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This Week You Need To Know

Southwest Asia: The LaRouche Doctrine

by Lyndon H. LaRouche, Jr.

April 17, 2004

The very future existence of the U.S.A., and much more besides, are being put in terrible peril by current economic and military policies of both the U.S. Bush Administration and the matching, negligent follies of Senator Kerry's presently ill-advised campaign. While the Bush Administration's policies do differ, presently, in the relatively tertiary matters of detail, both campaigns currently share axiomatically identical policy-shaping assumptions for practice, respecting both a.) the economy and b.) the currently escalating asymmetric warfare in Iraq and Palestine. However they may differ respecting the proposed rearrangement of the deck-chairs of our Titanic U.S.A., both refuse to say or do anything which is even merely worthwhile, or even urgent, about the fact that, under the currently proposed policies of either, the ship of our state will surely sink.

Only if Kerry were to continue his recent, pathetic "me, too" campaign postures in these areas, were Bush's reelection by any honest means a likely prospect at this present time. In Kerry's apparent efforts to placate the menacing Bush Administration, and to please prospective financier interests seen as funders of his campaign, his proclivity for shilly-shally tokenism is alienating, even angering large portions of those citizens, the "proverbial forgotten man and woman," on which a Democratic victory in November would depend. The victory is, for the moment, for Kerry to lose; at the present rate he is doing much to bring that loss about.

Whether President Bush had been actually elected, or merely injected into that office, remains obscured by the January 2001 act of anti-constitutional *ejaculatio praecox* by that U.S. Supreme Court Associate Justice Antonin Scalia, a man whose proclivities on constitutional law are often more echoes of the Confederacy's than the U.S. Constitution. We have, nonetheless adopted Mr. Bush as President, perhaps out of compassion, by some, for the fact that, since the "Keystone Cops" have gone out of business long ago, poor Mr. Bush may not be qualified for entry to any other presently available place of employment than as a dummy performing in a White House, where his performance is managed by his ventriloquist, Vice President Cheney.

Meanwhile, of late, neither of the two rival candidates has much of anything really significant and good to say on any essential matter confronting the nation at this time. My duty is either to replace Senator Kerry as presumptive nominee, or to create a situation in which he is impelled to become both a winning, and an actually qualified candidate as Bush's replacement.

On the economy:

The present world monetary-financial system is presently gripped by an acutely terminal phase of an ongoing general collapse. Contrary to the disclaimers of Senator Kerry, for example, virtually every important central banker in the world today, whether he or she agrees with my proposed remedies, or not, agrees emphatically, in their discussions behind the scenes, with the factual accuracy of my warning that there is an ongoing collapse. They know that this is an Alan "Mr. Financial Derivatives" Greenspan-crafted collapse which would be far worse than that Europe and the U.S.A. experienced over the 1928-1933 interval, a collapse now rushing toward a general, global blow-out in the very near future. The present world monetary-financial system is gripped by the kind of financial-derivatives-driven hyperinflation from which that present system could never recover.

The U.S. itself could recover, but only under a new kind of monetary system, similar to that crafted by President Franklin Roosevelt. Either we reorganize the world system now, as President Franklin Roosevelt did, or we today will be plunged into a global epidemic of "vulture fund"-like fascism, such as that which took over all of western and central continental Europe over the interval 1922-1945. This is not a threat of what might occur down the line a few years ahead. The threat is immediate. It could occur on Monday, or come even months later; but it is onrushing, and will hit with far greater force, this time, than the calamity which Calvin Coolidge bequeathed to Herbert Hoover, three-quarters of a century ago.

In this area, the economy, Senator Kerry has been, so far, an electoral disaster waiting, eagerly, to happen. His case reminds us, not without relevance, of the case of the unfortunate, bungling Al Gore, without whose folly in his campaign, the current incumbency of President Bush would not have been possible.

We have very little time. The general collapse of the U.S. financial system, and that of Europe, could occur on the coming Monday, or the kind of hyperinflationary tricks now being used might postpone the crash for a short time.

I explain.

In Spring 1987, I forecast a probable, early October major stock-market crash; which later occurred, precisely on schedule. At the latter juncture, former Federal Reserve Chairman Paul Volcker, who had rapidly turned the U.S. economy into wreckage, beginning October 1979, was being replaced by the present incumbent of bathtub and Chairmanship alike, Alan "Bubbles" Greenspan, otherwise widely, and wisely better known as "Greenspin." Greenspan reacted to the already calamitous situation which Volcker had bequeathed to him in October 1987, by inventing a new kind of money, called "financial derivatives." Among intelligent people, these are not called "derivatives," they are better called "side-bets" on that already wild-eyed gambling enterprise known as the speculator's market for paper securities. Greenspin turned these side-bets, which have been reported as aggregating to \$8.7 quadrillions of hyperinflationary turnover during 2003, into a giant financial-accounting swindle, a source of nominal assets included as if they had had some real economic value on regular financial markets, including stock and bond markets.

Breaking the Bond Barrier

To understand the presently onrushing collapse of the world's present monetary-financial system, compare the way in which financial markets are being inflated, largely through the derivatives hoax, with the image of a propeller-driven, or even an early configuration of jet aircraft approaching the point at which it will attempt to "break the sound-barrier," the famous shock-wave front first defined by the mathematical physicist Bernhard Riemann back during the middle of the 19th Century. For the purposes of applying the Riemannian concept to the present economic crisis, the limiting condition which defines the shock-front we are currently entering in the world's finances, is the ratio of the rate of increase of financial aggregates to the relative decline of production of physical goods, excluding fictitious qualities of "services," as the Wal-Mart phenomenon typifies this economic insanity in the domain of so-called "micro-economy."

As the mass of financial aggregates increases geometrically, the required lowering of the discount-rate needed to sustain the financial bubble converges on the virtual zero-overnight-rate of emission of a virtually bankrupt Japan banking system. This kind of inflationary emission of monetized credit is used, chiefly, to prop otherwise collapsing U.S. financial markets. The case of Greenspin's U.S. mortgage-based securities swindle, run through channels such as Fannie Mae, and a similar, worse bubble in England, are typical by-products of that sort of increasingly explosive international financial-monetary situation.

As the angular aspect of the inflationary curve turns toward a nearly vertical direction, the equivalent to a trembling in the aircraft becomes ominous. The craft may shatter, or dive out of control to its doom at an uncertain, but immediate point just ahead, as test supersonic flights often crashed, until a certain German engineer showed the U.S., drawing virtually on the back of an envelope, how to reconfigure the craft for supersonic flight, according to Riemannian shock-wave principles.

For points of reference, this bubble could have popped at the close of President George H.W. Bush's term, and those pressures did contribute greatly to his defeat by President Clinton. Greenspin's IT bubble kept the hoax alive during the Clinton Administration until Spring 2000, when the bubble was already touching the area of the presently ongoing general collapse. The 1997 Soros crisis in Asia was a product of this. The collapse of the market in Russia's GKO bonds, in August 1998, was a case. The hyperinflationary "wall of money" policy introduced during late 1998, postponed the collapse until President George W. Bush's term in office.

Now, the rate of the shock-front-like curve is turning toward pointing straight upward (*Figure 1*). The ratio of the rate of increase of increasingly inflationary emission of fictitious monetary and financial assets, which occurs in a way which accelerates the collapse of the underlying (real) physical economy, tends to produce an hyperbolic-like combined effect. At that point, nothing can postpone the collapse of the world's monetary-financial system in its present form.

Only ignorant people, or liars, from leading circles around the world today, would deny that fact. Rather, as the elegant François Rabelais might suggest, the next meeting of the IMF's principals will probably be conducted, so to speak, each and all arranged in a circle, with each seated, panic-stricken, on an automatically flushing lavatory-stool.

What is certain is, that were the present Bush-Cheney Administration reelected in November, a general financial crash, a Schachtian world government, a fascist one advised by a neo-Schachtian Felix Rohatyn or Robert Mundell, controlled by vulture funds, combined with a prompt unleashing of Cheney's and Blair's Fabian Society-like policies of a rolling, world-wide, perpetual warfare according to the doctrine of preventive nuclear warfare which created the presently hopeless U.S. situation in Iraq, are assured.

Meanwhile, the U.S. under a post-November 2004 Bush-Cheney-Ashcroft-Scalia team, would be transformed, by emergency measures, into a fascist state modelled upon that which Ashcroft and Scalia have already resurrected, as aggressive tendencies, from the policies of Adolf Hitler's "crown jurist" Carl Schmitt, the Schmitt who was the original sponsor of the same Leo Strauss whose fascistic doctrines later produced Cheney's neo-cons. Times of an oncoming twilight of those ever-damned gods of financial Olympus, usually mean times of those kinds of war and dictatorship associated with the notion of a dark age.

On the war:

The immediate subject of my present policy-statement here, is the task of successfully and quickly extracting U.S. military forces back to safety, out of the hopeless Hell-hole of the presently disintegrating U.S. military occupation of Iraq. Neither President Bush, nor Senator Kerry currently, are competent to define a practical approach to the accomplishment of that withdrawal. Nor would even my policy work, were it not presented by the U.S. as my doctrine, as I shall explain here, and the U.S. government were to identify this as their adoption of my doctrine.

That doctrine itself is as follows.

U.S. Interest in Southwest Asia

1. Neither the causes, nor remedy for the present quagmire of boiling asymmetric warfare in Iraq can be found within the bounds of the present configuration of conflicting forces within Iraq itself. There could be no competent moral or military reason for maintaining a policy of keeping our forces within the territory of Iraq. We must, therefore, extricate our troops safely, and quickly, from Iraq itself. However, this can not be done without creating a larger strategic framework in which a workable solution could be brought into existence.

The trap currently gripping U.S. military forces inside Iraq, is that either a headlong flight forward, as a desperate Secretary Rumsfeld proposes, or reckless retreat, would inevitably create an infinitely worse mess there, and for the U.S. world-wide, than already exists today. Therefore, the present situation on the ground must be strategically outflanked.

2. To define a feasible solution, we must shift the agenda, from Iraq alone, to the subject of Southwest Asia as a whole. Only within an appropriate declaration of U.S. policy-interest in Southwest Asia as a coherently defined unit of U.S. policy-making, could we bring into play the concert of forces required to create a viable option for Iraq today.

3. For the purposes of U.S. foreign policy, Southwest Asia is to be recognized as bounded by four principal states, whose appropriate cooperation is indispensable for creating a zone of stability among the nations and peoples of the region as a whole. These are Turkey, Syria, Iran, and Egypt. The security of the northeast corner of the region so defined, depends on protecting its flank, by ensuring non-interference from outside interests, that by the exclusion of meddling outside parties from intrusion into current discussions on cooperation among Armenia, Azerbaijan, and Iran.

It is only through fostering the immediate establishment of an appropriate declaration of U.S. commitment to recognition of that reality of Southwest Asia, that the needed aid for the extrication of U.S. forces from Iraq could be accomplished. The acceptance of that U.S. declaration by those and other nations of that region, is the necessary flanking action. Therefore, action in the direction outlined here is urgent, and must be immediate.

4. The effort to establish such a zone of mutual security in Southwest Asia, would fail, unless the U.S.A. also took the boldest action toward bringing about the realization of an unconditional U.S. commitment to immediate negotiation of a two-state peace-agreement along long-standing, predetermined lines, between the Palestinian and Israeli state. No one in Southwest Asia or much of the world besides, would believe the U.S. to be an honorable party unless the U.S. came down hard, without its present and customary equivocation, on the long-overdue establishment of a kind of Palestinian-Israeli peace consistent in fact with the principled precedent of the 1648 Treaty of Westphalia.

If the nations of the Southwest Asia region accept such a settlement, with assured U.S. backing, the global influences needed can be brought into play.

5. However, no such policy proffered by the U.S., even if it followed to the letter what has been said here, would be accepted among the peoples of the regions, unless the U.S. government were to identify such a declaration as the adoption, by name, of this as a "LaRouche Doctrine." No other notable political figure of the U.S. would be capable of enjoying the trust of the Arab and related parts of the world, for this purpose, at the time.

The included, and essential significance of this role of the name of "LaRouche," is, chiefly, that the U.S. government under the thumb of such figures as Vice President Cheney and his Leo-Straussian neo-conservatives, has acted under a continuing

commitment to a utopian doctrine known variously under the titles of "perpetual warfare" and "preventive nuclear warfare." These policies are an extension of the Fabian Society doctrines of the U.S.-hating H.G. Wells and Bertrand Russell, the doctrines of "world government through terror of nuclear weapons," the terror which ruled the world from the bombing of Hiroshima and Nagasaki, to the European events of 1989. Cheney, in particular, has targetted Syria, Iran, North Korea, and other nations as intended victims of such a policy. Were he to be reelected, the world must expect early action, including "preventive" nuclear attacks, on those and other targets, to begin soon after the November election. No relevant declaration of U.S. stated policy will be considered credible by the world at large, unless that statement, as crafted by me, is considered as a systemic eradication of the Russell English-speaking "world government" tradition and of that tradition's association with the doctrines of Vice President Cheney today.

6. At the present time, we must keep the Wall Street and kindred lawyers out of the policy-making. No attempt to develop a "detailed plan of withdrawal," or negotiate a "contract" should be introduced prior to the achievement of a commitment to an agreement in principle among a relevant majority, at least, of the prospective partners to a new Southwest Asia security and development agreement. We must recall that the beginning of the ruin of the otherwise excellent agreements reached in the Oslo Accords occurred, once certain financial interests, such as those associated with the World Bank, were permitted to intervene, in the fashion of attorneys for banking interests, to distort the implementation of the agreements in such incompetent ways, that no serious economic-development measures were ever taken. That error created the vacuum of inaction in which the ensuing mischief by Netanyahu, Ariel Sharon, and others, ostensibly on both sides, took its toll.

a.) Only principles of intention which have a constitutional basis in natural law, rather than positive law, such as the great constitutional principle, "the advantage of the other," of the 1648 Treaty of Westphalia, could succeed in establishing a core-agreement in circumstances such as those of this region today. The positive law must wait upon the pleasure of the adoption of the relevant, ecumenical principles of natural law.

b.) The most crucial economic issues of the Middle East region, are water and power. In the immediate vicinity of Israel and occupied Palestine, for example, there is not sufficient water from presently available resources to allow the growing population of that region to live in peace. Artificial means, such as large-scale desalination, which are needed to increase the gross supply of potable water for the region, together with provision of associated power generation and distribution, could ensure the pre-conditions for a prospective, durable peace in the region generally. In general, peace were a durable prospect, only if the region were defined under the echo of the Treaty of Westphalia, as a zone of cooperation in development of sovereign states.

7. The United States must recognize the importance of stability of Southwest Asia, as a critical flank of the possibility of economic recovery through development throughout the Eurasia continent, and related areas, as a whole. It is vital U.S. interest that this region of the world develop in ways which uplift the conditions of life and cooperative relations among the peoples of that continent, creating a system of cooperation for progress in which the U.S. itself should desire to be accepted as a useful, active partner. If we set our neighbor's house in flames, could ours be truly secure?

