holed up inside, and there is *no international interest* in what is happening. We have all the time we need...."

The term "wanted Palestinians" has been used to identify any Palestinian who is killed. Although a PA official was sent into the building to see if anyone was there prior to the bombing, he said the building had sustained so much damage that it was impossible to tell. The siege of this compound has been going on for over a week, and since that time 700,000 Palestinians have been living under a lockdown curfew in Hebron.

## **Indyk Pushes New Colonialism Over Palestine**

Martin Indyk, who now heads the Saban Center for Middle East Policy at the Brookings Institution, and who was a saboteur of President Clinton's Mideast peace efforts in the last Administration, penned an insane op ed in the June 29 *Washington Post*. In it, he called for the re-creation of the old British Imperial Mandate over Palestine, this time under U.S. control. Indyk argued that any effort to reinvigorate the peace process would be continually "swamped by continued Palestinian terrorist attacks and Israeli military responses." He laid out the following scenario: "Imagine the scenario in which suicide bombers succeed in killing a large number of Israeli civilians and Sharon decides, using the President's call for new leadership as cover, to evict Arafat from Palestine. This could leave a vacuum that radical forces would seek to fill, and might well generate instability in Jordan and Egypt, a Hezbollah-provoked Israeli-Syrian confrontation, and Iraqi suspension of oil supplies, which this time might tip the U.S. economy back into recession."

Based on this doomsday scenario, Indyk argues for a more radical solution: "an American-led trusteeship for Palestine." He detailed the scheme: A U.S.-led international group would take control over 42% of the West Bank and most of Gaza. An international conference would establish a Palestinian state—but only after a three-year trusteeship period had been completed, during which time the U.S.-led trustees would establish a Palestinian state to their liking. The U.S.-led force would replace the IDF in "policing the territories of the trusteeship." Indyk argued that the mandate proposal "has precedent in Bosnia, East Timor, Afghanistan and perhaps soon Iraq." In other words, Indyk is pushing for a much broader U.S.-led imperial *reconquista* of the entire Middle East region.

Recall that earlier this year, Sebastian Mallaby, a *Washington Post* syndicated columnist and former Washington bureau chief of the London *Economist*, penned an article in the Council on Foreign Relations journal, *Foreign Affairs*, in which he called for precisely such a U.S.-led mandate system—on a global scale, arguing that the imperial impulse was too great for President Bush to ignore.

## **LaRouche Comments on Indyk**

Informed of the Martin Indyk op ed in Saturday's *Washington Post* calling for a U.S.-led new imperial mandate over Palestine, Lyndon LaRouche remarked, "If there is one thing that the Israeli government and I fully agree on, it is that Martin Indyk is an idiot!"

## **Asia News Digest**

### **India Procures 25% Stake in Greater Nile Project in Sudan**

India's procurement of a 25% stake in the Greater Nile Project in Sudan, has surprised many. However, Delhi's investment of nearly \$750 million in Sudan is part of a new diplomatic thrust aimed at ensuring India's energy security, says an eminent Indian analyst.

India's search abroad for "equity oil" started in Vietnam a few years ago. Later, the government took a stake in a hydrocarbon project in Sakhalin, in Russia's Far East. India and China have linked up for oil exploration in Kazakhstan, and China is also a partner in the oil project in Sudan that India has now decided to join.

In going for "equity oil," India is emulating China, whose energy diplomacy is far more intensive than India's. Since becoming a net oil importer in 1993, China's quest abroad for production-sharing contracts, equity investments, and old oil fields that could be rejuvenated has taken it to faraway places in Nigeria and Venezuela.

As for India, there are expectations that New Delhi will be re-opening talks with the visiting Nepalese monarch, King Gyanendra, on the development of Nepal's 80,000 MW of hydropower. King Gyanendra is now in India, meeting top Indian leaders.

### **Al-Qaeda Kills 10 Pakistani Soldiers**

Suspected al-Qaeda terrorists have killed 10 Pakistani soldiers, including two officers, in a four-hour-long gun battle near the border with Afghanistan. Pakistani soldiers launched a hunt near the town of Wana on a tip from the FBI that al-Qaeda/Taliban operatives were on the area. Subsequently, the Pakistani Army said the al-Qaeda members were Chechens.

In Spin Boldak in southern Afghanistan, al-Qaeda activists have blown up a large ammunition dump, killing 19 Afghan soldiers and civilians. Another 15 Afghan soldiers working in the depot were missing.

