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This Week You Need To Know

A G.W. Bush Intelligence Czar Is Obviously an Oxymoron

by Lyndon H. LaRouche, Jr.

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The LaRouche PAC released this document, excerpted here, on Aug. 3, 2004. The complete text can be found www.larouchepac.com, or in the Aug. 13 EIR.

The fact that there are some rather large loopholes in the present organization of the U.S.A.'s intelligence-security system, is no excuse for the current tendency to plunge, stupidly and recklessly, into rushed efforts to create an intelligence "czar." Idiot! Get your fat foot off that gas pedal! There is no need to rush into surrendering the powers of government to some alleged superman. The U.S. does not need a Heinrich Himmler.

In fact, our nation does not have any need for the re-election of that pathetic George W. Bush who proposes that, he, now, shall create the Great Golem of national security, the man of mud, to save us all. One Mussolini, one Hitler, one Francisco Franco, one Iron Guard, were each already much too much. In fact, Golem or no Golem, the slide into national bankruptcy under one term of George W. Bush, was itself already much too much.

Better leave the decisions about intelligence reorganization to the leadership of a new President, until a new day, come January 2005, after the completed work of the "9-11 Commission" has dealt with those most crucial issues not yet touched upon by its presently uncompleted investigation.

Nonetheless, without waiting any longer for those further inquiries, there are several important conclusions which I report now, on the subject of the proposal for reorganizing the top-most structures of our nation's security apparatus.

1. The '9-11 Commission' Report Itself

To begin with, in the real world there exists no such species as the "international terrorism" which George W. claims to have seen in his visions. The effects which he has blamed upon "international terrorism," are, chiefly, an assortment of actions belonging to the modern military-science classification of properly called "asymmetric warfare," "irregular warfare," or, in German, *Kleinkrieg*. The reported act of terrorism, as a bomb-like effect, is not a perpetrator, but only an effect; the cause of that which produces the effect, is another matter. Those deployed to assume the disguise of terrorists, are used like a bomb; those agents have a father, who uses them, a father which poor President Bush's delusional outbursts do more to protect, than to expose.

The frequent cause of such effects, "asymmetric" or "irregular" warfare, includes such examples as the warfare used in defense against the U.S.A. deployment in the 1964-1972 U.S. War in Indo-China. It includes what the U.S.A. and the United Kingdom organized, using instruments such as their recruit Osama bin Laden, for asymmetric warfare launched against the Soviet forces in Afghanistan back during the time ever-naughty Samuel P. Huntington's confederate Zbigniew Brzezinski was incumbent National Security Advisor. When we plunge into global asymmetric warfare, enhanced with threatened use of nuclear weapons, as Vice President Dick Cheney has done since Day One of the present G.W. Bush Administration, we bring the risks of asymmetric warfare, sooner or later, intimately into our own backyard.

Our nation were better protected, when we cease using the words "international terrorism," when we should be using the alternative terms "asymmetric" or "irregular" warfare.

The obvious task of domestic national security, is to get rid of both those presently most common causes for the risks of asymmetric warfare, and of such relevant carriers of that mass-murderous disease, as Dick Cheney; the objective should be, to push those factors of risk out of the territory of the U.S.A. and out of our nation's and partners' vital interests abroad.

Rather than entertaining proposed magical, Golem-like solutions for the problems of our present intelligence-security organization, we should weigh, very critically, the three, respectively distinct, leading features of the report of the "9-11 Commission."

Admittedly, some very good people have served on that Commission. However, they have been operating under two great impediments:

First, the obvious, concentrated demand for a "cover-up" from the relevant sources associated with the George W. Administration, especially Cheney's circles of neo-conservative "chickenhawks."

The associated cause for that appearance of a "cover-up," more significant, but less readily noticed, is not organizational, but cultural.

The chief difficulty hampering the attempts to maintain competent intelligence-security functions, has been the effect of the moral and intellectual degeneration of the popular, increasingly recreation-rather-than-reality-oriented culture of the Baby-

Boomer generation. This generation is gripped by a careening custom of sophists' almost instinctive, reckless disregard for truth, practiced under pressures to "go along to get along." This pervasive avoidance of truthfulness, in favor of perceived personal convenience and "spin," has made it difficult for even the best among the relevant circles to cope with the idea of truth. The tendency of people affected by that syndrome, is to prefer to tend to perceive what they wish to perceive, while, with reckless disregard for truth, denying every reality which militates against that wishfully spun, quasi-organized pre-disposition for choosing a fanciful perception.

Thus, the worst damage our nation suffers from what have been called "terrorist attacks," is the impact of the mass-disorientation induced by the mass-media promotion of the myth of "international terrorism."

This effect among that generation is partly the carried-over by-product of the prevalent "witch-hunt" atmosphere of the post-World War II period; but, it is also the effect of the piling on top of that of the systemic infection which the subversive programs of the Congress for Cultural Freedom spawned, all combined with the impact of crucially terrifying events, such as the 1962 missiles-crisis and the unsolved assassination of President John F. Kennedy. These and related developments had special, deep psychological effects on the generation entering university age during the middle to late 1960s. The older, pre-1946 standard of professional performance, of face the truth even if it hurts, is an unwanted guest in the escapist modes, such as party-going life of post-industrial, post-'68er, recreation-centered mass-culture.

It is difficult to maintain competent performance in intelligence-security functions in the spin-doctored realm of people of those "go along to get along" strata which refuse to see those clear facts which they find it politically uncomfortable to believe.

Thus, especially under the special pressures of the onrushing election-campaign, the first and foremost, leading feature of the appended summary conclusions of that report, is the legendary "camel: a horse designed by a committee." Those politically opportunistic conclusions appended to the body of the report, have very poor correspondence to the useful, factual features of the report as a whole.

The second feature of the report, where the body of the report is at its relative best, is the set of facts and associated findings under the heading of that arguable negligence which might have contributed to the risk of something like the Sept. 11, 2001 attacks; this part is very useful as far as it goes.

The third feature [see complete text—ed.] is the matter of the authorship of the attacks, on which virtually nothing of substance is actually provided. Dead bodies and similar, probably misleading clues planted at the scene of the crime, do not, in themselves, identify the ultimate perpetrator behind the operation.

The best argument which should have been made in that report for reorganization of the intelligence establishment, would be to point out the failure of the intelligence establishment to prevent the U.S.A.'s going to war in Iraq, when we as a nation were incompetently prepared, in mind-set and deployed means, for the asymmetric-warfare reaction which was the virtually inevitable, foreseeable consequence of launching that war. All of this blundering and worse was crafted on the basis of fraudulently crafted false premises, concocted chiefly by aid of the "stove-piping" actions of neo-conservative "chickenhawks" associated with Vice-President Cheney and his office. This was a war crafted, by aid of fraud, in a way directly violating those constitutional conditions which the framers of our Constitution intended in designing the powers of an incumbent President.

A President who had actually served in the Indo-China War, and had learned the bitter lessons of that experience, were a more appropriate talent than a fellow who had spent his relevant war-time years as a Houston playboy.

Yet, even after all such factors have been considered, we do have a remaining problem of policy and organization in respect

to the intelligence functions of our Executive Branch; but, on one point there should be no confusion: we do not need a Heinrich Himmler as "intelligence czar." Indeed, it were better that a President with the current incumbent's obvious personal problems, were not encouraged to continue his cat-like efforts to cover over the mess which his administration has, in large part, made. Let us sort out the artifice myths of the current administration, from the very real problems, before suggesting possible reforms in our security system.

Now, preliminaries stated, let us get down and dirty; let's get into the meat of the proper line of argument over the most crucial defects in the post-World War II organization of the U.S. intelligence establishment....

Latest From LaRouche

How the LaRouche Youth Movement Can Save Civilization

Lyndon LaRouche appeared as the guest of the LaRouche Show on Aug. 7, and was interviewed by LaRouche campaign West Coast spokesman Harley Schlanger.

HARLEY SCHLANGER: Good afternoon, and welcome to The LaRouche Show for Aug. 7, 2004. I'm Harley Schlanger, and I'll be your host today.

The LaRouche Show is live every Saturday at 3 PM Eastern Time, and can be heard on the Internet on LaRouchepub.com. Now, we will not be taking your calls during the first half-hour today, because our guest is Lyndon LaRouche, and after all, this is the LaRouche Show, and we want to give him the time to offer his insights on developments since the Democratic Convention ended nine days ago.

Up till then, Mr. LaRouche had been a candidate for the Democratic nomination for President. Following the nomination of John Kerry, Mr. LaRouche announced in Boston the formation of LaRouche PAC, to ensure the defeat of the Cheney-Bush team in the Nov. 2 election. Since then, Mr. LaRouche has been at the center of a dramatic shift in both U.S. politics, and global developments, and we'll hear from him on that in a just a moment.

For the second half-hour, we're going to be joined by three members of the LaRouche Youth Movement, who will be reporting on their organizing as part of this LaRouche PAC, in three areas of the country. We'll hear from Michelle Lerner in Boston; Merv Fansler in Detroit; and Sky Shields in Los Angeles.

So, let me welcome Lyndon LaRouche to the show. How are you today, Lyndon?

LAROCHE: Well, I'm frisky, I think.

SCHLANGER: Well, immediately after the convention, you announced your plan for the November election. What was your thinking that led to the creation of the LaRouche PAC and the course you're taking now?

LAROCHE: Well, it was obvious even before then. My intention always was to shape the course of U.S. politics, and in some degree, international politics, from an advantageous position. My candidacy—I was the best qualified for President, as events will eventually cause people to reflect—but in the case that I did not secure the nomination, and the Democratic Party was determined that I would not, predetermined that I would not, then I would hope that I could orchestrate the campaign for the Kerry election, to a sufficient degree, not only to ensure that he would win, but also to put in place the kinds of capabilities and organization which his Presidency would require to deal with problems which he does not yet

understand. But, presumably, being a good-hearted fellow, and an intelligent one, would be willing to listen at the time he desperately knew he needed to listen.

So, that was my general scheme.

I also am concerned with something else, in which, in this past week's news, my wife Helga is much more important than I am.

SCHLANGER: Well, I was going to ask you about the parallel developments, because we have the aftermath of Boston, and now we have the revival by your wife of the "We are the People" rallies. So, why don't you tell us about that?

LAROCHE: Well, let's take the case of the international Youth Movement. And you have someone who thinks as I do, Helga, who is a natural leader. I mean, she is a phenomenon. She's one of these people who is a natural leader, a natural political leader and philosophical leader. And they're very rare. She also has a certain amount of what was called in U.S. slang, "gumption."

So, what she's done, in fighting for defense of the Youth Movement's role in Europe and internationally: About three weeks ago, she directed the launching of the first of what had been three, up to now, Monday demonstrations in celebration of the Monday demonstrations that freed East Germany from the East German regime. Because the issue is similar. The issue is over the so-called Hartz IV program of austerity, which is a Nazi-like austerity program—actually, a Schachtian type of austerity program—sponsored by a number of people, including the Economics Minister in the present government of Germany.

SCHLANGER: Now, this has been passed by the German Parliament, has it now?

LAROCHE: It's been passed, but the point is, that's like passing dysentery: you haven't stopped there.

So, what happened was that it started with about 30 or 40 people showing up for the demonstration three weeks ago. Then, a more significant number showed up last week. Then, this past week, this past Monday, 350 showed up in Leipzig. That unleashed an explosion, in which other parts of the German political scene, including the PDS, the East German Socialist Party, decided they're going to do the same thing. And other voices, including people who had been leaders of the 1989 demonstrations, said they were endorsing this too.

At that point, as of yesterday evening, the leader Wolfgang Clement, the Economics Minister for the present government, went out to denounce, not Helga by name, but denounce the operation. And then you had in the second channel, the national TV channel in Germany, a five-minute denunciation. But meanwhile, the buildup for a spread of the Monday demonstrations is in progress in Europe. And it largely is based on a youth movement phenomenon.

So, what this demonstrates—this one that Helga's leading—it demonstrates that the Youth Movement phenomenon is going to be the determinant of history in this period. If the Youth Movement is allowed to have its head, we shall win. If the Youth Movement does not have his head, and does not function as our Youth Movement functions, we will lose. That's the way history is going right now.

SCHLANGER: You described this as the end of more than 40 years of history. How is that the case, and what are the implications?

LAROCHE: Well, you know, you had two phases of the postwar period in the United States.

The first shock was, you had Harry Truman—who was a factional opponent of Franklin Roosevelt—took the occasion of the President's death, before the President's body was fully cold, to reverse crucial features of Franklin Roosevelt's policy. He brought in, in effect, under the influence of people who had been at one time supporters of Hitler, such as Averell Harriman—he brought in these guys, who introduced modifications in the Roosevelt program.

Now, some things went well. The economic recovery program eventually—the recovery of Western Europe, was good. But this right-wing tendency was there. Truman's right-wing current, which was called McCarthyism—that's another name for it—was stopped by the Eisenhower election. Eisenhower gave the United States about two terms of Presidency, of relative stability, though the right wing was suppurating in the background, building power.

But then, at the beginning of President's Kennedy's term, you had the Bay of Pigs, an Allen Dulles operation. Allen Dulles was one of the door-openers to bring the Nazis into the United States in the postwar period, along with James Angleton. Then, you had the Missile Crisis of 1962, and you had then the assassination of Kennedy, and other things, leading into the, 1964, the launching of the U.S. official war in Indo-China.

Now, this process of events, the right-wing terror in the United States, the so-called anti-communist terror, turned many of the people who had been veterans of the war, and especially their wives, turned them into real sophist fanatics. And they didn't raise their children too well. They may have raised them fairly well financially, economically, but they didn't raise them well morally. We were under the influence of a moral degeneration, typified by the Congress for Cultural Freedom, which was a corruption operation.

So, when these young guys, who had reached adolescence, were hit by the succession of the Missile Crisis, the Kennedy assassination, the Indo-China war, that those of them who were going from more privileged family backgrounds, from suburbia, into the leading universities of the country, took off their clothes, took drugs, and went crazy. So as a result of that, we went into a cultural paradigm-shift, from the world's leading producer society, to a post-industrial, utopian paradise, which became more and more imperial, in the sense that we were looting other parts of the world, rather than producing for ourselves.

We're now ruined, and we've come to the end of that system. The present international monetary-financial system is undergoing an economic collapse, right now. The past two weeks have been a threshold of a general collapse, which would be equivalent, in some people's lexicon, to what happened to Hoover in October of 1929. The depression is on. And the people are trying to react to the depression the way they did in Europe, when they put in fascist regimes, in Europe, under the pretext of the economic depression at that time.

Roosevelt in the United States—and only Roosevelt, and only his election—prevented the United States from becoming a fascist state, like those which spread in Europe during that period.

So, we're now at the point that we have to go back to the policies, in a sense, the policy-paradigm of a Franklin Roosevelt, for a recovery program: his approach to these things, rather than the fiscal austerity program of an unwitting fascist—I don't think he could spell the word, President George W. Bush—the fascism of Cheney; the fascism of people who think like that, like Joe Lieberman in the Democratic Party. Or, we go to a Roosevelt-type of approach in philosophy, in which case the United States will play a leading role in saving humanity from this horror show.

