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This Week You Need To Know

Four Decades of Folly:

MY REVOLUTION & ITS REVOLTING FOES

by Lyndon H. LaRouche, Jr.

May 22, 2004

1. Just over fifty years ago, I, who had been strongly impacted by the leadership of President Franklin Roosevelt, completed the most important, original scientific discovery of recent history in the science of physical economy, what is known today as the "LaRouche-Riemann" transformation in the principles of physical economy: the most successful of the known methods of long-range economic forecasting within four decades or longer.
2. Later, approximately forty years ago, what had been the world's most powerful economy in history, that which had been saved from ruin under the direction of the U.S.A.'s constitutional traditionalist, Franklin Roosevelt, launched a Franklin Roosevelt-hating, continuing, self-inflicted, trans-Atlantic process of cultural degeneration, which has led the world to the brink of an immediately threatened, planetary New Dark Age today.
3. All developments of decisive importance for the world over the course of the coming two to three generations, will now be defined, very soon, as the outcome of the clash between those two axiomatically conflicting forces of cultural developments, mine and theirs, today.
4. The cockpit of this presently terminal form of global crisis, is the upper twenty-percentile of the income-brackets of the so-called "Baby-Boomer" generation, which spewed, as the force of an ultra-decadent, ultra-sophistical counterculture, from the leading universities of the U.S.A., Europe, and elsewhere, during approximately a decade, from 1964 on. This percentile of that generation, chiefly dominates the politically and culturally controlling positions of power and influence in government and private life today, the positions dominated by the upper twenty percentile of those in their fifties or early sixties today. The fault lies not in detailed features of current policies or compositions of government; the fault lies in that intention which subsumes the way in which policy is shaped in its entirety. Without uprooting the intention which is characteristic of the impulses of the relevant dominant portion of the Baby-Boomer generation, there is no hope now for the survival of civilization during a protracted period to come.
5. The self-inflicted character of that impending doom, is expressed by the war-cry of that presently self-doomed, reigning generation (or, shall we say, cultural "de"-generation). That war-cry is, "You can not change our system!" "You can not put the toothpaste back into the tube; the changes our generation has made are now irreversible!" "You must be realistic; you must work within the context of the way things are."
6. The deep, systemic, and potentially fatal conflict so defined, between my revolution and theirs, now pivots on the fact

that a world which adheres to the global cultural revolution led by the reigning stratum of "Baby-Boomers," is immediately self-doomed by the effects of the doctrines which it represents. The continuation of their system, a system typified by the knee-jerk cultural reflexes which the reigning stratum of Baby-Boomers represents, would now ensure the virtually immediate plunge of this entire planet into a chain-reaction of disintegration, a worse planetary dark age of humanity, than that which the Venice-dominated ultramontane system brought upon Europe during the mid-Fourteenth-Century New Dark Age.

7. If my Baby-Boomer opponents prevail, none of us will be saved from the monstrous catastrophe presently in the terminal phase of its eruption. This is the manner in which all once-powerful empires and kindred forms of hegemonic cultures have been plunged into the self-inflicted doom of a "new dark age" from earlier phases of human history as a whole.

8. When the proponents of the presently hegemonic cultural currents scream, "You can not change our system!" it is their own, self-inflicted doom which they have pronounced. Thus, in the U.S.A., for example, the U.S.A. was incapable of nominating competent candidates for U.S. President, during 1998-2000, or, so far, today. At their least bad, the prevalent preferences are for candidates who will do no more, as Senator Kerry as done so far, than proposing "touchy-feely" changes in some among the seating arrangements within a sinking Titanic. The leading circles of party and others, alike, lament the fact that Kerry and Bush-Cheney are, at the latter's least worst, frankly bungling incompetents; but, virtually no Baby-Boomer would allow any competent selection to be made instead. For the Democratic Party so far, poor Kerry appears to be the toothpaste which has been squeezed out of the tube, leaving the tube itself a pitiable wreck. Fools warn me that I "do not understand our system." On the contrary, I understand it all too well, as a system, more or less perfectly committed, presently, to its own self-inflicted doom.

9. Many critics of the presently installed leadership of nations will, admittedly, complain that these leaders, such as Bush and Cheney, are failing, that, more or less hopelessly; but, those same critics will not propose any relevant qualities of deep-going change, even at the present virtual brink of doom. The victims of the recent forty years cultural-paradigm-downshift, will blame one another for the calamities which both incumbents and their critics have joined forces to create; and, that criticism is often made, admittedly, with a certain zeal; but they will not venture to change the fatal axiomatic assumptions which they share in common with one another. They join in proclaiming: "You can make reforms; but you can not change our system itself." My opponents say that I am a "Cassandra!" I retort: "Then, if you believe that, you should look at what actually did happen to Troy!" Look at the Trojan Horse you have brought within the walls of your own system.

10. In such a critical situation, only personalities operating intellectually, and by intention, from "outside the present system," would be able to understand the nature of the catastrophe virtually ensured by those who seek to find remedies within the present cultural system. The scientific basis for certainty of that knowledge is typified by the implications of Bernhard Riemann's revolutionary 1854 habilitation dissertation. Only a mind richly developed in successful rejection of the prevalent axiomatic cultural assumptions of earlier failed systems, such as the systems of the Eleatics, sophists, and Aristoteleans, is capable, emotionally, of clear insights into the systemic nature of the doom inhering in the prevalent, habituated, cultural assumptions which virtually the entirety of the "Baby-Boomer" generation has accumulated over the course of the recent four decades. Such is the source of my superior intellectual strength for the task of defining a solution for the presently deepening crisis.

'The Sexual Congress of Cultural Fascism'

11. The most relevant point of historical reference for understanding the present, culturally-determined calamity of global civilization, is a study of the way in which fascism took control over all of continental western and central Europe during the course of 1922-1945, and nearly succeeded, but for President Franklin Roosevelt, in its attempt to take over the U.S.A. as well. This European phenomenon of 1922-1945, this axiomatically systemic moral defect in the cultures of continental western and central Europe, exists still today, in the special form in which it was reenforced, by imposition, on post-war Europe, by the U.S.-based Congress for Cultural Freedom, which embedded its poisonous, existentialist influence in

occupied post-war Germany, early on. I define this, for purposes of greater clarity, as "The Sexual Congress of Cultural Fascism," which might be otherwise described as "How Allen Dulles' 'Rat-Line' Also Carried Fascism Back into a Europe Which It, Like Theodor Adorno, Had Never Actually Left."

12. The catastrophe which the Baby-Boomers are now bringing down upon global civilization is to be understood as a modern evolution of a tradition traced, most notably, to the cultural crisis of what we know today as the Classical Greek civilization of the ancient Athens of Solon, Aeschylus, Socrates, and Plato. We had, on the one side, the great tradition of Europe, expressed by such figures as Thales, Pythagoras, Solon, Socrates, and Plato. We had on the opposing side, the sundry varieties of anti-Promethean, philosophically reductionist cults, such as the Phrygian cult of Dionysus, the Delphi Apollo cult, and the Eleatics, sophists, and Aristoteleans. This latter, inherently decadent tradition was characteristic of Roman imperial culture and its roots, and is the central feature of modern European liberalism, in Europe and in the Americas, today.

13. The characteristic feature of this venereal disease of modern liberalism today, is that Venetian tradition of financier-oligarchical tyranny, a tyranny embedded, axiomatically, in the form of Eighteenth-Century Anglo-Dutch liberalism. The essential quality of this form of so-called liberalism, which is also the axiomatic root of fascism, is the presumption that most people are destined to be either herded or hunted human cattle, the subjects of the kind of imperial power which the British East India Company came to represented with the 1763 Treaty of Paris.

14. This root of fascism in that Anglo-Dutch system of imperial financier-oligarchical power, was a rival, but also sometime ally, of the medieval system of evil expressed by the Spanish Inquisition under the leadership of the most typical "beast-man" of the Martinist-Synarchist tradition of Joseph de Maistre, the satanic Grand Inquisitor, and forerunner of Adolf Hitler's anti-Semitism, and of the Dick Cheney faction in the U.S. government, Tomas de Torquemada. What tends to contribute to the confusion of ordinary historians and others on this point, is the failure to recognize that it has been the Venice model of financier oligarchy which reigns over both the formally liberal and fascist expressions of the contemporary financier-oligarchical system. This is typified by the division within 1930s England and Manhattan, between those who placed Adolf Hitler into power, in the first place, and those who, like Winston Churchill, recognized the expedient need of British imperial interests, for Franklin Roosevelt's leadership in preventing the world's succumbing to a global fascist empire, which the Anglo-Dutch Liberal tradition itself had created, then centered in Berlin.

15. The alternative to the pestilence of such financier-oligarchical liberalism, was defined, essentially, by Gottfried Leibniz's leadership. After the 1763 establishment of the British East India Company as a virtual world-empire, the Leibniz legacy of Europe found its leading expression in the North American youth movement developed around Benjamin Franklin's leadership in what became the U.S. constitutional form of Presidential republic, as reflected in the economic-monetary-financial policies of Treasury Secretary Alexander Hamilton. The American System so established in North America, freed that nation from the notion of financier-oligarchical rule through money, to the notion of money as a controlled asset deployed for promoting the physical-economic betterment of the well-being of the nation and of all of its people. All the notable corruption in the U.S. has been rooted in the overreaching influence of that intrinsically imperialistic, Europe-based financier oligarchy which is rooted in the liberal tradition of Venice.

16. The doctrine of "free trade," a concoction derived from such sources as the bestiality of Thomas Hobbes, the pro-slavery dogmas of John Locke, the pro-Satanist dogmas of Bernard Mandeville, the feudalistic obscenities of Francois Quesnay, and the perverse plagiarist and hater of American Independence, Adam Smith, expresses the essence of that liberalism from which fascism flows. By imposing the notion of an "invisible hand," as the god of usury which liberalism worships, all other principles of government and law are made the lawful prey of the financier oligarchy. In that state of affairs, the very idea of "truth" is uprooted, more or less effectively, from not only the system of government, but the consciences of the people. This moral decadence which liberalism induces in the people, is the modern echo of ancient sophistry and its outgrowth, Aristoteleanism,

17. However, the modern European tradition of the Fifteenth-Century Renaissance and the 1648 Treaty of Westphalia, the nobler European tradition of Classical monotheism has been a force of resistance to evil within the population and its institutions of self-government. In the European tradition, Classical culture as typified by Cusa, Leonardo da Vinci, Kepler, Leibniz, and Bach, has been the chief rallying-point of moral resistance to the both evils of a financier-oligarchy's liberalism and the pro-fascist, feudalist tradition expressed by Grand Inquisitor Torquemada. The pivotal feature of the Classical artistic-scientific tradition on this account, is the notion of a knowable standard of truthfulness, as distinct from, and opposed to a pro-irrationalist notion of arbitrary traditional belief. Fascism, as typified by the argument of Friedrich Nietzsche and kindred existentialists, is a product of the work of creating, as the Nazis did, what is asserted to be a discovered new traditional belief, to be placed above all others.

18. So, during and immediately following World War II, the same set of influential forces associated with Allen Dulles and his James J. Angleton, which had already ushered a core of the Nazi security apparatus into the post-war Anglo-American security system, used the Congress of Cultural Freedom to uproot and obliterate the European Classical tradition, in both the U.S.A. and Europe. The "rock-drug-sex youth-counterculture" and its associated "post-industrial" lunacies of the mid-1960s and later, were products of the use of the shock of post-FDR nuclear terror under President Truman and his associates, to induce a leading layer of the emerging generation of young-adult youth to become part of the counterculture which had been crafted and deployed by the fascist allies of the Congress of Cultural Freedom. This Nietzschean transformation of values was, and is the essential ideological characteristic of the dominant currents within the Baby-Boomer generation.

19. Thus, the fate humanity today hangs, for the immediate future and beyond, on the fate of my role in the present U.S. Presidential election-campaign. That is my destiny, and also yours. It is time, if you are really sane, that you begin now to act accordingly.

Latest From LaRouche

AN OPEN LETTER TO THE WASHINGTON POST — by Lyndon H. LaRouche, Jr. — May 23, 2004

The Sunday, May 23rd edition of the *Washington Post's* "Outlook" section, featured an article by CSIS associate James Mann on the subject of the spectacle of self-inflicted catastrophe being exhibited by the recent behavior of the Democratic campaign of Senator John Kerry. The concluding six paragraphs of that published piece make an important point; but, it contemplates Kerry's problem, rather than identifying the underlying, correctable cause of Kerry's tragic performance so far.

On the surface, Senator Kerry's obvious problem is that, whatever the nobler qualifications he might have, those qualities are currently being suffocated by the Democratic National Committee's currently reigning financier mafia. The fact of such pressures on him by his current set of managers, might be tolerable in the case of a professional boxer, but are really no excuse for such submissive behavior by a man engaged in a different profession, seeking to become the President of our republic, at a time we are threatened by the onrushing, crucial problems facing us today.

A man proffering himself to become President under the present conditions of both a war and a global monetary-financial collapse now fully in progress, has no moral right to put his personal ambition opportunistically above the welfare of the nation and its people. As the *Post's* contributor Mann argues, Kerry's nitpicking amounts to a refusal to acknowledge, even now, that Vice President Cheney's continuing personal commitment, since 1991-1992, to preventive nuclear wars—that, in one country after another—is already a more ominous disaster than the Vietnam quagmire turned out to be.

So far, Kerry is sometimes all sizzle, and no steak; but, there are long intervals, when even the sizzle can not be heard.

I have written and spoken of this matter in many locations. Here, I capitulate the bare essentials of that argument in language suited to typical readers of the *Post*.

Why, for example, was Kerry dumb enough, in 2002, to join the pack for Dubya's war? That is one of the two key doubts about Kerry's powers of judgment which is just not going to go away when the campaign against Bush-Cheney begins in late Summer.

"Forty-dollar-a-barrel" petroleum is a warning of the way in which the two crucial issues which Kerry ignores are intertwined: onrushing monetary-financial collapse and the realities of how we got into this Iraq war. Yet, once we agree that Kerry's pratfalls on both issues threaten to turn the November 2004 election into a caricature of its 2000 predecessor, we have to look deeper than Kerry's personal shortcomings, if voters are to achieve an adequate understanding of the challenge before them. As Mann gropes toward an inkling of that deeper reality; what does this show us about what is menacing about the present mental and moral condition of our celebrated two-party system?

The scandal in the Democratic Party's political bedroom, which Mann himself ignores, is the issue of the Party's shameless repudiation of the Franklin Roosevelt legacy. We are in an onrushing global depression, a depression of a systemic, rather than merely cyclical nature, a depression which demands a systemic cure, not the patchwork of "elect me and I will be good to you" promises presently proffered by a desperately flailing Kerry campaign. If Kerry intends to become a serious choice for President sometime between now and November, he must face the challenge represented, in today's world monetary-financial crisis, the need for a new President Franklin Roosevelt, the echo of a Roosevelt whose election proved later to have saved the world from a Synarchist-backed Hitler's Nazi world empire, while rescuing the U.S.A. itself from the kind of fiscal austerity measures which would have produced fascism in the U.S.A. as they did, throughout Europe, over the 1922-1945 interval.

Kerry could never become qualified to actually be President, until he had faced the reality, that, in fact, I am on the record as the only technically and emotionally qualified candidate for that office under present world circumstances. Since I have been not only hated, but feared by relevant elements of our financial establishment, since my 1971 exposure of the notable pro-Schachtian liberal, Prof. Abba Lerner, in a public New York debate—and hated even more fervently since my role in prompting President Ronald Reagan's proffer of a Strategic Defense Initiative—things which would have been previously considered morally inconceivable, have been done, to exclude me from public candidates' debates. These immoral actions have included an implicitly racist Democratic National Committee's success in nullifying the 1964 Voting Rights Act. Kerry became the presumptive candidate because he was presumed to be incapable of taking the type of anti-Schachtian measures which Franklin Roosevelt employed to defend the U.S. from the kind of fascist takeover which, in March 1933, had just occurred in Germany. It is not entirely his fault, therefore, that he has shown stubborn incompetence in his campaign since his Iowa and New Hampshire victories; his personal fault was the quality which caused him to be chosen as a person of those attributes which now excite growing despair among those who had hoped to support him.

The "beast-man" characteristics which typified the Nazi system, as echoed in the Abu Ghraib scandal, as should have been foreseen in the case of Guantanamo, are warning of what the re-election of a Bush-Cheney ticket would represent, come about January 2005.

To give credit where credit is due, a German associate of mine took me aside one evening, to review his study of work of the 19th-Century German historian of Ancient Greek history, Ernst Curtius. The relevant passages from Curtius on the Peloponnesian War, which my associate cited, were new, to me, and a valuable addition to my knowledge; but, the point my associate made was, by no means, new. Curtius's account is useful, but it leaves the deeper, systemic roots of the matter to be found elsewhere, as in the dialogues of Plato. The fate of Athens remains a good textbook illustration of the kind of

doom which the Bush-Cheney Administration threatens for the U.S.A. of the coming months.

Pericles' Athens, then the leading nation of the alliance which had defeated the Persian Empire's aggression, had turned upon its allies, attempting to establish an Athenian Empire. These crimes against humanity perpetrated by that Athens then, led to the Peloponnesian War which destroyed the power of Athens, and led to the process of cultural and moral decadence in European Civilization, from which the evil which was the Roman Empire later emerged.

