

Electronic Intelligence Weekly

Online Almanac

*From Volume 1, Issue Number 39 of **Electronic Intelligence Weekly**, Published Dec. 2, 2002*

[return to home page](#)

THIS WEEK YOU NEED TO KNOW

A Presidential Thanksgiving Message — by Lyndon H. LaRouche, Jr. — Thursday, November 28, 2002

Look ahead two years, to a better day, November 25, 2004, when, if you are truly fortunate, I shall have been elected the next President of the U.S.A., and will be sending a Thanksgiving message to the outgoing President, George W. Bush, Jr. The only presently debatable feature of that outcome is, which political party had lived long enough to have nominated me?

There is not a single, presently existing major political party of any nation of the Americas (excepting, possibly, Mexico's PRI) which is presently likely to remain in existence as still a major political party two years from now. Two facts about the U.S. situation are clear. First, I would be elected as an echo of President Franklin Roosevelt's Democratic Party mission, and also the Abraham Lincoln tradition. Second, no existing U.S. party, major or minor, presently qualifies for that mission and tradition. A similar, paradoxical situation prevails in the currently principal parliamentary parties of the Americas and in Europe. In fact, unless the Democratic Party soon abandons its current "middle way," it were likely to disintegrate over the coming year.

As Senator Ted Kennedy made the point some years back, "This country does not need two Republican Parties," a fact which his niece, running for Maryland's Governor, seems to have overlooked recently.

It is a paradox which we, including the world's leading political cartoonists, must receive in good humor. Great calamities such as that most of the world has brought upon itself today, must always be approached so, letting appropriate moments of laughter lighten and dispel the moments of darkness. That said, around Europe and the Americas today, there is hardly a single major political party which is currently worth shucks when it comes to the actually crucial issues of each passing moment.

A decades-long moral and intellectual degeneration of the political parties of the U.S.A. and Western Europe underlies the shameful degree of general failure of those nations' established parties to deal effectively with the two deadliest issues of the past two years. The first of these is that U.S.-led drive toward a global and virtually perpetual state of religious warfare pushed by such voices as the combined "Clash of Civilizations" dogma of Bernard Lewis, Zbigniew Brzezinski, and Samuel P. Huntington. The second is the currently spiralling economic collapse of the utterly rotten present world monetary-financial system. There have been spotty exceptions to this pattern, as late as during the recent election-campaign of Germany's Chancellor Schroeder, and from Italy's Parliament's support for a New Bretton Woods monetary agreement; but even these have been spotty exceptions, and no more.

You should all have foreseen this coming. I explain.

'Like a Bowl of Pottage'

The present virtual bankruptcy of leading party systems, is not an episodic coincidence; it is the reflection of a systemic

form of moral and intellectual rottenness which has been the dominant trend in the politics of the U.S.A., Europe, and Japan, among other locations, since the combined effects of the assassination of U.S. President John F. Kennedy and the official launching of the 1964-72 U.S. war in Indo-China. The characteristic feature of this moral degeneracy, which also spread, after relevant 1971-82 developments, throughout the Americas, has been a shift of the English-speaking powers' influence, a shift away from their earlier cultural commitment to the domestic characteristics of a producer society, to a morally degenerated form of imperialistic "post-industrial" "consumer society." The leading political parties of the nations assumed the internalized characteristics of that moral down-shift in morality.

This fungus of "post-industrial" moral and economic decadence spread its spores into the collective mind of popular culture and political opinion. So, the political parties spread their corruption into popular opinion; so, corrupted popular opinion impelled the leading parties into new depths of moral and intellectual decadence.

Now, the long-wave of decadence launched from within the U.S.A. and Harold Wilson's Britain during the middle 1960s, has run out its skein. The economic decline has been but the most obvious of the markers of a culture, like the Biblical Belshazzar, now celebrating its imminent doom. A monetarist policy, reigning over a "post-industrial," "consumerist" practice, has used the lunacy of price-earnings-ratio capitalization to drive nominal financial assets beyond the limits of the real universe, while real physical values have been in an accelerating collapse, as measurable per capita and per square kilometer.

The system is doomed, but the political parties' view of popular opinion works to defend that monetary system, by methods of so-called "fiscal austerity" which accelerate the rate of destruction of the physical basis for human existence. The parties sold their souls as if for "a mess of pottage." Therefore, as long as they cling to their present values, they have become worse than useless for dealing with the crises of our time.

The Iraq Issue

It would be a foolish exaggeration to suppose that the possibility of an Iraq war has been put behind us. The madmen associated with the U.S.'s Cheney, Rumsfeld, Wolfowitz, and Perle, have been blocked for the moment, but, those "foxes," so to speak, "are still running loose in and out of the hen-house." On that account, work remains to be done.

Nonetheless, the danger of a lunatic war was deflected. On this account, the political parties, especially the U.S. parties, were each more miserable moral failures than the others. The tilt toward sanity from within the U.S.A. came chiefly through the institutions associated, explicitly, or implicitly, with the U.S. Presidency.

This war-danger is inextricably mixed up with the global economic and monetary-financial crisis. If a general Middle East War is forestalled past February 2003, a failure to launch a counter-austerity, FDR-style recovery program, means that the issue of general warfare will be back on the table in late 2003.

We are in a period of world affairs comparable to 1929-33, but much more dangerous. If so-called democratic institutions remain as degenerated as the U.S. parties, for example, showed themselves over the recent two years, especially the past year, then the likely course of world events is generalized economic disintegration and a kind of warfare reminiscent of either the 1511-1648 interval in European history, or, worse, the Fourteenth-Century "New Dark Age." The history of Weimar Germany from the fall of the Mueller government to the Jan. 30, 1933 appointment of Adolf Hitler as Chancellor is worth revisiting for sources of insight into the present situation.

The failure of Germany's political parties, led to appointment of ministerial governments. When the German generals, a ministerial factor, also failed, by failing to prevent Hitler's appointment, in the events of Jan. 28-30, 1933, the horrors of Hitler and World War II became inevitable.

Today, we in the U.S.A. should be grateful for that recent intervention of the institutions, on which I placed my confidence in recent matters. However, no possible escape from a world depression is possible except through enactment of laws which nullify all of the 1971-2002 anti-FDR reforms in economic, monetary, and financial practices. This requires laws enacted in the Congress and the Federal states, as applicable. The enactment of such laws by means consistent with our Constitution, requires political parties. We must create that political combination by a mission-oriented regroupment of the viable elements salvaged from the presently failed political-party system.

What that needed regroupment must be is not yet to be seen. The starting-point should be an energetic effort to assemble some bipartisan rallying behind certain specific missions. I have led in defining what is sometimes labelled a "Super TVA" of infrastructure-building to restart our collapsing national economy. However, that program requires a prerequisite, a clearing of the terrain by a single, simply stated piece of general legislation, which a.) states that we are presently gripped by a deadly emergency, a national systemic physical-economic collapse for which "fiscal austerity" is inherently counterproductive, and b.) stipulates that laws on the books which would prevent recovery programs such as those of the 1933-64 interval must be suspended for the duration of the present national economic emergency.