Meanwhile, U.S. Secretary of Defense Donald Rumsfeld has told reporters that, from recent seizures of weapons, it is evident that al-Qaeda is receiving and storing fresh caches of armaments. Rumsfeld also indicated that the weapons have come from various countries. "If I spread out all the passports, it would cover many different countries," he told the reporters.

He also made it a point to note that the money sources of al-Qaeda have not dried up. Money is still coming into their accounts, and they are still using it to buy weapons.

Although there is general agreement in Washington that al-Qaeda is far from being finished, there exists a difference of opinion over where the al-Qaeda remains concentrated. According to Rumsfeld, al-Qaeda is operating in southern Afghanistan and the border areas in Pakistan. According to the Deputy Secretary of State, Richard Armitage, al-Qaeda is also active in the Pakistani-held part of Kashmir. Rumsfeld, when he was in Islamabad recently, had said that there did not exist enough evidence to claim that the al-Qaeda activists were in Kashmir.

### **Chinese Unemployment Closer to 7% Than 4%**

"China should put ensuring a higher rate of employment as the core point of all its economic policies," wrote CASS economist Cai Fang, director of the Population and Labor Economics Institute of the CASS, in a *People's Daily* article June 24. Despite the annual economic growth rate of around 8%, ensuring enough jobs to the unemployed is becoming the biggest headache for Chinese policy makers, the article stated.

Cai Fang and colleagues released a report earlier this month, warning that the real unemployment rate in China is closer to 7% rather than it is to the official government figure of less than 4%. A 7% unemployment rate is a serious warning signal, Cai wrote, which usually means growing mass dissatisfaction and potential social instability.

At the spring session of the National People's Congress, Premier Zhu Rongji ranked the effort "to broaden employment channels and create jobs," as the first priority of his administration's agenda.

Reflecting the situation of China's manufacturing under the reform, Cai Fang wrote that he considers service-sector

employment as the solution to the problem. Up until 1979, employment in all three main sectors—farming and mining, manufacturing, and services—grew at about the same rate. But by 2000, while employment in manufacturing had fallen by -39%, it had grown by 105% in services.

### **Chinese PM Zhu Rongji Calls Meeting of Leading Economists**

Chinese Prime Minister Zhu Rongji called together a meeting of China's leading economists at the government compound in Beijing in recent days. The meeting focussed on China's economic situation, including the agricultural sector, finance and taxation, banking, foreign trade, state enterprise reforms, employment and social security, and income and distribution.

Meanwhile, on June 23, the Chinese State Council officially cancelled a plan to sell the huge state holdings of listed companies on the domestic stock market. (The government had wanted to raise funds to finance pensions). As a result of the June 23 decision, the markets, which had been in the doldrums for a year, rose sharply—for the moment.

The Chinese government has some \$241 billion of holdings in publicly traded companies; the plan to sell off these assets was not welcomed, because of fears it would draw liquidity from the markets—the Chinese stock markets have fallen by 30% over the past year.

The plan, formulated in June 2001, was that government shares should be 10% of all shares sold by any company on the markets, and the proceeds thereof would go to the pension fund. Government holdings are about two-thirds of every publicly traded firm, accounting for the vast majority of the stock market capitalization, which is some \$500 billion.

### **Philippines President Agrees to Utopians' Perpetual War**

Philippines President Gloria Macapagal-Arroyo has agreed to the Philippine side of the utopian perpetual war scenario. Arroyo said, according to the June 23 issue of *Straits Times*, that she had conveyed to the Bush Administration that "while the military training portion"—of the U.S. military Balikatan "exercise" in Mindanao—"will end on July 31, we can start the next Balikatan exercise immediately." This comes just days after she also accepted the Bush "offer" to allow Special Forces troops to join the combat missions against terrorists. She also said that the deployment would not be limited to Mindanao, as the current operation is, but would be extended to other parts of the country.

Defense Secretary Angelo Reyes and Army Chief Roy Cimatu will meet with Asia Pacific Commander Adm. Thomas Fargo on June 27 in Hawaii, to prepare for the "mission-creep." Secretary of Defense Donald Rumsfeld told a press briefing at the Pentagon on June 26 that the next stage is being prepared.

### **Arroyo Administration in Turmoil Over Failed Firing of Foreign Minister**

The Arroyo Administration in the Philippines is in turmoil, after the President tried, and failed, to fire Foreign Minister Guingona. President Gloria Macapagal-Arroyo released a letter June 27 accepting the resignation of Teofisto Guingona as Foreign Minister (although he was to remain as Vice President). However, Guingona denied that he had resigned, denied he had discussed it with Arroyo, and said he did not intend to leave office, reported the June 28 *Daily Tribune* of Manila.