My associate's reference to Curtius had merely illustrated the point which was overlooked by historians sympathetic to the cause of Ancient Rome, a point long clear for me from my own decades-long studies of the Pythagoreans and the work of Plato. It was, as Plato presented this in his dialogues, those Sophists of Athens who perpetrated the judicial murder of Socrates, who expressed that moral corruption of the Athens under Pericles and Thrasymachus, the Sophists' corruption which had made the Peloponnesian War possible. It was the Thrasymachus who led the most calamitous phase of that war, who is typified today by the policies of the U.S. under Cheney puppet George W. Bush, Jr. Ironically, for those in the Democratic Party who are soft on Cheney today, the descriptive name of that sophist political party was "The Democratic Party of Athens."

However, my associate was mistaken in the narrow emphasis on Curtius's attention to the Sophists. The same reductionism was the essential quality of the Eleatics earlier, and also, essentially, the rhetorical method of Aristotle later. The Sophists who are the chief target of Plato's dialogues, were only one guise under a succession of corrupting influences which led Ancient Greek civilization into the ruinous effects of the Peloponnesian War and its aftermath. It is that same quality of reductionists' sophistry, typified in the worst extreme by the implicitly pro-fascist legacy of the Congress of Cultural Freedom. It is the Sophists' method, as otherwise known by the Apollo cult of Delphi and the Eleatics, which is expressed in the extreme by existentialist cults popularized in universities today. It is that crooked, "spin-doctor's" method of argument, which provides the philosophical impetus for that corruption of U.S. political life under the rule of the high priesthood of mass-media populism.

The root of Sophistry today is typified by the attitude of creating a commentary adopted as a guide to following an apparent trend in events, rather than acting to bring a truthfully defined outcome into being. It is searching for an explanation for preparing oneself to submit to what is presented as "inevitable," rather than acting to cause what is needed to happen, which is the form in which the negligent crimes of sophistry are widespread in the U.S., and elsewhere, today. Sophistry is merely a way of rationalizing that particularly disgusting sort of opportunism.

The Sophists who perpetrated the judicial murder of Socrates were only typical of the same tradition which has dominated the U.S. political culture increasingly, since the launching of the official, post-Kennedy U.S. war in Indo-China, and Richard Nixon's ominous 1966 meeting in Biloxi, Mississippi. Cheney's war will become our own reliving of the Peloponnesian War, unless we choose a President who will rid us of that reincarnate Thrasymachus which the tradition of Professor Leo Strauss and the Cheney-dominated Bush regime represent today.

The only hope is either that I am nominated, or that Kerry, if nominated, accepts my guidance in respect to improving his behavior in a degree which would be, otherwise, manifestly beyond his present capacity.

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LAROCHE WARNS OF TERRORIST THREAT — FROM LEFT-RIGHT SYNARCHIST OPERATION IN THE AMERICAS

WASHINGTON, May 19—U.S. Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr. today warned of the near-

term threat of Synarchist-sponsored terrorism in the United States, and urged governments in the Americas "not to be taken into manipulation by right-left provocations, orchestrated in part from Cheney's crowd, as well as the Spain-pivoted Synarchist mob deploying throughout the Americas at this time."

"What we are concerned about, in the context of former Spanish Prime Minister José Maria Aznar's extraordinary statements from inside the United States, predicting an outburst of terrorism, possibly by mid-June, in the United States, is that Aznar's remarks are part of a Synarchist operation. His remarks signify exactly this: putting an Hispanic label on some terrorist operation. We are getting exactly the typically Synarchist left-right operation that's now being stirred up on Cuba and Venezuela, among other things.

"That's the way these things work: as left-right operations, with Cheney and company on the 'right,' and Castro and Chavez on the 'left.' They have agreed to make Cuba a hot spot. And Cuba being made a hot spot is part of what these Synarchist bastards in Venezuela, who run both sides again there, left and right, are trying to do to unleash violence there.

"This operation goes along with the Samuel Huntington thesis, which calls for anti-Hispanic conflict in the United States, and a related border crisis with Mexico.

"We now have to look seriously, very seriously, at the manipulation of political forces in South and Central America, in correlation with a plan to launch some kind of a terrorist operation of Spanish-speaking characteristics. And Aznar's connections are indicating that he is pointing towards terrorism of a Synarchist type. And we know, of course, that Huntington is essentially a Synarchist asset as well.

"The right-wing crowd in certain churches in the U.S., that are closely tied to the neo-conservatives in the Bush Administration, like Generals Boykin and Miller, these are also Synarchist assets. And this is precisely where the threat to the U.S. and other nations comes from at this time. We should not overlook the fact that the Fellowship crowd, associated with Boykin and Miller and company, have come to the fore in terms of these atrocities in the prisons in Iraq.

"Our warning is that governments should not allow themselves to be taken into manipulation by right-left provocations, orchestrated in part from Cheney's crowd, as well as the Spain-pivoted Synarchist mob deploying throughout the Americas at this time, which I have warned about repeatedly since August 2002.

"These are the same people. Therefore this security question, this security threat to the U.S. and to other nations, must be understood, and action on this must proceed now. We must not pussyfoot around this. These elements are a potential threat to the U.S. and other nations; these elements must be exposed now, and, by exposing them, neutralize them."

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LAROCHE INTERVIEW WITH *WORLD AFFAIRS MONTHLY* — May 19, 2004

TOM POCHARI: This is World Affairs Monthly, and I have on the line today, Mr. Lyndon H. LaRouche, Jr., a prominent American economist, politician, and the publisher of the Executive Intelligence Review. He was born in 1922 in New Hampshire in the United States, and he's currently running a campaign to win the Democratic Party's nomination for President of the United States. Welcome, Lyndon. It is a pleasure to have you on the line, and welcome to World Affairs Monthly.

Let me begin, Lyndon, with this little thought here. We know that politics is a bizarre business, a bizarre ritual, yes. [both laugh] And we were just talking off the record there about, what is the truth? Well, today, I want to just get from you, if I can, a summary of a lifetime of thinking about politics, about the United States, and of course, about the United States and its relations with the world. And of course, we know today, right now, that the U.S. has a great deal of trouble getting along with the world, and the United States is perceived at least, right now, to be engaging in quite a bit of troublemaking, especially in the Middle East.

So, why don't I present this idea to you? Everyone talks of peace. I noticed, in your publication often, your writers are saying, "We really ought to have peace, we ought to reconcile opponents to a good," and everybody always talks about prosperity. But, Lyndon, isn't it the goal of the rich, and powerful, to make war, and to impoverish the masses?

LYNDON LAROUCHE: Well, I think you have to look at certain long-term axiomatic features of the nature of humanity. First, man is not an animal. No animal could make a discovery of universal principle, and apply it to change the characteristic behavior of a species, our species.

POCHARI: Okay.

LAROUCHE: Therefore, but the problem has been, that over the course of humanity, even to the present date, the state of humanity has been largely a few people controlling a mass of people, as either herded or hunted human cattle.

POCHARI: That's what I'm getting at, yes.

LAROUCHE: So, therefore, the conflict, the idea of conflict is embedded in this kind of relationship.

Now, progress has been based, especially as in the case of Europe, beginning with the 15th-Century Renaissance, which was spoiled by the Spanish Inquisition, hmm? Which led to another turning point, the Treaty of Westphalia of 1648, which defined a civilized behavior within European civilization, at least at that point, among Jews, Christians, and Islam. That's a principle.

Now, as long as we find ourselves getting outside religious conflict, and looking at the common features of our civilization, which is to recognize the distinction of man from the beast, we can get along quite nicely. The problem is, once you say, "Let's have conflict, let's reduce somebody else to the status of a relative animal," then the conflict is embedded.

That's our essential problem.

But since then, particularly since the U.S. victory in World War II, especially almost at the moment that Roosevelt died, you had people like Allen Dulles and company, who were able to conclude their agreement with the Nazis, especially with Schellenberg. As we saw that through the "rat-line" and similar processes, we brought people out of the Nazi system and incorporated them in what became the NATO system. And therefore, we've had terrorism and other things in our system as a result of that.

Our problem today is that—

POCHARI: You're saying that the bad guys really essentially got into the system.

LAROUCHE: They were in it already, but they had a little disagreement, because some people thought, "It's all right to have a British fascist running the world, or an English-speaking one, but not a German-speaking one." So, once the war's

over, then they said, "Okay, the English and Germans can come back together, and both have fascism together, happily and merrily."

So, we had this kind of, what we had as a part of this, an attempt to destroy that aspect of European civilization which reflected the Renaissance, the Treaty of Westphalia. And this attack came from people like Allen Dulles and others, through what is called the Congress of Cultural Freedom. And this was an attempt to destroy the Classical culture of Europe, as well as the United States, on which positive development among relations among people within the European civilization, and elsewhere, had previously depended.

Now the problem is, that cultural degeneration, which I call the "Sexual Congress of Cultural Fascism," has induced among our people on both sides of the Atlantic.

POCHARI: So, the wrong ideas, the wrong type of notions of how to live, have gotten into our minds, and we're just degenerating into a barbaric state. Is that a fair summary?

LAROCHE: Exactly. That's what's happening now. We are barbarians.

Look at this crazy war in the Middle East. It's barbarism!

POCHARI: Yeah, it is, it is, but... but, do you think that this conflict in the Middle East, between, essentially between the Arabs and the West, would it really have reached this feverish pitch had Israel not have been created?

LAROCHE: Well, in a sense. But the problems of Israel are actually a byproduct of this problem.

Israel is not a *sui generis*. I mean, Israel... I've had dealings, you know, with the Zionists and other Jews, for years, being raised in Boston and New York City, you know, you can't avoid that. Most of your friends are them. The point is, that you had people like Nahum Goldmann, whom I deeply respected. Ben-Gurion whom I respected less, but whose courage I respected in what he did at the point of the victory in the war, when he said, "We've got to give the land back to them."

So, the problem is not Jewry. The problem is not a Jewish-Arab conflict. But it's something which is orchestrated from the outside, and that's a long story. You may know some of it. So, what has happened is, that in trying to set up a system whereby we use the oil reserves of the Middle East, which are the richest in the world — there's probably 80 years of petroleum sitting there in the Arab Gulf, for the world as a whole—they try to use that, ever since Admiral Fisher began to organize for what became World War I: a monopoly of control of oil, and restrict energy development to dependency upon petroleum.

So, what we have is a *game* is played in the Middle East, in which the Arab-Israeli conflict has been played as a tool of international interests, largely associated with the international petroleum cartel.

POCHARI: Absolutely. I think you've got it right there. So, that would be, according to your vision there, the central problem.

LAROCHE: Yeah. For example, why don't we have nuclear energy? Why do we take a cheap product, like petroleum, haul it at great expense around the world, rather than using it where it lies, largely as a chemical feedstock for various biological and other purposes?

POCHARI: Sure, sure,

LAROUCHE: Why don't we have nuclear energy, produce hydrogen-based fuels in local areas? And it's a much more efficient way, and we'll save a lot of smut and other kinds of things running loose.

POCHARI: Sure. And now, we've got this war. Saddam Hussein's people, as I see it, planned for it. They invited the United States in—and Israel—to attack Iraq. And of course now American forces are occupying Iraq, almost on behalf of Israel, so this conflict that you're talking about, is escalating in a *really* rapid way.

LAROUCHE: Yes. We....

POCHARI: And what would you, what kind of analysis, and what kind of predictions would you have, regarding this conflict in Iraq?

LAROUCHE: Well, because my views have been known in this area for so many years, particularly since the middle of the 1970s, I'm in a position where I'm the only American leading figure who has respect among the Arab world, and who understands something about the way the sane Israelis think about this thing, about the Arabs.

So therefore, when I say, that I propose a policy for Southwest Asia, a security agreement which should be backed by the United States, these forces are listening to what I'm saying. They're saying, they would agree. Can we get this out of the United States? And thus, I'm working on that. And I would say that if we get rid of what Cheney represents, and that crowd, and get a saner operation, the United States would have to recognize, that it's in the U.S. interest to get out of this operation— maybe not entirely out in terms of helping to rebuild the area— but out in terms of a conflict factor. Turn it over to the United Nations. Give the country back to the Iraqis, and let them develop their own country, with this experience under our belt.

If we at the same time, put our force to get an agreement between Palestinians and Israel, along the line that Rabin, for example, proposed, that line, which is equitable, then I think we can have a security agreement for the Southwest Asia region, which could hold.

POCHARI: You *were* implying, of course, that the forces, the interests, the economic interests, promoting the conflict between the Jews and the Arabs in the Fertile Crescent, is a quite strong one. I mean, why would they give up this huge, huge boon to their business?

LAROUCHE: That's up to largely the American people. We're now in an election campaign, and the popularity of Bush, and the popularity of Cheney, and what he represents, is falling by the day. So, you're in a situation, we're in a world depression, we're in a monetary-financial crisis beyond anything modern Europe has experienced. This crisis means... We're also in a war, which is hopeless. It was *stupid* to begin with; it can not be won; it can only lead to a Dark Age, and everybody with brains, who is not a fanatic, like Hitler, knows it.

Therefore, out of a *negative* feature, the fact that there is no way to live by continuing this policy, is inspiration enough for people to say, "Let's find a solution." And I can say, that in the United States establishment, that is, among the military, the intelligence community, and many other people, the Congress, ...

POCHARI: They would agree with you and I...

LAROUCHE: On this thing, on this point. They might disagree on the years and months; but to go in this direction, yes,

and now, do it. They're for it.

POCHARI: Now, when World War I got started, Lyndon, it was widely perceived to be sort of a war fomented by the rich, and economic interests in Europe. And yet, millions of boys did end up in the trenches, and getting mutilated and blown away. And of course it went on for years. So, I just, I don't want to be a devil's advocate here, but I don't know if I see this 50-60-70 year conflict winding down so rapidly.

LAROUCHE: Well, there's a historical feature to this which people don't understand. Once you understand it, you become more frightened about the future of humanity, precisely for the reasons you said.

POCHARI: I'm glad you brought that up. Explain this.

LAROUCHE: Well, but you also, you also understand it. Now you know what to do about it, if you can get people to do it.

POCHARI: So, you're figuring, that if we do discuss this, and get people to understand at least some part of it, or beginning to understand it, then we're going to go forward.

LAROUCHE: Yes, because look what's happened to Europe. Europe today, continental Europe today, as a result of two world wars—there's no *guts* in Europe, continental Europe! The British Isles are sitting in a kind of predatory position, but as a former power, which tries to control the world as much as it can, through influence on the United States. So, therefore, you have a continuation of what has been going on since Shelburne was taking over the leadership of the British East India Company, politically, from 1763 on.

The idea of maintaining an Anglo-American-Dutch liberal imperial power, by orchestrating events, such that the nations of Europe are constantly put at each other's throat, so continental Europe can not become a challenge to this maritime financier power. That's been the mechanism, which has taken various forms at various times, but it's still here.

If we understand that, and maybe this great depression, which is going to wipe out most of the banking system, except that that's put into government receivership, for survival, that this may teach us a lesson about, maybe imperialism of this financial type is not the way to go.

POCHARI: It's not viable. Well, I'm glad you mentioned the meltdown that you feel is coming, the financial meltdown.

But, let me first ask you this, Lyndon: What about the American empire? Do you believe that it can ... I believe it is collapsing right now—but can it collapse, essentially, without destroying the world, and bringing the world into some sort of global conflict, as many empires do, when they collapse?

LAROUCHE: That's the reason I'm immediately concerned about becoming President. Because if Cheney were brought back into office, through the re-election of Bush, I can guarantee you, that by somewhere between November and January, of this year, and next year, that Cheney would launch a nuclear weapons attack on Iran; an attack, maybe by sending Sharon to do it, on Syria; nuclear weapons dropped on North Korea, and so forth and so on.

Now, what this means, is we're looking at the potential of a dark age. Just like what happened in the 14th Century. Different circumstances, but the same logic. So, the point is: Can we come to our senses—institutionally, not just in terms of individual people, but institutionally—to realize that this is not the way to go. To get rid of Cheney, to get rid of what he represents.

I'm looking also at this very interesting thing about what's happening to Conrad Black these days. Conrad Black's embarrassment has become a real vulnerability of what we call the neo-conservatives within the United States, because he was sort of a Mother Hen for this crowd for a while, financially.

But if we could break through, and break out of this, I think it's possible to succeed.

Now being what I am, I don't say I've got a guarantee on anything. What I'm saying is, we've got a chance.

POCHARI: What would you say this chance is? Give it a probability, for the audience out there. They're weighing their probability there. Do you think that we have a fairly good chance, or is it a small chance?

LAROUCHE: We have a chance, probably a good chance. Look, there are, in the United States, me working from the inside, in terms of our military, in terms of our intelligence professionals, in terms of other people, things like that, it's an excellent chance.

POCHARI: Well, tell me a bit about your thinking about this international financial system that you—you've thought about this a lot. In fact, I noted that Viktor Gerashchenko, former Central Bank governor in Russia, has praised your thinking on this subject: So I wanted to see if you could just summarize, not in too many words, but in some detail, what exactly are we facing, and what can we expect, say, in the next five years, regarding this depression, that, obviously, is heading our way?

