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This Week You Need To Know

The 'End of History' Doctrine and Fascism

2004 Presidential candidate Lyndon LaRouche spoke at an event held in Rome April 8 to present the latest book of Italian economist Nino Galloni. We reproduce LaRouche's opening remarks here.

Well, I will say what I've said a number of other times, today and before: The world is faced with two leading problems, which are distinct, but interactive. On one side, we have the final collapse of the present international financial-monetary system. It's over. At the same time, we have a literally fascist, small group in the United States, which is in the process of launching world war. For the economic-financial crisis, there are remedies. The fascist coup attempt, typified by the ongoing war in the Middle East, is an attempt to *prevent* solutions for the financial-economic crisis. Fascist regimes can come into being, only under certain conditions of crisis: If the crisis is solved, the fascist regime can not come into existence. So, in a crisis, there is always a threat that a fascist or similar regime will try to take power, to prevent a solution to the crisis. That happened in Germany in 1933; it's happening now.

What we have is, in the United States, we have a group of lackeys; they are not financial interests, they are not—in and of themselves, they are simply lackeys. They are organized around an academic group. The leader of the group was deceased in 1973: His name was Leo Strauss. He is best known as a professor at the University of Chicago, in the United States. You have three generations of his movement, in the United States, today. But, it is specifically fascist; it's very close to the Nazi ideology. It came from Germany, out of Marburg University, today in Hessen in Germany. It built up in the 1940s. The figure involved is Leo Strauss, who is a protégé of the legal authority who designed the coup d'état that put Hitler in power: Carl Schmitt. The fellow was educated by another Nazi, Martin Heidegger.

In the United States, he became the center of this group, which now has three generations, and the leaders—the circle around Vice President Cheney, and Rumsfeld, are all representatives of this group of Nazis. The base of the group is the same part of the U.S. establishment, which at the end of World War II represented what we call "Utopian air-power dreams of world empire." Now, this organization was originally known as "RAND," for "research and development." It was tied to the plans for the development of the Air Force, as an independent arm of warfare. Its particular orientation was the use of nuclear weapons, as instruments of world domination. It later became known as the "RAND organization." It was a key part of the organization of the Air Force, as a separate arm of the military. They were known generically as the "Utopians," organized around the ideas of H.G. Wells and Bertrand Russell. They were opposed to what was called the "Classical" military group, which was typified then by Gen. Douglas MacArthur, or, in a certain degree, by Gen. Eisenhower. And, this group around Leo Strauss dovetailed into this, as an intellectual group, which is, today, the controlling intellectual force inside the attempted fascist coup.

Now, the implementation of this group—well, let me take first, the character of the group. The group believes in the theory of the "end of history," as first posed by Hegel, and then modified by Friedrich Nietzsche. Some of you may be familiar with this theory. The theory is called "the end of history" doctrine. The point was that, at a certain point, history would come to an end, and a permanent form of world society would come up, and there would be no more changes in society. This was the idea of the State of Hegel, in his theory of History and his theory of the State. In Nietzsche, it took a special

form—the same thing as Hegel, but a special form—in which he talked about the so-called "Superman" theory: That a certain kind of individual, in a time of crisis, would be willing to commit acts *so horrible*, that society would submit to that individual, because they were terrified of him. This was the doctrine of the Nazi regime, the Hitler regime.

These people have the same doctrine. They've generated three academic generations. One of the significant ones, is a fellow called Wohlstetter, who was an ex-Trotskyist, who was picked up by the RAND Corp. and trained by Leo Strauss at Chicago. This Wohlstetter was the educator and recruiter of the Wolfowitz who is the present Deputy Secretary of Defense. The Defense Department, especially the military, other institutions, and the office of the Vice President of the United States, are polluted with these agents. In 1990, this group said the Soviet Union had to collapse, and therefore, the United States would be the only world power. Then they said, "This is the end of history! There will be one world empire, and *we* will control it from the inside."

Under the first Bush Administration, this idea was rejected. But, the person who advocated *inside* the Bush Administration, then, was then-Secretary of Defense Dick Cheney. As a result of economic problems, the Bush government was not re-elected, and we had two Clinton Administrations.

So then, what happened after the installation of young Bush—who, I must say, is a mental defective, with severe neurological problems from drug addiction; who is a punk—Cheney organized what became Sept. 11, 2001, the bombing. This is a modern equivalent of the Hitler Reichstag Fire. And, they moved for emergency laws, immediately, to establish, step by step, a dictatorship in the United States, and to move toward world war.

Some of us in the United States organized against this. We succeeded in delaying this, for over a year. Now, the war has begun, and it will not stop, until it is *stopped* by intervention. There is no "Iraq war": There is a continual war. The purpose of the war, is to establish world, fascist tyranny; largely by intimidation. They don't have the ability to win world war.

The U.S. Federal government deficit today, is running, for this year, *\$1 trillion*. In addition, to run the U.S. military *without* a war, costs \$1 trillion a year. To run a continuation of the war, now ongoing in the Middle East, will cost about \$1 trillion a year *more*. The U.S. economy is collapsing. The U.S. economy is predominantly a parasitical economy, which lives on the rest of the world. It controls the world monetary system; it controls credit; it controls prices; everybody produces for the United States cheap, and most of the time it's not paid. It's a deficit.

So, the point—what you have, in a sense, is already a kind of world imperium of this system. Other parts of the world are afraid. Their idea of self-defense is, crawl under the bed—which is not exactly a good defense.

But, on the other side, if we don't do something, the enemy will succeed—just like Hitler succeeded. Hitler did not have the power to take power: It was arranged for him. The German military didn't fight; the left didn't fight; they sat, and waited for Hitler to fail. In a short time, the world was headed toward war. A similar situation today.

Now, the last part of my report, on this presentation: We have a solution. Europe is bankrupt. That is, the total amount of income for Western Europe, for example, is not sufficient to maintain the existing level of functions of government *and* the population. Typical is Germany. Without Germany, there *is* no Western Europe. It is the linchpin of the economy of Western Europe. Now, Germany has over 4 million unemployed, officially. With 4 million unemployed at present, Germany can not maintain its government and its essential functions; with a reduction of the unemployment by 2 million or more, it could function.

The solution lies in Eurasia. Long-term agreements between Western Europe and Asia, through Russia, would mean that there could be a long-term recovery and growth, in Eurasia as a whole. The present financial system, the present monetary

system can not be saved; it's hopeless. No reform of the existing system internally is possible. However, governments can put the present system into *bankruptcy reorganization*, and create a new system, based largely on long-term cooperation, initially, within Eurasia.

This would mean a new monetary system, created by joint action of governments, with an orientation to long-term trade, 25 to 50 years ahead; fixed-rate monetary system; regulated, as in the post-war period between Europe and the United States. Credit created by joint treaty agreements among governments—chiefly credit for long-term infrastructure projects, which is the amount of credit needed to have the growth of employment and production.

The crisis will tend to bring governments to the recognition that they are already bankrupt. Then the governments must put the central banking systems into *bankruptcy reorganization*: Reorganize the system, as in bankruptcy. The government must create a system of generated credit for large-scale projects, as well as keeping essential monetary and financial functions functioning, through existing, useful banks, to maintain the stability of society; savings of households, small businesses, pensions, and so forth. And, additional credit for promotion of growth in the economy, internally. And, large-scale credit for international trade and projects.

If we do that, then, there is no more a real political crisis, and the fascists have nowhere to go. If we don't do that, the fascists will take over. So, we have a choice. We have a choice of either doing what we must do; or, hoping there are people on this planet, 200 years from now.

I think the choice is clear! And, I'm an optimist.

LATEST FROM LAROUCHE

LaRouche on Pacifica Radio

Lyndon LaRouche, candidate for the Democratic nomination for President in 2004, was interviewed on April 4 on WPFW, Pacifica Radio, by host Ambrose I. Lane, Sr. WPFW is based in Washington, D.C., and reaches five states. The interview is scheduled to be re-broadcast by another Pacifica station, WBAI in New York City, on April 14, 3:30-6:00 a.m.

Ambrose Lane: Good morning.

Lyndon LaRouche: Good morning

Lane: Lyndon?

LaRouche: Yes.

Lane: Good, welcome to "We Ourselves."

LaRouche: I'm glad to be with you.

A Shakespearean Farce

Lane: I just read the opening paragraph of your keynote speech on March 21, to our listeners. Tell our listeners what you

mean by "the Shakespearean farce."

LaRouche: In a sense, what we are dealing with is an irony, which is equivalent to Shakespearean tragedy, in which the institutions of a government and many of the people are, in a sense, deranged, and because they refuse to correct their errors, they are marching toward doom.

We have something like that, in part, in the present Iraq situation, which the ground-force generals of the U.S. have been emphasizing. Donald Rumsfeld has been playing Hitler with the generals, with *his* generals, and has advised the United States to go into Iraq, poorly planned, poorly equipped, over the objections of the competent professionals, the way Hitler would always intervene with his professionals. That's one level of the tragedy.

The other level, of course, is that the war is not necessary. Nothing is going to be accomplished in net effect to the advantage of humanity by this war, and we don't know where it is going to go. It's not an Iraq war. It's something which will tend to spread in other parts of the world.

And, the problem here is, that we have a bunch in Washington, which are crazy. We call them the "Chickenhawks." They are called the Chickenhawks, because often they avoided military service in Vietnam, when that was relevant, and they're now out there telling other people to go off into something like a Vietnam War, so they are a little bit chicken, and they are war hawks.

These people are centered around Dick Cheney, the Vice President, who is extremely fanatical and dangerous, and, of course, also includes Donald Rumsfeld, whose state of mind is not one I would wish to share.

So, this is a true Classical tragedy, and the United States under the present President, who doesn't seem in control of himself, let alone his government, is part of that tragedy.

Lane: You say that you saw this coming some 40-some years ago. Take us through your view of the Franklin Delano Roosevelt era.

LaRouche: Well, we had a period in 1928, in Germany, until 1933. This was a period of a great financial crash, which in some respects is comparable to the financial crash which is occurring worldwide right now. Now, this current crisis has been coming on for some years, with various efforts have been made to put it under the carpet, but it hasn't worked, and now the carpet's slightly worn out, and it's coming to the surface.

So, what I understood is, the danger is, that in such a situation, people of this type, who are in government, faced with an international financial crisis, would tend to get into military adventures, including dictatorship by military means, as a way of trying to deal with a financial situation they are unwilling to correct.

So, in the beginning of 2001, before Bush was actually inaugurated, I gave this Washington address, in which I stated this as being the case: We are in a financial crisis. It's already here. There is no recovery from this crisis in this form.

Lane: But you don't use the word "depression?"

LaRouche: Well, it's worse than a depression. It's actually an international economic form of financial and monetary crisis. The system is breaking down, it's not a depression in the economy, it is a threatened *breakdown* of the economy.

Lane: That's what we're at.

LaRouche: Something like that occurred in terms of the Versailles monetary system between 1928 and 1933. At that point, what happened is, people in London and New York backed Hitler's being forced into power in 1933. They put Hitler into power, but just a few weeks after that, Roosevelt had been inaugurated—was inaugurated, in March of that year.

Had the Hitler coup not occurred, then Germany under the then Chancellor, von Schleicher, the predecessor of Hitler, would have cooperated with the United States, in following a policy similar to that of Roosevelt's, for Germany, as for the United States. Under those conditions, the war would not occur.

What happened was that those who did not want a Roosevelt-type solution made a coup in Germany, and once they put Hitler into power, they then turned around and set fire to the Reichstag and used the Reichstag fire to cause a dictatorship to be established in Germany. And then the story was all over. We were headed toward war.

I was afraid then—as I have said in referring to this in the beginning of 2001—that if George Bush was inaugurated, and if he doesn't change his policies, what we must expect is that some time soon, somebody is going to pull a Reichstag-fire-like event, and try to launch war and dictatorship as a way of dealing with a crisis they don't want to face.

Lane: Now you said that in January of 2001, long before the Trade Center?

LaRouche: Yes, nine months later, approximately, you had Sept. 11, 2001, and that is when Cheney came out of the woodwork with war policies he already had from 1991, and spilled them out, with control over the Bush Administration, to drive the United States into a needless war, as a way of avoiding facing up to the economic realities. And I suppose the fact that Mr. Cheney, is a bit of a guy who is, sort of, shall we say, "loots the till"—he robs the till, from time to time, with his Halliburton and so forth—that maybe his personal interests have something to do with it.

The Entire System Is Bankrupt

Lane: Now, you said also in that address, and I'm going to quote you: "Now, technically, we are bankrupt as a nation. The entire banking system of the United States, as a collective unit, is bankrupt. The Federal Reserve System is bankrupt. The European central banking systems are bankrupt."

As an economist, explain that to our listeners.

LaRouche: Well, what happened is, if you look at three values over the period since 1966—it was the period after which this change began to occur in our economic policy. We went from being a production nation to being a consumer nation.

Lane: And you described it as a period where the institutions—

LaRouche: We went to the point of saying we are not going to produce anything any more, we're going to live, effectively, on the backs of the rest of the world, who will work for us for cheap, supply us our food and so forth. We won't have to pay for it because we'll have the power to compel them to sell things to us at prices we want, and that is the way we went.

So we began to undergo a process in which our per-capita, per-square-kilometer production collapsed. Our industrial and agricultural sector began to collapse. We went into kinds of make-work jobs and other things to keep people sort of happy, and we printed money to make this work. So over this period, since 1966, the amount of money, the amount of financial

aggregate has increased, that is, the amount of stock-market and related values have increased, while the real production has been collapsing. In the meantime, we pump this up with printing-press money in various forms, in order to sustain this big financial bubble.

Now, the point was reached between 1999 and 2000, in which the amount of money they had to create to maintain the financial bubble was greater than the amount of financial bubble they were trying to sustain. Now, that's hyperinflationary. When you get into that kind of situation: collapsing physical production; collapsing employment in physical, useful things; increasing financial values; and you have to print more money all the time to try to keep the financial markets from collapsing, *you are in a terminal crisis of the system*. You can reorganize the economy and come out of it alive as Roosevelt did in 1933-34, but you cannot maintain the *system*, that is, the financial-monetary system, which is responsible for this mess.

Lane: Now, you are an admirer of the Roosevelt era, but you said that—

LaRouche: Well, I lived through it.

Lane: Yes, but you say the Truman era was awful because it was *evil*. Let me just quote some of the things you said about that period. You said—you had come back as a soldier from World War II—you said: "I saw those who had shown the courage of soldiers in war, and they returned to their homes in the United States very soon, within a year or two, they capitulated to fears. They capitulated to the fear that if they said the wrong thing, if they didn't say what was expected of them in the period of the so-called U.S.-Soviet conflict, that they would be crushed, and so they crawled. They degraded themselves. They taught their children to be careful, to learn how to adapt in life, to learn how to degrade themselves."

Please, talk to us about that because you are saying, in effect that that produced a population that produced a George W. Bush.

LaRouche: Yes, essentially. We went through a moral, cultural degeneration of the type which the famous Solon of Athens, in his old age, warned the Athenians about. He had come back to Athens after travelling around that part of the world, and found them, after he'd rescued them earlier, degenerating into what the mess was, he had gotten them out of. And he went through this process of degeneration of a people, which brings upon that people catastrophes, not all at once, but gradually, step by step.

This is how most tragedies occur, and we went through a great tragedy. It didn't happen all at once. It happened step by step. We went along with Truman first, and then we had McCarthyism, and then Eisenhower, in a sense, pulled us out of McCarthyism and saved us for about eight years. Then he resigned, or retired. Kennedy came in with the intent to return us back to the Roosevelt perspective, from the Truman perspective, and he was killed. We had the Missile Crisis; we had the Bay of Pigs; he was killed, and we were thrown into a Vietnam War, which was a disaster for this nation, and then you had the demoralization caused by this pointless Vietnam War, and so we went further.

Then we got Nixon, and Nixon took us down the road. Brzezinski, who took over from Kissinger, who destroyed our infrastructure, gave us Paul Volcker, destroyed our banking system. We went down and down and down, and the lower 80% of the family income brackets, *physically*, have taken an increasingly worse beating ever since 1977.

Now this process of—"we're going nowhere fast toward the bridge that isn't there, across the chasm that is." Therefore, we have come to the point that we have to wake up, realize we made mistakes, and move to correct the mistakes, using the lessons of our past successes in correcting similar mistakes to do that, and that is my view of FDR.

The Nixon Catastrophe

Lane: Now, you talked about the Nixon catastrophe. I presume you are talking about the address he made in 1971?

LaRouche: Yep.

Lane: Well, I pulled it so I could quote directly from it. There are a couple of things he did in that, but you tell our listeners, as an economist, whether or not he was telling the public the truth.

Let me read from it: "In the past seven years," he said, "there has been an average of one international monetary crisis every year. Now who gains from these crises? Not the working man, not the investor, not the real producers of wealth. The gainers are the international money speculators because they thrive on crises. They help to create them."

And then he said, "In recent weeks, the speculators have been waging an all-out war on the American dollar. The strength of a nation's currency is based on that nation's economy, and the American economy is by far the strongest in the world."

Then he says: "Accordingly, I have directed the Secretary of the Treasury to take the action necessary to defend the dollar against the speculators. I directed Secretary Connally to suspend temporarily the convertibility of the dollar into gold or other reserve assets, except in amounts and conditions determined to be in the interest of monetary stability in the best interests of the United States."

Now, that whole system had been set up by Bretton Woods. Now, what was the catastrophe?

LaRouche: The catastrophe was poor Nixon himself. I don't think he was much good. After all, after his 1966 visit down to the Klan down in Mississippi, I don't think he was doing much good.

Lane: You got it.

LaRouche: But, nonetheless, first of all, the interesting thing is the way the thing was set up. The speech he wrote, or not the speech, but the direction for the speech he wrote on policy, was issued to Connally by a trio of Henry Kissinger, Paul Volcker, and George Shultz. Connally personally told us that later, the details of it—how he had been suckered into this. He then, being a former Democrat, shaped Nixon's announcement of what he had done, on the basis of Connally's Democratic tradition.

The thing was a complete farce. It was directly opposite to what was said. What the intention of this was, by destroying the monetary system, which they had done largely with aid of the Vietnam War—the Vietnam War had grossly undermined the dollar, destroyed it, not because of the amount of money spent, but in many other ways.

We had lost our morality. So, instead of doing the things that should have been done—for example, at that time, had I been President, I would have raised the price of gold in international monetary affairs, not as a gold standard, but simply to bring the price of the dollar and the price of gold back into equilibrium on the world market. That would have worked.

What he did was the opposite: He created a system, under which there is no parity in terms of currencies. Now, if you are trying to loan money at 1-2%, which is what long-term-development loans were in that time, and you have currencies that are fluctuating by 10%, 15%, up and down, you can no longer continue to loan at 1-2%. The result is that you collapse the world economy, and that is what they did.

So, actually Connally's speech was well-meaning, but Connally had not done his homework, and he was suckered by this combination of Kissinger, Volcker, and George Shultz, who is still out there with Bechtel and Company as sort of a partner of Cheney on the West Coast.

The Straussians in the Bush Administration

Lane: Now, you have said that the people surrounding this President philosophically agree, and were trained by, former advisors to Hitler's Nazi Germany.

LaRouche: Yes. Well, people who represented the tradition of Nazi Germany.

Lane: Talk to us about that.