My personal role in this undertaking is unique, and at least virtually indispensable. Political parties which are viable, must emerge from a process of reconstruction. For this my candidacy is presently indispensable.

Whatever comes of that initiative, will determine the future politics, and party structures of the nation.

As Mathew Carey saw, long ago, the rot in our political-party system, is not a matter of a few bad apples in the barrel. The rot is in the barrel.

So, have a happy Thanksgiving, and let us hope that Christmas actually comes.

LATEST FROM LAROUCHE

LaRouche Calls for Immediate — U.S.-Led Famine Relief for North Korea

Nov. 27—Lyndon LaRouche, Democratic Party Presidential pre-candidate in the 2004 elections, is calling on President Bush and other world leaders to conduct an immediate food relief effort into North Korea, with absolutely no political strings attached. The food aid is urgent to avoid a devastating famine, and, in LaRouche's plan, would serve as a prelude to discussions between the United States, North Korea, and other interested parties, concerning all of the unresolved bilateral and multilateral issues currently on the diplomatic table.

LaRouche declared that the food assistance program should constitute a preemptive action, to avert an otherwise severe famine, and that it must be clear that this is an unconditional humanitarian intervention. Nevertheless, LaRouche emphasized that such an action, on the part of the Bush Administration and others, would serve as a useful foundation for opening productive discussions on other issues.

* * * * *

California Cadre School

LaRouche in Dialogue with Youth

This is a transcript of the final part of a dialogue between Lyndon LaRouche and members of the LaRouche Youth Movement at a cadre school in California, Nov. 16, 2002. The first part appeared in this section of EIW #38, dated Nov. 25.

How Is Christ Unique?

Question: Hi, this is Anna, from Los Angeles. Is there a difference between Christ and Socrates, or Joan of Arc?

LaRouche: Oh sure! Absolutely! More interesting, of course, are the relationship of similarities. For example, the beatification of Jeanne d'Arc by the Papacy, which has been recently reaffirmed, in a certain, special way, by the present Pope, shows precisely that: that there's a similarity. She represented the Sublime, as Schiller defines it. Socrates absolutely defines the Sublime, in the broadest way, as Plato presents Socrates to us.

Christ is very unique in this respect. Because Christ is—what? What does Christ say? The thing that is most celebrated about Christianity in music, for example the Bach *St. John Passion* and *St. Matthew Passion*, typifies this: that the audience—just imagine what it's like. You have a great performance (unfortunately, they keep spoiling them these days), but a great performance of the *St. John* or *St. Matthew Passion*. In this, you have the entire church, is filled with this—the orchestra, the soloists, the chorus, the congregation, the conductor—they're all participating in one, organic event: reliving of the experience of the Gethsemane and the Crucifixion of Christ—reliving that. This interrelationship is the essence of Christianity, and thus, Bach's *Passions*—and you have the same kind of thing, done by Mozart, in his *Requiem*; or Beethoven, in his *Missa Solemnis*—you get this quality. It's a total experience. And it's fixed on the role of Christ, willfully confronting death, confronting the challenge of the Sublime, even if it means death, to free man from the evil, which was the Roman Empire, and the things that had led into it, of ancient Babylon and so forth. And it's this very specific dedication, to the *whole of humanity*, which impresses itself upon the audience, as making Christ unique—even though the resemblances are there. That's the essence of Christianity, everything else is bunk. That is Christianity, as John and Paul portray it.

The Individual in History

Question: Lyn, after reading Plato's *Republic*, I'm looking at Plato's Socrates as an individual: He was famous and beloved by the non-oligarchical Greeks, for this bold, unique method—creativity—not to mention his love, and his passion for truthfulness. And Plato limits the practice of philosophy to those, in a republic, at a certain point, with (as he says, in this translation) "a ready understanding and a good memory, sagacity, quickness, high-spirited, generous temperament, and willingness to live a quiet life of sober constancy."

LaRouche: He associates that, of course, with the old man.

Question: That makes sense.

LaRouche: The "old man": That's me! No, it's true. The idea of the philosopher-king.

Question: Yeah, actually I want to get to another question?

LaRouche: Okay, good.

Question: Thanks. I understand that there's not a simple philosopher-training movement, that is, rather, to help people recognize the importance of accepting the leadership of the old man. And, to create a republic of truth-seeking in general, which will acknowledge the authority of the philosopher-king. But, why is this such a unique time, in this stage of decadence, that a youth movement, working, trying to engage people in dialogue—?

LaRouche: From the *evil*, which was the Roman Empire, and the things which had led into it, of ancient Babylon and so forth. Because the problem is, is that's the problem with humanity: Humanity should function like this all the time. This is normal humanity. What we experience, is *abnormal* humanity, or sub-normal humanity.

The normal thing is—I know this from childhood on—what makes for happiness in being alive in this society! What are the things that are beautiful, that you can recall, in terms of experience, as a human being? You know, looking back at what a human being is, looking back at your own childhood—your first recollections and so forth: What was good? What would you want to preserve? What would you want other people to have? What would you wish you had more of? Huh? And that's the point.

See, to think that being *cognitive beings*, not pleasure-seeking beings, who rely upon the occasional use of cognition to solve a few problems. That's the problem of inadequacy. That's the problem of the true Sublime.

You have to enjoy life so much, that—you have to have a sense of immortality. And that is a functional immortality, that you're making contributions to humanity. Those contributions that are of *ideas*, or perpetuation of ideas that are essential, live forever. And therefore, your thought lives forever, in that respect. See, you have a sense of immortality, and mortality *in* immortality. Then you say, "I want to do nothing, which I'd be ashamed of, in thousands of years to come, or in the eyes of my ancestors. They may not agree with me, but they can't be ashamed of me." And you will live that kind of life.

It's not a matter of trying to live in a way, which gets you a certain benefit, a certain feeling, or so forth. It's to live like that: If you feel that you're really a human being, in the sense I've described it, *then you're a happy person*. You're not only a happy person, you're a useful person, because the way you respond to problems, will be what society needs of you. What it needs of all its people. So, that's the essence of this matter, eh?

Just, when you get older, as I am, and have the experience I've had, you're able to look back at this in a certain way, which is richer, than if you're younger. And, when you have to span the difference between you and me, in age, and experience, you are forced to look at a multi-generational process, as being the natural unit of historical process. And you *see* this process. You *see* what I went through, what I came out of. That covers about three generations. You see: You, you're three generations ahead now. You see what faces you. You've got a span of six generations; and, a little study of history, you get some more in there, too. You'll get a sense of yourself as being an historical being. And, you have a different sense of morality. And you feel like an old man, when you're young—in the good sense.

And, the trick of being happy, is to learn how to achieve the beauties of old age, while you're still young enough to really enjoy them.