LAROUCHE: If you had a President in the United States, who followed the thinking of Franklin Roosevelt, as Roosevelt in 1932 campaigned, 1933 as President; if you followed that kind of thinking on monetary reform, as expressed in large degree by the 1944 agreement on a Bretton Woods system; if you have Russia collaborating with that, because Russia represents a very peculiar kind of potential, global potential, at this time; if European nations will give up the so-called kind of monetary banking system they've had so far, in favor of this so-called U.S. type model, the Roosevelt model, then a President of the United States, with his partners in other countries, could rescue the world from the danger of a new dark age, and could, over a period of a quarter century, build up the world economy to a better condition than it was, say, in 1960-1964.

That's possible. This means hard work. But it does mean, as I see from history, if you can set into motion justified optimism about the future, that then you have the political situation in which you can actually carry forward solutions for the concrete problems.

POCHARI: Well, don't you think, though, that as some of my contacts tell me this, that these distressing events are playing out because, in a way, history is ... this is our fate, history is being written for us, and we really don't have much role in determining these events. I mean, what would you say to that kind of argument? Not exactly a deterministic argument, but you know, how much can we really affect? For example, if Tony Blair is a fanatic, can we really do anything about that?

LAROUCHE: (laughs) I think the British institutions could do something about it, if they *wish* to do something about it.

Now, the fact that the whole thing, shebang, is coming down, may get somebody—and I don't think that Gordon Brown is necessarily the solution—but nonetheless, there is tumult in the United Kingdom, on this issue. There are many people who have not always been friends of mine, who at this point will tend to agree with me, some influential circles, on the concrete issues of economy, concrete issues of war and peace.

So, I think the condition exists where, if we get the kind of agreement, which I think we *can get*, not guaranteed, I think we can get it. There are enough people in Europe, in the United Kingdom, in the United States, in Russia and elsewhere, who

appreciate, from their knowledge of history what kind of a threat—that this is it.

So, therefore, we have to finally grow up, and come to some kind of agreement, a partnership among sovereign nation-states, and get the world out of this mess while we can.

POCHARI: I tend to agree with you. At least, I believe that it's possible. But I just, from my own personal experience, I just doubt that these important, powerful people around the world, are that afraid of the risk. They still are a bit arrogant, aren't they? Don't you think that?

LAROUCHE: Oh, that's the Baby-Boomer generation! You have people in their 50s and 60s who are running the world, who never did a lick of work in their life, and don't know what work is!

We used to be, the United States used to be the world's leading producer society, in agriculture and industry, as nation-state. Other parts of the world admired that, and emulated that. We turned away from that, and we produced a generation which went to college and took their clothes off, and took drugs in the 1960s, and never really came back to reality. And they're now running the world, in most of the top positions in the United States!

Now the point is, we have a young generation, who, in a sense, are the children of the Baby-Boomer generation. They're now in their 20s, particularly that in the 18 to 25 bracket, which I'm working with. These young people are of a different temper. They are the constituency to run the world a quarter-century from now. They are a constituency which, like a youth movement, of any time, is the vehicle by which you *change* the prevalent trends in philosophy and behavior of the older generation in society. This is our one chance, and I'm concentrating largely on building that youth movement.

POCHARI: So the young people, in your mind, are going to respond. They see these realities then, Lyndon.

LAROUCHE: In their own way. They don't fully understand it, but they see that this reality exists. They see themselves as dumped into a no-future society. And they see 25 to 50 years ahead of their life, is condemned to prison in a no-future society. They don't like it. Their parents are flying into comfort-zone fantasies, away from reality. They would like to get their parents, set fire to the house, and get their parents to come back to reality, in the hope, that by the combined forces of those who are now in their 50s and 60s, who are occupying positions of power, will be influenced by the younger generation, to work together, to *get* us out of this mess, as youth movements in the past have done that.

POCHARI: Okay. Do you believe that Arab youth is going to help us reach this reconciliation, worldwide reconciliation?

LAROUCHE: I think you're in the kind of crisis, where if you have positive developments toward the Arab world, from outside the Arab world, then you are going to find a responsiveness. *If* you can get a peace between the Palestinians and Israelis, as part of that. I think that is an absolutely indispensable element of getting world peace, right now.

POCHARI: Do you believe that the Arab leaders, the bunch that the West is supporting, and maintaining in power, do you believe that they see any interest in getting a peace achieved in the Middle East?

LAROUCHE: Oh, absolutely, there is. For example, Syria is a realistic country in its own terms. It has its own game it plays. Turkey is very serious. It's not an Arab country, but it's a very serious factor. You have neighboring countries like Armenia and Azerbaijan, which are significant flanking factors. Iran, significant. Egypt is a very significant country.

Now, they understand some of these things. They understand them fairly well. They also know that if we don't get this kind of change, that *they are finished*. So, therefore, better to make an accommodation to a new arrangement in the region, a

Southwest Asia arrangement, than to be chopped into pieces.

It's that simple. And everyone who really understands the situation, from the Arab side, as well as from our side, understands that: Either get peace now, or get chopped up.

POCHARI: When do you think people in the Middle East started to realize this, that they'd better get with it, or be chopped up? A couple years ago? When did this consciousness begin?

LAROUCHE: I've seen more and more of this. I've been at trying to get Middle East peace, particularly starting with the Palestinian-Arab peace, but then even back in 1975, even then, I was going to various Arab countries, and pitching the same thing.

Now, at that point, you had the Labor-Zionist faction, was the dominant faction in Israel. And in 1976, my friends in Israel said, "Look, you've got to get it now, because what's about to happen is be gone," which has sort of been the way it's been since then.

So, the Arab world understands this. The most sophisticated people in the Arab world understand this. And if we make them credible, by supporting a package which ensures a future for the security of their region, they will work to defend that, and they will get the support of their own people in doing so.

I mean, apart from the, you know, apart those around the Muslim Brotherhood and so forth, these factors, this can all come back together.

POCHARI: What would you say to the question that, well, the issue, that I perhaps raised recently in my last feature article: that the world's population is at the breaking point? You know, the so-called carrying capacity of the planet is reaching a rather dangerous level. And, you know, there's only so many resources to go around. You know, we in the West hog up most of these resources. And of course, billions out there, outside the walls of civilization, Western civilization, want a piece of the action. What about that, Lyndon?

LAROUCHE: I just had, was a co-sponsor of a conference which occurred in Moscow at the Vernadsky Geological Museum. The people who are associated with that are the world's leading experts on Eurasian raw materials, things like that—earthquakes and that sort of thing. The scientific potential which Russia developed, together now with Kazakhstan, in dealing with the region of Central and North Asia, which contains a very large portion of world resources, that implicitly, this group knows how to deal with it.

We do not have a catastrophe facing mankind because of population. We have a catastrophe threatening mankind, because of mismanagement. If we want to manage things properly, and regenerate resources, and things of that sort—which we can do—then we can solve these problems. There is not really a crisis of humanity; there's a crisis of *political leadership* of humanity, not a crisis of humanity.

POCHARI: I would agree, I would agree. However, I have been to these major cities around the world, Bombay, Mexico City—you know, they're really all alike. They're just huge, huge numbers, up to 20-30 million people, really, in a small area, as you know. And you begin to wonder, I think any sane person would begin to wonder, how do all these people manage their affairs? And how can they be gainfully employed?

LAROUCHE: Well, you have, the question was posed recently by the just concluded election in India, in which you had about 300 million Indians, who are fairly well off by European standards, physically. You have over 600 million who are

terribly off.

POCHARI: Yeah, in the countryside.

LAROUCHE: Exactly. But, the point is, I've seen this stuff. In parts of Delhi, where people have fled from the countryside into these new slums, right in Delhi itself, where disease is rampant. So, the point is, that there was a revolt by the Indian population against the kind of ideology which is characteristic of the leadership of the leading layer of the Democratic Party in the United States today, as well as the Republicans. This idea of the upper stratum—that the lower classes exist for the pleasure and comfort of the upper stratum.

POCHARI: Well, essentially slavery.

LAROUCHE: Sure.

POCHARI: That's what I started the interview out with. It's this idea that, we talk of peace, we hear of peace, we hear of prosperity, but: Isn't it the goal of the rich to make war, and of course, to impoverish the masses?

LAROUCHE: I think it's the other way around. There are certain people in society, who think of themselves as an elite, and the model for this, of course, is the Venetian financier oligarchy, which has been a pestilence of Europe for a very long time. That this kind of mentality, which sometimes disguises itself as liberalism—that is, they're liberally oppressive, liberally predatory, and they call it "free trade": That this indifference to the well-being of humanity, this *hostile* indifference to the well-being of humanity, is a disease. And I would hope that in the process of bringing up a new generation of young people, faced with a kind of no-future society we now have threatening us, that we can finally have an impact on the conscience of the world, that we can no longer go on like that.

POCHARI: I hear what you're saying, I think people are beginning to recognize this around the world. Yet, you have this fellow, the former prime minister of Spain, Jose Maria Aznar, and I understand he's given a speech, May 15, I believe, at Chapman University outside Los Angeles, in which he says, "I think we're going to see another 9/11, before the election."

LAROUCHE: He should know. He should know.

POCHARI: (laughs) Can you tell us about him?

LAROUCHE: Well, sure. What you have, remember that, in the context of the Versailles Treaty, there was the creation of a European world monetary system, called the Versailles monetary system, which was the fag-end of the British gold standard, which collapsed then later in 1931. Now, in that time, as Keynes indicated, in the context of the Versailles agreements, that what had been agreed upon was a system that would not work: that is, German war reparations, which sustain a bankrupt France, and United Kingdom, which in turn would pay its debts to New York City, and that was essentially the structure of the world.

From the beginning, this thing was doomed.

So, at the same time, a group of international financier agents, oligarchs, decided on what became known as the Synarchist International. This group of people created every fascist regime in Europe, on continental Europe, from the 1922 appointment of Mussolini by Volpe di Misurata, all the way through the end of Hitler. And we have now taken some of that back. It continues life in the United States today, and elsewhere.

So the problem has been, that this particular oligarchy, this oligarchical force, which is the legacy, even before fascism, but of fascism, is operating. Now this was terrorism in the 1970s. These were the remains of an SS General Wolfe in Italy, which were brought into power by Allen Dulles at the end of the war. They were saved.

The rat-line that went to Argentina; the Nazis of Spain. So the Nazi apparatus, under Walter Schellenberg and company, exists today.

POCHARI: So, they're still alive and kicking.

LAROUCHE: This is our big problem. This crowd is up to the same tricks. And this is what Cheney represents. This is what I've called the Beast-Man phenomenon, which identifies itself with Tomas Torquemada, the Grand Inquisitor, from 1480 on. It was a typification of this kind of evil.

POCHARI: So, a dark vision of humanity.

LAROUCHE: Exactly.

POCHARI: Kill 'em now, before they even come at me, at all.

LAROUCHE: This is, you know, you had the case of Southern France of the Crusade there: "Kill them all and let God sort them out."

POCHARI: Right, right.

LAROUCHE: And this kind of mentality is still going on. This, people have to become aware of.

POCHARI: What the source of this mentality, Lyndon? Try to explain your vision of how this came up in humanity's radar screen. I mean why are we prone to this.

LAROUCHE: I studied ancient Babylon; I studied the cult of Apollo; I studied the Eleatics; I studied the Sophists, the Peloponnesian war, the Romans and their wars; the ultramontane system from the end of the 8th Century, or beginning of the 9th Century AD, up into the Renaissance and so forth. This tradition of evil in society, has continued over a long period of time. And we have to become conscious of this, as a force of evil. Don't mystify it. Understand it: That you can turn man into a beast. And this is the problem we have. This is what Cheney represents: the behavior in the prisons in Iraq, the *perfect image* of the Beast-Man—this is Hitler, the Hitler system, the same mentality.

POCHARI: Horrific treatment of human beings.

LAROUCHE: This is the idea of power, like Inquisition; the religious warfare from 1511 to 1648 in Europe. This is the kind of problem. This is what Hugh Trevor-Roper described as the Little New Dark Age. This warfare—this is the problem.

And I think, if we finally become aware of this, as people should be, and we can see in ourselves the corrupting influence of this kind of Beast-Man attitude, and see what it means for our future today, we may decide that that is evil, and get rid of it.

POCHARI: We *may* decide. Now, you seem hesitant to say that we will decide.

LAROUCHE: I'm a warrior, I know the wars I have to fight, and I have no guarantee of victory. I simply have to be prudent, and hopefully wise as well, in seeking victory.

POCHARI: But, but, you do have this gloomy frame of mind.

LAROUCHE: Not really.

POCHARI: Yeah, a little bit. Not really? Because in your lifetime, Lyndon, you've seen these *enormous* upheavals.

LAROUCHE: Yeah, I know.

POCHARI: Doesn't it seem like it's just our destiny to go through these cycles?

LAROUCHE: No, I don't believe it. What I've seen over the time, I've seen the failure of leadership. I've seen those characteristics of individuals which represented a failure of leadership. And I know that if you can be aware of this danger—the Hamlet problem—if you can understand this, if you can understand what we should understand from the study of Classical tragedy: If we can eliminate this factor of tragedy, within the leadership of society, we can avoid these things. But if you *don't* take this into account, if you *don't* understand the Classical conception of tragedy, as a historic phenomenon, not just a dramatic phenomenon, if you don't understand that, I think you don't have the competence to go through this sort of thing.

POCHARI: Please explain the tragedy, that you see as fundamental to the human condition.

LAROUCHE: Well, one of the tragedies, is people think that money is real. Money is only a fiction, which governments should create and regulate, because it is intrinsically insane. We need it as a medium of exchange. We need it for the arrangements for long-term capital formation, which we need to have long-term physical capital formation. That is, you must create wealth today, which can not be paid back as debt, maybe until 25 years from now, when the thing has been used up.

So, but you must control that. You must have a regulated system of economy, a protectionist form of economy, and protectionist form of world economy, which should be today—use the model of what Roosevelt prescribed as a fixed-exchange-rate monetary system, for the post-war period. That served us well.

POCHARI: So, all the major currencies should be fixed, as some rate of exchange to one another.

LAROUCHE: Exactly. And in that way you could have a 1-2% long-term interest rate, for things like basic economic infrastructure. If you can prevent inflation in relative prices of currency, then that debt is fungible over a period as long as a generation or longer. If you can do that, then you can come out of this depression, and you can go on to prosperity as we have not seen before.

POCHARI: So, we need an updated Bretton Woods.

LAROUCHE: Absolutely. We need a Bretton Woods model as a precedent, applied to the different circumstances but similar circumstances, today.

POCHARI: Do you believe that Jean-Claude Trichet, or Greenspan, would agree with that?

LAROUCHE: No, Greenspan is an idiot, when it comes to economics. But he's a dangerous and fanatical idiot. He has created more bubbles than all of the other heirs of John Law put together! We call him "Bubbles" Greenspan, who sits in his bathtub, probably playing with his rubber ducky, coming up with these schemes.

POCHARI: But isn't he doing this at the behest of the financial powers there in Wall Street? This is what Wall Street wants, right?

LAROUCHE: In a sense. Wall Street doesn't really want, in a sense. What Wall Street wants—

POCHARI: I mean, it's a short-term—it's a short-term party.

LAROUCHE: Anybody under 65 years of age on Wall Street is clinically insane and stupid. There are a few people around, who still know what an economy is, even from a monetarist standpoint. These guys, as you see by these scandals, the Enron scandal: typical. They have *no idea* of what they're doing. They are obsessed by money per se. Nominal wealth, per se.

And, what happened in 1987 was a shock. 1987, the stock market collapsed then, in October, called the shot. At that time, Greenspan, who took over from Volcker, stepped in and invented a new kind of money, called side-bets, otherwise called financial derivatives. You're talking about quadrillions, trillions of dollars worth of financial derivatives, turning over each year, against a world economy whose net product is measured in a few \$10 trillion or so a year.

It's an absolutely *insane* situation. Everyone should recognize it. But those who like to have the parties, who like to have the skyscraper penthouses, and things like that—they want their "lifestyle." They don't care about the future. They want their "lifestyle," and they're not worried about this wife they have, because they're going to get a next one, another one next week.

POCHARI: That's right. Well, then ultimately, we're looking at human greed. That is just overpowering.

LAROUCHE: Exactly. We're looking at a form of mass clinical insanity.

POCHARI: And, you know, you mentioned the tragedy. I mean, Shakespeare talked about this, and great philosophers have looked into this, but, is there any solution, Lyndon? I mean, explain. I mean, I'm not teasing you here. I've really—how are we going to deal with human greed?

LAROUCHE: Ahhhh! There's only one way to deal with it. That is, in a formal sense. And that, we have it in forms of Classical forms of art. We have it, you look for it in Classical Greek sculpture, Phidias and so forth. You find this the Classical Greek tragedy, to some degree. You see it in Plato, in his dialogues. You see it in all great Classical art: this quality of insight into the difference between man and a beast. When man recognizes that he's not just an animal, but that he has a quality of insight into the laws of the universe, at least on a modest scale, he sees himself as different, and sees *ideas* which empower man to rise above the condition of beast, that *ideas* are the most essential asset of mankind.

And this Classical viewpoint, which we used to have, at least in many of our privileged institutions, this Classical viewpoint is what we need.

POCHARI: I think you're right. I think that's brilliant. In other words, this huge brain we have, and I've written this, is our

solution. The old brain, the reptilian brain, or the cerebellum, this thing is obviously a menace, because this is the brain that Cheney represents, that Cheney worships. And yet, humankind *does* realize, that we don't need to descend into the depths—we can rise up.