What Helga is doing in Germany, and in Europe generally, with the Youth Movement in particular there—without the Youth Movement in Europe, there'd be no hope for Europe whatsoever. It wouldn't make it. It's our Youth Movement in Europe which is the sparkplug which may save Europe from the inside. But the cooperation between the United States, going in the direction of a youth movement demand here, and a similar phenomenon emerging in Europe, that combination,

is precisely what we need to save civilization.

SCHLANGER: Now, part of this problem with the reverse paradigm-shift, is that you still have people in the Democratic Party, as you mentioned, Joe Lieberman and others, who think that FDR has to be written out of the party, but at present, there are fights breaking out around FDR. How would you respond to those Democrats who are saying, "Well, the FDR approach is not relevant today, because we have computers, we have globalization." How would you answer that?

LAROUCHE: They're insane. They're nuts. I mean, the point is, first of all, the collapse of the bubble—. Take what's going to hit these guys.

You spread around the country, if you map the country: The country has been physically collapsing, over especially, the past 25 years, especially since about 1979-1982. Now, what's happened is, there's been a shrinking in the parts of the country which were once productive. The collapse of manufacturing, the collapse of privately owned agriculture, that is, of independent-farmer agriculture. The collapse of cities. The collapse of infrastructure. What is called the U.S. economy is becoming narrower and narrower, around a few parts of the country, while the rest of the country decays.

Twenty% of the population, the upper 20% of income brackets, is the bastion of "let's leave things as they are. Let's continue the present trend." Eighty% of the lower income brackets of the population, have nothing. So, we're having a social crisis, a social conflict is building up, right now.

The nub of this thing, the typical nub of this, is the oil price. The oil price is now, in Europe, it's gone to nearly \$45 a barrel, headed toward \$50, maybe toward \$60. A \$50 to \$60 a barrel oil price would collapse the ready-ripe-for-collapse world economy, especially the U.S. economy.

At the same time you have a real-estate bubble. The real-estate bubble is one of the largest bubbles inside the United States. And it goes with those funny shacks, going at \$300,000 to \$600,000 apiece, and you hope a wind storm doesn't blow them down, which around certain areas, like the greater-Washington, D.C.-area. These things are going to transform people from homeowners in name, to either squatters or homeless. And this is going to be a mass phenomenon.

So, right now, the world is about to be hit by an international economic crisis, a monetary and financial crisis, beyond any thing in people's memory, living people's memory, right now. So that those who are running around smugly, and saying everything is fine, are not going to believe that much longer. So, the question is, what's the alternative?

SCHLANGER: Well, you are the world's leading physical economist, and you've been reviving the Classical principles behind physical economy and advancing them, beginning with your breakthrough in the '48-52 period, your work with the LaRouche-Riemann model, and this is what's behind your unparalleled record in economic forecasting. I suspect that they're not going to be able to keep your record, and your activity in this, out of the news much longer, as this thing hits.

LAROUCHE: Well, look what's happened in Germany. The second television program, and the Economics Minister of the present German government, went ablaze against Helga. They couldn't mention her name.

You have a similar thing in the United States. The Convention, the Boston Convention, broke through that, and this is largely because of the style and method of work by the Youth Movement. The persistence, the music, the beauty of the deployment broke through. And there are many people in the party who agree with me, including influentials. But, they're afraid of disunity in the party, because people like Joe Lieberman, who hate me. And Joe Lieberman is a fascist.

He was brought into the Senate by the intervention of the Buckley family, who are authentic pro-Nazi fascists. They're on

record, they're Nazis. Joe Lieberman also got support from the tip of Florida, from a bunch of fascists down there, who moved from Cuba into Florida. So, you've got people who, legitimately, hate my guts, because they're of a different species than me. And some of them are in the party. You know, that sort of thing.

But the point is, can the party find the guts to unify itself around a program which is a winning program. Joe Lieberman will just—.

SCHLANGER: We'll get a sense of that in the days and weeks ahead, the less than three months, because you're deploying the Youth Movement into key fights with this perspective—both of moving the party back to the FDR tradition, around your platform, and secondly, showing the truth about the devastation of the physical economy. Why don't you give the listeners a little bit of your sense of how this deployment is taking place, and what they can expect from the LaRouche Youth Movement over the next 90 days?

LAROCHE: All right. First of all, what we did is, we said we're not going to end what we did in Boston. So, we have a team in Boston, who are doing, in Boston, followup on what was done during the Convention. Because, obviously, the character of the Boston area, is such that you can actually enlarge the potential, national potential, in that area, rather quickly. So, rather than run away from it, we have a team staying there, a top team of youth, staying in there, and doing the job. That's going to be a feeder point for—,%. Besides, also, that's the candidate's home area. He lives on Beacon Hill, as a matter of fact.

So, it's his home area. So, we'll use that as a launching point for what we're going to do as a national campaign.

We're going into the industrial, former industrial areas of the Middle East. We're going from Louisville down the Mississippi River, along the Missouri, along the Ohio River of course, and down to the Gulf of Mexico, down by way of the Tennessee-Tombigbee Channel, into Alabama, parts of Mississippi, Arkansas, Oklahoma, Louisiana, Texas, and so forth. We also have, of course, our California West Coast operation.

So, we're going to take these areas, where we have candidates that want our support, we will *help* them, and we will try to get strategies which can win.

So, we're not going to be able to determine the outcome of all of the vote, but by going at areas where we can do a job, we will turn enough of the vote, to make a difference. And if some other people, seeing what we do, do the same, we're going to bring the unexpected vote into play. We're going to bring the "forgotten man and woman" into play as voters. People who have not voted recently are going to overwhelm the vote of the usually voting voters. And that's our strategy for winning this election.

SCHLANGER: Okay, you're listening to Lyndon LaRouche. We have Lyndon with us for about another eight or nine minutes. This is the LaRouche Show, which can be heard every Saturday at 3 PM EASTERN TIME, on larouchepub.com. If you wish to send an e-mail for participation in the second-half of the show, with the youth, you can send one.

Now, Lyn, to go back to this strategy you just outlined for the intervention into the campaign, it's directly modelled on your approach to physical economy. In a sense what you described, the industrial heartland, the TVA-area, it's what you called more than a year and a half ago, almost two years ago, a Super-TVA. How does that address the problem that we face in the country?

LAROCHE: Well, there are two things.

First of all, you've got to change the way people think. That can be done fairly easily. See, people keep talking about money. They talk about "the" market, as if this were some kind of Delphic god, and have this magician, a babbling magician, Alan Greenspan. People are paying attention to this idiot, this dangerous idiot.

All right, now what's the reality. Let's take the United States. Imagine you're looking coming in from Outer Space, on the territory of the United States. And you have ability to see a panoply of the changes in the United States, say, since 1926, up and down. Down into the Depression. Up out of the Depression. Postwar recovery, and then a downslide in the physical economy of the United States, which begins essentially in the middle of the 1960s.

Now, you look, county by county. Break each county down into 100-square-mile areas. Break each part of the population of those countries down into 100-family units. Now, let's look at all the physical factors of consumption and production, in these areas. Let's look at kilowatts of power generated. Let's look at things like water, water supplies. Let's look at the health care. Let's look at housing. Let's look at employment. Let's look at manufacturing output. Look at all these things which are physical things—reality—on which the productivity and the well-being of the population depends.

And you go around the country, and you find place after place, county after county, state after state, is being destroyed by the present policies.

Then you have babblers talking about: Wall Street's on the way up. There's a recovery on the way. And as long as people talk about money, ask the financial experts, "How is the market doing?" Say, the market is bankrupt. Money may be worthless tomorrow, unless we make changes.

Look at the physical reality. Look at what you have to wear, to eat. Look at your clothing, look at your health care. Look at whether the community offers employment or not, and what kind of employment. Is the farmer still producing, the independent farmer, still producing? Are the water systems working? Are the power systems working? Are the railroads still working? Do we have an improved type of rail-mass transportation, or do we have turning super-highways into parking lots at rush-hour time.

So, you look at the physical reality of the nation, and say, "This is the problem. This downward trend in the physical conditions of life is the problem."

The homeless people are the problem. The growth of the number of homeless people. The destitution spreading: These are the problems. Look at this, and say, "This must be changed." Force the people to look away from the financial reports, from the "boolah, boolah" of the television networks and so forth. Look instead at physical reality. And in the physical reality of things that people can see and know, the truth is told. Once people respond to *physical* reality, rather than the boolah, boolah of the financial reports, or the doubletalk of a psychotic President, then they will react accordingly, at least the lower 80%.

The lower 80% have to be encouraged to stop being the lower 80%, to stop *being the underdogs*, and recognize themselves as citizens, who must think like citizens, who must exert the power of citizens, who must vote for themselves, in effect, by choosing a candidate who is for their interests, actually, not beg for what kind of marriage, or how many abortions per block are going. But play to reality. And our job is to convey reality, physical reality of the ups and downs of a changing pattern of existence in our country, and abroad, and put that before them. Under that case, you choose the right agenda, they will begin to choose the right response.

SCHLANGER: The other thing, I think, that has completely shocked the political world has been the singing of the LaRouche Youth Movement, and for you, this is a special concept, a special idea. You have a specific approach to music, which has caused—and I've seen it from being out there with the youth, and watching mouths drop open, of people who

think they don't like you, and are saying, "How can these people be with LaRouche, and sing Bach so beautifully?"

So, we have about three minutes left, Lyn. Can you just tell us why this works, and how this functions to bring beauty to people, causes them to stop and think.

LAROUCHE: Well, you know, it's a result of the fact that there's been a cultural degeneration, an orchestrated cultural degeneration in the United States, as in Europe, during the entirety of the postwar period. The ideas of Brecht: decadence, extreme decadence. But there are certain principles on which the human race, particularly European culture, developed, and developed especially since the 15th-Century Renaissance. Among these, are music and poetry. The legacy of Dante, the legacy of Petrarca, and so forth. These great legacies. The legacy of Classical Greece.

So, all I've done is say, we've got to look at economy not as just physical economy, or money economy. We have to look at the consumption, and life of people, not merely in terms of so-called physical effects. We've got to look at it in terms of their mental life, their spiritual life; and Classical musical composition is not merely a taste. It is the development of the understanding of a fundamental principle that distinguishes human beings from beasts.

Now, when people get into actually using the principles of Classical well-tempered counterpoint, as developed by Bach and all of his followers, that has a power, to bring a sense of beauty into life. A sense of social beauty, especially when you have four-part counterpoint, as we're using, largely, in the kinds of things we're doing.

And this touches people, because it touches something in them that's there. Something they don't ordinarily use. Where they say, "*That is beautiful*."

And the key to life, the key to real politics, the key to the ability to withstand suffering, is the sense that you are experiencing, and in social relations, particularly, something that is beautiful. You can come to it with the dingiest rags, and the poorest diet, and you come into an area where you are surrounded by beauty. You are uplifted. Your pessimism shrinks away, and you look at your rags, and you look at your hunger, and you say, " Obviously, can't we make these things better too?" And that's what works.

SCHLANGER: Well, I wish I could keep you on for another couple of hours, Lyn, but I know you've got a busy schedule. I'd like to thank you so much for being on with us this afternoon. And everyone should know you'll be keynoting the National Conference of the Schiller Institute on Sept. 4, in Virginia, and I'm sure we're going to be hearing a lot from you between now and then. So, Lyn, thank you very much, and we'll turn it over to the LaRouche Youth Movement.

LAROUCHE: Thank you.

Strategic Studies:

A G.W. Bush Intelligence Czar Is Obviously an Oxymoron by Lyndon H. LaRouche, Jr.

Released by LaRouche PAC on Aug. 3, 2004.

The fact that there are some rather large loopholes in the present organization of the U.S.A.'s intelligence-security system, is no excuse for the current tendency to plunge, stupidly and recklessly, into rushed efforts to create an intelligence 'czar.' Idiot! Get your fat foot off that gas pedal! There is no need to rush into surrendering the powers of government to some alleged superman. The U.S. does not need a Heinrich Himmler.

History:

The Scientific Roots Of the American System

by Lyndon H. LaRouche, Jr.

Released by LaRouche PAC on Aug. 3, 2004.

The attached report on the scientific influence of Gottfried Leibniz in shaping the American System of political-economy, should be received as a timely contribution toward continuing the great work of our recently deceased collaborator, professional historian H. Graham Lowry's *How the Nation Was Won*.

- **The Leibniz Revolution in America, 1727-1752**

by Philip Valenti

What Lyndon LaRouche terms 'the pagan worship of Isaac Newton,' was established as the official cult doctrine of the budding British Empire by no later than 1727. The death of the decrepit 85-year-old Newton that year was followed by a ritual deification, with the republication of his holy writ in the third edition of the *Principia Mathematica*, complete with an absurdly flattering portrait of the author on the frontispiece.

Feature:

THE END OF AN ERA IS NOW!

'Monday Demonstrations' Show: Germans Demand Jobs, Recovery

by Helga Zepp-LaRouche

Mrs. LaRouche is the chairman of the Civil Rights Movement Solidarity party in Germany (Bürgerrechtsbewegung Solidarität, Büso). She issued this leaflet on Aug. 4 under the title 'Get Rid of Hartz 4! Germany Needs 8 Million New Jobs.' It has been translated from German, and subheads added. EIR reported details of the Social Democratic-led government's disastrous Hartz 4 plan in its issue of July 16, 2004.

Economics:

Western Drought Provoking More Than Water Wars

by Franklin Bell

What the U.S. Geological Survey has identified as the worst western drought in 500 years, is propelling the whole western region of the North American continent toward conditions for which financial oligarchs' anti-infrastructure advocates pine: drastic de-population of the North American West, *within this decade*.

Fascist Bankers Order Colombia Be Gutted

by Maximiliano Londoño Penilla

Max Londoño is President of the Lyndon LaRouche Association of Colombia.

At a July 15 seminar with the title, 'Colombia in Wall Street's Eyes,' held in Bogota' under the joint sponsorship of the National Association of Financial Institutes (ANIF), the Fedesarrollo think-tank, and the New York Council of the Americas, there was a general consensus among both foreign and national bankers in attendance. It was that President Alvaro Uribe's current high level of popularity needed to be more effectively exploited, in order to carry out the most brutal structural reforms of public finances in the name of 'definitively closing the fiscal deficit.'

Bolivia Survives Oil Referendum, But Barely

by Gretchen Small

Foreign financier interests out to carve up the nation of Bolivia will have to wait a bit longer. Efforts to use Bolivia's July 18 referendum, on the future of its gas and oil reserves, to blow up the country were defeated when the vote came off peacefully, with results largely favorable to the government. While that is something to celebrate, the results of the referendum settled nothing fundamental, but simply bought the country more time. To survive to fight another battle is not a minor thing, however, in these times of global systemic crisis.

When Will Maastricht Rules Be Abandoned?

by Rainer Apel

The European Union's austerity-oriented budget-balancing rules which were put in place by the Maastricht Treaty, are coming under increasing attack by the very nations which originally approved them.