Relevant U.S. Military Policy

8. The judgment which the world will make, respecting my proposed new policy for Southwest Asia, will prompt relevant other nations to examine my military policy as such most closely. On that account I provide the following relevant points of clarification:

a.) I propose that the U.S. adopt as its intention my policy for the prompt, summary withdrawal of U.S. military forces from the Middle East. As President, I would pull the bulk of our military forces back to the U.S., for rebuilding those relevant institutions there. Therefore, I set forth the following exemplary points of a related military policy, which should become accepted among ourselves and nations abroad as our policy.

b.) The military policy of the U.S. henceforth, must be the affirmation of a military tradition of Strategic Defense, as that term was first defined in a significant, scientific way by the great Lazare Carnot who rescued a virtually doomed France from occupation and partition by the combined arms of virtually all Europe. This policy, as known to us, was enriched by the added contributions of Gerhard Scharnhorst for Prussia, as Scharnhorst's policy was expressed, both, in the destruction of Napoleon's Grande Armée in the strategic trap prepared under Czar Alexander I, and the subsequent Prussian initiative which destroyed the retreating Emperor Napoleon's power before he could return to France to build a new army. This was the magnificent principle applied by General of the Armies Douglas MacArthur to the Pacific War, and the policy of the U.S. of traditionalists Marshall and Eisenhower hampered by our extraordinarily difficult dealings with British ally Winston Churchill et al., in Europe.

c.) Strategic Defense is based on the securing and development of peace, not the pursuit of perpetual war. We must never again tolerate imitations of the original fascist, Robber-Emperor Napoleon Bonaparte, whose precedent set the ideological stage for Adolf Hitler's wars later. Thus, in war, and in peacetime, the military forces of the U.S.A. are intended to be essentially an engineering force, led by officers whose qualifications rest on the foundations of competence in science and engineering, and cohering comprehension of the related mission and tasks of the republic's military arms, and their related intelligence functions, that against a background of comprehension of the relevant history of statecraft, especially the history of European civilization since ancient Greece.

d.) Carnot's reference to Vauban, and to the intention of such fortifications as those at Belfort and Neuf Breisach, in his development of the leading tradition of France's notion of strategic defense, rather than the dogmas of the mercenary Jomini, was the foundation of the revitalization of West Point military academy during the Presidencies of James Monroe and John Quincy Adams. This was buttressed by the associated role of the great U.S. intelligence/counterintelligence arm of that time, the Society of Cincinnatus then led by our General the Marquis de Lafayette, and served by such heroes of our intelligence service as Washington Irving, James Fenimore Cooper, counterintelligence specialist Edgar Allan Poe, and others.

e.) During approximately forty years, since the launching of the U.S. official war in Indo-China, the U.S. and its military arms have undergone a long-term decline in quality as a force of strategic defense, toward an imperial mode. This transformation has been intertwined with a shift of our national economy, from the world's leading producer-nation, which it had been up to the 1966-1968 interval, into what was increasingly the "post-industrial," predatory economy which emerged during the 1971-1981 interval. During the latter interval, we shut down our essential basic economic infrastructure and good qualities of productive employment, transforming our nation into something resembling an imperial Rome which kept its ruined general population quiet with bread and Roman-circus-like entertainment, while looting subject slaves, and peoples and their nations abroad.

f.) The matching decadence of recent, politically superimposed forms of U.S. strategic doctrine and practice, is to be traced chiefly to agreements struck between the Nazi security apparatus and a U.S. faction associated with Allen Dulles and his associate James J. Angleton. Under this arrangement, the section of the Nazi security apparatus associated with Schellenberg and Italy-based Wolf, and with the international network of the Hjalmar Schacht who had put the Nazis into power in Germany, were absorbed as "a capable anti-Soviet entity" within the Anglo-American intelligence apparatus, and, thus, in due course, NATO. This coopting of a core of the Nazi apparatus into what became known as the "utopian" wing of the Anglo-American strategic establishment, was an integral part of the intended implementation of the policy of "world government through nuclear preventive war" by Bertrand Russell then, and also Vice President Cheney and his circles today. The new generations of that Nazi apparatus infest Italy, France, Spain, and the nations of Central and South America today, as they also infest the relevant utopian warfare capabilities of our own nation today. Vice President Cheney, and the neo-cons, such as Michael Ledeen, generally, are functionally ideological representatives of the current generation of that Nazi Allgemeine-SS ("universal fascist," pro-"globalization") legacy.

g.) This blending of that Nazi element into the utopian faction of Anglo-American establishment, was run through Franco's Spain, and that large component of the Nazi SS salvaged from SS-General Wolf's, nominally Mussolini-ruled Salò Republic of Italy. However, these elements, however nasty in their own right, were merely the instruments of the same Synarchist International network of private banking organizations which had put the fascists into power over all continental western and central Europe over the course of the 1922-1945 interval. It is that same network of Synarchist banking organizations which had been behind the fascist enterprises of 1922-1945, which is the financier interest behind the policies associated with both Vice President Cheney and the Fabian Society's matching control over London's 10 Downing Street today.

It is only through the exposing of these ugly facts that the U.S.A. would be capable of a competently self-interested strategic doctrine and institutionalized practice today. If the U.S. declares those relics from the past will no longer be tolerated, then, the needed reforms in policy and practice, to return to the tradition of the founding of our republic and its Constitutional forms, will be made possible.

9. The issues of peace and security today can not be separated from the rebuilding of the U.S. economy, back toward its former role as the world's leading producer society, a role expressed in levels of scientific progress and technology. This requires a rebuilding of our republic, in which institutions consistent with our military tradition of strategic defense must be enabled to resume their traditional constitutional orientation.

a.) As Prussia's great reformer Scharnhorst also understood, a policy of strategic defense depends upon an integration of the regular military with the general militia, the organized and unorganized reserves which might be mobilized for warfare or other emergency. The militia is able to fill its role as such, to the degree it is qualified as an engineering force, as the forces sent to occupy Iraq were not qualified in the role of an engineering force, and failed to engage the existing large militia of Iraq immediately as a partner in the engineering work which would facilitate our forces' early and successful withdrawal in essential part.

b.) The reconstruction of the presently bankrupt U.S. economy, could not be accomplished without a massive long-term investment of Federal government-created credit in leading national and statewide programs of rebuilding and developing basic economic infrastructure, probably in the order of \$6 trillions of capital formation to this effect set into motion during the coming four years. The problem this encounters is the lack of skill among the mass of combined unemployed and poorly employed sections of the labor force. During the 1930s, under President Franklin Roosevelt, we created the Civilian Conservation Corps, under, chiefly, military engineering guidance, producing thus entire divisions which were enlisted in war, but which also contributed greatly to the building of the peace-time civilian labor-force of the U.S. after that. Sargent Shriver's leadership of the Kennedy Peace Corps, is a relevant example. The orientation of the regular military forces to a complementary functional relationship with the reserves, and return to the legacy of a strong emphasis on science-driven engineering qualifications in training and work-assignment, will provide an integration of the economic tasks of reconstructing our presently gutted-out powers of production, and the maintenance of an adequate quality and quantity of regular and reserve forces.

c.) War should end with peace. A military force which goes to necessary war, must finish the job by building the foundations of durable peace, and must be qualified for the conduct of that mission.

10. Let us tell the world, boldly, clearly, without equivocation, that that is what we were created to become, and what we must return to being. Then we shall become unbeatable in any justified effort, and shall avoid scrupulously what we should not do.

Latest From LaRouche

LaRouche To Russian Academy, Youth: Give Humanity A Future

by Rachel Douglas

[Link to pdf version of this article.](#)

U.S. Democratic Presidential candidate Lyndon LaRouche, famous in Russia as economist, strategist, philosopher and—in the words of one recent press release written by his Moscow friends—"the conscience of America," was the lead-off speaker at the "Science and Our Future: Ideas To Change the World" conference, which took place April 14-16 in Moscow. The three-day event, held at the Vernadsky State Geological Museum (SGM) of the Russian Academy of Sciences, was cosponsored by the SGM and the Schiller Institute, as well as several companies.

LaRouche and his wife, Schiller Institute founder Helga Zepp-LaRouche, arrived on their Moscow visit at a moment of high interest in LaRouche's evaluations, ideas, and proposals, on the part of Russian scientists and political analysts. This month marks ten years since LaRouche's first in-person trip to Russia, as the guest of the late Pobisk G. Kuznetsov. During that time, his stature in Russia has grown at an increasing rate, as LaRouche's economic forecasts are borne out and his statesmanship is in ever greater demand, as against the spread of war under the domination of U.S. policy by Dick Cheney's synarchist clique.

More than 70 scientists, students, and members of the press were welcomed to the conference by the director of the SGM. As announced in pre-conference printed materials, the organizing committee had received 115 papers from 177 scientists, ranging in age from 13-85 years. The emphasis was on non-standard approaches and novel ideas, which were discussed and underwent competitive evaluation during the conference. An article ahead of the event appeared in the *Nauka* (Science) supplement to *Izvestia* newspaper and Itar-TASS put out a wire—both of them mentioning the participation of LaRouche and his colleague Jonathan Tennenbaum.

In his presentation, titled "Entering the Economy of the Noosphere" (see page 38), LaRouche took up a central theme of his discussions with members of the Russian intelligentsia over the past decade and a half: Russia's mission as "Eurasia's Keystone Economy," in making Mankind's way out of a looming dark age. It is concretized in the project for Eurasian Land-Bridge with corridors of dense physical economic development. The identity of Russia that suits it for such a historic mission is defined not merely by geography, but by a national tradition of scientific genius, best exemplified by the chemist and economist Dmitri Mendeleev in the 19th Century and the Ukrainian and Russian biogeochemist Vladimir Vernadsky in the 20th. It is in Vernadsky's Noosphere, the realm of human creative mental action, that the potential to develop new types of resources, and eventually manage the Solar System, is found.

LaRouche's most recent book is titled *The Economics of the Noosphere*.

By way of contrast to the unlimited power of human scientific work and economic development, LaRouche counterposed the danger of a "fish-bowl" mentality, which traps people in their axiomatic assumptions, and so dooms them. That was a timely polemic to be delivered in Moscow, just a few days after President Vladimir Putin had warmly received in the Kremlin a group of purveyors of the planet's currently worst set of failed axioms: economists from the neo-liberal school of Friedrich von Hayek's Mont Pelerin Society. These are the apostles of free trade, globalization, brutal selfishness, and greed.

After LaRouche's keynote, the Vernadsky Museum conference heard from a representative of the European Union, who discussed the importance of programs to support young scientists, including in Russia. Academician Dmitri V. Rundkvist, the senior scientist at the SGM, spoke about fostering new ideas and intellectual creativity, and the need to study "the laws of development of the Biosphere and the Noosphere," the realm of the infinite mental resources of Man.

LaRouche also visited the Moscow Academy of Finance and Law, April 15, where he addressed an audience on the post-1971 phases of collapse, in the interrelated spheres of global finance and the physical economy, and the New Bretton Woods alternative. On April 14, he was the guest of the "Student Evenings" program at the prestigious Moscow State University (MGU).

The LaRouche Youth Movement

At MGU and at the Vernadsky Museum conference, LaRouche reported to his Russian audiences about the emergence of the LaRouche Youth Movement around the world, and discussed the importance of this next generation of leaders—in order that Mankind have a next generation, at all. In a hall in the main MGU building, LaRouche held a two-and-a-half-hour dialogue with close to 100 students—a full house, which included students from other universities.

The MGU event had been advertised on the youth web site www.almater.ru, with an excellent biographical sketch of LaRouche and his political and scientific work. The announcement concluded: "LaRouche's activity and the civic positions he takes, which incur extreme hostility from the world oligarchy, are of extraordinary importance in world politics. Reminding Americans and the world about the principles on which U.S. policy was originally founded, in particular under George Washington, Abraham Lincoln and, later, Franklin Roosevelt, Lyndon LaRouche personifies the conscience of America. Giving due to the genius of Russian scientists, LaRouche speaks about Russia's mission with breathtaking historical optimism, which our own compatriots so lack. His evaluations, forecasts, and initiatives are of unique value both for scientists and for the public, for people who are engaged in thinking about the prospects for world history and Russia's strategic role in the resolution of the contradictions in the world, which have reached a critical level in our time and require resolution without delay."

Introducing LaRouche in person was Professor Andrei Kobyakov, who teaches economics at MGU, as well as being a published writer on the financial bubble process in the world economy, an editor of *Russky Predprinimatel* (Russian Entrepreneur) magazine, and author of a recent, devastating critique of the neo-cons in the U.S. government. Kobyakov's latest book, co-authored with Mikhail Khazin, is *The Sunset of the Dollar Empire and the End of Pax Americana*. Kobyakov and Khazin describe LaRouche as "probably the only American expert who has forecast, over a long period of time, the inevitable collapse of the now-reigning liberal monetary and financial system."

Kobyakov said that LaRouche's first visit to the exclusive premises of MGU was an historic event, bringing to the University a unique historical person of our time, a universal thinker like Leonardo da Vinci.

In the context of a presentation on the economic development of Eurasia, LaRouche further developed Russia's potential multi-level role. The Asian population centers need the creation of modern transportation corridors and are hungry for raw materials. Russia and Kazakstan have great raw materials reserves in thinly populated, underdeveloped areas. In the Soviet period, there was a perspective for the development of the Asian part of Russia, which needs to be renewed. At another level, though, mineral resources are finite. The question arises, of how to create new resources. Mankind could develop means for the transmutation of elements and the creation of synthetic materials. Here, Russia's unique role is rooted in the tradition of Peter the Great, Leibniz and the Russian Academy of Sciences, Mendeleyev, and Vernadsky ("my hero, for Russia," LaRouche said).

LaRouche told the Moscow students that around the world, youth are posing the question to their parents' generation: What world have you left to us? Like fledglings who have been booted out of the nest, university-age young people are looking at the world they've come into, and what they see is the basis for an acute conflict between the generations.

LaRouche concluded with a personal discussion of immortality and the importance of dedication to a mission in life. He

challenged the Russian youth to be optimistic and to find the meaning of life in doing something good.

The Russian students asked LaRouche several questions about religious and cultural conflicts among nations, which he answered with the example of how he, as President of the United States, would deal with religion by centering on the fundamental difference between Man and Beast, as an ecumenical issue. Asked about the war in Iraq, and U.S. policy, LaRouche gave the background of synarchism. "These are my enemies," he said. The synarchists brought the Nazis to power; then, after World War II, Nazi elements were incorporated into Anglo-American intelligence. That is where Cheney comes from, and LaRouche is leading the fight to get them out.

The "Science and Our Future" conference concluded on April 16 with a round table discussion among the leading participants. Here, LaRouche propounded the concept of education that is the central principle of the LaRouche Youth Movement. It is a principle of truthfulness, he said, which discerns the difference between knowledge and mere opinion. Youth who come to LaRouche, looking for the real education they have not found in the universities, master Karl Friedrich Gauss' 1799 work on the Fundamental Theorem of Algebra, which mastery can serve them as a criterion of truthfulness in their study of history and engagement in current history.

Igniting a wave of excitement among youth about scientific discovery, LaRouche said, can revitalize an entire society. "You recall this quality of excitement," he told the senior Russian scientists who were present; it is what can revive science and give a mission to the generation now 18-25 years of age, who are key to humanity's future.

At the Vernadsky Museum conference, as elsewhere, LaRouche's remarks were warmly received.

LaRouche in Moscow Press 'The U.S. Economy Has Become a Scandal'

[Link to pdf version of this article.](#)

The Moscow financial monthly *Valyutny Spekulyant* (Currency Dealer) came out April 12 with a new interview of Lyndon LaRouche, headlined "The U.S. Economy As a Whole Has Become a Scandal." LaRouche's answers were provided in written form on March 1, to questions from VS correspondent Ivan Zakarian, who had attended the Schiller Institute Presidents' Day conference in Reston, Virginia, on Feb. 14-15.