LAROUCHE: Yes, well, this is called the Sublime, the tears of joy. The sense of "tears of joy": To see the sadness of a tragedy we're in, and to see the solution which would bring us out of the tragedy—that's the highest level of emotion, which of course is called by Plato in his Socrates, out of the mouth of Socrates, as *agape@am*, in the Greek. Which is what Western civilization was presumably based upon: This concept of *agape@am*.

POCHARI: Lyndon, one final question. You mentioned young people. Do you find that they are listening to this message? Do they really sense the profound tragedy that's under way?

LAROUCHE: I tell you what's funny. I have a fairly large group of young people internationally—it's growing rapidly, of this 18 to 25 group. And I understand them. Other people try to imitate this kind of youth group—it doesn't work. They don't understand them. You have to—and the reason I understand them, is because I think in terms of the Sublime. I think in terms of trying to give them a sense of a mooring, in a sense of their own humanity, in a Classical sense.

The problem with these guys, they're trying to exploit them! They're trying to *use* them as political cannon-fodder. I don't. I say, don't try to run them, don't try to direct them. Stimulate them, give them some leadership, give them some inspiration.

POCHARI: Give them what they want.

LAROUCHE: They'll do it themselves. And that's...

POCHARI: And they're responding quite vigorously, then.

LAROUCHE: I have a wonderful time with these young guys.

POCHARI: Well, Lyndon, thank you so much joining me, and I really—do you have any final? That's how I'll end this interview: Would you like to sum up your most important message? How would you sum up your most important message?

LAROUCHE: We are on the verge of throwing out of the United States government, those elements which have to be thrown out. That is what is the good news.

Now, the bad news is, we haven't done it yet.

POCHARI: Now, why? You've got me asking another question. Why is it taking so long, Lyndon, to throw out these bad cats?

LAROUCHE: When you've lived as long as I have, and you know history as I do, you cultivate a certain patience about the whole business. Don't look for instant gratification. Just do the job.

POCHARI: So, we know what the job is, we're going to accomplish it. However, it does take time.

LAROUCHE: It's taken a long time, many generations.

POCHARI: Thank you, Lyndon H. LaRouche, Jr. Thank you so much for joining World Affairs Monthly.

LAROCHE: Thank you.

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Feature:

On the Campaign Trail Against Racism

by Lyndon H. LaRouche, Jr.

Democratic Candidate LaRouche's indictment of the Democratic National Committee (DNC) for having annulled the Voting Rights Act of 1965 in order to try to exclude him from the Party's leadership, is the opening speech of a DVD which his campaign is putting into wide circulation.

- How Excluding LaRouche Lost Gore 2000 Election

Some 53,150 Democrats voted for Lyndon LaRouche in the May 2000 Arkansas Democratic Primary ... which entitled LaRouche to send at least seven delegates to the Democratic National Convention. ... But the Democratic National Committee, and Arkansas Democratic bureaucrats were hysterical at the prospect of LaRouche breaking open the vacuous Convention prepared for loser Al Gore. ...

- DNC Racists Eviscerated Voting Rights Act

by Barbara Boyd

On March 27, 2000 the U.S. Supreme Court refused to apply the Voting Rights Act to the Democratic Party's practice of refusing to count the Presidential primary votes of Lyndon H. LaRouche, Jr. By the same action, the court sustained the position of the Democratic National Committee (DNC) and a three-judge court sitting in the District of Columbia: that the Democratic Party is a 'private club' and can exclude anyone it chooses—the very same argument employed by the Democratic Party throughout its racist past to exclude blacks and other minorities from the political process.

- Louisville Press Conference

'Bring the Threat of War Under Control, Now'

Candidate LaRouche met the press in Louisville, Kentucky on May 7, with Democratic State Representative Perry Clark, who has endorsed LaRouche for President.

- U.S. Is Suffering the Insanity of Empire

On May 8, Lyndon LaRouche gave this talk, transmitted simultaneously to weekend educational and recruiting sessions of the LaRouche Youth Movement in Pennsylvania and in Seattle, Washington.

- 'I'm Trying To Save The Democratic Party'

LaRouche addressed members of the Christian Ministerial Alliance of Little Rock on May 10, accompanied by LaRouche Youth Movement organizers from Houston who had been campaigning in Arkansas. We excerpt two significant questions from the ministers, and LaRouche's answers.

- To Arkansas Legislators:

Capital Investment To Produce a Human Being

On May 10, 2004, Lyndon LaRouche addressed a group of legislators in Little Rock, Arkansas, who were at a reception for him.

- Arkansas Candidates' Forum:

We Shut Down Our Jobs, And We Are Poor'

LaRouche was grilled by Government TV channel host Don Elkins at a televised candidates' forum in Fayetteville, Arkansas on May 12.

- Get The Common Man To Vote For Himself

Lyndon LaRouche spoke before the Alabama Democratic Conference in Montgomery, on May 15, 2004.

- **'We Need People Who Will Stand Up'**

LaRouche addressed the New South Coalition in Montgomery on May 14, 2004.

Economics:

Oil Price and Interest Rate Hikes: A Lethal Combination

by Richard Freeman

The escalating price of crude petroleum, the leading edge of a worldwide Weimar-style hyperinflationary process, is in the initial phase of wrecking economies from Japan and the United States, to the developing world....

New Silk Road Diplomacy Steps Up in NE Asia

by Kathy Wolfe

On May 14, South Korea's Constitutional Court threw out the impeachment of President Roh Moo-hyun and restored him to a new majority government, as his youth movement supporters tied yellow ribbons to lamp posts around the country in celebration.

- **Gwangyang Port's Horizon Is Eurasian Land-Bridge**

by Kathy Wolfe

A trip to Gwangyang Port at Korea's southern tip, 150 kilometers west of Busan (Pusan), shows that South Korean planners expect great success for the Eurasian Land-Bridge and a huge increase in cargo, especially once the South-North Trans-Korean Railway (TKR) is operational.

Russian: Crash Certain; LaRouche Has Solution

by Rachel Douglas

Speaking to the Strana.ru web news service on May 18, former Russian Central Bank chief (1992-94 and 1998-2002) Victor Gerashchenko called for 'a revival of the Bretton Woods system, with fixed exchange rates and a tie to gold,' as 'not ideal, but an entirely acceptable option' for changing the international monetary system, in the face of the onrushing crash of today's speculative financial system.

International:

Sharon's Operation Rainbow: All Colors Are Blood-Red

by Dean Andromidas

Israeli tanks and helicopter gunships fired on thousands of unarmed Palestinian demonstrators protesting the Israeli attack on the Palestinian city of Rafah in the Gaza Strip on May 19, killing woman and children. The slaughter of unarmed demonstrators was just the most brutal incident in the military operation which the so-called Israeli 'Defense' Forces (IDF) have given the Orwellian name of 'Operation Rainbow'; but in this rainbow, every color is blood-red.

Amnesty International Charges: War Crimes!

On May 18, while the Israeli military was destroying dozens of houses in the town of Rafah in the Gaza Strip, Amnesty International released a report entitled '*Under the Rubble: House Demolition and Destruction of Land And Property*,' which charges Israel with class A war crimes.

The LaRouche Doctrine Debated in Egypt

by Muriel Mirak-Weissbach

As soon as the LaRouche Doctrine proposal for establishing peace in Iraq and Palestine was issued April 17, it was warmly welcomed in intellectual and political circles in the Arab and Islamic world. Among the first to endorse the idea of a new U.S. policy for Southwest Asia outlined by Lyndon LaRouche, was Prof. Mohammed Seyyed Selim, of the Center for Asian Studies, University of Cairo. Weeks later, this author was invited to present the proposal at the Center's annual conference.

Australia Tortures Children in Camps

by Allen Douglas

A nurse who served in the notorious Woomera IDC in the middle of the South Australian desert, summed up the case in her submission: 'The Australian government is thereby culpable of torture of children.'

Thailand's South Erupts As Neo-Cons Eye Straits

by Mike Billington

After two decades of relative peace, the Islamic-majority southern provinces of Thailand have erupted in violence, escalating towards a potential religious/separatist revolt. While the roots of the outbreak, both foreign and domestic, remain largely a mystery, there is no question that the neoconservative faction in Washington is prepared to take advantage of the crisis, to expand their imperial designs to include a U.S. military presence in the strategically crucial Malacca Straits.

Congress-Led Alliance Pulls Surprise in India

by Ramtanu Maitra

The four-phase (April 20-May 10) general elections to constitute the 14th Lok Sabha (Lower House of the Indian Parliament) turned out to be a stunner. When the votes were tallied on May 13, it was discovered, to the utter surprise of politicians and pundits, that the ruling National Democratic Alliance (NDA), led by the Bharatiya Janata Party (BJP), had been routed.

Rumsfeld's 'Ungoverned Areas' Spread Across The Americas; Will War Follow?

By Gretchen Small

In November 2002, U.S. Defense Secretary Donald Rumsfeld attended the Fifth Defense Ministerial of the Americas, in Santiago, Chile, to personally deliver an ultimatum: The governments of the Americas must create a multinational military force tasked to intervene in the terrorist-infested 'ungoverned areas' of the hemisphere, or the United States might do so...

Toledo Teeters, As Soros Pushes Uprising

by Luis Vásquez Medina

The ousting of Peruvian Interior Minister Fernando Rospigliosi in early May, preceded by last month's march of the coca growers (known as cocaleros) on Lima and the bloody uprising in the border city of Ilave, where a supposedly corrupt mayor was lynched, marked a phase change in Peruvian politics. At present, the fall of the Alejandro Toledo government is nearly inevitable. He has lost the blessing of his mentor, the drug-legalizing megaspeculator George Soros, the same person who put Toledo in the presidency in 2001. Now Soros and his cohorts in the international financial oligarchy have worse in store for Peru.

Dialogue of Civilizations In the Golden City of Prague

by Our Correspondent

A conference of the World Public Forum—Dialogue of Civilizations took place in Prague from May 4-6, on the theme, 'Europe in the 21st Century: a Meeting Place of Civilizations.' About 250 politicians, church representatives, scientists, intellectuals, and artists achieved an exchange of ideas on Europe's future during the three days of meetings.

- **Is There a Universal Image of Man?**

by Helga Zepp-LaRouche

Helga Zepp-LaRouche is founder and Chairwoman of the international Schiller Institute. She gave this speech to the Plenary Session of the Prague conference of the World Public Forum, on May 4.

- **Economic Workshop:**
FDR's New Deal Is Key to Today's Financial Crisis
by Helga Zepp-LaRouche

To the workshop on economic questions of the Prague conference, on May 6, Mrs. Zepp-LaRouche gave this presentation, 'A Policy in the Tradition of Roosevelt's Global New Deal As the Way Out of the Systemic Financial Crisis.'

National:

Chalabi, Torture Scandals Lead To Beast-Man Cheney's Doorstep **by Edward Spannaus**

How long can Dick Cheney last? The now-daily torrent of high-level leaks pouring out of both military and civilian agencies, reflects the high degree of institutional determination to clean out the Cheney-Rumsfeld corruption from the military-security establishment. It also portends that the Abu Ghraib torture scandal is not going away, and that it cannot to be contained at the level of a handful of privates and sergeants. The drive to oust Cheney, which was launched by Democratic candidate Lyndon LaRouche in the fall of 2002, has now taken on the character of a steamroller.

LaRouche Opens Campaign Against Party Racism **by Nancy Spannaus**

LaRouche Campaign radio ads began going out across Alabama on May20, exposing the racism of the Democratic Party leadership, and putting out the message that the party had better reform itself now, if it is not to be destroyed in the upcoming Presidential election.

Book Review:

The Vietnam Veteran In Greek Tragedy **by Dean Andromidas**

Achilles in Vietnam: Combat Trauma and the Undoing of Character

by Dr. Jonathan Shay, MD

New York: Scribner, 1995

272 pages, paperback, \$14

A masterwork is not too strong a word to identify Achilles in Vietnam by Dr. Jonathan Shay, who is neither a Classicist nor a literary writer, but a clinical psychiatrist at the Department of Veteran Affairs Outpatient Clinic in Boston, where he treats Vietnam combat veterans suffering from post-traumatic stress disorder (PTSD).

U.S. Economic/Financial News

Tapes Reveal Enron Manipulation in West's Energy Crisis

The Snohomish County Public Utility District (PUD), north of Seattle, announced on May 17 that it had received 2,000 hours of tape-recorded conversations between Enron employees from the Justice Department, that could implicate former Enron execs Jeff Skilling and Kenneth Lay in the illegal schemes the company used to steal millions from California and Washington states, during the 2000-2001 energy crisis. West Coast papers reported May 18.

On the tapes, employees brag that they have stolen up to \$2 million a day from California. Enron's California director of regulatory affairs, Susan Mara, states on the tapes that she is collecting information on how well the company's schemes are going, for an in-house presentation to corporate executives, naming Skilling and Lay. Skilling has already been indicted on a range of fraud charges, although none are related (yet) to California, and Lay has not been charged (yet).

The 54 CDs were delivered to the PUD in exchange for providing the DOJ with a complete transcript. The PUD plans to use the transcripts in an ongoing lawsuit against Enron, and Washington state utilities will use the evidence to file anti-trust suits against the company, and request rebates, which the Federal Energy Regulatory Commission has made it almost impossible otherwise to recover.

Fed Vice Chair Confronts Financial Crisis in Brussels Speech

Federal Reserve vice chairman Robert Ferguson focussed on the ongoing financial crisis in a speech in Brussels May 17, to a conference sponsored by the National Bank of Belgium, on the role of central banks in promoting financial stability. Ferguson addressed an issue which has become a recurring theme in several speeches by—and undoubtedly debated in closed door discussions—Federal Reserve Board governors during the past two months: What will cause a global financial crisis, and what should the Fed do to stop it?

Ferguson first identifies in monetary gobbledygook, "a variety of imperfections inherent in markets," which, he fears, "can become so widespread and significant as to result in outcomes that threaten the functioning of the financial system and adversely affect real economic variables. History suggests that these imperfections reach this advanced and disruptive stage when they are exacerbated by large external shocks. Such outcomes include panics, bank runs, severe market illiquidity, and excessive risk aversion. These outcomes are highly undesirable for society because they can be accompanied by a variety of economic distortions."

Ferguson identifies some of the trends that could lead to this instability: "One clear trend, in many countries is an increase in market concentration in the banking sector and in other sectors of the financial services industry. In the United States, for example, the share of [all banking] assets held by the top ten commercial banks has risen from about 30% in 1995 to about 45% today." Another trend is the growth of derivatives, which Ferguson, for the most part, tries to present as positive instruments. Still, Ferguson reports that according to the Bank for International Settlements (BIS), "the notional and market values of all over-the-counter foreign exchange and interest rate derivatives contracts ... have nearly doubled in just the past two years." Thus, "increased global financial integration carries with it some new risks ... as we learned all too well following the Russian debt default in August 1998."

While rejecting greater bank regulation, and promoting the impotent BIS program of requiring commercial banks to carry greater tier I capital reserves (which will prove completely valueless during a crisis), Ferguson addresses what the Fed must do during a crisis. "My experience ... suggests that at certain times—genuine crises, particularly those with a global dimension—the central bank must act to avert disaster," he tells the assembled central bankers and finance ministry officials. In a section of his speech labeled "Crisis Management and Liquidity Assistance," Ferguson states, "Assistance from the central bank may involve expanding the liquidity of the entire financial system through open market operations [i.e., the federal funds overnight market], or it could entail direct loans [to commercial banks] through the discount window to meet the liquidity demands of specific institutions." He notes that the Fed has recently restructured its lending programs through the discount window, in order "to make the discount window even more effective in a crisis."

To meet "cross-border liquidity needs," he promotes a crisis doctrine of "coordination among central banks in providing liquidity assistance."

Fannie Mae's Haute Cuisine of Cooking the Books

During the last few years, home-mortgage colossus Fannie Mae has spewed out confetti, which it has presented as its "accounting books," submitted to the Securities and Exchange Commission. A new, lengthy study by *Barron's* magazine, published May 17, shows that in 2002, Fannie Mae reported earnings of \$6.4 billion. However, *had* Fannie been forced to report losses from hedged derivatives positions of \$8.9 billion that it incurred in 2002—instead of reporting them as deferred cash-flow hedge losses and spreading them over several years, which is the practice Fannie followed—then Fannie would have had a \$2.5-billion overall *loss* in 2002. This would have severely shaken the housing and financial markets, and could have popped the housing bubble.

Author Jonathan Lang discloses the following:

Both Fannie Mae and sibling Freddie Mac, end up in a very difficult position any time that interest rates move sharply up or down. Fannie has taken out derivative hedges (usually in the form of interest-rate swaps), to cover itself against such interest-rate movements. These hedges can be exotic, and Fannie has played them with a lot of leverage. In 2001, the Financial Accounting Standards Board (FASB) imposed new accounting rules, demanding that companies mark their derivatives portfolio "to market"—i.e., to what they are actually worth, not what they were worth historically when originally bought. This would accurately reflect the derivatives gains and losses. The FASB made an exception, so that companies would not have to mark their derivatives to market [??], if they were "cash-flow hedges" to guard against sudden movement of interest rates. Under this special exception, a company's losses (or profits) from "cash-flow" derivatives could be put into a special category called AOCI—"accumulated other comprehensive income"—and the losses, instead of having to be reported when they occurred, could be spread out over as many as 10 years.

