

each year to service the foreign debt, we could double pensions or increase expenditures for education or health care considerably.”

In **Croatia**, the IMF and World Bank immediately imposed new austerity conditionalities on the new government of Prime Minister Ivica Racan and President Stipe Mesic, immediately upon their assuming office. At the same time, there are generous offers being discussed, to the effect that Croatia might be rapidly accepted as a member of the EU, and given “financial aid,” provided it agrees to the IMF recipes and other — as yet unknown — conditions. Croatia is being touted as the new beacon of hope for democratic reform of the region, and U.S. Secretary of State Madeleine Albright and German Foreign Minister Joschka Fischer are trying to outdo each other in their oaths of friendship.

It will become clear rather quickly whether the development projects defined by the new government have priority for the “international community.” The Croatian coordinator for the Stability Pact, Vladimir Drobnjak, announced that Croatia would present plans at the meeting of the Stability Pact for the construction of a Danube-Sava canal, the completion of the railroad from Budapest to Ploce, the creation of an industrial zone in Vukovar, destroyed by the war, and the construction of an Adriatic-Ionia highway.

One thing is already clear: If the government wants to receive financial aid from the conference of the Stability Pact, it will have to submit to the draconian conditions imposed by the IMF and the World Bank. Public expenditures will have to be cut drastically, the pension and health system will have to be “reformed,” and the remaining state-run companies, such as the railway company, ports, and banks, will have to be quickly privatized. Budget cuts of 12% are already planned for 2000, including 20-40% wage cuts for state employees.

The commercialization of the construction of the urgently needed infrastructure is high on the IMF and World Bank lists of priorities. Prime Minister Racan was not exaggerating, when he announced “sacrifices and difficulties” for the coming year. The new government still has to deal with the legacy of the late President Franjo Tudjman, since the real economy was destroyed in the last ten years as a result of the combination of IMF conditionalities and internal mafia methods, so that the country has a 20% rate of unemployment. Under such conditions, the social situation will not remain stable for very long.

The grandiose promises being made to Croatia only make sense in light of Croatia’s integration into NATO operations in the region. The U.S. ambassador announced a visit by the commander of the Sixth Fleet to Zagreb in March, which will bring five U.S. warships into Croatian waters. Prime Minister Racan said that Croatia, in view of its important geostrategic location, wants to play its part in taking responsibility for the general situation in the region.

## Is a new Persian Gulf crisis in the making?

by Dean Andromidas

Developments over the last several weeks indicate that the British-American-Commonwealth (BAC) policy grouping is planning to provoke a major crisis in the Persian Gulf, targeting Iraq or possibly Iran. Their motivation is the growing realization by leading BAC policy circles, that the world financial system is heading for a crash in the very near future. Although a new Gulf crisis would have profoundly disastrous consequences for the current moribund Middle East peace process, its principal purpose would be to force the major economic powers, particularly western Europe and Japan, into supporting the overall geopolitical policies of the BAC.

This war policy was spelled out on Feb. 5 by U.S. Defense Secretary William Cohen, in his address to the 26th annual Conference on Security Policy, known as the Wehrkunde conference. As reported in the Feb. 18 *EIR*, the Wehrkunde conference in Munich, Germany is the traditional unofficial forum where Anglo-American policy initiatives are presented for adoption by other members of the North Atlantic Treaty Organization (NATO).

In his speech, Cohen declared that the major strategic threat to the West is the development of weapons of mass destruction by so-called “rogue nations,” namely, Iran, Iraq, North Korea, and Libya.

“For America and Europe,” Cohen said, “the threat of missiles from rogue nations is substantial and increasing. North Korea is building—and selling—long-range missiles and has assembled an arsenal with nuclear, chemical, and biological capabilities. Iran, with foreign assistance, is buying—and developing—long-range missiles. It has chemical weapons, and is seeking nuclear and biological capabilities.” Singling out Iraq for special action, Cohen said that “Iraq had an active missile program and chemical and biological weapons, and was close to nuclear capability. Saddam has been trying since 1991 to maintain a production base for all of these and, if the world community allows him to flout with impunity its UN Security Council resolutions, he will resume his activities where he was stopped.”

Cohen charged, “These rogue nations want long-range missiles to coerce and threaten us—the North American and European parts of NATO. . . . In the next five to ten years, these rogue countries will be able to hold all of NATO at risk with their missile forces.”

Four developing nations, two of which (North Korea and Iraq) are on the verge of economic collapse, could pose an existential threat to Western civilization, Cohen said. He demanded that Europe support the U.S. policy of building so-called limited ballistic-missile defense. As *EIR* has shown, Cohen's ballistic-missile-defense policy is incompetent militarily, and in reality is a geopolitical strategic doctrine aimed at preventing the formation of a Eurasian "Survivors' Club," i.e., will bring about a war which it is nominally designed to prevent (see Lyndon H. LaRouche, Jr., "Congress Revisits the ABM Treaty," *EIR*, Aug. 20, 1999). Such a development, which is already in motion with growing cooperation among China, Russia, India, and other Eurasian countries, is seen by the BAC policy grouping as the major threat to its power. This is especially the case as the world slides into a catastrophic financial crisis.