Thereupon Arroyo backed down, saying her Press Secretary was to blame for releasing the letter, despite the fact that she had signed it!

Guingona openly opposed the U.S. military Balikatan operation in Mindanao before it began, and almost resigned over it. The fact that the U.S. troops were barred from taking part in combat operations is due at least partly to his fight over the

issue, and his demand that, as Defense Minister he had to sign off on the final agreement. In her letter, Arroyo said they had had honest differences, but that they had worked them through, leading to the "successful" Balikatan operation. The fact that a followup "exercise" to replace Balikatan after it ends on July 31, is now being discussed in the U.S. and the Philippines indicates that the issue of U.S. military presence is behind the crisis in the Arroyo Administration.

## **Singapore Looks to Hedge Funds To Revive Its Economy**

A working group including mainly private-sector representatives has been formed to look into positioning Singapore as a hub for hedge-fund management.

The group, according to the *Singapore Business Times*, is understood to be part of the network of subcommittees that ultimately report to the high-level Economic Review Committee (ERC), looking into ways to revitalize the Singapore economy. The number of hedge funds in the city-state is believed to have more than doubled, from 11 in 2000, based on a study by the Bank of Bermuda, to around 28—as compiled by Eureka Hedge Advisors in its first Asian hedge fund directory this year. The Government of Singapore Investment Corp. (GIC) last year indicated that it was willing to "invest selectively" in hedge funds.

## **AFRICA NEWS DIGEST**

### **African Leaders Support Arafat, Palestine**

The government of South Africa defended President Yassir Arafat, and the elected Palestinian leadership against George W. Bush's threats, in the strongest possible terms.

"It is up to the Palestinians to choose their own leaders; that's the essence of democracy," declared South Africa's Middle East hand, Deputy Foreign Minister Aziz Pahad, on June 26 from Johannesburg International Airport prior to departing for Israel and Palestine. Leaders cannot be imposed, Pahad said, directly reacting to the Bush Administration's decision to abandon Yasser Arafat and to call for a new Palestinian leadership.

Pahad was to visit the Palestinians and Israel on June 27, to hand over a consignment of medicines, hospital equipment, and food to the Palestinian people on behalf of the government and people of South Africa. Donations collected by "Gift of the Givers," and supported by many other civil society organizations in South Africa, were used to purchase the supplies. Additionally, the South African government was to hand over to the Palestinian Ambassador in South Africa, a check for 4 million Rand to be used to provide medical assistance to the Palestinian people.

During his visit, Pahad will meet was to meet with key Israeli and Palestinian figures, including Yasser Araft and Israeli Foreign Minister Shimon Peres. "I will take the opportunity to share our own South African experience of national transformation and try to offer a glimmer of hope to all peace-loving Israelis and Palestinians who want an end to war and injustice. I again reiterate, there can be no military solutions to political problems."

Similarly, from Khartoum, Sudan, the Foreign Ministers of 57 Muslim nations and other high officials representing the Saudi-based Organization of Islamic Conference (OIC) passed a resolution at their meeting on June 27, to provide support for the Palestinians. In the resolution of support, the OIC reiterated its backing for Saudi Crown Prince Abdullah's peace plan, first floated last February, which promises normalized relations of Islamic states with Israel in return for Israel's withdrawal to pre-1967 borders and the creation of a Palestinian state. The OIC ministers also condemned the Israel Defense Force for committing "war crimes, crimes against humanity and massacres."



There was no mention of President Bush's Middle East "policy," in order, according to Palestinian chief delegate Farouk Khaddoumi, to allow other Arab nations (particularly the Saudis) to have time to get further information from Washington. However, the OIC did pass a separate declaration that said that Muslims stood by the "Palestinian people under the leadership of the gallant President Yasser Arafat."

## **Colonial-Inspired Wars Destroy African Food Production**

In the midst of a grave shortage of food, large tracts of Africa's arable land cannot grow food because of wars and free-market economics, wrote John Mbaria in an op-ed in the June 24 issue of Kenya's *The East African*. The Democratic Republic of Congo, "a country that holds more than a quarter of the freshwater resources of Africa," he said, can no longer grow any food because of the ongoing war. Countries like Sierra Leone, Liberia, Sudan, and Somalia have similar conflicts. Where there are lesser conflicts, food production is confined to good soils and arable land that is watered either by natural means or artificially through irrigation. Unfortunately, such soils comprise only 22% of Africa's total land surface. Of the rest, 66% is in areas with hostile climatic conditions, while 21% is covered by forests. This means that there is a scarcity of good arable land all over Africa.

