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This Week You Need To Know

Potential for World Economic Recovery Lies in Eurasia; — Will the U.S. Join?

On June 14, Lyndon LaRouche addressed a conference in Istanbul, Turkey, called "Eurasia: New Key for Global Development and Peace," co-sponsored by Yarin [Tomorrow] monthly and the Cultural Affairs Department of the Istanbul Municipality. LaRouche was introduced by A. Altay Unaltay of the Yarin Editorial Board, who included references to LaRouche's roots in the tradition of Gottfried Wilhelm Leibniz, and LaRouche's proposal for a New Bretton Woods monetary system.

LaRouche: Since I am standing for the position of the U.S. President, I shall stand here.

I want to focus primarily on the situation that confronts Turkey, both in dangers, and opportunities, in the present world economic and strategic situation.

I shall begin by referring to an address I gave shortly before the inauguration of the present President of the United States, in January of 2001. I was then an announced candidate for the Democratic Presidential nomination for 2004, but I made some observations about what was going to happen in the intervening period, especially in the years immediately ahead. And I said that since the President of the United States was not a particularly intelligent person, he was going to follow certain economic policies, which would mean that the already unravelling world monetary-financial system, and the U.S. economy, would continue to unravel at an accelerating rate, during 2001 and 2002. Which they've done.

But I also said in this kind of crisis, one must look back, to 1928-33, and the effect on Germany, in particular, of the great economic crisis of that period. And during that time, a [grouping] centered in London, but with financial backing from New York circles, adopted Adolf Hitler as their project. Their intent was to bring Adolf Hitler to power, in order to prevent a natural, or democratic, response to the great financial collapse which was then already in process.

At the end of 1932, Hitler's party was defeated, in an election campaign. As a result of the defeat of Hitler, a Chancellor was appointed, von Schleicher, of Germany, who was not a bad Chancellor; but the Nazi Party leaders, such as Goebbels and Hitler, threatened to commit suicide, because the Nazi Party was bankrupt.

Then, the London bankers—headed by the former head of the Bank of England, Montagu Norman, backed by New York financiers—financed the recovery of the Nazi Party. And then on the 28th of January of 1933, von Schleicher was dismissed, by blackmail pressure on President von Hindenburg. And on the 30th of January, 1933, Hitler was appointed Chancellor by Hindenburg.

The following month, the Reichstag was burned down; which was used to make Hitler, who was then a joke, as a political figure, suddenly the dictator of Germany. And the fate of the world, from that point on, until the end of the war, was

determined by that sequence of events.

The danger was, in the year 2001, and again today, the danger was and is, that a group of financial circles, of the Venetian *fondi* model—typified by those who were behind Hitler then, behind Vichy France, behind Mussolini in Italy, behind Franco in Spain—that these small groups of bankers, who are strongly represented in the New York market, and who are very powerful influences there; that these groups would try a Hitler-style solution, this time trying to use the nuclear power of the United States to establish a total world monetary-economic dictatorship of the planet, through some kind of coup, modelled on the Hitler precedent. I said, we must expect that to happen; that's a likely prospect.

That is what happened on Sept. 11, 2001. For those who were military experts, who know security systems, and know also the security system of the United States, there was no possibility that some bunch of Saudi students, could have seized planes, and done what was done on Sept. 11, 2001. The United States security system is complicated. To run four aircraft; to abduct these aircraft on schedule, in the same blow; to deploy and coordinate the deployment of these four aircraft in different parts of the United States, so that the movements of the aircraft would coincide with a sequence in which the first aircraft would strike and the second one would then respond to that, by making a turn to make the second strike, and so forth and so on, and finally, into the Pentagon; this could not happen, inside the United States, without inside knowledge and coordination.

Now, why was that done? It was done to bring Cheney to power in the United States, the Vice President, It was not done by George Bush, I don't think he even knows what an aircraft is—he was trained on one but I'm not sure he knows. And Cheney immediately came forth, on Sept. 11, and the following day, Sept. 12, with a proposal for war based on policies which he had presented in 1991, where they had been rejected by the previous Bush Administration; which he had presented again in 1996, and which were his standing program.

So, it's obvious that the reaction to 2001, Sept. 11, was this. Now, it took time to get the President of the United States conditioned to accept Cheney's program. The acceptance was certified in a State of the Union address in January of 2002, in which the Cheney program was presented as the "Axis of Evil" element in the address of the President of the United States on that day.

That is what is operating.

The problem is a group of, as I said, of financiers. They're not known as major banks. They're the kinds of people who control banks from behind the scenes, wealthy financial circles, who are running exactly this kind of policy for no purpose but to use nuclear weapons—including the so-called mini-nukes—to use them against countries which have no nuclear weapons. And to find pretexts for doing so. Their general objective is not to target Iraq, or merely to target Islamic nations, though that is their prime target; their intention is to create a geopolitical condition under which, what I will outline as the alternative to this kind of policy, could not occur.

The potentiality for the revival of the world economy today, lies, as I shall indicate, in Eurasia. The potentialities of Eurasia. If you start enough wars in Eurasia, so there is no coordination, or no *possible* coordination among the principal nations of Eurasia, then there will be no recovery of the world economy, in a meaningful sense. Therefore the issue is really today, as it was in 1933, when Franklin Roosevelt was about to be inaugurated as the President of the United States: Which road will we take? Will we take the road which is typified by what happened in Germany with Hitler? Or the road which is typified by what happened in the United States with the election, and the subsequent inauguration, of President Roosevelt?

Will we, in short, do what was proposed in Germany in 1931, at a secret conference of the Friedrich List Gesellschaft, in Berlin? Where a leading economist of Germany, Dr. Wilhelm Lautenbach, presented a proposal, and said, "We cannot use

fiscal austerity to balance budgets under conditions of depression. Rather we must use straight state credit, focussed on large-scale infrastructure projects, as the way of increasing employment, increasing production, and therefore launching a recovery through this kind of fostered growth."

Roosevelt did that for the United States. Lautenbach and his circles in Germany *had intended* to do that, but did not do it, because of the Hitler coup. We intend to do that in the United States, and other countries intend to move in that direction, as I shall indicate. The question is today: Which shall prevail?

We're now in a process where I, and others, in the United States—not all my friends, not my collaborators, but people who happen to have views that coincide with mine on this issue—are moving to impeach, potentially, the Vice President of the United States, Dick Cheney, Mr. Wolfowitz, Mr. Rumsfeld, Mr. Bolton of the State Department, Mr. Wurmser of the State Department, and Mr. Libby of the Office of the Vice President, and so forth and so on—to clean out this nest of so-called neo-conservatives, many of whom have Trotskyist backgrounds; to clean them out of government, and just simply put, shall we say, more normal people into those positions of government, under which the institutions of government can function in a normal way.

Under those conditions, I'm convinced from what I know now, that in conditions of crisis, the United States—after such an impeachment cleanout of this nest of rascals, as we call them—that the United States will tend to respond in a healthy way, to the onrush of the present world financial-monetary-economic crisis. And therefore, we can have the equivalent of a Roosevelt alternative to a depression, as opposed to the Hitler alternative expressed by World War II, and the things associated with that.

So, therefore, in that sense, I'm optimistic.

What's the situation?

Mankind often is insane. That is, governments, powerful institutions, will sometimes adopt absolutely insane policies. But because of the inertia of previous states of the economy, because of the blindness of people to what's happening to them, because people tend to think, often, in the short term, not the long term, idiocy can go on for a long time, before public opinion and institutions react and recognize it has been idiocy.

That was the case in the United States during much of the early part of the 20th Century. The assassination of William McKinley was a disaster for the future of the United States, and much of the rest of the world. The post-Wilson governments in the United States—especially Coolidge and Hoover—were an absolute disaster for the United States, a period of mass insanity. Then we had a Great Depression, not only because of bad U.S. policy, but bad policies in Europe.

So the question was: Do we go into the pit, or are we snapped back to our senses by the shock of discovering we've been in error? Do governments and others realize we have to make a change, recognize we've been wrong, and correct our errors, and go on with some kind of a program toward recovery?

That has often been the history of European civilization and civilization in general. Failure, failure, failure. But nonetheless, if we look at it from the standpoint of history, the past 2 million years, the potential of mankind, were mankind an ape, would have been about 3 or 4 million living individuals on the planet. We now have over 6 billion human individuals living on this planet. Despite all the crises which have occurred, this represents a power for accomplishment, and development, and growth and progress of the human species.

Therefore, as a human species, we should be inherently optimistic, that within us lie the mental powers, and the spiritual

powers, to respond to the challenge of crisis, to develop solutions. And so therefore, I tell people, the first thing to have, in a time of crisis, is to revive your optimism. Because it's that spirit of optimism about humanity which may encourage you to find the ingenuity within yourselves, to recognize the error, and correct it.

Today, as since approximately 1964, the United States and Britain led the world, Europe, in general, the Americas, into a disaster. We emerged from World War II, the United States, as the leading productive power on this planet. We were the greatest productive power per capita this planet had ever seen. Much of this had developed under Roosevelt's leadership of recovery, and building for the war. We—working with Europe and with other countries, other parts of the world—we helped to rebuild the post-war economy of the world, in many parts. Until the middle of the 1960s.

Then we became insane. We turned toward a post-industrial society, or the so-called "'68er" phenomenon. We turned against progress—we turned to crazy ideas; and ideas which dominate many of the people who are 50 or 60 years of age today, who dominate the leading institutions of Europe and the Americas. They're in there; they have crazy ideas.

But this came to the point that, as a result of steps taken then, as a result of the 1971-72 crashing of the Bretton Woods fixed-exchange-rate system, the world today is largely bankrupt. The international monetary system is essentially bankrupt. The Federal Reserve System of the United States is bankrupt. Except for backing by the government. The banks, the leading banks—like Citigroup, like Chase Manhattan, or JP Morgan-Chase Manhattan—these institutions are essentially bankrupt. The same condition exists throughout the banking systems of Europe. The banking system of Japan is bankrupt. The debts which are outstanding today in the world, on a world scale, could never be repaid, by present trends in the world economy. The system is bankrupt.

What do we do? Under those conditions, there's only one thing you can do. The same thing you do with any bankrupt entity if it's essential, and certainly governments are essential, nations are essential. You cannot eliminate nations because they're bankrupt. You cannot eliminate governments of nations because they're bankrupt. Therefore, what you must do, is you must have governments put the bankrupt part of the system into bankruptcy reorganization, in the same way you would with a useful bankrupt firm. The firm is essential. The institution is essential. It must continue to function. Pensions must be paid. Employment must be continued. Growth must occur. But the system is bankrupt.

Therefore, the state must use its power of government, its sense of absolute sovereignty as a nation, to put whatever is bankrupt, into bankruptcy reorganization, to keep necessary banks open, to keep employment going, salaries paid, pensions paid, necessary things happening. And find a way to build the growth to repair the damage caused by the bankruptcies.

The same thing you'd do with a firm you needed, which had gone bankrupt.

But in this case, it's the world system that is bankrupt. So, the option for a solution is to have the world, or much of it, agree, through their governments, to put these bankrupt elements of the present world monetary financial system into bankruptcy reorganization, into receivership under government control. Either the control of the relevant individual government, or the control of a concert of governments, in case of international institutions.

If we're willing to do that, the following can occur. Germany, Western Europe, as you may know, is bankrupt. That is, the current amount of earnings of Western Europe, is not capable of maintaining the Western European economies, nations, in functioning conditions. However, Europe has a function. If we look across Eurasia, we see that function. We have China, estimated at 1.3 billion people, and growing. We have India, a billion people. Hundreds of millions of people in Southeast Asia. Korea, Japan, Iran. The vast areas of Central and North Asia, which include Kazakhstan, the states of Central Asia, and the tundra region of Northern Siberia, of Russia.

This contains the largest concentration of mineral resources on this planet, largely in the central and northern part of Eurasia. It contains the largest concentration of population on this planet, and some of the most sparsely populated regions as well.

Now, China is growing. China is growing through large infrastructure projects, the largest water projects in the world. The highest-level railroad in the world. The greatest movement of water from South China to North China, into Xinjiang, to transform these barren areas into areas of habitation and growth. India and China are considering a great project. The Brahmaputra River, one of the great rivers of the world, pours down from Tibet, in a steep declivity, into Assam, down toward Bangladesh and the Bay of Bengal. One of the greatest hydroelectric projects of this world is now being considered, inside Tibetan China, now, in cooperation with India.

We have vast projects of moving water, from the Ob of Russia, into Central Asia, to bring back the Aral Sea, and other areas. Similar projects throughout the area.

So, here we have Europe, which is a font of ability to produce useful technology, now becoming engaged with its largest markets, in Eurasia, which are in China, and India. And China, the fastest-growing market. You have parts of Europe, where business is still functioning, are looking for exports in this part of the world.

So, therefore, if we can make the kinds of agreements, among nations, that are required, we can make 25- to 50-year agreements among the various parts of Eurasia; 25- to 50-year long-term agreements among governments, on general credit and policy agreements, on currency. We can issue credit, at 1-2% long-term interest, which can finance large projects. These projects, these large-scale infrastructure investments, will drive the rest of the economy. Europe will recover.

We can, among other things, rebuild the shattered Balkans, which is the key to the relation between Turkey and Europe—the Balkans region. If we can bring peace in the Middle East, by suppressing the war of Israel against the Palestinians, and bring peace there, and introduce large-scale water projects there, we can build peace there.

If we can build this, and do the same thing with Central and South America, with the United States, we can fix Africa.

So, we're at a point of despair, but a point also of opportunity, in which large-scale agreements among the nations of Eurasia—putting bankrupt parts of the world into bankruptcy reorganization, creating gigantic masses of credit at low-interest rates, agreeing on long-term projects, and cooperation on long-term projects—can open up for humanity for the next two generations, the greatest period of growth and prosperity in all human existence.

So we have the choice, between the two.

The question is: How do we bridge the gap, between the two? What agreements do we make?

Well, my proposal has been severalfold.

Several concrete steps that have to be taken, jointly by a number of governments, which are necessary to start a general economic recovery. My view is that these proposals, if adopted, will create the political optimism and the sense of unity, required to overcome the threats to the security of the world today. That if we establish institutional agreements among states, on these kinds of projects, we will have the power and commitment among governments, that the kind of threat we've seen recently, as in Iraq and elsewhere, will go away, and will not return.

We've come to a point in history, when we can not eliminate defense. We can not eliminate the requirement for large-scale defense capabilities in nations, but we can eliminate the possibility of anything but strategic defense as a military policy. We can build military institutions which make a contribution to engineering, which is the traditional peacetime function of military institutions. We can do these things.

And under these conditions, we will have entered a period from which we will emerge, not as—war as we've thought about it in the past, will no longer exist. In which the relations among states will be increasingly a community of principle among what are, respectively, perfectly sovereign nation-states, but united in cooperation by certain principles.

Now, here's what some of the guidelines are.

We had a good system, back in the 1950s, the Bretton Woods System, established on the initiative of Roosevelt, in 1944. That system worked. It was a fixed-exchange-rate system, with a gold reserve basis. It was based on protectionist programs, to ensure that long-term agreements could be honored, through protectionist arrangements on trade, and tariff, and so forth. That worked.

In 1964, we began to tear that apart, in the United States and the United Kingdom. We went toward a consumer society, rather than being the greatest productive power on this planet. Similar things were done in the United Kingdom. We became disgusting. We became like the Roman Empire, producing less and less at home, and using our imperial power *to steal*, by force and power, from other countries, whatever we wished, at whatever prices we wished to pay. We regulated the currency values of other countries, by various kinds of manipulations, and thus could get their goods as cheaply as we pleased. And we rotted away, at home.