International:

The Case of the Scarlett Leader

by Katharine Kanter

John MacLeod Scarlett, the man behind Britain's 'sexed-up' report to justify the war on Iraq, stepped down as Chairman of Britain's Joint Intelligence Committee (JIC) on July 30, only to be straightaway reincarnated as Chief of the Secret Intelligence Service (SIS), better known as MI6. Scarlett's appointment was announced by Prime Minister Tony Blair amid public outcry, and it raised a storm of unprecedented, open protest from figures at the highest levels of British intelligence...

Afghan Election May Be Undoing U.S. Policy

by Ramtanu Maitra

A new level of insecurity has descended all over Afghanistan since mid-July. A number of factors have converged to create this highly volatile situation; the U.S. policy put in place in the Winter of 2001 is now up for a crucial test.

Warsaw Uprising Commemoration:

Germany, Poland Seek Reconciliation

by Elizabeth Hellenbroich

Ceremonies commemorating the 60th anniversary of the Warsaw uprising were held in Warsaw, Aug. 1, with the participation of thousands of veterans from the Polish Homeland Army (which had tried unsuccessfully to break the Nazi occupation of the city in 1944), in addition to representatives of the Polish government and foreign dignitaries. U.S. Secretary of State Colin Powell, British Deputy Prime Minister John Prescott, and, most significantly, German Chancellor Gerhard Schröder, were among the foreign guests speaking at the ceremony. (It is noteworthy that no high-level French or Russian government representative spoke there.)

National:

LaRouche Will Lead Dems To November Landslide Win

by Jeffrey Steinberg and Michele Steinberg

You'd never know what happened at the Democratic Party National Convention held in Boston, July 26-July 30, from the national media, the Internet, or even by being there as a delegate. Despite every effort of the Democratic National Committee (DNC) and its chairman, Terry McAuliffe, to ban any attacks on the fascist policies of the Dick Cheney-George W. Bush Administration, the distribution of more than 50,000 copies of Lyndon LaRouche's 'Real Democratic Platform for November, 2004,' by a unique political force, the LaRouche Youth Movement (LYM), catalyzed a dramatic change in Boston.

Byrd: 'History Will Tell Us How to Judge'

On July 28, in the hall of the historic First Parish Unitarian Church in Cambridge, Massachusetts, Sen. Robert Byrd, Democrat of West Virginia, threw down the gauntlet, defining the 2004 election as one of the most important in his lifetime. Byrd, an octogenarian, who has served more than four decades in the Senate, has been the conscience of the U.S. Senate during the Bush regime, guarding against police state excesses, and opposing the Iraq War.

American Vets Take Center Stage at Boston

by William Jones

The impressive array of flag officers gathered on the stage of the Fleet Center on the evening of July 28, the third night of the the Democratic National Convention, was undoubtedly unprecedented in the history of American political conventions. But, contrary to the ads issued by the Republican 'attack dogs' who were carefully monitoring every word of the convention, this was far from a political 'gimmick' by the convention organizers.

Iraq Contracting Scandals Mushroom

by Carl Osgood

Rep. Henry Waxman (D-Calif.) has again put a spotlight on the hypocrisy of Congressional Republicans who are refusing to conduct oversight of the activities of the Bush Administration, especially when it comes to contracting in Iraq.

Cheney Dodges a Bullet

by Edward Spannaus

Just as the U.S. Securities & Exchange Commission was letting Vice President Dick Cheney off the hook on one investigation, other investigations, involving the SEC, the Justice Department, and foreign law-enforcement agencies, are expanding, and the Valerie Plame investigation is nearing a conclusion—all of which increases the likelihood that Bush's puppetmaster could be indicted in the period running up to the November elections.

Book Reviews:

Malaysia's Challenge to IMF: Lesson on 'Method'

by Michael Billington

The Tragedy That Didn't Happen: Malaysia's Crisis Management and Capital Controls

by Dr. Marie-Aimée Tourres

Kuala Lumpur: Institute of Strategic and International Studies (ISIS Malaysia), 2003

338 pages, hardback, \$23.50; paperback, \$13.00

This book, to be officially released on Aug. 25, is the only comprehensive review of the extraordinary confrontation between the Government of Malaysia under the leadership of former Prime Minister Dr. Mahathir bin Mohamad, and the International Monetary Fund (IMF), the nest of speculators in the Western banks and hedge funds, and the institutions of the Washington Consensus, during and after the 1997-98 financial crisis in Asia.

A Man Who Didn't 'Go Along To Get Along'

by Allen Douglas

Axis of Deceit: The Story of the Intelligence Officer Who Risked All To Tell the Truth About WMD and Iraq

by Andrew Wilkie

Melbourne: Black Inc. Agenda, 2004

200 pages, paperback, \$A29.95

This is an usual, riveting book. It provides a rare glimpse into intelligence processes and policymaking at the top of the 'Four Eyes' intelligence alliance of the United States, United Kingdom, Canada, and Australia. It further chronicles the story of one man's courage to defy his country's Establishment, to expose the farrago of lies concocted by the Cheney- dominated Bush Administration, Britain's Prime Minister Tony Blair, and Australia's Prime Minister John Howard, to justify a baseless war against Iraq.

A Leftist Whitewash Of Fascist Jabotinsky

by Paolo Raimondi and Steven Meyer

La destra sionista: Biografia di Vladimir Jabotinsky (The Zionist Right: A Biography of Vladimir Jabotinsky)

by Paolo di Motoli

Milan: M&B Publishing House, 2001

153 pages, paperback EU 12.39

The main goal of Paolo di Motoli's book, published in 2001, was to re-establish, from the left, a certain credibility for the so-called 'Revisionist Zionism' of the late Vladimir Jabotinsky, which supports the creation of an ultra-nationalist state of Israel continuously at war with its neighbors.

U.S. Economic/Financial News

Pension Guaranty Corp. Faces Bailout of Airline Pensions

When United Airlines announced in July that it would stop making contributions to its pension plans while under bankruptcy protection, it raised the specter of defaulting on its pensions. If it does, the Pension Benefit Guaranty Corp., which already has a \$9.7 billion deficit, would add another \$5 billion to its red ink. Overall, 11 airlines have a combined deficit of \$31 billion in pension plans covering 444,000 workers.

In 2003, there were 1,050 companies with an aggregate \$279 billion in underfunded pension plans, down from 1,058 and \$306 billion in 2002, but well above the 747/\$111 billion in 2001, the 221/\$20 billion in 2000, and the 166 companies with \$18 billion in underfunding in 1999.

"The PBGC wasn't designed to withstand the level of underfunding that we are now witnessing in the system," said former PBGC head Steve Kandarian, who stepped down in February. "How does the agency withstand that kind of an assault, when you are talking about a \$5 billion potential claim coming from one company and possibly more multibillion claims in the queue?"

"The similarities are incredible" when comparing the pension crisis to the S&L fiasco, which required a huge Federal bailout, said Emory University Finance Professor George J. Benston. He said that companies were "doctoring the numbers ... [and] especially doing it for steel and airlines. Shades of the savings and loan crisis. Same darn thing."

Under pension law, the \$13 billion that United owes its pensioners cannot be taken away. However, the pension fund only has \$7 billion in assets, and under bankruptcy law, the remaining \$6 billion is an unsecured debt, putting the pensioners in the category of unsecured creditors. Were the bankruptcy judge to allow United to cancel its pension debts, the airline's pension debts and assets would go to the PBGC, which would have to make up the difference. Some pensioners would still lose out, since the PBGC only pays up to certain limits.

Millions of Americans Lose Employer Health Coverage

Nearly 9 million Americans lost employer health coverage from 2001 to 2003. The proportion of Americans under age 65 who receive health insurance through their employers fell sharply, from 67% in 2001, to 63% in 2003. This means that 8.9 million workers lost coverage, after accounting for population growth, according to an Aug. 1 report of the Center for Studying Health System Change. Escalating job losses were cited as the main reason for the dramatic drop, while insurance premiums jumped by 28%, and some employers stopped offering coverage. Low-income families were hardest hit, as the proportion with coverage declined from 37.4% to 32.5% during the three years.

State public-health coverage for children is falling for the first time in the six-year history of the program, amid budget cuts. Enrollment in the State Children's Health Insurance Program (SCHIP) dropped during the second half of 2003, as 11 states have made cutbacks, the Kaiser Commission on Medicaid and the Uninsured said July 23. Texas accounted for more than 50% of the decline, as 149,000 children were dropped from SCHIP since the beginning of FY 2004, as a result of state legislators projecting a slashing of \$1.6 billion from Medicaid and SCHIP during the fiscal year.

BLS: Layoffs Are Highest Since the 1960s

Of all U.S. adult jobholders, 8.2% or 11.4 million people were permanently dismissed from their jobs during the first three years of the Bush Administration, the Bureau of Labor Statistics reported July 30. The current level of layoffs is reported to rank second only to the 9% rate during the 1981-1983 period, since the 1930s Depression.

Of 5.3 million persons who had worked for at least three years at time of their layoffs, 20% were still unemployed.

"No one should be surprised by the increasing frequency of layoffs, James Glassman, economist for J.P. Morgan Chase, said. "It is the echo of globalization. Companies are shifting production around more frequently to take advantage of low-cost centers."

Of those the BLS polled who said they found new jobs, 56.9% said they are now paid less than in their former jobs, compared with 46.6% in 1991-93 ("recession") and 42.2% in 1997-99 ("boom"). One-third of these re-employed had earnings losses of 20% or more.

Peoria Caterpillar Guts Wages, Health Care, Jobs

In a letter made public by Caterpillar Corp., in Peoria, Ill., July 20, the company proposes cutting starting salaries from \$20-25 per hour, down to \$10 per hour, and forcing workers to pay 5-10% of health premiums (from zero now) and deductibles of \$1,000, the *Journal Star* reported July 30.

Caterpillar is threatening that the company will pack up and leave town, if the workers don't capitulate. We must "reach an agreement that enhances our ability to compete and succeed from these locations.... We must do it well because our future in these locations relies on it." The company is also attempting to crush the UAW local that represents its workers: Salaried and management employees have been trained to take over if the UAW strikes. Already, the firm has hired 1,000 "supplemental workers" with no benefits, who will only be made full-time workers if the union accepts the proposed contract—even though the supplementals will then get a pay cut from their supplemental pay!

Vanishing Jobs and Population in Central Pennsylvania

"It's almost as if all of Lewistown has been outsourced," lamented the *Patriot-News* Aug. 1. Over the past four decades, the population in the region has plummeted 29%, from 12,640 in 1960, to 8,998 in 2000. Due to a series of plant closures during the past six months—many in the name of moving production overseas—even dead-end jobs are hard to find in Lewistown (about 70 miles east of Altoona), despite the falling population. Likewise in neighboring counties, six plants closed during the past year. "Lewistown is decimated," says Bill Thompson, an instructor at Harrisburg Area Community College, where laid-off manufacturing workers take retraining courses for nonexistent jobs. Wal-Mart has destroyed downtown merchants.

Home Foreclosures Soar in Philadelphia

Mortgage foreclosures in Philadelphia reached a record high in March—reportedly worse than during the Great Depression—and continue at chilling levels: Over 700 families in Philadelphia lost their homes in July, the *Philadelphia Daily News* reported Aug. 4. The worsening foreclosure crisis in the city, as in Chicago, is due to lax lending laws, predatory lending practices by banks, and the U.S. economic breakdown.

In Monroe County, for example, mortgage foreclosures have risen dramatically over the past 10 years, according to the first

of a series of reports released by the state Banking Department. Foreclosure filings have risen faster than housing construction in the county (located in the northeastern corner of the state, in the Pocono Mountains). From 2000 to 2003, 2,745 families were hit with foreclosure filings and an estimated 42% were forced to leave their homes. The number of foreclosures has jumped by 34% since 2000, and has shot up 242%—more than tripled—since 1995.

Nationwide, there were a staggering 22,768 new mortgage foreclosures in July, up 2.87% from the level in June, according to Foreclosure.com.

Consumer Group Calls for Electricity Re-Regulation

On the eve of the first anniversary of the Aug. 14, 2003 East Coast blackout, a report by the Association of American Public Interest Research Groups (PIRG), released July 30, documents the take-down of the reliability of the nation's electric grid through "restructuring," and calls for re-regulation of the industry. "Experiments in retail deregulation" should be ended, the report advises, and public accountability should be restored to the industry. The report points out that rate caps that were instituted as a lead up to deregulation are due to expire in many states. Prices will skyrocket, such as the recent double-digit increases in Maryland.

PIRG was an initiative by Ralph Nader over 20 years ago, and pushes "environmental" policies, and consumer-oriented programs. Most interesting was the response to the report from the energy "establishment." The Electric Power Research Institute—funded by the utilities with a policy of "going along to get along"—disputed many of the report's claims, and what it called an "alarmist tone." The North American Electric Reliability Council, which oversees grid operation across the country, admitted that it was a "true statement" that thanks to deregulation, "the grid is being used in ways that it wasn't designed for ... and this has increased the strain on it."

World Economic News

Hedge Funds' Buying Frenzy Drives Oil Price Up

A buying bonanza by global hedge funds is the cause of the rapid rise in the oil price, Saudi Arabia's former Oil Minister, Sheikh Ahmed Zaki Yamani, insisted in a CNN interview Aug. 5. The hedge funds, he says, are looking to make a fast return on their investments, and so have turned to speculating in the oil market. "The funds are injecting a huge amount of money. The world economy ... is paying the price. It's a bad thing." Pointing out that OPEC and the Saudis are moving to lower prices and increase production, he stated that "political factors" are feeding "panic being used by speculators...."

Among the "political factors" he mentioned are the ongoing legal battles concerning the Russian company Yukos. Russia's Justice Ministry, responding to reports that the government had loosened restrictions on the company's access to selling its assets, said Aug. 5 that it has kept Yukos's bank accounts frozen and revoked permission for Yukos to use those monies to pay for day-to-day operations.

Meanwhile, the price of U.S. crude oil hit \$44.50 per barrel, and Brent crude rose to \$41.22 a barrel.

IMF Is Chief Vulture in Argentina

The IMF has officially postponed approval of the third review of its agreement with Argentina in order to force the Kirchner government to relent on its "ungenerous" debt restructuring offer—pay more debt paid to the vulture funds—and increase its primary budget surplus to at least 4% of Gross Domestic Product (GDP). By delaying the approval (which is supposed to show that Argentina is complying with the IMF's conditionalities), the Fund throws into question the entire

debt restructuring process, which the government is anxious to conclude. It's also unclear how the IMF decision will affect the U.S. Securities and Exchange Commission's approval of the restructuring document which the Argentine government submitted to it in early July. The SEC's approval is required for the process to move forward.