Globalization and the "free market" compound the problem, Mbaria added, with "the whims of the market," and the "tyranny of Western capital," hurting the farmers' ability to rely on a stable crop.

"In addition, a disproportionate share of land in Africa is held not by the hungry poor but by well-fed rich people to whom food production is not a priority."

## **Zimbabwe: June 24 Deadline Affects 2,900 White Farmers**

Zimbabwe's Land Acquisition Act has now come into force, ordering 2,900 white farmers to stop farming by midnight June 24, according to the amendments to the act that were effected May 10 by the government of Zimbabwe under Robert Mugabe. The changes ordered farmers "whose property has been earmarked for acquisition to stop farming 45 days after a notice of acquisition has been issued and vacate their property within 90 days." The affected white commercial farmers, according to the Commercial Farmers Union, represent about 70% of the white farmers who held about 4,800 title deeds before the land reforms were enacted two years ago. Most of the 2,900 who were ordered to stop, are still farming and are seeking a court ruling to stop the order.

Agriculture Minister Joseph Made told Zimbabwe state radio that the government was moving to finalize the farm seizures, and agricultural officials would soon be subdividing the targetted farms for redistribution to blacks. A senior agricultural official noted that "a lot of these farmers were notified two years ago that this was going to happen. We are not going to accept again a situation where the indigenous people of this country are denied land and just work for the whites." The official noted that many of these farmers have more than one farm and very large tracts of land.

## **Europeans, U.S. Accused of Using Food as a Weapon**

European nations and the U.S., which have failed to dislodge the Zimbabwe government, are now using the food shortages there to achieve their aim, says a June 25 editorial in *The Herald* (based in Harare); the editorial is titled "Donors in Bid To Cause Mayhem in Zimbabwe."

Part of the operation, is a propaganda line that the land reform program is responsible for the food shortages that have hit the entire southern African region. "Racist assumptions that whites are the only competent farmers should be dismissed," notes *The Herald*. More than 400,000 landless peasant families have been resettled on land acquired from white



commercial farmers by the government. More than 4 million people in Malawi, Zambia, and Zimbabwe are currently threatened by food shortages due to the drought. The worst-hit country is Malawi, where about 300 people are believed to have died already of hunger.

Western "concern" over who in Zimbabwe is going to distribute food aid is misplaced, says *The Herald*, noting the accomplishments during the 1992 and 1994 drought crises. ZANU-PF Secretary for Information and Publicity Cde Nathan Shamuyarira, who chaired the drought relief committees in 1992 and 1994, says that local committees including chiefs, village herdsman, and officials from the district administrator's office can take responsibility.

## **HIV Horror: 28 Million Africans Infected**

More than 28 million Africans are living with HIV/AIDS, and in some countries over 30% of the adult population is infected, according to Peter Piot, executive director of UNAIDS, in data released on the eve of the Group of Eight summit in Canada. Overall, labor productivity has been cut by up to 50% because of the disease in the hardest-hit countries. About 7 million farmers are thought to have died as a result of HIV/AIDS, severely damaging agricultural production on the continent. The report cites the example of Burkina Faso, where one-fifth of rural families are thought to have abandoned their farm work because of the disease. In Zambia, more than two-thirds of deaths among managers have been attributed to AIDS, while about three-quarters of deaths among Kenya's police force are caused by the disease. With respect to national security, a prerequisite to effective development of African nations, between 20% and 40% of soldiers have AIDS. In countries where HIV/AIDS has been present for more than a decade, 50-60% of soldiers are believed to suffer from the disease.

## **U.S. Chooses New Leader of Madagascar**

[Source: AllAfrica.com, June 27, 'US Recognizes Ravalomanana; Unfreezes Assets']

While the Organization of African Unity continues to attempt to broker a political settlement in the southern African island-state of Madagascar, the United States has issued a statement defining Marc Ravalomanana as the new head of government. Writes AllAfrica.com (June 27): "In a surprise move, the United States became the first major world power to formally recognize the government of Marc Ravalomanana in Madagascar. A letter to that effect from President George Bush was presented by the American ambassador Wanda Nesbitt in Madagascar on Wednesday.... Whether or not other industrial nations follow the U.S. lead—and there have been indications that at least some will—the decision is more than a political victory for the new Madagascar government. The majority of the island's foreign reserves are held by the U.S. foreign reserve bank in New York and were frozen during the Presidential dispute."