A Model for Cooperation

Moderator: Lyn, we have a question from Liz, who was just recently with you in Saltillo [Mexico].

LaRouche: Oh yes, yes, yes!

Question: Hi, Lyn.

LaRouche: Hi, what'd you do? What've you done recently?

Question: Well, I've tried to communicate the idea, that Americans really don't understand the painful poverty—

LaRouche: I know.

Question: —that exists around the world. And I just first want to say, this historic return that you had to Mexico, was incredible: to actually have the privilege to witness the respect that you have, Lyn. There are a lot of good Senators, some good professors, a lot of good students, who know your ideas, and thanked us for our presence in Mexico. And actually, the persistence and the dedication that you have had throughout the years, you were not absent from Mexico for 20 years.

LaRouche: I know! They just tried to keep me out of there physically, then.

Question: Only physically.

The one thing I wanted to talk about, was, after you left, I actually went into an economics class, there at the Autonomous University of Coahuila, and the whole class had been at your presentation. This was a postgraduate class, and two of the girls there were writing dissertations on the *maquiladoras*. And they were defending the debt, the idea of the *maquiladora*, because this area is very poverty-stricken. What I want you to talk about is, the idea that the war, the battle—that this fight needs to be won from within the United States.

At one point, one of the students brought in a 20 kilo sack of rice, and a 10 kilo sack of beans, and threw it on the floor, and said, "This is what *maquiladoras* get for us, in a week. You take the *maquiladoras* out of Mexico, we won't even have this."

After this much time, of being treated like cattle, these people are responding *viciously* to any kind of change. And, if you could just talk about how necessary this fight, that we are leading—here, in this room—is, to these people; and how this is going to be the only way to outflank this, I'd appreciate it.

Thanks, Lyn.

LaRouche: Okay. This is a fun thing, to conclude my part in this, today. I think it's fun: You know, when I was there, and actually I discussed with various people, in Mexico, this question of what's happening on both sides of the border. And, my conception, of course, on the two sides of the border, is a little bit unique; because, most people would agree—intelligent people, who know things—would agree that, what we need in Mexico right now, in northern Mexico, particularly, is: From the Rio Bravo, south to Mexico City, we need a high-speed, efficient trunk line, for freight and passenger rail. This would be a revolution, in terms of the actual efficiency of the economy of Mexico, down to Mexico City. Because our objective is to begin to move some of the population out of Mexico City, into development areas in other parts of Mexico; because Mexico City is overcrowded, and there are no facilities there to make it habitable to the people, at present.

So, what we also need, from the Gulf to the Pacific Ocean, at least to the Bay of Southern California—as to Sonora; we need another cross-Mexico, efficient, passenger/freight line.

We need a similar thing on the northern side of the Rio Bravo, in California, for example. The states of the Great American Desert, because you have this thing about the two Sierra Madre, which fork out at that point, and north is the Great American Desert, which begins, actually, where we were in Mexico.

So, then we have a big water problem. In the whole area, we also have a big energy problem: integrated energy production and distribution, to deliver electric power, at the price needed, to every part of the population.

So, you have water management, which goes from the Arctic all the way down; you have water that comes up, along the coastal lines, on the Pacific Coast; freshwater coming from the water-rich area of Southern Mexico, into water-poor areas in the North, like Sonora; and along the Gulf Coast, the same thing, into places like Monterrey, and then across. So, if you get water going in there, it's so precious, that with a little bit of pumping, if you have the power, it's not going to be a great impediment to development.

So there, you could take the whole area of Mexico, which is neglected, *undeveloped*, and you can actually begin to increase the productivity of the country, very quickly, once you get these things in motion.

Complementary Needs

On the northern side of the border, we have the same thing: We have a crisis, an energy crisis, in California and elsewhere. Which means you need very rapid installation of a powerful, integrated, and strictly regulated, generation and distribution systems. You have a water crisis, which is hitting California and elsewhere. This has to be addressed. Again: infrastructure. Transportation: We have to save the transportation system of the United States, which is falling apart. Again. We also have needs, like health care and educational needs—both sides.

So therefore, we have complementary needs, on both sides of the border. We have 5 million, approximately, Mexicans, *inside* the United States, many of whom are losing their jobs. We have a savage cut in the export capabilities, export markets, for the *maquiladoras*, in high-concentration areas like electronics and automobile parts.

So therefore, it's necessary to get very rapidly developed, the *internal* economy of Northern Mexico, as well as the United States. The needs are somewhat complementary, because it's a border area. And, at the same time, you have to preserve the integrity of Mexico, because people would like to take the northern part of Mexico, and dump it together with the United States, and throw away the southern part of Mexico. No good. So therefore, the infrastructure system must go to Mexico City, so the capital of Mexico maintains its integrity, in respect to all the regions of Mexico.

So that's what needs to be done. This is our need on our side of the border, and it's complemented by what is needed on the Mexico side of the border—particularly because of the role of the Mexican labor in producing so much of what comes into the United States; and the role of Mexican labor *inside* the United States, who are Mexican nationals. They're not U.S. citizens; they're Mexican nationals. And this is a very important part of our labor force.

So therefore, these problems are common-area problems, between two different nations—respectively sovereign nation-states—with a longer route for cooperation, in which much of the primary cooperation will come from the border states, on both sides; because that's the shortest route, that's where the immediate cooperation comes.

But, this has to be backed by Federal protection, on the side of the United States, and in Mexico. So, you need Federal assistance, under which the states can do their part of the job in Mexico, and in the United States.

So, we have a complementary problem—different, but complementary: That the *policies* we require, in California, and the policies we require in Coahuila, are congruent. The same *attitude* is required, to a different situation, with a different specific solution. But the form, the principle, the approach to the solution, is the same. And therefore, the best way to develop the cross-border social relationship, is by people with a different language, *but with a common type of problem*, and the need for common types of solutions. And, on that basis, obviously, this can be enhanced by cross-border

cooperation, politically and otherwise—particularly, water management projects and things of that sort.

For example, you have, now, this crazy business about the agreement on the Rio Bravo water (which is the Rio Grande, to you in the United States). Texas is claiming that it has the right to get water from Mexico, to pay for the part of the sharing of the water, which is used by Mexican farms—so, this is obviously impossible. So, obviously, we have to deal with problems of this type, and with the right mentality, we'll come up with the right solution.

Moderator: All right, Lyn. I'd like to thank you on behalf of everyone here, and, you've given us a lot to work on, for the rest of today and tomorrow.

LaRouche: Have fun! That's my prescription!

[Solving the Dangers of Economic Crisis and War](#)

American Presidential pre-candidate LaRouche was introduced by Catholic Press Association head Alberto Comuzzi to a Nov. 22 press conference in Milan, organized by the Association. Here are LaRouche's opening remarks to the journalists and others present.