The decision to delay the approval was reportedly worked out by Deputy Finance Ministers of the Group of Seven, when they met on July 17-18 in California. Despite this, Finance Ministry officials say they intend to go ahead to unilaterally promote the restructuring plan through an international tour to begin at the end of August. IMF Managing Director Rodrigo Rato, Deputy Director Anne Krueger and Western Hemisphere Division Chief Anoop Singh have all gone on vacation, and sometime in September is the earliest that any decision on approval would be made, even though this is when the fourth loan review is also scheduled to begin.

IMF Demands Argentina Change Constitution To Pay Debt

The IMF told Argentina to "change its Constitution," if that's what it takes to ram through an acceptable "fiscal responsibility law." After having demanded that the Kirchner government implement a the fiscal responsibility law, to impose deeper austerity on the provinces, the IMF now says that the version already passed by the Senate isn't good enough. Why? It doesn't allow for sufficient punishments of individual governors who don't adhere to austerity dictates. According to *Clarín* Aug. 3, when Finance Ministry officials argued that the Argentine Constitution doesn't permit such punishments, the Fund replied "change the Constitution!"

Former Presidential candidate Ricardo Lopez Murphy, a leader of the right-wing synarchist opposition to Nestor Kirchner, is loudly backing the IMF's demand. He argues that Argentina should have a law similar to what former Brazilian President Fernando Henrique Cardoso put through in that country, "which has given Brazil so much latitude in making Brazil a reliable country."

United States News Digest

Bush Picks Up Two 9/11 Commission Recommendations

Speaking in a Rose Garden appearance Aug. 2, President George W. Bush said he will ask Congress to substantially revise the 1947 National Security Act, to create a post of National Intelligence Director (NID), appointed by the President with the advice and consent of the Senate, but, unlike the 9/11 Commission recommendation, not within the Executive Office of the President. The NID would serve at the pleasure of the President, whose principal intelligence adviser he will be. The NID will oversee and coordinate foreign and domestic activities of the entire intelligence community. He will have authority to "coordinate budgets." He will not be a member of the Cabinet. Bush did not mention any relation of the NID to the National Security Council.

Bush will create a National Counterterrorism Center, as recommended by the Commission, through Executive Order, to be on top of all counter-terror intelligence and operations, foreign and domestic. Its head will report to the NID, and to the Director of Central Intelligence (DCI), until the NID post is created. Bush will consider creating a second such center on WMD.

(See this week's InDepth for Lyndon LaRouche's commentary on the 9/11 Commission report: "A G.W. Bush Intelligence Czar Is Obviously an Oxymoron.")

Hagel: Panic Is Not the Order of the Day

As two more hearings were held on Capitol Hill on the recommendations of the 9/11 Commission, Sen. Chuck Hagel (R-Neb) warned, in an Aug. 3 op-ed in the *Washington Post*, of the potential damage to the intelligence community, if proposals for reform become a partisan tool during the Presidential elections. "We must not allow false urgency, dictated by the political calendar, to overtake the need for serious reform," Hagel wrote.

Although he regards reform as necessary, Hagel said that the American people should feel secure about their intelligence system, which he called the best in the world. "They should not be misled into believing that they are at risk because of an incompetent, inadequate intelligence system," Hagel states. "Panic is not the order of the day. Responsible reform is the objective."

Guess Who's Concerned About Civil Liberties?

A "senior administration official" gave a background briefing to reporters on July 30, concerning the White House's planning in response to the recommendations of the 9/11 Commission. The official claimed that many of the Commission's recommendations are actually an endorsement of counter-terrorism policies already put into effect by the administration. The official also claimed that the White House wants to put a premium on protecting civil liberties.

In response to which, ACLU spokesman Anthony Romero noted the irony, stating: "I wish they had shown similar concerns about civil liberties before the Patriot Act ... it's cynical to trot out arguments on civil liberties when they don't like the findings of the 9/11 report."

Ridge Said To Be Planning To Quit

Associated Press reported July 31 that Homeland Security Secretary Tom Ridge has told colleagues he will resign after the November elections, regardless of the outcome. Ridge himself would not comment on the reports.

This is consistent with the recent report, published in the *Capitol Hill Blue* leak sheet, that Ridge has been complaining that he never gets to see President Bush, and that his marching orders come from Attorney General John Ashcroft, who is called "Bush's Himmler" by some of Ridge's staff.

Cheney, Rumsfeld Named in Abu Ghraib Hearing

A hearing opened on Aug. 2 at Fort Bragg, N.C., in the case of PFC Lynndie England, who had participated in posed pictures of naked and contorted Iraqi prisoners at Abu Ghraib prison. England's grinning face was seen around the world holding the end of a dog leash, which was clasped around a naked prisoner's neck.

The Article 32 hearing is the equivalent of a grand jury, but is open, and attended by the defendant. England is charged with 13 counts of abusing detainees and six counts stemming from possession of sexually explicit photos. She is facing a maximum possible sentence of 38 years in prison. Six other low-level U.S. military personnel have also been charged.

NPR radio reported that England's lawyers have requested all torture memos related to the prison investigation, asserting that England is a "poster child" for flawed U.S. war policies. In the hearing, England will be able to call witnesses; however, her lawyers' request to call Vice President Dick Cheney and Defense Secretary Donald Rumsfeld was denied.

Retired Air Force General Blasts Bush

Retired Gen. Tony McPeak, Air Force Chief of Staff during the 1991 Gulf War, gave the Democratic response to President

Bush's radio address on July 31. McPeak, who campaigned for Dole in 1996, and was a "Veteran for Bush" in 2000, said that "what has happened over the last three years is such a tragedy, such a national disaster." He said that the alliances that won World War II and the Cold War were gone, while the administration has "alienated our friends, damaged our credibility around the world, reduced our influence to an all-time low in my lifetime, [and] given hope to our enemies."

McPeak was one of the generals on the podium at the Democratic Convention, backing John Kerry.

Detainee Case Challenges U.S. Torture Policy

The case of Ahmed Abu-Ali is putting a spotlight on another side of the lawlessness of the Bush Administration in the pursuit of its so-called war on terrorism: the turning over of terrorist suspects to other countries to be interrogated and tortured for information.

Abu-Ali is a 23-year old American citizen who has been held in Saudi Arabia at the behest of the U.S. government, his family and lawyer say. Abu Ali was arrested by Saudi authorities in June of last year, while he was a student at the Islamic University of Medina, and has been held without charge ever since. Morton Sklar, the executive director of the World Organization for Human Rights, and Abu Ali's lawyer, said at a press conference Aug. 4, that he believes that Abu Ali's detention is related to the policy termed "rendition to torture," i.e., turning suspects over to other countries. He noted that within five hours after the family filed a habeas corpus petition in D.C. Federal court demanding that the U.S. government seek Abu Ali's release, on July 28, the State Department called the family claiming that Saudi authorities were about to file criminal charges against Abu Ali, even though the Saudi Embassy in Washington said, in a statement to the *Washington Post* on July 29, that they would release him to U.S. custody the moment they received a request to do so. He cited the State Department phone call as another sign that the Saudis are acting under U.S. direction, and charged that the U.S. is attempting to undercut the authority of U.S. courts to act on this matter.

As for the wider implications of the case, Sklar said that if the court rules in Abu Ali's favor, then the policy of rendition to torture will be open to challenge. Sklar's organization estimates that there have been more than 200 such cases. He noted that the problems of Abu Ghraib, Guantanamo Bay, and so forth "indicate that the United States government is following the pattern and practice of using interrogations ... of torture and stressful techniques to obtain information ... and it's being abused very extensively, so we very much want to challenge that policy in general as well as to get Ahmed back home to the U.S."

Kerry Compares Bush to Hoover

In campaigning across the U.S., last week, John Kerry has been upping his attacks on President Bush and his policies. Speaking in Washington Aug. 4, to the minority journalists' convention, Kerry compared Bush to President Herbert Hoover, who denied the existence of the Great Depression.

"Just saying that you've turned a corner doesn't make it so, Kerry said. "Just like saying there are weapons of mass destruction [in Iraq] doesn't make it so. Just like saying you can fight a war on the cheap doesn't make it so. Just like saying 'mission accomplished' doesn't make it so.... The last President who used that slogan, who told us that prosperity was just around the corner, was Herbert Hoover, during the Great Depression."

Kerry also hit Bush on 9/11: "Had I been reading to children, and had my top aide whispered in my ear that America is under attack, I would have told those kids very nicely and politely that the President of the United States has something that he needs to attend to."

No Debate Allowed at Republican Convention

Columnist Robert Novak, in his *Washington Post* column of Aug. 5, leaked a dirty little secret: Dissenting Republicans "need not apply" to the Republican convention. Moreover, the way Bush-Cheney are handling the Republican "platform" is even worse than the way that the DNC dealt with the Democratic platform. Novak says that with only three weeks to go before the Republican platform committee meets, "no draft platform exists, no subcommittees have been named, ... no accommodations have been made, but "all this looks like a coolly calculated plan."

"The suspicion has grown that Bush's reelection strategists—Karl Rove and Karen Hughes—do not want the open debate over principles and policies.... The carefully guarded Bush campaign game plan is to present delegates ... with an unpleasant surprise: ... a trimmed down document with virtually no time to debate it." Like the Dems, the GOP platform will finally be released on Tuesday of the convention, and voted on Thursday.

While it is unlikely that there will be any kind of political explosion openly, there is a revolt—but it is mainly about the desire to kick Dick Cheney off the ticket.

Ex-Guantanamo Prisoners Detail Torture and Abuse

Three Muslim men from England have provided graphic, first-hand accounts of their experiences after being captured in Afghanistan in November 2001 by Northern Alliance forces under General Dostum. According to a report released Aug. 3 by the Center for Constitutional Rights, they were transported in shipping containers to Kandahar (they were among the 20 survivors of 200 who were packed into the containers), and then eventually handed over to U.S. military custody and shipped to Guantanamo. At all points until arriving at Guantanamo, they were beaten, held without adequate food, clothing, or sanitation; the abuses and torture continued at Guantanamo, and intensified dramatically after the first commander was relieved and replaced by Gen. Geoffrey Miller. (Miller was later deployed to Iraq to "Gitmo-ize" Abu Ghraib prison there.)

The sexual humiliation of prisoners began after Miller took over; this was accompanied by religious humiliation, all of which, the men believed, was targeted at those who would be most affected by it.

Eventually, conditions became so unbearable, both physically and psychologically, that many prisoners confessed to things that they had not, and could not have, done. One of the three, Asif Iqbal, confessed to being a person shown in a videotape with Osama bin Laden. However, since his release, it has been proven that he was living and working in England at the time the videotape was made.

The 115-page report compiled from statements of the three British men, has been submitted to Senators John Warner (R-Va), Carl Levin (D-Mich), and Patrick Leahy (D-Vt) by the Center for Constitutional Rights in the U.S.

Ibero-American News Digest

Mexico Passes Union-Busting 'Reform' of Social Security Institute

The 82-23 vote of the Mexican Senate Aug. 5 in favor of a bill to reform the pension system of the Mexican Social Security Institute (IMSS), opens the door to the bankers' plans to bust all Mexico's public workers unions, and bankrupt and privatize the IMSS, to boot. The reform buries "the first social Constitution of [the last] century, the 1917 Constitution," nationalist PRI Sen. Manuel Bartlett charged after it passed. The bill, already passed by the Chamber of Deputies, now only awaits President Vicente Fox's signature to become law.

The IMSS is the largest health-care system in the country. According to the 2000 government census, only 40% of Mexicans have health-care coverage, and of that, 81%—a third of the population—receive it from the IMSS. Over the past months, a vicious campaign was carried out, charging that the IMSS is heading towards bankruptcy, because of the "cushy" pensions paid to IMSS's 370,000 employees and 120,000 retirees. That the collapse of the Mexican economy has slashed payments by workers and employers into the system, is never mentioned.

The reform prohibits the IMSS from using any employer/employee payments to fund pensions of any newly hired IMSS personnel (doctors, nurses, etc.). New workers will have to finance their own pensions, which must be "self-sustainable." The details on how this is to be accomplished are not spelled out.

Senator Bartlett and public sector union leaders charge that the law also opens the door for the IMSS administration to claim down the road, that "we just don't have enough money," and then walk away from their obligations under labor contracts. And if the IMSS can do it, then no labor contract in the country can be upheld. Another reform opponent, PRI Sen. Laura Alicia Garza, warned that the law provides "the perfect pretext to declare IMSS bankrupt." IMSS union leaders have been warning that just such a bankruptcy declaration is in the works. Privatization would follow.

The *Los Angeles Times* coverage Aug. 6 of the Schachtian victory against the IMSS, gloats that passage of the bill in Mexico is just the start of a campaign for similar reforms across Ibero-America. "Overhauling government pension programs has taken on new urgency throughout Latin America, where weak economies and poor tax collection have created unsustainable financial burdens," *Times* staff writer Marla Dickerson lies. Private sector union pension plans were busted in the late 1990s across the region, but civil service unions have resisted. "Public pension reform is an absolute necessity in much of Latin America," a killer bureaucrat at the University of Pennsylvania's Wharton School told Dickerson.

Synarchist Bank Hosts 'Spain-Latin America' Seminar

Emilio Botin's Santander Group brought journalists and officials from around Ibero-America to be lectured on "the right way to do things," at a two-day seminar sponsored by the synarchist bank at the Universidad Internacional Menéndez Pelayo, in Santander, Spain, July 29-30. The seminar was a show of force by the fascist-linked bank. As the article, "Empire Strikes Back: Spanish Banks Recolonize Ibero-America," documented in *EIW* #26, in Spain's banks and private companies are leading a takeover of the Ibero-American economies, on behalf of the global synarchist financier cartel.

Spanish Central Bank Jaime Caruana was blunt, in his speech closing the conference: Do it our way, or else. Ibero-America is vulnerable to financial crises, because it hasn't yet put through the "second generation of reforms," he said. More independence must be given to the central banks; the "excessive preponderance" of the public sector in the economy must be cut back; the banks have to be treated as "a strategic sector," and developed as the key to "stability." Predictability of policies is key; "there are no short-cuts, nor room for alternative or excessively imaginative routes," he intoned.

Spanish Foreign Minister Miguel Moratinos adopted a "softer" approach, going after the previous Aznar government for leaving policy up to the Spanish private companies in Ibero-America. The Zapatero government wants to revive a state policy towards the region, he said. Neo-liberalism requires "wealth redistribution policies," social policies, to make them adequate. Of course, he quickly added, his government recognizes the necessity of "supporting" the interests of the Spanish companies in the region, as "we are the number-one investor in the area." He suggested Spain play a "catalytic" role in "channelling" Ibero-America's interests in international bodies such as the IMF. Here, he specifically cited Argentina, supporting President Nestor Kirchner's "leadership ... in adopting reforms and "modernization."

The new head of the IMF is Spain's former Finance Minister, Rodrigo Rato—whom Santander's Botin brags that he owns.

Mexican Central Bank chief Guillermo Ortiz was as rabid as his Spanish counterpart. Democracy is threatened in Ibero-

America by the lack of sufficient "structural reforms" and "fiscal discipline," he told the seminar. Its economies remain overly-protected. Mexico, for example, has some of the strictest labor laws in the world. They must be overturned, because "the possibility of creating jobs depends in great part on the flexibility to be able to fire people."