Fannie used this loophole to drive a truck through. It accounted for many of its cash-flow hedges over several years. Second, it bought out some of its cash-flow hedges that were losing money, by issuing new swaps. Through this fancy footwork, Fannie plowed a staggering \$12 billion in derivatives losses into the accounting black hole called AOCI.

Furthermore, Fannie holds \$8 billion in mobile-home loans, a quarter of which are now in junk status. 70% of Fannie's mobile home loans were bought from Conseco company, which is now in bankruptcy.

A sudden jolt to the system could cut through Fannie's papered-over accounting fraud, which has been used to cover up Fannie's real bankruptcy. In turn, that would bring down the financial system.

World Economic News

Public Costs of German Mass Unemployment Rise Sharply

According to a new report published by the Institute for Labor Market Research of the German Labor Ministry, the total public costs of unemployment in the last year amounted to 82.7 billion euro—10% more than the year before (75.0 billion euro). This figure includes both the additional public expenditures directly caused by unemployment, as well as reduced tax revenues and social security payments. Public expenditures for the unemployed amounted to 40.1 billion euros, additional social aid to unemployed people was 4.0 billion euros. Tax losses due to unemployment are estimated to be 15.9 billion euros, and losses in social security fees to another 22.7 billion euros.

Not included in the 82.7 billion euro figure is an additional roughly 20 billion euros in public labor-market programs. Furthermore, there are several million people unemployed in Germany beyond the official average of 4.38 million last year. Indirect repercussions of unemployment, such as lower consumption, aren't included either.

Philippines Activates Currency Swap with ADB

The Philippines has activated the currency swap arrangement with the Asian Development Bank (ADB) to meet debt payments, although it was originally intended to counter speculation, the *Manila Times* reported May 17. The \$200 million swap gives the Philippines dollars that can be paid back in pesos. The last several efforts to issue sovereign bonds have either demanded exorbitant rates, or had failed altogether. "It is effectively a foreign borrowing," the official said. "The ADB lends the swapped peso to the domestic or foreign banks." The Philippines effort to get the swap at below market rates was rejected by the ADB.

Brazil Runs Into Trouble Refinancing Debts

Brazil, the largest Third World debtor in the world, was forced to tap into its cash reserves on May 19, in order to meet an exceptionally large debt payment of 33 billion reais (\$10.6 billion) that came due, Bloomberg reported May 20. However, as investors were demanding ever higher yields on newly issued Brazilian bonds, the government could not cover the payment by bond emissions. Brazil has already cancelled three bond auctions during May, because demanded yields had crossed the 18% mark. Therefore, when the biggest domestic debt payment in at least a decade came due on the 19th, the government had to dip into Treasury reserves (roughly 85 billion real, or \$28 billion) to be able to repay maturing debt.

Any withdrawal from exchange reserves, however, increases the fears among investors that Brazil might default on \$425 billion of domestic and foreign government debt, again driving up yields and threatening a sinking of the real. Between now and the end of the year, another \$40 billion in debt comes due.

The government put out a report on May 19, saying that it had 458 billion reais of domestic debt with yields indexed to the central bank's overnight rate, and another 310 billion reais of fixed-rate domestic debt. Furthermore, the government has about \$170 billion in international debt.

Bank of England Rate Rise Puts Pressure on Greenspan

The Bank of England monetary policy committee met May 5-6, and voted 9-0 to increase the repurchase interest rate (roughly equivalent to U.S. federal funds rate) by one-quarter of a percent from 4.0% to 4.25%. This is the third quarter-percent increase in the past six months. However, the minutes of the Monetary Policy Committee (MPC), which were released May 19, show that the BOE debated whether to raise rates by a full half-percent. The minutes stated that, "A 50 basis point rise could therefore be warranted by the Committee's central projection. Moreover, there were upside risks to this projection; for example, it is not certain that demand would ease as markedly as projected.... The surprise entailed by a 50 basis point increase might help to moderate the continuing rapid rate of increase in consumer indebtedness."

The BOE was keen to attempt to contain the housing bubble; so much so, that it issued a denial that this was the case, thus indicating this was its real intent. The MPC's minutes stated, that the recent monetary tightening, "did not imply that it was targeting house price inflation, or any other asset price."

The move by the BOE will generate effects in United States: if the Brits keep aggressively raising rates to contain their housing bubble, this will put enormous pressure on U.S. Fed chairman Alan Greenspan, who was just renominated for a fifth term, to raise the federal funds rate from its 45-year low of 1%.

Bloodbath on Asian Stock Markets

As part of the ongoing financial disintegration worldwide, on Monday, May 17, Asian stock markets suffered one of their

biggest massacres in recent years. The triggers are manifold: the explosion of the oil price to record-highs, the fear of rising U.S. interest rates, foreign investors liquidating their credit-financed holdings in "emerging markets," the situation in Southwest Asia, disappointing news on the Japanese "recovery," new "bad loan" problems in the Japanese banking system, perhaps slower growth ahead in China, elections in India and Indonesia. The results on stock markets were quite dramatic: Nikkei -3.2%, Hongkong -2.7%, Singapore -3.1%, Thailand -4.6%, Taiwan -5.1%, South Korea -5.1%, Indonesia -7.5%, India -11.6%.

In Mumbai, India, the stock market had to be shut down twice when stocks plunged 17%, the worst crash in 129 years on the Mumbai (formerly Bombay) stock exchange. At day's closing, stocks were down "only" 11.6%, wiping out \$25 billion, the biggest fall in 12 years. The Reserve Bank of India announced it would intervene, if needed, to protect the rupee.

Japanese bank stocks were crashing, after the daily *Yomiuri Shimbun* reported that Japan's fourth-largest bank UFJ will soon announce a much bigger loss than expected, due to bad-loan writeoffs. UFJ stocks plunged 10%, stocks of Mitsui Trust Holding even by 13%. The Nikkei has now lost 14% since April 26.

Meanwhile, regional finance ministers and central bank heads at an Asian Development Bank (ADB) meeting in South Korea, stated that the combination of extremely high oil prices and rising interest rates poses the biggest threat to Asian economies in the last four years.

United States News Digest

Kerry Campaign Continues To Flail; LaRouche Still Excluded

Here is a round-up of news from the sinking Kerry campaign; as Lyndon LaRouche warned, Kerry and the Democrats will fail unless he is brought into the picture:

*** Do the Democrats Really Think It's All About Money?** According to news reports May 21, the presumptive Democratic Party nominee John Kerry is considering delaying accepting the party nomination, in order to gain time to raise and spend more private contributions!

While basking in their record fundraising results—Kerry raised \$30 million compared to Bush's \$15 million last month, and has raised more than any other Democrat running for President *ever*—the DNC Kerry-handlers don't think it's enough. They are upset that if Kerry accepts the nomination at the late July convention, he will have to stop raising and spending private money, and simply rely on the \$75 million granted him by the government. But his rival, Republican George Bush, will have an additional five weeks to raise private money, before he is nominated, and is subject to the same rules.

Having decided money is the crucial thing, Kerry's advisers are looking into bizarre options, such as having Kerry delay his acceptance of the nomination, or having the Democratic Convention delay taking a formal vote, and vote later by mail or proxy. No one knows if the FEC would accept any of these options. There's a chance such a move would jeopardize the \$14 million the FEC is supposed to provide to finance the Convention!

*** McCain as Kerry's Running Mate?**

Apparently, saying "me, too," to the policies of George W. Bush is not enough for presumptive Democratic Presidential candidate John Kerry. Now, it is said, he wants a Republican for a running mate, specifically Sen. John McCain (R-Ariz). And, there is a lot of enthusiasm for McCain among other top Democrats, even some who have been mentioned as possible running mates themselves. Former Sen. Bob Kerrey (DNE) said that McCain "would not have to leave his party. He could

remain a Republican, would be given some authority over selection of cabinet people. The only thing he would have to do is say 'I'm not going to appoint any judges who would overturn Roe v. Wade.'" Kerry himself is said to be interested in McCain, and the two are reported to be good friends. When McCain defended Kerry from an attack by Dick Cheney in March he was returning the favor. Kerry had defended him from George W. Bush's attacks during the 2000 Republican primary campaign. McCain, himself, has repeatedly denied, publicly, that he is interested in the VP spot with Kerry, but when he was recently asked if he and Kerry had discussed it, he paused before answering, "No, we really haven't."

*** Kerry Meets Nader**

John Kerry met with Ralph Nader for an hour, on May 19, not asking him to bow out, but delicately requesting help. In an interview immediately afterwards, Nader praised Kerry as "very Presidential." "He has a very confident demeanor. I've noticed it on TV."

Nader criticized Kerry's advisers: "The more he cuts the reins of his advisers, the better he's going to do.... His own instincts are less cautious than Bob Shrum's."

A new Democratic group was announced on Wednesday, called the National Progress Fund, with the stated purpose of enticing Nader supporters to support Kerry by promising to help push many of their issues.

Democrats Demand End of Outsourcing Contracts

Four leading Senate and House Democrats, in a May 18 letter to Secretary of Defense Donald Rumsfeld, blasted the Administration for its March 10 decision to outsource Pentagon oversight of Iraq rebuilding contracts, charging that "significant conflicts of interest" had resulted from allowing contractors to "police" themselves.

Already, in "numerous" cases, contracts awarded by the Administration to a small group of private contractors, have been "plagued by fraud, waste, and abuse," said the members of the Senate Democratic Policy Committee and House Government Reform Committee. In this light, "the Pentagon should have redoubled its own oversight efforts," they wrote.

"Instead, on March 10, 2004, the Coalition Provisional Authority (CPA) announced that it was outsourcing the oversight of these contracts by awarding \$129 million worth of new 'management' contracts to the same small group of contractors that is doing much of the reconstruction work in Iraq."

"These contractors are being asked to carry out essential government oversight functions.... It is not appropriate for contractors to exercise these functions particularly in view of significant conflicts of interest among these companies."

"The bottom line is that this kind of oversight system cannot work and that the Pentagon should not abdicate its oversight responsibilities over multibillion dollar contracts."

The letter was sent by Sens. Byron Dorgan (ND) and Ron Wyden (Ore), and Reps. Henry Waxman (Calif) and John Dingell (Mich), who issued a report titled, "Contractors Overseeing Contractors: Conflicts of Interest Undermine Accountability in Iraq."

The lawmakers said they will shortly be proposing amendments to the Defense authorization bills in the Senate and House, "which would require that these contracts be terminated, and that the Pentagon carry out its own oversight responsibilities."

Pentagon Suspends More Payments to Halliburton

The Defense Department, citing excess meal costs of more than 19%, and "numerous" incomplete files and bills from KBR's subcontractors, said, on May 17, it has suspended \$159.5 million in meal charges submitted by Halliburton's KBR unit for feeding U.S. soldiers and other personnel at more than 50 military cafeterias in Iraq and Kuwait. The suspension, which the Pentagon said was done "to protect the Army's financial interests," came out of its ongoing audit sharply critical of KBR's meal billings.

A Pentagon spokeswoman said that the "Tiger Team" of investigators and auditors appointed by KBR found that excess meal costs amounted to more than 19.4% of the actual price charged to the Army for meals.

In an audit released May 14, Pentagon auditors blasted KBR's "inadequate" billing system for all its Iraq contracts, citing "deficiencies" that resulted in billings "not prepared in accordance with applicable law and regulations and contract terms." In one of its harsher rebukes, the Defense Contract Audit Agency said KBR had "no documented mechanism" for making sure that its subcontractors billed properly and followed the terms of their contract.

In response to the suspension, Halliburton threatened to withhold payments from the subcontractors who actually run the dining halls.

The next move could be for the Pentagon to disapprove payment, meaning KBR would have to write off at least \$160 million. The Army Field Support Command has the final say.

U.S. State Dept. Human Rights Report Released

The U.S. Department of State released its annual report on the promotion of human rights May 18, admitting that the prisoner-abuse scandal was a huge "cloud" over its mission, which admission was trumpeted by foreign press, including the *Telegraph* of London and China's Xinhua.

The report summarizes actions taken by the U.S. in 101 countries to promote freedom and to end abuses, including torture. Lorne Craner, U.S. Assistant Secretary of State responsible for promoting human rights and democracy, admitted that the awful images of the abuses at Abu Ghraib prison "hampered" the U.S.'s ability to promote human rights. Craner commented: "We got things wrong and we are going to fix it."

Senate Democrats Want To Reopen Haynes Nomination

Senators Ted Kennedy (D-Mass) and Richard Durbin (D-Ill) have asked the Senate Judiciary Committee to reopen confirmation hearings for William Haynes, the current Defense Department General Counsel, who has been nominated for a seat on the already reactionary Fourth Circuit U.S. Court of Appeals, the *Washington Post* reported May 18.

In a May 11 letter to Committee chairman Orrin Hatch (R-Utah), Durbin noted that Haynes "has been a central official in crafting the Bush Administration's counter-terrorism policy, especially with respect to interrogation practices, detention of enemy combatants and establishment of military tribunals." Both Durbin and Kennedy have submitted questions to Haynes, which he has not answered.

In March, the Judiciary Committee approved Haynes' nomination on a straight party-line vote; however, because of the deadlock on other controversial nominations, it has not yet gone to the Senate floor.

EIR has been advised that Senate Democrats are also now looking into reports that Haynes, along with Undersecretary of Defense for Policy Doug Feith, was a prime mover in the effort to declare that the Geneva Conventions should be abandoned, or "reinterpreted," to allow for much harsher methods of interrogation.

Haynes, who has never in his life tried a case in Federal court, was General Counsel of the Army under Cheney's tenure as Secretary of Defense from 1990 to 1993.

Chalabi Will Get No More Money

Deputy Secretary of Defense Paul Wolfowitz told the Senate Foreign Relations Committee, on May 18, that his longtime Iraqi sidekick Ahmed Chalabi has received, this month, his last payment from the U.S. government for the Iraqi National Congress. The filthy INC was getting \$340,000 per month from the Defense Intelligence Agency; the total received, since payments began in 2000 are somewhere between \$22-40 million, for a program that kept a steady flow of raw sewage passing for "intelligence reports" into the DoD, in order to start the Iraq war. Now Chalabi has been cut off.

Conrad Black Hit with Civil RICO Suit

Charging that Lord Conrad Black had used Hollinger International, Inc., as "a cash cow to be milked of every drop of cash," Richard Breeden, the former chairman of the Securities Exchange Commission, who was brought in to head a Special Committee of the HII Board investigating possible fraud and corruption, filed a 175-page fraud and corruption RICO suit against Lord Black, his wife Amiel, and two other confederates.

The Civil Racketeering Influenced and Corrupt Organizations suit was brought in Chicago, nominally the headquarters of HII. It seeks \$484.5 million in recompense, \$380.6 million in damages, and \$103.9 million in prejudgment interest. As Breeden's investigation is still underway, the figures may grow.

The revolt against Black, who used much of his cash flow to fund neo-conservative causes such as the Hudson Institute, American Enterprise Institute, and, especially, Hollinger Board member Richard Perle, has seriously undermined their capabilities. Although Perle is not named as a defendant in the RICO suit, it is notable that an arm of HII, Hollinger Digital LLC, is cited for recompense for having paid millions of dollars in inappropriate bonuses to executives. Perle ran Hollinger Digital, and interwove it with others on the Defense Policy Board, as well as the Jewish Institute for National Affairs (JINSA).

Republicans Can't Get Budget Through Congress

Senate Majority Leader Frist abruptly postponed the vote on the budget resolution, on May 20, until June, due to infighting among Republicans. The four holdouts are Sens. John McCain (Ariz), Olympia Snowe (Maine), Susan Collins (Maine), and Lincoln Chafee (RI), who insist that any new tax cuts be paid for by spending cuts or new tax increases.

President Bush went to Capitol Hill for a pep talk to restore spirits in the fracturing Republican Party. Afterwards, according to the *Washington Post* May 21, "participants filed past a bank of microphones to announce that they were unified in support of Bush and that there had been no dissent expressed at the meeting. Bush took no questions."

Ibero-American News Digest

Brazil: Call For FDR-Style Productive Policy, Capital Controls

Following a "National Forum for a State Project" on May 10, the Liberal Party (PL) of Lula da Silva's Vice President, Jose Alencar, issued a dramatic manifesto, "Development and Social Commitment," outlining the radical change in economic policy needed to "save" the country. The document—based upon the speech Alencar gave to open the party forum, reviewed by him before its release, and backed by the party's 44 Congressmen—sent shockwaves through the Wall Street faction within government.

Brazil faces the "gravest social crisis" in its history, comparable to that which occurred in the industrialized countries in the 1930s Great Depression, when great unemployment and liberal policies led some countries to take "the fascist or Nazi route," the PL's document warns. The levels of unemployment and sub-employment in the country have no parallel in our history, and are the direct consequence of the economic policy adopted by the previous government, and deepened by this government.

"Our message to the world must be: We, indeed, fulfill our obligations, but we do so, by increasing production, increasing employment, increasing exports, and not through a reduction of domestic consumption and mass unemployment in Brazil's cities." Franklin Roosevelt's New Deal is referenced as the model: "In the face of high unemployment and the fall in workers' income, it is fundamental, therefore, that recourse be taken to a full employment policy, in the manner of that practiced throughout four decades, during the New Deal and in the post-war period, by the advanced industrialized countries."