An introductory note identifies LaRouche as pre-candidate for the Democratic Party Presidential nomination, noting that "John Kerry, the leader in the primaries, is not yet the only Democratic candidate for head of state; the final decision remains to be taken by the Democratic Party convention in July." The fact that LaRouche's views are supported by many Americans, it says, is demonstrated by his having more campaign contributors than Kerry does.

Zakarian reports that the conference was held simultaneously in Reston and Los Angeles. "It should be noted," he writes, "that all of the speakers, including the youth, demonstrated remarkable erudition, of a sort not often found in America, and deep involvement with LaRouche's ideas about the economies of the world and the U.S., politics, and the future of mankind."

The interview was slightly abridged in its published form. What follows below is the original text.

Q: The readers of our magazine are traders and financiers, who surely understand the significance of the American financial markets for the entire world and for Russia in particular. So, what do you think about relationships between Russia and the U.S.A.?

LaRouche: Hopefully, the expected re-election of President Putin will open a new phase in the post-1989 history of Russia, a phase of greater nationalism and sense of a mission-orientation toward reconstruction and progress from the ruinous developments of more than a decade. I see signs of the reawakening of the memory of Russia as a great power, politically on a level of equality with other great powers. This would be of crucial strategic importance for a crisis-stricken U.S.A. which understands its own vital self-interest in a new form of productive relations with the nations and economy of continental Eurasia, in particular. A partnership with a more confident Russia is crucial for reviving the presently shattered economies of western and central Europe, and for the urgently needed partnership between all of Europe and, especially, the nations of the populous rim of south, southeast, and east Asia.

Such cooperation will require the immediate reform of the world's presently, hopelessly bankrupt, floating-exchange-rate monetary-financial system. This requires putting the strategically significant, but failed monetary and financial institutions into receivership for reorganization in bankruptcy by the relevant sovereign states. We require rapid expansion of productive employment, to break national and regional economies back up to a currently operating break-even level. For this, we require a fixed-exchange monetary system, with primary interest rates in the range of 1-2%, to make feasible long-term capital formation through aid of corresponding treaty-agreements among relevant sets of nations. This must be supplemented by long-range scientific-technological mission-orientations, in which Russia's aging science-establishment must be fully re-energized to the level it is able to play its part in a continuing, expanding role in support of the global effort for mankind as a whole. We require, above all else, the replacement of the destructive forces of "globalization" by the development of a community of principle among perfectly sovereign nation-states.

A Russia and the U.S.A. which will each refuse to liquidate their nation's sovereignty, must serve as the great cornerstone of present history, around which the other sovereign nations of the planet can build the needed edifice of consensual cooperation for the common good. That is my policy. I believe that Russia would be prepared to accept such an offer. I intend that offer shall be delivered.

A world witnessing such a partnership between the two former superpowers, would be a world encouraged to consider building the kind of order among sovereign states which I am committed to bring into being.

Q: Stock market traders around the globe were very concerned about corporate scandals with big American companies like Enron, Adelphia, Worldcom and so on. What did America do, or should it do, in order to improve confidence in its business institutions?

LaRouche: We must not be excessively occupied with the individual scandals as such. The U.S. economy as a whole has become a scandal; the scandals involve only some of the overripe, already rotten fruit dropped by a mortally sick tree. The problems of the U.S. and European economies are not those of individual enterprises or merely groups of enterprises. The economic and moral crisis is systemic. It is the result of the combination of two leading factors, as follows.

First, there was a right-wing turn in Anglo-American policy, after July 1944, in which a powerful faction within the financial circles of those countries adopted the policy of seeking to establish what Bertrand Russell proposed as "world government" achieved through the threat of airborne nuclear-weapons bombardment. After the Soviet development of an experimental thermonuclear weapon was discovered, Russell's policy of preventive nuclear warfare-attacks was put on the shelf, and a policy of detente through mutual thermonuclear terror prevailed, until the revival of the preventive nuclear warfare doctrine by U.S. Secretary of Defense Dick Cheney's incumbency under President George H.W. Bush, Sr. Since Sept. 11, 2001, Cheney's policy has been openly revived as hegemonic, although there are signs Cheney and his policy might be defeated soon.

In the meantime, through aid of the 1963 missiles-crisis, the Kennedy assassination, and the launching of the official U.S. Indo-China war, the U.S. and U.K. led much of the world in a plunge into "post-industrial" utopianism accompanied by

increasingly radical "free trade" policies. This turn toward a Roman-style society's imperial bread and circuses at home, was accompanied by the consolidation of the relative supremacy of an assortment of more or less radical, nuclear-utopian factions. This cultural-paradigm shift was spread, through the effect of the so-called "68ers," from the U.K. and U.S.A., into continental Europe and other parts of the world.

Today, while we must not blind ourselves to the many evils which did exist during the 1944-1964 interval, there is a profound, systemic difference between the U.S. of 1964 still committed to its role as the world's leading producer society, and the plunge into moral and economic decadence which has produced the bankrupt world system of today. While we must not ignore the earlier roots of the catastrophic net effect of the past four decades cultural-paradigm down-shift in the world economy, these four decades represent a distinct phase in world history. What we are seeing in U.S. corporate life, and related places in government, is not an increase in isolated cases of criminality; this is a symptom of that underlying rot of the system as a whole which has brought such morally criminal and destructive practices into more and more of the board-rooms and governmental agencies of the U.S.A. It is the systemic rot, the epidemic, not the individual cases of corporate mortality, which must command our leading attention.

Q: What do you think about dollar-euro rates in the near term future and in 2-3 years?

LaRouche: No one could competently predict any trend over an interval that long, not even six months. We must accept the fact that any attempt to define medium- to long-term statistical trends is a fool's errand. We are now at the point of a global phase-shift of the entire world monetary-financial system. One of two choices of general phase-shift out of present trends is available. First, if we try to defend the present world monetary-financial system, as the leading financier oligarchs are determined to do, the planet as a whole will be plunged into a prolonged dark age, comparable to what the continuing policies of the infamous Holy League unleashed in Europe during the middle of the Fourteenth Century. Under those conditions, a collapse of world population to less than one billion during the course of the next generation, or even a shorter time, is virtually inevitable. Or, second, we may scrap the present world monetary-financial system through reorganization in bankruptcy conducted by sovereign governments. This, the leading financier circles of today will resist virtually to the point of death, preferring other people's deaths to their own bankruptcy. In the case we succeed in our preference for the lives of our people, we can survive and prosper, but the conditions and trends will not be those adduced from the factors affecting the attempted continuation of the observed statistical trends today.

Q: Do you think that the main competitor of the United States in the 21st Century is China? And what can you say about dollar-yuan rates? What would be desirable rates?

LaRouche: China is extremely vulnerable to the effects of present U.S. trends. The dependency upon the U.S. internal market, a dependency conditional on very cheap labor in China, threatens a deep cut in China's foreign earnings at some point in the immediate period ahead. For a while, China's monetary reserves and related factors would be a cushion against the impact of the currently onrushing U.S. collapse; however, the physical realities would soon outpace the ability to maintain the monetary cushion as a protection against successive waves of international shocks. China's secure future is thus dependent upon what I, for example, am able to do in leading the effort to bring about the needed political-economic changes in the U.S.A. itself.

Q: What should our countries do in order to completely remove consequences of the Cold War and Hollywood stereotypes?

LaRouche: Any effective steps to that effect will depend upon a U.S. President doing the kind of thing which Franklin Roosevelt did in changing Russia policy from the outset of his first Administration. A sense of long-term common interest among peoples, is the foundation of well-built, durable improvement of a therapeutic sense of the actually existing common interest.

Also, one may have observed my efforts to afford leaders and others in the U.S.A., and other places, to throw away some popular myths in favor of knowing some of the crucial features of the real history of European civilization since its birth, in the shadows of the pyramids of Giza, in ancient Egypt. When the mortal individual is able and encouraged to know his or her immortal place in the continuing historical process which is mankind, the love of one nation for another nation finds its place in each sentient individual so affected.

'A Very Special Quality of the Mexican Patriot': LaRouche on Monterrey TV

[Link to pdf version of this article.](#)

Monterrey's Multimedios TV on April 11 broadcast an interview of Lyndon LaRouche, by Architect Hector Benavides. The interview had been taped on March 18 during the candidate's three-day visit ("LaRouche Takes Battle To Defeat Synarchism to Mexico," EIR, April 2) in which he spoke to the Monterrey Technological Institute, youth audiences, and other supporters.

Multimedios: Well, a few months after having spoken with Lyndon LaRouche, a candidate for the Presidency of the United States, in the city of Saltillo [Mexico], we now have him here in Monterrey. Welcome, Mr. LaRouche. What brings you to Monterrey?

LaRouche: Of course, the invitation I received to speak here [at the Institute]. And also, for me, my own motivation of what I might be able to do here. We are in the worst financial crisis, monetary crisis in over 100 years, and we are also in a great security crisis, which is spilling over now, from Spain, into Mexico. And therefore, I'm very happy to have the opportunity to express my personal solidarity with Mexico. And I hope I will do something useful.

Multimedios: You mention the Spanish events of last week, of March 11. What is your interpretation, your reading, Mr. LaRouche, of what happened in Spain?

LaRouche: We know, from my personal knowledge of the profile, and from my consultations over the past 24 hours with people in Europe at a high level: This was an attempted coup d'etat against the Spanish monarchy. I understand the King of Spain refused to. It was conducted by the same organization created by the Nazis, which is represented by Blas Pinar. It includes people in Italy and France, and in South America.

Multimedios: Al-Qaeda is not connected to these events?

LaRouche: That's rubbish, nonsense. Only idiots believe it.

Multimedios: Movie director Pedro Almodovar yesterday made a serious denunciation that there was an attempted coup d'etat. But it is an accusation against the Popular Party, the party of [Prime Minister Jose Maria] Aznar.

LaRouche: This comes from the extreme right wing in Spain, which is trying to cover this up. We know who's behind this. This comes from an international network, which is Nazi Party-based. It's based in the SS security apparatus, which was supported by some factions of the North Americans in the post-war period. The best-known figure in the Americas for this, is Blas Pinar of Spain, whose son played a role in the coup in 1981.

Multimedios: The Tejero affair...

LaRouche: Exactly.

Multimedios: How does this affect Mexico and the countries of South America?

LaRouche: There was an attempt, as we saw with the other extreme right wing—inside the United States—to create a conflict between the Hispanic-speaking population of the Americas and United States—a "Clash of Civilizations," analogous to the so-called Clash of Civilizations with Islam. We know where this comes from, and it is threatened in South America; it is threatened across the border. As you know, the largest so-called minority group inside the United States, whether citizens or immigrants, is the Hispanic-speaking population. And the crucial nation in this, for the United States, is Mexico. Therefore, solidarity between leading, conscious people of Mexico and the United States, is crucial for preventing this from blowing up.

Multimedios: What is the relationship between Sept. 11, 2001 and March 11, 2004?

LaRouche: Sept. 11, 2001 is the larger part of what we are now seeing in the case of Spain in March.

Perhaps I should explain this a bit, because this is a thing most people don't understand. In 1944, a certain pro-fascist element in the U.S. command, which included Allen Dulles and others, through a fellow in Switzerland called Francois Genoud, was negotiating an agreement with the SS security apparatus in Germany. This is the group which, with Goering, took much of the Nazi stolen wealth, and planted it in parts of the world outside Europe. This organization exists, and it's powerful today. This is what killed Kennedy—this crowd. This is embedded in a certain right-wing faction inside the U.S. security services. This is what you're dealing with in the right wing in Italy. For example, Alessandra Mussolini, the granddaughter of Benito, is a key part of this.

So, in this case, what happened is that, patriotic forces used the Spanish Socialist Workers Party [PSOE] as a vehicle to bring down Aznar, who was cooperating with these people.

Multimedios: So, ETA and al-Qaeda were not involved?

LaRouche: Aznar spread "ETA"; it's not true. The Spanish security forces had virtually eliminated the sting of ETA.

One thing is very important to understand about this kind of terrorism: Al-Qaeda in the Middle East is largely a generic name for many different kinds of groups. ETA is also similar, in that sense. All of these people are what we call "ideologically motivated": It's very important to them to build their base, through motivational approaches. No acts must contradict their ideology.

But when you're dealing with the third generation of the Nazi SS security apparatus, there is no mission but a coup, by their methods. In other words, you have to look for the historically determined motive of the terrorists.

Multimedios: All of what you're saying, Mr. LaRouche, we look at it as if it were some sort of fantasy, or a conspiracy theory. What do you say to those who believe that?

LaRouche: What I would say, is that people who say that this is merely a conspiracy theory, are the ones who are trying to cover up the agreements that were made with those Nazi SS organizations at the end of World War II. And there are some people who repeat that foolish phrase, "conspiracy theory," because they're like fools: They like to repeat whatever they are told.

Multimedios: I'm not a fool. I'm raising it because I think it's my responsibility to ask you.

LaRouche: Absolutely! And, it's my responsibility to answer!

Multimedios: Why don't the newspapers, the information agencies, talk about these matters that you're telling us about?

LaRouche: I'll give you a case: One of the key figures, who was a member of the Nazi-allied organization, during the World War II period, Andre Meyer, ran the *Washington Post*. He was tied to Felix Rohatyn, who is also tied to Lazard Freres, who was also part of this Nazi operation in France during World War II. The *Time* magazine syndicate was a pro-fascist organization. These people don't like me!

Multimedios: I've noticed! Well, they are represented in Mexico by what group, by what party?

LaRouche: Well, you have a history which has two levels: You have the original PAN. It was set up through the Nazi Party organization out of Berlin, through Madrid, into Northern Mexico and into South America. I have the detailed intelligence documentation on that, from the period up through 1945. U.S. services associated with Franklin Roosevelt, and the patriots of Mexico, cleaned that mess up.

But then, at the end of the war, after 1945, through the Franco government in Spain, the Schellenberg SS operation came back into Mexico, and into Argentina, along with what was called the "rat line." Now, these people were also tied to reactionary financier groups.

Now, this becomes complicated, because some reactionary groups tend to be more or less patriotic. Others look at their international connections as more important than their national ones.

Multimedios: What is happening in Mexico with all these attacks on the political parties: the videos—I'm sure you know about this—the corruption in the PRD; corruption in the PRI; corruption in the PAN. Today, an attempted assassination, an attack on the governor of Oaxaca, [Jose] Murat. What's happening?

LaRouche: On the one hand, there is corruption which comes, principally, since 1982, from the United States. If you destroy and rape a country, as Mexico was raped in October of 1982—and this city, which was an industrial leader in Mexico, was raped in that period—and then, you make the people very poor, it creates the environment of corruption, which people then exploit. If you weaken the patriotic institutions of a country, and their authority in their own country, you open the doors for corruption. Therefore, most of the corruption in Mexico comes from the policies of the United States.

Multimedios: Who raped Mexico in 1982, and who raped this city of Monterrey?

LaRouche: Essentially, there are people, like Henry Kissinger, who are part of this apparatus. He's only a pawn of those interests, but he is part of the apparatus. As you perhaps know, I was right in the middle of this thing: I know who did what to whom in that period, and I have some, still-living friends in Mexico whom I am very close to, emotionally, on this question. I'm determined: We're going to take our freedom back.

Multimedios: But who raped Mexico and Monterrey? Their names? Kissinger, and who else?

LaRouche: Oh, the whole crowd behind him. This was the Nixon Administration crowd, as continued with the same crowd

that came in around George H.W. Bush. The international financial interests of the IMF, with the World Bank: They all participated in this rape of Mexico.