LaRouche: Well, first of all, take the case of the key guy—there are two sources for the present policy in terms of going back to the 1940s, and even earlier. The basic policy of world conquest, that is of world government, through use of nuclear weapons as instruments of terror, was generated by Bertrand Russell and H.G. Wells, in their campaign for world government.

This was the initial origin of the Air Force orientation toward nuclear terror as a way of, first of all, Anglo-Americans and then Americans, controlling the world. But then a second group came in. You had a group in Germany, many of whom happened to be Jewish. Now, they are not typical of German Jews, but they happened to be Jewish, typified by Leo Strauss.

Now these people, including people around the Frankfurt School in Germany, were actually fascists, but when Hitler came to power, there was one problem. Their birth certificates did not allow them to become members of the Nazi Party, otherwise, they would have been Nazi officials. What happened is that people shipped them over to the United States. One of the notable figures shipped over was this fellow, Leo Strauss, later for many years a professor at the University of Chicago, where he was employed at Chicago by Bertrand Russell's crony and co-conspirator, Robert Hutchins, who was then President of Chicago University.

Strauss himself was brought into the United States on the sponsorship of the same Carl Schmitt who designed the law under which Hitler became a dictator, and whose ideology was pro-Nazi. Strauss has always had—he died in 1973—always had a pro-Nazi mentality, and his intent was to do it in the United States without worrying about the anti-Semitism that he found in Germany. So he bred a group of people, first and second generation, which includes Paul Wolfowitz, who was a student of Allan Bloom, one of his men.

The entire crowd which is around Cheney, the hard core, that took over the Bush Administration secondary positions: I. Lawrence Libby is part of the same process. These guys, therefore, the fascists, trained in the Strauss tradition, Leo Strauss tradition, who are Nietzscheans—they are pro-Nazis in every sense of the term technically—they, essentially, are controlling the government through Cheney, who is nominally Vice President, but is actually the den mother controlling the President. And Rumsfeld, who is his crony from back in the days of the Nixon and Ford Administrations, who is running the Defense Department, like Hitler running the German generals.

So, we are now in a position, where a handful of people, of this kind of persuasion, this Nazi-like persuasion, are running the U.S. government. And all the other people in government, including our top generals, retired and serving, who are competent public servants, are essentially out of the picture, taking orders from this handful of Nazi-like creatures, who

have got control of the President at this moment.

Ashcroft: Heinrich Himmler II

Lane: Do you see them trying to institute what you would call the "Fourth Reich"?

LaRouche: Yep. They are trying to set up a dictatorship here. Look at Ashcroft. Ashcroft is one of them.

Lane: Talk about Ashcroft.

LaRouche: Well, Ashcroft comes out of the University of Chicago. He is a man of—I wouldn't say he is religious—I think he is more on the Satanic side, if he has any religious callings at all. But look at his Patriot Act and his Patriot II Act. This guy is a Nazi, and what he is attempting to do is use the pretext of the crisis, first of all, the Sept. 11 crisis and now the present war crisis as a pretext for doing *inside* the United States, including to U.S. citizens, what Hitler did in 1933-34. It is exactly the same.

His argument in the Act, in the draft of the Act before the Congress now, is exactly, you would say he is Himmler II, Heinrich Himmler II, Ashcroft, Attorney General of the United States. This is part of the same crew.

Lane: Do you think they will be able to accomplish this through what we call the democratic process, like Hitler did?

LaRouche: Oh, no, never. They have used the timidity, or shall I say the cowardice, of the Democratic Party and some Republicans to get this across, because the Congress could get rid of this immediately. Our institutions are such, that the Congress could impeach this crowd, especially Cheney. Cheney is vulnerable. He is vulnerable for the same reason his henchman, Perle, is vulnerable—for doing things that are against the law. He could be out of there on impeachment. These guys could be broken with the support of the Congress. The generals could be free to say what the truth is about Rumsfeld, and he'd be out of there.

So, if our institutions were functioning, if the Democratic Party were functioning as legitimate opposition, we wouldn't have this problem much longer, but *if* the Democratic Party capitulates the way the so-called democratic parties of Germany capitulated to the Hitler appointment by Chancellor Hindenburg, then we could be soon in deep trouble. It could be the end of our civilization.

Lane: In fact, you called this war not a war with Iraq, as much as, maybe, the beginning of a world war.

LaRouche: Sure, these guys have got China in mind. This is in their policy. They have 1.3 billion Muslims in mind, as their enemy. They intend to go after Iran, probably next, if they don't go to North Korea first, and bomb it with nuclear weapons. And they intend, ultimately, to destroy China and do some other things in that direction.

This is their *intention*. Their intention is to start a process. It is like what Hitler did with Benes in 1938. The first German radio broadcast I heard from Germany, in 1938—I, personally, then, heard Adolf Hitler over international hook-up of his radio broadcast, threatening Eduard Benes, then the President of Czechoslovakia, saying "I don't have a quarrel with Czechoslovakia. I only have a quarrel with Edward Benes." And then he had the Munich Agreement, under which the various powers capitulated to Hitler on the question of the Suedetenland in Czechoslovakia, and Hitler was chewing the rug because he wanted the war. And they, by making a peace agreement, had cheated him of a war, so the next year, he went to war against Poland in pretty much the same way.

These actions were steps toward world war, which he intended to conduct. So, we have a similar thing with these Nazi-like characters around Cheney and Rumsfeld, who are going stepwise toward dictatorship and war in pretty much the same way in which their predecessors and co-thinkers did under Hitler earlier.

The Y2K Fraud

Lane: In one of your writings you talk about the "Y2K gross fraud." Tell our listeners about that.

LaRouche: These guys, in 1992, the system was already collapsing. This is what got Bush I out of there. As Carville said famously during that period, "It's the economy, stupid!"

It was that, which destroyed Bush's chances at re-election. I supposed Bush I helped with some of his campaigning as well. I think that business about recognizing the bar codes at the supermarket as a new discovery didn't help him much with the American shopper.

But, in any case, they came up in the Clinton period with a scheme. They were going to accept anything that would make the economy look like it was growing, whether it were, or not. And so they came up with this Y2K thing. They said, well, look, the computers of the world are going to break down on Jan. 1, 2000, because they won't know the difference between 1900 and 2000, because of the two-digit number for the date at the end of the code. Well, that was all nonsense. But nonetheless, they used that scare about the Y2K, the day all the computers in the world were going to collapse, and you are going to lose all your money, as an excuse for the funding of a vast bubble called the "information technology bubble," that thing which has just recently collapsed in the past two years. A lot of people lost a lot of money on this one. But this was pumped up from the Federal Reserve System.

Now, the fact is, to be fair to Clinton, he and most of his crew have no understanding of economics whatsoever. Bob Rubin did, and a few others there had it, but Clinton himself and so forth, from what he said, he has no real understanding of how an economy works. He's a good-hearted guy personally, and had many good ideas—probably one of the most brilliant men we have had in the Presidency, but, when it came to economics, he was a dummy. So, they went along with it.

So, you had several bubbles: You had the "IT" bubble, the information and technology bubble, which was funded through the Y2K scam. You had also the real-estate bubble, which you have around Washington, where you have an estimated 30%-plus collapse in rentals in the commercial corridor from Washington, D.C. to Dulles. You have an overflow of that crisis going into Northern Virginia and into Maryland, where you have people depending upon paying mortgages, which are rising in value or rising in nominal value—mortgages, which at some point, they are not going to be able to pay. You have a great bubble based on Fanny Mae and Freddie Mac, which is ready to blow up. You have a similar bubble in England, which could blow out and spill here. You have a credit-derivatives bubble, ready to blow out.

So, what's happened is, over the recent years, the Federal Reserve System, under, first, Volcker and then, the present Greenspan, have pumped the system full of monetary aggregate. We've pressured Japan to print money like mad, to put it in our markets to save us, and we are now at the point that we are facing in the United States this year, potentially, a *trillion-dollar Federal deficit*, under a President, who wants to cut taxes.

So, things are not really very good, but the problem didn't start yesterday. It was coming all along. But you know how people are: They will tend to say: "If I'm living from day to day, if I'm getting by this year, if I'm getting by these two years, I'm gonna hope for the best," and they go into a state of denial of failing to see what they ought to be able to see is right under their nose, but they put it off, and say: "If I'm doing well this year, somebody will come up with something next year. They won't let it happen." But, it happens.

The New Bretton Woods System

Lane: In the past, I think you have called for the equivalent of a Bretton Woods II. Tell our listeners what that is all about. Why?

LaRouche: Why? First of all, Bretton Woods from 1946 to 1958, with all of its faults, worked. Despite the mistakes here in the United States and the mistakes abroad, our idea of using a new monetary system, which, originally, was Roosevelt's idea, to rebuild a wrecked postwar world. This was based on setting a fixed exchange rate among currencies by national agreement, using gold, not as a denominator of value, but as a regulator in the so-called gold-reserve system, and using all kinds of regulation to surround trade and to surround prices, and so forth, this enabled the world to come out successfully from 1946, to the middle of the 1960s, and somewhat beyond, in terms of economy; major recovery in Europe, done largely under the influence of these policies.

What we have now is, we have a collapse. The collapse has features, which are similar to those which Roosevelt faced, and we faced, between 1928 and 1933. Roosevelt made a series of measures, which saved the United States, and which, ultimately, defeated Hitler. We came out with that; we continued that much of the Roosevelt program in the form of things such as the Bretton Woods system.

Now I come to a point, where the whole system is coming down, and I say, what do you propose? Now, I know what has to be done, but you have to think about not only what can be done, but what you think governments and people generally will accept. Generally what people accept is going back to some experience of the past, a lesson from the past, which is in fact applicable to the present situation, both in terms of the problem, and in terms of a solution.

So, what I propose is that we return to the successful experience of 1946-58, the crucial period of postwar reconstruction in Europe and the U.S. markets. Go back to that and say, why can't we do what we did before? Roosevelt showed the way from 1933-on, how to organize a recovery. He also showed through the Bretton Woods Agreement of 1944, he showed how we could organize a postwar system, or any system in crisis, and organize it in such a way as to promote *world* growth, as well as U.S. growth. So, I say, why don't we get the nations simply to agree to nothing more original than using a proven idea of the past, as an alternative to the failed idea of the present.

Long-Term Projects To Rebuild the World Economy

Lane: Would you tie the dollar to convertibility into gold?

LaRouche: Not convertibility. I'd just do what Roosevelt did, a fixed exchange-rate system with a gold-reserve base. Now that would mean gold probably priced at—a monetary gold on the world scale—at upward of plus or minus, \$1,000 per Troy ounce. But, that would not be a gold-based system; it would be a gold-standard system, a gold-reserve-standard system, like we had before. We would simply use gold as a way of having fixed exchange rates over long term, around the world.

What we are looking at is, if we are going to rebuild the world economy, and we can, this involves long-term agreements, 25-50-year agreements, in terms of major infrastructure projects and other things, but the crucial thing is major infrastructure projects: large power systems, for example, we need power systems for the United States, many of them. We are losing our power. Our power system is a 25-year to 50-year cycle of investment and replenishment.

We need to build water systems. The United States has a water crisis in the Southwest and elsewhere. Mexico has a water

crisis, which is related to our own.

We have a transportation crisis, mass-transit crisis, both in railroad, and in urban and inter-urban systems.

Lane: An infrastructural repair crisis?

LaRouche: Yes, we could organize a series of long-term—in other words, the Federal government has the ability to create credit by saying the government will pay in the future. That will create credit. You can have treaty agreements among governments, long-term treaty agreements. That will create credit for trade. With that, you can stimulate growth by employing people who are unemployed or mis-employed, who should be employed, by providing long-term investments in basic economic infrastructure, as Roosevelt did with the TVA.

Use those projects then to stimulate a recovery in private employment because the infrastructure employment will give you the markets, which will stimulate private employment. So, what you need is: You need stability. You need to be able to issue credit on 1-2% without inflation. You have to do it on a national scale. You have to do it internationally on big projects. On that basis, we can have a recovery of the U.S. and world economy.

Listeners Call In

Lane: You are listening to WPFW, 89.3FM. We are part of the Pacifica Foundation. This is "We Ourselves." I am Ambrose I. Lane, Sr., and our very special guest today is none other than Lyndon LaRouche. And we are going to take your calls now.

Dave: Hey, Lyndon LaRouche, how are doing?

LaRouche: Pretty good, I think for a tough old geezer with long survival potential

Dave: Good, good. I'd just like to ask you what the set up was with Kofi Annan? I mean how did they get this guy, Madeleine Albright, and all these people, put this guy into the position, and have him be there when this thing happened? Because I think they planned it. And also, I wanted you to talk a little about the euro, European unity, and how is that going to affect the American economy.

LaRouche: Kofi Annan is a good guy in a tough position. If you know what goes on in the slugging matches behind the corridors of power, as I unfortunately, or fortunately, do know, he is in a tough situation. He doesn't have the powers to do many things.

For example, right now what I have proposed—you know, some of us are working with the idea of trying to get a General Assembly meeting, an emergency General Assembly meeting of the United Nations as a way of getting unanimity on stopping this, and future, wars.

Lane: [Resolution] 377?

LaRouche: Yes, it's from the 1950s, just renewing that. My proposal is that the one person who could initiate that is probably not Kofi Annan because he doesn't have the power to do it, but my view is that if the Pope were to propose it that other religious leaders, who now are in agreement with the Pope on this question, from around the world, by making such an initiative would create the potential for such an emergency meeting. The United States government is trying to prevent

such a meeting at all costs, blackmailing as many governments as they can with threats of this or that.

So, I don't think Kofi Annan is the problem. I think he is a good guy. He's in a tough position, but he can't do certain things. He has the technical authority to say and do certain things, but he does not have the practical authority to make it stick. Therefore, the mechanism exists, and I think if the right forces came to bear on this—and I have been talking to some of the people behind this—that if the Pope were to do it, I think it would work. I don't know if the Pope would do it that way, but I think if the Pope were to, specifically, as a representative of a group of leading religious leaders from around the world, were to say this must happen, I think the chances of it happening are very good. Whereas, Kofi Annan, by himself, calling for it, couldn't succeed, as he couldn't succeed in dealing with this horrible mess that he had in the Security Council on the negotiations prior to the outbreak of this war.

What Is the Status of Social Security?

Bob: Thank you. Mr. LaRouche, since the economy is moving toward that critical point of instability, which really alarms me when I look at the relation between financial aggregates and monetary aggregates, I'm just wondering, what is the current state of Social Security. About two weeks before Sept. 11, I heard Bush 43 mention that—in response to a question from a reporter at the Pentagon, in fact—I heard him mention that, he said, "We don't touch the Social Security lockbox ever unless there is a war," and, of course, two weeks later there was Sept. 11. But we didn't hear anything in the last Congressional election about Social Security. What is the current status?

LaRouche: Well, it is up to you and me, in a sense, in a generic sense. Technically, the Federal government has been stealing Social Security funds for a long time, and calling it balancing the budget, so the payments have been made, but whether those payments will be honored or not, is up to us. If we have a government, including a Congress, which will back up the Social Security commitment, that is defensible. The problem has been that 401(k) was swindle, which undermined the whole Social Security system by being a swindle, which sucked people off from Social Security reliance, into this 401(k) swindle.

So therefore, it's a political decision: If the United States government adopts a recovery-oriented policy like Roosevelt's, we are obviously going to defend the Social Security system *in the national interest*.

That is, we cannot expect to have a stable society, if people are starving, and if people who depend upon Social Security for various kinds of assistance, including retirement, are deprived of that: You are not going to have a stable society. Therefore, if you are concerned about national security, as Franklin Roosevelt was, back when the system was first introduced, then you are going to say the Social Security system is an essential part of our national security requirements. And, if I were President—and I intend to be the President—no one is going to touch that system. The promise is going to be kept.

Anthony: Very interesting. What I would like to ask is, if the IMF and WTO is very tied into First World donations, how would that effect Africa? And also, on the back end, during the first stock-market crash, what did black folks organize to do to make sure that they stayed afloat?

LaRouche: On the question of Africa, we are dealing with genocide now, and it is orchestrated largely by forces in the United States, Britain, and some Israelis. I won't bother going through it, but I could go through details: Rwanda, Burundi, Congo, and so forth—I could go through the details. It's genocide, and it's intentional. The issue of AIDS, and the lack of generic drugs for places like Botswana, is a genocide issue. So, therefore, the question is: Who's got world power? If we are trying to rebuild this planet, we are going to move in on this question.

Now on the question of the IMF, WTO, and so forth—they in their present form are bankrupt. That is, the IMF system is bankrupt. The WTO system is inoperable, at present. Therefore, the financial crash, which is going to come one way or the other, is going to end the power of the IMF.

What's going to happen, for example: This crash is reaching the point that governments are going to have to meet and agree to reorganize the central banking systems of those various nations. That means the Federal Reserve system goes into receivership to the national Treasury, and we have, in effect, national banking.

It means similarly in many countries around the world, governments will take over the central banking systems, which are, in fact, bankrupt, and put them through bankruptcy reorganization.

The principle under which we would operate, under our Constitution, would be the General Welfare clause of the Federal Constitution. We would operate as a security question. We are not going to let banks close their doors, if they are viable. We're going to keep them going, even if they are bankrupt. We're going to meet these kinds of standards.

Now when it comes to countries like those in Africa, or parts of South America, we have debts there that are not legitimate debts, massive debts, imposed on these areas. We are going to, as a group of nations, have to cancel the unpayable, illegitimate part of those debts. We are going to have to set up terms of trade, which provide Africa the ability to have—especially sub-Saharan Africa—the basic economic infrastructure projects, which are necessary for Africa to recover from the present situation. And, this is going to be a world concern.

For example, in Asia: You have from Western Europe to East and South Asia, you have now a movement toward developing long-term trade agreements based on technology sharing, which would be the basis for economic recovery in Asia. If we have that kind of agreement, those are going to be extended to continents like Africa. If we proceed in that way, we are going to rebuild new agreements, affecting the rebuilding of Central and South America.

So, the question now is: Can we have an equitable new monetary system to replace the inequitable, bankrupt systems, which the IMF represents, and the injustice, which the WTO system represents. We are going to have to do it, and it's going to have to be by an agreement among nations, or at least a number of leading nations.

The 'Chickenhawk' Cabinet and Iraq

James: Mr. LaRouche, I really appreciate your comments. I have one point to make. I'd like to know your opinion on the Bush Cabinet per se. Do you think that after Baghdad is taken over, do you feel that the Bush Administration will effectively reinstate Baghdad's government from people within? I guess a second point would be, what effect do you see that having on the potential world control that the Bush Administration is probably planning to do—meaning vis à vis oil as an economic weapon.

LaRouche: Take the question of Iraq, the so-called "post-victory" Iraq. I don't know where these guys are right now, but I can tell you where Wolfowitz and Rumsfeld are. Wolfowitz and Rumsfeld are planning what amounts to a carpetbagging raid on anything left in Iraq after it is over.

They are putting the country, according to the agreements by Wolfowitz and his stooges, who's working with Rumsfeld, of course—and Wolfowitz is one of the key Chickenhawks, a real fascist. They plan to occupy and loot Iraq for the greater glory of people like Cheney's old firm Halliburton, Inc. That's the plan. Nobody else is to have any action. They are going to steal the oil, according to their plan.

This is now a big issue within the discussions within the United Nations and elsewhere, in Europe, and elsewhere. So the point is, we know what the present combination of Cheney and Rumsfeld and Company, and the Chickenhawks mean: is nothing but the pure looting, down to the bone, of anything left in Iraq.