We extended this rot, as a so-called post-industrial society ideology, in the "'68" phenomenon, in Western Europe, in Japan, and elsewhere. We destroyed the impulse of civilization to reproduce and improve itself. So therefore, now that we're paying the price, of these follies of these past 40-odd years, the first thing to do is to go back, and say, "What worked before 1964, was successful. It wasn't perfect. There were many errors. But it worked. So, let us, as a first step, return from the foolishness we've done, to do what worked before, as a model for the approach to take now." Because we need quick agreements. The system is bankrupt; we must act immediately. We cannot go into 10-year long debates about what the policy should be. We must act immediately. We have an emergency!

Then, there are some other things we must do, in addition to creating new credit under the new system.

We must build, in Eurasia, the devices by means of which we can unify the continent of Eurasia, in the way needed. Now the obvious thing, in former times, was the model of the United States in the middle 19th Century, where we build railroads quickly, which unified the Pacific and Atlantic coasts of the United States. And those railroads were used for the internal development of the areas of the United States which had been undeveloped. These were not simply rail connections, these were development corridors, along which agriculture boomed—this kind of thing. So that happened.

We need it now in a new form. We can transport goods, technically, at high speed, by rail, from Rotterdam to Pusan, in Korea, far more rapidly *and more cheaply* than by ship. Because when you run a corridor of development, and a transport route as a corridor development, every mile along that route becomes an area that is generating wealth. And the wealth you generate as a result of having that railroad system, or that transportation system, is far greater than the cost of creating and maintaining it.

So, actually, a high-speed transportation system of that type costs the nation nothing, because it causes the production of more wealth than it costs.

Now, if we do that, we would go across Eurasia, with several routes: a northern route, a middle route, a southern route, and a far southern route. These would not be simply rail lines; they would be development corridors, which would be high-speed transportation. We would be using things like magnetic levitation, in the fairly near future, for high speed transport—we're talking about 300 kilometers an hour, that sort of speed. We would accompany that with the development of new urban centers, which would be industrial, agricultural complexes, along the routes of this travel. We would have large-scale water system. We would have large-scale power generating and distribution systems built into it, largely nuclear power, developed along these routes.

So these routes would be development areas. Now in these development areas—including, say, Central Asia—a shortage of water. We'll move water from the Ob River, south. It now flows into the Arctic. A lot of it we'll move south into the area of the Aral Sea. We have water also in the northern part, the eastern part of Asia. We can move that water south too. So Central Asia can now become an area of general economic and population development.

We can also—we have the techniques, which we have to develop, but we have them—for using the tundra area, under which large mineral resources lie, as an area which we can develop, in ways to be able to exploit the natural resources in this area. Under these conditions, we will have the mineral resources in Central and South Asia, supplementing those now existing, needed for the growing populations of East, Southeast and South Asia, and also for Europe. So this development of Eurasia is not simply a transport process; it is a process of development, which looks to the future, two generations from now, when these kinds of development will be *crucial* for the future of life on this continent.

This will mean a transformation in the quality of life and standard of living, and education, and culture, of the peoples involved. That's the general idea.

We're also in a period in which there's a change already in progress, provided that the present system doesn't collapse upon us without remedy. We will no longer be thinking of exporting products, finished products, from one part of the world to the other. We'll do some of that, but that will not be the primary characteristic of the economy. The primary characteristic will be technology transfer. In China, technologies are being developed which don't exist in Europe. In India, technologies are being developed, which don't exist in Europe. This will be a global pattern, partly determined by the ingenuity of people, partly determined by the conditions under which inventions occur. Therefore, more and more, it will be desirable to have these technologies developed in *one* part of the world, utilized for production in other parts of the world.

And therefore the products, in any part of the world, will tend more and more, to become the adaptation of combined development in technologies, to particular products. This will be the principal driver, in terms of production practice, for the growth of the productive powers of labor throughout the region.

These three things are generally obvious. The question is, the will.

Now, go back to the United States. Will it happen? What I've outlined *can* happen. It is necessary, and it is feasible. The question is, will it happen? And you in Turkey will obviously ask that question loud and clear. And say, "This sounds fine, but who is going to make it happen?"

Most of the nations of the world, because of the characteristics of the nuclear weapons age, are terrified of Anglo-American power, and today, of the nuclear power of the United States. Therefore, no government in the world, in general, will think of defying the displeasure of the United States government. Therefore, governments do not make sovereign decisions; they seek to make sovereign decisions which will be *permitted* by the power of the United States. That means that the willful power of sovereignty, or government, has vanished. We have an imperial proclivity, in the relations among states; an imperial proclivity based largely upon the threat of nuclear supremacy, nuclear weapons supremacy.

Now, how are we going to get the world to agree to do something that people don't think the government of the United States will allow? Particularly a government as nasty as the present Cheney, Rumsfeld, Wolfowitz, etc., government, the kind of threats they've made. People are terrified, governments are terrified. Prudence says, be terrified.

Therefore, my particular job, not as an individual alone, but as a figure, a kind of a central or pivotal figure in this process within the United States, is to create a different situation among states, in which we can meet, and decide upon policy as equals, and therefore, we can will to do things, in concert, that need to be done in concert. Therefore, if we, as a group of nations, agree upon this, and if the nations and governments of the world perceive that the United States is not going to crush them for having an idea, or expressing a self-interest, then these kinds of ideas I've expressed, will become feasible. Fear, is the greatest danger to the people of this planet today. The governments' fear of a dictatorship being exerted by a nuclear United States, is the greatest single threat to humanity today.

Now, you cannot solve the problem by eliminating the United States. You can't ignore the United States. Because the other nations of the world are not prepared to make the kinds of initiatives—even if they felt free to do so—or effect the kind of cooperation, which is needed to bring about the kinds of changes I've indicated. You would tend to get anarchy.

Therefore, the solution is, from my standpoint, is to change the disposition of the United States, the government of the United States. I think that we are a heartbeat, so to speak, away from that. Our problem is not George W. Bush. He is a problem, but he is not our problem. The problem is a small cabal, typified by the Vice President, by Rumsfeld, by Wolfowitz and other notables, who are essentially merely lackeys, overpaid lackeys, who are working for some financial interests behind the scenes, like the financial interests that orchestrated the Hitler coup in Germany in 1933.

If we deal with that—and I am moving for that impeachment of Cheney and others, to bring this about—if we succeed in that, then we will have an option: the option of meeting together, to make rational decisions; rational decisions based on the understanding that we must come to *common* decisions. Perhaps not all nations, but the majority of leading nations must come to certain common decisions, very quickly, about reorganizing the international monetary system, and replacing it with something like, in many respects, what we had in the 1950s. Under those conditions, we will survive. And if we learn to cooperate with a new monetary system, a reformed monetary system, in that sense, then we will develop the habits, as a community of nations, of meeting together, making decisions under which I think this planet will survive. And that's what I'm trying to do.

LATEST FROM LAROCHE

Press Coverage of LaRouche's Historic Trip to Turkey

Turkish Daily News: 'LaRouche: Iraq War Is a Cause of Shame for the U.S.'

Under the headline "LaRouche: Iraq war is a cause for shame for U.S.," the June 18 issue of the *Turkish Daily News* carried the following article:

"U.S. Democrat member and Presidential hopeful Lyndon LaRouche said that the Iraq war was groundless and a cause for shame for the United States, *Anatolia News Agency* reported.

"Addressing a conference at the Ankara Chamber of Commerce (ATO), LaRouche as an American condemned the war, adding that Iraq would continue to toughen since it was groundless.

"Criticizing the Bush Administration strongly, LaRouche claimed that the Iraq war broke out after U.S. Vice President Dick Cheney and a group forced President George W. Bush [into the war]. He urged that Cheney and many others should be sacked from office through jurisdiction.

"LaRouche also claimed that the September 11 attacks were a result of domestic provocation, adding that the blame for the attacks was put on a group of Muslim amateurs.

"Emphasizing that the IMF and its monetary system collapsed, LaRouche noted that many governments of the world should come together and create a new monetary system.

"According to LaRouche, the technology and engineering in Europe should be merged with the resources in Eurasia and Caucasus. He said that Turkey should be a real bridge leading from India, Iran and the Caucasus to the Balkans and Europe.

"Praising Ataturk, founder of modern Turkey, LaRouche stated that he not only appreciated but also understood him since he showed his leadership under very tough conditions. He added that Ataturk created modern Turkey by taking very serious decisions."

In addition, the Turkish daily, *Milli Gazete* featured a front-page article June 18, reporting on the meeting between former Prime Minister Necmettin Erbakan and Lyndon LaRouche and his wife, Helga Zepp LaRouche, who also addressed meetings in Turkey. The daily *Aksam* also covered the meeting.

Turkish Newspaper *Hurriyet*: 'Playing with Kurds Is a Strategic Mistake'

"Playing with Kurds is a strategic mistake" is how the Turkish daily *Hurriyet* of June 14 headlined its coverage of Lyndon LaRouche's arrival in Turkey. The article says:

"U.S. Democratic Party Presidential pre-candidate Lyndon LaRouche arrived in Turkey to give a [press] conference and to meet with [Turkish] party officials.

"LaRouche said that playing a game with Kurds, like Dick Cheney and Donald Rumsfeld are doing, is a strategic danger for Turkey. Since his entrance into the Democratic Party in 1976, LaRouche, economist by profession, ran six times for Democratic Presidential candidacy from 1980. He is running again for election in 2004. LaRouche, who is a candidate with biggest number of donations in Democratic Party, will today give a speech in Cemal Resit Rey [concert hall in Istanbul] with the title: 'Eurasian Global Development and the New Key for Peace.'

"Mr. LaRouche will, after traveling to Ankara on Sunday and addressing the Trade Chamber of Ankara, leave Turkey on Wednesday."

by Ardic Aytalar/Istanbul

Taiwan Central News Agency Covers LaRouche Press Conference in Turkey

EIW provides here a rough translation from Chinese of a news release from the Republic of China's *Central News Agency* on June 16, which covers Lyndon LaRouche's address to the Ankara Chamber of Commerce. It identifies LaRouche as

former Democratic Party Presidential candidate *Lyndon*, without his last name. A Chinese activist in the New York City area noted that, given the closeness of the current ruling party, the Democratic People's Party, to the neo-cons in the Bush Administration, it's unusual that they covered LaRouche at all. The article appeared prominently on Yahoo.com's Chinese-language news homepage, so it will certainly not have been missed by virtually anybody who monitors Chinese-language news on the Internet.

Published under the title "Former Democratic Party Presidential Candidate Criticizes Bush as Responsible for War Atrocities," the article says:

"Former American Democratic Party Presidential candidate Lyndon stated today that the United States is involved in wars against third world countries, the next target being Iran; stopping these wars can only be done from within the United States, and if Bush himself doesn't step down, then those of his war cabinet must step down.

"Lyndon is in Ankara at the Chamber of Commerce's seminar, 'Eurasia: Global Development and Prospects for Peace,' where he made the statement. In America, Lyndon is known for his unique views: the latest demonstrations by students in Iran were incited by the American government's intervention, similar to what happened in South Korea.

"Lyndon expressed straightforwardly that the 9/11 terror attack incident must have been planned by a renegade group within the United States. Lyndon said that, within the United States, there are various extremist political power groups trying to seize control of the U.S. government. He said former Secretary of State Henry Kissinger and former National Security head Brzezinski must have known about the 9/11 incident before it happened."

The article was posted in Chinese at <http://tw.news.yahoo.com/2003/06/17/international/cna/4053126.html>.

U.S. Economic/Financial News

U.S. Must Fund Offensive for Manufacturing Technology Infrastructure

The United States must launch a "national offensive" to build a manufacturing technology "infrastructure that would unleash America's ability to build its future," urged Lawrence Rhoades, chairman of the Association for Manufacturing Technology, in testimony to the House Science Committee June 5. Rhoades, warning that a nation's manufacturing operations define the standard of living for the entire nation, noted that U.S. machine-tool consumption has plunged 63% from 1997-2002. Although ranked as the world's "strongest economy," the U.S. is fifth in its investment in manufacturing equipment, he said.

But just purchasing more capital equipment is not enough, he cautioned. The nation "must find new methods, new approaches, new technologies," for manufacturing. "[T]he U.S. is in need of a coordinated national program," he insisted, large enough to develop a "manufacturing technology 'infrastructure,'" as a "rational and appropriate" response to the massive loss of both manufacturing jobs, exports, and Federal tax revenue.

On the other hand, cutting taxes to encourage investment, he cautioned, "does not directly respond to what's happening." Rhoades urged Congress to "mount a national offensive" to build a national manufacturing technology "infrastructure"—*with Federal funding*. He cited the following:

*"The private sector cannot, and will not build the needed manufacturing technology infrastructure alone—any more than they could or would build a road system or a school system."

*Focus the investment on *innovators* in industry and research centers, including centers generating "new science."

*Center the investment on the usually smaller companies that act as the "technology providers" to the U.S. industrial base. These firms accelerate the transformation of "new science" into "new tools" for America's factory floors.

*Specifically, expand support for defense manufacturing technology programs; the National Institute for Science and Technology's Manufacturing Extension Partnership program that provides critical assistance to small manufacturers; NIST's Advanced Technology Program; and the creation and expansion of open-membership U.S. industry collaborative R&D consortia. The Bush Administration plans to eliminate Federal funding for the MEP and ATP programs, while Congress has appropriated funds for fiscal 2004 that cut ATP and only maintain MEP.

Such a manufacturing technology "infrastructure," he concluded, "would unleash America's ability to build its future."

Machine-Tool Consumption Plunges in 2003

U.S. machine-tool consumption in January-April is down 16.7% from last year's depression level, to a total of \$584.66 million—proof of the urgent need for LaRouche's "Super-TVA" policy. Machine-tool use by U.S. industry in April totalled \$169.57 million, down 2.1% from the level in March, and down 1.3% from the amount consumed in April 2002, reported the Association for Manufacturing Technology (AMT) and the American Machine Tool Distributors' Association (AMTDA).

Machine-tool consumption—the means by which man develops the biosphere—had already plunged by the end of 2002, to about 37% of the level in 1997.

BLS Economist: Labor Department Inflation Stats 'Understated'

The Department of Labor is understating inflation, Pat Jackman, the Bureau of Labor Statistics economist in charge of the consumer price index, admitted to the *Wall Street Journal*. "More money is coming out of your pocket," Jackman said, than the official inflation figures indicate. The BLS, which is part of the Labor Department, uses all kinds of tricks, and the true rate of inflation is probably 5% a year, wrote John Crudele in the *New York Post* June 17. Forget all the talk about "deflation." What Fed chairman Alan Greenspan is worried about is asset deflation; when he talks about inflation and deflation, he's talking about assets.

The "tricks" identified by Crudele include "geometric weighting"—a calculation that when steak prices rise, people will switch to cheaper hamburger, and thus, that part of the increase can be ignored. (Which would seem to imply that if people don't eat at all, food must be free!) He also mentions the so-called "quality adjustments," which *EIR* has exposed since the early 1980s—i.e., if the "quality" of a consumer good, say, an automobile, "improves," the increase in price is not counted. Finally, there is something called "intervention analysis" allowing price increases to be reduced, if something like gasoline rises faster than the Labor Department's computers expect. No foolin'.

California Pension Plan Raises Co-Pays for 1.2 Million Members

CalPERS—California's 1.2-million-person pension plan, substantially raised co-payments on drugs and fees for some medical services, the *San Diego Union Tribune* reported June 19. CalPERS is one of the nation's largest pension plans. It provides health-care benefits to 1.2 million state workers and retirees. Fees for emergency room visits were tripled from \$25 to \$75. On June 17, the outfit increased premiums by 16.7-18.4% for the year 2004. CalPERS cites surging medical

costs as its reason.

Survey Finds U.S. Faces 'Weakest Job Outlook' in 12 Years

A survey of businesses finds that, for July-September, the U.S. faces the "weakest job outlook" since 1991. Some 65% of employers do not expect to hire any additional workers, while 9% plan to eliminate jobs during the third quarter, according to a survey of 16,000 businesses conducted in April by Manpower Inc. About 20% of the firms surveyed plan to add jobs. The forecast "represents the weakest job outlook in 12 years," cautioned Jeffrey Joerres, Manpower chairman and CEO. For the education and non-durable goods manufacturing sectors, in particular, "employment levels are projected to be the lowest we have seen in the third quarter for more than 20 years," he added.