[Italy's Classical Heritage, and Its Role In Solving Today's Systemic Crisis](#)

Lyndon LaRouche spoke to the Casa d'Europa in Milan, a national Italian business, professional, and political organization concerned with issues of economic integration in Europe, on Nov. 23. He opened the morning panel of its conference. **Amelia Robinson Returns to Italy** (see p 52)

From Nov. 12-20, Amelia Boynton Robinson, vice-chairwoman of the Schiller Institute and one-time collaborator of Martin Luther King, was again in Italy for a series of public events and official receptions in Rome, Lari (Pisa), Ravenna, and the Republic of San Marino.

Links to articles from *Executive Intelligence Review**.

[*Requires Adobe Reader](#).

Feature:

[LaRouche in Italy: Keep Up Pressure To Stop Iraq War](#)

[by Claudio Celani](#)

In his most recent visit to Italy, Nov. 21-25, American Presidential pre-candidate Lyndon H. LaRouche, Jr. addressed a conference on security in Europe and a press conference organized for him by the Association of Catholic Press; gave television and newspaper interviews; and extended the impact of his already profound influence in Italy.

[Henry Carey's Battle to Save Lincoln's Economic Revolution](#)

[by Robert Ingraham](#)

During the discussion following his speech to a Rome economic conference on July 2, 2002,¹ EIR Founding Editor Lyndon LaRouche was asked by a leader of an Italian consumer organization to comment on the current nature of private central banks, such as the U.S. Federal Reserve.

[Allen Salisbury, Reviver Of the American System](#)

[Nancy Spannaus](#)

No presentation of the history of the fight for the American System of political-economy the 19th Century, would be complete without acknowledging the role of Allen Salisbury, a now-deceased leader of Lyndon LaRouche's political-philosophical association, the International Caucus of Labor Committees.

Economics:

[The IMF's Coming Brazilian Waterloo](#)

[by Dennis Small](#)

What will the government of Luiz Ina'cio 'Lula' da Silva do, when he assumes the Presidency of Brazil on Jan. 1, 2003? That is one of the hottest questions among international financial circles, given the fact that Brazil has the largest foreign debt—more than \$500 billion—of any nation in the world, and that it has been teetering at the cliff-edge of default for months.

[Guadalajara Forum Gains Force in Brazil Crisis](#)

[by Our Special Correspondent](#)

A crucial meeting on Nov. 7 in Sa o Paulo, bringing the 'Guadalajara Forum' launched in Mexico in September, to Brazil, showed the potential of a new political alliance: among the forces around new Congressman-elect Dr. Ene'as Carneiro; nationalist Brazilian civilian-military circles; and the ideas and political movement of U.S. Presidential pre-candidate Lyndon LaRouche.

[U.S. Budget Deficits Headed Toward Unprecedented Heights](#)

[by Richard Freeman](#)

Unless America's policymaking is radically and quickly changed, it is likely that the United States will register, perhaps starting this fiscal year 2003, Federal general revenue budget deficits of \$400-500 billion per annum, the largest in U.S. history.

[Bank of Japan Warns Of 'Unprecedented' Bank Stock Crash](#)

[by Kathy Wolfe](#)

Bank of Japan Governor Masaru Hayami said on Nov. 21 that an 'unprecedented' plunge in bank shares has the BOJ on an alert to provide cash to the banks.

[Interview: Lance Endersbee](#)

[TVA, Mekong, and China's 'Heroic Civil Engineering'](#)

Prof. Lance Endersbee was instrumental in the engineering of the celebrated Snowy Mountain Scheme for hydroelectric power and irrigation, launched in 1949, Australia's largest and most successful infrastructure work since World War II.

International:

[Potential for 'Strategic Triangle' Cooperation Grows](#)

[by Mary Burdman](#)

During November the three great Eurasian nations—Russia, China, and India—have launched new bilateral and trilateral diplomacy, featuring the unprecedented 'triangular' visit by Russian President Vladimir Putin to China and India from Dec. 1-5.

[Will Glazyev Lead Russia Out of Crisis?](#)

[by Jonathan Tennenbaum](#)

As the parliamentary elections, due to be held at the end of 2003, loom larger on the horizon, to be followed by Presidential elections in 2004, the political scene in Russia has become more and more lively.

[Italy: Two Provocations With Global Impact](#)

[by Claudio Celani](#)

In less than three days, from the evening of Nov. 14 to that of Nov. 17, two provocations attempted to sabotage Italy's leading role in the international fight for a new monetary and financial order, called for in the resolution voted up by the Italian Chamber of Deputies on Sept. 25.

Australia Dossier

by Allen Douglas

Fascist Laws Back on Agenda

The government put Australia on an unprecedented 'medium security alert' on Nov. 19, based upon 'credible information' provided by the United States and Britain, that terrorist attacks on Australia were very likely within the next two months.

National:

With 'Nobody Home' in D.C., LaRouche Steps In To Lead

by Michele Steinberg

On Nov. 22, with the country in the ravages of an economic depression, with tens of thousands more layoffs being announced for the coming months, and 46 out of 50 states reporting that they are in severe budget crisis, the Congress recessed and fled Washington.

Crisis Spreads From Health Looter's Blowout

by Edward Spannaus

As the FBI, Securities and Exchange Commission, and other agencies step up their investigation of the fraudulent operations of National Century Financial Enterprises (NCFE), the number of bankruptcies growing out of its collapse is rising, imperiling a significant section of the U.S. health-care sector.

Chicken-Hawks Rev Up Anti-Saudi Campaign

by Arthur Ticknor and Jeffrey Steinberg

Although President Bush hosted a White House celebration honoring the Islamic holy month of Ramadan, and issued a statement rejecting Christian Zionists Jerry Falwell and Pat Robertson's latest blasphemous rantings against Islam, there are other ominous signs that the campaign by Vice President Dick Cheney and his Chicken-hawk faction, to destroy the 60-year Saudi-American partnership, is escalating once again.

U.S. ECONOMIC/FINANCIAL NEWS

United Airlines Bankruptcy Is 'Virtually Inevitable'

A bankruptcy filing by United Airlines, number two in the U.S., is "virtually inevitable," said Standard & Poor's credit rating agency Nov. 29, as it slashed the carrier's rating. S&P's action followed the rejection Nov. 27 by United mechanics of \$700 million in wage and benefit cuts as part of a \$5.2-billion "restructuring" plan. United, facing a \$375-million debt payment Dec. 2, acknowledged the cost cuts are essential to obtain a \$1.8-billion Federal loan guarantee, thereby avoiding a Chapter 11 bankruptcy filing. Shares in United's parent company, UAL, plummeted 23% on the news.

Meanwhile, seeking to avert bankruptcy, United announced plans for \$14.1 billion in cost cuts, capacity reductions, and "revenue enhancements" over the next five and one-half years, including \$5.2 billion in labor cuts. The cuts are being made to obtain \$1.8 billion in Federal loan guarantees by Dec. 2, when United faces a presently unpayable \$300-plus-million debt payment. In exchange for cutting wages, the airline will grant stock options to all U.S.-based employees who do not already own stock!