Of course, the war is not going to end with the occupation of Baghdad. We should listen to our generals, not to Rumsfeld and his propaganda machine. Listen to what the leading generals, some retired, some actively serving, are saying about this war: If you want to surround and occupy a city of 5 million unwilling people, with guns—just think of what happened, for example, in the attempt of Marshal Zhukov taking Berlin. Take similar incidents of that type in history. Take von Moltke's effort to take Paris back in the 19th Century. Look at these kinds of cases. Any attempt to take over a city of that size, with a willful, resisting population, is a horror show.

Now, what we are looking at, therefore, is we are looking at: Are they going to try to carpet-bomb Iraq virtually out of existence? Are they going to risk sending U.S. troops into a *kill-zone*, like a 5-million-population city like Baghdad? Are they going to do that? Or are they going to do, as someone has proposed—they set up an occupation capital outside of Baghdad, and set up a parallel government? Another form of chaos.

Is the war going to spill over into other countries? Are they going to bomb North Korea with nuclear weapons, as a preventive-war measure? Are they going to invade Iran?

We don't know what's going to happen, but at the present time, the conditions are horrible, and my advice to people, who have questions on these areas: Listen carefully and patiently to what retired and serving top generals are saying about this war, and ignore what this Hitler understudy, Rumsfeld, and his gang of propaganda agents, are saying about the war, and about their plans.

They are a bunch of thieves; they belong in jail, as far as I am concerned, and their forecasts are not worth very much, because we are going into a situation in which *no one knows*. I'm probably as well informed as most people around the world are: *No one knows, because I don't know* where this thing is going to end up.

Giving the Democrats a Spine

Isaac: Every large business in America has a Federal government or state government contract that they're living off of, and they are taking these contracts and using the profits to buy state and local bonds. So they are controlling the state and local governments with these long-term bonds at these high interest rates. And they are keeping us unemployed, because if you employ people, people pay taxes, you pay down the deficit, you can buy back the bonds, and they are going to continue to control us.

Now I'm looking at the way they are using this Iraqi thing. They'll go in there, and the first thing Bush said the other day to the Marines is: "We have captured all the oil fields, and saved the economy." And he meant that. He didn't mean save the ecology. He didn't mean the ecology; he meant the economy. And he captured the oil fields. Now, what he has to figure out is, "How am I going to pump that oil out and keep that money?" And you remember Jimmy Carter tried the windfall-profits tax with the oil companies, and they kicked him out of there.

Let me ask you something: With the corrupt way he was elected or not elected, how do we deal with the Electoral College this time, to try to throw him out of there, and get somebody in there that we can get to do the job that the people need to have done?

LaRouche: Well, you're enthusiastic about it. I agree with your enthusiasm, but I think we have to think about this more

carefully. First of all, that's why I am running for President, because the way these problems are fixed, they are fixed from the top, not by a dictator, who dictates what is going to happen.

For example, take the Democratic Party in Congress, which is one of my problems. The Democratic Party in the Congress and elsewhere: Our Democratic Party has a lot of good people in it, including people in the Congress, but from my standpoint, they're a little bit short of courage. Now what they need is, they need someone like Roosevelt to give them a spine. And then you've got people like Daschle and others—I think they'd do a good job; I think they'd do the right thing, or would tend to do the right thing.

The key thing is to have a leader and leadership under our system, especially a President, who gives the kind of leadership, that gets the Congress and other institutions with their backs up, that gives a sense of authority to state and local agencies, that the Federal government is really their friend and behind them.

For example, take a concrete case: We need a lot of employment. We need power, and so forth. Now the states in this United States, 46 of them at least, are virtually bankrupt, that is, they can not possibly continue to balance their present budgets, and institutions which depend on those state governments can't either. Now the solution, obviously, is to create some credit, build some large-scale projects we need, like power generation and distribution projects, water-management projects, transportation projects, new health-care systems, which we need because they tore them down. These could be done as stimulants to get the economy moving.

The problem is, in order to generate national credit for state projects and municipal projects, you need the Federal government to organize it, organized the capability, the credit system, to do that.

You have to have a President, who is capable of mobilizing the Congress, or at least the Democratic Party—and I think there are a lot of good Republicans out there, actually, on this kind of thing—who will back up the effort to get these projects going, and to rebuild our economy. If you start to rebuild the economy, you can then fight against these "eat my neighbor" tendencies, which are tearing the gut out of our society. People are pessimistic. They think they have to steal from their neighbors, more or less, to survive, or cheat in some way to survive. Take that away.

The problem here: You must have leadership from the top. My target is, I intend to try to take over the leadership of the Democratic Party, as a President in the wings, and by that means, try to get a spine into good Democrats, unlike Lieberman, the war-monger, and get the good Democrats moving, people like Daschle, who may be a little bit weak and opportunistic, but he often comes up on the right side in the way he thinks. Get these guys moving, as Conyers is moving, for example, on the issue of Cheney and Perle. Get guys moving, and then we will have a new situation in which we can act.

And what we need, in the final analysis, we need to regain the confidence of the average citizen, especially those in the lower 80% of family income brackets to have confidence that they have government leadership on which they can rely, and in which they as citizens can participate. Then we can solve the problem. The problem, as I said, is a moral problem. It's a problem of leadership. The stink starts from the top.

Sean: How will you get rid of the U.S. deficit?

LaRouche: The Federal deficit is manageable, but not under the current circumstances. The United States is headed toward national bankruptcy. You are looking at, right now, on the basis of schedule, you would have to project, on the basis of the current trends, that the United States is heading toward a \$1-trillion Federal deficit, that sort of makes the balanced-budget thing seem kind of silly. On top of that, they're starting a war, which is not a \$74-billion-dollar-a-month war. This is more,

in terms of effects, on the order of another trillion dollars. Where are we going to get this extra trillion dollars?

So, the point is the United States is in a state of national bankruptcy. We can, as Roosevelt proved, we can reorganize the United States *out of national bankruptcy*, but it's going to require leadership to do it. It's going to require leaders who have the support of the people to insist it be done.

For example, in Italy, I had the head of the Chamber of Deputies in Italy, vote up a resolution for a New Bretton Woods agreement—now that's the majority of the Chamber of Deputies of Italy. It was my proposal that they voted up. That's an example of the fact that we have potential support from many countries around the world for these kinds of measures.

Lane: Lyndon, we have just run out of time. I want to thank you so much for participating with us, and calling all the way in from Germany. And we're going to have to do this again.

LaRouche: I had fun with you guys.

U.S. Economic/Financial News

Wall Street Discovers Government Lying About Real Unemployment

The *Wall Street Journal* has discovered that official U.S. unemployment data hide real joblessness, judging by an article in the April 7 issue, "Labor Market May Be Softer than Reported." Hundreds of thousands of Americans have lost their payroll jobs during the last few months, but the official U.S. unemployment barely rose from 5.7% to 5.8% between January and March. Even the *Wall Street Journal* recognizes that this is impossible, and is becoming a scandal. As the *Journal* notes, "with all that is going wrong in the U.S. economy, economists are starting to suspect that the current unemployment rate of 5.8% ... could be underestimating the true level of distress in the labor market."

The *Journal* reports some ways by which the Labor Department Bureau of Labor Statistics "misses" the real number of unemployed. "Many laid-off workers ... are simply setting themselves up as independent consultants operating from their home offices." They are self-employed. Many of these "self-employed" consultants may work only one-third as many hours as they did when they had a job—or have no clients and thus have no work at all—but they are still counted by the BLS as employed. The *Journal* states that others, after months of futile search for jobs, may have become "too discouraged to look for work"—indeed, this category has risen by 360,000 workers during the past year. But the BLS has made "too discouraged to look for work" as a category within "Not in the Labor Force," and, in order to be counted as unemployed, a worker must be classified as "In the Labor Force." Thus, the "too discouraged" are not considered as unemployed.

Further, the *Journal* states, "some are simply opting to take what they can get, working part-time at low-wage jobs that provide some health benefits." These workers are "Part-Time for Economic Reasons." The number of such workers has increased by 500,000 during the past year.

EIR: Real U.S. Unemployment Is Actually Near 12%

EIR has determined a real unemployment level for 2003:

| | |
|-----------------------|--------------|
| Official Unemployment | 8.45 million |
| "Want a Job Now" | 4.76 milli |

| | |
|---------------------------------|---------------|
| "Part-Time for Economic Reasons | 4.70 million |
| Total Unemployment | 17.91 million |
| Real Unemployment Rate | 11.9% |

Of the 8.45 million whom the BLS reports as being officially unemployed, 1.9 million, or 22%, have been unemployed for more than six months.

Meanwhile, 45% of CEOs at top U.S. companies plan to cut jobs in the coming six months, while only 9% expect to hire new workers, according to a survey released April 10 by the Business Roundtable, whose 150 member firms have a combined workforce of 10 million and \$43.7 trillion in revenues.

More American Workers Delay Retirement

Some 24% of workers aged 45 and older say they plan to work longer than they expected because they cannot afford to retire—up from 15% in 2002—due to factors such as stock-market losses and rising living costs, according to the latest annual Retirement Confidence Survey. The percentage of people who said they were "not at all confident" of having enough money to retire, jumped to 16% from 10% last year.

"We have mortgage payments and credit-card debt. We can barely make ends meet," said Sunny Thomas, aged 39, who has been unemployed for more than six months, after being laid off from NCR Corp. "I'm not thinking about retirement."

Growing Unemployment Leading to Increased Mortgage Delinquencies

Mortgage delinquency rates are set to rise, due to mounting job losses and increasing housing costs, warned chief economist Doug Duncan at the Mortgage Bankers Association of America, *Reuters* reported April 7. Soaring heating costs, higher property taxes, driven by local government budget blowouts and rising insurance expenses, have made it more difficult for homeowners to make mortgage-loan payments, Duncan said at an MBA secondary-market conference in New York. More important, "if unemployment goes up, then you definitely have a problem," i.e., a greater rise in delinquencies.

Fed Official Denies Emergency Plan To Turn on Spigots

Responding to wire reports April 8—based on comments by Federal Reserve chairman Alan Greenspan and other Fed officials that in the event of an unexpected shock to the system, the central bank has prepared to lend massive amounts of money directly to commercial banks, and make direct purchases of longer-term securities to increase liquidity—Federal Reserve vice chairman Roger Ferguson told reporters that such a report is an "overstatement."

Since the Fed has already been throwing a wall of money into the bankrupt banking system, in a futile hyperinflationary move, what measures could such a discussion be meant to prepare the public for?

Greenspan Again Denies There Is a Housing Bubble

Sir Alan Greenspan claimed that a drop in housing prices will not cause a "major problem" for the economy, and again denied the existence of a U.S. housing bubble, in a speech April 9 at the Ronald Reagan Presidential Library and Museum in Simi Valley, Calif. Greenspan insisted that only "local" bubbles exist, even as mortgage loans in foreclosure reached a record high, and delinquencies are expected to increase, due to surging housing costs and mounting job losses.

Greenspan praised former Federal Reserve chairman Paul Volcker for instituting a policy of "controlled disintegration," through sky-high interest rates, as a process that led to the "virtual elimination of inflation from the U.S. economy."

IMF Says, 'Don't Depend on U.S. Economic Recovery'

The International Monetary Fund warned in its World Economic Outlook, issued April 9, that "a greater sense of urgency is needed in implementing policies to reduce global dependence on the United States." "It is not just the war" stalling the economic recovery, the report cautions, citing other risks—a further fall in the stock market and further IT sector collapse; a drop in U.S. housing prices; and the U.S. current-account deficit, all could cause an "abrupt drop" in the value of the dollar.

New York City Faces Deepest Job Cuts in a Decade

"Bloomberg faces fight over plan to cut New York firefighting jobs," the London *Financial Times* wrote April 9, in a special feature on the city's economic woes. New York City Mayor Michael Bloomberg last week revived his plan to cut 5,400 city jobs, "and close up to eight firefighting divisions in order to tackle a municipal budget gap of at least \$3.5 billion"—a plan he'd been forced to put on hold after raising property taxes by 18% in January. "The job cuts would be the deepest in New York in a decade," wrote the *FT*. Bloomberg has already reduced the workforce by over 14,000 as part of his kinder, gentler "planned shrinkage"—a continuation of Lazard Freres' bankers' looting of New York (see "New York City Crisis Demands 'Super-TVA,'" *EIR*, Jan. 17, 2003).

On April 7, Bloomberg announced 3,400 layoffs, but the next day, he was forced to reveal that the actual number will be 5,400, if you include the Department of Education workers who will also get pink slips. The *FT* refers to a recent report by Moody's, saying that "New York City is facing its most serious fiscal challenges since the 1970s." Since December 2000, New York City has lost nearly 225,000 jobs. The main reason for the fiscal crisis in New York City is not Sept. 11, the paper acknowledges, but "the downturn on Wall Street," yet omits the deliberate "planned shrinkage" policy which has taken down the city.

World Economic News

German Weekly Warns Against 'Mother of All Threats': Dollar Crash

The "Mother of All Threats" would be a dollar crash, ran a headline in the April 15 issue of the German weekly *Der Spiegel*. *Spiegel* notes that the U.S. dollar, "once a symbol of American strength," is rapidly losing value as there is the "growing fear in financial markets of a sudden downturn of the U.S. economy." Bankers, including Goldman Sachs chief economist Jim O'Neill, are quoted as saying that a dollar ratio of 1.40 to the euro is quite possible in the medium term. Mideast oil exporters are debating whether to sell oil against euros, instead of dollars. And central banks, including Russia, China, Taiwan, and Canada, have already announced plans to replace some of their dollar holdings with other currencies or gold.

The biggest threat for the dollar, states *Spiegel*, lies in Asia. Much of the huge U.S. current account deficit is being financed by capital flows from Japan, China, and other Asian countries. The Bank of Japan alone holds \$363 billion U.S. Treasuries, the Chinese central banks another \$102 billion. Sooner or later, investors from Tokyo, Beijing, and Hong Kong will no longer be willing to take the risk. At that point, says economic historian Harold James of Princeton University, there will be "the great crash." The dollar, as well as the U.S. economy, will go under. It could turn into a global currency crisis, adds O'Neill. He says, "President Bush is right now trying to refute economic theory and economic history. He will

fail." Concerning the threat of a dollar crash, *Speigel* warns, "Forget the Iraq war. Forget the transatlantic conflict. The mother of all threats is lurking on a different front."

Speigel compares the coming upheavals centered around the fall of the U.S. dollar to the collapse of the Bretton Woods system in 1971-73, a system created in 1944, which "secured stability at global foreign exchange markets for more than 20 years."

Britons Fear Job Insecurity, Pension Shortfalls

"Unions Urge Brown To Tackle Pension Crisis," reads the headline in the London *Times* on April 9. One day before British Chancellor of the Exchequer Gordon Brown was scheduled to present his outlook for the British economy, the 1.1-million-strong private-sector union Amicus made a dramatic appeal to the government to tackle the twin crises in pensions and manufacturing. According to the *Times*, "an overwhelming majority of its members feared job insecurity and pension shortfalls in old age." Amicus general secretary Derek Simpson said, "These people are Labour's core constituency, and the way to encourage these vital voters to support Labour in the future is to address the issues they are concerned about." As the stock-market crash has devastated British pension funds, Amicus calls for compulsory pension payments from employers.

Brown admitted on April 9 that the government has to lower its growth assessment for the British economy for the second time in five months. Last year, manufacturing output in Britain fell 4%, the most in 12 years. The trade deficit is rising rapidly, in particular as exports to the U.S. decline. Already last year, the British trade deficit soared to its highest levels since records began in the 17th century. Consumer confidence in March declined to an eight-year low. The government's budget deficit this year will go up to £27 billion (\$42 billion); the biggest since Labour took over six years ago. However, Brown has a plan to handle the budget problem. On April 9, he announced plans to boost taxes on cigarettes, beer, and wine.

Germany Increases Trade with China, as West Sinks into Depression

According to official German export data released April 7, in January Germany increased its exports to China by 28.9%, as compared to January 2002. Exports to the 11 Eurozone countries only increased by 3%, for the same period. Machines, industrial facilities, chemical-tech, and cars, are cited as top categories of goods exported to China. For many *Mittelstand* (smaller, privately held) companies in Germany, a minimum of 15% of their total sales go to China alone, which is no longer atypical; in fact, the tendency is increasing, as other markets in the West are shrinking.

Uruguay Admits Default: Asks Creditors To Take Losses in Bond Swap

Whatever the technicalities, the tiny Ibero-American nation of Uruguay cannot pay its debt. The second week in April, Uruguayan authorities asked investors to take losses on \$6.5 billion in bonds with one-year maturities, by swapping them for bonds with five-year maturities, and interest rates the same or lower. The country's economy is devastated, and Uruguay's \$11.3 billion in foreign debt equals 90% of the country's gross domestic product.

The Finance Ministry is attempting to entice investors by announcing that new bonds issued will be international ones, under the jurisdiction of New York courts, while some bondholders predict they may rise in value, if the government can show that the debt is "sustainable." But the government itself doesn't even believe that. The new bonds also include "collective action" clauses, which make it easier to negotiate with creditors, in the event of default.

Mexico just recently issued bonds including the same type of clause, the first "emerging market" country to do so, making

clear it doesn't expect to be able to pay on those bonds. Uruguay doesn't, either.

Standard & Poor's announced on April 10 that they will cut Uruguay's rating to "selective default," if a large number of bondholders participate in the debt swap, which will force them to take big losses. "If the debt swap goes through, we would consider it a default," said an S&P executive. The agency just cut Uruguay's rating to CC from CCC, and said it would decide by mid-May whether to apply the "selective default" classification, depending on how many bondholders agree to exchange bonds with short-term maturities, for new ones with longer maturities.

Japan, German Machine Orders Evaporate

According to new figures released by the Japan's Economic and Social Research Institute on April 9, core private-sector machinery orders plunged 9.6% in February, compared to the previous month. Core machinery orders, which exclude ships and electric power firms, are regarded as a key indicator for overall capital spending six to nine months in the future. At the same time, even public core-machinery orders crashed by 21.2%, while foreign orders for Japanese machines fell 20.1%. In terms of machine categories, biggest hit were orders for transport machines (-39.6%) and information services equipment (-35.2%).

At the ongoing industrial fair in Hanover, Germany, Diether Klingelberg, president of the German machine-building association VDMA, said that another 25,000 jobs will be eliminated this year in the German machine-building sector. Domestic consumption of machines is shrinking. German machine exports to the U.S., says Klingelberg, are very much threatened by the transatlantic political conflict. However, counter-balancing these problems, he emphasized, are rising exports to China, Russia, and the Middle East.

Histadrut Calls Off General Strike as Netanyahu Backs Down—For Now

In response to what is seen as a backdown by Israeli Finance Minister Benjamin Netanyahu, the Histadrut Labor Federation called off a pending general strike, after the government agreed to open negotiations over Netanyahu's economic austerity program, *Ha'aretz* reported April 11. Netanyahu had threatened to introduce legislation unilaterally that would have abrogated collective bargain agreements, if Histadrut did not accept the program as is. Such legislation is a flagrant violation of the conventions of the International Labor Organization, of which Israel is a signatory. These are the moral equivalent of the Geneva Conventions for war.

Mass protests nonetheless continue. The Hanoar Haoved v'Halomed, the Histadrut's Youth movement, held demos throughout the country, including in front of a downtown Tel Aviv hotel, where Netanyahu was speaking before a business group. Some of them managed to penetrate the event and disrupt it. Demonstrators were carrying signs saying, "Bibi [Netanyahu] is good for the rich." The pensioners' union is planning to broaden its daily protests at 15 main intersections April 13.