World Economic News

IMF Pressures Argentina for Impossible Conditionalities

The IMF is putting big pressure on Argentina's new Kirchner government to negotiate a long-term agreement, with conditionalities the government isn't in a position to impose. Finance Minister Roberto Lavagna has said the government wants to extend the existing short-term IMF agreement, which expires on Aug. 31, to the end of the year, to reschedule \$6.6 billion due during that period, before beginning negotiations on a longer-term agreement.

But both the IMF and the U.S. Treasury have made clear this isn't acceptable—they want a long-term agreement, immediate implementation of "structural reforms," and resumed debt payments. The "reform" agenda includes restructuring of the foreign private debt, raising utility rates, restructuring the banking sector, and increasing the primary budget surplus, as President Lula da Silva has done in Brazil, to guarantee debt payment. From the current 2.5% of GDP, the Fund wants the primary surplus increased to 3.5% of GDP next year, and to 4.5% in 2005—which could only be imposed, were state-sector wages to be slashed and taxes increased, in a country where 60% of the population is now officially poor. All of these are politically impossible to implement, as President Nestor Kirchner knows full well, and thus the attempt to lobby for a short-term agreement. Kirchner has already announced that utility rates won't be increased for 90 days, which has greatly displeased the IMF.

None other than IMF Managing Director Horst Koehler will travel to Buenos Aires June 23-24, to try to twist arms, and demand that Kirchner provide evidence of a "sustainable" economic program. When Colin Powell visited Kirchner June 10, his deputy Curtis Strubble annoyed the Finance Ministry with undiplomatic remarks that "Argentina needs a credible program." Similarly, Treasury Undersecretary John Taylor said, "There is still time to negotiate a long-term agreement.... I hope that happens." Lavagna had his spokesman issue a statement saying he agreed with Taylor, but added that the possibility of a long-term agreement would "naturally" depend on what conditionalities the Fund demanded (see also [IBERO-AMERICA NEWS DIGEST](#)).

Brazil Lowers Interest Rates—Barely

Under fire from all sides, Brazil's Central Bank lowered the benchmark interest rate on June 18—but only by one-half percentage point, from 26.5% to 26%. The Central Bank had promised international bankers that it would not permit "politics" to interfere with its "anti-inflation" policy (the pretext used for keeping interest rates at usurious levels). But with Vice President Jose Alencar taking the lead in organizing a "national crusade" to force the government to step in and lower the rates (see last week's [IBERO-AMERICA NEWS DIGEST](#)), the "compromise" reached was to lower the rates, albeit at an insignificant amount.

The president of the National Federation of Industries, Congressman Armando Monteiro Neto, pointed out the fraud in all this: that inflation had dropped by a greater amount, and thus, effectively, real interest rates had increased, not lowered, which will worsen the already "recessive" picture faced by business, he said.

Turkey Announces Major Undersea Rail-Tunnel Project

Reflecting the profound impact of Lyndon LaRouche's June 13-18 visit to Turkey (see INDEPTH for full coverage), Transport Minister Binali Yildirim announced at a press conference in Ankara June 20 that construction of the \$2.5-billion Marmaray Tunnel underneath the Bosphorus, and its supporting infrastructure, will begin next year, and will be completed by 2008. The undersea rail-tunnel will link Istanbul's Asian and European areas. The total length of the rail link, including the undersea part, will be 13.5 kilometers. In addition, the project will include the upgrading of existing rail links on both sides of the Bosphorus.

The Istanbul Strait Rail Tube Crossing Project and Marmaray Tunnel would carry up to 150,000 passengers per hour, with trains operating every two minutes, Yildirim said. The Japan Bank for International Cooperation would finance the strait-crossing section of the project, while talks are under way with the European Investment Bank to finance the upgrading of the suburban railway network.

Singapore Economist: U.S. Hyperinflation Threatens World Economy

Singapore economist Lim Say Boon warned that the U.S. is on a hyperinflationary binge, threatening the entire world economy, according to the *Straits Times* June 16. Lim, head of research at the OCBC (Overseas Chinese Bank Corp) Securities in Singapore, had previously warned of the New Economy bubble. He now refers to the current "rubbish rally" in the equity markets, warning that investors should "consider the suspect nature of the drivers behind this recent market surge. The bottom line is that the United States authorities are putting at risk the global system of 'fiat money' by flooding their economy with cheap money and by arm-twisting other major economies to do the same.... If they fail, confidence is likely to plummet globally as the 'Emperor' would have been seen walking around stark naked."

At best, it will create "another asset bubble or two," since the real economy is still declining. The "solution" of tax cuts and negative interest rates to sustain the housing bubble makes people "wonder why the U.S. government would 'commit suicide' by dramatically weakening its people's spending power." The answer, he thinks, is to force Europe and Japan to also hyperinflate, transferring the pain abroad—but it won't work, since it will only create "more pain from bursting of an even larger asset bubble down the line." The money supply—M1, M2, and M3—he says have surged since March, and "aggressive printing of money usually results in hyperinflation. So while we are still talking about deflation, the U.S. may already be sowing the seeds for hyperinflation."

U.K. Task Force To Plan for Financial Emergency

The British government has asked the Bank of England to look into possible changes in the law to deal with disruption to the financial system, ostensibly due to terrorist attack or natural disaster, *Dow Jones* reported June 19. Andrew Large, Bank of England deputy governor in charge of financial stability, will head a task force to "examine the possible need for legislative powers." A statement from the British Treasury said that an interim report is to be published in November.

Spread of Infectious Diseases a Marker for Global Economic Breakdown

The rate of infection of human beings with dangerous new diseases is increasing, as acknowledged by National Institutes of Health (NIH) infectious diseases chief Anthony Fauci and other experts contacted by the *Washington Post*. The *Post's*

impressionistic article of June 15 is nonetheless another confirmation of the truth of Lyndon LaRouche's and Fusion Energy Foundation's 1974-75 studies and forecasts of the then-foreseeable effects of continued IMF/World Bank anti-development policies. The article goes through six serious diseases newly migrated into the human species in as many years.

However, the article's diagnosis of the causes of this generational downshift in human health, centers on human population growth, increased international travel, and so forth—anything but the global economic collapse and worldwide deterioration of public health.

Ironically, a companion article, "SARS Exposed World's Weak Spots," reports in detail—in the test case of Toronto, an advanced city in an advanced-sector country, with universal health-care insurance and other advantages—that it was lack of depth of public health and "surge capacity" in Canada as a whole, which led to the resurgence of the SARS epidemic after it had apparently been halted.

United States News Digest

Straussians Exposed as Empire Builders, Liars

An op-ed in the June 8 Sunday *St. Louis Post-Dispatch* shows a helmeted Roman centurion with a shield in the form of a book entitled *The Cabal by Paul Wolfowitz, Dick Cheney, and Others*, and a huge pen in place of a spear. Columnist Kevin Horrigan never credits *EIR*, nor Lyndon LaRouche, whose campaign has distributed over 600,000 copies of a pamphlet exposing the Straussians, called "The Children of Satan: The 'Ignoble Liars' Behind Bush's No-Exit War," but does refer to Seymour Hersh's *New Yorker* series and the article by Jeffrey Atlas in the *New York Times*, characterizing Strauss as "the philosopher-king of the Bush Administration." Horrigan lists Pentagon officials Richard Perle, William Luti, Steve Cambone, Supreme Court Justice Clarence Thomas, *Weekly Standard* editor William Kristol, and ex-Congressman Newt Gingrich, as well as Cheney and Rumsfeld, as "Straussians" or admirers of Strauss.

The article refers to Strauss's citation of Plato in the cave and the notion of the "noble lie" to "deceive the masses for their own good." Thus, for the Straussians, the war on Iraq made perfect sense," Horrigan writes. "The philosopher-elite who guard Western civilization must, having obtained the ear of the king, extend democracy through military force, making the world safe by whatever means necessary, even if it means deceiving the masses about their real purposes, even if it means deceiving the king himself."

Horrigan then refers to an article in the *New York Times* which quotes Dinesh D'Souza: "Straussians have an intellectual rigor that is very attractive. They have extolled the idea of the statesman and the notion of advising the great, the prince, like Machiavelli or Aristotle. This is necessary because the prince is not always the smartest guy in the world."

Wolfowitz Cabal Has Neo-Con Privateers Push Iran War

While the names of the neo-conservative Chickenhawks around Vice President Dick Cheney, who carried out a policy coup d'etat in the Bush Administration, are by now well-known, largely due to the education provided by the distribution of writings through Lyndon LaRouche's 2004 Presidential campaign, it is time to shine the light on one of those *outside* the Administration, American Enterprise Institute's "universal fascist," Michael Ledeen. He is pointman for the latest of the neo-con schemes for perpetual war—an attack on Iran.

EIW has learned of an operation being run through U.S. private foundations and think tanks to overthrow the government in Iran, and run a destabilization, and/or targetted military strike against Iran's nuclear energy production facilities. The

pointman in the operation is Michael Ledeen, the second-tier neo-con crony of Paul Wolfowitz and Richard Perle, who divides his time among *National Review Online*, the Jewish Institute for National Security Affairs (JINSA), and the American Enterprise Institute (AEI). Ledeen has been a lifelong neo-con agitator and colleague of the current #2 and #3 in the Defense Department—Wolfowitz and Doug Feith, respectively—and as such, should be understood as reflecting the *immediate intentions* of the Administration neo-cons.

And with two of the Pentagon's neo-con notables in disgrace—Richard Perle having resigned as chairman of the Defense Policy Board, and retired Gen. Jay Garner having been kicked out of the position of Occupation Viceroy of Iraq—Ledeen is stirring up the networks in Congress, the press, and lining up tainted intelligence to justify new war against Iran. A pornographically phrased, raving article in the June 16 *National Review Online* called "The Iranian Revolution, 2003," by Ledeen proclaims that he can "sniff out" Iranian revolution from "the tell-tale odors coming from the undergarments of its doomed leaders."

The article cites six reasons why the Iranian "revolution" is unstoppable now—and why President Bush must embrace it. It is considered a signal that the neo-con cabal inside the Administration is going into high gear behind the scenes to get an Iran war. Among other objectives, this would help derail the Middle East Road Map negotiations for peace, and for creating a Palestinian state, which is a policy the Administration neo-cons despise.

Ledeen and the neo-con networks have been putting this in place for some time. In 2001, Venetian-trained "universal fascist" Ledeen founded the post-office-box Coalition for Democracy in Iran (CDI) to call for regime change in that country. (www.c-d-i.org).

One of his partners in founding CDI was Dr. Rob Sobhani, who is a Professor at Georgetown University and president of Caspian Energy Consulting. Other individual support for CDI includes the Center for Security Policy's Frank Gaffney, former Congressman Jack Kemp, leading neocon AEI Joshua Muravchik, and former Director of Central Intelligence James Woolsey, who sits on the Defense Policy Board. Woolsey has also worked for the Doug Feith/Abram Shulsky "Office of Special Plans," which is now under investigation for cooking the intelligence that pushed through the Iraq war.

One of CDI's policies, as spelled out in the June 15 *Washington Post*, is to support Sen. Sam Brownback's (R-Kans.) call for an Iran Liberation Act similar to that for Iraq. Senator Brownback—a main sponsor of the Iraqi Liberation Act of 1998 that codified the unilateral war of aggression against Iraq—is already peddling an amendment for \$50 million to go for "regime change" propaganda by Iranian exile TV.

On May 17, the national Jewish newspaper, *The Forward* reported that the "Young Shah," Reza Pahlavi, is being lobbied by the CDI gang to play the role of the Iraqi National Congress leader Ahmed Chalabi, who, ironically, is now becoming totally discredited. Nonetheless, Pahlavi has met recently in private with Israeli Prime Minister Ariel Sharon and former Prime Minister Benjamin Netanyahu, who both want the U.S. to go to war against Iran, and with Israel's Iranian-born President, Moshe Katsev. Also, as with the Iraq debate, *The Forward* and other sources report that a leading role is being played by Straussian William Kristol of the Rupert Murdoch-funded *The Weekly Standard*.

Ledeen, as board member of JINSA (see above), gave a speech at one of its policy forums on April 30 entitled, "Time To Focus on Iran—The Mother of Modern Terrorism," according to *Pacific News Service* of May 19. A week later Ledeen spoke at the AEI's Future of Iran conference, where he called for regime change.

South Dakota Hails Amelia Boynton Robinson

Schiller Institute vice chairwoman Amelia Boynton Robinson toured South Dakota during early June, where the civil

rights heroine was welcomed with the greetings from leading political figures.

Former Democratic Presidential candidate and U.S. Sen. George McGovern wrote on June 4:

"I am glad Amelia Boynton Robinson will be visiting South Dakota. She has been a force for good all of her life. I admire her as a great voice for reason and decency. I wish I was able to be there with her. I welcome her to my state and wish her the very best."

Republican Governor M. Michael Rounds wrote on June 8:

"Dear Mrs. Robinson,

"It is my pleasure to welcome you to South Dakota. Your work for civil rights in this country is commendable. The civil rights movement was one of the great events of the 20th century, and your work and that of your colleagues has improved the lives of many in South Dakota and across this nation. I have always admired those brave citizens who faced daunting tasks to fight for a cause that they believed in. These leaders were denounced, mistreated, and persecuted, but they endured. Today, their work is something of which every person can be proud.

"Again, on behalf of all the people of this great state, welcome to South Dakota. I hope you enjoy your time here and that you will visit often."

General Wesley Clark Questions 9/11 White House Policy

Retired General Wesley Clark, former U.S. Supreme Commander in Europe, told *NBC's* "Meet the Press" on June 15 that "there was a concerted effort during the fall of 2001, starting immediately after 9/11, to pin 9/11 and the terrorism problem on Saddam Hussein."

"It came from people around the White House," Clark charged. "I got a call on 9/11—I was on *CNN*, and I got a call at my home saying, 'You've got to say this is connected—this is state-sponsored terrorism. This has to be connected to Saddam Hussein.' And I said, 'I'm willing to say it, but what's evidence?' And I never got any evidence. And these were people who were Middle East think tanks and people like this. I mean, there was a lot of pressure to connect this, and there were a lot of assumptions made. But I never personally saw the evidence, and didn't talk to anybody who had the evidence to make that connection."

Clark said that in the period leading up to the Iraq war, he had kept asking: "Where is the imminence of the threat?" He reported getting calls from people, who would say, " 'Well, look, don't you think the President might know something you don't know?' I certainly hoped he did. But it was never revealed what the imminence of the threat was," he said.

Clark indicated that "I am going to have to consider" entering the Presidential race, and that he would likely run as a Democrat.

Senators' Bipartisan Call for Bonds To Build Infrastructure

Senators James Talent (R-Mo.) and Ron Wyden (D-Ore.) have introduced a \$50-billion "Build America Bonds" measure to fund transit, bridges, harbors, airports and highways projects. The *St. Louis Post-Dispatch* on June 14, in an editorial entitled "Mr. Talent's New Deal," applauded the "conservative Republican" for the program, which the author described as

"a public works program that looks like something cooked up in President Franklin D. Roosevelt's first 100 days in office." The editorial said, "State governments are strapped, and money for transportation needs is vital for economic development."

Ed Mortimer, a spokesman for the U.S. Chamber of Commerce, recommended that the proposal be "strongly considered" by Congress.

The discussion of the FDR precedent in economic policy reflects the growing influence of Lyndon LaRouche's Presidential campaign, notably his call for a "Super-TVA."