Nationalization of the airlines could become necessary, acknowledged the president of the Air Transport Association, Carol Hallett, if the causes of the airline sector's dire situation are not fixed soon.

In a related development, US Airways, already in Chapter 11 bankruptcy, plans to lay off an additional 2,500 employees during the next three months, and has asked mechanics and fleet service workers to let it outsource plant and ground

equipment maintenance, aircraft catering, mail and cargo, and other operations. A heavy maintenance hangar in Tampa will be closed immediately, and a reservations center in Orlando will close Jan. 10. The airline had already met its target of \$1.2-billion cost reduction set by the Air Transportation Stabilization Board for a \$900-million Federal loan guarantee, but the economic crash has forced further cuts.

Longshore Union Claims Victory in West Coast Port Settlement

Bargaining under the terms of a Taft-Hartley injunction, the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association on Nov. 25 reached a tentative six-year agreement, which will become final when approved by a vote of the ILWU Longshore Division Caucus (scheduled for mid-December) and a secret ballot of the entire union membership.

While the union hailed the settlement as a victory, the few details which are available raise doubts. On the issue considered key by the union, control of clerking jobs created by marginal new technologies being introduced (such as the use of optical scanners), some kind of compromise seems to have been reached, and the union may have given ground to secure a better pension plan. Pensions are supposed to be increased by 50%, while wages will increase by \$3 an hour over six years, according to unofficial accounts being leaked to the media.

National Federal Mediator Peter Hurgen made it clear that both sides moved to compromise only under his explicit threat of an imposed settlement (which would have involved special Congressional legislation).

State and Local Budget Crises Escalate

The following is a roundup of reports on the grim and grimmer conditions states and cities are facing, as the U.S. economy goes deeper into the hole. Until state and local governments decide to break with the recent paradigm of privatization, deregulation, and deindustrialization, and adopt LaRouche's "Super-TVA" infrastructure-building solution, they will be forced to adopt even worse austerity policies, policies whose results are already costing uncounted numbers of lives.

***State Pension Funds Decimated by Stock Market Collapse.** Pennsylvania and New Jersey state pension funds have each lost \$20 billion over the past two and one-half years, the *Philadelphia Inquirer* reported Nov. 24. State workers' and teachers' pension assets in the two states have dropped from about \$85 billion each, to less than \$65 billion each since the stock-market collapse started in March 2000. State officials are panicked that the pensions will need bigger state subsidies "unless investment values recover quickly."

The collapse of pension assets is also a major factor in Philadelphia Mayor John Street's announcement last week of plans to lay off 10% of the city's workforce, to deal with a projected budget shortfall of \$700 million through 2007. The "poor performance" of the city's \$4-billion pension fund is projected to cost the city an extra \$520 million over the next five years.

In a discussion of the state financial crisis with *EIR*, a Pennsylvania State Representative remarked that the Legislature had just voted to open state liquor stores for five hours on Sundays to try to increase revenues. *EIR* asked the legislator: "Do you think you will raise \$20 billion selling booze on Sundays, or is the idea to get everyone drunk so they won't notice they no longer have a pension or retirement!?" The State Rep was not amused.

***Governors: States Faces Worst Crisis Since World War II.** The National Governors Association (NGA) and the National Association of State Budget Officers (NASBO) released their biennial "Fiscal Survey of States," which concludes simply that "states face the most dire fiscal situation since World War II."

The NGA/NASBO survey asserts there are four major factors for this crisis: 1) the outmoded tax system, 2) an explosion of health-care costs, 3) the collapse of capital gains, and 4) slow economic growth. Incredibly, the Governors fail to realize that the so-called outmoded tax system, is actually the collapse of the tax-revenue base, caused by their stubborn insistence on a deregulated, post-industrial economy. It does admit, however, that states have already "exhausted" budget cuts and one-time expenditure fixes to get through fiscal year 2002 which ended, in 46 states, on June 30.

Several findings from the survey make the point: 37 states cut their FY '02 enacted budgets by \$12.8 billion; 41 states collected less revenue in FY '02 than targeted; total state balances plummeted 70% since the 2000 peak; 16 states had *negative* expenditure growth in FY '02; two-thirds of states say spending grew by less than 5%; FY '03 adopted budgets projected a 6.7% increase of revenues over the *bad* FY '02 collections--wildly optimistic; 24 states will cut FY '03 budgets by more than \$8.3 billion.

Last spring, NGA worked to get a band-aid "relief" package for states through Congress; it passed the Senate in July, but then, a revised version died in committee. Another pot of gold which states were hoping for, Homeland Security funding for first responders, has not materialized--and likely won't, as the Federal budget deficit is already growing by leaps and bounds.

***California's Budget Debate Is Characterized as a 'Fiscal Train Wreck.'** "Rigid battle lines" have been drawn between state Democrats, who are pushing tax hikes with some spending cuts, vs. Republicans, who want no tax hikes with big cuts--both non-solutions to the huge budget deficit problem. Responding to Gov. Davis's plan for \$5 billion in emergency mid-year cuts, Senate Republican leader Jim Brulte said, "We think he can do significantly more than that." The Assembly Speaker, Herb Wesson (D-Los Angeles), called the GOP stand on taxes "a prescription for disaster." Wesson insisted that the deficit "is so vast, that even if we fired every single person on the state payroll, we'd still be more than \$6 billion short." While Democrats control both chambers of the Legislature, they don't have the votes to pass a budget without at least two Senate and five House Republicans voting with them.

***State Legislatures Called into Special Session Before Christmas To Impose Budget Cuts.** Special sessions have been called in California, Connecticut, and South Carolina. In addition, budget issues are expected to be taken up when Indiana's Legislature reconvenes on Jan. 7, and Virginia's on Jan. 8.

Since Nov. 22, several Governors have swung the budget axe in states which do not require legislative approval: California (froze all agencies spending); Colorado (another 6% cut to all agencies, on top of 4% two months ago); Connecticut (\$68 million to all agencies, state aid to localities takes the biggest hit, \$22.4 million); Kansas (\$78 million cut to agencies and \$48 million in aid to localities); Michigan (about \$470 million in cuts to be announced Dec. 5); Virginia (an additional \$1 billion in cuts before June 30); and West Virginia (\$30 million, about 2% cuts to agencies).

***New York City Attempts To Plug Budget Hole with Property-Tax Hike.** In a 41 to 6 vote, the New York City Council voted to impose an 18.5% property tax starting Jan. 1, 2003, as a means to generate revenue for the city's empty coffers. Mayor Michael Bloomberg's budget-cutting plan, issued a few weeks ago, called for a 25% property tax, but the Council scaled it back. Councilman Peter Vallone (D-Queens) said he had been assured by the Mayor that this would be a "temporary 'wartime' tax." Just before the Council passed the tax, Bloomberg refused to rule out further tax increases next year, as the city is facing an even bigger budget gap then. The new tax will produce between \$840 million and \$2.6 billion, only a drop in the bucket of the \$7.5-billion deficit to be covered by June 30, 2003. According to the *New York Post* Nov. 26, a "budget deal" was reached between Council members and the Mayor, whereby the tax would be voted up in return for some funding to be restored for programs and services.