The Labor Party's Secretary General, Ophir Pines-Paz, who also chairs a coalition of all opposition parties and other social organizations against the economic plan, attacked Netanyahu and told him to accept the fact that his plan is rejected by the people. "The defeat and humiliation of the Finance Minister over his impervious economic plan are unprecedented in the history of the State of Israel. The Treasury should take note and draw the necessary conclusions about the destructive plan, based on economic discussion and social justice."

China To Begin 14 Projects in Western Regions

The Chinese government will invest 130 billion yuan (about \$16 billion) in developing the western regions of China in

2003, *Xinhua* announced April 8. The funds will go to start 14 new projects in the West, the State Council (cabinet) group responsible for the region, has announced. By end-2003, there should be a total of 50 key projects under construction there, with a total investment of over 700 billion yuan.

The biggest "burst" of investment came between 2000-2002, when 600 billion yuan was invested. The projects this year will include water management, railroads, highways, pipelines, and energy.

Two railways will be built: one, from Wanzhou in Chongqing, to Yichang in central Hubei Province, and the second, from Chongqing to Suining in Sichuan Province.

City infrastructure will be built in Tibet and Xinjiang.

United States News Digest

In Belfast, Bush and Blair Deny Differences Over Postwar UN Role

The leaders of the United States and Great Britain held a press conference April 8 in Belfast, denying any split over the role of the United Nations in postwar Iraq. However, their statements seemed to indicate continued problems.

President George W. Bush said: "The rebuilding of Iraq will require the support and expertise of the international community. We're committed to working with international institutions, including the United Nations, which will have a vital role to play in this task.... We'll move as quickly as possible to place governmental responsibilities under the control of an interim authority composed of Iraqis from both inside and outside the country. The interim authority will serve until a permanent government can be chosen by the Iraqi people."

Prime Minister Tony Blair said: "The important thing is not to get into some battle about words of the precise role here or there, [but to] work together internationally ... to do what we really should be doing, which is making sure that the will of the Iraqi people is properly expressed in institutions that in the end they own, not any outside power or authority."

In a joint statement, Blair and Bush restated their commitment to seek new UN resolutions to "affirm Iraq's territorial integrity, ensure rapid delivery of humanitarian relief, and endorse an appropriate post-conflict administration for Iraq."

Meanwhile, while Bush and Blair were meeting in Belfast, Bush's National Security Adviser Condoleezza Rice arrived in Moscow April 6, where she met with Russian Defense Minister Sergei Ivanov, Foreign Minister Igor Ivanov, and Russian Security Council chief Vladimir Rushailo. Her meeting coincided with the unexplained coalition attack, in wartime Iraq, on a Russian diplomatic convoy that had left Baghdad and was travelling toward the Syrian border.

Wolfowitz Sent To Lie That Iraq Occupation Is 'Not Colonialism'

Deputy Defense Secretary Paul Wolfowitz was sent to Congress to lie that Iraq occupation is "not colonialism," as the White House battles Congress over funds for postwar Iraq. But the real issue is—*there is no "postwar" Iraq*. Commenting April 6, Lyndon LaRouche said that what there is, is a perpetual war with no exit strategy. The occupation government is nothing but another phase of the war.

According to the *Washington Post*, there is a brawl in Congress over where both the House and Senate, led by some senior GOPers, rewrote a \$2.5-billion grant to prevent it going to the White House—which would disburse the money to the

Pentagon. Under National Security Directive 24, which Bush signed *before* the war began, administration of Iraq is under the Defense Department. Congress rewrote the appropriations bill, giving the money to the State Department. Vice President Cheney was making calls to the GOP leadership to get them to back off, but failed to reverse the move.

A memo prepared by the senior GOP staff to the House Appropriations Committee warned that giving the money to the White House would erect a "wall of executive privilege that would deny Congress and the Committee access to the management of the Fund. Decision-makers determining the allocation ... could not be called as witnesses before hearings, and most fiscal data would be beyond the Committee's reach." National Security Adviser Condoleezza Rice said the White House will continue to press for Congress to give the money "to the President for distribution."

The UN will not operate under the command of an occupation force, says the article; the European Union will not contribute funds to institutions that are not operating under UN Security Council resolutions, and British Foreign Secretary Jack Straw said Britain is going to put a resolution before the UN Security Council, to "ensure" the UN oversees the aid administration.

Against growing domestic and international outrage over the imperial moves by the U.S., Wolfowitz took to the airwaves, to rebut the accusations about "regional war" and "imperialism and colonialism." Appearing on *Face the Nation*, Wolfowitz said, "This is not colonialism," but the chance "to prove" that Arabs "are capable" of having democratic institutions. He was confronted by questions of whether this is "World War IV," and a broader war, in answer to which he repeated what Cheney repeatedly said on March 16—after Sept. 11, anything goes in the war against terrorism. He also said that since the war has already started, the decision was made to change the mission from disarming Iraq to making it "an example" for the rest of the region.

State Department Chickenhawk Bolton Warns Iran, Syria, North Korea

John Bolton, resident State Department Chickenhawk, last week was warning Iran, Syria, and North Korea to "draw the appropriate lesson from Iraq"—namely, that they should stop the pursuit of weapons of mass destruction. In addition, he cautioned Syria and other countries in the Middle East to consider "new possibilities" for peace in the region.

As reported by *Reuters*, Bolton, U.S. Undersecretary of State for arms control and international security, made the threat at an April 9 news conference in Rome, where he was meeting with Vatican and Italian officials, including Archbishop Jean-Louis Tauran, the Vatican Foreign Minister.

Powell Says U.S. Will Seek UN Endorsement of its Plans for Iraq

In an April 10 interview with the *Los Angeles Times*, Secretary of State Colin Powell was asked what he thinks about the French, German, and Russian belief that the United Nations should play the "central role in reconstruction, not just a vital role," in Iraq.

Powell insisted that "the UN has a vital role to play." What that "vital" role is, he elaborated with the rest of his answer: "We need an endorsement of the authority, an endorsement of what we're doing, in order to begin selling oil in due course, and in order to make sure that the humanitarian supplies continue...." To make his point very clear, he ridiculed the "suggestion" that some of his "colleagues" in the Security Council had made that, now that the "coalition has done all of this," it could "step aside" and let the Security Council "become responsible for everything." He said that this "is incorrect and they know it and they were told it."

Say Lack of WMD 'Smoking Gun' Could Wreck U.S. International Relations

The lack of a WMD "smoking gun" in Iraq could destroy the United States' already-reeling international relations, warned columnist Robert Novak April 7. Iraqi weapons of mass destruction, the latest reason for the invasion, wrote Novak, have neither been used by Iraq, nor found by the invading American and British forces. Some U.S. officials, he noted, fear that this will cause even bigger opposition to the U.S. war. Some other U.S. officials say that WMD will be found. The secondary mission for U.S. forces, as Novak put it, is to substantiate the purported reason President Bush gave for overthrowing Saddam. "At stake may be the ruptured international relations of the United States."

U.S. Diplomats Leave Their Posts Because of War, Terrorism, and SARS

The April 12 *New York Times* reported that the war in Iraq, the threat of terrorism, and the spread of SARS in Asia, taken altogether, have resulted in the largest withdrawal of U.S. diplomats and dependents from overseas posts since the 1991 Gulf War. Thirty-three embassies and consulates in 17 countries have so far been affected—most are in the Middle East, in the neighborhood of Iraq, but an increasing number of diplomats and dependents are also leaving China and Vietnam, out of fear of the SARS epidemic. In all but two of those countries, the departures are voluntary, and the State Department is having increasing difficulty filling posts that are considered "hardship," despite higher pay and greater chances for advancement.

DOJ Detaining Arab-American, a U.S. Citizen, Without Charges

Since mid-March, Maher Hawash, a 38-year-old software engineer at Intel Corp., has been held in solitary confinement by the U.S. Justice Department, with no public record of his arrest and confinement, or of the searches conducted by the FBI at Hawash's home and office. Bail was denied at a secret hearing, and a Federal judge has issued a gag order prohibiting Hawash's lawyers and Federal officials from talking about the case.

A group of Intel employees have started a legal defense fund for their colleague. "Our friend has fallen into some kind of 'Alice in Wonderland'-meets-Franz Kafka," said former Intel executive Steven McGeady. "You hear about this happening in other countries and to immigrants and then to American citizens. And finally you hear about it happening to someone you know. It's scary."

Washington Post coverage says it has identified about 50 people who have been arrested and jailed for some period of time as material witnesses since Sept. 11, 2001, and that as late as last year, many had not even been brought before a grand jury—the alleged reason for holding them.

Judge Blasts Justice Department Secrecy in Moussaoui Case

The Federal judge presiding over the prosecution of Zacarias Moussaoui, who was once hyped by the Justice Department as being the "20th hijacker," has issued a strong denunciation of the "shroud of secrecy" under which the case is being run, which includes denying Moussaoui access to key documents and witnesses.

According to the *New York Times* and *Washington Post*, Federal Judge Leonie Brinkema said that she is "disturbed" by the extent to which the government is using classified materials in the case, and she said she "agrees with the defendant's skepticism of the government's ability to prosecute this case in open court." Moussaoui is asking for a transcript of a secret court hearing in January, at which prosecutors outlined their theory of the case against him.

Separately, the Justice Department is appealing to the Fourth Circuit Court of Appeals another order by Judge Brinkema, that allows Moussaoui's lawyers to have access to Ramsi Binalshibh, an al-Qaeda leader captured in Pakistan, who is

reported to have told U.S. interrogators that Moussaoui was not part of the planning or execution of the Sept. 11 attacks.

Observers point out that this case is shaping up as a key test of the government's right to secrecy in terrorism cases, versus a defendant's right to evidence needed to defend himself—especially in a capital case. It is widely expected that the government may transfer Moussaoui to military custody, and then try him before a military tribunal—if it tries him at all.

DOJ Schemes with Some GOP Congressmen To Make Patriot Act Permanent

The Justice Department is scheming with some Congressional Republicans to make permanent the "USA/Patriot Act," passed in the wake of the 9/11 attacks, according to the April 9 *New York Times*.

The Act, rushed through Congress after Sept. 11, 2001, contained a "sunset" provision so that certain key parts of the law would automatically expire at the end of 2005 unless extended. Senator Orrin Hatch (R-Utah) has been in discussions with the Justice Department and other Senate Republicans to add to another anti-terrorism bill a provision repealing the sunset provision.

That bill, sponsored by Sens. John Kyl (R-Ariz) and Charles Schumer (D-NY) and called the "lone wolf" bill, would eliminate the need for Federal agents to show that a target is affiliated with a foreign power in order to get a secret order for electronic surveillance or a break-in.

But several Democrats have said they want to add an amendment to the bill imposing tougher restrictions on the use of secret warrants, and also requiring the Justice Department to provide information to Congress as to how these secret court orders are being used. Hatch's proposal is being seen as a counter-move against these Democratic amendments. A former Democratic aide said that Hatch "is throwing down the gauntlet to people who think the USA/Patriot Act went too far and who want to cut back its powers."

Canada's Top 100 CEOs Visit Washington To Mend Fences

Canada's top 100 CEOs visited Washington, D.C. April 7, meeting with Homeland Security Secretary Tom Ridge, White House Chief of Staff Andy Card, Gen. (ret.) Wesley Clark, Richard Perle, Sen. Hillary Rodham Clinton (D-NY), former Clinton chief of staff Thomas (Mack) McLarty, David Hale, Joseph Jockel, and others, in the context of the Spring Members Meeting of the Canadian Council of Chief Executives (CCCE).

The unofficial reason for the meeting, according to the *Toronto Globe & Mail*, is that recent derogatory remarks about the U.S. and President Bush, made by MPs belonging to the ruling Liberal Party of Prime Minister Jean Chretien, plus Canada's decision not to join the "coalition of the willing," has unhinged the Canadian business and financial elite. So while the CCCE had already, in January, established a 30-member CEO Action Group on North American Security and Prosperity, whose mandate was to launch "a new initiative for action on five fronts: reinventing borders, maximizing economic efficiencies, negotiation of a comprehensive resource security pact, sharing the burden of defense and security and creating a new institutional framework," the meeting looked more like an attempt to get the Canadian business community to agree to read the riot act to Chretien.

Two weeks ago, Tom Donahue, president of the American Chamber of Commerce, was in Toronto to mend fences and reassure the Canadian business community that regardless of some criticism from Canada, US\$1.3 billion still crosses the border in both directions every day, that this still represents 25% of U.S. exports, that the U.S. still exports more to Canada "than we export to all 15 member states of the European Union combined," and that 87% of Canadian exports are still going into the United States.

Some Canadian CEOs who went to Washington, were still not reassured, perhaps because some are looking not just at the war and the fudged economic figures, but have begun to realize that the economic crisis is systemic and global, and the collapse is accelerating.

Philip Morris Default Could Clobber State Budgets Even More

States across the country have been spending their funds from the famous national tobacco-case settlements to replace their disappeared tax revenues, but the tobacco funds may now disappear, according to the April 6 *Washington Post*. Philip Morris, the largest cigarette maker, pays \$2.5 billion a year into the tobacco fund, and it now says it will have to default on that payment if it has to post a \$12-billion appeals bond just ordered in an Illinois smoking-damages case. "The states are counting on this money," said National Conference of State Legislatures analyst Lee Dixon, in an understatement. "It's already in their budgets."

Say U.S. Response Time on SARS Far Faster Than on Anthrax

An article in the April 13 *Washington Post* by Peter Hotez, professor and chair of the Department of Microbiology and Tropical Medicine at George Washington University in Washington, D.C.—and a senior fellow of the Sabin Vaccine Institute—says the U.S. health establishment response on SARS has been markedly swifter than the response 18 months earlier to the anthrax attacks in the fall of 2001.

He writes that when the Federal Centers for Disease Control and Prevention (CDC) in Atlanta first learned of the outbreak in China's Guangdong Province, in February 2003, "they sprang into action, collaborating intensively with the World Health Organization to determine the cause." Within two weeks of the WHO's first international alert on SARS, issued March 12, the CDC had determined that the cause was not influenza, but a coronavirus.

The swift response on the part of the CDC and "other components of the Department of Health and Human Services has been unlike anything I have ever seen," writes Hotez, citing not just the CDC but the National Institutes of Health, the U.S. Army Medical Research Institute of Infectious Diseases, and others at HHS.

This helps to explain the relatively low infection rate in the U.S., and the absence—so far—of any deaths from SARS. That is in part the result of the post-9/11, post-anthrax ramp-up of bioterror training at U.S. hospitals.

Ibero-American News Digest

Brazil Ready To Dump Technological Apartheid; Return to Development Plans

An opinion column published by *Folha de Sao Paulo* April 9, on "The Father of the Nuclear Program," reflects the veritable explosion of determination in Brazil to break technological apartheid, which the horror of the Iraq war has reinforced.

"The greatest Brazilian technological program, in comprehensiveness and continuity, began in June 1978, and ended in the government of Fernando Collor, because of mere prejudice and disinformation. During that period, it mobilized 5,000 scientists and technicians, involved 18 universities, and made possible for the country to master the technologies of lasers, uranium enrichment, and nuclear propulsion," author Luis Nassif reminded Brazilians. All three branches of the military, plus the private sector, were involved in the project, on which people worked seven days a week for 12 years, so Brazil could master the full nuclear cycle of peaceful uses of nuclear energy, he added. When Collor came along, the program

was discontinued. The knowledge accumulated was not lost, but it was dispersed.

The man who directed the nuclear program until 1990 was Rex Nazareth, and his name is being mentioned again, as a possible president of the National Nuclear Energy Commission (CNEN), Nassif reports. This "great Brazilian" has been teaching at the Military Engineering Institute in Rio de Janeiro since Collor shut down the program, and, at nearly 70 years old, "maintains the enthusiasm of a youth, and the vision of a wise man toward strategic planning for the country, and within that, the role of science and technology."

Similarly, *Folha* on April 6 raised the issue of whether Brazil should withdraw from the Nuclear Non-Proliferation Treaty (NPT) with one of the grand old men of Brazil's aerospace development, Air Force Brig. Gen. Hugo de Oliveira Piva, who called for Brazil to take up its nuclear program again, even if it does not return specifically to the production of nuclear weapons. "Who doesn't have advanced technology, will become a vassal. He will have to submit to the feudal lord," he argued.

The very fact that Piva was interviewed, is indicative of the shift occurring in Brazil. Piva had been relegated to oblivion in recent years, the victim of an international witchhunt, run under the pretext that he led Brazil's program in Iraq in the late 1980s, to develop short-range, air-to-air missiles—a program initially supported politically and financially by the United States. Piva, now 75, has remained active behind the scenes throughout, including functioning as a consultant to Brazil's star airplane manufacturing company, Embraer.

LaRouche Pamphlet vs. '*Imperium Insanum*' Circulating at Record Rate in Brazil

The Brazilian branch of Lyndon LaRouche's Ibero-American Solidarity Movement (MSIA) cannot print its pamphlet, "*Imperium Insanum*", fast enough. Three weeks after the first copies of the pamphlet, with LaRouche's writings against the Chickenhawks' war in Iraq, came off the press on March 20, some 26,000 copies have gone out, with support pouring in to keep printing more. The response to this mobilization, greater than any other ever carried out in Brazil by the MSIA, reflects the enormous anger in the country against the war, in every layer of the population.

It is worth noting that Brazil has the largest population of Arab descent of any country outside of the Middle East—some 17 million people, or 10% of the Brazilian population. President Lula da Silva has made reference, in recent remarks and in his letter to Pope John Paul II, to the fact that, while Brazil has the largest Roman Catholic population in the world, the country includes people of many religions who live peaceably together. And Brazil intends to keep it that way. This is one of the reasons that Brazilian authorities have fought the attempt by Rumsfeld's boys to get the Brazilian government to target Arab-Brazilians as a pool of terrorist supporters.

Chilean President: Iraqis Must Determine Their Political Future

"The Iraqi people should determine their political future, and control their natural resources," said Chilean President Ricardo Lagos, at the opening session of the World Interparliamentary Conference, being held in Santiago the first week in April. Speaking before 1,200 representatives from 140 countries, Lagos received long applause when he referenced the "effort which some of us made" at the United Nations Security Council, "because we always believed there was still room for dialogue, to avoid war."

In the pettiest fashion, the U.S. is out to punish Chile for its stand on Iraq, and its refusal to back the Bush Administration at the UN Security Council. The White House is refusing to give a date on which it will sign the draft of the free-trade agreement (FTA) between the two countries, a crucial step toward getting it ratified in Congress. In contrast, it has set a date of May 6 for signing the FTA with Singapore, which is part of the "coalition of the willing." Originally the two

agreements were supposed to be processed at the same time. State Department official Charles Barclay assured *Reuters* April 4 that the U.S. wants to sign the agreement, because "it's in our interest." But a spokesman at the U.S. Trade Representative's office said he had "no information" on a specific signing date for Chile.

Argentine President Duhalde Urges Papal Mediation in Iraq War

Outgoing Argentine President Eduardo Duhalde paid a state visit to the Vatican April 7, and held a private luncheon meeting with Pope John Paul II, during which he gave the Pope a personal letter urging him to serve as an official mediator between the U.S. and Iraq, for the purpose of ending the war against Iraq as quickly as possible. Duhalde's letter reportedly states his "concern over the terrible consequences that this conflict has for the population of Iraq," and calls for the Pope's intervention. After meeting with the Pope, Duhalde held a meeting with the Pope's Secretary of State, Cardinal Angelo Sodano, to discuss this and other issues.