Desalination Plant for Texas To Be Functioning by Fall

Brownsville and surrounding Texas communities are constructing a desalination processor for the brackish water from an aquifer. The plant, to be up and running by this fall, is a response to drought which has reduced the Rio Grande to a trickle. A spokesman for the Brownsville Public Utility Board told *EIRNS* on June 16 that the cost is about \$1.40 per 1,000 gallons, less than half the cost of desalting ocean water.

But Texas Gov. Rick Perry (R) is also proposing construction of a large-scale ocean desalination plant, to be located near Brownsville. Perry said such desalination is inevitable as a solution to the state's water shortages. He declared that a billion dollars, out of the projected \$2.2 billion in the Private Activity Bond program already enacted for the next five years, would fund a desalination plant and other needed water projects.

Senate Panel Passes DOD Civil Service Reform

The Senate Governmental Affairs Committee passed on June 17, by a vote of 10 to 1, the Senate response to the Pentagon civil service reform being demanded by Secretary of Defense Donald Rumsfeld. At the outset of the debate on the bill, Committee chairman Susan Collins (R-Me.) underscored that undertaking reform of the Federal civil service system is "extremely important" and "likely to be a template for the future." She added that it is also "important that this committee," which has jurisdiction over civil service matters, "not cede its authority to the Armed Services Committee."

The main purpose of the exercise appears to have been to give the Senate negotiators on the Defense Authorization bill some leverage with the House in the conference committee. The House bill includes a slightly watered-down version of the language that Rumsfeld demanded, but the Senate bill is silent on the matter, and the Senate has not otherwise expressed its will on the matter. Senator Carl Levin (D-Mich.), a co-author, with Collins, of the reform bill, expressed the hope that the approach in that bill can be taken up in the conference. "This is value added to the conference," he said.

With the exception of Frank Lautenberg (D-N.J.), all the Democratic Senators were on board with the bill, because, as the Committee's ranking Democrat, Joe Lieberman (Conn.), put it, "This bill is a balanced, bipartisan plan that would give the Department the flexibility it needs without compromising worker rights and protections."

The Senate bill gives the Secretary of Defense far less authority to waive the civil service law than does the House version, and makes some parts, particularly those dealing with labor-management relations, nonwaivable. It also requires the Department to consult with the Office of Personnel Management, the Merit Systems Protection Board, Federal employee unions, and the Congress, as it constructs its new personnel system.

Senate Begins Debate on Medicare Drug Bill

A confident Senate Finance Committee chairman Charles Grassley (R-Ia.) on June 16 brought to the floor of the Senate a bill, co-sponsored by Max Baucus (D-Mont.), to add a prescription drug benefit to Medicare. The bill, which passed the Committee on June 12 by a 16:5 vote, would set up a drug benefit that would be available whether a Medicare beneficiary joins an approved health maintenance organization, or stays with the traditional fee for service plan. For a premium of \$35 per month, drug coverage would start with a \$275 deductible, then would provide coverage for 50% of costs up to \$3,450, and then no coverage until beneficiary out-of-pocket costs reached \$3,700, and then 90% thereafter.

While Grassley expressed confidence that the bill will be passed, and President Bush has already endorsed it, the Senator also admits that he will have a difficult row to hoe. "I wouldn't want to call it a tough sell," Grassley said on June 13, "but I do have a lot of work to do in my own caucus." He also said he expected the bill to be on the Senate floor for about two weeks, indicating that there might be a large number of amendments offered. "I think Max [Baucus] and I are going to have to take a lot of time and be very patient," he said, "both on the floor and within our respective caucuses, to just answer a lot of questions."

Ibero-American News Digest

U.S. Imperial Tone Provokes OAS Member Nations at Annual Meet

Several Ibero-American and Caribbean diplomats who attended the June 8-10 General Assembly of the Organization of American States (OAS) in Santiago, Chile, reported to *EIW* that the imperial tone adopted by the U.S. delegation at the meeting, as to what the priorities of the region must be, provoked great tension among participants.

The urgent issue on the minds of most government and OAS representatives present, was that reflected in the formal agenda of the assembly: how to secure "democratic governability." In other words: What can be done to save democracy, which is being called into question across the region, because of the economic collapse produced by 13 years of faithful imposition of the "neoliberal" model of market economics? OAS Secretary General Cesar Gaviria admitted in his speech opening the conference that "what was once a question of economic models, has become an eminently political issue." The formulas of free markets, free trade, liberalization, and globalization, have not proved successful in reducing poverty or inequality, he said.

U.S. diplomats attending, however, insisted that issues such as terrorism and changing the regime in Cuba—or, as Secretary of State Colin Powell put it in his address, dealing with "tyrants, traffickers, and terrorists"—are what matter to the United States, and countries should understand that the United States expects its "friends" to agree to what it says.

How well this U.S. attitude was received, was seen when it came time to vote up new board members to various OAS entities. Of the U.S. candidates nominated for four boards, only one was elected—and that one, only after repeated votes were required to break a tie.

The most stinging defeat came when the OAS nations voted against seating the U.S. nominee to the seven-member board of the Inter-American Human Rights Commission, for the first time since the 1959 founding of that body. In this case, the Bush team had truly "asked for it." Washington's candidate was Ralph Martinez, a Cuban-American Republican Party official, who made his fortune in Florida as a medical malpractice lawyer, and is the brother of Bush's Housing and Urban Development Secretary Melquiades Martinez. Ralph's experience in human-rights matters was unknown; it *was* known, however, that both brothers helped mobilized to halt the vote recount in Florida, during the 2000 Presidential election quagmire.

Ecuador Government Faces Upsurge vs. IMF Austerity

The Ecuadorian government finds itself facing a mass upsurge similar to that confronting the Toledo regime in Peru, against its attempt to impose IMF austerity. Ecuador's President Lucio Gutierrez—who dumped his anti-IMF campaign rhetoric for an austerity policy, immediately upon taking office last January—made sufficient concessions to tentatively settle a month-long teachers strike in the second week in June. However, in a continuing oil-workers strike, the union is demanding that Energy Minister Carlos Arboleda resign and his privatization plans be rolled back.

Oil exports being the country's number one foreign exchange earner, this strike has greater consequences. On June 14, the state oil company Petroecuador declared "*force majeure*," alerting its customers that it might not be able to supply oil as contracted for reasons beyond its control, due to the strike. President Gutierrez ordered the Army to guard oil installations and supply centers, and pledged to fire union leaders for carrying out the "criminal" and "terrorist" act of shutting down the country's only oil pipeline.

The government's submission to Congress June 13 of a civil-service-reform bill to "streamline" the public-sector payroll, as demanded by the IMF, could result in a similar strike by public-sector workers.

Uruguay Shaken by General Strike

The government of Uruguay, like that of Ecuador, was hit by a 24-hour general strike June 17, the fifth such strike against the neoliberal economic and social policies of the Batlle government since it was installed in March 2000. The main labor federation claimed 80% success nationwide, 90% in the capital of Montevideo, and 70% in the interior of the country. Schools, banks, and transportation were shut down entirely, and only emergency functioning was maintained in public-sector areas such as health.

Protests Erupt in Brazil, Too

Street protests against the continuation of IMF policies domestically by the government of Brazil's President Lula da Silva, are also breaking out. On June 11, 30,000 state-sector workers affiliated with the CUT trade-union federation—affiliated with Lula's own Workers Party (PT)—marched in Brasilia to protest the IMF-dictated reform of social security. This sector is a crucial part of the ruling PT base, and it is up in arms. Slogans attacked Lula harshly as a "traitor" whose policies are "worse than FHC's" [former President Fernando Henrique Cardoso], and one speaker said the reform was the work of the "IMF's gigolos." Ignoring orders from the PT leadership, 26 Federal deputies and one Senator attended the march. Lula loyalists who tried to speak were booed.

On June 17, former Presidential candidate Anthony Garotinho led a 2,500-person demonstration in Rio de Janeiro, under the banner "Lula, Wake Up!" Garotinho, who backed Lula's election, demanded that Lula implement his campaign promises. In Sao Paulo, Forza Sindical, a trade-union group led by Paulo Pereira of the Populist Socialist Party, allied with the government, also held a demonstration, demanding elimination of the 4.5% primary budget surplus, and threatening to call a national strike.

According to one report, state-sector workers have set July 8 as the date for a strike against Lula's proposed social security reforms.

Economists Press Lula To Adopt FDR Policies, Not Just Cite Them

Two documents have been issued thus far this June, warning that Brazil faces an "unprecedented" crisis, and requires an immediate policy shift away from the "neoliberalism" which is destroying it. One, titled "The Interdicted Agenda: an

Alternative for Brazil's Prosperity," and issued by a group of 299 economists, argues that the way for Brazil to get out of its crisis is by strengthening "state intervention, along the lines of what happened historically with the New Deal in the United States, to correct the distortions created by the 'free market.' " There must be "genuine debate" on economic policy, the economists demand, given the magnitude of the crisis resulting from the government's obedience to the "dogma that the 'market' is wise and virtuous, and if left to itself, will promote collective prosperity."

Among the measures called for, are exchange controls; elimination of the primary budget surplus; an increase in public expenditures, especially for health, education, security and housing; lowering interest rates; and increasing public and private investment, especially in infrastructure. It concludes that none of the proposed measures "are anathema in light of the real economic history of countries which have experienced economic and social success." Those policymakers who are "hiding in the shadows, behind the omnipotent god of the 'market'" should have the guts to openly debate their "abstract formulas, which, once put in practice, result in the permanent destruction of the social fabric, economic activity, and national sovereignty."

A second declaration was issued June 14 in Brasilia, by the Regional and Federal Economic Councils of Brazil, representing a total of 84,158 economists in the country, including 17 economists from the National Economic and Social Development Bank (BNDES), a government agency. This group also demands an end to "the economic fundamentalism of the market" and immediate establishment of the "minimal conditions for economic and social growth and development."

Warning of "unforeseeable consequences for the country should there be no effective and immediate changes in current economic policy," the declaration urges an end to budget slashing, and the immediate channelling of public investment into sanitation and housing infrastructure, and thus the "necessary immediate reduction of the target set for the primary surplus." It also demands stimulation of the internal market, and warns that highly praised "macroeconomic results"—a surplus trade balance, primary surplus, lowered country risk, etc.—are irrelevant, in light of the "increased exclusion, falling sales, paralysis of production, closing of businesses, growing unemployment, and prohibitive interest rates."

Brazil and Argentina Strengthen Strategic Alliance

Brazilian President Lula da Silva and his Argentine counterpart Nestor Kirchner took steps in a June 11 bilateral summit in Brasilia to strengthen the possibilities of a unified South American stance in the world, on the eve of the summit of the Common Market of the South (Mercosur), held in Asuncion, Paraguay on June 18. Argentina, Brazil, Paraguay, and Uruguay are the member states of the Mercosur, with Bolivia and Chile granted associate status.

The Brazil-Argentine summit took place just after Secretary of State Colin Powell offered Kirchner the possibility of a bilateral free-trade agreement with the U.S., in a transparent attempt to break up stronger Brazilian-Argentine collaboration. Kirchner has made clear however, that he, like Lula, prefers to bank his government on the strengthening the Mercosur and South American integration, than go for a bilateral deal. Both Lula and Kirchner, in fact, support expanding Mercosur to include all the Andean nations.

One of the most interesting features of the discussion in Brasilia, was that of the need to perfect Mercosur as a customs union, by applying the Common External Tariff (TEC) to all goods entering the four-nation Mercosur from nations outside the bloc. This distinguishes it from a free-trade agreement of the type that former Argentine President Carlos Menem and his sidekick Domingo Cavallo wanted, and which the Bush Administration would prefer. Brazil and Argentina agreed to establish a 14% TEC for imported capital goods, and to eliminate all exemptions to the TEC which Cavallo had in fact instituted to sabotage the customs union.

In their final joint communiqué, the two Presidents identify Mercosur and South American integration as high priorities, and call on the relevant authorities to analyze the possibility of financing infrastructure projects of common interest.

Energy, transportation, and port infrastructure projects are singled out as particularly important for Brazil and Argentina, as well as for all of Mercosur.

In a speech following the meeting, Lula warned that integration can't be based only on trade, but must be political and economic, as well. And, he specified: "For there to be the integration of which I, Your Excellency, and so many other South American Presidents have dreamed, we must consider the need for our continent's physical integration. There won't be integration without highways; there won't be integration without railroads ... without bridges ... without the political conviction of both governments."

OAS, State Department Decide To Live with Chavez

On May 29, OAS Secretary General Gavia presided over a ceremony between the Hugo Chavez government in Venezuela, and that country's "Democratic Coordinator" (CD) opposition, signing an agreement which purported to resolve the nation's crisis by committing both sides to peaceful dialogue and the convening of a referendum on whether President Chavez should be removed from office after next August, should the opposition muster the required support for this. Gavia declared that he had "successfully concluded the task entrusted" to the OAS, which was to ensure that in Venezuela, "every action, every attitude, and every utterance must reflect tolerance, pluralism, and respect for opponents."

In his speech to the OAS General Assembly in Santiago, Chile on June 8, Gavia went so far as to assert that this OAS-mediated pact in Venezuela is "undoubtedly the best example of a comprehensive application of the Inter-American democratic charter." The State Department has joined in applauding the deal.

Leaving the issue of his rule to a possible referendum has been the strategy favored by Chavez all along. Confirming suspicions that the Bush Administration had made a decision to declare victory and go home, thus leaving Chavez with the upper hand, was the recent acknowledgement by the U.S. State Department that it had cancelled the U.S. visa of one of the leading military figures in the opposition camp, Gen. Enrique Medina.

Certainly, no sign of "tolerance and respect for opponents" can be seen on either side in Venezuela.

On June 6, when the Chavista majority in Venezuela's National Assembly attempted, but failed, to ram amendments down the opposition's throats, which would have given the Chavistas a lock on the legislature, the Chavistas staged a walkout and held a rump session of the National Assembly in the street.

The opposition's decision to hold demonstrations in Chavista-controlled neighborhoods in Caracas, led to predictable results on June 13, when clashes between Chavez's supporters, the Metropolitan Police, and opposition figures, left 17 wounded. Chavez declared then that he might take over the Metropolitan Police again, and might order the imprisonment of the Mayor of Caracas Alfredo Pena, and the Governor of the state of Miranda Enrique Mendoza, because they are with the opposition.

Western European News Digest

Flash! 'Full Steam Ahead for the Economic New Deal'

That was the headline of *La Gazzetta di Parma* June 21, reporting on the European Union summit in Thessaloniki, Greece. Although the final communiqué is not yet ready, sources in the EU Presidency reported that a mandate has been given to the Italian EU Presidency, which starts July 1, to go ahead with the "New Deal" plan. The *Gazzetta di Parma* has an

excerpt from the draft communiqué: The Italian Presidency is invited "to carry out the New Deal for growth through an initiative in cooperation with the European Investment Bank, to sustain growth and integration thanks to an increase of global investments and the participation of the private sector in the Trans-European Networks (TENs) and in the main R&D projects."

Italy Will Propose Mediterranean Development Bank

During its term as President of the European Union, Italy intends to propose "Euromed Fund," which was repeatedly raised by Italian government representatives during the "Euro-Mediterranean" Conference organized by the Milan Chamber of Commerce, June 16-17. Much emphasis was placed on Italy's role in fostering development for the region. See this week's INDEPTH for a report, and for background on Lyndon LaRouche's role in these developments.

European Investment Bank Head Welcomes 'New Deal' Perspective

France's *Liberation* reported June 17 that Philippe Maystadt, the current head of the European Investment Bank, declared that the European initiative to relaunch growth in Europe, is "welcome," because "it will relaunch infrastructure," and have an "impact on the conjunctural evolution" in Europe. Maystadt addressed these remarks to the European Parliament. *Liberation* added that the Greek Minister of Finance also supported the need for those investments, even though he added that they should be "realistic" and the budgets "viable."