U.S. Home Foreclosures Rise Sharply

Between 1999 and the end of the second quarter of 2002, the number of conventional mortgage loans in America that have been foreclosed on, has climbed 45% to 76,256--the highest level in 11 years, the Mortgage Bankers Association (MBA) reports. Moreover, during the three months ending in June, lenders began foreclosing on 134,885 conventional mortgages, which is a rate of about one in every 250, the highest in 30 years, the MBA says.

The situation is even worse in the "sub-prime market," where borrowers with impaired credit histories must pay a significantly higher interest on their mortgages: Of the 5.4 million sub-prime mortgages, 150,000 were being foreclosed upon in June alone.

What is rocking the mortgage market is the growing unemployment, which renders a household unable to pay its mortgage. For example, in Marion County, Indiana (where Indianapolis is located), a state where unemployment has risen sharply, Maj. Shirley Challis of the County Sheriff's Department reports that, whereas five years ago she conducted sales of fewer than 1,000 foreclosed homes per year, this year she has listed 5,532 such homes for sale.

In the U.S., home mortgages total \$5.75 trillion; as well, there is an additional \$5 trillion in mortgage-related derivatives, such as mortgage-backed securities, that Fannie Mae and Freddie Mac are responsible for; thus, combined mortgages and mortgage-related paper totals \$10.57 trillion. The growing mortgage defaults and home foreclosures will implode this pyramid, triggering a meltdown of the entire U.S. financial system.

U.S. Bankruptcy Filings Hit All-Time Record for FY02

Americans filed for bankruptcy protection in record numbers during the 12-month period ending Sept. 30, *Reuters* reported Nov. 25. Bankruptcy cases for fiscal year 2002 (Oct. 1, 2001-Sept. 30, 2002) totalled 1.548 million--the highest in U.S. history--up 7.7% from bankruptcy filings for fiscal year 2001, according to the Administrative Office of the U.S. Courts. The previous 12-month record, for the period ending June 30, was 1.505 million. Personal bankruptcy filings rose to a record 1.509 million; business filings totalled 39,091. In the three months through September 2002, filings for bankruptcy protection jumped to 401,306--11.6% higher than the same period a year ago.

During the five-year period Oct. 1, 1997-Sept. 30, 2002, more than 7.0 million bankruptcies have been filed.

Bush 'Stimulus' Package Revives Ghost of Herbert Hoover...

The Bush Administration is planning a bogus economic "stimulus" for next year. "Early next year President Bush will propose new action for economic growth and job creation," Treasury Secretary Paul O'Neill told the Confederation of British Industry in Manchester, England, *Bloomberg* reported Nov. 25. The Hoover-style proposal would likely include accelerating the \$1.35-trillion income-tax cut passed last year (scheduled to take effect in January 2004), in addition to making the tax cuts permanent; expanding individual retirement accounts (IRA) and 401(k) retirement plans through tax cuts and higher contribution limits; and tax incentives for businesses through a write-off for equipment purchases.

...As Fed Governor Calls for Weimar Solution

The U.S. government has a "printing press ... that allows it to produce as many U.S. dollars as it wishes at essentially no cost," fantasized Federal Reserve governor Ben Bernanke, ignoring the threat of Weimar-style hyperinflation. Bernanke, echoing Federal Reserve chairman Alan Greenspan's claim that there is no limit to the liquidity the Fed can pump into the financial system, said that the government, to fight the lagging economy and fend off deflation amid a real negative interest rate, could print as much money as it wants. Alternatively, he said, the Fed could make low-interest-rate loans to banks, or make "unlimited purchases" of Treasury securities maturing within two years. He made his pitch at a Nov. 21 meeting of

the National Economists Club in Washington, D.C.

New York Post columnist John Crudele lambasted Bernanke, writing that MIT and Harvard, where Bernanke went to school, apparently don't teach the history of 1920s hyperinflation in Germany--which led to the political upheavals that brought Hitler to power.

"Who says it's not happening now?" responded Lyndon LaRouche.

WALL STREET POLICE BLOTTER

*Former **Enron executive Lawrence Lawyer**, pleaded guilty Nov. 27 to filing false tax returns that hid kickbacks for his work on an off-the-books partnership that was involved in an Enron wind-farm project. He has agreed to cooperate with the criminal case against **Andrew Fastow** (Enron's former chief financial officer), as well as with the inquiry into dealings in the bankrupt energy pirate's broadband unit. Lawyer faces a maximum prison term of up to three years.

***Broadway National Bank** pleaded guilty Nov. 27 to not following anti-money-laundering rules--a failure that allowed drug dealers and other criminals to move more than \$120 million through the Manhattan bank to other countries. Broadway pleaded guilty to three felony charges for not reporting suspicious banking activity during 1996-98, and will pay a \$4-million fine. A grand jury continues to investigate the case.

WORLD ECONOMIC NEWS

Reinsurance Sector Could Trigger 'Doomsday Scenario'

The reinsurance sector could trigger a "doomsday scenario" of "major meltdown" of world's financial system, warned the *Wall Street Journal* in its lead editorial Nov. 29. The scenario starts with the troubled reinsurance sector in Europe (where more than half the sector is based), and then spreads to U.S. insurers, who rely heavily on reinsurers to spread credit risks. European reinsurers have had a grim year--bearing the brunt of financial losses from terrorist attacks and flooding in Europe, as well as being hit by the crashing stock markets, with their own stock down by almost two-thirds.

What's worse, "Both American and European insurers are exposed to a variety of risks in the credit market" as the corporate credit market implodes. For example, insurers hold massive amounts of corporate bonds amid rising defaults.

More important, many insurers have become "rather aggressive players" in the credit-derivatives market--even though the market is only five years old--by selling credit-default swaps (guaranteeing the debt of other entities), along with guaranteeing and investing in collateralized debt obligations (pools of corporate debt and individual credit-default swaps).

The anxiety is, credit-derivative risk "has become re-concentrated or migrated" to the portfolios of reinsurance companies (who entered the market late).

And "nobody knows for sure how serious the problems are," because balance-sheet disclosure is inadequate and transparency is "best described as exceedingly opaque."

Reinsurers supply risk capital to life, property, and casualty insurers.