Argentine Minister of Religion Esteban Caselli, who was present at the meeting between the Pope and Duhalde, explained that the idea is modelled on the Pope's mediation of the Beagle Island border dispute between Argentina and Chile, in the 1980s. Caselli noted that the Pope is "ideal as mediator, because he has no economic or oil interests" in the area.

Argentina Cancels Joint Military Maneuvers with U.S., To Protest Iraq War

As he prepares to leave office on May 25 (Presidential elections are scheduled for April 27—see article in [INDEPTH, EIW #13](#)), Argentine President Eduardo Duhalde is showing some spunk. He said on April 8 that he will not ask Congress to authorize entry of U.S. Air Force troops into the country, to participate in a joint exercise in Mendoza Province with their counterparts in the countries of Mercosur (Common Market of the South). This is a big deal. The Aguila III exercise, which was to have begun on June 14, is considered to be the most important joint exercise of Southern Cone militaries, and has been under preparation since March of 2002.

Given the Argentine population's widespread opposition to the war against Iraq, allowing U.S. troops into the country at this time is not something the Argentine President wants to do. He will leave the decision up to the next President. Duhalde also has rejected a U.S. request to grant immunity to any American troops participating in any exercise. The Argentine President is also reportedly considering not supporting the U.S. in an upcoming UN resolution denouncing Cuba for human rights violations.

As *La Nacion* pointed out April 9, "in the new world scenario, it's no little matter to deny official support to Aguila III."

Moonie Times' Gertz Goes Ballistic vs. Mexico's Alleged al-Qaeda

"Them al-Qaeda terrorists are coming up from Mexico to git us," screeched Bill Gertz in the Moonie *Washington Times* on April 7. Gertz, a favored hitman for the Chickenhawk crowd at the Pentagon, took time out from bashing China to turn his sights on Mexico. His sources, as usual, were "anonymous" U.S. government officials. They say that intelligence circulated to U.S. officials in the last two weeks indicates that at least 14 al-Qaeda members are in Mexico, working with Mexican organized-crime groups, including drug-traffickers, with plans to enter the United States covertly to conduct attacks.

As usual, "no other details about the al-Qaeda plan or its targets in the United States were disclosed."

A spokesman for the Department of Homeland Security told Gertz that he had no information on al-Qaeda members attempting to enter the country, but Gertz dug up some U.S. Border Patrol officials who say that a diary written in Arabic

was found last month in a backpack discovered on a southern Arizona trail frequently used by illegal aliens. And that diary contained names and telephone numbers of at least two persons in Canada and Iran.

Scandals Force Resignation of Chilean Central Bank President

Chilean Central Bank president Carlos Massad was forced to resign on March 31, because of ongoing financial scandals that have rocked the government of President Ricardo Lagos. It was discovered some weeks ago that Massad's private secretary was passing confidential information to her lover, a top manager at the Inverlink brokerage firm, who tried to use the information to keep the bankrupt company afloat. Inverlink is also involved in a more recent scandal, involving the theft and transfer to its own accounts of more than \$100 million in certificates of deposit from the state-owned Corfo company. Massad had served for four years as Central Bank president, and had just been approved for another four-year term.

The investigation into Inverlink's illegal activities is ongoing, and together with at least two other scandals involving former government officials personally close to President Lagos, has unnerved the government, and rattled financial markets. Suddenly Chile, the "safe" and "honest" place for investors to put their money, isn't so safe any more. Lagos tried to reassure investors on April 2, by naming economist Vittorio Corbo to the Central Bank's board. A former IMF/World Bank employee, Corbo is a prominent professor at the Catholic University of Chile, whose Economics Department is run by the "Chicago Boys"—the economists from the University of Chicago.

Western European News Digest

Building Peace Is a Permanent Effort—Pope John Paul II

"The building of peace is a permanent effort," said Pope John Paul II April 6, during his weekly address at St. Peter's Square. "In particular, my thought goes to Iraq, and to all those involved in the war that rages there. I think in a special way about the defenseless civilian population, which in various cities is undergoing a hard test," he said. He urged that the conflict end soon, "to make room for a new era of pardon, love and peace." Expressing great concern that the Iraq war would hurt relations between Muslims and Christians, the Pope reiterated that there is no legal or moral justification for military action against Iraq.

Say Discussion of Central UN Role in Iraq Equals Support for Illegal War

Discussion of a central role for the UN in Iraq is tantamount to support for an illegal war, asserted Gilles Delafon, in France's *Journal du Dimanche* April 6; Delafon violently attacked those in Europe and elsewhere who have illusions about a "postwar" Iraq in which the UN will have a major role. "Why are the Europeans allowing themselves to be taken again for a ride by Colin Powell, as if the slap in the face of the UN leading up to the war had not occurred, and as if Bush had not this week decided in favor of Rumsfeld ... in the post-Saddam" Iraq? Delafon asked.

Delafon argued that "Igor Ivanov, the Russian Foreign Minister, is right to evaluate as 'premature' any 'postwar' talk, and limits himself to calling for a 'halt to hostilities.' More timid, the French and the Germans should also stick to this line.... How can it be possible to promote 'from today' a 'central role for the UN' in an illegal operation, without supporting *a posteriori* the American aggression?"

And why send the UN in? "In Iraq today, the UN would walk into a trap. The future emerging after the fall of the dictator resembles a Gaza in Mesopotamia."

Delaforon nailed the Chickenhawks, including James "World War IV" Woolsey, "gangster Richard Perle," and Rumsfeld, who would enrich themselves through reconstruction contracts, and who are "the people, not Colin Powell, who are outlining American politics today. By pretending to ignore this, the Europeans could very well lose their souls."

Writing in the same issue of *Journal du Dimanche* editor-in-chief Jean Claude Maurice fully supported illusions concerning a post-Saddam Iraq, thereby making clear the huge factional struggles behind the scenes. Maurice wrote that Saddam Hussein's regime was "at the end of its rope. It's a matter of days, or hours perhaps"; he added that the Marines were preparing themselves for the guerrilla warfare for which they were trained "last autumn, by Israel, in a place kept secret, where they had built two false cities, with false mosques, laundry drying from the windows, and even donkeys in the small streets."

"In the 'post-Saddam' Iraq," Maurice continued, the axis of "France, Germany and Russia have two allies: Colin Powell and Tony Blair.... These days, one hears Colin Powell more than Rumsfeld. When Condi Rice explains that nobody should be astonished if the Anglo-American coalition decides what to do without the UN, Powell corrects it, saying that 'the United Nations will be a partner in all that.' " When the U.S. Congress prohibits France, Germany, and Syria from bidding on Iraqi reconstruction, Powell attacks this is an "unproductive exclusion" and promises he will make sure that Congress adopts an amendment that "excludes this exclusion amendment."

Similarly for Tony Blair, claimed Maurice.

British Military Historian: Bush's Washington a Scary Place

"Bush's Washington alarms me greatly," warned British military historian Prof. Corelli Barnett, speaking to *EIR* April 7. "They are so enthusiastic about their military power and technology, that they are determined to use it." Barnett, a strong opponent of the Iraq war, told *EIR*, "Frankly, they would do well to abide more by what their hero Teddy Roosevelt said, about speaking softly and carrying a big stick, since these people carry a big stick, and speak very loudly."

Barnett, who said had arrived at the same conclusion as Lyndon LaRouche, about the ominous parallels between the Nazi regime's behavior in 1938-39 and Rumsfeld-Cheney now, said: "Yes, these are very worrying people. But so is Wolfowitz, I am alarmed when I hear him speak.... Frankly, it would be better for the world, if further American military action in Iraq is nastier and messier than is being claimed, to discourage the Americans from being too aggressive.... In any case, the war is the easy part. What we are seeing now, is not even the end of the beginning. The follow-on is where all the problems will come to the fore, because this war is unleashing deep, deep anger and resentment in the Arab and Muslim world, and this will have repercussions."

On the military aspects of the war as such, beyond Baghdad, Barnett said (some of this is, of course, by now outdated), "The fact is, the Americans have not taken the other major towns, which are along the American lines of communication. All this could be quite messy. And I think the Americans are concealing the amount of casualties they have suffered."

He has been watching, with great interest the opposition of leading American military figures to the conduct of the war, since Gen Barry McCaffrey (ret.) and others have been on British television. "Their views are shared by leading British generals, who had been involved in the first Gulf War of 1991, who have all been expressing caution about the military side of this current war. And there are certainly strains, between the British and Americans about the war."

Former German Diplomat Fears Permanent U.S. War

Former longtime German diplomat Guenter Gaus, 73, says he fears a permanent U.S. war, for 50-80 years to come. In an

interview with the *Sueddeutsche Zeitung*, a daily for which he worked in the early 1960s, Gaus, who was chief West German envoy to East Berlin, 1973-81, said that although (in his view) the capitalist system has outlived itself, it will keep degenerating for some time, definitely "for a longer period" than the Soviet system did.

"It will not proceed so bloodlessly as the decline of the East bloc. It will not be that they won't shoot. Capitalism will shoot. That will last for 50 or even 80 years. And I do not know what will emerge from this horrible transition period, the beginning of which we seem to be living through now. There will be increasing misery; capitalism will not step down just like that, as socialism did."

Labour Dissident Galloway: By Siding with Bush, Blair Made the War Possible

British Labour Party dissident George Galloway blasted Prime Minister Tony Blair for having made the Iraq war possible by siding with George W. Bush. In an interview with the German *Junge Welt* daily April 9, the Labour Party member of the House of Commons announced a huge wave of protests across the United Kingdom for the anti-war action day, April 12. "The opposition against the war is so energetic here," he said, "because this country has a 50% share of guilt in this crime."

"I am convinced that the war would not have taken pace had Tony Blair not stood side-to-side with George Bush. Blair has an enormous responsibility for that.... In my view, the Labour Party has to draw consequences and get rid of its present leadership. Otherwise, a new Labour Party has to emerge."

When, on March 18, some 139 Labour Party Members of Parliament voted against Blair, it was "the biggest revolt in Parliament since 1832," Galloway said, which Blair survived only because he was backed by the opposition Tories in his war drive. "But fact is that never before has the British Army fought in a war with so little support of the Parliament and the population."

What Britain should do is to pull out of the war instantly, Galloway recommended. "The first thing that the Britons must do: Stop the murderous attacks on Iraqi cities, and negotiate on an exit from this unbearable situation at the UN Security Council. I suppose that with the present U.S. leadership this is not possible, but it should be possible with Great Britain. Every single day, we are losing soldiers. We are in the mud. We have the choice now either to stay there, which will only make problems bigger, or to begin with the pull-out from this catastrophic mistake."

Israeli Justice Minister Calls Off Meeting with German Foreign Minister

Israeli Justice Minister Yosef Lapid called off his meeting with German Foreign Minister Joschka Fischer at the last minute April 7, according to *AP*, when Lapid demanded Fischer come to his office in East Jerusalem, which was incorporated into Israel after the June 1967 war. Fischer refused, so Lapid cancelled. An Israeli spokesman said, "Germany will not dictate where Israel has sovereignty in Jerusalem." The German embassy said it was not informed of venue change.

A second crisis erupted over Fischer's intention to meet with Palestinian Authority President Yasser Arafat on April 9. An Israeli Foreign Ministry spokesman said: "We would not presume to tell the German Foreign Minister whom to meet with. However, he is aware of our feelings on the matter, which are quite clear." The disconnect was compounded by Israeli Prime Minister Ariel Sharon saying he wanted 15 changes made to the latest "road map" to peace (arrived at by the U.S. European Union, UN, and Russia).

Swedish Prime Minister Persson is expected in Israel this week, followed by EU foreign affairs envoy Javier Solana next week. Arafat spokesman Abu Rdenah said, "This is the beginning of a new European political movement and this is proof

that the Palestinian cause is still the central issue in the area" (the Middle East).

France's De Villepin Tours Arab World

French Foreign Minister Dominique de Villepin toured the Arab world last week. After a meeting with British Foreign Secretary Jack Straw in Paris, where the two agreed on the "urgent need" for a new diplomatic initiative for the road map in the Mideast, Villepin went to Egypt April 11, then to Lebanon, Saudi Arabia, and Syria over the weekend. He met with Syrian President Basir Assad April 13, and remarked—in reference to American charges that Syria smuggled weapons to Saddam Hussein's regime during the Iraq war, and is receiving fleeing prominent Iraqis—that "This is not the correct time" to put pressure on Syria.

First Spanish MP Deserts Aznar over Iraq War

According to the Spanish paper *El Mundo* of April 9, Spanish Prime Minister Aznar has suffered his first defection over the Iraq war. Member of Parliament Luis Acin, a deputy from Aznar's ruling Popular Party (PP), said last week he was resigning in protest of the government's support for the war on Iraq.

Acin, who represents the northern Huesca constituency, told the Spanish press: "I cannot take part in a political project that supports the activities of allied troops in Iraq," and said he was giving up his parliamentary seat and handing in his party card.

The spokesman for the PP parliamentary group, Luis de Grandes, reacted by saying Acin's resignation was "exceptional" and was unlikely to be followed by others.

Aznar's party has a large majority in parliament, with 183 seats. The PP deputies have, until now, consistently supported motions in favor of the war.

But about 20 of the PP's more than 24,000 local councillors have resigned since the start of the war because they believe there is no legal basis for the conflict. And former Labor Minister Manuel Pimentel, who withdrew from the government in 2000 because of disagreements over policy, announced on March 23 he was also leaving the PP in protest at the war.

German Economic Daily: SARS Could Severely Disrupt Global Economy

The German economic daily *Handelsblatt* on April 10 warned that the emerging international epidemic SARS (Severe Acute Respiratory Syndrome) could lead to severe disruption of the globalized economy.

Writing in a special report from Beijing, *Handelsblatt* noted that the SARS virus is right now spreading "fear and terror" in high-tech industries worldwide. In the center of the nightmares of supply-route experts is the booming Guangdong province in southern China, the source of the infection (and, according to the April 13 *Washington Post*, the source of a high percentage of the world's influenza strains).

Just as an example, 40% of all microwave ovens worldwide are produced in the Guangdong town of Shunde alone. About 70% of all copy machines worldwide are produced in the provincial town of Shenzhen. In Dongguan, Samsung produces 8 million cell phone displays per year for Nokia and Motorola. All kinds of computer parts are manufactured in this region as well.

Hence, Guangdong is now one of the "nerve centers of global high-tech industries." The Asia/Pacific head of IBM is quoted as saying: "It just requires a traffic jam on the highway between Dongguan and Shenzhen and we will have shortages on the world market for 70% of computer products." At the same time, millions of low-wage workers in this region are producing clothing, toys, and furniture for the rest of the world.

Handelsblatt concluded that as long as medical staff and researchers are not making breakthroughs in the fight against SARS, the danger of "devastating chain reaction breakdowns of global supply flows" is rising day by day.

(Interestingly, it looks as though the CDC and NIH in the United States may be making such progress, with the development of an experimental vaccine said to be likely within the year. See the [UNITED STATES NEWS DIGEST](#).)

Russia and Central Asia News Digest

Glazyev: Opponents of War Should Move To Create New Monetary System

Economist Sergei Glazyev, corresponding member of the Russian Academy of Sciences and State Duma deputy, was interviewed April 2 on Russian TV *Channel 3*. Glazyev continues to receive major attention from the Russian media, as the Communist Party (on whose slate he runs, although not a member) gets 31% in the polls, against 21% for the "party of power," United Russia ("Yedro"); elections are coming up in December.

In the interview, Glazyev rejected the widely repeated notion that "cheap oil" was the goal of the Anglo-American attack on Iraq. Rather, the fundamental issue is the crisis of the global financial system: in Glazyev's terms, "The war is being waged in order to preserve the dollar's role as world reserve currency." Asked if Russia should dump the dollar, Glazyev replied that Russia's gold and currency reserves, albeit substantial and growing, "are insufficient to shake the unjust architecture of the world financial system."

There are, however, steps to take. He proposed that Russia "meet Europe halfway," by shifting from the dollar into euros and rubles; Russia's trade with Europe, at least, need not be denominated in dollars. Also, Russia could agree with CIS members, with China, and India, to denominate their trade in national currencies, instead of the dollar. If the ruble were used, he pointed out, the "income from currency emission" could translate into the equivalent of over \$20 billion, which could be used to finance the real economy in Russia.

Glazyev's most dramatic statement in the interview echoed the Schiller Institute's Bad Schwalbach Declaration, issued March 23. He said that countries using the dollar today are, in effect, financing the war against Iraq. "Therefore, if we want to stop the war, we should simply call on the countries that oppose this aggression, to agree to have their central banks jointly pose the question of shifting to a new world monetary system." This would not mean "burying the dollar," Glazyev elaborated, but a return to the situation before 1971, "when the Americans terminated the dollar's convertibility into gold and began to impose their currency on the entire world, by force."

Bad Schwalbach Declaration Circulates in Russian

The Russian translation of the Schiller Institute's Bad Schwalbach Declaration, "Stop the War!," is now posted in the Russian-language section of *EIR's* web site (www.larouchepub.com/russian/index.html). Schiller Institute contacts in Russia and Russian media were notified of the text's availability. Already, the Bad Schwalbach declaration has been posted on the "People of Russia" site, www.narod-ros.ru.

France, Germany, Russia: 'Occupying Powers' Must Provide Relief in Iraq

Presidents Jacques Chirac and Vladimir Putin and Chancellor Gerhard Schroeder met April 11-12 in St. Petersburg, in the setting of the Russian-German St. Petersburg Dialogue, where Putin and Schroeder had each delivered a speech earlier in the day. The Russian President's press office issued a release on the most important points made by Putin at the press conference he gave jointly with Schroeder and Chirac. These were:

*The summit was not aimed at "split[ting] the international community," but seeking mutually acceptable solutions. Putin said that the three leaders did not convene for the purpose of criticizing "the actions of the occupying powers" in Iraq—principally the U.S. and U.K.—but that "nonetheless, according to the Geneva Convention, it is the coalition forces that bear the responsibility for dealing with humanitarian questions." Putin noted that other leaders were invited to the meeting and didn't come, adding that "we are prepared to continue to work, also in a broader format."

*Iraq's fate must be brought back before the United Nations, while remaining fundamentally "in the hands of the Iraqi people." Putin said that the UN-sponsored leadership selection process in Afghanistan, subsequently confirmed by elections, was a precedent. But, the release said, "the President of Russia is convinced that first the occupying forces' administration must solve the humanitarian problems."

*International weapons inspectors should return to Iraq, otherwise alleged discoveries of weapons of mass destruction cannot be legitimate. In any event, "nothing has been found yet." Putin's press release said, "Only one task, the disarmament of Iraq, justified the war. But WMD have not been found in Iraq, raising the question of what goals the anti-Iraq coalition did pursue."

In his earlier speech, Putin said that the results of the past three weeks of war were "regrettable." Noting the collaboration of Russia and Germany in attempting to reach a political settlement through the UN beforehand, Putin said that he and Schroeder agreed on the need for continued efforts "to preserve a stable, international law-based system, resting on the primacy of the UN."

In a Q&A session at the St. Petersburg Forum, Putin said he welcomed the removal of Saddam Hussein's regime, an undemocratic one, but that this should not have been done by force of arms. Eighty percent of the countries in the world, he said, do not measure up to so-called "Western standards" of democracy. "What, are we going to war with all of them?" How many countries are prepared to adopt these standards? "In the Mideast alone, besides Iraq, there are many countries. So, what do we have: Is it being proposed to go to war with all of them? Probably nobody is even thinking such an insane thought."