French Defense Minister Warns Rumsfeld on Defense Firms

In an interview published by *Le Monde* June 15/16, Defense Minister Michele Alliot-Marie reviewed some of the conflicts with the U.S. Chicken hawks. She asked whether "by opposing 'old Europe' to 'young Europe,' aren't the Americans, speaking through Donald Rumsfeld, playing on our divisions?"

She responded: "The American Defense Secretary believes that the United States is the only military, economic, and financial world power. We don't share this vision. The American military, on the contrary, find that sharing tasks among allies is to their advantage. They appreciate the work accomplished by the French military in certain theaters of operation, such as that of our pilots in Afghanistan.... During the period of Franco-American tensions, relations between our services remained perfect. Our cooperation programs on nuclear simulation or intelligence, still function in an exemplary fashion."

Another touchy question she was asked: "American investment funds were particularly active in the recent period toward Europe's defense industry, is that a problem?" Alliot-Marie responded: "It is totally normal that Americans win certain European contracts. Those are the basic rules of competition. It is up to us to be better and more active."

"On the contrary, I'm very worried about the attempts and the risks of capital takeover of companies linked to European defense. I have ordered a study on this subject." ... "The Germans are presently preparing a bill on control by foreign investors. I have asked French industrialists to be more vigilant when making decisions in the period ahead, on the risks of technological and strategic dependency."

Neo-Con Perle Throws His Considerable Weight Around in Berlin

Within his first 24 hours of arriving in Berlin June 17 for the Aspen Institute Berlin conference, American neo-con figure Richard Perle issued a warning to Iran, threatened North Korea, and demanded that Germany rein in France.

Perle explicitly threatened North Korea's nuclear technology complex, declaring: "That which the Israelis did against

Osirak in 1981, we could do against Yong Byon in 2003.... It would be easy, in technical and military terms: All of a sudden, Yong Byon would be a hole in the ground."

In an interview with the *Tagesspiegel* daily, Perle also attacked Iran, but claiming that "no concrete military master plan" exists against the Iranians, but pressure for a regime change would be kept up: "A small, corrupt and brutal clique of mullahs has usurped power in Iran. It is resisting all reforms, it is shutting down newspapers and suppressing freedom of speech."

In the same interview, Perle said, "[Chancellor] Schroeder is not Germany," and that CDU opposition leader "Angela Merkel has a rather different viewpoint." The "young democracies of Europe—Poland, Czechia, Hungary, or the Baltic states—would never allow themselves to be taken in by Schroeder's attack on the nation which is the leading nation of the Western World."

EU Resolution Asks Iran To Sign Further Nuclear Protocol

European Union foreign ministers concluded their session in Brussels June 16 with a resolution voicing concern about Iran's nuclear program, but avoiding any harsh words on the issue. The foreign ministers call for "full and unconditional transparency of the nuclear activities of Iran," clearly indicating that the EU wishes to distance itself from anything along the lines of the "Iran is next for regime change" stance of the U.S. neo-cons.

Iranian Foreign Ministry spokesman Hamid-Reza Asefi stated that a solution would be worked out with the UN's International Atomic Energy Agency, on the basis of full respect of "mutual concerns on either side." The latest IAEA report was not seen as a "dead end" in Tehran, but rather as a basis for the start of a new round of talks. Iran does insist, however, on a package deal that would see Tehran sign that additional protocol with the IAEA, in return for a lifting of U.S. economic sanctions against Iran, and with full access for Iran to modern Western technologies in the civilian nuclear sector.

French, German Politicians Reject Confrontation with Iran

Politicians in both countries reject U.S. threats of regime change in Iran; meanwhile, both countries have taken action to shut down operations of the anti-Tehran Mujaheddin Khalq organization.

Some 1,300 French police raided offices and private residences of the anti-Tehran movement of the Mujaheddin Kalq group (MKO), arresting 165 people and holding 158 for questioning and seizing \$1 million in hundred dollar bills, along with computer and transmission equipment. Police shut down the European headquarters of the MKO near Paris and 13 offices. In Germany, police arrested some 50 MKO supporters who had stormed and ransacked the Hamburg consulate of Iran. (The MKO is also listed as a terrorist group by the United States.)

In Germany, leaders of all established political parties denounced any confrontationist approach vis-à-vis Iran, including Friedbert Pflueger, the CDU politician who is otherwise firmly supportive of the Bush Administration.

Pflueger, who just returned from a two-day visit to Tehran, said in a *DLF* radio interview that 1) he had noticed none of the "big protest rallies" the media speak of, while he was there; 2) there is no such thing as a pre-revolutionary situation in Iran, and Western politicians were well-advised to calm down; 3) confrontation with Iran would be counterproductive, play into the hands of the hardliners in Tehran, and weaken the reformers who are the favored discussion partners of Europe.

Long Outreach of LaRouche's Battle vs. the Straussians

A leading British strategist who spent the last few months in Australia happily reported that he had run into Lyndon LaRouche's associates at Melbourne University. He quickly dropped his usual formal facade, declaring, "I was really struck by this. I saw them about once a week, and I can tell you, they were getting quite a bit of excited interest." He was tickled pink, by meeting "LaRouche down under."

When told that Australia is the latest place where a slander has been written against LaRouche, on the "Leo Strauss matter," following previous slanders in the *Wall Street Journal* and *Neue Zuercher Zeitung*, he responded, "Look, what is this whole thing about Leo Strauss about? Tell me about it." He said he found the LaRouche movement's work on this "extremely interesting indeed. It gives me a sense that there is some kind of intellectual coherence, behind what seems to me to be just incoherence from this Administration."

Briefed on LaRouche's trip to Turkey, and the "Impeach Cheney" mobilization, he said, "This move against Cheney is very nice, it is absolutely what is needed now."

Blair Government Slammed for Falsifying Intelligence

Former British Cabinet members Robin Cook and Clare Short testified in public hearings June 17, called by the House of Commons Foreign Affairs Select Committee. Prime Minister Tony Blair is refusing to testify before this Committee, but will be presenting evidence to the Intelligence and Security Committee, whose members were appointed by him, and would report to him.

Cook, who resigned as Leader of the House of Commons in protest against the Iraq war, and who was once Blair's Foreign Secretary, told the Committee: "I fear the fundamental problem is that instead of using intelligence as evidence on which to base a decision about policy, we used intelligence as the basis on which to justify a policy on which we had already settled." He said it was a "grievous error" to launch a war on such a basis.

Cook further said he believed that Saddam "did not have an immediate threat capability" in the run-up to the war, and he doubted whether investigators would find evidence of substantial chemical and biological arms programs in Iraq, asserting, "Such weapons require substantial industrial plant and a large workforce. It is inconceivable that both could have been kept concealed for the two months we have been in occupation of Iraq."

Nonetheless, Cook is still holding onto the view that Blair acted in "good faith," but was somehow misled.

Tony Blair's 'Profumo' Moment

A leading British political-strategic insider told *EIR* June 17, that primarily because of the "Iraqi WMD" flap, "Blair is on the downward path. He might be around for some time. But remember the words recited by a leading British parliamentarian in the early 1960s, when the Harold Macmillan government was reeling because of the Profumo scandal. He said—I believe it comes from a Robert Browning poem—'This is no longer the bright confident morning.' The same applies now to Blair."

Clare Short's Shakespearean Moment

A closer reading of the June 17 testimony by former British International Development Secretary Clare Short to the House of Commons Select Foreign Affairs Committee, indicates that it was much more ironically biting, and damaging, to Tony

Blair, then it first seemed from wire reports.

Short evidently lifted the core part of her speech from William Shakespeare's *Julius Caesar*, from the famous funeral oration by Mark Anthony (III:2). In that speech, which begins with the words, "Friends, Romans and countrymen," Mark Anthony turns the tables on Brutus and the co-conspirators who murdered Julius Caesar, by constantly, and ironically, referring to Brutus as "honorable." By the end of the oration, the Roman mob, which had initially expressed its love for Brutus, was whipped up into a frenzy, ready to hang him.

In her testimony, Short charged that Blair and "his close entourage" had used "a series of half-truths, exaggerations, reassurances that were not the case, to get us into conflict by the spring." She revealed that she had seen raw intelligence reports, and was briefed repeatedly by MI6 and the Defence Intelligence Staff before the war, and that there was no indication of any alarm about Iraqi weapons.

Short said: "I believe that the Prime Minister must have concluded that it was honorable and desirable to back the U.S., in going for military action in Iraq, and therefore, it was honorable for him to persuade us through various ruses and ways to get us there—so for him, I think it was an honorable deception."

No educated Briton—and there are still many, despite the Blair government's efforts to eliminate Shakespeare from the education curriculum—listening to, or reading this testimony, could miss the point.

The London *Independent's* lead article June 18, covering the testimony of Short and Robin Cook, was headlined, "Exposed: Blair, Iraq and the Great Deception." A *Times* editorial-page cartoon shows Short and Cook preparing their testimony, with the caption, "Weapons of Blair Destruction." Underneath it, an acerbic op-ed by writer Simon Jenkins was entitled, "This Parody of a Banana Republic Led by a Monkey."

Russia and Central Asia News Digest

Russian Foreign Minister Begins Asia Tour: Overcoming 'Negative Tendencies' with Pakistan

Russian Foreign Minister Igor Ivanov and Pakistani Foreign Minister Khurshid Mahmood Kasuri announced June 15, following their meeting in Islamabad, Pakistan, that they would "leave behind the negative tendencies and develop multi-faceted bilateral relations for the their mutual benefit," the *IRNA* News Agency reported. According to *IRNA*, "The Russian Foreign Minister said Russia supports the moves for resumption of dialogue between Pakistan and India and would be ready to support the peace moves if requested by both countries.... He said Russia considers Pakistan as one of the most influential powers in international and regional processes, which is at the junction of the Middle East, South Asia, and Central Asia. His country is prepared to develop mutually beneficial relations with Pakistan at all levels."

Russia announced that it would participate in the expansion of the Pakistani Steel Mills. More broadly, it would appear that, in light of the moves toward the Eurasian Land-Bridge by many nations in Asia, Russia is attempting, through its foreign policy, to reduce or eliminate the conflict between Pakistan and India. This improves the geometry for the Land-Bridge.

Russia and India Confer on International Security

Russian Foreign Minister Igor Ivanov, who stopped over for a day in Delhi on his way to Phnom Penh to attend the ASEAN Foreign Ministers' meeting, said "Russia welcomes the efforts to cut and neutralize the activities of terrorist

organizations," and urged Pakistan to seize the opportunity for establishing peace in South Asia.

"Our fight for India's fight against terrorism is well known.... We know the Pakistanis have taken measures, but as our Indian friends say we need to see more action on the ground than statements," Ivanov said at press conference in Delhi jointly held with the Indian External Affairs Minister, Yashwant Sinha.

Earlier, Russian Foreign Ministry spokesman Alexander Yakovenko had said that Russia and India "advocated the construction of a multipolar democratic world and the formation of a new international security system with the United Nations in the central role." Another Foreign Ministry official in Ivanov's delegation, Director for South and Southwest Asia Gleb Ivashentov, spoke at a June 17 meeting with Indian industrialists in Mumbai (Bombay). *Press Trust of India* reported Ivashentov's emphasis on the potential for a China-India-Russia triangle to give rise to a multipolar world, for more development and constructive programs.

Indian PM Vajpayee and Russian President Putin will hold a summit in Moscow in November. *PTI* reported on June 18, "Russia has a special place in India's foreign policy and we intend to further strengthen time-tested relations between our two countries. With this aim in mind, Prime Minister Atal Bihari Vajpayee is scheduled to travel to Moscow in November for talks with President Putin." The summit was announced by Indian Ambassador to Russia Krishnan Raghunath.

"Both India and Russia are facing the problem of international terrorism, extremism, and ethnic separatism. This is the main cause of proximity of the stands of the two nations on the issues of national and international policy and security, including the North Korean nuclear issue," Raghunath said.

Russian Foreign Minister Promotes 'Strategic Triangle'

Moving on to the ASEAN Regional Forum in Phnom Penh, Cambodia on June 18, Russian Foreign Minister Igor Ivanov continued his country's emphasis on "trilateral interaction" with India and China as a factor of global stability. He made his remarks while speaking on Russian television from the Phnom Penh meeting.

"We welcome the intensification of dialogue between India and China," Ivanov said. "Mr. Vajpayee's visit [to China on June 22-27] is an important event, because it reflects the tendency towards the expansion of contacts among countries in our region." He also said that he hoped that Vajpayee's visit to Beijing would strengthen relations among the Russia-India-China triangle. Russia also gives high priority to strengthening partnership with China, Ivanov said.

Russia, India, and China have "very close views on most key issues, such as the UN Charter, international law, commitment to resolving international problems through political dialogue, and establishment of a multilateral and just world order," Ivanov told Russian television. "Trilateral interaction is important for global stability. Dialogue among Beijing, Delhi, and Moscow will be carried forward."

There were bilateral Russia-China and China-India consultations between the relevant foreign ministers, on the sidelines of the ASEAN Forum. All three nations also indicated that they will join ASEAN's Treaty of Amity and Cooperation, and will become the first non-ASEAN countries to do this.

Thailand, Russia Strengthen Ties

Thailand is looking to energize its relations with the Russian Federation through a series of initiatives ahead of an historic state visit by President Vladimir Putin later this year, the *Bangkok Post* reported June 19. President Putin will make a state visit on the eve of the APEC summit, to be held in Bangkok in October. The trip will be the highest-level visit by a

Russian leader since 1890, when then-Crown Prince Nicholas II visited the Kingdom of Thailand. Thailand considered King Rama IV's visit to Russia in July 1897 a landmark of diplomatic relations.

The state visit will pick up on talks held in Moscow during Prime Minister Thaksin's visit last year. Those discussions included plans to boost two-way trade to an annual target of U.S.\$1.7 billion from the current \$650 million, he said. Russia could also become an alternative supplier of military weapons to Thailand, following similar moves by Malaysia, Indonesia, Vietnam, and Laos. In this regard, a Thai Foreign Ministry-organized conference concluded that enhancing bilateral ties with Russia would "help balance major power influences in the region, and build stronger ties between Russia and ASEAN."

EBRD Credits for Russian Infrastructure on Agenda at St. Petersburg Forum

Jean Lemierre, president of the European Bank for Reconstruction and Development (EBRD), was a featured guest at the VII St. Petersburg Economic Forum, which opened last week with Russian Prime Minister Mikhail Kasyanov and Economics Minister German Gref in attendance. Russian wires services reported that a modest EBRD credit to the regional power utility, Lenergo, was finalized: 40 million euro to upgrade generating capacity for St. Petersburg.

Based on a seminar on freight, held before the Forum, Russian Deputy Minister of Transport Boris Novoseltsev told RBC that \$1 billion in EBRD credit for infrastructure projects in Russia was on the table. Among the projects are the Chita-Khabarovsk highway completion, the last segment needed to make the Russian major road system reach all the way across the country; and, improvements in nearly century-old inland waterways between the Caspian Sea and the Black Sea.

Putin Endorses Bush's Actions Concerning Road Map

Speaking at a press conference on June 20, Russian President Vladimir Putin said that Russia had been fully apprised and consulted about U.S. actions in the framework of the "Road Map" for Middle East Peace, as had the key European nations. The following exchange was transcribed by *Federal News Service*.

Al Jazeera TV channel: "Mr. President, recently in Petersburg at a joint press conference between you and George Bush, it was announced that there would be greater coordination with the aim of solving key world problems. Since then, the Americans independently arranged a summit in Egypt, and then in Jordan, to solve the problem between the Palestinians and the Israelis, bypassing Russia, the European Union, and the UN. My first question is: What do you think about this manner of action? Secondly, what is your vision of the solution of this conflict?"

Putin: "First of all, I would like to say that I do not believe that the actions of President Bush over the Middle East have any unconstructive elements about them. As you know, President Bush flew to Egypt after the [G-8] meeting in Evian [France], where we discussed in detail Middle East problems, the settlement of the Israeli-Palestinian conflict, and not only on a bilateral level, but also on a multilateral level.