Remember, it was also done to the United States. It was done with the change, from 1964 on, the change from the world's leading producer society—which was the positive relationship between Mexico and the United States in that period—to the United States becoming like the Roman Empire, a parasite, sucking the blood of the poor of the world. The infrastructure, the industry, the agriculture of Mexico, was looted by a policy of monetary manipulation.

Multimedios: Which of the three parties with greatest support in Mexico—the PAN, the PRI, and the PRD—could be a barrier against this type of interests?

LaRouche: For various reasons, the PRI is the party with the greatest concentration of my friends in Mexico, for obvious reasons. Now, the important thing about that, is precisely the protection of Mexico's sovereignty against the war, against the internal war. So that, even where the PRI will tend to disagree among themselves, there is a group which understands the importance of that agreement upon which modern Mexico is based. I also know people in other parties, who share that common principle. My position, as an outsider: I have my friends, but, I have to be faithful to the right of the Mexicans to choose their own political leadership. Therefore, I respect all leaders.

Multimedios: What are the risks that Mexico faces, coming up to the 2006 election, with all of this that we see: an economic recession, a drop in employment, distrust in the institutions, lack of leadership?

LaRouche: Two issues are decisive, and the rest comes from these two. One is typified by the case of Vice President Dick Cheney. I do not give President Bush credit for knowing what he's doing. Cheney's not too intelligent, but he's like a Gila monster: his bite is poisonous.

So, we have this war policy of Cheney, which is the same policy as the fascists, like the Nazi networks involving Blas Pinar in Spain, and the fascist wing inside Israel, for example. That's number one.

But, the related question, is the world monetary-financial crisis. This is, as in the 1930s: Wherever you have a breakdown of the international monetary system, you have a struggle between political forces which say, "You have to defend the people," and those who say, "You have to defend the financier interests." And our consciousness of that problem *now*, with the historical examples in our mind, will determine the issue.

Multimedios: What's your view of Mexico? Is there more corruption now than there was in earlier years?

LaRouche: There's more poverty. Poverty is the essential corruption.

Multimedios: What are the factors that have led to this pauperization of Mexico?

LaRouche: Well, first, the peso's devaluation—again and again; the degradation of the Mexican population to a virtual slave-labor population; the pauperization of Mexico, to the point that people working as virtual slave labor in the United States; their remittances to states in Mexico are a large part of the income of that state.

Therefore, what I do, is I define the problem of corruption, largely in terms of the alternative. That the United States must cooperate with Mexico, in supporting a new credit system, in which the historic aspirations of Mexico for infrastructural development: the agro-industrial expansion, so Mexico is able to feed its own population. And also, Mexico, faced from the United States, from my faction going back to the 1820s, has always been the key nation of Central and South America, as

our partner in our hemisphere. The key to U.S. relations within the hemisphere, is U.S. relations with Mexico.

Multimedios: It has lost that leadership, it is said; Brazil is now the leader of our countries of Latin America—Mr. Luiz Inacio Lula da Silva.

LaRouche: In some cases, this is a very commendable emotion, very proper. But one should not encourage its being exaggerated. The most important quality in the hemisphere is intellectual, the intellectual quality of being able to lead. Mexico has, historically, this quality. During periods of trouble in the past, before 1983, you think of all the refugees who were living in Mexico City, as guests of Mexico, from various countries in the Americas. That is leadership. This was not—Mexico was not trying to create an empire. Mexico was concerned with the nations on its borders, the nations of South America and their stability. Mexico has been the leader.

Multimedios: Not Luiz Inacio Lula da Silva? And Fox?

LaRouche: Look, Lula is himself a "fox." Take the case of the current negotiations: Lula waited, to see what would happen with [Argentine President Nestor] Kirchner and the IMF. When Kirchner won the fight, Lula said, "Now I want to talk to you!"

I don't object to Lula doing that. But, I would respect him more if he'd stepped in before.

Multimedios: The nationalization of Pemex and the electricity sector in Mexico is an impasse, it is said, for there to be the required reform—the structural reforms of Mexico—so that its economy is reactivated. That is the thesis of President Fox and his team. And he blames the gentlemen of the Congress, the legislative branch, that they are not with it in that sense: "No" to the reform.

Is the reform necessary, as Mr. Fox understands it?

LaRouche: No, those reforms are unnecessary. I would hope to be able to explain to President Fox the ABC's of economics. This comes in part from the fact that the President of Mexico believes, perhaps, that the present President of the United States might be re-elected. I'm determined that that catastrophe shall not happen. Under my Presidency, or under a Presidency which I influence, we will decide to reverse that policy by the United States.

In that matter: first of all, we must have—Mexico's oil is its patrimony, as it has been referred to in the past. It's a vital asset of the nation, for which the nation must assume responsibility.

On the power thing, what I propose—as I've proposed otherwise—is, the United States and Mexico must enter into a certain special kind of cooperation, along the border, on cooperation of developing new sources of water, on the development of power generation and distribution; and do this especially in the arid area between the two sides of the Sierra Madre.

This is the great area for development of basic economic infrastructure, which can only be done under statist influence and cooperation between governments.

Multimedios: Recently, at a meeting here in Monterrey of the OAS, it was said that George Soros was going to put millions upon millions of dollars into stopping the re-election of Bush. George Soros and you agree on that.

LaRouche: He has a mission, Soros has a mission, which is different than mine. Let me be more precise, since I am an

insider, and can speak exactly about what is going on.

There are presently, in terms of active political support, two leading candidates for the Presidency in the Democratic Party. I am one, and Senator Kerry is the other. All the others have been eliminated. But the problem is, the Democratic Party needs money. The big-money people hate me. So, the Democratic Party policy now, of the wiser ones—the wiser ones say, "Let's get the money. After we get the money for the campaign, *then* we'll bring in LaRouche."

Multimedios: Why has so much been said about Kerry, and so little about LaRouche?

LaRouche: What we just talked about: the money.

Multimedios: For that reason?

LaRouche: Yes.

Multimedios: Andre Manuel Lopez Obrador, Roberto Madrazo, Mrs. Martha Sahagun (the wife of the President), Carlos Medina Placencia, perhaps, of the PAN, Francisco Barrio Terrazas of the PAN—you have heard of them. Of the people I mentioned, who do you think has the capacity to govern a country such as ours, beginning in 2006?

LaRouche: I don't know for sure. What I do know is that the negotiations and discussions which Murat held with individuals such as Madrazo, were very important. There's a practical problem here: Mexico thinks of itself as a sovereign state, in principle, but sees itself as a temporarily occupied country in practice. The practical politician will react to these two things. If he's getting a more friendly President from the United States, you're going to find that the politicians of Mexico will show who they really are. My job is to encourage them to bring out their best side.

Multimedios: Finally, Mr. LaRouche, who is the Blas Pinar of Mexico?

LaRouche: I don't think there *is* a Blas Pinar of Mexico. Blas Pinar is an international figure. Remember, he was a former Franco official. He emerged under Franco as the leading person allied to the Nazi SS organization throughout the Americas. In Argentina, the Nazi organization is Blas Pinar. In Venezuela, the Nazi organization is Blas Pinar. And you have to look at the attempt of certain—go back to the religious wars. Blas Pinar will play two lines: Blas Pinar will play a secularist line, anti-church line; he will also try to penetrate Opus Dei.

Multimedios: What are the interests, then, which are closest to Blas Pinar in Mexico? The political groups, businessmen, intermediate organizations, communications media.

LaRouche: It's largely manipulation. They will change their costumes depending upon what the United States does. I know how to pull the chain; I just need the power to do so. Because, the Mexican people, once they're aroused to defend their sovereignty will eliminate anyone who's got this kind of characteristic. The Mexican people have lived through so many wars; so much blood has flowed because of these religious wars. For how long?

Look at the Napoleonic wars in Europe. In the last century, wars leading into the formation of what became the PRI, is an example of this. You have to understand the history: These things are deeply embedded in the Mexican people, even if they themselves do not fully understand it. I see that in my own experience in Mexico. There is a very special quality of the Mexican patriot, which is unique to Mexico. That is the greatest power in Mexico for the long term.

And let its enemies fear!

Multimedios: Thank you very much, Lyndon LaRouche. You have been very kind. I hope things go well for you in the campaign.

LaRouche: Thank you very much.

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Feature:

LaRouche: It's Time To Get Out of Iraq

by Jeffrey Steinberg

Lyndon LaRouche is on record as the first prominent American political figure to call for the immediate withdrawal of all American military forces from Iraq. On Nov. 28, 2003, LaRouche issued a statement through his Presidential campaign committee: 'Declare the intention of the President of the United States, to be, to cease the U.S. military occupation of Iraq at the earliest feasible occasion, and to notify the UN Security Council of the U.S. intention to reopen the matter of Iraq's earliest restoration to sovereignty in its affairs ...'

Eisenhower on Strategic Defense

by Gail Billington

President Dwight D. Eisenhower, who took office in January 1953, was faced immediately with demands from the French, and from the synarchist circles within his own administration and military, to deploy militarily into Vietnam in defense of the French colonial forces ... 'Finally, they came along with this Dien Bien Phu plan. As a soldier, I was horror-stricken. I just said, 'My goodness, you don't pen troops in a fortress, and all history shows that they are just going to be cut to pieces. . . . I don't think anything of this scheme.'

Lessons of De Gaulle's Algerian Exit-Strategy

by Pierre Beaudry

The dramatic situation facing President Bush in Iraq, is similar to what French President Charles de Gaulle faced on April 23, 1961, when he was forced to take the crucial decision of putting a stop to the military insurrection in Algeria, and decided to pull French troops out of that country. Just as today's quagmire in Iraq is under the control of the Synarchist International, so, too, was the French Algerian mess.

9/11 Probe Exposes Neo-Con 'War on Terror' Strategy That Creates Terrorism

by Jeffrey Steinberg

Nearly 20 years ago, on Oct. 25, 1984, then-Secretary of State George Shultz delivered a speech at the Park Avenue Synagogue in New York City. His remarks might have been made by Vice President Dick Cheney or Defense Secretary Donald Rumsfeld, immediately after the Sept. 11, 2001 attacks.

- Principles of Westphalia

The Treaty of Westphalia of 1648, bringing an end to the thirty Years' War, which had drowned Europe in blood in attles over religion, defined the principles of sovereignty and equality in numerous sub-contracts, and in this way became the constitution of the new system of states in Europe.

Book Review:

Rumsfeld's Killing Obsession

by Edward Spannaus

Rumsfeld's War: The Untold Story of America's Anti-Terrorist Commander

by Rowan Scarborough

Washington: Regnery, 2004

253 pages, hardcover, \$27.95

If you're going to be a suck-up, at least have a sense of timing. Pity poor Rowan Scarborough, whose book puffing Donald Rumsfeld as the military genius of the age, came out just as Rummy's war in Iraq was collapsing in the face of a popular insurgency—and, as EIR has been informed, even the neocons now favor dumping him as Secretary of Defense.

Economics:

Shocks Still Spreading From Bush April 2 Jobs Fakery

by Paul Gallagher

The global plunge in bond markets, since the Bush White House's April 2 manic celebration of a blatantly faked March jobs report, drove U.S. long-term bond interest rates three-quarters of a point higher in less than two weeks, and was getting uglier by mid-April. While 'the dumbest President' careened onward to other, explosive blunders on Iraq and the Middle East, the further shock-wave effects of his whooping-up the jobs fraud on April 2, were spreading.

Rate Hikes Will Blow Out Ibero-American Debt

by Gretchen Small

Even a small increase in U.S. interest rates, of the sort now widely expected from Alan Greenspan's Federal Reserve, will blow out the entire debt bubble of the Ibero-American nations, along with the rest of the Third World.

Who Will Oversee The Death of the IMF?

by Mike Billington

A squabble has broken out among the financial elite of the world, over who will become the next managing director of the International Monetary Fund (IMF). Unfortunately, the several parties to the debate are either oblivious to the fact that the institution they are fussing over is utterly bankrupt, or they have chosen to obscure that self-evident fact in order to continue the aura of power surrounding the august institution.

Death of Detroit: Harbinger of Collapse of Deindustrialized America

by Richard Freeman

Observing the death of Detroit, as it shrinks into oblivion and its citizens are ravaged, one is struck by a fundamental transformation: In the period 1940 through 1963, Detroit was the greatest manufacturing city in the world, unmatched in real physical productivity. But during the period 1964-2004, Detroit became synonymous with blight and decay beyond imagination.

International:

LaRouche To Russian Academy, Youth: Give Humanity a Future

by Rachel Douglas

U.S. Democratic Presidential candidate Lyndon LaRouche, famous in Russia as economist, strategist, philosopher and—in the words of one recent press release written by his Moscow friends—'the conscience of America,' was the lead-off speaker at the 'Science and Our Future: Ideas To Change the World' conference, which took place April 14-16 in Moscow. The three-day event, held at the Vernadsky State Geological Museum (SGM) of the Russian Academy of Sciences, was co-sponsored by the SGM and the Schiller Institute, as well as several companies.

Entering the Economy of the Noösphere

Lyndon H. LaRouche, Jr. gave this speech to a Moscow conference on April 14 at the Vernadsky State Geological Museum.

Hopefully, the increasing severity of the present world economic and related crises, will compel us to institute those urgently needed changes in the present world order, in which cooperation among sovereign states converges upon the great principle of the 1648 Treaty of Westphalia, rather than

continuing the currently widespread Hobbesian notion that nation-states must be inherently in perpetual mortal conflict among themselves.

LaRouche in Moscow Press:

'The U.S. Economy Has Become a Scandal'

The Moscow financial monthly Valyutny Spekulyant (Currency Dealer) came out April 12 with a new interview of Lyndon LaRouche, headlined 'The U.S. Economy As a Whole Has Become a Scandal.' LaRouche's answers were provided in written form on March 1, to questions from VS correspondent Ivan Zakarian, who had attended the Schiller Institute Presidents' Day conference in Reston, Virginia, on Feb. 14-15.

Iraq 'Exit Strategy' Means: Announce an Exit

by Muriel Mirak-Weissbach

Conventional wisdom on Iraq—that the United States has 'won the war,' but not 'won the peace'—has been shown a pathetic illusion by the events of April. The fact is, the United States has lost the war, both militarily and politically. The only relevant question is: What will the dumb President Bush and his incompetent administration do now?

Where Are Castañeda's Checkstubs From Soros?

by Rubén Cota Meza

'Show me George Soros's checks to my campaign! Show me that this financing exists, and I'll give you the money,' Jorge Castañeda Gutman declared in a fit of anger to a member of the LaRouche Youth Movement (LYM) who had challenged him, before several hundred youth, on the fact that megaspeculator and drug-legalization promoter George Soros is sponsoring his candidacy for the Mexican Presidency. The confrontation occurred during Castañeda's first public campaign event, held in Mexico City on March 28, the day after he formally threw his hat into the ring for the 2006 Presidential elections.

'A Very Special Quality of the Mexican Patriot': LaRouche on Monterrey TV

Monterrey's Multimedios TV on April 11 broadcast an interview of Lyndon LaRouche, by Architect Héctor Benavides. The interview had been taped on March 18 during the candidate's three-day visit ('LaRouche Takes Battle To Defeat Synarchism to Mexico,' EIR, April 2) in which he spoke to the Monterrey Technological Institute, youth audiences, and other supporters.

Worldwide Banking Turbulence Slams Peru

by Manuel Hidalgo

Peruvian businessman Jaime Mur declared on television on April 1, that the Banco Wiese Sudameris (BWS), the country's third most important bank, was facing insolvency. In 2003, the BWS suffered a 72.19% collapse in profits, in comparison to 2002. Although the Peruvian press failed to give much coverage to Mur's statements, the Finance Ministry, the banking superintendency and the country's number one bank, Banco de Credito, felt obliged to respond publicly that BWS is indeed 'solvent,' and that it has 'an adequate liquidity level, to meet all foreseeable demands.'