Ravalomanana, the opposition candidate and major of Antananarivo, for some months has been the self-proclaimed President of the country, fighting a Philippines-type "people's war" from the streets. He is a self-made multimillionaire. His company, TIKO, is the largest non-foreign-owned company in Madagascar. The company, set up through a World Bank loan, has a monopoly on all dairy and oil products sold on the island. He has the support of the urban population, but not the rural.

The incumbent President was Didier Ratsiraka. Madagascar was seen by Western powers as a test-case scenario for ways of replacing the Mugabe government in Zimbabwe, which the U.S. and Europe would dearly love to do.

## **This Week in History**

### **July 1-July 7, 1776**

It was July 1 when the Congress took up the issue of Independence once again. On the floor was Virginian Richard Henry Lee's motion, which read as follows:

"...That these United Colonies are, and of a right ought to be, free and independent states, that they are absolved from all allegiance to the British Crown, and that all political connection between them and the state of Great Britain is, and ought to be, totally dissolved."

What ensued was a passionate debate between two major figures, a debate officially unrecorded, as all the deliberations of this Congress and the Constitutional Convention were. Opposing the resolution was Pennsylvania delegate John Dickinson, who led off the debate. He argued that the colonies were unprepared to survive the consequences of declaring independence, and compared such action "to brav[ing] the storm in a skiff made of paper." Rising to speak for the resolution was Massachusetts delegate John Adams, whose hour-long presentation was reported by many other delegates to have demonstrated "not only the justice, but the expediency of the measure." After Adams, the discussion continued, lasting a total of nine hours.

But when a preliminary vote was taken, the outcome appeared very much in doubt. Nine delegations voted in favor, providing a majority, but four withheld support. Pennsylvania and South Carolina voted no, while New York abstained, and Delaware had no delegates on hand to vote. A motion to postpone consideration until the next day was entertained, and approved.

Clearly, lack of support from two of the largest colonies—Pennsylvania and New York—would not set the new nation off on the right foot.

But, by the time the vote was called on July 2, the situation had changed. Most importantly, two of the Declaration's opponents in Pennsylvania—most notably, John Dickinson—stayed away, permitting the pro-independence voters to gain a majority. Secondly, Delaware's Caesar Rodney arrived, after an all-night ride, to cast his vote for independence. South Carolina decided to join in to make it unanimous, while New York continued to abstain, on the basis that the delegates had no specific instructions from back home.

On July 2, the American colonies declared independence.

What now remained was the need to adopt the formal Declaration, which Thomas Jefferson had been entrusted to write on behalf of the drafting committee. The review of Jefferson's draft began first thing on the morning of July 3. Of the 80 or so changes that were made, all of which amounted to cutting the document by about 25%, there were two worthy of being pointed out here. First, as is often pointed out these days, Jefferson's indictment of the British Crown for introducing the slave trade to the Americas was struck, primarily on the insistence of Georgia and South Carolina, according to Jefferson's later report. Despite broad anti-slavery sentiment, and activity, in many of the other colonies, no one—not even the uncompromised John Adams—was willing to sacrifice agreement on the Declaration for this issue. Second, the delegates added a reference in the final paragraph to their "firm reliance on the protection of divine Providence," to underscore the religious conviction that inspired many of them.

It took until 11:00 a.m. July 4, and then the deed was finalized. Delegates from 12 colonies voted up the Declaration, with only New York abstaining.

The news spread like wildfire. By the next morning, broadside editions were available, and on July 6, the *Pennsylvania Evening Post* published the full text. On July 8, a great day of celebration was held in Philadelphia, with bands, drums, military parades, and bonfires. Similar extravaganzas occurred throughout the colonies, as the printed declaration spread.

The words which rang out, have rung down through the ages:

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed....

"We, therefore, the Representatives of the United States of America, in General Congress assembled, appealing to the Supreme Judge of the world for the rectitude of our intentions, do, in the name, and by authority of the good people of these colonies, solemnly publish and declare, That these United Colonies are, and of right ought to be, free and independent states; that they are absolved from all allegiance to the British crown, and that all political connection between them and the state of Great Britain, is and ought to be, totally dissolved; and that, as free and independent states, they have full power to levy war, conclude peace, contract alliances, establish commerce, and to do all other acts and things which independent states may of right do. And for the support of this declaration, with a firm reliance on the protection of Divine Providence, we mutually pledge to each other our lives, our fortunes, and our sacred honor."

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