Rabid Ex-President Calls for Killing Venezuela's Chavez

Former Venezuelan President Carlos Andres Perez, nicknamed "CAP," proclaimed on July 25 that "Chavez should die like a dog ... with my apologies to that noble animal," because the Aug. 15 referendum on whether Chavez should be removed from office "will not resolve anything." "I am working to get Chavez out. The violent route will permit his ouster. It's the only one we have. I am part of that battalion," he raved.

Twice President of Venezuela (1973-78 and 1989-93), CAP has been a life-long synarchist asset, who got his start in the Dulles brothers/Social Democracy-run Caribbean Legion, which spawned numerous Synarchist operations, from Fidel Castro to the Nicaraguan Contras. It was his brutal imposition of IMF policy by military might in 1989 which made his fellow synarchist spawn, Hugo Chavez, possible. (Chavez's claim to fame was his failed 1992 coup against the hated President Perez.) Now, from his exile in Miami, he's once again pushing for war in Venezuela.

Newsweek Launches Dirty Trick Against Colombian President

Newsweek magazine, which published an undisguised death threat against Colombian President Alvaro Uribe Velez when he was a Presidential candidate in 2002, has now printed, in its Aug. 9 issue, quotes from a raw, "unevaluated" Defense Intelligence Agency (DIA) report filed in 1991, which named Uribe as an alleged drug-trafficker. The DIA report naming 106 people involved in drug-trafficking, was obtained by the National Security Archives under the Freedom of Information Act and first passed to *Newsweek*. Entry #82 of that report deals with then-Senator Uribe, described as "dedicated to collaboration with the Medellin cartel at high government levels" and "a close personal friend of Pablo Escobar Gaviria," and detailed various related charges.

The Defense Department, State Department, former U.S. officials involved in the anti-drug war, and the Colombian Presidency issued sharp statements denying the report had any veracity. Defense spokesman Lt. Col. Chris Conway gave various interviews to Colombian radio, emphasizing that the report was raw, unevaluated intelligence, and that it is the view of the U.S. Southern Command, that Uribe's anti-narco-terrorism record speaks for itself. An unnamed U.S. intelligence official told the Aug. 2 *Los Angeles Times* that the memo was based on a single, confidential informant in Colombia.

Newsweek is owned by the synarchist banking firm Lazard Freres. The only person interviewed for the *Newsweek* article, by name, was Adam Isaacson, a professional drug legalizer from George Soros's stable. Author Joseph Contreras, today Regional Bureau Chief for Latin America for *Newsweek*, is the same reporter who, in March 2002 during the Presidential campaign, published a thinly disguised death threat against Uribe, as the lead to a diatribe against the President's policy of refusing to negotiate with narco-terrorism and the FARC. That 2002 article was an attack not just on Uribe, but on any attempt by institutional Colombia to rally the nation to defeat narco-terrorism, and anyone in the U.S. government and Congress who would support them. In the first paragraph, Contreras brazenly threatened that "it seems nothing short of an assassin's bullet can stop the maverick politician from winning the May election." Contreras then rushed into print a biography smearing Uribe, published before the election.

This particular smear does not appear to be going anywhere, but Contreras's story is calculated to lay the basis for a campaign to block Uribe's bid for re-election. President Uribe's disastrous policy of negotiating with the paramilitary United Self-Defense Forces of Colombia (AUC), a group of narco-terrorists as much as the FARC, however, provides his narco-enemies a wide-open opportunity to go after him.

IMF's 'Mistakes' Sent 15 Million Argentines to Poorhouse

The IMF's mistakes "caused 15 million Argentines to become poor," said President Nestor Kirchner, in response to an IMF report documenting its "errors" in dealing with the country, in the period leading up to the 2001 default. (The Fund claims its mistake was being too lenient!). Kirchner told an audience in the city of Rosario that "it's very easy for them to talk about Argentina from their comfortable offices. But their mistakes cost us 15 million poor."

Finance Minister Roberto Lavagna also had harsh words for the IMF. In a statement released July 29 addressing the report by the IMF's Independent Evaluation Office, Lavagna charged that "the Fund's mistakes translated into more unemployment and poverty, ... more destruction of production." He added, "we have no urgency in signing an agreement with the Monetary Fund. We will continue to talk as long as it takes."

Brazil Readies Space Vehicle

In an interview with National Radio of Amazonia on July 28, the Chairman of the Brazilian Space Agency, Sergio Gaudenzi, reported that the clean-up of debris from the explosion of Brazil's VLS test rocket last August will soon be completed, and that the next test launch is on target for 2006. The Brazilian government also hopes to attract launches by Ukraine, Russia, and China. An agreement with Ukraine to launch its Tsyklon rocket has been signed, and awaits ratification by congresses of both nations. "Each launcher demands a specific launching platform," Gaudenzi explained, requiring a substantial investment at the Alcantara launch site from each nation planning to participate. Although Gaudenzi said that there "are good signs" for Brazil to reach a similar agreement with the U.S., this seems highly unlikely, as the U.S. has insisted that Brazil give up its "dual use" rocket program as a precondition for American participation at Alcantara.

Western European News Digest

LaRouche Associates Reignite 1989 Leipzig Freedom Rallies

Veterans of the 1989 Monday-night candle-lit vigils in East Germany, which led to the fall of the Berlin Wall, are reviving them today to demand economic recovery of the East.

In an interview with the *Berliner Zeitung* daily, Aug. 5, Christian Fuehrer, a priest at the Leipzig Nikolai Church, where the initial Monday rallies started in 1989, said that new rallies "make a lot of sense, as people feel powerless against the drastic social breakdown."

Insisting that protests remain peaceful, Fuehrer said that for a "new big movement like that, we need the second part of the peaceful revolution, which is still not realized, namely, reconciliation within Germany." From Aug. 30 on, the Nikolai Church will be the center of new rallies, Fuehrer announced.

Fuehrer's remarks are all the more important, as just two weeks ago his office was not even aware that such rallies had taken place on two preceding Mondays, nor the role of the LaRouche-allied BueSo party in reviving these rallies during the customary August vacation period.

Also Hans-Jochen Tschiche in Magdeburg, one of the original co-founders of the New Forum, a group of prominent eastern German dissidents in late 1989, told an interviewer Aug. 4, that new Monday rallies make sense, because citizens' social rights are threatened, just as democratic rights were threatened in eastern Germany in 1989. The new Monday protests in Magdeburg and other cities are a real citizens' movement, Tschiche said. He quit the Forum in 1990, and held a seat for the

Greens for eight years in the then Saxe-Anhalt state parliament.

Monday Rallies Spreading Throughout Eastern Germany

As of Aug. 4, rallies have been announced for the following eastern German cities: Hamburg, Gera, Jena, Schwerin, and Poessneck, in addition to Magdeburg, Senftenberg, and Dessau. In Neubrandenburg, rallies will be held on Thursdays.

Other groups are getting into the act, *Attac* is discussing holding rallies also in Berlin and Leipzig, but first they will confer with their supporters, which leaves the Bueso as the as the exclusive driver of the rallies in Leipzig, for now.

In Halle, the DGB labor federation plans a bigger event on Aug. 16.

LYM Teaches German PDS How To Organize

Germany's Party of Democratic Socialism (PDS), which came in second in the last Saxony elections, is getting stirred up by the organizing drive of the LaRouche Youth Movement and the BueSo, especially with the renewed Leipzig Monday rallies. All of a sudden, PDS state chairwoman Cornelia Ernst announced she wants to do an intense campaign, get in contact with the "normal voter," especially with deployments at unemployment offices, where the LYM is already organizing.

Rising Unemployment Afflicts Saxony

Joblessness in Germany's Saxony region is visibly increasing. From June to July, unemployment increased from 17.4% to 17.9%, with a corresponding increase in long-term unemployment. Of the total 394,000 jobless Saxons, almost 50% are in the category of long-term unemployed.

This trend also effects labor union membership, because people are either frustrated with labor union policy, or they cut expenses generally, including membership dues. The labor federation of Saxony reports a 9.5% loss of members during the past 12 months—the highest loss in all five eastern states of Germany.

Critical Review of Hartz IV Devastation

In an interview with Germany's national public radio station DLF (Deutschlandfunk) Aug. 6, Friedrich Schorlemmer, who for the past few years has headed the Protestant Academy in Wittenberg (state of Saxe-Anhalt), said that, "If confidence in the future is lost, a society breaks apart. What is planned with [the austerity plan] Hartz IV, could create mass poverty."

"Naked existential fears" have caught all those who are faced with the prospect of long-term unemployment, Schorlemmer said, adding that "the social-welfare state of European tradition is being unrooted," and that with Hartz IV, "the deepest cuts in social pay since the founding of the Federal Republic [of Germany]" are being threatened. In addition, a new division between East and West can be seen in Germany: "And that, too, can be sensed everywhere: The German partition is deeper than ever, 15 years after the end of the GDR [German Democratic Republic]. It will get even deeper with Hartz IV. The East is being turned into a territory of the unemployed, the retired, and the sick."

"That is why in times of the rule of neo-liberal ideology, state intervention is required," said Schorlemmer.

British Prime Minister Is Acting Like a Dictator

There is nothing in Britain now to stop Prime Minister Tony Blair from doing what he wants, a leading City of London analyst told *EIR* Aug. 3. The opposition Tories have not done well over the past months. Their leader, Michael Howard, is acting and speaking like a lawyer, which is what he is. You cannot convince, or lead, the population with legal arguments on vital political issues, such as Europe or Iraq.

The only good thing for Britain right now, is that all the politicians have fled for their holidays to Tuscany or the south of France, at least relieving Britain of their presence.

IMF Demand for Austerity in France, Is Creating Poverty

The IMF praised "reforms" in France July 6, but pressed for further reductions in the minimum wage and jobs in the public sector. In reality, the French economy is far poorer than it was 30 years ago, as several recent studies show. The crucial change came in the 1970s, followed by the austerity plans in 1984. Over 20 years, France has lost no fewer than 1.7 million jobs. The result is the emergence of a hard-core impoverished class, aggravation of social disparities, and concentration of power in the hands of 5-10% of the population.

Several studies show that 7-12.5% of the population, or 4-7 million people, live below the poverty line. There are 1 million French children living below the poverty line, according to the national statistics institute INSEE, but European statistics put the number at 2 million.

The minimum wage in France is \$1,000 per month, which the IMF considers too high, but 22% of the population earned the equivalent of \$1,200 in 1996; in 2000, 30% were at that level. In 1996, 36% of the population earned the equivalent of \$1,400; by 2000, 50% lived at that level! Moreover, what the minimum wage buys has been drastically reduced. In 1980, the minimum wage could buy a square meter of housing in Paris. Today five times the minimum is necessary to buy the same square meter.

Crisis in French Medicine: Shortage of New Surgeons

Once the most prestigious field in medicine, surgery is now being abandoned as a profession. Today, the cost of a minor surgical procedure is quite low, and hasn't changed for 15 years: 10 euros to close a cut, 20 for a broken leg, 80 for a torn Achilles heel.

However, at these wages, a surgeon works from 6:30 AM to 10:30 PM, and earns the same as a general practitioner, roughly 45-55,000 euros per year. As in the U.S., malpractice insurance costs have exploded in recent years, from 1,500 euros in the early 1990s, to 16,000 euro per annum now.

Only 50 surgeons graduated in France in 2003, while France needs at least 125 per year. In 2004, there will less than 30 heart surgeons. In Marseilles and Lyon, two major cities in southern France, no one applied for the position for abdominal surgery, and only two abdominal surgeons took positions in Paris. Doctors are also calling for modernizing operating rooms, and improving the pay of nurses, who are also leaving the profession.

Italian Media Cover Launch of LaRouche Campaign PAC

Rinascita, the official organ of the Italian Communist Party (PdCI), which is part of the parliamentary opposition coalition of the "Ulivo" (Olive Tree), published Aug. 6 an article written by Paolo Raimondi, President of the Civil Rights Movement Solidarity, on the recent Democratic Convention in Boston. Under the title "To win, Kerry has to follow the

New Deal road of FDR," the article reports that Lyndon LaRouche, with the support of other Democrats and Civil Rights leaders, has created a Political Action Committee (PAC) to get the party back on the track of Roosevelt's economic and political approach and to mobilize the "forgotten man" to win the elections in November.

Raimondi also reports that the LaRouche Youth Movement will be deployed in crucial states to make a critical difference in the November vote. The article also details the antiwar sentiment in the party, the dirty role of Nader and Soros in attempting to sabotage a Democratic victory in November, and the necessity to overcome Democratic National Committee chairman Terry McAuliffe's opposition to LaRouche's "Impeach Cheney" campaign. A longer version of the same article was published by the Rome based press agency *Osservatore Politico Internazionale (OPI)* in the past days.

Russia and the CIS News Digest

Yukos Oil Squeezed by Justice Ministry

The surge in crude oil prices to the vicinity of \$45/barrel during the week of Aug. 2, was spun in the world financial media as being "Russia's fault," as the Russian Justice Ministry ruled that Yukos Oil must spend all available liquidity to pay its tax bills, rather than on operating expenses. (For the greater factor, global hedge-fund activity, see our World Economic News Digest). Yukos had earlier said that it would run out of operating funds by mid-August, with or without this ruling or the pending likely addition of another \$3 billion to the tax bill (bringing it to \$10 billion). Yukos crude output, which is about one-fifth of the Russian total, represents just under two percent of world production.

Pointing out that imports from Russia and the CIS accounted for only 10 million out of 561 million tons U.S. oil consumption last year, Prof. Nodari Simoniya, of the Institute of the World Economy and International Relations (IMEMO), said in a late-July interview in the weekly *Argumenty i fakty*, that exaggeration of Russia's role in world oil, as a potential "replacement" for Persian Gulf producers, is a bluff. Nonetheless, the London *Observer* of Aug. 1 sounded the alarm: "Will Yukos tax bill be a burden for us all?" Conal Walsh's article called the July 29 report, and subsequent denial, that Yukos had been forbidden to sell any oil, an "episode [that] left little doubt that a genuine halt in production at Yukos had the potential to cause chaos."

Russia Adjusts Oil Duties To Favor CIS

RIA Novosti has reported that the Russian government as of Aug. 1 implemented a 68% increase in export duties on crude oil, raising the rate from \$41.60 to \$69.90 per metric ton. Then on Aug. 3, after meeting with President Putin, Deputy Prime Minister Alexander Zhukov announced that duties on oil and other fuel exports to CIS member countries are being substantially reduced, in a move that "will be very important for integrating CIS member countries within the Eurasian Economic Community" (Russia, Belarus, Kazakstan, Kyrgyzstan, and Tajikistan).

Energy integration was high on the agenda of Putin's July 26 meeting with Ukrainian President Leonid Kuchma. They finalized agreement for the Odessa-Brody pipeline to be used in the West-East direction, to ship West Siberian oil to the port of Odessa, rather than for taking yet-to-materialize Caspian oil to the West in circumvention of Russia, as originally contemplated. The Russian and Ukrainian natural gas companies agreed to set up a joint venture for shipping and selling gas from Turkmenistan.