National:

Bush and Me-Too Kerry Campaign To Beat Themselves

by Nancy Spannaus

Recent performances by President George W. Bush and his presumptive opponent in the November 2004 Presidential elections, Sen. John Kerry, have led Democratic Presidential candidate Lyndon LaRouche to remark that he is not running against these men as opponents; they are running against themselves. Unless LaRouche is brought into the equation, the loser is the American nation.

Delegate Harold James' Endorsement of LaRouche Inspires Fight To Save the Party

by Nancy Spannaus

'I take my hat off to you, Rep. James, to show such courage—coeur, 'heart' in French; courage; 'heart-strength'—and surely you have that strength. . . . So, I give you all the kudos, and all the praise that's due to you. And let's push out there, and let's have everybody vote April 27. Let's pull our neighbors, cousins, in-laws, everything else.' Such is the most welcome response, among many, to Rep. Harold James's (D-Phila) April 7 endorsement of Democratic Presidential candidate Lyndon LaRouche, now sweeping through the Philadelphia area and beyond.

Has 'Daddy Warbucks' Soros Double-Crossed The Democrats?

by Our Special Correspondent

The Republican National Committee (RNC) and the Bush-Cheney in 2004 election campaign are laughing all the way to the Federal Election Commission (FEC), in delight over the fact that billionaire financier George Soros is helping himself to two Presidential campaigns in 2004: the Democratic Party campaign, whose nominee is not even decided yet, and the independent campaign of Ralph Nader—and the Democrats are apparently clueless.

Bush-Sharon Summit Will 'Ignite A Fire' Throughout Middle East

by Dean Andromidas

'We say that we are facing a dangerous crossroads. No one should deceive the capital cities of the Arab world or Europe. They should tell the U.S. administration that this plan is completely unacceptable and will ignite a fire in the region more intense than the one we are witnessing now in Iraq.' This is the comment of Yasser Abed Rabbo, former Palestinian minister, on the shameful letter released by President George W. Bush on April 14, at the summit with Prime Minister Ariel Sharon.

- **Interview: Rabbi Arthur Hertzberg:
Sharon and Bush 'Will Fry in Hell'**

Rabbi Hertzberg, former president of the American Jewish Congress, and former vice president of the World Jewish Congress, was interviewed by Marjorie Mazel Hecht on April 15. Her review of his newest book, *The Fate of Zionism*, is featured.

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U.S. Economic/Financial News

Über-Banker Rohatyn Proposes 'Big MAC' for U.S. Economy

In an editorial in London's *Financial Times* April 15, headlined "America: like New York in the 1970s, but worse," top synarchist banker Felix Rohatyn called for drastic budget cuts to overcome an escalating economic/financial crisis. He described the scenario: "Indebtedness spinning out of control, fuelled by an unchecked increase in the deficit. An accounting system that indiscriminately mixes expenses with capital assets, ignores contingent liabilities and makes Enron look conservative. A social structure sharply divided between 'haves' and 'have nots.' An administration locked into denial on the assumption that 'the markets will always be there for us.' A political system paralyzed as public finances careen towards catastrophe. That was New York City in the early 1970s; it could be America tomorrow."

Then, Rohatyn continued, "America's out-of-control federal budget deficit, rapidly growing domestic and foreign debt, and off-the-books social security and Medicare liabilities look eerily similar to the fiscal situation that faced New York nearly 30 years ago." So far, foreign central banks are financing US deficits, but: "This may not last forever and either the willingness of the foreign central banks to carry U.S. Debt—or their capacity to do so—could be impaired. Some time before that moment is reached, the markets would begin to react: the dollar could fall further precipitously, interest rates would shoot up, and we would have to deal with a national crisis, which could develop into a global crisis."

Rohatyn then presents his solution: "To pre-empt a financial crisis, bipartisanship, fairness and transparency will have to return to national politics. There will have to be agreement on a multi-annual plan to cut the budget deficit to a manageable level; to reform entitlement programs; to increase national savings, reducing dependence on foreign capital; and to improve energy conservation to reduce U.S. reliance on foreign natural resources. There is little reason for optimism that such a process will take place. We have supported Mr. Bush in his efforts to make the U.S. safer from terrorism but it must also be made safer economically and financially. I do not believe this is happening."

U.S. Budget Deficit Surges to Nearly \$300 Billion

The official U.S. budget deficit has surged to just under \$300 billion, halfway through fiscal 2004, up 18% from the cumulative budget gap for the first six months of fiscal 2003, Reuters reported April 14. The Treasury Department said the U.S. Federal government posted a \$72.70 billion budget shortfall in March, a sharp rise from the \$58.89 billion deficit seen in March 2003.

Economic Writer Calls for Gov't Intervention on Jobs

The U.S. needs direct government intervention, FDR-style, to create badly needed jobs, insists New York Times economic columnist Louis Uchitelle, adding that, unlike fellow Massachusetts Democrats Rep. Barney Frank and Sen. Ted Kennedy, presumptive Democratic Presidential nominee John Kerry does not embrace this view—but he should.

"Never mind that private employers added 277,000 jobs in March," says Uchitelle. That was "somewhat of a mirage. Most of the 277,000 jobs were cancelled out by a decline in total hours worked and total weekly pay." Uchitelle goes on to quote Frank that the situation "cries out" for government job creation, but that "people have so attacked government that now when there is a need for it to help create jobs, they cannot recognize a positive role for government."

The call for government involvement in job creation is "often dismissed as heresy," says Uchitelle, and Kerry himself "is a centrist, in the Clinton mode [who] counts on the private sector to generate full employment, with government playing a peripheral role, mainly in tax incentives...." Uchitelle goes on to indict Bush for failing to produce the jobs he promised, and says Kerry's insistence that jobs will come if Bush's most egregious tax cuts are cancelled, is also suspect: "The public wonders. Years of layoffs, wage stagnation, outsourcing, and now off-shore contracting have made people skeptical. Mr. Frank plays to that skepticism. So do a few others, the most important being Sen. Edward M. Kennedy, a Democratic leader who in recent speeches appears to be trying to push his party back toward New Deal proposals."

Calif. Officials Attack Dereg; Predict New Energy Crisis

Following his move recently to haul the rabidly pro-dereg Federal Energy Regulatory Commission (FERC) back into court to reclaim the billions of dollars stolen from California by energy pirates in the 2000-2001 crisis, State Attorney General Bill Lockyear released a report by his energy task force on April 13, which concludes that the state is still vulnerable to manipulation. "The incentives to game the market and create disruption appear, for the most, to remain in place," the report, released April 14, states. Lockyear is well known for his remark during the state energy crisis that he hoped one day to see Enron chief Ken Lay in a jail cell, next to a guy named "Spike."

The report attacks the regulations followed by FERC which allowed power pirates to rape the state, although they "are supposed to protect consumers and deter misconduct." Instead, it says, FERC "sheltered wrongdoers." The rules, which worked when the state regulated electricity prices and production, have led FERC to rule that California is entitled to \$3 billion in refunds (of which, it has collected \$85 million!). Lockyear argues the amount should be \$9 billion.

The argument that there is no longer a shortage of power does not hold water. Upon assuming office, beast-man Gov. Arnold Schwarzenegger announced that the State Power Authority, established under Gov. Gray Davis to make sure that the state has enough energy, would be eliminated, since the crisis was over. State Treasurer Phil Angelides has warned that California is at risk for another energy crisis, and the proposal should be defeated. Below-average hydropower supplies are looming, as reservoir levels and snow packs are again at alarmingly low levels because of drought in the Western States. Diminished hydropower supplies kicked off the 2000 crisis.

It's the Infrastructure, Stupid: Bird Knocks Out LAX

A two-second power outage at the Los Angeles International Airport's control tower and administrative building, which officials believe was caused by a bird standing on a power line, knocked out some of the airport's radar and communications equipment for hours, according to the *Los Angeles Times* April 13. Some of the equipment did not come back on line after the power blip, forcing some 70 incoming planes to have to circle over the airport for as much as 90 minutes. Outgoing flights suffered only minor delays. Even though it took three hours to get all the equipment back up and running, the FAA said it was generally pleased that it was not necessary to shut down the entire airport. Except for the brief outage, controllers at LAX were able to land some planes, but problems communicating with the regional air traffic-control center in San Diego forced them to land planes at half their normal rate.

Parking Fines Rival Property Taxes as Cities' Tax Revenue Source

Parking fines and fees now rival property taxes as major sources of revenue for U.S. cities, according to the National League of Cities, which says 47% of the nation's cities raised parking fines and fees last year, *USA Today* reported April 14. New York's Independent Budget Office says that every \$1 spent on writing tickets and collecting fines brings in \$5 in revenue. "When there are budget constraints, you have to look at all possible sources of revenue," said Chicago's director of revenue, Bea Reyna-Hickey. Chicago expects to collect about \$170 million this year, a 52% increase over the past two years on roughly the same number of tickets. NYC, which doubled its parking fines in 2002, expects to collect \$540 million, up from \$414 million in 2003 and \$380 million in 2002.

Corporate Taxes Plunge as Property Taxes Soar

Accompanying a *USA Today* editorial April 12 is a chart that shows how much corporate taxes have fallen as a percentage of total U.S. tax revenues over the past 49 years: 32% in 1955, dropping to 17% by 1970; to 6% in 1985 Reagan years; rebounded to 10-12% during the 1990s Clinton years; now at 7.5%.

A separate article states that property taxes now constitute 32% of all state/local revenues, the largest source. Property tax revenues have risen at 5.7% annual rate since 2000, to \$297 billion in 2003, while other tax revenues fell.

Hospital Bills Nationwide Spin Out of Control

Daily hospital-room charges now exceed \$5,000 in some New Jersey hospitals, according to *USA Today* April 13. An appendectomy in California, including about two days in the hospital, costs an average of \$18,000. Nationally, the median charge for a hospital stay following a heart attack is \$21,665, and the cost of treating arterial sclerosis is \$17,934. The California Public Employees Retirement System (CalPERS) is considering dropping 45 of the state's most expensive hospitals from its network, saving it \$72 million annually.

Safire: Hedge Funds Pose a 'Real Financial Risk'

Right-wing *New York Times* columnist William Safire blamed the derivatives mania and hedge-fund "bubble" on the 1971 dumping of the Bretton Woods fixed-exchange-rate system. Safire, who confessed to helping to end that system in 1971, issued a warning in the *Times* April 12 about the dangers of pension and mutual funds buying hedge funds, the "unregulated collections of capital." "Watch the hedgehogs," he cautioned, citing SEC chairman Bill Donaldson's testimony to the Senate Banking Committee, that "hedge funds are being purchased by intermediaries on behalf of millions of ... retirees, pensioners and others ... through their pension plans or funds of hedge funds." For example, the Massachusetts state pension board voted to invest a hefty \$1.6 billion in hedge funds.

"I feel a certain responsibility for again banging my spoon against this hedge-fund highchair," he says, "because I wrote the

1971 Nixon speech suspending the convertibility of the dollar into gold. That necessary [sic] flotation, in which Fed Chairman Arthur Burns acquiesced, had an unintended consequence: It launched the frantic derivative dealing that inflated today's hedge-fund bubble."

Hedge funds, he warned, face a "potential market crisis." "America is running a real financial risk."

DuPont To Cut 3,500 Jobs Worldwide

Chemical giant DuPont said it will cut 3,500 jobs internationally by the end of this year, with about 70% of those job cuts in the United States and Canada, Reuters reported April 12. The move comes as part of a previously announced plan to slash costs by \$900 million, amid surging natural-gas prices. The second-largest U.S. chemicals manufacturer, said about 3,000 jobs will be eliminated by layoffs, and about 500 additional by attrition. About 450 contract workers will also be cut.

World Economic News

UK Parliamentary Committee: Re-Nationalize Railroads

A special parliamentary committee in Britain has recommended the return of the nation's railroads to state control. The committee assessed the role of Network Rail, the semi-private agency established to replace the defunct and incompetent private Rail Track a year ago, as "unacceptable."

Also, the second agency established last year, Strategic Rail Authority, is seen as a failure by the committee, which urges a swift return of the entire railway system to state control, not least because of the need to put an end to the chaos of structures that exist today, after various "reforms" and "counter-reforms." Renationalization is the central recommendation of the committee's report, committee chairwoman, Gwyneth Dunwoody, said at a press conference at the parliamentary building in London, April 13.

The renationalization issue will also be addressed in the very likely national strike of the RMT railway workers union at the end of April. The union currently holds a strike vote, which is generally expected to yield the required majority. RMT wants to defend the pensions, which the private rail companies want to cut, and to undo the privatization.

Wal-Mart: World's 30th Largest Economy

If Wal-Mart were a national economy, it would rank 30th in the world, right behind Saudi Arabia, the April 12 *Forbes* said, in a feature on the world's 2,000 leading companies. "Like it or not, the global economy will stay that way," the magazine asserted. "The Wal-Martization of the world is changing commerce around the planet, for good or ill."

According to *Forbes*, the leading company in the world is Citigroup, followed by GE, AIG, ExxonMobil, BP, Bank of America, HSBC, Toyota, Fannie Mae and Wal-Mart. Rounding out the top 15 are UBS, ING, Royal Dutch/Shell, Berkshire Hathaway, and J.P. Morgan Chase.

United States News Digest

George Shultz Preached Preemption in 1984

George Shultz, who later created the Vulcans team which forged the neo-con administration of George W. Bush, went on the record, in a 1984 speech on terrorism to the Park Avenue Synagogue, calling for an end to national sovereignty in pursuit of terrorists. In a *New York Times* article April 13, David Brooks quotes Shultz, "Our responses should go beyond passive defense to consider means of active prevention and retaliation. We cannot allow ourselves to become the Hamlet of nations, worrying endlessly over whether and how to respond.... The public must understand before the fact that some will seek to cast any pre-emptive or retaliatory action by us in the worst possible light, and will attempt to make our military and our policy makers—rather than the terrorists—appear to be the culprits."

On May 29, 2002, Shultz wrote for the Hoover Digest on "Hot Preemption" (beyond "hot pursuit"), quoting his 1984 speech, to show how he had been ahead of his time. "At that time, I was disowned and dismissed by official Washington and on leading editorial pages," he wrote, but today, "by contrast, we all cheered—I at the top of my voice"—when Secretary Rumsfeld announced the U.S. policy of preempt ion. In this later piece, Shultz goes further in renouncing sovereignty, by demanding not only that rogue nations be attacked (there are more than a dozen, he said), but that Western democracies as well have become havens for terrorists, using the "freedoms offered by the democratic West." This must go, he said: "We must get ourselves in order.... We must change our mind-set."

As to "Arab and Muslim countries," they are guilty of making deals with the terrorists in order to prevent them from attacking their regimes (which sounds strangely like the policy of the British in harboring terrorists, which seems to have slipped by Shultz's notice), and "must be held accountable."

Cheney Still Raking In Big Bucks from Halliburton

Dick and Lynne Cheney reported taxable income of \$813,226 in 2003, of which \$178,437 was deferred compensation from Halliburton. Cheney earns \$198,000 a year as Vice President, and Lynne Cheney earns a salary from the American Enterprise Institute, and compensation as a board member at *Reader's Digest*. The Veep has repeatedly insisted he has no financial interest in Halliburton, as the money is actually compensation for work he did in 1999, before his election; Cheney purchased an insurance policy which guarantees the payments should Halliburton be unable to pay.