The government must reduce interest rates "drastically," and increase public investments in infrastructure and job-creation programs. In order to defend itself from the capital flight which would follow such measures, short-term capital controls must be imposed. The party suggested high taxes on dollars which leave the country, or regulations which do not permit capital to leave before a given period of time. As if that were not enough to panic Wall Street, the PL document says Brazil would have no problem paying for all this, if it used its primary budget surplus—which now exclusively goes to pay the debt—to finance this program.

Speculators and financiers "who have benefitted from the unlimited freedom of capital flows" will not be happy, but "the economic policy which we are proposing is that which we promised during the electoral campaign: the transfer axis of capitalist accumulation from the speculative financial system, to the productive system."

"The Liberal Party believes ... that we face a situation in which, either we continue to please the speculators, which has been done since the last government, or we face the social crisis provoked by the high unemployment, by regulating, in some fashion, the capital movements so that an expansionary fiscal-monetary policy becomes possible."

Synarchists Attack Kirchner for Defense of General Welfare

For the second time in a week, Spain's *ABC* daily, representing the right-wing Synarchist crowd which seeks to restore the old Spanish Empire, threw a rug-chewing fit over Argentine President Nestor Kirchner. The first attack came on May 7, when *ABC* denounced him as a former terrorist, "who hasn't forgotten the old anti-Western credo of the 1970s and 1980s," when one faction of Peronism "assumed the Marxist vision of society's problems, and ... took the path of terrorism, kidnappings, and armed struggle." This is precisely the line put out by the friends of Spain's fascist Blas Pinar, in Argentina's *Maritornes* apparatus.

A week later, on May 14, *ABC* went berserk over Kirchner's defense of the general welfare, accused him of allying with the Jacobins "*piqueteros*"—protesters specializing in blockading highways—in attacking Spain's Repsol oil company. *ABC* equated Kirchner's (truthful) accusation that Repsol was practising extortion against the Argentine government, with the *piqueteros*'s May 12 Molotov cocktail-throwing attack on the company's headquarters. *ABC* charged Kirchner with engaging in a "dangerous strategy of confrontation" against "the international community," proving that Argentina is still

the same old untrustworthy country, that makes life unpleasant for multinational corporations, and blames them for all of its problems.

With the economy improving, the government won't have any trouble meeting International Monetary Fund (IMF) targets, unless it wastes money "in a substantial increase of social expenditures, or on infrastructure," they raved. "Argentina is playing with fire," as is the rest of Ibero-America, because they haven't found the means to "compete with the Asian economies in the international market" for sale of commodities or attracting foreign capital. Kirchner should deal seriously with foreign bondholders and companies instead of resorting to "nationalist protectionism," *ABC* rants. The creation of a state oil company—Energia Argentina, S.A. (Enarsa) will only "cronyism and a public deficit," and ally with the Venezuelan, Bolivian, and Brazilian state oil companies, which are totally "devoid of virtue or productivity."

War College Study Warns vs. Disintegration of Americas

An Army War College study warns that the U.S. needs more than military might to keep the nations of the Americas from disintegrating. While the study, "Security in the Americas: Neither Evolution Nor Devolution—Impasse," written by War College Professor of Military Study, Col. Max Manwaring (ret.), and published by the College's Strategic Studies Institute (SSI) in March 2004, addresses the situation in the Americas, it makes clear that this is but a part of a broader battle to force a return to a traditionalist approach to U.S. national security. Last December, the SSI published a scathing attack on the "dangerously indiscriminate and ambitious Global War On Terror" and the "unnecessary and unrealistic" Iraq war.

"History is replete with instances when military victory did not lead to strategic success, and military and civilian leaders complained that they had 'won' militarily but had 'lost' politically—as if there were no connection," Manwaring writes in his study on the Americas. "The French experience in Algeria, the U.S. experience in Vietnam, and the recent coalition experiences in the Gulf War and the Iraqi War immediately come to mind."

Manwaring goes after "the U.S.-mandated, myopic, ad hoc, piecemeal, tactical-operational, and primarily military solutions to the so-called 'drug war' and/or 'narco-terrorism,'" the which are said to producing victories, even as Colombia and the Central American nations disintegrate. While the U.S. is busy in the "GWOT," Colombia has become the paragon of a failing state, and "Central America is sliding back into chaos and bloodshed that is vaguely reminiscent of the 1980s."

"Nothing less than a paradigm change" is required, Manwaring writes. He does not elaborate what that should look like, but he references our American roots as the direction in which to look: "Civilian and military leaders today must understand the force of the arguments made by Hamilton, Madison, and Jay that flow through *The Federalist Papers*. That is, the price of peace is justice, the price of justice is the rule of law, the price of law is government, the price of government is stability and order, and, finally government must apply to all men and women within a polity, not merely to those who are overtly willing to accept a given regime," Manwaring argues.

(See In-Depth this week, for several articles analyzing the threat of generalized war in the Americas.)

Guatemala To Cut Military by More Than One-Third

The Guatemalan government began dismantling military bases last week, implementing its plan to cut the military by more than a third by June 30. The demilitarization policy may quickly push the country over the edge into chaos: Instead of turning the military into the engineering force urgently needed to build the basic infrastructure the country desperately needs, it threw 11-15,000 soldiers into the waiting arms of the drug gangs, and right and left terrorist insurgencies, at a time when whole towns and regions of Central America are already in the hands of such criminals. Guatemala's military, despite its awful problems, had historically provided what logistical capabilities the country had.

The Strategic Studies Institute of the U.S. Army War College published a monograph in March 2004 (see above), which warned that Central America is collapsing into the same levels of "chaos" resulting from the drug trade and drug gangs, as suffered by Colombia. The United States' failure to develop a coherent political-military strategy for the region following the civil wars of the 1970s and 1980s, author Max Manwaring argues, is part of the problem. He identifies as a particular problem, the fact that both the security forces and the insurgents of those 1970s/1980s wars have been given no options but to turn to crime.

Uribe Gov't Caves In to Narcoterrorist AUC

The Colombian government is moving to carve out "demobilization" zones, to be occupied by thousands of the country's drug-trafficking "paramilitary" terrorists, known as the AUC, in what would be a disastrous parody of the previous Pastrana government's "Grasso *Abrazo*" with the FARC narcoterrorists. The AUC are a "right-wing" version of the "left-wing" FARC—same type of animal, different smell. The government's negotiator, Luis Carlos Restrepo, has already all but promised that the AUC leaders will not be extradited to the U.S., if they agree to demobilize and disarm.

While the government is also demanding that they give up their ill-gotten gains, and that the worst of the criminals do jail time, the AUC leaders are insisting on keeping their assets and merely doing some time in their own homes. To sweeten their side of the negotiations, the latest AUC offer is to "allow" the government to swap FARC prisoners for the FARC's kidnap victims, something the AUC had earlier sworn to prevent.

The Uribe government is calling for international donations of up to \$150 million, to facilitate the demobilization and re-education of the 15-20,000 armed paramilitaries, and the U.S. is said to be "considering" offering some financial support. The reality is that President Uribe would never have even considered taking up this doomed strategy of setting up demobilization zones for the paramilitaries, without Bush Administration "encouragement."

'South-South' Role Needed in Middle Peace Efforts

"South-South" cooperation must support the Quartet's peace efforts between Israel and Palestine, Brazilian Foreign Minister Celso Amorim told the World Economic Forum, meeting in Jordan on May 15. Brazil's Foreign Ministry (Itamaraty) reported that participants at the WEF debated how to resolve the Middle East conflicts, including discussing the need for economic growth and development in the region. Amorim emphasized that international involvement to aid a peace agreement should not be limited to the developed countries, but must also include South-South cooperation, and he proposed that developing countries form a support group for the Quartet (U.S., Russia, EU, and UN), suggesting Brazil, South Africa, and India as potential members.

The proposal to bring in key developing countries was made by Palestinian President Yasser Arafat and Prime Minister Ahmed Qurei, during Brazilian President Lula da Silva's December 2003 tour of Arab countries.

Before arriving in Jordan, Amorim held discussions with the Arab League in Cairo, on Lula's proposal to convene a South American-Arab Summit. A schedule of meetings to prepare the summit was agreed on, starting with a Foreign Ministers meeting on the sidelines of next September's UN General Assembly. Arab League Secretary General Amr Moussa emphasized the importance of the proposed summit in remarks to the WEF meeting, noting the Arab countries' readiness to begin a structured process of cooperation with South America.

Western European News Digest

Italian Senators: Open the Books on 9/11 Evidence

On May 19, Sen. Oskar Peterlini of Italy, and 16 Senators from different parties, including some in the majority coalition, signed a Parliamentary Inquiry to Prime Minister Silvio Berlusconi, demanding that he inform the Parliament and the Italian nation on the contents of the Bush-Cheney memorandum containing the evidence on who committed the Sept. 11, 2001 terrorist attacks on the World Trade Center and Pentagon, and why.

The memo has since been called into question, as the world learned that Washington has lied many times on a number of crucial issues used to justify the Iraq war and political and military decisions. Italian military forces are in Iraq as part of the "coalition of the willing," because all information coming from Washington had been accepted and presented as true.

The signers represent the opposition parties Democracy of the Left (DS) (Margherita, Verdi), Autonomous South-Tyrol Peoples Party, and the Italian Communists. Also signing were three leading Senators of the Christian Democratic Union (UDC), of the government coalition; Forlani, member of the Foreign Affairs Committee, the son of Arnaldo, the historic Christian Democracy leader; Aldo Moro's colleague Tomaso Zanoletti, President of the Labor Committee; and Renzo Gubert, a member of the Defense Committee.

The text of the Parliamentary Inquiry was written in collaboration with Paolo Raimondi, President of the Movimento Solidarietà, the organization of LaRouche in Italy.

A crucial test is pending on the Italian troop deployment in Iraq. Prime Minister Berlusconi, who is under strong pressure at home, met with Bush May 19 in the USA. He also paid a visit to UN Secretary General Kofi Annan first, to stress the urgency of a UN leading role in Iraq after the June 30 hand-over date. Berlusconi knows that he has already lost the European elections, unless he presents himself as more independent from the Bush-Cheney war faction, he may follow Spain's ousted José María Aznar into political irrelevance.

European Elections Are a Vote on U.S. Policy

Helga Zepp-LaRouche's campaign in the European elections was featured in the *Westfalen-Blatt* newspaper May 19. "We will win, because only with our concept, will we get out of the present systemic crisis," the article quoted Mrs. LaRouche, who is chairwoman of the BueSo (Civil Rights Solidarity) party. The paper added that she "does not lack self-consciousness, only votes."

The theme of Mrs. LaRouche's BueSo campaign is her husband Lyndon LaRouche's "Southwest Asia Doctrine," the daily wrote, adding that Zepp-LaRouche expects a "crash," in the "whole hemisphere," the "explosion of all financial bubbles in the next months, if not weeks. The U.S. Administration will fly forward into a 'kind of fascism,' with emergency laws, she said."

The paper adds that alleged "hostility to democracy and anti-Semitism, which critics like to charge [the BueSo] with, cannot be documented from the many BueSo publications. "The BueSo claims to be the only party in this campaign that can generate a shift in the policy of the USA. It claims to be the only party to defend international law on the basis of the Treaty of Westphalia. Through a 'New Bretton Woods' and a return to fixed-exchange rates, it wants to save the financial system. A 'Eurasian Land-Bridge' is to become the core of a global reconstruction program, in the coming 25 to 50 years."

Quoting Helga directly, again, the article wrote: "We possess the optimism that the people are capable of a dialogue of civilizations, and that we finally will overcome war as a means of conflict." The article also identified to local BueSo candidates, Joerg Langenohl and Rolf Bobbenkamp running in East Westphalia.

Swedish Citizen Sues U.S. Army Over Abu Ghraib Torture

An Iraqi-born Swede has filed a lawsuit against the U.S. Army, charging that he was tortured by U.S. personnel in Abu Ghraib prison. Saleh, whose full name is being withheld by his lawyer, was imprisoned by Saddam Hussein from 1980-85, left Iraq, became a Swedish citizen, and returned last September. According to the account published in the *International Herald Tribune* May 18, Saleh was then stopped by U.S. military, who confiscated the \$79,000 he had brought with him, and the car he was driving, put him in Abu Ghraib on Oct. 4, where, among other things, subjected to sexual humiliation, and other forms of physical abuse and torture. He was released in December, and told to seek legal recourse in the U.S.

Iraqi Employees of British and U.S. Media Tortured

Three Iraqi employees of Reuters news agency and one NBC employee were tortured by U.S. troops in Fallujah in January 2004. The four Iraqi newsmen were covering the downing of a U.S. helicopter near Fallujah when they were arrested, on Jan. 2, and brutally tortured in Forward Operating Base Voltorno near Fallujah. They were released on Jan. 5, and reported the torture to Reuters and NBC. The companies filed complaints immediately, first to Gen. Ricardo Sanchez, commander of the First Armored Division, and then, when the Army claimed to have investigated and found no torture, they complained directly to Rumsfeld. The investigators never interviewed those who had been tortured.

When the men saw the Abu Ghraib pictures, they decided to go public. Reuters' Global Managing Editor, David Schlesinger, released the letter he sent to Sanchez on Jan. 7, and the response he received on Jan. 8, saying that the detainees "were purposefully and carefully put under stress, to include sleep deprivation, in order to facilitate interrogation; they were not tortured."

The Reuters employees described various forms of sexual and other degradation, as well as beatings and other physical and psychological abuse, including threats they would be taken to Guantanamo.

Schlesinger wrote to Rumsfeld's spokesman Larry DiRita on Feb. 3, demanding a review of the investigation, calling it "woefully inadequate," and stating that the failure to even interview the victims, "along with other inaccuracies and inconsistencies in the report, speaks volumes about the [lack of] seriousness with which the U.S. government is taking this issue." NBC News vice president Bill Wheatley said that "despite repeated requests, we have yet to receive the results of the Army investigation" into the case of the NBC employee.

European Leaders Favor Islamic Peacekeepers in Iraq

German Chancellor Gerhard Schroeder, who took part in a Belgian cabinet session in Brussels May 18, also met separately with Belgian Prime Minister Guy Verhofstadt to discuss the Iraq and Palestine issues.

Both leaders told the press, afterwards, that they would not veto a NATO peacekeeping mission, but definitely would not contribute any troops to such a force in Iraq. Schroeder and Verhofstadt share the view that peacekeepers from the Islamic states neighboring Iraq would "better be able to be met with the necessary confidence by the Iraqi population."

Troops from non-Islamic western states would always be viewed as occupiers, and they would never be able to build confidence with the Iraqis, they said. "I have my doubts whether NATO is the right instrument to contribute to the stabilization of Iraq," the German Chancellor said. NATO troops would not get a better welcome in Iraq than the forces of the occupying powers now.

Schroeder's view on the subject are known to be shared by the French and Belgians.

The German Chancellor also expressed similar views on the popular "Maischberger" television program May 17. And reportedly discussed the idea with Egyptian President Hosni Mubarak, at a meeting in Hanover, April 16, and in a meeting with U.S. National Security Advisor Condoleeza Rice in Berlin, May 17.

Remarks by Russian Foreign Minister Sergei Lavrov in media interviews after the G-8 Foreign Ministers meeting in Washington over the weekend of May 15-16, indicate that the proposal for an international peacekeeping force, with at least a strong Arab or Islamic component, rather than NATO troops, has been discussed among Moscow, Berlin, and Paris, as well.

Britain's New Labour Links Up with Kerry Campaign

Two "most senior" British Labour Party strategists will go to the United States this summer to build ties with the Kerry campaign and will likely attend the Democratic Convention in July.

Tony Blair is under heavy pressure to loosen his politically suicidal ties to George Bush. These visits—yet to be confirmed—are most likely the work of Blair's biggest rival, Gordon Brown, who is known to be close to Kerry and to banker Felix Rohatyn, and the Massachusetts Kennedy machine. Rupert Murdoch's London *Times* has recently been reflecting the views of Gordon Brown. It also published an interview with Deputy Prime Minister John Prescott last week, indicating Blair could be on the way out.

Labour Party spokesmen are denying the political rifts, but the cat is out of the bag.

The Times cites a "well-placed source" saying that Pat McFadden, one of three political directors at 10 Downing Street, is expected to attend the Democratic Convention.

Douglas Alexander, Cabinet Office Minister and election coordinator for the Labour Party, is reportedly going to "spend time" with the Kerry campaign this summer. Alexander has worked with other Democratic campaigns in the past.

A Downing Street spokesman tried to downplay the importance of the visits, asserting this was "not sending out a signal about our relations with Bush," which Blair would not want done.

Half of British Voters Say Tony Blair Should Leave

A May 15 opinion poll cited by Reuters showed that nearly half of British voters think Prime Minister Tony Blair should step down before the next general election. Blair's public ratings have plummeted since the Iraq war, and growing numbers of Labour members of Parliament are openly wondering whether he has become an electoral liability. The YouGov poll for the *Sunday Times* found 46% of those surveyed said Blair should quit before the next election, expected in about a year's time. Another 22% want him to go soon after an election, while just 20% say he should stay, according to the poll. Asked whether they trust Blair, 61% said "no" and 36% "yes."