Putin: CIS Faces Moment of Truth

On July 19, President Putin addressed the Security Council, taking up what he had called, in his speech to the diplomatic corps a few days earlier, Russia's top foreign policy priority: relations with the former Soviet republics, now members of

the Commonwealth of Independent States (CIS). Already in May, Foreign Minister Sergei Lavrov had warned that the CIS was ineffective and inactive. Putin put the matter bluntly: "I believe we have approached a decisive moment in the development of the Commonwealth. In essence, there is only one choice: either we qualitatively strengthen the CIS, and create a working, globally influential structure, or this geopolitical area will inevitably be eclipsed and, as a result, will lose any importance for its member states. We must not let the latter scenario happen."

Saakashvili: U.S., UK Approved Ossetia, Abkhazia Showdown

Michael Saakashvili, whose accession to power in Georgia at the end of last year was a project of megaspeculator and geopolitics dabbler George Soros, is escalating tension around two districts in Georgia, which have been autonomous for the past decade and which border on Russia: South Ossetia and Abkhazia. Both of them were the scene of bloody combat in the early 1990s, leading to an uneasy truce, under which the Tbilisi central government stayed out of these areas and Russian forces policed the ceasefire. The roots and current state of the conflicts are complex, involving the legacy of Stalin's nationalities policy in the Soviet Union, the panoply of separatist ethnic movements across the Caucasus (many of them promoted by foreign intelligence agencies for their own perceived advantage), and the economic interests of criminal clans in the region. Saakashvili first ousted Aslan Abashidze's leadership in semi-autonomous Ajaria. Now he is moving to retake South Ossetia and Abkhazia, but the outcome is uncertain and threatens to be bloody.

During July, incidents occurred between South Ossetia and the rest of Georgia, when Georgian forces were sent to the border area, officially to fight smuggling. Russian trucks, protected by Russian military units, were among the targets. Several rounds of South Ossetian-Georgian talks were inconclusive. On July 20, speaking in Ajaria, Saakashvili threatened South Ossetia and Russia with abrogation of the 1992 Dagomys Agreements, which ended the war between Tbilisi and Tskhinvali and established the Russian peacekeeping contingent. South Ossetian leader Eduard Kokoyev rejoined, "Denunciation of the Dagomys Agreements means war.... And he is saying this upon his return from Britain, a country with centuries-old democratic traditions." On July 18, Saakashvili made a quick, unannounced visit to South Ossetia; the Russian Foreign Ministry protested that it had not been notified.

Saakashvili escalated on Aug. 3, declaring that any foreign ships arriving in Sukhumi or other Abkhazian ports, including boatloads of Russian tourists on the popular Sochi-Sukhumi route, may be fired on by Georgia without warning. With the July 31 shelling of a Turkish cargo ship off the Abkhazian coast, that autonomous area's leaders had broken off talks with Tbilisi, stating that Georgia had "embarked upon a policy of wrecking the process of peaceful settlement of conflicts." On Aug. 3 in South Ossetia, Georgian snipers fired on the motorcade of Andrei Kokoshin, head of the Defense Committee of Russia's State Duma.

Intersplined with these actions, Saakashvili visited London and Washington. In London on July 14, he said that Georgia seeks a close relationship not only with the USA, but also Britain, and urged Defense Secretary Jeff Hoon to send more British specialists to Georgia and take Georgian officers for training in Britain. When Kokoyev warned of war, Saakashvili boasted, "The British SAS can easily smash the GRU spetsnaz" (Russian special forces). On Aug. 2, after Saakashvili visited Israel with his foreign and defense ministers, it was announced that Georgia will import Israeli light weaponry. Then Saakashvili came to Washington and, at the Georgetown Center for Strategic and International Studies Aug. 5, issued his latest warning: Russian tourists should not visit Abkhazia, which he called "not a vacation area, but a war zone from which 300,000 Georgians have been expelled." August 4 and 5, Saakashvili met with U.S. Secretary of Defense Donald Rumsfeld, Secretary of State Colin Powell and National Security Adviser Condoleezza Rice.

The Russian Duma issued a warning Aug. 5, that the conflict in Georgia could develop into a large-scale military confrontation, with Russian involvement.

CIS, Russian Foreign Ministry Blast OSCE

On July 8, Russian Deputy Foreign Minister Vladimir Chizhov sent to the Permanent Council of the Organization for Security and Cooperation in Europe (OSCE) a joint statement, adopted by CIS members, excepting Georgia, at their July 3 summit. Its gist was that the OSCE was overactive in the "human rights" area, at the expense of economics and security. The CIS accused the OSCE of violating the 1975 Helsinki Treaty, which formed the CSCE (predecessor to the OSCE), and other joint security accords, by ignoring "such fundamental Helsinki principles as non-involvement in domestic affairs of countries, and respect for their sovereignty." The statement said, "A selective focus upon particular states, with neglect of problems existing in other member countries, is a violation of OSCE's mandate and evidence of double standards and selective approaches.... This selective approach is especially visible in the practice of OSCE's Bureau for Democratic Institutions and Human Rights, which is mostly engaged with monitoring and interpretation of the election procedures in member states."

Chizhov, who has handled Moscow's negotiations with the European Union, warned that Russia and other CIS countries might "lose all interest" in the OSCE if it continues to "degenerate" rather than reform.

Analyst: Moscow 'Hawks' Perceive Encirclement

Writing in the Russian newspaper *Vremya Novostei* of July 7, Nikolai Poroskov discussed "asymmetric" responses to what some Russian circles see as a potential attack on the country from several directions. Under the headline "NATO's Eastward Expansion Prompting Review of Russian Nuclear Strategy," Poroskov began, "The ring of foreign military bases around our country is tightening up, and the threat of invasion is increasingly probable!" Assertions of this type, not heard since the days of the USSR, are being made more and more frequently in Russia today. The so-called 'hawks' perceive three global sectors as threats: the Muslim world today, China in the distant future, and the West as early as tomorrow."

Citing military expert Aleksei Arbatov—a member of the Yabloko party, not usually "hawkish"—on how "the patrolling of the Baltic airspace [by NATO] confirms the anti-Russian thrust of the alliance's expansion," Poroskov focussed on one element of potential Russian asymmetric responses: the placement of tactical nuclear missiles in Kaliningrad, just west of Lithuania and east of Poland.

His article, which also lamented the reduction in size of Russia's ground forces, appeared before the dismissal of Gen. Anatoli Kvashnin as Chief of the Armed Forces General Staff, and the downgrading of the General Staff. Nonetheless, Poroskov cited incoming Chief of Staff Gen. Yuri Baluyevsky as an advocate of maintaining tactical nukes, as the U.S. does in Western Europe—especially since U.S. short-range missiles there, "might as well be strategic, as far as Russia is concerned."

U.S., Russian Labs Push Nuclear Power

At an International Agency for Atomic Energy (IAEA) meeting in Vienna, July 19-21, heads of seven American and nine Russian nuclear labs issued a joint call for the global expansion of nuclear energy technologies. The document states that, "of all current or imminently developable energy technologies, only nuclear power is capable of meeting the growing world demand for safe, clean, plentiful, and economically viable sources of electricity, fresh water, and hydrogen." The American and Russian scientists stated that, "with government encouragement and the right regulatory and economic conditions, nuclear energy could supply a substantial part of U.S. and Russian energy needs, and 30-40 percent of the world electricity demand by 2050." Flying in the face of the technological apartheid practiced by the current U.S. administration, the statement says that nuclear energy policy "must preserve access to nuclear energy sources for all countries in the world, and in parallel, reduce the risks of nuclear arms proliferation, nuclear terrorism, and hazardous impacts on environment and population health."

Duma Passes Entitlements Reform

On Aug. 3, the Russian State Duma rushed through 300 votes in an eight-hour session, to amend the government's bill to replace in-kind entitlements with cash payouts, for large categories of Russian citizens. (Background on this legislation appeared in the In-Depth section of EIW No. 30, "Russian Economy: A Leap in the Wrong Direction"). The bill was then passed in its second reading. On Aug. 5, the bill swiftly passed in its third and final reading, before the Duma recessed until September. The amendments ostensibly protect the rights of veterans, the disabled, World War II Leningrad blockade survivors and some other groups, but the principle is unchanged: free access to medicine, transport and other benefits—above certain very low limits—is essentially a thing of the past for these layers of society in Russia.

The cash compensation ranges from 800 rubles (\$27) per month for some disabled persons to a high of 3500 rubles (\$120) for the tiny number of "Hero of the Soviet Union" and "Hero of Russia" medal holders, and averages 1500 rubles (\$51). Many retirement pensions are 1500-2000 rubles, nearly 30 million people (just under 20% of the population) live below the official poverty line of 2200 rubles (\$75) per month income, and the food "subsistence minimum" costs over 1100 rubles. The pressure to spend grandma's "medicine" money on other vital necessities will be extreme in many families.

Now Finance Minister Kudrin must find 171 billion rubles (\$5.8 billion) in the 2005 budget to cover the cash payouts. The problem in regional budgets is even tighter than at the Federal level, and the regions are supposed pay a portion of the new cash benefits. A Federation Council staff member quoted in the Aug. 4 *Moscow Times* said, "Governors [who sit on the Federation Council] complain that they don't know where to take the money from, but they won't say anything against the bill. Everyone is afraid of doing anything against the Kremlin."

Southwest Asia News Digest

Najaf Truce Blows Apart in Bloody Battles

Fierce fighting between Moqtada al Sadr's Shi'ite militia, the al-Mahdi army, and U.S. forces erupted on Aug. 5 in Najaf, Iraq. Separate fighting took place in Baghdad's Shi'ite area, Sadr City. By nightfall Aug. 6, both U.S. forces and those of the U.S. occupation-appointed Prime Minister Allawi claimed that between 200 and 300 Al Mahdi militiamen had been killed. Spokesmen for al Sadr claimed that only 10 Shi'ite gunmen had been killed. The truce that tenuously held since June, when the U.S. lifted its "dead or alive" order to capture al Sadr, has now been breached, with each side accusing the other of violating the its terms.

On Aug. 7, UPI reported that fighting had resumed, after an overnight lull. UPI quotes sources who said the Iraqi troops allied with the U.S. were deployed in large numbers around Najaf to thwart any attempt by Sadr's al-Mahdi Army to seize the Imam Ali Mausoleum, the holiest Shi'ite shrine, and the adjacent cemetery of Wadi al-Salam, the largest burial ground in the world. U.S. forces blocked entries to the holy city to halt any supplies or reinforcements for al-Mahdi Army.

On Aug. 5, in the first day of fighting, a U.S. helicopter was forced down by militia fire, but the wounded crew was reportedly safely evacuated. U.S. jets were reported to have bombed a cemetery where militants were hiding. Sadr's spokesmen also accused the U.S. of damaging the Imam Ali Shrine in Najaf. By nightfall, the fighting was reported to have stopped, though the U.S. was still shelling militant positions.

The fighting was not limited to Najaf, which is located in the Shi'ite south of Iraq. In Baghdad, Health Ministry officials reported five dead and 58 wounded in fighting between Sadr's militia and U.S. forces. Iraqi Interior Minister Falah al-Naqib said (no doubt with the full force of the U.S. military behind him) "We are not going to go into any negotiations.... We have enough power and enough strength to stop and kick these people out from the country." Also in Baghdad, several mortar blasts shook the central city in an area close to the Sheraton and Palestine hotels, where many journalists and foreign

contractors are housed. Nobody was reported hurt.

Pope Expresses Solidarity with Chaldean Patriarch in Iraq

Pope John Paul II sent a personal message to the head of the Chaldean Church, Patriarch Emmanuel Delly, expressing his "full solidarity, in this hour of suffering, to the faithful and to the leaders of the churches of different rites that were affected" by the bombings on Aug. 1. The Pope issued an "appeal to all believers in the one God, merciful and forgiving, that all the believers may unite to deplore all forms of violence and cooperate, in order to return to harmony on the tormented soil of Iraq," *Al Jazeera* reported Aug. 8.

On Sunday, Aug. 1, at six in the evening, just as most services begin, a car bomb exploded outside the Armenian church in Karada, a Baghdad neighborhood that is the heart of the Christian community. Shortly thereafter, explosions rocked the Catholic Syriac Church, also in Karada, and the Chaldean Church of St. Peter and St. Paul emptied from evening mass. Bombers also struck Mar Elya church in north Baghdad. At nearly the same time and 220 miles north, two car bombs exploded in central Mosul outside Mar Polis church.

The Vatican stated that the message from the Pope, who is very close to the Chaldean Church and to all Iraqis, was personally signed by the Pontiff and sent to the Patriarch of the Chaldeans.

For his part, Patriarch Delly called for unity among the religions. "Christians and Muslims must stand together for the good of Iraq," he said, adding that he would issue the same appeal to the interim government. Delly forgave the perpetrators, saying, "The Lord pardons them and illuminates their spirit for the good of the Christians and Muslims in Iraq."

Leading Muslims have also condemned the attacks. In addition to Shi'ite leader, Grand Ayatollah Ali Al-Sistani, a spokesman for Moqtada al-Sadr denounced the bombings.

Interim Iraqi National Security Advisor Muwaffaq al-Rubayai, laid blame for the attacks on the notorious al-Zarqawi's group. "We think those who carry out such acts are not only enemies of God and their country, but also enemies of the Iraqi people," he said. "The Iraqi government reassures all sections of the Iraqi people that it will track the criminals wherever they are."

Arafat Celebrates 75th Birthday in Ramallah

Palestinian President Yasser Arafat celebrated his 75th birthday on Aug. 4, and every sign is that he will continue to lead the struggle for a Palestinian state for the foreseeable future, Ma'ariv reported Aug. 4.

The celebrations were very low-key, because of the continuing harsh conditions, in which Israeli Prime Minister Ariel Sharon has made Arafat a prisoner in his headquarters in Ramallah, on the West Bank.

Danger of Israeli Attack Against Iran Exposed

Following coverage in the London *Sunday Times* on Aug. 1, and in IslamOnline Aug. 4, the leading German newspaper, *Frankfurter Allgemeine Zeitung* of Aug. 6 ran a feature entitled "Israel Fears Iranian Nuclear Weapons." The article says that the Israelis did not need to hear Iranian Foreign Minister Kharrazi's recent announcement, that Iran had resumed centrifuge production, to fear an Iranian bomb. Since the fall of Saddam Hussein, "Israeli secret services as well as the government," have considered Iran as "the most dangerous enemy of the country."

According to the *FAZ*, the Israelis reckon that Iran will have the bomb by 2007 or 2008. This has led many Knesset (parliament) members to propose thinking about how to "militarily neutralize" the threat. Still, some hope the issue can be dealt with peacefully. Here, the *FAZ* notes that the Israelis were attentive to the U.S. threats of sanctions, and to U.S. Secretary of State Colin Powell's statement that he thought the issue should be taken to the UN Security Council. But, the Israelis are dismissive of the efforts of the International Atomic Energy Agency.