Cheney: U.S. Will Remain Involved in Iraq

In his press conference in Japan, on April 13, Vice President Dick Cheney revealed: "The United States will continue to play a major role [in Iraq] from the standpoint of our security forces, but the actions and activity of what we've described in the past as the Coalition Provisional Authority will be transferred, *in part*, to the new interim government on that date." Being a little bit sovereign is a contradiction in most men's minds.

Iraq Needs a 'New Deal'

The U.S. has "two months to get it right," if they expect Iraqis to permit any role for the U.S. after the June 30 date, says columnist David Ignatius, in an op-ed in the April 13 *Washington Post*. The only solution, he says, is "a New Deal" for Iraq—a post-June 30 plan that evokes the crash efforts of Franklin D. Roosevelt to turn the momentum of the Great Depression. No more administration pieties about democracy and terrorism, please."

Among other things, Ignatius says the U.S. must provide electricity for all, 24 hours a day: "If it takes an airlift of C-17s carrying generators, do it;" speed up the \$18 billion, and create 50,000 new jobs by June 30.

Scalia Makes Show of Apologizing for Erased Tapes

Supreme Court Justice Antonin Scalia made a show of apologizing to two reporters in Mississippi, whose audiotapes of his April 7 remarks to a high school assembly in Hattiesburg had been forcibly erased by U.S. Marshals. The Marshals Service defended their action, on the basis that Scalia has a "long-standing policy prohibiting such recordings of his remarks." At another event earlier that day, his hosts announced before Scalia's speech to a large college assembly that it could not be recorded, and when Scalia saw television cameras at the reception which followed his speech, he ordered them removed, too.

With reporters highlighting the irony of such "gestapo" tactics being taken on a Supreme Court Justice's behalf, Scalia decided it was politic to send a letter to the Reporters Committee for Freedom of the Press on April 9, advising them that he is "undertaking to revise my policy so as to permit recording for use of the print media," and he sent a letter of apology to the most prominent of the two reporters involved in the incident.

Unimpressed, Democratic Senators Patrick Leahy and Charles Schumer sent a letter to the chief administrator of the Federal court system on April 12, requesting a clear policy on media coverage of Federal judges' public remarks. Quoting Scalia's own remarks to the high school where the incident occurred—"the Constitution of the United States is extraordinary and amazing. People just don't revere it like they used to"—the Senators suggested that "actions speak louder than words. If the seizure of the reporters' tapes did not violate the letter of the Constitution—and it may well have—it certainly violates the spirit."

The April 13 editorial in Delaware's *Daily Times* suggests that if Scalia is so quick to recognize a mistake and rectify it, why hasn't he recused himself from Dick Cheney's lawsuit to keep the Bush Administration's energy task force notes secret? "Why are his ideological and personal ties to the powerful and reclusive Vice President so strong? And if the two are so close, can the public expect Scalia to judge the case honestly and impartially?"

Hispanics Watch U.S.-Iberoamerican Policy Closely

A recent nationwide "Herald/Zogby International" poll reveals that a whopping 91% of Hispanics who are registered voters say U.S. policy toward Ibero-America is an issue they consider important. Of the total, 52% said they consider the issue "very important," and 39% "somewhat important."

The *Miami Herald's* Andres Oppenheimer argued, on April 12, that American political figures had therefore better start paying closer attention to Ibero-America. The 91%, says Oppenheimer, is "an amazing figure," since the poll was conducted largely among assimilated Hispanic-Americans. Had Hispanic voters, with more recent and perhaps closer ties to their countries of origin, been included in the poll, that figure would have been even higher.

20,000 Troops To Stay an Extra 90 Days in Iraq

On April 15, Secretary of Defense Donald Rumsfeld had some bad news for almost 20,000 soldiers in Iraq, who were told they would have to remain there for 90 days beyond their original release dates, which, for many would have been the following day. Rumsfeld announced during a press briefing, that Central Command Chief Gen. John Abizaid had requested additional combat troops for Iraq and that he had approved the request. Those troops will be made up of two brigades of the 1st Armored Division, based in Germany, the 2nd Light Cavalry Regiment, from Fort Polk, Louisiana, plus 30 other combat support and combat support service units, including about 4,400 National Guard and Army Reserve troops from 20 different states.

Rumsfeld's announcement breaks the promise that no one would have to stay in Iraq for more than 12 months, and also sabotages the number one stress-control measure that the military mental health professionals say is important in maintaining morale: that of having a definite end date to the deployment. Rumsfeld and Vice Chairman of the Joint Chiefs

of Staff Gen. Peter Pace played down this aspect of the extensions, claiming that every soldier knows that the mission comes first. Also left unsaid is that some number of those 20,000 troops will be coming home in boxes, because of the extension.

U.S. Will Not Cooperate with Kuwait's Halliburton Probe

According to Kuwaiti press reports, the parliamentary commission investigating the role of the Kuwait Petroleum Company and Altanmia in Halliburton's overcharging the U.S. government for shipping gasoline into Iraq, wants to delay releasing its findings, because the U.S. Army declined to testify. "We are disappointed, as the Americans are a key ally.... We had hoped for cooperation, especially since this case is of interest to both countries," Ali al-Rashed, who heads the parliamentary fact-finding panel, was quoted by the daily *al-Seyassah* as saying. As a result, the panel will not be able to submit its findings within the 60-day limit set by the parliament, necessitating an extension.

Ibero-American News Digest

IMF: Infrastructure Costs Too Much for Indebted Ibero-America

IMF External Relations Director Thomas Dawson threw cold water last week on Ibero-America's pleas to be allowed to exclude infrastructure investments from the calculations of their fiscal surpluses.

Every major Ibero-American country, except Chile and Venezuela, operate under IMF accords which require them to run high primary fiscal surpluses (revenues minus all expenditures except debt payments), in order to siphon off a fixed percentage of GNP for foreign debt payments, at the expense of everything else, most particularly infrastructure. At the last Inter-American Development Bank meeting on March 29, eleven countries signed the so-called "Lima Declaration," requesting the IMF, to allow them to invest more.

Asked about the request at the April 8 IMF press briefing, Dawson reiterated the IMF's bottom-line: Government "investments do indeed create, in most of these cases, debt, and the debt needs to be financed. And the Latin America region in particular, but other regions as well, are ones where deficits and debt levels still raise questions of sustainability."

The IMF held an informal seminar April 2 to discuss a paper prepared on this subject (which is to be made public in due course), he said. Everyone agrees public investment has been relatively low in Ibero-America, and the "declining share of government activity and of the economy has been an issue of some concern." But, he concluded, "there are still trade-offs. Resources are still scarce."

Translation: The debt comes before your desire to live. So much for the strategy of begging for "fair" treatment from a dying system.

Labor Opposes Drive To Dismantle Mexican Social Security Institute

The Mexican government is claiming the Mexican Social Security Institute (IMSS) is bankrupt, in a poorly-disguised prelude to privatizing it. IMSS claims it faces a 400 billion peso hole in its pension fund (approx. \$40 billion), and is trying to pass the costs onto the IMSS workers' union (SNTSS). On April 8, the SNTSS rejected the government's various proposals, which included raising the retirement age for any new Social Security workers from 60 to 65 years, and a sharp increase in the percentage of wages deducted as a contribution to their pension fund.

Despite the barrage of media propaganda blaming alleged union "perks" for IMSS's "bankruptcy," and wild corruption charges against the SNTSS leadership, the union called marches nationwide in their defense, and in defense of IMSS, on April 14. Various unions, including the electrical workers, participated. Some 7,000 marched in the city of Monterrey.

The head of the IMSS workers, Roberto Vega Galina, denounced the whole charade, pointing out that *no* new IMSS workers have been hired in 20 years, so what "future generations" is the government talking about? He emphasized that there is no solution to IMSS's financial problems, separate from solving the problem of growth, employment, and wages overall in the country.

Rio Shaken by Drug-Gang Warfare

A shooting war broke out on April 9, when a drug gang from the Vidigal *favela*—as the giant urban slums of Brazil are known—launched an armed assault on rivals in the neighboring *favela* of Rocinha. By April 12, with 10 people killed, commerce in Rio in shambles, and over 10,000 students kept out of schools near the crossfire, the state authorities sent in over a thousand armed police into Rocinha, where 150,000 people live. The Defense, Justice, Civil Affairs, and Institutional Security Ministers met in Brasilia also, to discuss what action to take, after which Justice Minister Marcio Thomaz Bastos announced that the government might be willing to send the military back into Rio de Janeiro, to reestablish order.

The Vice Governor of the state of Rio, Luiz Paulo Conde, who doubles as the state's secretary of the environment, called for a 10-foot-high wall to be built around the slums, "immediately." "Not to stop the violence," he specified, but "to mark off territory." The *favelas* not only border upon wealthy neighborhoods and Rio's famous Ipanema beach (drug wars are bad for tourism), but, according to Conde, the growth of the *favelas* is encroaching upon environmentally protected forests, which are "part of Rio de Janeiro's beauty," which he considers "an important economic factor for the city."

Other officials quickly moved to shoot down the idea. Justice Minister Bastos said he was "completely against" the construction of such a wall, while the Mayor of the city of Rio de Janeiro, Cesar Maia, denounced the proposal as "unbelievable.... They want to create some sort of theme park on drug and cocaine trafficking."

As background to this story, remember that in Nov. 2002, the Cheneyacs around Defense Secretary Donald Rumsfeld identified the slums of Rio de Janeiro and Sao Paulo as "ungovernable areas," which, as hideouts of terrorists and drug-traffickers, could become targets for deployment of future regional rapid deployment forces.

More Defections from Brazil's Ruling Coalition

Leading members of Brazil's Liberal Party (PL) have officially left the governing coalition's bloc in the Senate, another sign of disintegrating support for President Lula da Silva's policies. Three Senators—Magno Malta (Espirito Santo), Marcelo Crivela (Rio de Janeiro), and Aelton Freitas (Mato Grosso)—said they were pulling out of the bloc in order to act more independently, and by so doing, they put themselves in a position to deprive the government of support it needs for crucial pieces of legislation. If Lula wants those three votes, he will have to negotiate for them.

Vice President Jose Alencar, who has been publicly critical of the government's high interest rate policy, belongs to the Liberal Party. A few weeks ago, PL President Valdemar Costa Neto, a Congressman, called for the resignation of Finance Minister Antonio Palocci, on grounds that Palocci's economic policy has been incompetent, and on April 14, he called for Henrique Meirelles, a former top executive of the BankBoston, to be removed from his post as head of the Central Bank.

The PL is only one of several parties making up the governing coalition that is irate about the Lula government's economic and other policies.

Argentine Poverty Levels Surpass Brazil, Mexico

Poverty levels in Argentina, once the country with the most advanced living standard in all of Ibero-America, have caught up to the rest of the continent, according to the private Argentine think tanks, Idesa and Fundacion Capital. By 2002, Argentina's poverty levels had surpassed those of Brazil and Mexico—32% of the population in both these countries are classified as poor—and now approach those of Ecuador, Paraguay, and Colombia. Idesa points to the salary gap between workers who are legally on the books, and the growing number who work off the books. The legally employed earn more than double those trapped in the "informal" sector.

This is only a relative advantage. According to a survey done by the Equis consulting firm, 65% of legally employed private-sector workers earn *less* than the cost of the basic monthly market basket of goods and services. The government's statistical agency, Indec, reports that wages have improved by 20.4% in the last two years, *but* the value of the monthly market basket has *increased* by 55%! Worse, the subsistence market basket, which only includes food, increased during the same period by 75%! Earnings of those in the informal sector don't even come close to the minimum threshold that the legally employed might reach.

Public-sector wages and pensions remain frozen. Not even government-issued family subsidies for lower-income families have been increased, even though inflation is increasing, estimated to reach 8-10% this year. The argument is that payment of the foreign debt, which absorbs 3% of GDP, precludes any increase.

One Out of Four Argentine Children Now Work

One and a half million Argentine children under the age of 14 work to help support their families. This is at least one out of every four children, as there were more than 6 million children between the ages of six and 14 in 1998, *Clarín* reported April 4.

The director of the Argentine office of the International Labor Organization (ILO), Ana Lia Pineyrua, warns that "available statistics don't reflect the magnitude of the problem, due to the invisibility of the jobs, such as domestic labor, and worse, all too intolerable kinds, such as sexual exploitation."

Transparency Agent Takes Over Security in Buenos Aires

In the midst of the very volatile situation in Buenos Aires, the British hit-squad, Transparency International (TI), has succeeded in getting one of its people, Leon Arslanian, named Security Minister for the province of Buenos Aires. according to *Clarín* April 13. In 1999, as a former Justice Minister, he worked closely with TI's President for Caribbean and Latin America, Luis Moreno Ocampo, to "reform" the Buenos Aires provincial police, whose "corruption" he said, was responsible for growing crime rates.

Now, he's spouting the same line, to explain the extraordinary increase in violent crime in the region, which in reality is the result of IMF destruction of jobs and living standards. He promises to purge the police force, whose corruption, he argues, is "the result of the model of authoritarian centralization aggravated by the military dictatorship and lack of political control." He's promoting "citizen participation"—self-policing—and decentralization as his solution.

Governors Meet To Discuss Bi-Oceanic Corridors

Governors from states in northern Argentina and southern Brazil and Bolivia, met in Salta, Argentina on April 13, to map

out bi-oceanic corridors as key to physically integration the continent. *El Tribuno* reported April 14. The Governors ratified the integration agreement ("the Campo Grande Charter") signed last Feb. 4 in Campo Grande, capital of the Brazilian state of Mato Grosso do Sul, which identified key integration projects for the region. In the "Declaration of Salta," which came out of the April 13 meeting, the governors identified as their main priority, the building of a "Railroad Corridor," with a 4,300 kilometer railroad from the Brazilian port of Santos to the Chilean port of Antofagasta. The railroad would go through the region known as the Central-Western South American Integration Zone or ZICOSUR, which also includes northern Chile and southern Paraguay.

On April 26-27, at the ZICOSUR meeting in Antofagasta, both the Campo Grande Charter and the Declaration of Salta will be presented to Chilean President Ricardo Lagos. There is great excitement among the participating national delegations over the potential which this project holds for developing the region under discussion. The governors hope that such institutions as Brazil's national development bank, BNDES, the South American Infrastructure Integration Initiative (IIRSA), the Andean Development Corporation, and Fonplata (La Plata Fund), among others will offer financing for this project.

Western European News Digest

Rome Press Covers LaRouche Warning on Bond-Market Crash

Two Rome-based press agencies reported U.S. Democratic Presidential candidate Lyndon LaRouche's recent warning of a bond-market crash. On April 8, *Agenparl*, a daily newsletter read mostly by parliamentarians and political leaders in Rome, and OPI (Osservatore Politico Internazionale), a small private political press agency, reported a statement by Paolo Raimondi, President of the Movimento Internazionale per i Diritti Civili Solidarietà, based on LaRouche's declaration, "Terror on Worldwide Main Street."

After detailing the story of the March U.S. jobs report and the devastating effect on bonds and related markets, under the title, "How 'good news' (but false) could ignite a systemic crisis," Raimondi quotes LaRouche comparing the present situation to the hyperinflationary policy of Weimar, Germany in 1923. At least two members of Parliament have expressed their appreciation for the analysis and the necessity of a new global financial reorganization.