### **Gore ignores 'dire circumstance' in Iraq**

Even as Cohen was speaking in Europe, Vice President Al Gore was planning a meeting with the London-based Iraqi opposition to discuss plans for "replacing the despotic regime in Baghdad." In a letter to the Iraqi National Congress on Feb. 8, Gore reasserted his long-standing campaign to smash the nation of Iraq, despite the fact that 70 members of the U.S. Congress had called upon the administration, in a Jan. 31 letter to President Clinton, to end the economic sanctions. According to Rep. Tom Campbell (D-Calif.), the letter said that the sanctions have served to worsen the "dire circumstance" in Iraq, including contributing to the deaths of several thousand children under 5 every month from disease and malnutrition. Campbell said, "The time has come to turn a new page in our dealings with Iraq."

On March 1, the London *Times* published a commentary by Secretary Cohen entitled "Rogue States Cannot Hope To Blackmail America or Her Allies," which is excerpted directly from his Wehrkunde speech.

Cohen's speech coincided with the release on Feb. 2 of the U.S. Central Intelligence Agency's report to Congress on "Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions." The report puts Iran at the top of the threat list, followed by Iraq, North Korea, and Libya. Also mentioned are Syria, Sudan, India, Pakistan, and Egypt. On Feb. 9, Robert D. Walpole, National Intelligence Officer for Strategic and Nuclear Weapons, in Senate testimony which was far more alarmist than the report itself, asserted that this missile threat would come into full maturity by 2010.

Also on Feb. 2, CIA director George J. Tenet presented to the Senate Select Committee on Intelligence the CIA's annual assessment of security threats against the United States. Tenet reiterated the alleged missile threat, singled out Iran as "the most active state sponsor" of international terrorism, and said that despite the reform policies of Iranian Presi-

dent Seyyed Mohammad Khatami, "the use of terrorism as a political tool by official Iranian organs has not changed."

At the end of February, the U.S. Senate passed the Non-Proliferation Act, authorizing the President to slap sanctions on any country that transfers materials to Iran that could be used to develop weapons of mass destruction. On March 1, the U.S. House of Representatives unanimously passed the same legislation. The move drew angry responses from Iran and Russia. The latter is currently building a civilian nuclear power reactor in Bushehr, Iran, which has been the target of Anglo-American rage for the last several years.

Within two weeks of the Wehrkunde conference, certain policy circles in Germany fell in behind Cohen's anti-"rogue state" policy. On Feb. 25, the German daily *Bildzeitung* reported that the Bundesnachrichtendienst (BND), Germany's national intelligence agency, has completed a survey warning that by 2005, Iraq and Iran will have developed missiles capable of striking Germany. At the Wehrkunde conference, BND director August Hanning had tried to out-do Cohen, by claiming that Europe needed an anti-missile defense system as early as 2005.

Keying off these reports, commentaries have popped up in leading German dailies. On Feb. 25, the *Frankfurter Allgemeine Zeitung* ran a commentary by its Middle East correspondent, entitled "The Veil of Ambiguity," on Israel's debate on its own nuclear policy. The commentary admonishes the Israelis for keeping the debate secret, claiming that the Israelis are too locked into a bitter debate on the peace process to openly debate the real, "existential" threat posed by the Iranian and Iraqi missile capabilities. Three days later, the same daily reported on a "secret assessment" by NATO indicating that Iran is expected to soon possess medium-range missiles capable of striking Europe.

Even in NATO's newest member, the Czech Republic, policy circles are stepping into line. The Czech Chamber of Deputies is rushing through a law blocking the sale of air-conditioning equipment to Iran for use in Iran's Bushehr nuclear power plant. The blocking of the allegedly "dual use" air conditioners, is being timed for the arrival of U.S. Secretary of State Madeleine Albright.

### **Another military strike against Iraq**

Reliable European sources have told *EIR* that a trans-Atlantic policy consensus is in place for a major military action against Iraq. Such a move is obviously planned as a dramatic show of force of Cohen's "rogue state" doctrine.

The source claimed that despite widespread agreement that Iran is pursuing its development of weapons of mass destruction, a consensus for a strike there has not yet been reached. This debate on whether to strike Iran is occurring despite the recent elections, which confirmed the reform trend of the past several years under President Khatami.

A strike against Iraq will, no doubt, be viewed by Iran as

a threat to its interests. More broadly, it will further enrage both the Russians and Chinese, who will see it as yet another instance of Anglo-American arrogance.