While the demise of the Iraqi regime might be called a plus, Putin said, "I repeat that the means employed, and the human losses, the humanitarian catastrophe and destruction, are clearly negative consequences."

Russian wire reports featured statements by Schroeder and Chirac similar to those of Putin about humanitarian relief. Chirac stated that the chief responsibility, in this regard, "lies with the American and British armed forces, as the occupying forces." As for a transition to peace in Iraq, Chirac said that "only the UN should play the central role, to ensure the integrity and sovereignty of Iraq; ... and only the UN can ensure stability in the region."

Both at the Forum and at the press conference, international press harped on: 1) U.S. statements that Russia should write off its Iraqi debt (Putin said this could be subject to negotiation, noting that Russia is third in the world, after France and Japan, in debt forgiveness for poor countries, although on April 12, he said Russia would not forgive it; Schroeder said that such discussions were premature, given the priority of humanitarian relief); 2) the allegation that the Russo-Franco-

German meeting was a "New Yalta" split from the U.S. and Britain; and 3) "Who's next?" after Iraq, as an Anglo-American target. Russian wires especially quoted Schroeder's rejection of the idea of regime change in Syria, which is coming under pressure from Washington. *RIA Novosti* quoted the German Chancellor as saying that he doesn't believe this figures in "U.S. political ambitions." Chirac stated that he could see no other situation, comparable to Iraq, and therefore "the French leader considers the question of a possible political regime change by force in Syria to be unfounded."

Sergei Ivanov Cancels Meeting with Rumsfeld

On April 10, Russian Defense Minister Sergei Ivanov cancelled a three-day visit to the United States, scheduled to have begun on April 13, during which he would have been hosted by Secretary of Defense Donald Rumsfeld. *Itar-TASS* reported from Russian Defense Ministry sources that the meeting had been arranged before the U.S. attack on Iraq. The Russian daily *Nezavisimaya Gazeta* noted that the cancellation followed National Security Adviser Condoleezza Rice's April 7 meeting with Ivanov, Foreign Minister Igor Ivanov, Kremlin Chief of Staff Voloshin, and President Putin himself, during which she "might have discovered more serious disagreements over Iraq than she expected."

Also noteworthy in this context, is that Russian press are paying attention to differentiation within the U.S. administration. *Izvestia* on April 8 wrote that Rice "is regarded as one of the major channels through which Russia is able to convey its concerns directly to the President," another such channel being Secretary of State Powell. "Neither Rice nor Powell," wrote this Russian paper, "would like to see the Pentagon people achieve complete control over the postwar settlement in Iraq." Former Prime Minister Yevgeni Primakov, who continues to be a prominent voice in Russian policy on Iraq, likewise stressed in an April 6 interview with *NTV* that the United States has not yet made a final choice between the advocates of "unilateralism," and its opponents.

Russian official and quasi-official statements of recent days include the following:

*April 9: Foreign Ministry spokesman Alexander Yakovenko denied rumors that Saddam Hussein had taken refuge in the Russian embassy in Baghdad, calling them "just another attempt to put our Baghdad embassy under threat."

*April 9: Boris Labusov, spokesman for Russia's Foreign Intelligence Service (SVR), denied as "complete fiction" the story that the SVR had tried to smuggle Saddam Hussein's secret service archives out of Iraq. Some media had attributed the April 6 shelling of a Russian diplomatic convoy leaving Iraq to such an attempt; the U.S. said the shelling was accidental.

*April 2: Speaking in Tambov, President Vladimir Putin said that the Russian Foreign Ministry is instructed to continue trying to bring resolution of the Iraq crisis back under the aegis of the United Nations.

*April 6: Primakov, in his *NTV* interview, denied that his February trip to Iraq had to do with spirited intelligence archives out of the country; its purpose was to seek Iraqi compliance with UN resolutions, Primakov said. Primakov also stated his opposition to any headlong plunge into "anti-Americanism," noting that opposition from the Shiite population of Iraq and the lack of viable "Iraqi opposition" figures will force the United States to turn to the United Nations for help in Iraq, after all.

*April 9: A large anti-war demonstration in Moscow was led by Yedro, the so-called "party of power," which supports President Putin.

Russia Protests Attack on Its Diplomats in Iraq

The United States scrambled on April 7, in the face of strenuous Russian protests against the shelling of a convoy of Russian embassy personnel in Iraq the previous day. The Russians were attempting to evacuate embassy staff to Syria, and gave notice beforehand that the convoy would be travelling.

Ambassador Titorenko charged that U.S. troops deliberately fired on the convoy, which was clearly marked with Russian flags. He said he informed Moscow and the embassy staff remaining in Baghdad, that despite efforts of the Russian economic counsellor to signal those firing on the convoy, the shooting continued for 30-40 minutes. The economic counsellor suffered head wounds and four other staff were injured, including Ambassador Titorenko, who suffered a hand injury and reportedly barely escaped a bullet through the windshield. One Russian underwent emergency surgery for a stomach wound. The convoy did arrive in Syria, but four of the six vehicles in the convoy were shot up by M-16s, as the casings showed.

Primakov Details February Meeting with Saddam Hussein

Former Russian Prime Minister Yevgeni Primakov went public April 11 with the nature of his mission to Baghdad at the end of February. He said he was doing this in order to refute rumors about his spiriting "intelligence archives" out of Iraq, but the statement otherwise was an occasion for Russia to reveal more of the efforts it undertook to avert the war.

Primakov said that President Putin summoned him to the Kremlin the night of March 16-17, asking him to take a personal message to Saddam Hussein. In a one-on-one meeting, Primakov said, "I told him the following: 'If you love your country and your people and want to protect your people from inevitable casualties, you should step down as President of Iraq.' I said that I understood how serious a proposal this was, and how much it would change Hussein's life. At the same time, I said that he should understand that it would be done for the Iraqi people." Primakov stressed that this was Putin's personal message. According to Primakov, Saddam Hussein listened without comment, then requested him to repeat the message in front of Vice Premier Tariq Aziz and the chairman of the Iraqi Parliament. Primakov added that if Saddam called for elections, "It would be possible to save Iraq from the looming catastrophe." Saddam Hussein replied that during the first Persian Gulf war he had already been urged to step down, but that the war had been inevitable anyway. "Then he slapped me on the shoulder and left."

Primakov said he had stressed the need for Iraq to cooperate with the international inspectors. "Here, Saddam Hussein did respond. After our conversation, Iraq began to destroy its forbidden missiles, which he had refused to do earlier."

"I want to tell this openly," said Primakov, "in order to show that Russia, and Vladimir Putin personally, did everything possible, up until the last minute, to prevent this terrible war." Major Arab countries were informed of the exchange by the Russian Foreign Ministry, he said. Their reaction was "positive." Several Mideast Foreign Ministers, as well as Amr Moussa of the Arab League, were prepared to go to Baghdad in support of the Russian initiative, but Saddam Hussein did not want them to come. "Now," said Primakov, "we don't know what this war will lead to, the preliminary outcome notwithstanding."

Russia Sends Navy Ships to Indian Ocean

A Russian fleet of 10 warships, including three nuclear submarines, is due to arrive in the Arabian Sea in late April, Russian press reported April 5. Defense Minister Sergei Ivaov announced that the deployment was planned to include joint exercises with the Indian Navy. *Nezavisimaya Gazeta* wrote that the inclusion of the submarines was due to concerns that, by late April, the situation in Iraq could "change dramatically."

Lukoil Will Defend its Iraqi Oil Contracts in Court

On April 8, Vice President Leonid Fedun of LukOIL, Russia's largest oil company, said that LukOIL would go into international courts to block any attempt to cancel its contract for development of the West Qurna field in Iraq. "Nobody can develop this field without us in the next eight years," Fedun said. "If somebody decides to squeeze LukOIL out, we are going to appeal in the Geneva arbitration court, which will immediately impound this field. Trials of this sort can last for about six or eight years.... We are going to impound tankers with crude produced in Iraq, using the Geneva court."

Russian companies have invested over \$1 billion into Iraqi oil development during the past seven years, second only to Saudi Arabia. The Russian press is full of speculation about imminent attempts by the U.S. to make Iraq "privatize" its oil resources, opening them to bidding by U.S. and British-based multis.

Russian Defense Minister in Seoul

Russian Defense Minister Sergei Ivanov met with South Korean Defense Minister Cho Young-Kil in Seoul April 10, the day after the UN Security Council meeting on the North Korea crisis was blocked by China and Russia from passing any resolution against North Korea. Ivanov said, "It is important for North Korea to allow IAEA inspections, in cooperation with other countries. North Korea has a right to develop energy, including nuclear energy, just like other sovereign states," but there must be transparency. He also said "The U.S. and North Korea must talk in a bilateral or multilateral framework to find an exit from the nuclear crisis, cooperating with the UN and IAEA."

Ivanov said Pyongyang's logic in deciding to try to acquire a deterrent—he did not specifically refer to nuclear weapons—was based on the U.S. strategy towards Iraq. "The turn of events, including the war in Iraq, confirmed that prognosis," the Minister said, adding it was Pyongyang's logic rather than Moscow's.

South Korea's Foreign Ministry said Seoul was relieved that the Security Council had taken no action at the United Nations. Ivanov said that Russia, which has limited influence over North Korean leader Kim Jong-il, was prepared to offer a security guarantee of its own to North Korea.

Indonesian President To Discuss Arms Purchases in Moscow

President Megawati Soekarnoputri will go ahead with her planned visit to Russia, the *Jakarta Post* reported April 12. Foreign Affairs Minister Hassan Wirayuda said April 10 that Megawati would leave on April 17 for a 10-day trip to Rumania, Russia, and Poland to discuss the developments in Iraq and bilateral issues. Iraq will be one of the items on the agenda of her meeting with Russian President Vladimir Putin. Hassan said after a Cabinet meeting that "our stance on Iraq is in line with Russia's stance."

Megawati's trip begins with a two-day stop in Rumania, followed by a four-day state visit to Russia from April 20, where she will visit St. Petersburg, before a two-day visit to Poland starting April 24.

One of the main objectives of the visit is to explore possible military cooperation or sales, as Indonesia still remains under a U.S. military embargo. Foreign Ministry sources said weapons purchases would be one of the seven or eight Memoranda of Understanding signed with Russia.

Megawati's visit will be the first by an Indonesian leader to Russia in 23 years.

Mideast News Digest

Iraq Invasion Creates Massive Humanitarian Crisis; U.S. Responsible for Civilians

A European-based Arab source has reported to *EIW* that the Western media and government coverage is failing to report the massive humanitarian crisis, and the threat to civilians in occupied Iraq. The source said that Middle East media have been showing footage, and discussions with families of refugees and people still in Iraq indicate that food shortages are everywhere, there is lack of safe water, and any water, and the hospitals are operating with no electricity, without medicines, and are overflowing with the wounded. Hospitals were not protected when the looting began after the fall of Saddam.

From the very outset of the crisis, even before the invasion of Iraq, United Nations Secretary-General Kofi Annan had warned both the U.S.-United Kingdom coalition and the Iraqis, that the responsibility for the protection and well-being of civilians falls on combatants, but once an area is occupied, the responsibility falls on the side which is occupying an area under international law. President Vladimir Putin, German Chancellor Gerhard Schroeder, and French President Jacques Chirac also noted, when the three met in St. Petersburg, Russia, last week, that the "occupiers" are responsible for immediately dealing with the humanitarian catastrophe (see [RUSSIA DIGEST](#)).

A well-placed Washington intelligence source told *EIW* that the U.S. military has been totally unprepared for the humanitarian catastrophe, the food/water chaos, and the breakdown of law and order. The source blamed this on the Perle-Feith-Wolfowitz "Chickenhawks," who persuaded Secretary of Defense Donald Rumsfeld to overrule military judgments, and refuse to consider reality in war. The source said that the Chickenhawks had two years to plan for the occupation—and do have plans, but the humanitarian forces involved have still not left Kuwait. The Chickenhawks forced through the idea that there would be no resistance to the invasion, and that the regime would "roll over" and the Americans could "just take over" with the Iraqi exiles who have not been in the country for decades.

The source noted that Rumsfeld lost his temper at the Pentagon briefing on Friday, April 11, and is furious over the reports of the looting and chaos—not at the Chickenhawks for their miscalculations, but at critics who are noting that Rumsfeld angrily "shot down" warnings from the Joint Chiefs of Staff, that 250,000 troops might be needed to secure the areas—for fighting and holding areas, for protecting and delivering services to the civilians, and for maintaining logistics.

As *EIW* reported, one of the critics of Rumsfeld and Wolfowitz is Army Chief of Staff Gen. Erik Shinseki. On March 13, Gen. Shinseki repeated his estimate that "several hundred thousand" troops may be needed for a postwar occupation of Iraq, at a House Subcommittee hearing. After Shinseki had made a similar statement during Senate testimony last month, Rumsfeld declaring it to be "far off the mark." Syndicated columnist Robert Novak reported in this context that the civilian Secretary of the Army, retired General Thomas White, was on the chopping block because he refused to join the Pentagon's civilian leadership (Rumsfeld-Wolfowitz, et al.) in denouncing Shinseki.

Medical Disasters in Iraq

According to *Agence France Presse* of April 10, there is widespread looting of unknown origin against stores, museums, all government ministries, and most critically, against medical facilities. Virtually destroyed is the ability of Iraqi doctors to provide health care because of the looting of hospitals. In interviews with doctors at the Al-Kindi hospital in Baghdad, and the Basra hospital, the April 10 issue of the *Times* of London documents the catastrophic condition they face. Armed bands of thugs have descended on the hospitals, where they take everything from furniture to medical supplies, surgical instruments and medicine. Dr. Al Fadali in Baghdad said that, as a result, it was becoming impossible to treat patients. Clean water is also running out. And, according to *AFP*, doctors at the Al-Kindi hospital have armed themselves with Kalishnikovs, in an attempt to protect what's left, and their patients.

What is not reported in the article, but is visible in Arabic TV coverage, is the fact that there is *one* ministry in Baghdad

being guarded by armored vehicles and tanks: the Oil Ministry.

According to *AFP* of April 10, there is widespread looting throughout other towns and cities—especially those reported to be under U.S.-U.K. occupation—including Basra, Kirkuk, Mosul, and Baghdad. In Baghdad, five state ministry buildings were on fire: the Oil Ministry was one of the few exceptions.

In Kirkuk and Mosul, which were "liberated" by the Kurds with U.S. Special Forces, massive looting has been going on, conducted by the Kurds themselves. TV coverage shows trucks with Barzani's party flags waving, driving up to buildings to be looted. The Kurdish forces are estimated to be 20,000 strong, which should suffice to *prevent* looting.

The genocidal conditions being created by this looting is shown in British-occupied Basra, where *Novosti* of April 11 reports from *Al Sharq al-Awsat*, that "Crowds of marauders have robbed all the shops and storehouses. During a single day spent in the city, the correspondent saw 12 people killed in street fights. Five more perished when the crowd was trying to take a bank by storm, but it proved to be mined." Prices of gasoline and food have trebled and doubled, but the only things easy to buy, are weapons: an automatic rifle costs \$1, a pistol \$3, and five hand grenades \$2. According to the *Al Sharq al-Awsat* correspondent, "there are up to five weapons in every house now, and a total of 5 million weapons have been taken away from the depots."

According to the official Iranian news agency of April 11, this idea of "war crimes" is broadly percolating through institutions. The Red Cross has denounced the refusal by the U.S.-U.K. to intervene to prevent anarchy and chaos. Also, the UN Office of the Humanitarian Coordinator for Iraq (UNOHC) stated: "The coalition forces seem to be unable to restrain the looters or impose any sort of controls on the mobs that now govern the streets.... This inaction by the occupying powers is in violation of the Geneva Conventions, which explicitly state that medical establishments must be protected, that the wounded and sick must be the object of particular protection and respect...." The UN denunciation comes amid reports that the British are pulling out 550 medical personnel, who are not needed because of light casualties to troops, who might otherwise treat the Iraqi wounded. Obviously, the U.S. and U.K. coalition forces are not out to win "the hearts and minds" of the Iraqi people.

Iraqi War Far From Over, and What 'Humanitarian' Problems the U.S. Now Faces

Lt. Col. Dale R. Davis (USMC-ret.), who is Director of International Programs and Lecturer of Arabic and Middle East Studies at Virginia Military Institute issued a paper on April 8 which, although now somewhat dated, makes important points for *EIW* readers. LTC Davis had served in the Marine Counterintelligence Corps, and is circulating among colleagues a declassified assessment of the Iraq war that focusses on the terrible challenges the U.S. military is facing in the next phase of the war. Davis starts the paper by warning that the combat phase of the war is not yet over.

He notes, "a great deal of fighting remains in Iraq. Baghdad is far from secure, Mosul and Kirkuk remain under tenuous regime control and, of course, Tikrit, Saddam Hussein's ancestral home, looms as a potential final bastion of regime defiance." Nevertheless, he warns that the war is now moving into a new phase of "much more politically complicated and culturally nuanced tasks of providing security, stability, humanitarian aid and assistance, and necessary basic services to the Iraqi people."

The new focus will be on "human intelligence, security, civil affairs, civil engineering, power generation, water purification, and medical services.... Occupying and managing entire cities are a completely different story, greatly complicated by lack of cultural awareness and linguistic capability on the part of U.S. forces."

Davis warned of the mounting likelihood of "serious misunderstanding and subsequent tragedy." "A 19-year-old Marine

from Southwest Virginia," he noted, "may be a fearless warrior, but is sorely unequipped to walk a beat in Nasiriyah or Basra." He further developed the dilemma facing U.S. commanders, who must now decide between administering essential services and moving into "de-Baathification." "If, as some in the Iraqi opposition wish, the coalition attempts to completely eradicate the Ba'ath Party leadership and marginalize even the most insignificant party member, then the vast burden of governance will fall on the occupying forces. Such an outcome will, of course, lend credence to Arab assertions that the liberation of Iraq is simply a manifestation of U.S. imperialism or neo-colonialism."

Davis concludes: "Faced with the growing number of political challenges of governance, coalition generals will soon wax nostalgic about the simplicity of liberating Iraq." Another VMI faculty member, who is circulating the Davis paper, observed that this is typical of the kind of discussion taking place among many American military traditionalists, who are deeply worried that the Iraq action is jeopardizing the fundamental national character of the United States.

Bush, Still in Claws of Chickenhawks, Bashes Syria

On April 11, during a visit to wounded Iraq war soldiers at the Walter Reed Army Medical Center in Maryland, President Bush joined in the saber-rattling against Syria. "We strongly urge them not to allow for Ba'ath Party members or Saddam's families or generals on the run to seek safe haven and find safe haven there," he told reporters, according to the April 12 *Washington Post*. "We expect them to do everything they can to prevent people who should be held to account from escaping in their country. And if they are in their country, we expect the Syrian authorities to turn them over to the proper folks."

During a Congressional appearance on April 10, Deputy Defense Secretary Paul Wolfowitz, head of the Leo Strauss neo-conservative cabal in the Administration, had already upped the ante against Syria, telling Congress, after discussing regime change in Baghdad, that there needs to be "change in Syria as well." And Secretary of Defense Rumsfeld has made a series of threatening statements directed at the regime in Damascus over the past week. In the July 1996 "Clean Break" document, prepared by Richard Perle, Doug Feith, David Wurmser, and Wolfowitz protégé Charles Fairbanks, for then-Israeli Prime Minister Netanyahu, Syria had been the number-one focus of wrath—beyond even Saddam Hussein and Iraq.