British Fund Manager Issues Alarm on Housing Bubble

One day after the *Financial Times* published a warning from British fund manager Tony Dye that housing prices could collapse by 30%, London's *Independent* on April 14 devoted three pages to the subject. Headlined "'Dr Doom' predicts a house price crash to rival the 1980s," the article notes that some years ago, Dye "was ridiculed for predicting a crash in hi-tech stocks in the late 1990s," but later was proven to be right. Today, the same Tony Dye says: "I think we have reached the point where the rises are no longer sustainable and correction is likely to be fairly dramatic." House prices, starting in London, will crash by 30%. "It is going to be distressing for those who have bought in recent months and are likely to find themselves trapped in negative equity.... [P]eople have been lured into borrowing beyond their means."

An editorial by *Independent* economics editor Jeremy Warner the same day also covers Dye's warning: "Housing bubble trouble markets' Dr Doom," essentially stating that this time Dye "is probably correct." He adds: "Forget Iraq, top-up fees, immigration and the rest, elections are much more likely to be won and lost on the health of the economy and, on this front, the housing market has become Labour's biggest Achilles heel."

The *Independent* also ran short interviews with 10 financial experts, including Bank of England governor Mervyn King, all forced to comment on the issue of the coming housing crash in Britain. And the *Daily Telegraph*;s coverage, headlined

"Avoiding a housing crash," says that Dye's warning should be taken seriously because, if it comes, it would have "serious economic and political consequences."

European Nations Moot Troop Withdrawal from Iraq

Following the Spanish example, several nations are considering a troop pull out from Iraq. The incoming Socialist government of Spain has already made clear that its troops will be withdrawn after June 30. In view of the ongoing anti-Occupation insurrection in Iraq, the June deadline has also been mooted by the governments of Kazakhstan, Thailand, and New Zealand in the past days.

Responding to increasing pressure from the population and a strong current in the Bulgarian parliament, President Parvanov April 12-13 announced the pull-out of Bulgarian troops from Kerbala, to a site farther off, saying that all of Bulgaria agrees that the top priority for its contingent in Iraq is its own safety. This is widely read as just the prelude to an announcement of complete pull-out from Iraq.

Pressure is also increasing in the parliaments of Ukraine, Poland, Slovakia, Czechia, Romania, and Italy, to pull troops out. The Polish President has already announced a pull-out by the end of the year. In Ukraine, it is the pro-American opposition that is most outspoken for a pull-out; in Slovakia, the nominally anti-American left-wing opposition seeks withdrawal, as does the more pro-American conservative opposition in Czechia, and the leftwing-liberal opposition in Italy.

Hollinger Battle: Are Synarchists Fighting Each Other?

The board of Hollinger International has hired Lazard Frères to sell off part or all of its assets, in an attempt to preserve some of their value, which was heavily looted by former Hollinger chief, Conrad Black, Lord of Crossharbour. But in addition to the standing lawsuits to recover the \$200 million that Black took illegally, there will be a "fresh suit" filed for damages far in excess of the \$200 million, "when Richard Breeden, the former U.S. Securities and Exchange Commission chairman hired by the company to investigate allegations of financial impropriety, completes his inquiry. It is understood Breeden is close to completing his report and could hand it to the company this week. A revised claim will be submitted soon after." The report appears in the April 11 *London Observer*, written by business correspondent James Robinson.

Robinson adds, "Since the original writ [in January 2004] was filed, new allegations have emerged. Breeden is investigating claims that Black effectively sold dozens of Hollinger's smaller newspapers to himself for as little as 50 cents apiece, and then sold them off at a profit. One of those transactions allegedly netted Black and fellow executives over \$750,000.... Hollinger's amended claim will seek to recoup the money Black allegedly made from dozens of similar transactions, which it believes could run into tens of millions of dollars."

Black is also the Daddy Warbucks for former U.S. neo-conservative Defense Policy Board head Richard Perle. Perle is a voting board member of Hollinger, Inc., the Black company that looted Hollinger International Inc., which involves Perle in the scandal.

Was Perben Demoted for Ties to Ashcroft?

Justice Minister Dominique Perben was a prime target in the recent French government reshuffle. According to the national weekly, *l'Express*, President Jacques Chirac wanted to move Perben out of the Justice Ministry, and demote him to head a minor ministry such as "Equipment." Prime Minister Jean-Pierre Raffarin managed to keep him at his post at the last minute. Chirac, however, downgraded Perben to the fourth to sixth rank in protocol, and forced him to take Chirac's adviser on judicial issues, Laurent Le Mesle, as head of his cabinet, i.e., Le Mesle will actually take control of the Justice Ministry.

Lyndon LaRouche associate Jacques Cheminade and the LaRouche Youth Movement recently conducted a hard-hitting campaign against Perben for having secretly negotiated with U.S. Attorney General John Ashcroft the possibility of the FBI extending its operations into France, using the post 9/11 fight against terrorism as a pretext, which apparently displeased Chirac and his Prime Minister Dominique de Villepin.

Blair: 'A True Crusader' for Iraq War

"Did you ever see the strange glint in Tony Blair's eye when he speaks of Iraq? He's even more emotionally and ideologically committed to the 'cause' in Iraq than is George W. Bush. Blair is a true crusader," a London insider remarked on his view of the British Prime Minister's state of mind, as the April 16 date approaches, for the planned meeting with President Bush in New York.

Blair's state of mind was shown in a signed commentary for the *London Observer* on April 11, in which the Prime Minister hyperventilated that if the American-British intervention in Iraq were defeated, this "would defeat civilization and democracy everywhere.... This is not a 'civil war'.... The insurgents are former Saddam sympathisers, ... terrorist groups linked to al-Qaeda and, most recently, followers of the Shia cleric, Moqtada al-Sadr...."

The *Guardian's* Martin Kettle said the article showed Blair in his "most Gladstonian mode." Lord William Gladstone, a 19th Century Prime Minister, at the height of the British empire, would regularly invoke the most high "moral principles" to advocate imperial interventions abroad. One of his favorite causes, was as a supporter of the Confederacy during the U.S. Civil War.

Blair's *Observer* article has been sharply criticized in much of the British press. *The Independent* wrote April 12 that "Mr. Blair seems to have learned nothing from recent developments in Iraq.... The only groups Mr. Blair excludes from his demonology are ordinary Iraqis, drawn to rebel against the dire state of their country, and the failure of the occupiers to bring security. Without their desperation, Mr. Sadr would not have flourished."

Danish Neo-Con Prime Minister Challenged on Iraqi WMD

A recently fired senior Military Secret Service (FE) officer went public April 15, charging that Prime Minister Anders Fogh Rasmussen *deliberately* lied about the existence of Iraqi WMD.

Frank Soeholt Grevil chose to speak out after Anders Fogh, addressing the Parliament, several times referenced the FE as a source for Iraqi WMD, even though several intelligence reports made it clear that no reliable information existed to support such a claim.

Frank Grevil is known as a totally reliable and trustworthy employee, who had received a special medal of honor within the military academy. That he would choose to leak information, risking jail and dismissal, must be interpreted as "something rotten (and smelly), in the state of Denmark."

The PM has denied lying. Hearings are expected soon.

Schroeder: Palestinian Interests Must Not Be Discarded

At a press conference following a one-hour meeting with Egyptian President Hosni Mubarak in Hanover, Germany April

16, Chancellor Gerhard Schroeder said that anything that could set a negative precedence in the Israel-Palestine conflict, must be avoided. The genuine and justified interests of the Palestinians must not be discarded, but taken into account appropriately, for the next round of peace talks, Schroeder said, adding that he expects Israel to respect the outline set by the Road Map.

Concerning Iraq, Schroeder insisted that the re-transfer of sovereignty begin after June 30, and that this transfer be done in a way that, above all, serves the genuine interests of the Iraqi people.

Mubarak concurred with Schroeder's views, both on the Road Map and the Iraqi sovereignty issue.

Infrastructure Project Will Spin Off 800 Million Euros

The Femern connection that connects the vital geopolitical area between the Danish Island Zealand and Northern Germany will, according to a report released by the Consulting Engineering company COWI A/S, spin off 800 million euros to the Danish state, and be of similar advantage to Germany and the rest of Europe, the Danish Traffic Ministry reported April 14. The savings comes from lower passenger transport time and reduced costs on goods traffic. The report is one among many from the commission established by the Danish and German governments in August 2003, after official mutual binding confirmation that they would establish the project.

Russia and the CIS News Digest

Russian President in Diplomacy with Europe, Asia

President Vladimir Putin of Russia made a one-day trip to Germany on April 16, to attend the 60th birthday celebration of Chancellor Gerhard Schroeder. It was an opportunity for the two leaders to meet also with French President Jacques Chirac—thus bringing together the group of leading countries which had fought to prevent the launching of the war in Iraq one year ago.

Prior to this trip, Putin during the week of April 12 had also conferred with President Islam Karimov of Uzbekistan, who visited Moscow. Putin committed Russia to support Uzbekistan in the face of terrorist attacks like the series of bombings in Tashkent two weeks earlier. And, Putin received senior Japanese figures who were in Moscow to attend the "Council of Wise Men," a Russian-Japanese series of consultations headed by Moscow Mayor Yuri Luzhkov and former Japanese Prime Minister Mori.

Mont Pelerinites Attempt New Infiltration of Russia

Some of the world's most radical neo-liberal apostles of bankers' dictatorship descended on Moscow for a two-day conference April 8-9, under the title, "A Liberal Program for the New Century: the Global View." Speakers included persons who were among those responsible for the first onslaught of murderous neo-liberal reforms in Russia after the break-up of the Soviet Union, in the early 1990s, as well as other international poster kids for free trade, deregulation, privatization, and globalization: Jose Pinera ("father of the Chilean pension reform"), ex-Finance Minister of New Zealand Ruth Richardson, former Estonian Prime Minister Mart Laar, Cato Institute founder Edward Crane and the notorious racist "Bell Curve" author Charles Murray of the American Enterprise Institute, among others. At a high point of the event, participants watched a videotaped address to the proceedings by the now-ancient ghoul, Milton Friedman.

Evidently thanks to the (bad) good offices of Andrei Illarionov, a Friedmanite radical who is still an adviser to the President, participants in the confab were received on April 9 by Putin, who thanked them for choosing Moscow as the

venue for their discussion of the world economy and finance. Stating his pleasure that the conference coincided with the manifestation of "certain positive tendencies in our economy," Putin said he hoped the Russian Central Bank and government economic officials had listened to the ideas discussed at the meeting, since they would be needed "during the determination of strategic actions to solve various problems we have in Russia."

Menshikov: Neo-Liberal Tricks Discernable in Latest Reforms

In his April 2 column for the weekly newspaper *Slovo*, the distinguished Russian economist Stanislav Menshikov analyzed "The First Steps of the New Government: Neo-liberal Haste and Dense Capitalism." Menshikov wrote that—for all the aggressive, "get-down-to-business" profile of the new team Putin has put together under Prime Minister Mikhail Fradkov—the unhealthy neo-liberal axioms of the 1990s have not been changed, and "there are no signs that an industrial policy has been conceptualized and formulated." Putin has sternly demanded the halving of the poverty rate, wrote Menshikov, "but the leaders of the social sector avoid talking about the most important thing: a program to create new jobs, especially in chronically depressed sectors, and whole regions with a chronically high unemployment and poverty level ... into which category fall a near majority of the towns and villages in the country. Nationwide, this would mean several million new, well-paid jobs. Who will create these companies, and how, in the neo-liberal market economy, left to its own devices, remains a mystery."

Among other points, Menshikov zeroed in on the pitfalls of "the neo-liberals' dream of using taxes to defeat poverty." Indeed, the radical tax reform of reducing the "unified social tax" (paid by employers to fund the national pension program, health care and a host of other benefits) by 10 percentage points, has been topic number one at Putin's recent meetings with the new government. Allegedly, this move will inspire employers to put their payroll on the books, instead of paying it under the table. But how then to fund the programs that rely on the unified social tax? "It is well known, that [German] Gref's Ministry [of Economic Development and Trade] has already drafted a plan to raise the individual income tax from 13% to 17%, Menshikov noted." (It is already a regressive flat tax, Andrei Illarionov's brainchild.) "To his honor, Vladimir Putin has forbidden this," said Menshikov, but the problem remains.

Menshikov questioned the rationale for the proposed slashing of the unified social tax, namely the notion that Russian businessmen would use the funds they retain, to raise wages and invest in technological renovation. There is no indication this would happen, nor means of enforcement, he wrote.

In conclusion, Menshikov reported that Academician Dmitri Lvov, head of the economics division of the Russian Academy of Sciences (and close senior associate of former Presidential candidate Sergei Glazyev), has just issued a different program to fight poverty in Russia. Lvov proposes to spend a portion of Russia's gold and foreign-currency reserves, and to impose a steep tax on millionaires and billionaires. But today's "one-party system," wrote Menshikov with reference to United Russia and the new Presidential team, "brushes aside the respected Academician like a bothersome fly, making the snap judgment that any reduction in currency reserves might damage Russia's image abroad or cause a financial panic." Nonetheless, Menshikov urged careful attention to Academician Lvov's new proposals.

Russia Tells Its Civilians To Leave Iraq

On April 13, Russia joined European countries in urging its citizens to leave Iraq. Five Ukrainian and three Russian construction workers and technicians were freed that day, after having been seized April 12.

Putin Calls For Space Demilitarization, While Russia Prepares

President Vladimir Putin took the occasion of Cosmonauts Day to emphasize the importance of space for Russia's national security. The holiday is celebrated around the world every year in honor of the first manned space flight, by Yuri Gagarin

on April 12, 1961. While praising cooperation with the U.S. in space, Putin stated that space activities "are essential for the very existence of our nation," and while everything must be done "to demilitarize space," he added, "we all understand very well that this situation [potential military-political confrontation] still exists now, and will continue to exist for quite a long time." Therefore, "We are taking it into account, and will continue to take that into consideration in the future." For the occasion, NASA administrator Sean O'Keefe sent the traditional congratulations, to the recently reorganized Russian Federal Space Agency, which is now under the military.

Mideast News Digest

After Meeting Bush, Sharon Kills Hamas Leader

On April 17, Hamas leader Abd Al-Aziz Rantisi was killed in a "targetted assassination" by the Israeli government, by a missile fired from an Israeli helicopter. The attack came hours after a suicide-bomb attack on the Erez crossing, that killed one Israeli border policeman. Rantisi, the leader of the political arm of Hamas, had been named as a target by Israeli Prime Minister Ariel Sharon, and other members of Sharon's cabinet, weeks ago, and several months ago, Rantisi survived an earlier Israeli assassination attempt. Despite the threats, Rantisi refused to go underground.

U.S. intelligence sources in Washington had warned that the White House acceptance of the Sharon plan would be taken as a green light by the Israeli right wing to eliminate Palestinian leaders. It was known that Hamas was in discussions with the Palestinian National Authority in Gaza to prepare for a broad governing coalition if the Israelis withdraw from the area.

World Denounces the Sharon-Bush Agreement

Following the exchange of letters between George W. Bush and Ariel Sharon on April 14 (see this week's InDepth), there has been a broad condemnation of the unilateral moves to permanently seize occupied lands, and deny Palestinian refugees the right to return to their former homes and lands. A sampling of the responses on April 14 and 15, appear below:

European Union foreign policy head Javier Solana: "I welcome the Israeli Prime Minister's proposals for disengagement from Gaza." But, "Final status issues can only be resolved by mutual agreement between the parties."

United Nations Secretary General Kofi Annan: "The Secretary-General reiterates his position that final status issues should be determined in negotiations between the parties based on relevant Security Council resolutions."