On May 14, Blair called speculation about his future "froth." But the following day the *Times* ran an interview with Deputy Prime Minister John Prescott on its front page, under the headline "Race to seize Blair's crown is under way." Prescott was quoted as saying senior ministers had discussed a future without Blair. "I think it is true that, when plates appear to be moving, everyone positions themselves for it," Prescott said. Asked whether senior ministers were preparing for a new leader or had discussed it, Prescott said: "Yes, people do talk about it and you get that discussion.... [E]very British prime minister goes eventually."

Russia and the CIS News Digest

Russian President's Annual Message Delayed

The annual Presidential Message to the Federal Assembly, expected to be delivered by Russian President Vladimir Putin of on May 14, has been postponed to a later date, *Nezavisimaya Gazeta* reported. The Message is traditionally an occasion to enunciate economic policy goals, in particular. Some Russian observers link the postponement to the May 9 assassination of Akhmad Kadyrov, President of the Chechnya region. *Nezavisimaya Gazeta*, owned by exiled Putin foe Boris Berezovsky, jeered, "Now, Putin can't declare as firmly as he did in his [May 7] inauguration speech that 'we have stopped the aggression of international terrorism.'"

Russia Won't Send Forces to Iraq, Even if Invited

Even if invited by a legitimate government of Iraq, Russia will not send troops into that country, Foreign Minister Sergei Lavrov told journalists on May 18. "If the new [Iraqi] government turns to us with such a request," Lavrov said, "I doubt that the security situation will allow us to give a positive answer." He stressed Russia's view that a new government must also include elements of what is considered the opposition, i.e., the resistance. He said, in a statement issued prior to the talks, that "not all political forces have so far established contacts with the UN Secretary General's special representative, Lakhdar Brahimi, who hopes to complete his mission by the end of May." He also said that Moscow viewed the increase in violence as making a political settlement difficult.

Iranian Foreign Minister Visits Moscow

Visiting Moscow on May 18, Iranian Foreign Minister Kamal Kharrazi held talks with Foreign Minister Sergei Lavrov and President Vladimir Putin. They discussed Iraq, Afghanistan, the Palestinian-Israeli conflict, and the Caspian Sea, Lavrov told the press. He also announced that Putin had accepted an invitation to visit Iran later this year, for bilateral talks, and to attend a conference on the Caspian Sea.

In both Russian and Iranian wires, the atmosphere was described as very warm. Putin said, "Iran is our old and stable partner." He added, "We know that the leaders of Iran attach great importance to the development of relations with Russia." Kharrazi said, "To our happiness, relations between Iran and Russia are developing positively, and this is a result of the political will shown by the leaders of our two countries." Kharrazi stressed, "Russia and Iran can cooperate not only bilaterally, but also on international and regional problems, and we are fully prepared to work together with Russia in this direction," an obvious reference to Southwest Asia.

The website strana.ru commented, "While Washington included Tehran in the 'axis of evil,' Moscow sees it as an important strategic partner, relations with which are a crucial aspect of Russian national security." It went on to say that Moscow wanted to raise relations with Iran to a new level, but did not want to undermine good relations with the USA.

U.S. Official in Moscow To Pressure Against Iran Cooperation

Undersecretary of State John Bolton visited Russia the week of May 17, to continue pressuring Russia to halt nuclear cooperation with Iran, Itar-Tass reported May 20. Neo-con Bolton met Deputy Foreign Minister Sergei Kislyak to discuss measures against proliferation, with North Korea and Iran in mind. Kislyak said no agreement had been reached on Russia's signing the Proliferation Security Initiative, demanded by the United States. Russia says the PSI would open the way for unilateral U.S. military action, whereas Russia wants such matters to be worked through the UN. The agreement would

reportedly allow for interdiction of missiles and other possible components of WMD, while they were being transferred at sea or in the air, according to AFP.

Russian Academy Opposes Kyoto Protocol

Academician Yuri Osipov, President of the Russian Academy of Sciences, has issued an open letter to President Putin and Prime Minister Mikhail Fradkov, opposing ratification of the Kyoto Protocol on gas emissions and climate change, as being contrary to Russia's national interest. According to *Izvestia*, Osipov and 25 other academicians state that the protocol "is insufficiently scientifically substantiated, practically ineffective, and discriminatory against Russia."

Russian Orthodox Churches Move Towards Reunification

Metropolitan Lavr, head of the Russian Orthodox Church Outside Russia, visited Moscow May 18, and met with Patriarch of Moscow and All Russia Aleksii II. It was the first meeting between the exile church and the Russian Orthodox Church (Moscow Patriarchate) in over 80 years. The Russian Orthodox Church split after the Russian Revolution of 1917. Itar-TASS reported that the two churches have set up commissions to resolve theological, ideological, and practical issues like the ownership of Church property, prior to reunification of the branches.

Southwest Asia News Digest

Head of Joint Chiefs Grilled on Chalabi

The Chairman of the Joint Chiefs of Staff, General Richard Myers, was in for some unpleasant questioning about Iraq, when he appeared before the House Armed Services Committee, on May 21. In response to a question from ranking Democrat Rep. Ike Skelton of Missouri, Myers said that, as far as he knew, the May 20 raid on Iraqi National Congress (INC) chief, Ahmed Chalabi, was done at the initiative of the Iraqi Interior Ministry and it was Iraqi police, themselves, who carried out the raid, with U.S. forces only providing a secure outer cordon, and that the evidence seized from Chalabi's house is in the hands of an Iraqi court. " This is Iraqis doing what Iraqis should do," he said.

Rep. Jim Cooper (D-Tenn), also interested in the raid on Chalabi, prefaced his question by remarking that while he had full confidence in the military leaders, "it's your civilian bosses I'm increasingly worried about."

Cooper wanted to know what had changed since last January, when Chalabi sat next to First Lady Laura Bush at President Bush's State of the Union speech, to suddenly become the subject of a police raid. Aside from claiming that Chalabi's INC had provided some intelligence that had saved the lives of American troops from Iraq, Myers had no answer for Cooper.

Cooper also noted that there are allegations that Chalabi may be an Iranian agent, and that he is someone who may have been misleading the U.S. for years. (For more on this story, see this week's InDepth.)

Sistani Calls on Militias, U.S. Military To Leave Holy Cities

A statement issued on May 18, from Iraq's Shi'ite Grand Ayatollah Ali al-Sistani, was a clear order to Moqtada al-Sadr to de-escalate his confrontation with U.S. occupation forces in two holy cities in Iraq. Al-Sadr, whose Shi'ite militias have been fighting U.S. forces in Najaf, Karbala, and other cities, had called on Shi'ites to converge on the two holy cities, to join their resistance.

Al-Sistani refers to this indirectly by ordering people not to join Al-Sadr, and to demonstrate in their own cities. The statement said: "The office of Ayatollah Sistani calls on citizens in all of the cities and governorates not to head to holy Najaf due to the dangerous circumstances that the holy city is passing through." It said that peaceful demonstrations could be held at mosques in city centers to "protest the violation of the sanctity of the two holy cities" and "the houses of the grand ayatollahs." This last reference is to the fact that al-Sistani's house was reportedly fired upon. The statement continues: "It's permissible ... to demand the withdrawal of all military vestiges from the two cities and allow the police and tribal forces to perform their role in preserving security and order."

The intervention of al-Sistani comes at a point where the armed conflict inside the two holiest cities, Najaf and Karbala, threatens to violate the sanctity of the Shi'ite shrines located there. If this were to occur, al-Sistani would have no choice but to support armed resistance, and the war would enter a new phase, engaging regional powers as well. This is what he intends to prevent.

The position of al-Sistani, the highest Shi'ite authority in Iraq, has been passive resistance. His policy is to force the U.S. to end the occupation, through a process coherent with international law. Thus, he has accepted the transfer plan for June 30, in fact, though he has specified that any interim government will have limited powers, and only a democratically elected government can effectively rule.

The Iranians have also been doing their part, to try to de-escalate the conflict with al-Sadr's militias. Ayatollah Haeri, the mentor of al-Sadr, left his residence in the Iranian theological center in Qom, to return to Iraq, in order to set up an office in Najaf, to exert influence over al-Sadr. Iranian Foreign Minister Kamal Kharrazi reiterated throughout his European tour, that the U.S. should desist from attacking al-Sadr, and give up their crazy insistence to "arrest or kill" him. Kharrazi said, they should leave the situation in the hands of the religious authorities, who could deal with it. Instead, the U.S. has escalated the armed conflict, thus creating the critical situation now, in which both cities could blow up.

MPs Ordered To Strip and Shackle Prisoners For Interrogation

There are 6,000 classified pages of the report by U.S. Army Gen. Antonio Taguba, which broke open the torture scandal in Iraq, and one of these sections, the transcribed statement of Col. Thomas Pappas, head of the 205th Military Intelligence Brigade, is reported in the May 18 *New York Times*.

The *Times* reports that after meeting with Guantanamo Bay prison commander Gen. Geoffrey Miller, Pappas made certain changes, including finding a group of "dedicated MP's to handle the prisoners being interrogated," and giving orders to prepare prisoners for interrogation by stripping them naked and shackling them. Pappas refused to be interviewed, but his statement provides an abundance of details, according to the *Times*, including his discussions with Miller, who was sent to Iraq on orders/request of Undersecretary of Defense Stephen Cambone, and his assistant, Christian fundamentalist fanatic Gen. William Boykin, and admissions that he did not have an adequate monitoring system to find out what guards were doing to prisoners.

200,000 Protest in Beirut vs. U.S. Attack on Iraq Holy Shrines

On Friday, May 21, the Lebanese Hezbollah, a Shi'ite Muslim organization, held a 200,000-person demonstration in Beirut, against the U.S. military threat against the holy Shi'ite shrines in Najaf and Karbala, in Iraq. Wearing white shrouds the crowds chanted "Death to America" and "Death to Israel."

The demonstration was called by the Shi'ite Hezbollah leader Hassan Nasrallah as a "symbolic demonstration to tell America that we are ready for martyrdom to defend the holy places." Nasrallah said, "We will not abandon our religious duty. Today's march is a step on the road to defending the holy duty we will do without hesitation, regardless of the

sacrifices and the calculations. Let the Americans understand that those who wore shrouds today, including clerics, men, women, and children, did not come to show off."

Meanwhile, 5,000 Shi'ites demonstrated in Bahrain where clashes occurred with police, who fired shotguns and tear gas into the crowd. As a result, the King of Bahrain, fired the Interior Minister for overreacting to the demo. There were also major demonstrations in Tehran.

UN: Israeli House Demolitions Violate International Law

The United Nations Undersecretary for Political Affairs, in a briefing to the UN Security Council on May 20, declared that the Israeli demolition of Palestinian homes was a violation of international law. He said that since September 2000, over 18,000 people in the Gaza Strip, have been made homeless by the demolitions, *Ha'aretz* reported May 22. The United Nations Relief and Works Agency (UNRWA) for Palestine refugees, has only managed to rehouse 1,000 people, because replacing the homes would cost over \$3 million. He also said that, in the last month alone, 128 Palestinians were killed and 19 Israelis. Between May 19-21, over 40 Palestinians were killed.

Peace Block Mobilizes vs. IDF 'War Crimes'; Attacks in Gaza Continue

Press reports that the Israeli military operations in Gaza are untrue, reported *Ha'aretz* on May 22. Even the Israeli military says that "Operation Rainbow is far from over," and therefore, the killing, in which at least 41 Palestinians have died at the hands of the IDF, is not over, said the newspaper. Meanwhile the Peace block in Israel has been holding demonstrations everyday and will continue until the operation is stopped.

"None of us can sit at home at a time like this. None of us can say, 'we did not know!,'" the Peace block declared May 22.

On Thursday, May 20, some 500 Israelis demonstrated against the attacks in Gaza, for the second consecutive day, in front of the Israeli Defense Ministry. Organized by Peace Now, the Refuseniks, and the Yahad Party, as well as its youth movement and other organizations, attended.

Yahad chairman Yossi Beilen addressed the rally, calling for an immediate withdrawal from Gaza.

The police were extremely harsh against the demonstrators. David Zonshein, leader of Courage to Refuse was arrested, as were others, many of whom were minors. Yanatan Shapiro, one of the signers of the letter by Israeli pilots who refuse to fly missions to bomb Palestinians, said the police threatened to kill him.

On Friday, May 21 another demonstration took place at one of the crossings between Gaza and Israel, in which 700 people participated. The demonstration was sponsored by Gush Shalom, Israeli committee Against House Demolitions, HaKampus Lo Shotek, Yesh Gvul, The Refusnik Pilots, The Refusnik's Parents Forum, Women Coalition for Just Peace, and Ta'ayush Arab Jewish Partnership. The protesters plan to have a non-stop presence at the "Gate to Rafah," also known as the Sufa checkpoint.

These demonstrations could be a lot larger if the Labor Party fully mobilized, but it seems obvious that its chairman Shimon Peres, and other right-wing types are holding back because they refuse to pursue a policy of overthrowing the government of Ariel Sharon. In fact Israeli TV reports that Peres held secret meetings with Sharon crony, Uri Shani, to discuss on what conditions the Labor Party would join his government.

Military Chiefs Endorse Fallujah Model

On May 21, Republican members of the House Armed Services Committee questioned Gen. Richard Myers, Chairman of the Joint Chiefs of Staff, about the strategy being carried out by Gen. James Conway in Fallujah, i.e., turning over security in that city to an Iraqi-led brigade. The committee wanted to know whether the strategy was working, and whether it could be a model for elsewhere in Iraq. Rep. John Kline (R-Minn) noted that there has been some commentary—by hardline pro-war forces, especially those aligned with Dick Cheney's neo-conservatives—that has called the withdrawal of the Marines from Fallujah, "a defeat."

"My personal view, Myers answered, "is, this is the right way to do it. Like I said, there are risks with this approach. But we have our goals in Fallujah, and so far the people of Fallujah seem to be responding. General Conway is responding with lots of reconstruction projects for that area, which is something that had not been consistently applied." Commandant of the Marine Corps Gen. Michael Hagee reported that, from a discussion he had with Conway just coming to the hearing, "I can tell you that over the past couple of weeks, it's been very quiet in Fallujah. Not only is the Fallujah Brigade doing relatively well, but most importantly, the people in Fallujah are supporting that particular brigade." He later added, in response to Kline, that "If that's a defeat, we need more defeats like that."

Asia News Digest

Congress Leader on India-Pakistan Talks

Congress Party Member of Parliament and a Pakistan hand, Mani Shankar Aiyar (who was born in the Pakistani-part of Punjab and had served in Pakistan as a senior Indian diplomat), endorsed a continuity of the outgoing Vajpayee government's policy towards his Pakistan, but added that the new ruling coalition would "identify what both sides are actually aiming at in the India-Pakistan dialogue." Speaking at the South Asia Free Media Association (SAFMA) on May 16, Aiyar, who is close to the Congress' power center, drew parallels between talks held by the Vietnamese leaders with the Americans at the height of Vietnam War, and the present Pakistan-India dialogue process. Aiyar said both sides should learn to keep official channels open and not to link them with terrorism. The Vajpayee government had demanded that the talks would be successful only if Pakistan stops sending terrorist infiltrators inside the India-held part of Jammu and Kashmir.

The first round of talks on nuclear and military confidence-building measures with Pakistan is scheduled for May 25-26. The agreed roadmap for India-Pakistan engagement calls for talks on Kashmir between the two foreign secretaries in June/July, and a full review of the full range of interaction by the foreign ministers in August. (See InDepth for a report on the Indian elections.)

Chinese Scholars View New Indian Gov't Positively

Former Chinese Ambassador to India, Zhou Gang, told *The Hindu* on May 16 that he thought the new government in India "will continue the process of improvement of bilateral relations" with China. These are "important for peace and stability in the region, in particular, and world at large."

Another India hand, Wang Hongwei said: "I don't think there will be a major change in India's foreign policy towards China." The bilateral relations have improved very much," following the "very successful visit" to Beijing by former Indian Premier Vajpayee, added Wang.

Professor Ma Jiali of the Chinese Institute Contemporary International relations (CICIR), saw the changes in India as "a good sign for bilateral relations," given that Rajiv Gandhi's visit to Beijing in 1998 was really "a milestone." The Congress

Party was "active in fostering Sino-Indian relations, and now, the pace may be faster, not slower."

Malaysian Premier Badawi Visits China in May

Accompanied by large entourage of 800, indicating how close the two countries are and how well he is appreciated in Beijing, Malaysian leader Abdullah Ahmad Badawi will make his first visit to China as Prime Minister. The occasion marks the 30th anniversary of ties between the two countries. In 1974, Malaysia's second Prime Minister, Tun Abdul Razak, made a ground-breaking visit to China, where he met China's Chairman Mao Zedong and Premier Zhou En-lai.

In September 2003, while still Deputy Prime Minister, Abdullah Badawi had called on Chinese President Hu Jintao and Prime Minister Wen Jiabao.

China is Malaysia's fourth-largest trading partner, while China is Malaysia's seventh-largest trading partner. Bilateral trade between them has grown from \$1.5 billion in 1991, to \$18 billion in 2003. Malaysia accounted for 25% of China's trade with all 10 ASEAN countries in 2003. China is the largest buyer of Malaysia's rubber and palm oil.