"President Bush told all participants in the Evian meetings about his position in great detail. In turn, they, in my presence, I can confirm this as a participant in that meeting, each of them stated his own position. Judging from what I know about the discussion in Egypt and Jordan, the American side took into account our common position....

"Second, we constantly coordinate our positions at the level of foreign ministers. All the time. Russia is taking an active part in this process. I must tell you that there are some nuances both in the position of Russia and in the position of the U.S., in the position of the EU. For example, we thought and continue to think that the role and importance of Chairman Arafat cannot be ignored in the settlement process. This is an influential person, and very many people in the region look

to him. I think it would be a mistake not to take this factor into account.

"But as far as cardinal aspects of the settlement are concerned, our position and the position of the U.S. coincide. We jointly developed the so-called 'road map,' and we advocate its implementation both by Israel and Palestine. As you probably know, I recently met with the leaders of international Jewish organizations in Russia. I had a telephone conversation with Premier Sharon. I talked on the phone with Abbas. And I talked with Chairman Arafat. We maintain constant contact and conduct consultations.

"This is a very complicated issue, and it is not for me to explain to you, because I think you are more of an expert than I am on the question of a Middle East settlement. As to how this can be accomplished, as to how this problem can be resolved, there is only one road—the road of compromises, and also the obligatory accommodation of the vital interests of all those who live on that land."

No Ultimatums to Iran, Says Russia

Although Russian officials joined other countries in trying to persuade Iran to sign a stiffer nuclear protocol with the International Atomic Energy Agency (IAEA), they are rejecting any IAEA dictate. The *New York Times* reported June 18 that the Russian Ambassador to the IAEA, Grigory V. Berdennikov, in response to a U.S. proposal that the IAEA pass a resolution demanding Iran sign the agreement, said, "We think this is not the time to use such an extraordinary step. It is clear there is some cooperation—maybe not 100%. We should encourage cooperation, not turn to confrontation." (For more, see [ASIA NEWS DIGEST](#).)

Russia Will Not Send Troops to Iraq

Russian Foreign Minister Igor Ivanov told India's Defense Minister George Fernandes, during his June 16 stopover in New Delhi, that Russia is concerned about the ramifications of India sending in troops to maintain peace in Iraq outside of the UN umbrella. "It is the sovereign right of any country to decide whether to send troops to Iraq, but I can say quite categorically that Russia was not planning to send any soldiers there," said Ivanov.

Mideast News Digest

Is Sharon Plotting Terrorist Options Against President Bush's Road Map Effort?

Lyndon LaRouche has called for the investigation of credible, but as yet uncorroborated, reports received from Israeli sources, that Israel's Prime Minister Ariel Sharon, in collusion with elements of the Hamas organization, is scheming to sabotage the Road Map initiative for Israeli-Palestinian peace, through a series of planned terrorist actions in the Middle East, and, possibly, inside the United States.

The source report centered on four actions, now purported to be in the planning or implementation stages.

1. Mossad chief Meir Dagan, a longtime Sharon accomplice in criminal activities, has reportedly reached a secret deal with some Hamas leaders, to stage a series of terrorist disruptions of President Bush's peace initiative. These actions will, in turn, trigger counter-moves by Israeli intelligence and security forces, to create a cascading cycle of violence, and, thus, kill the Road Map implementation. Already, the attacks two weekends ago on Israeli Defense Force units in the Gaza Strip, and the June 10 "retaliatory" assassination attempt, in Gaza City, against Hamas leader Abdel Aziz Rantisi, fit this all-too-familiar profile. On June 10, White House spokesman Ari Fleischer said that President Bush was "deeply troubled"

by the IDF missile strike on the car carrying Rantisi and his family.

2. Both Hamas elements involved in the Dagan deal, and underground cells of Jewish settlers, are reportedly plotting the assassination of Palestinian Prime Minister Mahmoud Abbas/Abu Mazen, as well as the elimination of Palestinian National Authority President Yasser Arafat. The assassination of either man, particularly if the killing were to be traced to Jewish settlers, would set off an immediate violent conflict in Israel and the P.N.A.

3. The same sources report that the IDF has been pre-positioning the needed infrastructure, in both the Gaza Strip and the West Bank, to facilitate mass relocation of Palestinians, in line with the long-stated policy of some of the radical rightists in Israel for "mass transfer" of the 3 million Palestinians living in the occupied territories. This policy is otherwise known as "Jordan is Palestine." The Israeli sources reported that Prime Minister Sharon was deeply disturbed by the obvious close relationship between U.S. President Bush and Jordanian King Abdallah II, during the recent summit meeting in Aqaba, Jordan.

4. An "Arab-designated" terrorist attack on U.S. soil is also reportedly being set in place by Sharon's longtime partner in crime, "Dirty" Rafi Eytan, the former Mossad official and chief of the Lekem spy unit that recruited and deployed Jonathan Jay Pollard during the early and mid-1980s. According to both Israeli and American law enforcement sources, Eytan has made several covert trips to the United States over the past 12 months, travelling under an assumed name and forged passport, to put such an "Arab" terrorist option in place.

Deal in Works for Israeli Pullout of Gaza, Bethlehem

The *Los Angeles Times* reported June 21 that discussions between U.S. Secretary of State Colin Powell, Israeli Prime Minister Ariel Sharon, and Palestinian Prime Minister Mahmoud Abbas/Abu Mazen on the previous day, concerned an Israeli pullout from Palestinian areas in the Gaza Strip and the West Bank city of Bethlehem. This pull-back, if it goes through, will be larger than is stipulated in the Road Map.

In his press conference following his meeting with Powell, Abu Mazen reiterated his demands for an end to assassinations, for dismantling checkpoints, and for release of the thousands of prisoners Israel holds, most of whom have not been charged.

While playing down expectations for the outcome of his trip to the Mideast, Powell said that a Palestinian state within provisional borders is possible by the end of this year, if initial steps are taken now under the road map. Powell promised "much more engagement" from the U.S. in the future. He also mentioned that he and National Security Adviser Condoleezza Rice had told Sharon's Chief of Staff Dov Weisglas the difference between hot pursuit of terrorist "ticking bombs," vs. assassinations of such leaders as Rantisi, whom he did not name. Powell said, "The Israelis now understand this."

Powell said that the Israeli-Palestinian security talks now under way involve withdrawal not only from Gaza, but from Bethlehem as well.

Weisglas had been sent to Washington to get the U.S. to stop pressuring Israel over the Road Map, but Sharon's ploy did not work. During his June 17 meeting with Dr. Rice, she demanded that Israel stop assassinations of militants altogether, and even warned Weisglass "to think twice" before Israel launches an assassination. Weisglass is said to have complied.

Israeli sources, quoted in the Israeli paper *Ha'aretz*, claim that a formal "understanding" will be drafted and would have a six-week limit allowing for Palestinian Prime Minister Abbas to consolidate his position and control the violence. But

according to security sources quoted by *Reuters*, this is not true. "This is not for a set period of time, nor is it linked to any action or inaction on the part of the Palestinian Authority."

Rice is expected to visit the region next week, as a follow-up to Colin Powell's visit. She will stop in London to speak at the International Institute for Strategic Studies on June 26.

Israel and Jordan Resume Talks on Red Sea/Dead Sea Canal

Such a project would involve building a canal from the Red Sea to the Dead Sea, in order to bring sea water to the Dead Sea, which is about 400 meters below sea level and in danger of drying up. The canal would take advantage of the 400-meter drop in order to produce electricity which would be used to desalinate 100 million cubic feet of water, among other uses.

According to Israeli Infrastructure Minister Yosef Paritzky, the Jordanians believe that the World Bank would supply financing for the project.

The Red Sea/Dead Sea canal project was prominently featured in *EIR*'s January 1997 Special Report, "[The Eurasian Land-Bridge: The 'New Silk Road'—Locomotive for Worldwide Economic Development.](#)"

Shimon Peres Elected Temporary Chairman of Labor Party

Shimon Peres, who led the Israeli Labor Party to historic lows and near-liquidation, because of his 18 months of "rubber stamp" participation in the Sharon government, was elected temporary chairman of the Party. He was opposed by Ephraim Sneh, a retired IDF general who had served as Sharon's Transportation Minister, and by Danny Atar, chairman of a regional council, who is considered one of the "next generation."

Amran Mitzna, the Haifa Mayor who ran for Prime Minister against Sharon in this past January's election, cast a "white" protest ballot against all three candidates; Mitzna resigned from his chairmanship of the Labor Party, accusing the Labor "old guard" bureaucracy of sabotaging everything he was trying to do to oppose Sharon's policies.

Netanyahu in Washington With Cheney, Rice, and Rumsfeld

Israeli Finance Minister Benjamin Netanyahu held meetings in New York starting June 16, and in Washington on June 18-19, where he met Vice President Dick Cheney, National Security Adviser Condoleezza Rice, Defense Secretary Donald Rumsfeld, Treasury Secretary John Snow, and Federal Reserve chairman Alan Greenspan.

Although this trip was supposedly aimed at drumming up investment for Israel and presenting his economic plan, Netanyahu was organizing against the Road Map.

He also opposed the idea of accepting any ceasefire with the Palestinian groups, charging that it would simply "allow the terrorist groups to organize and get stronger." Netanyahu insisted, instead, that the Palestinian National Authority must "dismantle the terrorism infrastructure," which is code language for crushing Hamas, the result of which would be a civil war among the Palestinians. Bibi was also seeking support for a "Berlin Wall"-type fence around Palestinian areas designated as a "state," which is not part of the Road Map, nor is it supported by the Palestinians or the Quartet (U.S., EU, Russia, UN) which drafted the Road Map.

Will Bush Pressure Sharon To Release Barghouti?

Palestinian sources are reporting that State Department official David Satterfield has proposed that Palestinian Fatah leader Marwan Barghouti, who is currently on trial for terrorism in an Israeli court, be released from prison as a goodwill gesture in the context of the Road Map. There is even talk that he could be released in exchange for Azzam—Azzam, an Israeli who is in prison in Egypt as a spy.

Barghouti is a key leader who has been instrumental, despite the fact that he is sitting in an Israeli prison, in trying to secure a ceasefire with Palestinian militants. The release of Barghouti would represent a major achievement for the Palestinians.

Barghouti is one of the last Palestinians Prime Minister Sharon wants to see back in circulation. Israeli Attorney General Elyakim Rubinstein wrote a letter to Sharon saying that Barghouti should not be released.

Call for International Peacekeepers in Israel Intensifies

In a speech before the Foundation for Middle East Peace in Washington June 16, Akiva Eldar, a journalist for the Israeli paper *Ha'aretz*, told his American audience that Sharon is not to be trusted, because of the presence in his Cabinet of Ministers Effi Eitam and Avigdor Lieberman, who stand for only one policy—the transfer of Palestinians *out* of the occupied lands, to make the Jordan River the eastern border of Israel.

Eldar had written on June 10 a detailed report on how Sharon was stunned at the Aqaba summit by Bush's anger at the Israeli insistence that they would not work with Abbas/Abu Mazen and Security Minister Mohammed Dahlan. President Bush slammed Sharon for withholding PNA funds—about \$1 billion.

Eldar added more insight—and blunt warnings that probably would not see their way into print in Israel because of the censorship laws—in his remarks. He said that Sharon's attorney Dov Weissglas, who has made repeated trips to the White House to scuttle, delay, or rewrite the Road Map, is one of Sharon's "mistakes." Up until the Road Map was actually delivered on April 30, Weissglas was telling Sharon that it was a meaningless document. Weissglas, who had been able to depend on the Cheney/Wolfowitz cabal to derail any motion toward equity for Palestinians, found himself in different waters, as the blowback—organized by Democratic Party Presidential pre-candidate Lyndon LaRouche—against Cheney and the Iraq war Chickenhawks escalates.

Eldar said another Sharon "mistake" was to believe that Yasser Arafat was *never* going to give up any of his power. Bush must keep up the pressure on Sharon, Eldar stressed.

And like many others in favor of peace, including UN Secretary General Kofi Annan, Eldar says that without international peacekeepers, there is no way to root out terrorism in the Palestinian territories. Eldar suggests the Road Map become a UN Security Council Resolution, with "Chapter 7" (binding) provisions for military forces to be sent. He says that with 25% of Palestinians now supporting Hamas because of the brutality of the occupation, there is *no military solution*. If troops are not sent to help the PNA, then the world will "regret it," in a few months.

Powell Pushed Road Map at AADC National Convention

Speaking at the American-Arab Anti-Discrimination Committee's National Convention banquet on June 14, in Arlington, Va., Colin Powell emphasized that he will use what leverage he has as U.S. Secretary of State to push through the Road Map: "If our Arab brothers and sisters are to travel the road to a more hopeful future, they will need support—support

from the American government, support from other friendly governments, and from concerned citizens such as you.... As the President has proclaimed, we are at a time of great and hopeful change in the Middle East. But we need to be realistic. There will be bumps along the road. So I ask for your patience, and I ask for your support, as we work with our Arab and Israeli friends to overcome the obstacles we face." Powell asked the audience, "what is the alternative?" and then he vowed, "And the United States will not get weary. We will not waver. We will not stop. We will not step aside."

Powell Rejects Rumsfeld's 'No Talks With Iran' Posture

Secretary of State Powell rejected the 'no talks with Iran' position announced by Defense Secretary Donald Rumsfeld several days before his June 18 interview with the *Washington Post's* Glenn Kessler. Asked about the demonstrations in Teheran, Powell said that the U.S. will "encourage people to demonstrate for their views," but said "we are not out there inside Iran fomenting them." Asked if "talks are still suspended indefinitely," which Rumsfeld had indicated, Powell said, "I never said that. Others have said it.... I'm not going to tell you if there are plans for talks with the Iranians anytime soon."

White House spokesman Ari Fleischer, however, charged that Iran clearly is developing nuclear weapons, since "when a nation is awash in natural resources, such as Iran's oil and gas, why they would want to develop, as they claim, for peaceful, civilian purposes, nuclear energy? When they have abundant oil and gas, they don't need nuclear energy."

Iraq Tensions Escalate, U.S. Troop Morale Fading

The insanity of the occupation of Iraq becomes more evident each day, as the troops face growing hostility from the civilian population in central Iraq. U.S. troops respond to ambush attacks with sweeps through people's houses, looking for weapons and explosives, and arresting people wherever they find caches. Lt. Gen. David McKiernan has said that the attempt to wipe out "pockets of resistance" will follow a pattern of "action, reaction and counter-reaction," and will take time. Iraqis respond by arguing that the American response, which includes surprise raids involving hundreds of troops and the use of heavy ground fire in the case of specific ambushes, is a recipe for a cycle of violence. In the town of Khaldiyyah, 45 miles west of Baghdad, American troops raided six homes and arrested nine men, while confiscating weapons, explosives, and money. One angry resident said, "The Americans come here just to provoke. This only causes more trouble." (See [INDEPTH](#) for report of Congressional grilling of Deputy Defense Secretary Paul Wolfowitz on the Iraq crisis.)

Asia News Digest

Turkey's Prime Minister Asks Malaysia About the IMF

"How did you manage to be free of the IMF?" This is the question Turkish Prime Minister Recep Erdogan asked Malaysian Prime Minister Dr. Mahathir Mohamad on June 17, during his visit to Malaysia. In a meeting which included Turkish Economics Minister Ali Babacan, Prime Minister Erdogan asked Mahathir: "Please explain, so that Ali can know how. Ali, do take some good notes." Impressed with Malaysia's rapid economic recovery after the regional crisis of 1997-98, Erdogan also expressed hope that Kuala Lumpur could help promote better ties between Turkey and other ASEAN members.

Foreign Minister Datuk Seri Syed Hamid Albar told a press conference that "Turkey also wants to play a role in the Non-Aligned Movement," by becoming an observer. Syed Hamid said Erdogan also stressed that Ankara could offer engineering expertise, particularly in shipbuilding and related heavy industries.