French President Jacques Chirac: "I have reservations about any unilateral or bilateral undermining of international law.... If circumstances or men start playing with international stability and the rules of international law, it is a troubling precedent.... It's dangerous."

Italian opposition leader Francesco Rutelli: Bush's statements are "a clear indication of the inability of the U.S. President to understand the immeasurable damage caused by a unilateral strategy.... This strategy ... could plunge the entire Gulf region into chaos."

Palestinian Prime Minister Ahmed Qureia: "The Bush statements are destroying the peace process." Bush is "the first President who has legitimized the settlements in the Palestinian territories, when he said that there will be no return to the borders of 1967. We, as Palestinians, reject that. We cannot accept that. We reject it, and we refuse it. It cannot be decided by the President of the United States what is realistic and what is not realistic.... This is a real violation of the Road Map."

Arab League leader Hossam Zaki, in Cairo, described Bush's declarations as "very dangerous" and "legally baseless." "No state, especially if it is a mediator, has the right to cancel the rights of the Palestinian people."

Lebanese President Emile Lahoud said the U.S. policy shift was "a violent shock to anyone who believes in Middle East peace."

Hamas political leader Khaled Meshal declared that Bush's new policy puts an end to "illusions that there can be a U.S.-sponsored political settlement.... This stance proves that resistance is the only way. [Bush] fired a fatal bullet at the Road Map and at any other settlement plan that comes under any other title. This dangerous and critical turning point requires Muslims, Arabs and Palestinians to respond with a joint stance—folding the page of [political] settlement. to support the choice of resistance."

Zinni Derides Rumsfeld's Ignorance of U.S. Iraq Casualties

In exceptionally strong language, Gen. Anthony C. Zinni (USMC-ret.) told the *San Diego Union-Tribune* in an interview published April 16, that the "surprise" over the high number of U.S. troop deaths in Iraq last week, expressed by Defense Secretary Donald Rumsfeld on April 15 is unbelievable. At a Pentagon briefing, Rumsfeld said that he *could not have known* that this high number of American troops would die in Iraq. On April 18, the number of U.S. troop deaths passed 700, with 100 soldiers dying in the month of April, alone.

About Rumsfeld, Zinni said, "I'm surprised that he is surprised because there [were] a lot of us who were telling him that it was going to be thus. Anyone could know the problems they were going to see. How could they *not*? (emphasis added)

Zinni said, "I've been called a traitor and a turncoat for mentioning these things.... I think that some heads should roll over Iraq. I think the President got some bad advice."

After ignoring warnings and the warnings of other senior military officials, the Bush Administration is trying to go "hat in hand," to the United Nations to pull its "chestnuts out of the fire in Iraq.... "We're betting on the UN, who we blew off and ridiculed during the run-up to the war," Zinni said. "It would be funny if not for the lives lost.... I spent two years in Vietnam, and I've seen this movie before."

U.S. Forces Launch New Provocation in Najaf After Mediation Talks

Just as it appeared that perhaps a negotiated solution could be found in Najaf, to prevent a U.S. military assault on the city, a new provocation was launched. During the night of April 15/16, American planes dropped leaflets over the city, characterizing Shi'ite cleric Moqtadar al-Sadr as an "outlaw," and calling for his arrest or surrender. The text says he is accused of being a killer.

The talks that have been conducted by Iraqi religious leaders, including the son of Grand Ayatollah Ali Al-Sistani, had reached a point, where it appeared that the United States would no longer demand Al-Sadr's arrest, but would, rather, proceed lawfully, and defer the case to an Iraqi court, to be convoked once a legitimate Iraqi government were formed.

One mediator stated that the Americans now are placing conditions that are "impossible." On April 15, Ayatollah al-Sistani told mediators that Najaf and Kerbala represent "red lines," and that he would not allow the occupying forces to invade under any circumstances. On April 16, a representative of al-Sistani, speaking at Friday prayers in Kerbala, confirmed this, saying it would lead to terrible consequences. He called for political moves, to end the crisis peacefully. He said that Iraqi people were tired of bloodshed; however, that, if these methods do not prove to be effective in restoring independence, and

if the Marja (highest Shi'ite religious authority) feels that bloodshed and weapons are the only way, after all means have been exhausted, then one can only resort to these methods.

As for Al-Sadr, on April 15, he was reported as saying that he believes it is clear that the occupying forces want to invade Najaf and Kerbala. Their intention, he said, is to stay in Iraq for many years. The negotiations are leading nowhere. To talk about democracy and freedom, he said, is nonsense, and people should not listen to it.

Al-Sadr said, "We won't allow them into Najaf and Kerbala, we are ready for martyrdom. Support me with patience and steadfastness. This is a war of religion." He called on the Japanese to pull out their troops, and learn the lessons of Hiroshima. He called on soldiers of the occupation to surrender and lay down their arms, promising them protection.

In Kufa, where Al-Sadr reportedly delivered a speech at the April 16 Friday prayers, U.S. troops attempted a limited incursion. Two Humvees were set on fire, and an armored vehicle was ambushed. The U.S. forces responded with mortar fire.

In other news, *Al Jazeera* reported, April 16, that the new Iraqi Army brigade, which had refused to fight against Iraqis in Fallujah, has been surrounded by American troops.

Schiff: U.S. Should 'Get Out of Iraq as Soon as Possible'

Senior Israeli military commentator Ze'ev Schiff writes in the Israeli newspaper, *Ha'aretz* of April 16, that Iraq is the United States' Lebanon war, and that the U.S. should get out as soon as possible. Schiff says the United States has been killing Iraqis at a rate unheard of in the Israel-Palestinian conflict, with 700 Iraqis killed in recent days in Fallujah alone.

Schiff concludes: "What is happening in Iraq is not President George W. Bush's Vietnam, as Massachusetts's Sen. Edward Kennedy has said. What is happening in Iraq is more reminiscent of what happened to Israel in Lebanon. And the lesson from that affair is not only the growth of the Hezbollah, which came [to take the] place of the Shi'ite organization Amal. Another lesson is to hand governance over to the Iraqis and to get out of Iraq as soon as possible, and furthermore, to redefine the aims of the war. Just what kind of democracy does Bush want to teach the Iraqis? Lebanese, Egyptian, or Moroccan democracy? These are concepts that the Muslim world sees in an entirely different way."

Schiff, a senior military correspondent for *Ha'aretz*, is the author of a well-known book on the Israeli war in Lebanon.

Asia News Digest

Philippines Ponders Removing Troops from Iraq

Philippines President Gloria Arroyo agreed for the first time to consider pulling the Philippines' contingent of troops from Iraq. "The decision on whether or not to withdraw our peacekeeping forces will depend on the security situation in Iraq in the days to come," Arroyo said in a written statement on April 14. She covered her exposed backing from Washington by stressing that they were "not making any rash decisions," but with Presidential elections on May 10, Arroyo is clearly feeling the heat from the population over the disaster in Iraq and her subservience to the Bush war policy.

Manila has 49 soldiers serving under Polish command in south-central Iraq and about two dozen other policemen and medical workers elsewhere in the country. The opposition has been stepping up pressure for Arroyo to bring home the troops after a Filipino driver was among several foreigners briefly kidnapped, but later released, by Iraqi gunmen last week.

An Arroyo ally, Senator Rodolfo Biazon, joined the calls on Tuesday, saying the contingent was sent to Iraq on the understanding that they would concentrate on rehabilitation and reconstruction instead of combat.

***Washington Post* Wants Asian Reserves To Go to IMF**

The *Washington Post* entered the debate over whether to allow a non-European to take over the IMF's top position. A number of developing-sector nations have formally requested scrapping some longstanding traditions at the IMF and World Bank, that they believe work against their interests: Namely, that a European always gets the top spot at the IMF, while an American is number one at the World Bank, and number two at the IMF. A *Post* editorial on April 13 has a novel proposal for grabbing Asia's reserves under the guise of meeting this "third world request." The *Post* argues that the old arrangement works well, since it is the wealthy nations which put up the money for IMF bailouts. However, fancies the *Post*, what about all that money in East Asia's vaults? "If China, South Korea and others transferred some of these reserves to the IMF, they could pool their defensive preparations against hedge-fund assault, while at the same time ending the IMF's dependence on supplementary bailout funds from Americans and Europeans. There would then be no objection to an IMF boss from a developing or middle-income country."

Cheney Pressures Japan To Stick with U.S. in Iraq.

U.S. Vice-President Dick Cheney, in Tokyo for the first leg of a one-week Asia tour, is pressuring Japanese Prime Minister Junichiro Koizumi to not only keep troops in Iraq as part of the coalition occupation there, but to stick with the pledge to double the current 530 Japanese ground troops in Iraq.

Japan is deeply divided on the issue, and there have been several anti-war demonstrations to protest Japanese involvement in Iraq. The kidnapping of three Japanese civilians (who were later released) added to the pressure for a Japanese pull-out, which was one of the kidnappers' main demands. About 2,500 people, including the family members, rallied outside Koizumi's office on April 11, calling for the safe return of the hostages and the withdrawal of Japanese troops from Iraq. Thus far, Koizumi has pledged to keep the troops in Iraq.

Cheney Strongarms China on Korea, Taiwan, Renminbi

Vice President Dick Cheney only barely maintained the official U.S. diplomatic posture in his April 14 meetings with Chinese President Hu Jintao, Premier Wen Jiabao, Vice President Zeng Qinghong, and former President Jiang Zemin. On the same day that Bush unilaterally overturned official U.S. policy toward Israel and the Mideast, Cheney came close to a similar course in Beijing.

On Taiwan, the Chinese challenged Cheney to live up to the U.S. defense of the one-China policy. Zeng called on the US to stop arms sales to Taiwan, and to "not send wrong signals to Taiwan independence forces." Cheney expressed support for the one-China policy, but then threatened China that Beijing's supposed hindering of democratic reforms in Hong Kong would "likely reinforce the independence movement in Taiwan," according to a senior U.S. official who briefed the press. Cheney also backed up Chen Shuibian's independence posture by claiming that U.S. military sales and the military build-up were due to the Chinese missiles targeting Taiwan.

Cheney then proceeded to renew the demand that China let the renminbi float. China repeated its often repeated policy that it would not make any sudden shift in the valuation of their currency, but said that Vice Premier Huang Ju would travel to Washington sometime this year to discuss the issue with Treasury Secretary John Snow.

Also, as expected, Cheney presented the "new evidence," supposedly obtained from the interrogation of A.Q. Khan in

Pakistan, who is said to have seen three nuclear devices in North Korea, and to have started selling centrifuge and other uranium enrichment facilities to Pyongyang in the 1990s, when they placed their plutonium facilities under UN inspection. With this evidence, Cheney accused China of stalling and holding up the process, being soft on North Korea, and that sanctions must be considered.

Iraq barely came up, the spokesman said. Cheney asked China to buy Westinghouse nuclear plants, for which they are in competition with Japanese and French companies. Cheney also delivered a request from the Vatican that it be allowed to send an ambassador.

OIC To Hold Emergency Meeting on Mideast, Iraq

At the request of Palestinian leader Yasser Arafat, Malaysia, the current chairman of the Organization of Islamic Conference (OIC), will call the emergency meeting for sometime in April, in Malaysia. Foreign Minister Syed Hamid Albar said the call was in response to the recent actions by Israeli Prime Minister Ariel Sharon and U.S. President George Bush. Albar said that Sharon's actions "seem to suggest that he is dismissing the Road Map as a way of resolving the Palestinian issue and embarking on another plan of his own." Malaysia had already called for an emergency meeting to address the chaos in Iraq. Both issues will now be on the table.

The Non-Aligned Movement (NAM) will also hold an emergency meeting, tentatively scheduled for the third week in May, on the crisis in Iraq, although the U.S. declaration of support for Israeli aggression may now be added to the agenda.

Mahathir: Iraq Is Worse Off Now; World Less Secure

"Iraq's plunge into violence since Saddam Hussein's fall has stirred enmities that will kill more Iraqis than ever perished under his reign," said former Malaysian Prime Minister Dr. Mahathir Mohamad in an interview with *The Star* on April 15. "They have disturbed a hornet's nest. I know Saddam is not the nicest person in the world, but by the time this thing ends, more Iraqis are going to be killed than Saddam ever did.... The Iraqis are being made to suffer in order to save them, and I don't believe in that," he added. "Is [the world] better off now? I think it is worse off. Today, the fear of terrorism is far greater," he said in reference to President Bush's remarks during his press conference on April 13.

On the Madrid bombing, Dr. Mahathir said: "Now you look after the railway stations, but can you be sure that they will not attack other things? So the world is going to spend huge sums of money trying to secure itself only to find that it is not secure."

Dr. Mahathir said any solution would have to include Palestine, allowing Palestinians to claim back territories they lost to Israel.

This Week in History

- April 19-25, 1775-

The 'Shot Heard 'Round the World

It was April 19, 1775, when the American revolutionaries fired the "shot heard 'round the world" at Lexington and Concord in the Massachusetts Bay Colony, thus starting off the process of military rebellion against the British Empire. But, as

historian Graham Lowry and the LaRouche movement generally have emphasized, it is totally wrong to consider this the start of the American move for independence. That began at least 86 years earlier, on another April 19, in 1689, with the so-called Andros Rebellion.

As the name "Commonwealth of Massachusetts" implies, the founders of New England set out from the start to create a republic on these shores. They had succeeded in getting a charter of liberties which they guarded jealously, and intended to use as the basis for spreading the settlements on this shore into a continental republic.

However, there was no way to isolate developments in the Western Hemisphere from what was occurring in England. With the restoration of the monarchy after the English Civil War, steps were taken which threatened the way of life established by the Puritan founding fathers. Specifically, the monarchy appointed a governor of New York, named Major Edmund Andros, in 1675, who proceeded to violate the Massachusetts Charter by seizing lands in Connecticut.

The Massachusetts Bay Colony, still led at that time by John Winthrop, Jr., immediately challenged Andros, militarily and politically. But within a year, the conflict took on a different character, as the Crown utilized its pawns within the Indian population, to instigate what was called King Philip's War, which was a bloody conflict with the Indians which lasted for a number of years.

In 1686, however, the British Crown decided to redeploy Governor Andros to become governor of New England. At that point, a direct conflict erupted between Andros's rule and that of the Puritan fathers, led at this point by Increase and Cotton Mather. Andros had stepped all over the Massachusetts Charter, including by ordering the disenfranchisement of members of the dominant Congregationalist churches, imposing taxes not approved by the institutions of local government, and the like. Indeed, this was the first time, according to Lowry, that the term "no taxation without representation" actually surfaced in America.

Chafing under Andros's rule, the Massachusetts leadership sent the venerable Increase Mather to England, in order to seek the recall of the oppressive governor. While his petition was denied, he remained in England during the fateful intervention by Holland's Prince William. News of William of Orange's invasion arrived in Boston at the beginning of 1689, and led the Commonwealth's republic leadership to consider how it could take advantage of this instability.

Governor Andros was himself unnerved, fearing that the Mathers and Winthrops would use the occasion to restore the New England republic. In a desperate effort to gain control, Andros ordered a special council meeting for April 18—to try Cotton Mather for preaching sedition. Instead, the New England republicans amassed a contingent of the militia and, between April 18 and 19, rapidly occupied Boston, and declared their intention to arrest Governor Andros and other royal officials. Thus was the Andros Rebellion accomplished.

As a result, a Committee of Safety ruled New England, while they waited for Increase Mather to negotiate a charter in London with King William III. While the result was to get significantly less freedom than the previous charter, the precedent of rebellion had been set, and tested. As Lowry put it, the groundwork had been laid for a broader fight to come, on the continent as a whole.

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