The year 2004 has been declared Malaysia-China Friendship Year and a host of events have been scheduled throughout the year. A particularly important celebration will be the 600-year anniversary of the voyage of the Chinese Admiral Zhang He to Malacca, the former Malaysian capital.

China, Kazakstan Discuss Development, Regional Security

The leaders of China and Kazakstan held meetings in Beijing on May 17 to discuss the development of railroads, oil pipelines, and regional security. Kazakstan President Nursultan Nazarbayev is visiting China for four days (May 16-19).

President Nazarbayev and Chinese President Hu Jintao signed a joint statement on May 17, praising the development of bilateral ties. They emphasized the importance of their treaty on good-neighborly cooperation of 2002, and joint economic cooperation in China's west, and in Kazakstan. The new Eurasian railroad being planned by Kazakstan got special attention. The two leaders also signed on Agreement on the Establishment of Sino-Kazak Cooperation Committee.

The two governments said they would keep peace and stability along their border areas, and cooperate for global and regional security, especially against terrorism, separatism and extremism.

The China-Kazakstan Cooperation Committee will expand cooperation in trade, energy, infrastructure construction, and agriculture. This includes joint construction of an oil pipeline from Atasu to the Alatau Pass into China "as soon as possible," as well as other oil and natural gas projects, including on the Caspian Sea.

Specifically, China wants Kazakstan enterprises to invest in eastern China, and Kazakstan wants Chinese investment to participate in construction projects.

Both sides emphasized the importance of the UN Charter and international law, and spoke highly of the work of the Shanghai Cooperation Organization.

Philippines Army Warns of Coup Danger

The chief of the Philippines' Armed Forces (AFP), Gen. Narciso Abaya, told the press on May 17 that arrest warrants have

been issued for active duty officers, accused of campaigning for opposition Presidential candidate Fernando Poe. He warned that retired generals were organizing active duty troops for a coup. It must be noted that General Abaya did nothing in the pre-election period when his cohort, retired Gen. Fortunato Abat, was openly campaigning at military bases demanding cancellation of the election, and imposition of a junta to rule the Philippines.

The Army is on double red alert. Only 25% of the votes cast in the Presidential election held on May 10 have been counted so far, and yet both sides are claiming victory. There is growing evidence of widespread election fraud.

UN Appeal: Free Aung San Suu Kyi in Myanmar

UN envoy Tan Sri Razali Ismail, a senior Malaysian diplomat, has called on China, India, and ASEAN member states to assist in obtaining the release of the leaders of the opposition National League for Democracy (NLD), Aung San Suu Kyi and her colleague Tin Oo, from house detention, in order that she and her associates can participate in the constitutional convention, organized by the Myanmar ruling State Peace and Development Council.

Following a series of four meetings among NLD members, held in Aung San Suu Kyi's residence, NLD leaders and members decided on May 15 to boycott a constitutional convention, which convened on May 17. More than 1,000 delegates, from all walks of life, did attend the convention.

The NLD challenged the continuing house arrest imposed on Suu Kyi and her colleagues, and to the ruling military junta's insistence that the military should retain a key roll in the nation's political future, as well as a proposal that the head of state must have at least 10 years military service, which would rule out Aung San Suu Kyi.

Anti-American Sentiment Rising in Asia

There is an increase in anti-American sentiment throughout Asia, despite evidence that bilateral relations between the United States and Asian governments have improved dramatically, experts attending an Asia Foundation forum held in Washington D.C on May 18, said, according to AFP May 19.

Former senior South Korean diplomat Kim Kyong-won told the meeting: "In fact, I would say that anti-American sentiment is growing at a disturbing rate and has never been that bad as it has become today. He said that U.S-Northeast Asia inter-governmental relations at present has blossomed to "unprecedented" levels, with Washington close to governments in China, South Korea, and Japan.

Farooq Sobhan, a retired senior Bangladeshi diplomat said: "For the first time in 50 years, relations between the United States and all the countries in the region, notably India and Pakistan, have been good and yet, paradoxically, the United States has never been more unpopular than it is today."

Top Afghan Warlord Agrees To Demobilize Troops

Afghan warlord Atta Muhammad of the Jamiat Islami in northern Afghanistan, and close ally of Defense Minister Muhammad Qaseem Fahim, has told Afghan government officials that he has already submitted a list of his troops to Kabul. The U.S. Ambassador to Afghanistan, Zalmay Khalilzad, has welcomed the agreement and said that this is one more significant step in the demobilization, disarmament, and reintegration process.

President Hamid Karzai, under pressure from Washington, is now trying to disarm some of the top Afghan warlords with a large militia. The disarming of the warlords would pave the way for the Presidential election in September, Washington

said. However, President Karzai has not met with much success in this area.

Karzai was in Herat in western Afghanistan to request the Herat governor, and one of the most powerful warlords in Afghanistan, Ismail Khan, to disarm. That request has gone unheeded. It is also not certain that Atta Muhammad, who vies for control of the region with another leading warlord, Abdur Rashid Dostum, would actually hand over his militia and arms to Kabul.

The Afghan President is under severe criticism within his country for failing to disarm those warlords who are under the control of his defense minister, along with some other ministers.

Foreign Terrorist Suspects Held in Pakistan

Pakistani intelligence agencies have arrested five foreign terrorist suspects in Peshawar's Sultan Colony. Pakistan's intelligence agency, ISI, claimed that these five had escaped from Pakistan's tribal area of South Waziristan during the Pakistani Army's operation to search and destroy foreign terrorists last March. Of the five arrested, two are Arabs (one Saudi, the other Kuwaiti), two ethnic Uzbeks, and one Afghan. They had in their possession detonators and timers for use in exploding bombs.

In a related incident, Pakistani officials have arrested a German national, Richard Cahoon, at the Chappari checkpoint, trying to enter the tribal area of Kurram from Pakistan's Northwest Frontier Province.

Pakistani officials said security guards recovered from Herr Cahoon a locally manufactured pistol and a knife. Herr Cahoon also said that he is a convert and his Islamic name is Ramazan. He said he wanted to meet the locals in the tribal areas.

According to Pakistan's law, no foreigner can enter the tribal areas without a written permit issued by the officials.

Africa News Digest

CFR Calls on Bush Admin. To Shift Africa AIDS Policy

The Council on Foreign Relations (CFR), the U.S. arm of the British imperial Round Table, released a 40-page report May 17, explicitly "in response to" President Bush's Emergency Program for AIDS Relief. Bush's program is supposed to provide \$15 billion over five years to combat AIDS, tuberculosis, and malaria.

The report faults Bush's program, which it says "will fail to yield long-term success," because: 1) the scale of the program does not match the scale of the problem; 2) a "much more robust health infrastructure will be necessary"; 3) preoccupation only with AIDS leads to neglect of other urgent health problems that enable the spread of AIDS; 4) the Bush program does not address the brain drain of health workers from Africa and elsewhere; and 5) targetting AIDS alone risks a "political backlash against donor insistence on this priority" while, for example, a million Africans die of malaria every year.

It says that "Building health infrastructure is perhaps the most important part of a successful, sustainable attack on the pandemic." Between the lines of the report's recommendations can be seen some concern over keeping control over health policy and health measures in the hands of the Anglo-American powers.

The report, whose senior author is Ambassador Princeton Lyman, CFR's Director of Africa Policy Studies, is a joint project of the CFR and Milbank Memorial Fund in conjunction with George Soros's Open Society Institute. It is online at

Mbeki Calls for Expanded Infrastructure in State of Nation

South African President Thabo Mbeki delivered a State of the Nation address before Parliament May 21. Some elements follow:

The June 2003 Growth and Development Summit of government, labor, and business, he said, had agreed that 5% of funds held by institutional investors will be invested in the real economy. He said the agreement should be implemented by the end of 2004.

The rail system will increase its freight capacity by 30% over the next five years; the rail commuter system is investing \$32.6 million this financial year to improve commuter transport.

The first ship will dock at the new port near Port Elizabeth (Eastern Cape) by September 2005.

Construction of the King Shaka International Airport and the connecting rail/ocean freight terminal (Durban) will begin soon.

For small farmers, capital funds of \$148 million will be made available immediately.

(The Expanded Public Works Program is reported separately below.)

Social security, including grants for those with no means of support, will be expanded. Within two years, 3.2 million more children will become eligible by raising the age limit to 13.

Spending on scientific research and development will be increased in the coming financial year. Construction in the Northern Cape of the largest optical, infrared telescope in the southern hemisphere will be completed in December.

"Within the next five years, all households will have easy access to clean running water. By December this year ... we will provide clean and potable water to the 10th million South African since [apartheid ended in] 1994. During the current year more than 300,000 households will be provided with basic sanitation."

"In the next three years we will spend \$2.1 billion to help our people have access to basic shelter."

"[W]e will, within the next eight years, ensure that each household has access to electricity."

The Comprehensive Plan on HIV and AIDS is now being implemented. "113 health facilities will be fully operational by March 2005 and 53,000 people will be on treatment by that time."

"By the end of this financial year we shall ensure that there is no learner... under a tree, [in a] mud-school or any dangerous conditions that expose learners and teachers to the elements. [By then] we expect all schools to have access to clean water and sanitation."

South Africa Launches 'Expanded Public Works Program'

The South African government's most ambitious plan to date to develop the skills of tens of thousands of people kicked off May 18 with the official launch of the Expanded Public Works Program (EPWP). By October, it is expected that 15,000 workers will be employed, working on upgrading rural and municipal roads, municipal pipelines, stormwater drains and paving, fencing roads, community water supply and sanitation, maintenance of government buildings, housing, schools and clinics, rail and port infrastructure, and electrification in all rural and urban areas in South Africa where it does not exist.

At the launch of the EPWP, near Giyani in Limpopo Province, President Mbeki said that corruption in the program would be sabotage, and would not be tolerated. He said, "The colonial and apartheid economy and society were based on land dispossession of the African majority, the use of the landless as cheap and unskilled labor, and the confinement of those described as 'surplus people' in the desperately poor and depressed 13% of our country once described as 'native reserves.'... Our economy no longer needs cheap and unskilled workers. What our society and economy now need are educated and skilled workers....

"All of us, government, business, labor, and the rest of our society, have to work together to ensure that our people get the necessary education and skills [for] the reconstruction and development of our country into one that is as modern as any other in the world."

Mbeki Gov't Initiates Huge Savings Bond Campaign

The South African government hopes to increase its investment in developing the country by issuing savings bonds in small denominations for the first time, according to *Business Report* May 17. The Treasury will begin May 24 a two-year bond at 9.25%, and 3-year bond at 9.5%, and a 5-year bond at 10%. These are higher returns than low-risk instruments issued by commercial banks. The interest rate will vary depending on market shifts of other government bonds of similar maturity.

The bonds are of the national patriotic kind. They will not be traded in the secondary market, will not even be transferable, and can only be purchased by citizens or permanent residents.

The Treasury estimates 11 million people (a quarter of the population) have money to save. The personal savings rate has dropped from 9% in the 1970s to just above 3%.

A massive promotional campaign is being launched to encourage a savings culture. President Mbeki and Finance Minister Trevor Manuel have stepped up to buy the first bonds.

Southern African Leaders Promote Agriculture

Southern African leaders are proposing to steadily increase spending on agricultural development to reach 10% of their budgets within five years. Presidents Benjamin Mkapa of Tanzania, Robert Mugabe of Zimbabwe, Sam Nujoma of Namibia, and other leaders held a one-day summit May 15 to discuss ways of improving food security in the 14-nation Southern African Development Community (SADC). South Africa, DR Congo, and Zambia sent Vice Presidents; Angola was among those sending Prime Ministers.

At the end of the summit, the leaders urged states "to progressively increase financing agriculture by allocating at least 10 percent of their respective national budgets within the next five years."

The declaration also said, "...states have undertaken to ensure availability and access of key agricultural inputs to farmers, such as improved seed varieties, fertilizers, agro-chemicals, tillage services and farm implements, which are critical to increase production."

Namibia's Nujoma called for more irrigation agriculture. "Our region is endowed with many perennial rivers and lakes. However, we continue to be too dependent on rain-fed agriculture. We have not gone far enough to take advantage of the waters of these rivers and lakes. In my view, the few irrigation schemes that exist in the region at present are insufficient," Nujoma said.

The summit was preceded by several technical meetings involving officials of SADC, the UN Food and Agriculture Organization, World Food Program, World Bank, European Union, African Development Bank, and African Union.

Obasanjo Declares State of Emergency in Central Nigeria

Nigerian President Olusegun Obasanjo imposed a state of emergency in Plateau State in central Nigeria May 18, following a massacre of several hundred Muslims by Christian militants earlier in the month, IRIN reported. Kano, the biggest city in northern Nigeria, remains subject to a night-time curfew, following the reprisal killings of dozens—possibly hundreds—of Christians there the previous week.

Polarization between the oil-rich, predominantly Christian and animist south of Nigeria, and the poorer and largely Muslim north, appears to be increasing. The Nigerian Red Cross estimates that over 600 people perished in the small town of Yelwa when militants from the mainly Christian Tarok people attacked it on May 2 to kill Muslims of the Hausa and Fulani tribes from northern Nigeria. Reportedly, they shot them with automatic rifles, hacked them to death with machetes, and burned them alive in their homes.

On May 18, after repeated accusations that the Federal government was not doing enough to control the crisis, Obasanjo declared a state of emergency in Plateau State, sacking the elected governor, Joshau Dariye, and the state legislature. He appointed a former army general, a one-time Chief of Army Staff, Gen. Chris Mohammed Alli (ret.), as administrator of the state. Obasanjo accused Dariye of not doing enough to check escalating religious violence in the state, which has claimed the lives of more than 2,000 over the past three years. "If allowed to continue, the crisis will engulf the entire nation," he warned.

Another factor behind the conflict is that many farming and herding communities in Nigeria's increasingly arid north have been pressing southward to escape the steady encroachment of the Sahara Desert. This has increased pressure on land in central Nigeria, fueling the conflict.

Meanwhile, leading thousands of peacefully protesting Muslims to Government House on May 12, the chairman of the Council of Ulama, Sheik Umar Kabo, accused the U.S. of sponsoring the killing of Muslims not only in Nigeria but in many parts of the world. He warned that "enough is enough." The Ulama alleged that since the Kafanchan crisis about 17 years ago, "genocide on the Muslim Umma continues unaverted without caution from the Christian Association of Nigeria (CAN)."

This Week in History

May 24 - 30, 1787

Two hundred and seventeen years ago, in Philadelphia, on May 25, 1787, fifty-five delegates from the 13 American colonies came together to shape what became the longest-lasting constitution in human history. They engaged in a debate, behind closed doors, for nearly four months, before they came forth with the finished product. The result was the

remarkable statement of principle, and procedure, which is known as the U.S. Constitution. In many respects, as Dr. Benjamin Franklin said when he was asked about the document, at the conclusion of the convention, this Constitution gave us our republic, "if we can keep it."

What distinguishes our Constitution from that of most others in the world is, the fact that it represents a statement of principle, in sharp contradistinction to the compendium of "do's" and "don'ts" which comprise many others. That statement of principle appears in the Preamble, which is, contrary to the judgment of many, the overriding philosophical statement, by which all other details within the document must be judged. The *intention* of that document must guide the implementation of each specific party, or any apparent conflict between the parts.

The Preamble itself expresses three major principles, all of which are actually inherent in any well-functioning republic.

First, the document sets forth the absolute *sovereignty* of the United States Federal government, in declaring the establishment of the government as an instrument of all the people of the United States. This concept is much misunderstood by populists and others, who wish to make their marks in life through rebellion against the "powers that be." It is the people of the United States, not some "outside" authority, which is establishing this government, for the purposes stated therein, and therefore it is the people who have the authority, and the responsibility, to ensure that the purposes of the government are carried out.

Second, this all-important first paragraph sets forth the principle of the *general welfare* of the population as the commitment of the government. Much ink, and heated debate, has arisen in response to this clause, which, in fact, was the product of earlier proposed governing documents by Benjamin Franklin and others. Even the so-called "Father of the Constitution" James Madison argued vociferously against the "general welfare" clause giving the Federal government powers to act in areas of vital economic policy. Yet, the Preamble is clear in stating that the government must operate for the general welfare of all the people—and a later clause of the Constitution repeats that intention. A negative testament to the importance of the "general welfare" clause is the fact that it was omitted from the preamble to the Confederate Constitution, a document explicitly dedicated to a slave society.

Third, the Preamble sets for the requirement that the government act in the interest of our "Posterity." By including this concept, our Founding Fathers showed that they were thinking beyond the immediate practicalities of creating a functioning government, and toward defining the principles on which a successful society must be based. The measures of government must not only provide for the fundamental needs of the current generation, but must be so shaped as to ensure that those same needs are met for future generations. The implications, and responsibility, is profound.

Granted, to fully understand the reasons why the U.S. Constitution is, in the opinion of this publication and political movement, the best in the world, requires a much fuller discussion about its philosophy, its history, and its authors. Much of this material can be found on the larouchepub.com website. But, as we seek to find the principles we need today, to get ourselves out of the most severe moral crisis of our nation, soon to become the most severe economic and strategic one, we should turn our attention to the Preamble of our Constitution. It reads:

"We the people of the United States, in Order to form a more perfect Union, establish justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America."

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