As of Feb. 29, the recently constituted United Nations Monitoring, Verification, and Inspection Commission (UNMOVIC) officially began functioning. This, of course, requires it to enter Iraq and begin operations where the now defunct UN Special Commission (UNSCOM) left off, prior to withdrawing from Iraq at the end of 1998. The UNSCOM withdrawal led directly to the Anglo-American bombing of Iraq, which occurred without United Nations Security Council approval. In fact, UNMOVIC, which was the result of a British-designed and U.S.-backed proposal, passed the Security Council without the support of China and Russia, which abstained from the vote.

Iraq, which claims it has fulfilled the UN resolutions for disarmament, refuses to accept UNMOVIC, and is demanding that sanctions against it be lifted.

On Feb. 29, in an interview with the Saudi daily *Al-Hayat*, U.S. Ambassador to the UN Richard Holbrooke warned that if Saddam Hussein does not allow UNMOVIC, headed by Hans Blix, into Iraq, then "his people will suffer the consequences." Holbrooke labelled Saddam "one of the most dangerous men in the world today."

As in the past, the drumbeat for war against Iraq is being carried out by Vice President Gore. In his letter to the London-based Iraqi National Congress, much publicized for his election campaign, Gore wrote, "I support a policy not only designed to contain the threat posed by Saddam's brutal regime, but also to help Iraqis one day secure a government worthy of them."

It was Gore who, at the end of 1998, pushed through the ill-advised bombing of Iraq. It is well known that Gore is not a supporter of the Middle East peace process, and is a very close friend of former Israeli Prime Minister Benjamin Netanyahu, the chief representative of the most hard-line lunatic faction in Israel and among international Zionist circles.

On Feb. 29, U.S. State Department spokesman James Rubin gave a familiar briefing, rejecting charges that the sanctions against Iraq are responsible for the suffering of millions of Iraqis. Saddam was accused of building 48 palaces at the cost of \$2 billion.

The BAC propaganda machine is in full swing. On Feb. 20, the London *Sunday Times* ran an article headlined "Saddam's Elite Troops Prime Poison Missiles," which quoted an alleged Iraqi defector from Saddam's Republican Guard, who claimed that only last year, his unit had training sessions loading chemical and biological warheads on missiles. The article alleges that Saddam was prepared to use biological and chemical weapons in the 1991 Gulf War, but was deterred only after the United States warned him that it would use nuclear weapons against him in response. Earlier in February, a *New York Times* article alleged that Iraq is maintaining a secret

biological weapons project, in addition to nuclear weapons and missile projects.

Meanwhile, the low-level air war against Iraq continues. Since the end of 1998, British and American planes have conducted hundreds of bombing runs on the pretext of counterattacking anti-aircraft missile installations, which they claim have threatened allied aircraft.

## War and no peace

A glance at relations among Israel, Syria, Lebanon, and the Palestinians, shows that two diametrically opposed policies are at work, each backed by outside forces. The same BAC crowd orchestrating a renewed Gulf crisis is seeking to sabotage the possibility of a Syrian-Israeli peace deal, targeting Syria because of its alliance with Iran. Syria and Iraq recently reestablished diplomatic relations, which had been broken off in 1980 after Iraq attacked Iran.

At the end of January, Syria broke off peace talks with Israel, when Israel refused to make a firm commitment to withdraw from the Golan Heights to a new border defined by the so-called "June 4 lines," which have formed the cease-fire line between the two countries since 1967. In the intervening weeks, an escalation of fighting in the so-called Israeli security zone in southern Lebanon has led to a deterioration of the situation overall. As of this writing, the deadlock between Syria and Israel might be broken, following a reported intervention by President Clinton that resulted in indirect declarations by Prime Minister Ehud Barak that he was ready to return the Golan Heights up to the June 4 lines if Israeli concerns about security and water were met. The statement was said to have been well received by Syrian President Hafez Assad, and it led to reports that talks could restart within a few weeks.

By contrast, a well-connected British strategist told *EIR*, "There is a very real threat of war between Israel and Syria within the next months, in my view. If Syria doesn't come to terms with Israel, and Israel has to pull out of Lebanon without any deal, Israel will first waste Lebanon, and then will take Syria out."

The source claimed that the Americans "will tolerate" an Israeli military action as "necessary to bring Syria to heel," especially as the "pro-Israeli sentiment is getting stronger in the administration, since Al Gore is more pro-Israeli than Clinton."

The source said that the consensus in London, as well as in Brussels among European Union circles, is that Prime Minister Barak should drop the pursuit of an early peace deal with Syria, and instead concentrate on a final settlement with the Palestinians.

Prime Minister Barak, in a cabinet debate on how to move forward the peace talks with Syria, warned that if these efforts for peace should fail, Israel will face the "balkanization" of the Middle East.