On April 12, Wolfowitz's sidekick, Chickenhawk Richard Perle, kicked off the propaganda campaign against Syria, warning "that the United States would be compelled to act if it discovered that Iraqi weapons of mass destruction have been concealed in Syria," in an interview in the *International Herald Tribune*. He said if such a thing came to light, "I'm quite sure that we would have to respond to that." "It would be an act of such foolishness on Syria's part," he continued, "that it would raise the question of whether Syria could be reasoned with. But I suppose our first approach would be to demand that the Syrians terminate that threat by turning over anything they have come to possess, and failing that I don't think anyone would rule out the use of any of our full range of capabilities."

Mubarak Calls for Establishment of Transitional Government in Iraq

Following a meeting with Saudi Foreign Minister Prince Saud al Faisal on April 10, Egyptian President Hosni Mubarak was said by the *International Herald Tribune* to have called for a speedy installation of a transitional government to bring order to Iraqi cities. He said a delay in providing water, food, and law enforcement will cause "unimaginably dangerous consequences." Mubarak is expected to meet Saudi Prince Abdullah April 11.

The Egyptian state-owned daily *Al Gomhouriya*, in a commentary by its editor, Sami Ragab, said: "Despite everything, the United States will make a grave mistake if it labors under the illusion that it has reigned supreme. Removing Saddam may make a catchy headline, but the consequences of the war, which was not endorsed by the United Nations, will be hard to stave off." *Al Gomhouriya* went on to say that the U.S. created a new "terrorism."

The Saudi daily *Ar Riyadh* (which has published statements by Lyndon H. LaRouche, Jr.) warned: "If this army treats the Iraqis like an army of occupation, then it will be faced with resistance."

After IDF Shoots U.S.-U.K. Peace Observers, Their Governments Do Nothing

The following two items are updates on the pattern of right-wing Israeli terrorists' attacks on Palestinian children, and of the IDF assaults on civilians. For a full report, this week's [INDEPTH](#) section.

On April 11, according to *Ha'aretz*, the Israel Defense Forces shot 21-year-old British peace activist Thomas Hurndall, was as he was trying to help children to safety. According to witnesses, Hurndall was part of a group of activists who were trying to set up a peace tent on a road used by the Israel military for conducting attacks on Gaza. The road is patrolled by tanks every day. One such tank saw the activists from a position 200 meters away. Some children joined the group, at which point, the tank began firing its machine guns. They hit Hurndal in the head, just as he was trying to help the children. Hurndal was declared brain-dead shortly after his arrival at a hospital in Gaza.

This move follows the March 16 killing of American activist Rachel Corrie, age 23, also in Gaza, and the critically wounding of another American, Bryan Avery, age 24, just last week. In the case of Rachel Corrie, the Bush Administration asked the Israeli government to investigate this clear case of murder, even though the Israelis called it an "accident."

Israeli Police Make Another Arrest in Settler Plot To Blow Up a Palestinian Girls' School

On April 10 *Ha'aretz* reported that the Israeli police arrested Amiur Tsurriel, a member of the Jewish terror cell accused of planting a bomb a Palestinian girls' school in East Jerusalem in April of last year. Five others are now on trial for this crime from the outlawed Fascist Kach movement, whose affiliated Kahane Chai is on the State Department Terrorist List, and they include Kach leader Noam Federman, as well as Yarden Morag and Ofer Gamliel.

Asia News Digest

UN Security Council Takes No Action Against North Korea

China has blocked a U.S. proposal that the UN Security Council issue a statement from its April 9 meeting, condemning North Korea over its nuclear weapons program, South Korea's *Radio Korea International* reported April 9. Following the UNSC meeting, Council president Aguilar Zinser (the Mexican envoy) announced that members had only "expressed their concern and the Council will continue to follow up developments on this matter."

"Everyone has been trying to ensure that [the issue] is dealt with peacefully," UN Secretary-General Kofi Annan said, noting that the next step is to "find a format acceptable to both parties [Washington and Pyongyang] and bring them to the table." This strongly implies UN talks will be off for awhile. Maurice Strong, an adviser to Annan, urged the UN take no action. "If they take the tack of escalating the confrontational nature of this, that will be a problem," Strong told reporters.

China's Ambassador to the UN, Wang Yingfan, said China rejected the idea of the Security Council taking up the North Korean nuclear issue. "We think intervention by the [UNSC] is not appropriate, and cannot now help resolve the North Korean nuclear issue," Liu Jianchao, a Foreign Ministry spokesman, said April 9 in Beijing.

In Moscow, Alexander Losyukov, the Foreign Ministry's curator of Asian affairs, said urgent measures were needed to cool off the situation. "Otherwise, the UN Security Council discussion could, instead, become a launching pad for a further

unravelling of relations," Losyukov said.

Officials in Tokyo said Japan, which is not a member of the Security Council, was firmly against sanctions at present. "It is not the right time to take any measures against North Korea or put too much pressure on North Korea now," a Foreign Ministry official said.

Even South Korea, angry over the North's cancellation of economic talks for last week, suggested that a meeting of countries in the region would be the best way to bring the North's nuclear program under control. "We can resolve North Korea's nuclear issues without going through the official channel of the UN," said Yoon Young Kwan, South Korea's Minister of Foreign Affairs and Trade, before leaving for Beijing.

Mahathir: Greater NAM Unity Needed To Address War, Economy

Malaysian Prime Minister Mahathir Bin Mohammad, who is serving as the chairman of the Non-Aligned Movement (NAM,) was interviewed by *Al-Jazeera*; where he called on countries "in the north," to join with NAM, and for regime change in Washington. Quotes from the interview follow:

"The war in Iraq is already wreaking havoc to the world economy.... The United States and even countries far from the scene of the war were suffering economically. Whether they win or lose the war, the problem is not how to revive the Iraqi economy but the world's economy. Then, it is going to take a very long time because there will be no confidence, people will always live in fear of new terrorist attacks....

"We know most of the U.S. airlines have been bankrupted, most European airlines are in trouble and when the airlines fail, other (related) industries like hotel, travel agencies and tourism will fail. These are very big contributors to the economy of Europe, the U.S. and the world. The economy of the world is going to be so bad that talking about rebuilding would be a hypocrisy because nobody can rebuild Iraq, just like they cannot rebuild Afghanistan....

"Our hopes lie in cooperating with countries in the North that are against the war, and we want to restore good international behavior, respect for international law and the UN.... We do not know whether Pakistan and Syria will be the next target for the same reason that these countries are a threat to the United States. So many countries, including Iran, will not feel safe.... The new government to be installed in Iraq is bound to fail.

"The only way to stop the war is for the Americans to replace their [own] government.

"The Non-Aligned Movement countries can do more for the war than demonstrating and collecting money. There are other things we can do but because we are not united, it is not possible."

India Asserts Right of Preemptive Strike in Wake of Iraq War

A senior official of the U.S. State Department told *The Dawn* newspaper of Pakistan on April 8, that the U.S. is worried, and has taken "seriously" India's assertion that it has a right to launch a preemptive strike against Pakistan-held areas in disputed Kashmir, for harboring terrorists. The cause of concern is a recent statement by Indian External Affairs Minister Yashwant Sinha, who drew a parallel between Iraq, and Jammu and Kashmir. Sinha asserted that India has every right, as the U.S. did in Iraq, to launch a preemptive strike against the Pakistan-held part of Jammu and Kashmir.

The State Department official also told *The Dawn* that "we recognize the very serious nature of the situation in Kashmir, as our recent joint statement with Britain made clear, but the two situations are not comparable." Elaborating the U.S. point of

view, he said, "Iraq invaded, occupied, and brutalized Kuwait in 1990." After that the international community came together to drive Iraq out of Kuwait the following year. "A decade earlier Iraq attacked another neighbor, Iran, and used chemical weapons against it, and against thousands of its own citizens," he added.

India Parliamentary House Votes Against Iraq War

India's Lower House of Parliament, the Lok Sabha, unanimously passed a resolution on April 9, calling for an immediate end to the war against Iraq, and for a quick withdrawal of coalition troops. There had been a long debate on the issue, with the opposition Congress forcing a recession of the Parliament two days ago, because of demands for a strongly worded resolution.

The resolution said it is expressing "national sentiments," and that military action with a view to regime change in Iraq is "not acceptable." It noted that the war was launched without the permission of the UN, and demanded that the reconstruction of Iraq take place under UN supervision, and that Iraq's sovereignty be ensured.

When some Lok Sabha members expressed concern that India could itself become a possible target of the U.S., External Affairs Minister Yashwant Sinha responded that "anybody seeking to subdue the country was living in a dreamland."

In an April 4, exclusive interview with the *Press Trust of India (PTI)*, Yashwant Sinha also said that India would calibrate its position as, and when, it becomes necessary, but feels that under no circumstances should Iraq's sovereignty be disturbed. He said that New Delhi is aware of the unilateralism touted by the U.S.-led coalition in waging war against Iraq, bypassing the UN.

Reacting to criticism of the Vajpayee government for adopting a "middle path" on the Iraq war, Sinha said: "We have never supported the war. We still stand by our position that unilateral action was not warranted and whatever has to be done should be done through the UN, and that war is not a preferred solution."

India Defense Minister To Go to China

Indian Defence Minister George Fernandes will go to Beijing later in April for a week-long visit, reported the *Financial Express* on April 4. He will meet the new Chinese President, Hu Jintao, and begin preparations for the visit of Prime Minister B.J. Vajpayee later this year.

Vajpayee had sent a very warm congratulatory note to the new Chinese Prime Minister, Wen Jiabao, in March, in which he said: "In this new century, we seek to build a long-term, constructive and cooperative relationship based on the principles of Panchsheel—mutual sensitivity to each other's concerns and equality.... This will be to mutual benefit and in the interest of peace and stability in Asia and in the world."

India Formally Invited To Join South Asia Gas Pipeline Project

Petroleum Ministers from Pakistan, Turkmenistan, and Afghanistan signed a joint invitation to India to participate in a proposed \$2.5-billion gas pipeline project which would bring the Turkmen gas to the Indian subcontinent. The joint invitation was signed at the Asian Development Bank (ADB) office in Manila. ADB officials said the ministers wanted India to participate both as a potential investor and as a major purchaser of gas.

Rumsfeld Tries Troop Blackmail Against South Korea

U.S. Deputy Assistant Defense Secretary for East Asia Richard Lawless arrived in Seoul for April 7-9 talks on Defense Secretary Donald Rumsfeld's threats to start unilaterally moving U.S. troops stationed in South Korea away from the war zone and possibly out of Korea altogether. The Seoul Cabinet on April 4 passed a resolution asking the U.S. to reconsider, because "no troops should be moved right in the middle of the security crisis on the peninsula." Lawless will announce that the U.S. 2nd Infantry Division is to be removed from the Demilitarized Zone, to a point much further south. He will also discuss relocation of the giant Yongsan U.S. military base in central Seoul—a relocation the South Korean government has requested for years, since it's a major hazard to civilians. However, the base is also relatively near the DMZ, and moving it just at this time is provocative.

Japan's *Asahi News* editorialized April 1 that "concerned American experts on Korea" are warning that Cheney, Rumsfeld, and Wolfowitz plan a "surgical procedure" against North Korea after the Iraq war. "Hard-liners are calling for the removal of U.S. military bases farther south of the 38th parallel (the DMZ), to 'liberate' U.S. soldiers held as North Korea's virtual hostages," *Asahi* warned—to get U.S. troops out of the line of preemptive utopian fire. Lawless will also raise the issue of transferring to South Korea the wartime command of Korea's armed forces, which are now under the control of the commander of the U.S.-led United Nations Command if martial law is declared.

China, Russia, Japan and South Korea Urge Six-Power Talks

China, Russia, Japan, and South Korea have all agreed to try to persuade North Korea to join six-way multilateral talks, and to hold bilateral talks with the U.S. within that framework, South Korean and Japanese diplomats stressed to *EIR*. "While we realize that Pyongyang wants bilateral talks with the U.S. to assure that it is treated as an independent sovereign nation," one Japanese diplomat said, "in fact, North Korea's best guarantee of proper treatment will be if all the neighboring countries with their own strong desire for peace in the region are involved."

The U.S. has refused the initial North Korean demand for bilateral talks, and has insisted on a multilateral forum.

China and Japan agreed formally at a meeting in Beijing to jointly urge North Korea to the multilateral dialogue to resolve the nuclear issues peacefully, said Japanese Foreign Minister Yoriko Kawaguchi and Chinese counterpart Li Zaoshing on April 6. China originally leaned toward respecting Pyongyang's desire for bilateral talks, but has changed to opting for six-way talks since March. Li said that he would cooperate with Japan, but stressed that it is important to respect North Korean sovereignty.

China Warns U.S. Against Military Action Against North Korea

South Korean state radio reported on April 9 that Tang Jaoshien, a Chinese Council member and former Foreign Minister, said in Beijing April 8 that there must be no more war on the Korean Peninsula. While meeting with visiting Japanese Foreign Minister Yoriko Kawaguchi, Tang also said that there must be no nuclear weapons on the peninsula. Tang's statement is seen as Beijing's effort to keep in check any U.S. military action vis-à-vis North Korea.

U.S. Bombing Kills Civilians in Afghanistan

Channel NewsAsia:Kabul on April 9 reported that U.S. military spokesman Douglas Lefforge told newsmen that a bomb dropped by coalition aircraft landed in a house on the outskirts of Shkin in eastern Afghanistan, adjacent to the Pakistani border, and killed 11 civilians. "The tragic incident occurred when enemy forces attacked an Afghan military post checkpoint that was providing security near the Shkin firebase, just before midnight last night," said Lefforge.

The incident in Afghanistan adds further complications for the U.S. Iraq war debacle, where the "Utopian" chickenhawks,

led by Donald Rumsfeld, promised a war that was a "cakewalk," underdeployed the number of troops and logistics, and blindly declared the Afghanistan situation to be a military and political victory. In reality, the Taliban is regrouping in south Afghanistan and on eastern border with Pakistan, where the intensity of attacks by U.S.-led coalition troops against Taliban have increased manifold. In order to protect the Karzai regime from collapsing, the U.S.-led troops and the International Security Assistance Forces (ISAF) have intensified attacks on anti-Karzai rebels this area. Kabul fears a major Taliban offensive surging northward from the south this spring.

Overstretched? Taliban Returning in Afghanistan

The Taliban are now in control of the Naubahar and Shinkai districts in the province of Zabul, for the first time since the Taliban militia were ousted by the U.S. and International Security Assistance Forces (ISAF) more than a year ago, reports a Pakistan-based daily, *The News*. A Taliban spokesman, Mohammad Mukhtar Mujahid, told *The News* April 7 that their fighters evicted the Afghan government officials from their offices on April 6.

Sporadic fighting is taking place between the Taliban militia and the U.S. troops in parts of Uruzgan province in central Afghanistan. Meanwhile, attacks on U.S.-led coalition troops have increased in the wake of the invasion of Iraq. In recent days, two U.S. soldiers were killed and a third injured in an ambush in Gereshk in Helmand province in southern Afghanistan, while an expatriate engineer working with the Red Cross was killed in Uruzgan. Bomb explosions in the border town of Spin Boldak in Kandahar province killed two Afghan militiamen and injured four others. Another bomb blast in a garrison in Jalalabad also wounded some Afghan soldiers. The ISAF headquarters in Kabul and U.S. military outposts in Kunar, Khost, Paktia, Paktika and Kandahar were also rocketed.

In a major incident April 3, President Hamid Karzai's close ally Haji Gilani and his nephew were gunned down in their home at night in the town of Deh Rawood in Uruzgan province. Karzai also comes from that province and it was Haji Gilani who had provided shelter to him in October 2001, when Afghanistan was under Taliban control, and the Americans sent Karzai secretly into Afghanistan with a handful of supporters, to generate support against the Taliban in Uruzgan. The killing of Haji Gilani is seen as a clear signal that Kabul is about to lose control of southern Afghanistan.

'Who Lost Afghanistan?'

Appealing to the Bush Administration to stop its neglect of Afghanistan, Mahmood Karzai, the restaurateur brother of President Hamid Karzai, and Hamed Wardak, brother of Afghan Vice-President Taj Mohammad Wardak (a former California resident), have jointly penned an op-ed with former GOP Congressman Jack Kemp. They pointed out that the Karzai government has not performed well during its year in office, and to make matters worse, the U.S.-financed warlords are threatening that government. "Unfortunately, the reemergence of these warlords is directly related to U.S. financial and military support, which is the sole source of their power ... cooperation with the warlords serves to alienate the common Afghan citizen. A worst-case scenario is that Afghans will associate the U.S. involvement with tyranny and become vulnerable to political manipulation by the Taliban and al-Qaeda." The authors conclude: "America's failure to give its unambiguous support to Hamid Karzai at this critical time in Afghan history could result in the question: Who lost Afghanistan?"

U.S. Troop Deployment in Philippines Restored After Cancellation

Philippines President Gloria Macapagal Arroyo confirmed that the next phase of joint U.S.-Filipino "shoulder to shoulder" exercises, aka "Balikatan 03-1" exercises, will take place on Sulu island, an outpost of the Abu Sayyaf kidnap-for-ransom gang. The announcement was reported April 9, despite the huge outcry only a few weeks ago that forced cancellation of the combat deployment. The presence of foreign troops for combat missions is against the Philippines Constitution. At least for the volatile Sulu region, President Arroyo declared the decision on the exercises was "final."

Newly appointed head of the Armed Forces of the Philippines, Gen. Narciso Abaya said the exercises would take place in May or June and last for six months. He made his remarks following a meeting in Okinawa, Japan with Gen. Joel Weber, commander of U.S. Marines in Okinawa. Abaya said the Balikatan 03-1 would be a "bigger exercise" than last year's, but also said U.S. troops would not be "embedded" with Filipino troops, leaving the exact role of U.S. forces inadequately defined.

China Strategic Expert: 'Axis of Restraint' Needed

On April 6, *Agence France Presse* reported that China's Tang Shi Ping, deputy director of the Center for Regional Security Studies at the Beijing Academy of Social Science, called for an "axis of restraint" against U.S. global power. The commentary was published in the Singapore *Straits Times* last month, where Tang Shi Ping wrote that China, Russia, and other nations, "must form an axis of restraint" that could support Iran, including militarily, to check U.S. control of the Persian Gulf. "The purpose of restraining the U.S. is not to isolate it, but to bring it back in line with the international norms it long cherished," Tang wrote.

Africa News Digest

Mbeki Warns: We Could Be Descended on Too, Like Iraq

Speaking April 7 at the three-day Africa Conference on Elections, Democracy and Governance in Pretoria, South African President Thabo Mbeki asserted, "The prospect facing the people of Iraq should serve as sufficient warning that in future we too might have others descend on us, guns in hand, to force-feed us" with their brand of democracy. The conference was co-sponsored by the African Union and attended by 400 delegates from across Africa. Mbeki said that the Anglo-American powers think democracy can be imported or imposed. We should understand, he said, "that the democratic system ... is both a product of and exists within the context of the evolution of particular societies."

Mbeki said that we tell each other, mimicking the textbooks, that democracy can only be successful if there is a multiparty system, elections are held regularly, there are term limits for the head of state or government, and there are independent electoral commissions and international monitors to observe elections and make judgments as to whether they were free and fair. But repeating these things to each other at conferences may not add "one iota" to advancing democracy in Africa.