Another threat Israel perceives from Iran, is its possession of Shahab missiles, which can reach Israel, as well as southern Europe and Russia. Israel is therefore intensifying its anti-missile program.

Israelis are also playing up as a further threat, Iran's backing for the Palestinian Hizbollah in Lebanon, which gets money and missiles from Tehran. Syria also is said to provide weapons to Hizbollah. And Syria is said to be developing biological and chemical weapons, as well as Scud missiles.

One Israel terrorist expert, Ely Karmon, considers Syria the greater threat: "Syrian help has made Hizbollah a strategic partner and operational arm of the Syrian Army in its confrontation with Israel," he said.

The article concludes with the Shin Bet (Israeli intelligence) head's statement, that Iran and Hizbollah are creating a "fifth column" among Israeli Arabs.

Plan for Muslim Troops to Iraq Going Nowhere

U.S. Secretary of State Colin Powell raised the issue of a Muslim military force in Iraq, during a recent visit to Saudi Arabia, and said that any Muslim force would be deployed to Iraq "either as part of the coalition or as a separate organization that would be within the framework of the coalition effort." This contingent "would be there perhaps to provide security facilities or provide protection to the United Nations," he said. A senior official travelling with Powell, said the idea was to have such a Muslim force "supplement" the U.S. forces.

The Saudis, in the person of Foreign Minister Prince Saud al Faisal, rejected the idea, reported the *Jordan Times* of Aug. 3. The Saudis have discussed sending Muslim troops, to *replace* the occupying U.S., UK, and other troops, and operate under the UN. Prince Saud told press on Aug. 2 that his country wishes "to help find a way to speed up the withdrawal of the coalition forces from Iraq and reinstate Iraqi sovereignty.

Amr Moussa, head of the Arab League, also shot down the proposal, saying, "It is not possible for Arab and Muslim forces to go to Iraq and join the [U.S.-led] forces there with a command other than a UN command."

Retired German Col. Juergen Huebschen, a specialist on Iraq, told *EIR* that it is a typical error of "Western thinking" to assume that Arab or Muslim troops might be more acceptable to the Iraqis than the US and UK troops. On the contrary, he said, no Arab nation would accept such humiliation.

In a similar vein, the efforts to organize a multinational peacekeeping force under the UN to protect the UN's return to Iraq, have gone nowhere. General Secretary Kofi Annan announced on Aug. 5, that discussions with Pakistan, Ukraine, Nepal, Georgia, and other countries, which were asked to commit 3,000 troops were "protracted [and] inconclusive." Annan said the UN will have to depend for security, for the foreseeable future, on the U.S.-led force in Iraq. Pakistani government spokesman Sheikh Rashid Ahmed told reporters in Lahore, "Other countries are withdrawing troops, so how can we send them?" Other countries that were asked, said it was too dangerous to send troops to Iraq. Malaysian Prime Minister Abdullah Ahmad Badawi told reporters, "It is better for us to wait for a while and to see how the situation is."

IAEA Head to Israel: Make Peace, Not Nuclear Weapons

In an interview with Egypt's *Al-Ahram* newspaper on July 27, Dr. Mohamed ElBaradei, Director General of the International Atomic Energy Agency (IAEA) responded to criticisms in the Arab world of his recent trip to Israel. Countering charges that he was "soft" on Israel, ElBaradei explained that just as the IAEA cannot inspect nuclear installations in Pakistan or India, because they, like Israel, are not a signatories to the Non-Proliferation Treaty, the IAEA had no authority to insist upon seeing Israel's Dimona nuclear reactor, which produces the plutonium for Israel's nuclear weapons.

More importantly, ElBaradei said, this was the first time in 10 years that the subject of regional security and arms control was even discussed with Israel. He reported that he told Prime Minister Sharon that Israel has two options: first, "a nuclear arms race in the region for the coming few decades, including ... the possibility of terrorist groups being able to get hold of a nuclear weapon. Such groups," he stressed, "cannot be deterred by any deterrent, nuclear or other."

The second option is to make the region free of weapons of mass destruction, ElBaradei said, and instead "make peace the basic deterrent in the region, because security is based on peace and cooperation." ElBaradei told *Al Ahram* that Sharon and Foreign Affairs Minister Silvan Shalom told him that in "the framework of the peace negotiations and the road map, Israel is prepared to discuss the establishment of a nuclear-weapons-free zone." Although the road map is going nowhere, ElBaradei thought it significant that Israel is "prepared to discuss the matter," and that it agreed "to the convening of a forum within the IAEA to discuss the lessons learned from the experience of weapon-free zones" in other regions of the world.

What has to start "today rather than tomorrow," ElBaradei stated, are negotiations, "not between me and Israel, but among Israel, the Arab States, and the Middle Eastern States."

Asia News Digest

Pakistan Will Not Roll Back Nuclear Program

Addressing a large number of ex-army men from Pakistan's Punjab province, Finance Minister and vice president of Citigroup there, Shaukat Aziz, categorically stated that Pakistan's nuclear program would not be rolled back.

"We will never roll back the country's nuclear program. Instead it will be further augmented to strengthen the defense of the motherland," said Shaukat Aziz, who had survived a suicide bomber's attack intended to kill him, on July 30, near Islamabad.

Aziz, who is "on leave" from Citigroup, is a favorite of Pakistani President Pervez Musharraf, and is slated to become the next Prime Minister of Pakistan in October. Aziz is also an American citizen. Since his arrival in Pakistan as Finance Minister, in 2002, Washington has been particularly helpful in bailing out Pakistan financially on a number of occasions.

At the same time, it is evident that Washington has kept up its pressure on Pakistan to give up its nuclear program, as a quid pro quo, for financial help. At the end of July, China agreed formally to help Pakistan build a 330 megawatt nuclear power plant in Punjab province.

Afghan Opium Production May Double This Year

Unnamed U.S. government sources told the *Washington Times* Aug. 4 that the opium traffickers in Afghanistan will produce somewhere between 5,400 and 7,200 metric tons of opium this year, leading to an increase of 50-100% over last year's 3,600 metric tons. The officials also said, that, at the rate land is being used to grow opium-poppies, the tonnage could double in 2005. The 2004 crop may produce from 540 to 720 metric tons of heroin to be sold on the European black market.

Afghan opium production is growing fast, but the numbers stated by these officials still seem exaggerated. The narco-traffickers would like to keep the narcotics price high, and for that reason alone, they do not utilize every piece of land available to them for poppy cultivation.

The rapid growth of opium production in Afghanistan is no secret. In fact, despite loudly expressed opposition from the U.S., it has not been "discouraged" at any point by the Bush Administration. At a hearing this summer, House International relations Committee Chairman Henry J. Hyde (R-Ill) said of the warlords in Afghanistan: "Their continued influence is due, in large part, to the consequences of high levels of poppy production, which are putting Afghanistan on the road to becoming a narco-state. As a result, there is very little progress to date in U.S. and coalition efforts against drug trafficking."

British Anti-Terror Police Detain Asian Muslims

British anti-terrorist police have detained 13 Asian Muslims for questioning, NDTV of New Delhi reported Aug. 4. Armed police officers raided homes across the country, arresting 13 men in their 20s and 30s on suspicion of being involved in the commission, preparation, or instigation of terrorist acts. Arrests were made in northwest London, Hertfordshire, Bedfordshire, and Lancashire.

The arrests occurred as British Prime Minister Tony Blair came under increasing pressure to elaborate on the nature of the terrorism threat in Britain. British officials told NDTV that MI5's involvement in the raid suggests that it was the result of an intelligence tip-off, rather than information gathered routinely by the police. The British officials, however, dismissed any link of the arrests to the terrorism alert in the United States.

The intelligence tip mentioned by British officials could have come from Pakistan. British police claim that the tip has led to the arrest of a senior al-Qaeda operative.

At the same time, British police have stepped up "stop-and-search" operations, using the Terrorism Act 2000. Muslim groups have regularly criticized the rise in stop-and-search operations, saying it was evidence of prejudice and "Islamophobia." Britain's Home Office Minister Hazel Blears claimed that the rise in searches of Asians to be seen in the context of the overall rise in the total number of searches.

Singapore Bashes Manila Over Iraq Troop Pullout

Living up to the arrogance of Her Majesty's colonial pedigree, the city-state of Singapore has joined the political bashing of the Philippines government for pulling out its forces in Iraq in exchange for saving the life of its overseas contract workers.

Singapore coordinating Minister for Security and Defense Tony Tan, declared in an interview with foreign reporters on Aug. 2, that no country should negotiate with terrorists, and that complying with their demands should not be part of foreign policy. Tan prattled on: "The Singapore government cannot and should never negotiate with terrorists. That would encourage more terrorists to take more of our people as hostages." He complained that giving in to terrorists only encourages more kidnappings. Singapore has 33 troops on the ground, among 150,000 or so, in Iraq, compared to the 155 Filipino troops who were pulled out.

U.S. Ambassador Returns to Manila Following Hostage Crisis

The rather imperial U.S. Ambassador to the Philippines, Francis Ricciardone, returned to Manila on Aug. 3, following his meetings in Washington on U.S.-Philippines relations. Ricciardone "had a series of productive meetings with Federal agencies, Congressional contacts, and high-ranking officials of the State Department," Ruth Urry, the U.S. Embassy's assistant information officer in Manila, told the *Philippines Enquirer* Aug. 4.

Ricciardone left the country on July 21 at the height of the controversy over the withdrawal of Philippines troops from Iraq, in exchange for the release of truck-driver Angelo de la Cruz, who had been taken hostage by militants.

N. Korea 'Threat to U.S. Pacific Coast' Story Hyped

The latest issue of *Jane's Defence Weekly* has a story claiming that North Korea has acquired long-range, submarine-launched Russian missiles (Soviet type R-27, NATO classification SS-N-6), using material from Russian submarines being sold for scrap. The range of these missiles can be from 2,500 up to 4,000 km. The *Jane's* report, which has not been reviewed by *EIR*, is being played up inside Russia. Some versions refer to the involvement of "Japanese middlemen," and also of Rev. Sun Myung Moon.

Is Australia Visit to N. Korea Feeler for Washington?

Australia's Foreign Minister Alexander Downer will visit North Korea on Aug. 17. Since the government of John Howard, the self-proclaimed "deputy sheriff" to the U.S. in Asia, does nothing without Washington's approval, it is clear that this is a feeler for some future Washington move on the Korea front. Downer will meet in Beijing with Chinese officials and U.S. National Security Advisor Condoleezza Rice, and then travel to Pyongyang together with the Australian Ambassador to China.

Australia established relations with North Korea in 2000, and Downer visited Pyongyang that year.

Pakistan Pays Heavy Price for Backing U.S. in Afghanistan

A Russian-made Mi-17 Pakistani Army helicopter crashed in Pakistan's North Waziristan tribal area, situated along the Pakistan-Afghanistan border, in the early hours of Aug. 5, killing 13 Pakistani soldiers. Islamabad reported "technical malfunction" as the cause of the crash. On the other hand, the Pakistan Army reported surprisingly heavy retaliatory gunfire in the area. It is most likely that the helicopter was downed by a rocket-propelled grenade.

The crash came a day after the second-ranking Pakistani Army general and a favorite of the Americans, Vice Chief of Staff Gen. Yusuf Khan, visited the tribal areas, where thousands of Pakistani soldiers have been moved, at U.S. behest, to search and destroy all anti-U.S., anti-Kabul groups functioning in the area. The objective is to capture al-Qaeda chief Osama bin Laden, or his deputy Ayman al-Zawahiri. Islamabad insists that Zawahiri was sighted in the area not long ago, hiding with a large number of "foreign" terrorists.

The Pakistani troops' virtual invasion of tribal areas, which were until now out of bounds to them, has created a frightening security problem in Pakistan. The fiercely independent Tribals, who are mostly backers of the "bad Taliban," may now hunt down Pakistanis. Over the next few months, it is almost a certainty that Pakistan will pay a heavy price for aligning itself with the Bush Administration's Afghan policy.

Mental-Health Crisis Found in Afghan Population

Exposure to trauma and mental-health symptoms of depression, anxiety, and post-traumatic stress disorder (PTSD) are prevalent among people in Afghanistan, but often go untreated, due to lack of resources and mental-health-care professionals, according a study reported this month in the Journal of American Medical Association (JAMA). The study was sponsored by the Centers for Disease Control and Prevention in Atlanta.

As the overview of the study points out, "more than two decades of war and conflict, and three years of drought, have led to widespread human suffering and substantial population displacement in Afghanistan. The country's infrastructure has been destroyed or degraded, and vital human resources have been depleted."

Trubnikov Appointment to India Deemed Significant

The appointment of Vyachslav Trubnikov, former Russian First Deputy Foreign Minister, as Russian Ambassador to India, is "very important," said one of Russia's most prominent scholars in a discussion with *EIR* on Aug. 5. Trubnikov is a "very experienced person," and knows India extremely well. Trubnikov speaks Hindi.

This is "not any ordinary appointment," she said. "This is something special."

Trubnikov, the scholar said, served as the deputy to Yevgeny Primakov in the Russian foreign intelligence service, and, when Primakov resigned, became its head. Trubnikov has a deep background in foreign intelligence, she said.

He also knows the critical Afghanistan situation well, which is of great importance to both the Russian and Indian security. He was co-chair of the India-Russia Working Group on Afghanistan. The key thing is that he will work to bring India-Russia ties to a truly strategic level, not just on military issues, but also on economic and international cooperation matters.

It is too early to say whether Trubnikov will make the India-Russia-China strategic triangle a prime issue, the Russian India specialist said.

Africa News Digest

***Washington Post* Demands Invasion of Sudan**

The Aug. 1 *Washington Post* lead editorial is a demand for immediate military intervention in Sudan—described as a "UN peacekeeping force." "Sudan's government is responsible" for everything happening in Darfur province, the *Post* editors lie. The unsigned editorial dismisses Sudan's sovereignty, citing Henry Kissinger's statements that the Treaty of Westphalia system has to be scrapped; claim that American public opinion might be for intervention (reporting a poll of only 800 Americans), and dismiss any danger of a backlash among other southwest Asian nations by saying that Egypt merely fears the "democratization effect" of alleged human rights actions in Sudan. The *Post* again goes on record supporting the Cheney-Blair imperial doctrine.

Neo-Con Fascists Want Regime Change in Sudan

Neo-con warmonger William Kristol, the chickenhawk editor of the *Weekly Standard*, campaigned for a regime change in Sudan, at an Aug. 6 American Enterprise Institute seminar entitled "Sudan: Genocide, Terrorism, and America's National Interest." Speaking alongside John Prendergast (International Crisis Group), Ronald Sandee (Ministry of Defense of the

Netherlands in The Hague), and Congressman Frank Wolf (R-Va.), Kristol repeatedly said that if we cannot modify the Khartoum regime, then "one wonders if regime change shouldn't be the policy," but we must keep the sending of U.S. troops as the "ultimate threat."