'Proliferation Security Initiative' Aimed at North Korea.

Eleven nations—the U.S., Japan, Canada, Australia, Spain, Portugal, Italy, France, Netherlands, Poland, and Germany—signed a pact in Madrid June 12, for cooperation among the countries to stop the trade in weapons of mass destruction (WMD) and drugs, reported *The Australian* June 17. The deal does apply to international waters, which would require UN approval, but will allow more cooperation in "searching of transport planes and vessels and tightening relevant domestic and international laws."

Australian Foreign Minister Alexander Downer said about the deal: "North Korea must understand that it does have to cease these activities and abandon altogether its nuclear programs." The idea is to try to catch North Korean ships or planes within the territory of one of the 11 nations, and search them. North Korea responded by repeating its declaration that any blockade would be treated as an act of war.

Chinese and Indian Leaders Prepare Historic Summit

The *Times of India* of June 21 carried an interview with Chinese Premier Wen Jiabao, while the Chinese press interviewed Indian Prime Minister A.B. Vajpayee, both indicating the historic significance of Vajpayee's trip to China beginning June 22. Wen told the *Times*: "China-India relations have maintained a momentum of steady growth in recent years. I am glad to see the positive development of the relationship and have great confidence in the broad prospects of bilateral cooperation." He said that China is ready to speed up the pace of talks on resolving the still-contentious Sino-Indian border, which he described as "a historical burden on our two countries left over by the colonialists."

On Kashmir, Wen Jiabao said: "More than 50 years of India-Pakistan conflict has shown that use of force can get them nowhere. As a neighbor and friend to both India and Pakistan, China has always urged the two countries to seek an effective solution to the Kashmir problem through peaceful dialogue." He pledged China's support to the recent efforts to improve relations between India and Pakistan.

Asked about the alleged "China threat," Wen said that even when China becomes a developed country, "It will not seek hegemony. Rather than posing a threat to any country, China's development will only contribute to the common development of this region." China's need for development, modernization, and national reunification require "a peaceful international environment of long-term stability, particularly a sound environment in its surrounding areas," Wen said, adding that Sino-Russian cooperation is an example of China's policy.

Indian Prime Minister Vajpayee, meanwhile, told the *People's Daily* that "In recent years, our two countries have launched a process of diversification of bilateral relations.... But, for the two countries which together have one-third of humanity, we have only taken the first few steps. We need to do much more to fulfill the true potential of our partnership—in the search for a multi-polar world order, in fashioning pragmatic responses to the challenges of globalization, and in promoting a climate of peace, stability and development in Asia and in the world.... India and China are among the world's fastest-growing economies. The basic structure of our economies is not dissimilar, though we have chosen different paths towards development. We have complementarities created by our technological development and human resources skills.... During my visit, I will discuss with the Chinese leadership proactive measures to identify and exploit new opportunities for economic and technological cooperation."

Malaysia Opposes IAEA 'Resolution' To Badger Iran

The U.S. failed to force the International Atomic Energy Agency (IAEA) to issue a formal "resolution" against Iran, to force its signing of a stiffer nuclear protocol. Russia and other nations have been trying to persuade Iran to sign the

resolution voluntarily. On June 18, the *New York Times* reported that Russian Ambassador to the IAEA, Grigory V. Berdennikov, said, "We think this is not the time to use such an extraordinary step. It is clear there is some cooperation—maybe not 100%. We should encourage cooperation, not turn to confrontation." Malaysia, head of the Non-Aligned Movement, is also opposed to the IAEA taking such a step—not a normal procedure for the IAEA.

Iran is reportedly to be "positively considering" signing the agreement, although they are requesting agreement that there will be no further effort to stop their nuclear energy program in return. On June 20, it was reported that the IAEA issued a "statement," instead of a resolution urging Iran to sign the further protocol.

Musharraf: Afghanistan Descending into Warlordism

Following his meeting with British Prime Minister Tony Blair, visiting Pakistani President Pervez Musharraf told reporters June 17 that the security situation in Afghanistan has deteriorated rapidly, and that if the international troop forces are not raised to 50,000 strong (present strength is about 15,000), the country may descend into anarchic warlordism. "Things are not going as well as we had expected. There is a vacuum in the countryside that must be filled—if not, it will be filled by forces that are against peace," he said.

Simultaneously, a report issued by the New York-based Council on Foreign Relations and the Asia Society said the United States must increase its political, military, and financial support to the Afghan government to avoid "a major defeat in the U.S.-led war against terrorism." Without greater support for Karzai's transitional government, said the report, "security in Afghanistan will deteriorate further, prospects for economic reconstruction will dim, and Afghanistan will revert to warlord-dominated anarchy."

Fighting and Chaos Spread in Afghanistan

A convoy of U.S. troops was hit by a bomb blast, and then came under fire from a group of gunmen in eastern Afghanistan near Khost on June 19. The Pakistani *Daily Times* reported June 19 that gunmen of the Taliban and other militant forces have taken shelter all along the Pakistan and Afghanistan border. In the state-level elections in Pakistan last year, two bordering states, Baluchistan and Northwest Frontier Province (NWFP), came under the rule of the coalition of Islamic parties known as the Mauttahida Majlis-e-Amal (MMA). There is unanimity within media circles that the MMA is providing full support to the anti-U.S. militants in Afghanistan. Pakistani President Pervez Musharraf is reported to have no control over this situation.

Meanwhile, the Afghan Mujahideen leader Gulbuddin Hekmatyar, who is now based in Baluchistan, according to various reports, has expressed his objection to the Constitution drafted by the Karzai government in Kabul. "The game of Constitution-making by the Afghan puppet government is a joke and farce like the Loya Jirga. Under the Geneva Convention, no occupation force has the right to make changes in textbooks and the Constitution of occupied countries," a statement issued by Hekmatyar said.

Iran, Afghanistan, and Uzbekistan Sign To Build a Road

Uzbek President Islam Karimov will be visiting Tehran to sign a joint road-building contract involving Iran, Afghanistan, and Uzbekistan, the *Washington Post* reported June 16. The road will provide the landlocked Central Asian countries an opportunity to have access to the Iranian Gulf coast. The proposed road will travel through the northern part of Afghanistan, although Iran wants the road to cover as little Afghan territory as possible.

China's Infrastructure Investment Rose 35%

Fixed-asset investment—including government and state-owned enterprises' investment—rose 35% from a year ago, to 331 billion yuan (\$40 billion), according to the National Bureau of Statistics in Beijing. China is spending record amounts on the Three Gorges Dam, the Qinghai-Tibet railroad, and the West-East gas pipeline. Last month, the Ministry of Communications said that the central government plans to invest 100 billion yuan (\$12.2 billion) over the next three years to build 176,000 km of roads. In western China, there are still 184 towns and 54,000 villages which have no access to roads.

Passenger Ships Pass Through Three Gorges Permanent Lock

Two passenger ships passed through China's Three Gorges Dam permanent lock just before noon on June 16, said Zhang Qingsong, director of the Three Gorges navigation bureau. This opens a year-long trial navigation in the world's largest dam. The reservoir, now filling up, and will permit oceangoing ships to sail over 1,000 miles inland as part of the Eurasian Land-Bridge.

Continuing the international vilification against the project, articles on *CNN* and in the London *Guardian* warned of cracks in the dam—the hairline cracks were repaired—and harped on the hardships for residents displaced by the project.

Malaysian Companies Urged To Switch to Euro

Malaysia's Second Finance Minister Datuk Dr. Jamaludin Mohd Jarjis is urging government agencies and the corporate sector to use the euro as the currency in billing foreign trading partners, in view of its appreciation vis-à-vis the U.S. dollar. Addressing the 2003 RHB Investment Forum in Putrajaya on June 17, Jamaludin said corporations should buy imported products in U.S. dollars, but sell in euros. He maintained that the government has no intention of re-pegging the ringgit from the U.S. dollar to the euro. He said it would only be a cause for concern if Malaysian products lost competitiveness as a result of the link to the dollar. "But now, we are comfortable. There's no need to re-look at the peg," he said.

Malaysian Prime Minister Dr. Mahathir Mohamad June 7 urged the Malaysian private sector to switch to the euro for foreign trade.

Mahathir Warns of Greatest Threat Since Colonial Era

Speaking for the last time as Prime Minister to the party he leads, the United Malays National Organization (UMNO), Malaysian Prime Minister Dr. Mahathir bin Mohamad, who intends to retire in October after leading the country for 22 years, warned that the nation faces great danger: "Many of us think that once we became independent, we will remain independent forever. But today the danger that we face is greater than that which we faced in the middle of the 20th century, when the British tried to seize Malay land to set up the Malayan Union. Today, we see how an attempt was made to make beggars of us by devaluing our ringgit. Today, we see how the big powers attack and take over weak countries. The United Nations Organization is clearly unable to protect anyone. There is no other power prepared to protect us if we become the object of attack. The world that we have to face in the new decades and centuries will see numerous attempts by the Europeans to colonize us either indirectly or directly."

India and Southeast Asia Plan Infrastructure 'Road Map'

Thailand, Laos, Myanmar, Cambodia, Vietnam, and India agreed June 20 to launch a "road map" to define their activities in the Mekong-Ganga Cooperation (MGC).

Sorajak Kasemsuwan, assistant to Thai Foreign Minister Surakiart Sathirathai, said after the group's third meeting here that the road map would detail cooperation in the next few years. Tourism, transport, and cultural promotion would be among the areas of cooperation. India has pledged to provide U.S.\$100,000 to assist cooperative activities in the Mekong-Ganga projects.

The June 20 meeting touched on the tourism promotion for the so-called "Asoke road" or Buddhism road linking India, Burma, Thailand, Laos, and Cambodia, Sorajak said. The six countries agreed to jointly market and advertise a campaign using Chiang Mai as a common tourist destination. Thailand, as the next MGC chairman, has offered to host the first senior official meeting ahead of a ministerial-level meeting. In addition, the meeting asked Thailand to open a website, while India would provide information technology to promote the road.

Australian To Testify in Britain About Faking of WMD Intelligence

The battle over how intelligence to justify the Iraq war was faked and exaggerated has spread to another member of the "coalition of the willing"—Australia. Andrew Wilkie, an official with the Office of National Assessments (ONA) who resigned in March, before the Iraq war, over the lack of justification for that war, is now in London to testify this week in the Parliament. Wilkie told *ABC-TV Australia* June 18, that he will testify that Australian intelligence agencies did a good job, but "it was the government who exaggerated those reasonably measured arguments, exaggerated them a great deal in arguing the case for war."

Africa News Digest

U.S. Plans for Military Encroachment on Africa Elaborated

The *Wall Street Journal* June 10 disclosed plans to increase U.S. forces in Djibouti and set up semi-permanent forward bases in Algeria, Morocco, and possibly Tunisia, and establish smaller ones in Senegal, Ghana, Mali, and Kenya. Bases are also possible in Equatorial Guinea and Sao Tome and Principe, for up to "as many as a dozen semi-permanent bases in Africa."

"Those plans represent a major triumph for [Deputy Defense Secretary Paul] Wolfowitz," reported *Ghanaweb* June 11, recalling Wolfowitz's infamous 1991 Defense Planning Guidance.

J. Stephen Morrison, the leading Africa expert at the Center for Strategic and International Studies in Washington, favored the new Africa orientation of the Pentagon in comments to *Scripps Howard* June 13, but warned the Bush Administration "to devote more effort to understanding the extraordinarily complex dynamics of the continent before jumping in," in *Scripps Howard's* words.

The *Voice of America* June 15 quoted an unnamed Defense Department official as saying that the U.S. had no plans to establish its own military installations in Africa, but would like to improve access to existing military bases.

Scripps Howard reported that "one plan under consideration would establish skeleton bases in several nations where U.S. military materiel could be stored for quick retrieval by U.S. troops rushed in during a crisis." The news service quoted Gen. Jim Jones positing a sea-based military presence: "The carrier battle groups of the future and the expeditionary strike groups of the future may not spend six months in the [Mediterranean], but I'll bet they'll spend half the time going down the west coast of Africa."

But the *Wall Street Journal* article claimed that a U.S. base could be fully operational in Kenya within two years, with U.S. troops stationed on Kenyan soil, provided the government of President Mwai Kibaki approves. The *Nation* (Nairobi), however, reported June 17, "Kenya's National Security Minister Chris Murungaru yesterday denied there even was such a plan, and added: 'There is nothing like that.' And U.S. embassy spokesman Thomas Hart also denied the report,... 'We have really heard nothing to indicate any basis for such reports; there are no plans to contact the Kenyan government to request a military base,' Mr. Hart told the *Nation*.... At the same time, Foreign Affairs Minister Kalonzo Musyoka announced he wanted Parliament to rush through an anti-terrorism bill.... He said: 'We have no option but to pass the bill if we [are] to reclaim the tourism industry.'... Meanwhile, U.S. troops arrived in Mombasa on Saturday [June 14] for a joint military exercise with the Kenyan Navy."

Africa Fights Privatization, Plans Big Projects, Looks to New Deal

Encouraging economic signs continue to emerge in Africa, highlighted by the following recent developments:

Zimbabwe's Finance Minister Herbert Murerwa reversed himself on privatization in addressing members of the parliamentary Public Accounts Committee in the days preceding June 18. The committee was concerned about losses incurred by government-run enterprises, but Murerwa told them, "The Constitution empowers the government to continue guaranteeing loans and grants for the continued survival of the parastatals so that they can serve national interests. For example, we have to make sure that electricity, fuel and food is affordable." In his budget speech last year, Murerwa had pledged to speed up privatizations.

Zambia is refusing to allow the privatization of the Zambia Electricity Supply Corporation, Zambia Telecommunications Corporation, and the Zambia National Commercial Bank, despite armtwisting by thug-"donor" institutions, according to an *IPS* story June 9. The IMF's representative for Zambia, Mark Ellyne, warned that Zambia risks losing "donor" support if it does not privatize the three firms. He got the rotten tomato treatment, figuratively speaking, all over Zambia. World Bank and other promised aid is already being delayed and denied. Levy Mwanawasa, Zambia's farmer-President, regards the three institutions as strategic assets. The government is committed to extending the services of these institutions to rural areas where they will not be "profitable" according to short-run private-sector calculation. Mwanawasa has the support of Parliament, which pointed out in a resolution that electricity generation and the postal service remain in government hands in Britain. The resolution was followed by some supporting demonstrations around the country.

South Africa is going ahead with plans to build more large dams. The strategy is set for Cabinet approval in October and involves 18 large-scale water projects to be completed between 2005 and 2015 that can supply up to 5.6 billion cubic meters of water per year. South Africa's reliable water yield is currently about 13 billion cubic meters. Water affairs policy manager Bill Rowlston told MPs June 18 that his department was "absolutely committed" to the plan, adding that "if we say no more dams will be built in South Africa, we will ... be condemning parts of our population to no further improvement in [their] standard of living." There is a noisy environmentalist clique in South Africa that takes its cue from the report of the 2002 World Commission on Dams (WCD). But Rowlston shrugged off the opposition, saying, "We're also very aware that much of that sentiment comes from the better-watered and better-developed Northern Hemisphere."

In Ghana, currently a captive of the Anglo-American powers, Charles Sam looks to the U.S. New Deal of the 1930s in his June 16 article, "IMF and World Bank—Friends or Foes?" in Ghana's *Public Agenda*, an independent weekly newspaper.

Sam attacks the decisions at the BIS in Basel and other institutions that have consistently thrown African leaders off course. The right general direction, he says, can be found by looking at the United States in the 1930s and the fact that "against the opposition of one thousand economists, the USA Congress passed the Smoot-Hawley Tariff Bill protecting American industrial and agricultural products."

The right direction, he says, can also be found by looking at Malaysia, Korea, and Taiwan, which "did not succeed because of the free market or free trade; they used very large doses of state control and intervention in trade and investment."