"Great Britain," he went on, "does not limit the period during which a person may hold the position of Prime Minister, to say nothing about the hereditary position of Head of State.... I have never heard of international observers verifying whether any British election was free and fair."

The point, he said, is not to abandon the rulebook of democratic "musts," but to determine how the rules shall be translated into practice.

Mbeki recalled that "powerful Western democratic countries" were behind the 1960 coup d'etat "against the first and only democratically elected government in the DR Congo," which "led to the assassination of Patrice Lumumba and the installation of the Mobutu regime, which came to define everything that was wrong in Africa." This "set a precedent for the anti-democratic coups that swept through the continent for decades."

In his complex speech, Mbeki gave the impression that he is grasping for the concept of a republic—in which the leadership orders the polity to ensure the cognitive development of the citizenry—as opposed to a linearly direct

"democracy." The speech can be found via www.gov.za/speeches/index.html.

Mbeki Refuses To Meet British Foreign Office Emissary Valerie Amos

The South African Foreign Affairs Ministry "confirmed that Mbeki would not meet with Amos," a baroness, according to the *Zimbabwe Mirror* April 6. Her Ladyship was in South Africa for an entire week to "nurse frayed relations"—as one newspaper put it—between the two countries over Iraq and Zimbabwe. She met with the Foreign and Defense Ministers. She spoke before the National Press Club in Pretoria, where she insisted that Prime Minister Blair still loved Africa to bits. All of the press said she was to meet with President Mbeki.

On the eve of her arrival, the *Sunday Times* (Johannesburg) of March 30 reported "a Presidential adviser" saying it was in South Africa's interest to pursue closer ties with France.

U.S. AID Gets Nasty with Southern African Development Community Over Zimbabwe

The U.S. Agency for International Development has gotten nasty with the Southern African Development Community (SADC) over Zimbabwe, but the SADC remains unmoved, according to the April 5 *Daily News* (Harare). The USAID funds conferences of the SADC—an association of 14 nations—and the American agency now says that its money must not be used to support attendance by representatives of the Zimbabwe government. USAID has gone further, saying that it will not provide money to SADC member states if they continue to invite Zimbabwe to SADC conferences, according to Zimbabwe's Foreign Minister Stan Mudenge. The *Daily News* reported that a U.S. official in Zimbabwe, who wished not to be named, confirmed the report. At a press conference in Harare, the paper reported, "the SADC countries said they will not accept any funding if Zimbabwe is excluded from SADC conferences."

Soros Stooge Aryeh Neier Adds Zimbabwe to List of 'Rogue Nations'

In an op ed in the April 5 *New York Times*, Aryeh Neier, the president of the George Soros Open Society Institute, has added Zimbabwe and five other countries to his list of "rogue nations." Neier worried that various "rogue nations" are "seizing the opportunity" of the world being preoccupied with the Iraq war to "get rid of their opposition." In addition to Zimbabwe, he named Belarus ("Europe's sole remaining dictatorship"), Cuba, Vietnam, Thailand, and Egypt. Neier was formerly executive director of Human Rights Watch.

Namibian MPs Call for Bigger Defense Budget, Cite Iraq War

The Iraq war shows they need a bigger defense budget, Namibian Members of Parliament have concluded, according to an article in the April 9 *The Namibian*. The Namibian Ministry of Defense is suffering a 6% budget cut this year, but some Namibian MPs of the SWAPO Party—the Southwest Africa Peoples Organization that led the Namibian armed struggle for independence—now think this was a mistake.

Deputy Minister of Higher Education Hadino Hishongwa said April 7 that the cut was "going a very wrong way," because the United States was behaving like a "big fish in the high seas, feeding on smaller fish.... We are not going to face the situation [of war] with napkins ... we need appropriate tanks to defend our country." Defense Minister Erkki Nghimtina said, "We need to ... prepare our forces for future challenges of wider magnitude."

Yoruba Nationalist Group in Nigeria Seeks Secession

A Yoruba nationalist group in Nigeria on April 5 published a call for Yoruba secession—on the eve of national elections. The O'odua Republic Front (ORF), wrote, in an editorial-style advertisement in the newspaper *Punch*, "Events since independence ... have shown beyond doubt that development and fulfilment are impossible for the Yoruba within the Nigeria neo-colonial enclave." It said the Yoruba were being held back by Nigeria's Muslim North, and called on the Yoruba to fly the O'odua flag and wear its symbol, according to *Reuters*.

ORF spokesman Jubril Ogundimu told *Reuters*, "This is the beginning of the struggle, and we are willing to go to any lengths to get an independent state of O'odua.... We are willing to negotiate our breakaway, but if that fails and it means war, we are prepared.... We are being cheated, Nigeria is a fraud, that's why we must go our own separate ways."

EIR notes that ORF is positioning itself to stir up major trouble if Muhammadu Buhari, a northern Muslim, is elected President, defeating President Obasanjo, a Yoruba.

Secretary General Adewale Thompson of the Yoruba Council of Elders (YCE), another Yoruba nationalist group, told *Reuters* in a recent interview that the YCE had drawn up plans for a Yoruba state, complete with Constitution and national anthem. He said the YCE is backing Obasanjo for re-election in the belief that he will convene a conference of ethnic nationalities on the issue of self-determination.

Other Yoruba nationalist groups are also active, including the O'odua People's Congress, notorious for its murders of northerners living in Yorubaland.

The potential for large-scale ethnic violence and the disintegration of Nigeria is great. Four months after 9/11, it was reported from the North that 70% of baby boys born in a Kano hospital were being named "Osama bin Laden," according to Kareem Kamel of the American University in Cairo. In his paper, "Beyond Miss World: Muslim Protest in Nigeria" (February 2003), Kamel also wrote that in the South, Christian fundamentalist groups funded from the U.S. and U.K., "have grown in power and influence recently. Millions of Nigerians watch the TV program sponsored by Club 700," an American Christian evangelical program.

The three major socio-political elements of Nigeria are the Muslim North, the Yoruba Southwest, and the Igbo East; the latter two are largely Christian. When Igboland attempted to secede to form the Republic of Biafra in 1967, more than 1 million people died in an agonizing, three-year civil war.

On the Eve of Nigerian Elections, Official Line on Murder of Opposition Leader Looks Like Coverup

Nigerian Inspector General of Police Tafa Balogun has told the press that Dr. Marshall Harry—a key leader of the All Africa National Party (ANPP), the chief opposition party in Nigeria—was not politically motivated, but was a case of armed robbery. Balogun presented the suspects to the press, but cut off questions that attempted to test the armed robbery story.

It is widely suspected that Dr. Harry was murdered on the orders of someone in the ruling Peoples Democratic Party, but the available evidence is only circumstantial. There has been a long string of politically motivated murders since the military handed over power to an elected government in 1999, including the murder of Justice Minister Bola Ige, killed in his home by a gang in December 2001. Some state governors have their own private militias.

The ANPP, of which Harry was a leader, has Muhammadu Buhari, a former military head of state, as its Presidential candidate. The series of Nigerian national elections runs from April 12 to May 3; the Presidential election will be held on April 19.

The elections are the third attempt since independence in 1960, to transfer power from one civilian government to another. The two earlier attempts ended in military coups.

Links to articles from *Executive Intelligence Review.**

***Requires Adobe Reader®.**

Investigation:

The Secret Kingdom of Leo Strauss

by Tony Papert

Just a decade ago, a friend and I first read through Allan Bloom's *The Closing of the American Mind*, and were quite attracted to him. Why? For one thing, his opposition to the counterculture seemed to come from the heart...On the other hand, I also saw that I had disagreements with Bloom, but I was going to give him the benefit of the doubt: Maybe they would just turn out to be misunderstandings..

(Chronology of Bloom's life in box within article.)

Documentation

Straussian Allan Bloom 'Interprets' Plato

These excerpts are taken from *The Republic of Plato*, an 'interpretive essay' by Leo Strauss' student and Paul Wolfowitz' teacher Allan Bloom, published in 1968 and 1991.

The 'Ignoble Liars' Behind Bush's 'No Exit' War

by Jeffrey Steinberg

On Sunday, March 16, 2003, Vice President Dick Cheney emerged from his cave to appear on the NBC News 'Meet the Press' show, for a one-hour interview with Tim Russert. In the course of the hour, Cheney all-but-announced that there was nothing that Saddam Hussein could do to avert an unprovoked and unjustifiable American military invasion of Iraq. Cheney repeatedly referred to the attacks of Sept. 11, 2001, as the 'historic watershed' that, for the first time, justified an American unilateral preventive war.

Why the Democratic Party Failed To Function in This Crisis

by Anton Chaitkin

In the weeks leading up to the invasion of Iraq, the world's governments and millions in the streets spoke out against the impending disaster. Demonstrators protested within the United States as well. But except for the LaRouche wing and scattered individual politicians, the Democratic Party—the putative opposition—was frozen, intimidated. Its new controllers had locked the former party of Franklin Roosevelt and John Kennedy into complicity.

Feature:

New Bretton Woods:

Development Perspectives and a New Start

The Schiller Institute met in Bad Schwalbach, Germany on March 21-23...on the theme of 'How To Reconstruct a Bankrupt World.' ...highlighting the urgent need for the development of Africa, as a case study demonstrating the genocidal effects of the current system of globalization under the dictates of the International Monetary Fund.

Hartmut Cramer:

Wilhelm Lautenbach's Concept Of Productive Credit Creation

Yesterday we got a very impressive overview of the fantastic chances of the Eurasian Land-Bridge, in general, and its various infrastructural

projects, in particular. This brings us to the question: 'Who is going to pay for all this?' We are going to deal exactly with the answer to that simple, but absolutely crucial question this morning.

Prof. Sam Aluko:

Conflicts and Economic Development in Africa

Professor Aluko is a retired economics professor, and former economics advisor for various Nigerian governments for more than 30 years. He lives in the country's major city, Lagos. He addressed the New Bretton Woods panel of the Bad Schwalbach conference on March 23.

Dr. Nino Galloni:

Great Projects, Growth: 'Margins of Possibility'

The war is not a solution, nor a way to achieve dignity or freedom. But peace is not the goal; the goal is the promotion of human dignity and freedom. Peace is a means to achieve human dignity and freedom, but the world is facing a war because the international financial, economic, and political system does not work at all.

Dr. Eneas Ndinkabandi:

Avoiding War in Rwanda By Battle for Ideas

Dr. Ndinkabandi spoke to the New Bretton Woods panel on March 23, representing the President of the Republican Rally for Democracy in Rwanda (RDR), Mrs. Victoire Ingabire Umuhoya, who could not attend. Dr. Ndinkabandi's presentation has been translated from the French.

Economics:

Japanese Look for an FDR To Replace 'Koizumi Hoover'

by Kathy Wolfe

'Prime Minister Junichiro Koizumi is the next Herbert Hoover of Japan,' a Tokyo insider told EIR recently. 'People are tired of his insistence, like Herbert Hoover in 1930, that there is simply nothing the government can do about the collapsing Japanese economy.'

SARS:

- **Infrastructure Is Front Line Against SARS**

by Linda Everett

On March 18, as the Institute of Medicine (IOM) released a report ('Microbial Threats to Health: Emergency, Detection, and Response') warning that the U.S. public health system is in a state of disrepair and vulnerable to what it called a potentially 'catastrophic storm of microbial threats,' hundreds of people around the globe were already battling a deadly new 'mystery' epidemic, now known as Severe Acute Respiratory Syndrome, or SARS.

- **Is a New Virus Causing SARS?**

by Colin Lowry

The Centers for Disease Control is cautiously reporting that it believes the current SARS outbreak is caused by a previously unknown type of coronavirus. This surprised many scientists, because the two types of coronavirus that are known to infect humans are not deadly, and include the virus responsible for many of the infections known as the 'common cold.'

- **Sanitation As National Defense**

During the anthrax-letter episodes of Fall 2001, **Lyndon H. LaRouche, Jr.** released an Oct. 28 policy document, 'National Defense Against Germ Warfare,' through his Presidential campaign, LaRouche in 2004. (full text at www.larouchein2004.com)

Venezuela Is Disintegrating

by David Ramonet in Caracas

All the conditions now exist in Venezuela for a textbook military insurrection—and the 'chicken-hawks' in Washington and Wall Street know it well. After all, they are the architects of the national disintegration into which Venezuela is sinking, and they already have their 'Pinochet solution'

prepared for the mentally unbalanced President, Hugo Cha´vez Frias, whom they installed in office in the first place.

Israel:

Of War And Economic Collapse

by **Dean Andromidas**

Israelis' support for the U.S. war on Iraq has taken a back seat to the population's rage over their collapsing living standards. While Sharon's government was running a campaign of hysteria for weeks about possible Iraqi Scud missile attacks, distributing gas masks and duct tape for sealed rooms, thousands of Israelis took to the streets protesting the economic plan.

Iraq War Drastically Distorts World Food Aid

by **Paul Gallagher**

World media in late March and early April created the image of American and British invading military forces generously bringing food aid to Iraqi civilians urgently in need of it. But notably, some towns in southern Iraq reportedly told their British conquerors that they didn't need food, having weeks of food supplies already; they desperately needed back the water and electricity supplies the American and British bombing and shelling had shut off.

German Industry Has Eurasian Perspective

by **Rainer Apel**

The frictions between the anti-war alliance of France, Germany, Russia, and China and the Washington war party of Cheney, Rumsfeld, and Wolfowitz, are only the beginning of a much bigger confrontation—and the national economies play a central role in it.

International:

Chicken-Hawks Are Pushing To Spread 'Perpetual War'

by **Edward Spannaus** and **Jeffrey Steinberg**

While some deluded souls may wish to believe that the war in Iraq is over, the reality is that from the standpoint of the neo-conservative fanatics who have seized control of Bush Administration policy, the conflict with Iraq is only the opening phase in a drive for U.S. global domination, in which any and all challengers will be swept aside.

Specter of More War Shows in Iraq

After the much-celebrated fall of Baghdad, the continuing conflict inside the country threatens to assume a new character, with the involvement of forces from neighboring countries.

Israelis Justify War Crimes, Point to U.S.

by **Michele Steinberg**

'We would have no problem occupying or conquering all of the Palestinian cities by tomorrow morning. We could take Ramallah . . . without losing one reservist,' boasted a 'senior Israeli army commander,' quoted by reporter Peter Hermann, in the April 6 Baltimore Sun.

Interview: Dr. Imad Moustapha

'They Are Trying To Link The Iraq War to Syria'

Dr. Moustapha is the Deputy Ambassador of Syria to the United States. He was interviewed by Jeffrey Steinberg on April 7.

All of Diverse Indonesia Unites Against the U.S. War Party

by **Mike Billington**

...Indonesia has united domestically, virtually without exception—Muslim, Christian, Buddhist, secular, religious, Javanese, Acehan, Balinese, etc.—in opposition to the U.S. aggression against Iraq, and the 'abnormal' leadership of George Bush.

National:

Ashcroft, DeLay Thumb Noses at 'Road Map'

by William Jones

Attorney General John Ashcroft has introduced major changes in the U.S. Justice system since he took-office in early 2001. Sept. 11, 2001, in particular, gave Ashcroft an ideal pretext for putting to one side some of the protective mechanisms assured the individual under the U.S. Constitution.

This Week in History

April 15-April 21, 1933

The highlight of this week, during President Franklin Delano Roosevelt's "Hundred Days" of emergency action to save the nation, occurred on April 19. It was on that day that the President made the formal announcement taking the U.S. dollar permanently off the gold standard.

There are several contexts in which to see FDR's move, including the massive political pressure which was being applied to him by citizens and Congressmen who were unable to get credit, and the ongoing *raid* on the nation's gold supply which was being carried out by major European banks, especially in Amsterdam. But its primary significance is succinctly presented by author Arthur M. Schlesinger, Jr., in his *The Coming of the New Deal*. Schlesinger wrote this about the shift away from the gold standard:

"It meant that American monetary policy was no longer to be the quasi-automatic function of an international gold standard; that it was to become instead the instrument of conscious national purpose."

To put it in the language of today's analysis by Lyndon LaRouche, what Roosevelt did was to assert the sovereign right of the nation to control its credit, rather than permit the "international marketplace" to determine what credit would be available. And he did it because the General Welfare of the population depended upon it.

Gold Standard vs. Gold Reserve

Before we get more into the story, it's important to clarify the issue of two ways of looking at the gold standard: the "British" gold standard, whereby every piece of currency is convertible, and the gold-reserve standard, which permits gold to be used as a standard for international valuation, but at a ratio to the currency emitted. In the first, gold basically limits the credit which can be issued; in the second, gold works as a stabilizer, but the fundamental reality of the fact that it is *production*, *not precious metal*, which comprises wealth, is made clear.

What FDR did with his moves on gold, which were followed up in international conferences, up to the New Bretton Woods Conference itself, was to move the U.S. from the gold standard—which had been imposed with the Specie Resumption Act back in the 1870s, as a reaction against U.S. sovereign control of currency through the greenbacks—to the gold-reserve standard.

The Gold Question

President Roosevelt had, of course, dealt with the gold question earlier on, at the same time that he instituted his banking

reform. On March 5, he had suspended all transactions in gold, and given authority over any such matters to the Secretary of the Treasury. On April 5, he had gone further, issuing an executive order against hoarding of gold.

But in the ensuing weeks, pressure had been building up on the dollar from the European bankers, who were allied with the virulently anti-Roosevelt Wall Street forces here in the United States. Acting through Morgan interests in Europe and the private U.S. banks, including Brown Brothers Harriman, the Bank of England launched an all-out assault on the dollar. Since the break with gold now appeared inevitable, the plan was to do it with the maximum amount of chaos and to organize a counterreaction that could ultimately reverse the policy, and hand Roosevelt a defeat.

On April 11, the first waves of the attack broke against the dollar. They grew in intensity over the next three days. The New York bankers asked through the Fed to lift the gold embargo and be allowed to ship \$10,000,000 to Europe, to Holland and England. The New York agents of the British upped the ante: They asked for an additional \$15,000,000 in gold shipment licenses. Roosevelt ordered part of the request granted. But the requests kept escalating in an almost geometric ratio. And tons of gold were being shipped out of the country.

Political Pressures

At the same time, the political heat was increasing on the President to provide credit for bankrupt industries and farms. Powerful Congressmen and Senators were beginning to agitate for a loosening of credit, either through the adoption of the William Jennings Bryan-style monetization of silver, or other means. One of those other means was raised by Oklahoma Senator Elmer Thomas, who, in an amendment, raised the option of using *greenbacks*, not used since the time of Abraham Lincoln, to generate cheap credit for the economy.

In addition, as we have been referencing, the President knew he had to move rapidly to a jobs-creation program, something which a regime of constricted credit, based on the gold standard, would not permit.

So, on the evening of April 18, President Roosevelt pulled together a number of his chief advisers, including banker James Warburg and Budget Director Lewis Douglas, and baldly announced that he had decided to take the U.S. off the gold standard, and to go with the Thomas Amendment. An all-out brawl erupted, but the President prevailed.

Then, on April 19, the President called a press conference, his 13th since Inauguration, in which he announced that, effective that day, he would not permit the "exporting of gold, except earmarked gold for foreign governments ... and balances of commercial exchange." While insisting that the U.S. wanted to go back to the gold standard eventually, the President was acting to stop the constraint which the strict gold standard was exerting over his control of U.S. credit.

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