Malaysia Tells IMF: Hands Off Gold Dinar

Malaysia told the IMF it has no veto power over the gold dinar and related bilateral and multilateral payments agreements. Since the 1980s, Malaysia has signed Bilateral Payments Agreements (BPA) with 24 countries, allowing trade settlement directly between central banks, bypassing London, New York, etc. The IMF protested, and when Malaysia and its allies moved to set up multilateral deals, the IMF declared it illegal under the IMF rules, and succeeded in stopping it. Now, with the Gold Dinar policy extending the BPA idea both bilaterally and multilaterally, IMF opposition will not be countenanced, according to Malaysian Prime Minister Dr. Mahathir: "They said it was against the rules when we introduced our bilateral payments arrangements. We are still using these, and our trade with such countries has increased by 400%. The IMF can say what they like. They have no say in this country. They need to seek our permission to come here."

Brazil's Embraer To Sign Joint Venture with China Aviation

Brazil's leading aircraft company, Embraer, will sign the final agreement on its joint venture with China Aviation Industry Corp. II (AVIC-2), by early December, to produce Brazilian airplanes in China, Brazilian Development Minister Sergio Amaral announced in Sao Paulo on Nov. 25. Amaral said all details had been finalized. The Minister did not know when Embraer's planned factory in China would begin producing planes, but he said Brazil's and China's national economic development banks would be supporting the project. The plan is for the plant to rapidly reach an annual production of 24 airplanes a year, of Embraer's ERJ-145 model. With Chinese domestic airlines expected to buy between 110 and 140 regional airplanes a year between now and 2005, this represents a giant market for the kind of regional planes in which Embraer specializes. China is likewise eager to have Embraer's technology to improve its own aircraft production capabilities.

The announcement coincided with the opening of the Brazil-China Business Council meeting in Sao Paulo, and the "Chinese Exposition of Engineering, Technology and Complete Equipment" which the Council is sponsoring.

UNITED STATES NEWS DIGEST

LaRouche Warned You About Kissinger's Role in 9/11

America's leading war criminal, Sir Henry A. Kissinger, was appointed Nov. 27 by President Bush to head the newly created "independent commission" to investigate the Sept. 11 attacks. The appointment should be a wake-up call to those who oppose a new "Hundred Years' War," as proposed by Sir Henry's colleagues on the Defense Policy Board in the Pentagon, that it is time to listen to 2004 Democratic Party Presidential pre-candidate Lyndon LaRouche. LaRouche identified Kissinger's role in the Sept. 11 irregular warfare attack, in a LaRouche-in-2004 campaign Special Report entitled *Brzezinski and Sept. 11*. Among other details, the LaRouche report details the policy involvement of Kissinger and Brzezinski in building up the Osama bin Laden network in Afghanistan. As late as 2001, Kissinger was negotiating with Afghanistan's Taliban government for oil contracts!

Commenting on Nov. 27, LaRouche suggested that, as opposed to this coverup commission, there be the creation of a "Team B"--a Truth-Seeking Commission, to seek the real truth as to who was behind the Sept. 11 events.

According to a *New York Times* leak Nov. 28, the Kissinger choice was made by Vice President Cheney, leader of the Iraq war "chickenhawks" in the Administration, who foisted it on Bush. As reported by *EIW*, Cheney's office is a center for neo-imperial doctrine, and is contaminated with Likud-run Israeli espionage operations through his chief adviser, "Scooter" Libby, the former lead attorney for financier and Israeli spook Marc Rich.

The proposal for such a 9/11 independent commission first came from the organized-crime-linked Senate duo of John

McCain and Joseph Lieberman, the biggest Iraq warmongers in the Senate. Their commission is nothing more than a 9/11 version of the Establishment's Warren Commission of 1963-64, which covered up the John F. Kennedy assassination. President Bush originally opposed a commission of inquiry, but did a rapid reversal after the Nov. 5 election, in return for Lieberman's pushing through the Homeland Security bill.

Former Senator George Mitchell (D-Me) has been named as co-chairman, recommended by the Democrats, who get to select five of the Commission's 10 members. All selections are due by Dec. 15, and the panel has an 18-month deadline to issue a report of findings.

Already, prominent U.S. figures are warning of a coverup. Veteran journalist Daniel Shorr, interviewed Nov. 30 on *National Public Radio (NPR)*, said the Bush Administration was "desperately anxious" to make sure that nothing is found that would implicate it in a failure of intelligence or a failure among intelligence agencies to communicate, as has been charged. But Bush, under tremendous pressure from the families of 9/11 victims, finally agreed to the Commission, anticipating that Kissinger would be someone who would keep the lid on.

California: The Shortfall Is Too Big To Bury

The California budget crisis shows that the only solution on the table adequate to the problem is Lyndon LaRouche's "Super TVA." State Representative Herb Wesson (D-LA), the Speaker of the California Assembly, gave a flavor of the disaster by saying that the California budget gap "is so vast that even if we fired every single person on the state payroll, we'd still be more than \$6 billion short," according to *USA Today*. Shutting every state prison, university, and mental health service "would only cover about half the shortfall," now estimated at \$25 billion, as compared with general spending of about \$78 billion. It is the largest deficit in California's history.

Hi-Tech Unemployed Fill Dallas Homeless Shelters

Charities are overwhelmed with former "techie" in Greater Dallas, Texas, according to a p. 1 article in the Business section of the *Houston Chronicle* Nov. 24. More than 15,000 layoffs in the telecom sector alone have devastated families of upwardly mobile, college-educated workers who only three years ago, were making an average of \$80,000 a year, moving into \$200,000-300,000 homes, and counting on stock options and 401(k) plans to retire early and rich. The Dallas-Ft. Worth area has also been hit by layoffs at American Airlines, with more expected.

The director of a homeless shelter, Howard Dahlka of the Samaritan Inn, says the shelter used to house the "usual down-and-outers or chronically impoverished underclass. Showing up ... now are families who lived in middle-class comfort or upper-middle-class luxury at this time last year." Dahlka added, "The number of degreed people is increasing. We had a couple in their 50s who were here for four months. He had a master's in physics and a Ph.D...." Dallas-area charities "are reporting budget-breaking demands" to accommodate the new homeless.

Meanwhile, the *Houston Chronicle* also revealed that the top brass of the Texas Workforce Commission issued a gag order that prohibits all employees from responding to media inquiries about the Texas economy. Commission spokesman Larry Jones claimed that negative reports were being issued which could be harmful to the state's economy. The order especially targets Houston-based analyst Joel Wagher, who recently stated to the media that 2002 would be a year of job losses in the Houston area, with more cuts to come in energy trading, telecommunications, and retail. This contradicted a more upbeat official report. Jones said that, from this point forward, "I am the official response."

Powell Says 'No-Fly' Zone Incidents Won't Trigger UN Resolution

In an interview with *NPR* Nov. 28, Secretary of State Colin Powell said that there is no longer any "debate" or disagreement in the Administration over Iraq, or even over whether the incidents in the "no-fly" zone would cross the threshold of "material breach" of the recent United Nations Security Council resolution or previous resolutions.