Frank Wolf, the featured speaker, showed a film taken by Sen. Sam Brownback (R-Kansas) in Sudan, which allegedly shows the burning of villages and raping of African women by the Janjaweed militia in the Darfur region of Sudan. Wolf insisted that the Administration must officially label the conflict in Darfur as "genocide."

Kristol ranted that Bush Administration cannot allow itself to be perceived as soft on Sudan in the months ahead, either because of the November election, or because things in Iraq proved more difficult than anticipated.

Prendergast, who opened the event, praised the effectiveness of the last three U.S. Presidents, for having successfully increased pressure on Sudan for its alleged sponsorship of terrorism, but that little has been done to stop Khartoum's so-called policy of genocide. Prendergast refused to call for "U.S. boots on the ground" in Sudan, and praised President Bush for the peace process in the South, but "we have to stop barking and start biting—hard." He advocated locating and freezing assets of Sudanese companies.

Sandee attempted to show that Sudan has always supported terrorism since the Muslim Brotherhood was created in 1956, and Al-Turabi has always been its leader.

Egypt, UN Intervene To Stop 'Implosion' of Sudan

Foreign intervention into Sudan would create "an implosion," according to Mursi Attallah, editor-in-chief of the semi-official Egyptian daily, *Al-Ahram Al-Massai*, AFP reported Aug. 1.

AFP added, "Mustafa Allawi, a political analyst at Cairo University, agreed that any such intervention 'would turn Sudan into a new breeding ground for terrorism and instability in the region.' "

Egypt has begun airlifting food, tents, vaccines, medicine, ambulances, and a medical team into Darfur in C-130 cargo planes, according to AP Aug. 2.

In addition, the UN World Food Program began air-dropping food into Darfur. WFP headquarters in Rome said Aug. 2 that it expects the air-supply effort will exceed in size the Berlin Airlift of 1948-1949. However, the WFP office in Nairobi said that 50 metric tons of food being carried by truck to Nyala in Darfur were highjacked July 29 by armed men who said they belonged to the Sudan Liberation Army (SLA).

Sudan Army Says It Will Fight UN Troops

"The Security Council resolution about the Darfur issue is a declaration of war on the Sudan and its people," Armed Forces spokesman Gen. Mohamed Beshir Suleiman told the official *Al Anbaa* daily, Aug. 2. "The Sudanese army is now prepared to confront the enemies of the Sudan on land, sea, and air," he said. Suleiman claimed the 30-day deadline set in the July 30 UN resolution was "a preparatory period" for war against Sudan and that his country was "being targetted by foreign powers."

Khartoum Willing To Share Power, Resources with Darfur

The Sudanese government has reportedly said it is willing to share power and resources with Darfur, and called for genuine

negotiations with the rebels. Information Minister Al-Zhawi Ibrahim Malik told AFP in an Aug. 3, "We are ready to reach an agreement as we have done in resolving the conflict in southern Sudan." referring to the Kenyan peace talks with the SPLA.

Malik, a former mines minister, noted that foreign firms had found oil, and copper and uranium deposits in Darfur, creating a potentially strong resource base for any autonomous administration in the region. He said the "United Nations and the African Union should force" the Darfur rebels to the negotiating table if necessary.

Asked about UN demands for disarming the Janjaweed militia, Malik said that under an agreement struck with Secretary General Kofi Annan last month, it would be "carried out simultaneously with the confinement to camp of the rebels under the supervision of an African force." "As soon as this coordinated operation begins, we will resume contact with the tribes to disarm them," he said.

"We will be able to buy back from them the weapons they bought to defend themselves," he said, warning that the government would deal with "extreme severity with those who refused to hand over their weapons."

Malik said that conditions in Darfur were already improving, with some displaced persons returning to their homes. "Two camps, near Nyala and near Gineina, which held 27,000 and 32,000 people, respectively, are now empty, and other camps are 60% empty," he claimed.

Malik said the government was prepared to deploy up to 12,000 police to Darfur if necessary to assure security for the returnees, more than doubling the current numbers.

Huge Demonstration in Khartoum vs. Foreign Intervention

More than 100,000 Sudanese rallied in Khartoum Aug. 3 against foreign intervention. The demonstration, backed by the government, carried signs saying, "Darfur will be a foreign graveyard." BBC reported that the show of popular support would strengthen the government, several members of which, at the ministerial level, took part. Demonstrators went to the UN building, and presented a memorandum to the UN envoy, demanding Kofi Annan apologize for misleading statements he has made about the crisis in Sudan.

Sudan Opposes Foreign Forces, Organized by Anglo-Americans

Sudan's ambassador to Ethiopia and the African Union, Usman El-Said, charged in an Addis Ababa press conference July 31 that, "The Eritrean government has been and is training Sudan's young Justice and Equality Movement (JEM) and Sudan Liberation Movement/Army (SLM/A) fighters." He added, "Quite recently, the Eritrean government pressured the rebel leadership not to fly to Addis Ababa to attend the July 15 peace talks, when the U.S. had already sent an aircraft to pick them up." The government of Eritrea was one of the first to join Washington's Coalition of the Willing against Iraq.

Meanwhile, the governor of Kassala Province in Eastern Sudan unmasked a sabotage plan supported by Eritrea. Gov. Farouk Hassan Nour stated that the sabotage plan envisioned cutting Sudan's national highway, blowing up its main pipeline in eastern Sudan, and perhaps attacking its port. He said that his province was fully mobilized, and considers eastern Sudan a hostile front. The Sudanese army is ready, he went on, to confront any sabotage by the Beja Congress and the Free Lions Association (a faction of Beja rebels), which are supported by Eritrea.

In a broader attack on Sudan, the African Union (AU) says it may send troops to Darfur. "The AU plans to increase the troop strength of its protection force for Darfur from 300 to 2,000, with Nigeria and Rwanda offering to send 1,000 troops

each," AU spokesman Adam Thiam told Reuters Aug. 4. The force's mission could also be broadened from protecting ceasefire observers to a wider peacekeeping role, if given official AU approval.

Discussions with Nigeria and Rwanda, the only African nations that have confirmed that they will contribute troops, "are very advanced," he said, adding that the force "is evolving into a mission to maintain peace ... with probable logistical support from the United States." The role of the new force will be "to protect (AU) observers and civilians returning to their homes," he said, but there is no sign that Sudan accepts the mission.

U.S. Special Forces Sent to Hunt Al-Qaeda in Sudan

U.S. Special Forces have been sent into Sudan, allegedly to hunt down al-Qaeda terrorists, the London *Telegraph* reported Aug. 1. Al-Qaeda has allegedly reestablished secret training camps in remote mountain ranges in the northeastern quarter of the country. The men, who are thought to take orders from Saudi Arabia's most wanted man, Saleh Awfi, have reportedly taken refuge in at least three locations in the Jebel Kurush mountains, which run parallel to the Red Sea coast of Sudan. The *Telegraph* cited an American Delta Force officer, who recently spent a week in Sudan.

Awfi went to Sudan in the early 1990s, according to the *Telegraph*, then to Afghanistan, and last year, to Iraq, before the war. Now back in Saudi Arabia, he emerged as the local al-Qaeda leader earlier this summer.

Western diplomats in Saudi Arabia cited by the *Telegraph*, said that the new Sudanese camps, which were established in the last nine months, have become a vital staging ground for al-Qaeda. "There is significant traffic from these camps to the peninsula across the Red Sea," one said. "There is no real Sudanese government or army control over the mountains. The terrorists slip through the cracks, up into the hills where they can train, rest, and build up the spirit of jihad."

Sudan has resisted western and Saudi Arabian pressure for it to deploy an army battalion in the area where the al-Qaeda are said to be. It has, however, allowed small teams of American soldiers to pass into the country as part of official visits, such as last month's trip by U.S. Secretary of State Colin Powell. A team of five Special Forces soldiers broke off from the Powell entourage for a week-long mission in the Kurush mountains, where aerial surveillance had established a list of villages where suspicious activity had been detected.

France Deploys Troops to Chad-Sudan Border

France is deploying 200 soldiers to help secure the border that Chad shares with Sudan, and to deliver humanitarian aid to the people of Darfur, French Ambassador to Chad Jean Pierre Bercot told BBC Aug. 1. France has about 1,000 troops in Chad, who until now, have been promoting stability and training Chadian forces for peacekeeping.

Ambassador Bercot told the BBC: "The French government and President Chirac wanted our troops here in Chad to assist the African Union in its observation role, as well as in securing the area on the Chadian side of the border." In response to a question on whether French troops would engage the Janjaweed if they crossed the border, he said that for the time being, the French contingent would remain inside Chad. He stressed that the French troops would work alongside Chadian forces "with the complete authority and co-operation" of the Chad government.

The French military presence adds to the impression that the rest of the world is becoming more willing to take action over Darfur, BBC commented.

Belarus Offers Farm, Oil Technologies to Sudan

Belarus has offered agricultural and oil technologies to Sudan, Reuters reported July 28. "The President of Sudan has noted that his country needs new technologies and needs new economic sites to be built. Belarus is ready to take part," said President Alexander Lukashenko July 28, during talks with Sudanese President Umar Hassan al-Bashir. According to Reuters, "Belarus has proposed sales of tractors and farm equipment, and Lukashenko said that if both sides moved quickly, good results on a deal could be achieved within 18 months. It has also suggest helping to develop Sudan's oil industry."

This Week in History

August 9-15, 1935

FDR Signs the Social Security Act into Law

On Aug. 14, 1935, Franklin Roosevelt put his signature to a piece of legislation which he considered to be the crowning achievement of that Congress. He had worked for more than a year to ensure some measure of economic protection for the American people, and led the fight for its passage on the basis of widely-shared principles, not allowing discussion to degenerate into wrangling over technical details.

Although there were earlier bits and pieces of legislation which tended in the same direction, the history of Roosevelt's efforts toward comprehensive Federal Social Security legislation began with his Message to Congress on June 8, 1934. There, he told the Congress that, "I place the security of the men, women, and children of the Nation first. This security for the individual and for the family concerns itself primarily with three factors. People want decent homes to live in; they want to locate them where they can engage in productive work; and they want some safeguard against misfortunes which cannot be wholly eliminated in this man-made world of ours."...

"The third factor," continued the President, "relates to security against the hazards and vicissitudes of life. Fear and worry based on unknown danger contribute to social unrest and economic demoralization. If, as our Constitution tells us, our Federal Government was established among other things 'to promote the general welfare,' it is our plain duty to provide for that security upon which welfare depends. Next winter we may well undertake the great task of furthering the security of the citizen and his family through social insurance."

Having notified Congress of his intention, Roosevelt used his first Fireside Chat of 1934, broadcast on June 28, to tell the American people that "I have pointed out to the Congress that we are seeking to find the way once more to well-known, long-established, but to some degree forgotten ideals and values. We seek the security of the men, women, and children of the Nation." One of the goals, he said, "is to use the agencies of government to assist in the establishment of means to provide sound and adequate protection against the vicissitudes of modern life—in other words, social insurance. Later in the year I hope to talk with you more fully about these plans."

Roosevelt then stated that, "A few timid people, who fear progress, will try to give you new and strange names for what we are doing. Sometimes they will call it "Fascism," sometimes "Communism," sometimes "Regimentation," sometimes "Socialism." But, in so doing, they are trying to make very complex and theoretical something that is really very simple and very practical."

As had happened during the first "Hundred Days" of legislation to save the American people and economy, Roosevelt now faced some strident opposition to the principle of Federal Social Security. He frequently said that these were many of the same people and same institutions that had opposed his fight for Old Age Pensions when he was Governor of New York. In his Fireside Chat of Sept. 30, he took them head on: "I believe with Abraham Lincoln, that 'The legitimate object of

Government is to do for a community of people, whatever they need to have done, but cannot do at all, or cannot do so well for themselves in their separate and individual capacities.' I am not for a return to that definition of liberty under which for many years a free people were being gradually regimented into the service of the privileged few. I prefer, and I am sure you prefer, that broader definition of liberty under which we are moving forward to greater freedom, to greater security for the average man than he has ever known before in the history of America."

The day after his first Fireside Chat, on June 29, President Roosevelt signed an Executive Order called "The Initiation of Studies To Achieve a Program of National Social and Economic Security." It established the Committee on Economic Security, chaired by the Secretary of Labor, and included the Secretary of the Treasury, the Attorney General, the Secretary of Agriculture, and the Federal Emergency Relief Administrator. The order also set up an Advisory Council on Economic Security, the original members of which were appointed by the President, and additional members of which could be appointed by the Committee. In order to facilitate its work, the Committee eventually appointed a number of advisory groups, including a committee on actuarial consultants, a medical advisory board, and advisory committees on dentistry, hospitals, public health, child welfare, and employment relief.

The Advisory Council consisted of representatives of industry, labor, and social welfare, and its chairman was the President of the University of North Carolina. It met at the White House on Nov. 14, 1934, and was addressed by the President, who told them that, "At this time, we are deciding on long-term objectives. We are developing a plan of administration into which can be fitted the various parts of the security program when it is timely to do so. We cannot work miracles or solve all our problems at once. What we can do is to lay a sound foundation on which we can build a structure to give a greater measure of safety and happiness to the individual than any we have ever known. In this task you can greatly help."

By Jan. 17, 1935, the recommendations of the Committee and Council were ready, and were submitted to Congress along with a message from the President, entitled "A Greater Future Economic Security of the American People." In it, Roosevelt recommended legislation to provide unemployment compensation, old-age benefits, Federal aid to dependent children, and additional Federal aid to state and local public-health agencies and the strengthening of the Federal Public Health Service. The Social Security Act, as passed, also dealt with maternal and child-welfare services, aid to the blind, and vocational rehabilitation.

Upon signing the legislation on Aug. 14, President Roosevelt made the following statement: "Today a hope of many years' standing is in large part fulfilled. The civilization of the past hundred years, with its startling industrial changes, has tended more and more to make life insecure. Young people have come to wonder what would be their lot when they came to old age. The man with a job has wondered how long the job would last.

"This Social Security measure gives at least some protection to 30 millions of our citizens who will reap direct benefits through unemployment compensation, through old-age pensions, and through increased services for the protection of children, and the prevention of ill health.

"We can never insure 100% of the population against 100% of the hazards and vicissitudes of life, but we have tried to frame a law which will give some measure of protection to the average citizen and to his family against the loss of a job and against poverty-ridden old age.

"This law, too, represents a cornerstone in a structure which is being built, but is by no means complete. It is a structure intended to lessen the force of possible future depressions. It will act as a protection to future Administrations against the necessity of going deeply into debt to furnish relief to the needy. The law will flatten out the peaks and valleys of deflation and of inflation. It is, in short, a law that will take care of human needs, and at the same time, provide for the United States an economic structure of vastly greater soundness.

"I congratulate all of you ladies and gentlemen, all of you in the Congress, in the executive departments, and all of you who come from private life, and I thank you for your splendid efforts in behalf of this sound, needed and patriotic legislation.

"If the Senate and the House of Representatives in this long and arduous session had done nothing more than pass this Bill, the session would be regarded as historic for all time."

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[top of page](#)

[home page](#)