"There has to be state control of the economy if Africa is to emerge from poverty and destitution which the 'free market' economy dictates." He continues: "The primary vision of every African nation should be agriculturally based; producing enough food to feed her citizens at the lowest possible prices... We can build independent economies with the local resources we have at our disposal and empower our business community to draw foreign investment into the private sector. We should pursue urgently the infrastructural network for intra-African trade. If there is no money, we can trade by barter."

U.S. Encouraged To Make Dangerous Intervention in Liberia

With the Liberian capital, Monrovia, being threatened by the flare-up of warfare between the government of warlord Charles Taylor and two other warlord armies, the U.S. is being urged by the oligarchic International Crisis Group and by the UN Security Council to intervene.

According to the *Financial Times (FT)* June 14, "When asked who should lead on Liberia, a diplomat from the 15-member UN Security Council said, '14 members have a clear candidate,'" the idea being that the U.S. should lead a multilateral intervention force to impose a ceasefire. "One [U.S.] official said there were proposals for the U.S. to join up to 2,000 Nigerian peacekeepers, with the U.S. running a headquarters and logistics base," according to the *FT* June 13.

The warfare is raging between the government of butcher Charles Taylor, the Liberians United for Reconciliation and Democracy (LURD), and the Movement for Democracy in Liberia (MODEL)—none better than the others. Monrovia, a city of 1 million, is swollen with terrified thousands who fled into the city June 6 from refugee camps on the outskirts, with the movement of LURD partisans into Monrovia's suburbs. But the refugees have no shelter from incessant rain in a city that is also now without clean water or electricity. *IRIN's* correspondent in Monrovia warned June 9, "People will soon die of starvation." Europeans, Americans, Lebanese, Nigerians, and Ghanaians have been evacuating the country by all possible means. Many fear a repeat of the savagery of the fighting in 1989-96, when Monrovia was repeatedly overrun, with horrible brutality visited on civilians.

President Taylor's government controls only three of the country's 15 counties. He has flown his family out of the capital.

Ceasefire negotiations under the aegis of the West African Economic Community (ECOWAS) in Accra, Ghana, resulted June 17 in a ceasefire and a pledge by Taylor to step down. But Taylor denied his pledge to step down upon returning to Monrovia, and the ceasefire is only the latest of many that Taylor and his adversaries have signed for tactical purposes.

Meanwhile, the U.S.S. Kearsarge (1,800 Marines, 1,200 sailors, and attack helicopters), on its way home from Iraq, has actually been diverted to Monrovia "to prepare for the possible evacuation of civilians from Liberia," according to the *FT* June 13. This follows President Bush's notification to Congress June 9 that an assessment team and standby response and evacuation force of 35 military personnel had been "prepositioned" in Freetown, Sierra Leone on June 7. They moved into Monrovia immediately, allegedly to support U.S. embassy security forces. Bush also told Congress, "Several fixed-wing aircraft and their aircrews have been prepositioned in Dakar, Senegal, in order to shorten the response time should an evacuation of American citizens from either Liberia or Mauritania be required." The evacuation of a country's nationals sometimes serves as cover for something larger.

But any U.S. interest in something larger is doubted by the *FT*, which claimed June 14, "If deployed to secure a ceasefire, U.S. troops would face a bewildering situation with an uncertain exit strategy. So far, analysts say, a substantial

engagement appears a slim possibility; while there might be some sympathy in the State Department for intervention, it is far from clear that the Pentagon or the White House would agree."

Brazil, South Africa, and Mozambique in Coal and Rail Deal

The Brazilian Companhia Vale do Rio Doce (CVRD) has signed a memorandum of understanding with the Industrial Development Corp. (IDC) of South Africa, and with the South African steel company ISCOR, to undertake pre-viability studies on the exploitation of the coal deposits at Moatize in the western Mozambican province of Tete, according to the *Mozambican Information Agency* June 16. The CVRD wants to sell Moatize coal to Brazilian steel companies, while ISCOR intends to use Moatize coal for its own four factories in South Africa.

There are vast deposits of high-quality coal at Moatize, which used to be exported through the port of Beira. But this depended on the Sena railway line, linking the mines to Beira. When this railway was extensively sabotaged by the apartheid-backed Renamo rebels in the early 1980s, it became impossible to move the coal to the coast. So the CVRD/IDC/ISCOR project involves not only mining the coal, but also rebuilding the Sena railway line. It also involves the construction of a new mineral port near Beira solely for exporting the coal. If these plans come to fruition, this will be the largest project so far for developing the potential of the Zambezi Valley.

Should the pre-viability studies now being initiated yield positive results, the three partners will form a new company that will embark on financial viability studies and carry out the project.

Ethiopia Signs Oil Deal with Malaysia's Petronas

Commenting on the newly signed agreement with Malaysian oil giant Petronas, Ethiopia's Minister of Mines Mohamoud Dirir told *IRIN* June 16 that discovery of significant oil deposits "would be a breakthrough for the Ethiopian economy." Exploration is expected to start in a matter of months in Gambella, in the remote western part of the country, believed to be geologically related to Sudan's nearby oil fields.

Under the deal, Petronas has exclusive rights to "explore and develop" some 15,000 square kilometers in the region. The oil company will invest U.S.\$5 million in developing the infrastructure and in employing Ethiopian staff. A further U.S.\$1 million will be spent on boosting the skills of the ministry and another U.S.\$1 million on improving the facilities of the local community in areas such as health. Ethiopia will receive a royalty of 5% on oil produced. Dirir added that Petronas has a proven track record in Africa. This is the first time Ethiopia—whose average per-capita income is around \$100 a year—has granted an exploration license. "Ethiopia is seriously committed to this project," he said.

The Malaysian company is also looking at exploration of natural gas in the southeastern part of Ethiopia—in Somali Regional State. Experts from Petronas are to carry out geological studies in the 350,000-square-kilometer Ogaden Basin, which is believed to have vast gas deposits.

Zimbabwe Opposition Leader Tsvangirai Out on Bail

Zimbabwe opposition leader Morgan Tsvangirai was released on bail June 20 after spending two weeks in jail on a new charge of treason—attempting to overthrow the Zimbabwe government. But Tsvangirai was ordered not to call for President Robert Mugabe's ouster by illegal means.

South African Defense Minister Mosiuoa Lekota told anti-Mugabe partisans at the Cape Town Press Club June 19 that it was Tsvangirai who broke off talks with Mugabe's ruling Zanu-PF to launch his recent mass action campaign.

This Week in History

June 30-July 6, 1776

This week we look to that unique, seminal event in world history, the proclamation of the American Declaration of Independence, on July 4, 1776. Rather than review, as we did last year,* the sequence of events which led to this Declaration at this time, we will focus on the character of the revolution in statecraft which was being put into effect.

First, focus on the revolutionary character of this document.

Back in 1990, a rather revealing opinion poll was published, in which a copy of the Declaration was circulated house to house in American neighborhoods, with the participants asked what they thought of the content of the document. Shockingly, a large percentage found it to be "communist"!

The fact that Americans today could have such a judgment of their nation's founding document, reveals the fact that they have lost touch with their revolutionary roots. The revolution in thinking about government which the Declaration put into effect is expressed right up front:

"We hold these truths to be self-evident: that all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness. That, to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed. That, whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it and to institute new government, laying its foundation on such principles and organizing its powers in such form as to them shall seem most likely to effect their safety and happiness...."

What is so radical about this that would have led Americans today to find it offensive? The idea of abolishing a government? The idea of the consent of the governed? The idea that all men are created equal?

Shocking, isn't it, that these phrases, which are so often cited ritually as part of our heritage, are seen as a challenge to our actual way of life today? Something is very wrong about the way we think about our republic, if this is the case.

Second, let's hone in on what is the underlying principle behind the Declaration, which makes it so different, and more advanced, than every other national founding document in human history. That principle can be best identified in the concept that all men are created equal, and endowed *by God* (their Creator) with unalienable rights, which are the right to life, liberty, and the pursuit of happiness.

The principle pointed to here is one specifically identified with the Platonic German philosopher-jurist-scientist Wilhelm Gottfried Leibniz, whose ideas had a major, but usually unacknowledged, influence in shaping the American Republic, *against* the concepts of the much-touted English philosopher John Locke. Leibniz's philosophy was based on the idea of man created in the image of God, and thus endowed with *reason*. Man's fulfillment, therefore, Leibniz said, was to achieve happiness, which he defined as a state of wisdom, or felicity, in carrying out God's work. In other words, happiness was not momentary pleasure, sensual or otherwise, but fulfilling man's nature as doing good for others.

Yet today, the interpretation of inalienable rights, almost invariably substitutes "property" for the "pursuit of happiness." This is the concept which John Locke, a British official who put forward a Constitution for South Carolina which

enshrined chattel slavery, advocated, and it totally coheres with the degraded notion of man which the British imperial system—and many others—demanded. Under the Lockean system, man is out to get, and hold onto, as much property as he can, not to achieve happiness through wisdom, and doing good.

When you confront the idea that our Founding Fathers, of whom Benjamin Franklin, who sat on the committee which was responsible for the Declaration, was the leading one, actually chose the "pursuit of happiness," over "property," you will begin to fathom how far we have degenerated today in our understanding of our revolution. Ours was a revolution against the degradation of man, on behalf of *all* mankind—and it is long past time we returned to those principles of the Declaration of Independence which made us great, and uniquely can make us fulfill our mission again today.

Links to articles from *Executive Intelligence Review**

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InDepth:

[LaRouche Speaks for America to Turkey's Leaders](#)

Addressing a nation hard-hit by the political ramifications of the Iraq War, Lyndon LaRouche was able, during his June 13-18 visit, to shift the mood in the country from pessimism to hope that U.S.-Turkish relations can be repaired, not through Ankara's capitulation to imperial dictate, but through a fundamental shift inside the United States, spearheaded by LaRouche's Presidential campaign. He was the keynote speaker at a conference in Istanbul, co-sponsored by the Cultural Affairs Department of the Istanbul Municipality, on the theme "Eurasia: New Key for Global Development and Peace"; and another, on the same theme, hosted by the Ankara Chamber of Commerce. Among the 700 people attending the two events were government ministers, members of Parliament, intellectuals, professors and students, and the media.

Feature:

[Asia Can Be the Motor of Economic Recovery for Europe](#)

[by Jonathan Tennenbaum](#)

"Could the economic development process, now occurring in China and its neighbors in Southeast and Southern Asia—together accounting for over half the world's population—offset the effects of the profound economic crisis gripping most of the rest of the world? Could Asia's growth prevent a full-scale 'Great Depression' from taking hold of the global economy, and provide a way out for Germany and other export-oriented nations in Europe? Our answer, developed here, is a resounding 'Yes!'"

From a Special Report of [EIR Nachrichtenagentur](#), {**The Lautenbach Plan and Eurasian Development: Measures To Overcome Mass Unemployment**}.

- [The World Must Go Back to the Proven Practice of National Banking Systems](#)

[An interview with Lyndon H. LaRouche, Jr.](#)

Economics:

[Trans-Korean Rail: 'These Lines Will Go Through!'](#)

In simultaneous ceremonies on the western Kyongui Line and eastern Donghae Line, the two Koreas at 1:00 p.m. on June 14 re-connected the lines of the Trans-Korean Railway for the first time since Sept. 1, 1945. {EIR}'s **Kathy Wolfe** reports from Seoul.

Italian 'EU New Deal' Plan Gains Momentum

by **Claudio Celani**

The Italian government's plan, "Action for Economic Growth," calls for European Union public investments in infrastructure projects—outside the suicidal strictures of the Maastricht Treaty.

'We're Talking About Big Projects' in Mekong

An interview with **H.E. Roland Eng.**

Mekong Cooperation Project Comes of Age

The story of Mekong cooperation is that of an attempt to pursue great infrastructure projects in a time of war, in order to find an alternative to war.

International:

Tony Blair's 'Great Deception' Unmasked

by **Mark Burdman**

In the ten days following the heated June 4 British House of Commons debate on whether the Tony Blair government had falsified intelligence about Iraqi weapons of mass destruction, in order to manipulate Britain into joining the United States in war against Iraq, Blair and his entourage, as well as compliant elements of the British media, went into a total mobilization, to bury the issue.

U.S. Pressures India To Send Troops to Iraq

by **Ramtanu Maitra**

There exist convincing indications that in recent weeks Washington has stepped up a diplomatic offensive to drag India into the Iraq quagmire. On June 15, a Pentagon team, led by Peter Rodman, Assistant Secretary of Defense for International Security Affairs (ISA), arrived in New Delhi armed with arguments to convince the government that it is necessary for India to send troops to Iraq and help the U.S.-U.K. troops to stabilize that country.

ASEAN Warns U.S. on Myanmar Sanctions

by **Mike Billington**

Association of Southeast Asian Nations (ASEAN) Secretary General Ong Keng Yong, a Singaporean, issued a very strongly worded statement on June 14 against calls for sanctions and other measures against Myanmar, coming from the United States and others in the past weeks. Ong warned that the effort would severely injure the peace and security of the region, including China and India.

Mexico: LaRouche's Friend Wins Debate in Nuevo León

by **Zaid Jaloma**

The political battle against U.S. Vice President Dick Cheney and his chicken-hawk faction in Washington, became one of the central issues of the June 16 televised debate among the seven candidates for governor of Nuevo León state in Mexico. The candidate of the Social Alliance Party (PAS), Benjamín Castro—also a leader of the LaRouche-associated Ibero-American Solidarity Movement—placed the fight between U.S. Presidential candidate LaRouche and Cheney, as a key questions affecting the security of Mexico.

Peru 'Truth Commission' Oversees Terror Revival

by **Manuel Hidalgo**

A column of more than 100 Shining Path narco-terrorists assaulted a workcamp of the Argentine company Techint on June 8, in the Ayacucho region of Peru, and took 71 workers hostage, several of them foreigners. The zone has been plagued by terrorists and drug traffickers, but the Alejandro Toledo government—imposed on Peru by Wall Street and the U.S. State Department—has withdrawn from many of these areas the counterinsurgent military bases that were established there in the 1990s.

National:

LaRouche Turns Up the Heat on Cheney's Iraq Intelligence Hoax

by **Jeffrey Steinberg**

One measure of the impact of the LaRouche campaign exposé of the network of neo-conservatives, Leo Strauss protégés, and fellow travellers of Israel's Likud party in and around the Bush Administration, is the spate of hysterical media admissions that LaRouche was the source of the "Leo-con" revelations.

Wolfowitz Grilled at Congressional Hearing

by **Edward Spannaus**

The Bush Administration's military policy and the increasingly disastrous occupation of Iraq came under sharp, unreported criticism at a June 18 hearing of the House Armed Services Committee.

Gen. Shinseki Retires, Hits Rumsfeld's Leadership Failure

by **Edward Spannaus**

The highly respected U.S. Army Chief of Staff, Gen. Eric Shinseki, retired from the Army on June 11, after 38 years of service. He had entered the Army as an enlisted man...In his farewell speech, delivered in front of a large, appreciative gathering of military and civilian officials, Shinseki made some very pointed comments about leadership and the military, which were widely interpreted as directed at the current Secretary of Defense, Donald Rumsfeld, who had treated Shinseki contemptuously, in a very public manner.

DOJ Inspector General Blasts Ashcroft on 9/11

by **Edward Spannaus**

On June 2, the Inspector General of the U.S. Department of Justice issued a scathing report, criticizing the Department's detentions of many hundreds of immigrants after the Sept. 11 attacks—but Attorney General John Ashcroft has reacted totally unapologetically, as if he could care less.

California Careens Toward Ungovernability

by **Harley Schlanger**

The State of California has a constitutional provision that the legislature must complete a budget by June 15. But June 15 came and went, with no agreement in sight to close the record \$38.2 billion budget shortfall... ..California already has the lowest credit rating of any state in the nation, just two steps above junk bond status. Moody's report warns investors to be wary of California bonds, due to the 'politically polarized nature' of the budget debate.

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