"No, there isn't a debate going on. We'll wait and see what happens, rather than prejudge where that threshold might be," Powell said, adding that "what we're looking for is a new spirit of cooperation from Iraq." As to the Iraqi shooting at U.S. and British planes in the "no-fly" zones, Powell stated: "They've been shooting at U.S. and British planes for, oh, eight or nine years now, so this is a pattern of behavior that is inconsistent with what we believe their obligations are, and we are responding to them every time they do fire at our aircraft. But we don't see that series of incidents ... as something that triggers the demands and the consequences of the new resolution.... [T]he Security Council should take note of the fact that since we've passed this resolution, Iraq continues to operate in this way." Powell repeated that "President Bush sees war as a last resort."

Three days earlier, on Nov. 25, senior political columnist Robert Novak cited a Bush-Powell conversation en route to the NATO summit in Prague as evidence of Bush's tilt away from the Iraq warmongers. Novak wrote that after the lengthy one-on-one discussion aboard Air Force One, Powell immediately phoned his deputy, Dick Armitage, to report that Bush was not committed to going to war with Iraq--despite the fire-breathing speech Bush gave several days later to Prague students.

Novak reports that, for the time being, the "Rumsfeld-Wolfowitz" hard-liners have lost control over the President. "Bush has gone well beyond what ... Rumsfeld ... Paul Wolfowitz and their non-governmental advisers have opposed. They did not want UN involvement, weapons inspectors, coalition-building or even an active role by Powell." Richard Perle's attacks on UN weapons inspector chief Hans Blix also fell on deaf ears at the White House, where Blix received a "hero's welcome" from Bush last week, says Novak.

Novak adds that the Administration hawks have deep concerns about their desire for regime change in Iraq. "If Hussein opposes or stalls the inspector, he surely faces multinational military action to seal his fate. But what if he cooperates and no cache of weapons is found? The calm and collected George W. Bush who talked with Powell on the way to Prague seems ready to accept that outcome."

Powell Will Host 'Quartet' Meeting To Discuss Middle East Peace

Secretary of State Colin Powell will host a meeting of the "Quartet" (the U.S., Russia, the European Union, and the UN) Dec. 20, to discuss a "roadmap" for peace between Israel and Palestine, State Department spokesman Richard Boucher announced Nov. 25.

Russian Foreign Minister Igor Ivanov, UN Secretary General Kofi Annan, and top EU officials are expected to attend, to discuss how to proceed towards the creation of a Palestinian state by 2005.

Israeli Prime Minister Ariel Sharon had sent his deputy, Natan Sharansky, to Washington last week, to lobby specifically against any discussion of peace efforts until after the Israeli and Palestinian elections are held in January. Sharansky told the press Nov. 20, after meeting with Vice President Dick Cheney and Deputy Secretary of State Dick Armitage, that Yasser Arafat's Palestinian rule was a dictatorship, and all discussions should be put on hold until changes in the Palestinian Authority are made, and, at minimum, until after the elections are held.

An article in the Israeli newspaper *Ha'aretz* Nov. 26 reported that Israeli Military Intelligence Maj. Gen. Aharon Ze'evi has written letters to Sharon, Foreign Minister Netanyahu, and Defense Minister Mofaz, warning that if Israel does not intervene, the Palestinians will use the time before the Israeli elections to "influence the shape" of the road map, and Israel will be faced with an unpleasant *fait accompli*.

Ha'aretz says the U.S. okayed Israel's request to postpone giving a response until after the January Israeli elections. But Colin Powell said that "we will not sit back idly" while "they are sorting out who should be the next Prime Minister of Israel," and scheduled the Dec. 20 meeting. The Sharon government wants the U.S. *not* to publicize the road map, because it could "complicate" the Israeli elections. Of particular concern to hardliners is that the updated plan calls for "a total settlement freeze, including ... on natural growth construction" around Jerusalem.

Meanwhile, Israel is desperate for money, and has added a request of \$4 billion in new military aid, to the already-sought \$10 billion in loan guarantees. Astute commentators in Israel are starting to look at the request by Sharon for \$4 billion in defense aid and \$10 billion in loan guarantees from the U.S., as merely election spin. Israeli commentator Akiva Eldar noted that there has been no statement from the White House that they would even come close to such a request. In fact, he points out that the U.S. Congress has not even approved the \$200 million--which in fact was supposed to be \$800 million--promised when Israel pulled out of Lebanon.

New 'Palmer Raids': Over 2,000 People Detained in U.S. Since 9/11

Over 2,000 people have been detained in the U.S. since the attacks of Sept. 11, 2001, estimates Prof. David Cole of the Georgetown Law School, who characterized the detentions as the "New Palmer Raids." No one knows the exact number, because the Justice Department stopped publicly counting on Nov. 4, 2001, when the total had already reached 1,147. None of the detainees has been charged with any complicity in the 9/11 attacks, and only four have been charged with any terrorist-related crime at all. "Four out of 2,000 is a pretty bad batting average," Cole said.

Cole described the detainees--mostly immigrants--as America's "disappeared," since most were held in secret, and tried in secret in immigration courts, and many were secretly deported, but no one knows how many are still being held. Even some who agreed to leave the country voluntarily, were still held for many months, although there was no legitimate immigration purpose to do so.

What was done to these immigrants could not be done to a U.S. citizen, Cole said, and he argued that, just because a person is an immigrant who is not a U.S. citizen, he or she cannot be denied due process. The Bill of Rights applies to all people in the U.S., not just citizens, and those rights are today considered as fundamental human rights applicable to all humanity.

Cole made his remarks in a presentation to an audience of mostly government lawyers or former government lawyers at the American Bar Association's national-security law conference on Nov. 22; they were, for the most part, decidedly unreceptive to Cole's arguments. The speaker who followed him, former Justice Department official Victoria Toensing, emphatically disagreed, arguing that "when war has been declared on us, we have to incorporate prevention in our national security."

DOJ Uses 'Material Witness' Law To Hold Many Detainees

According to the *Washington Post*, which says it has reviewed the cases of 44 persons who were arrested and jailed as potential grand jury witnesses after the Sept. 11 attacks, almost half of those detained have never been called before a grand jury. At least seven of these are U.S. citizens. The number actually detained as "material witnesses" may be much higher, since the Justice Department has not released any figures.

The "material witness" statute is being used as an excuse for indefinite detention, apparently because of its vagueness. It is only a paragraph long, and states no evidentiary requirements nor limits to detention. At least one man was originally held for eight months in solitary confinement, without being assigned a lawyer or taken before a judge.

'Night To Honor Israel' Draws 5,000 to Hagee's San Antonio Church

A "Night To Honor Israel" at the end of November drew 5,000 Christian and Jewish Zionists to the Rev. John Hagee's San Antonio Church, with Rep. Tom DeLay (R-Texas) as featured speaker. This, the 21st annual gathering, which was simulcast to a global television audience. The crowd at the Cornerstone Church included three busloads of Jews from the Houston area.

The theme of the night was full support for Israel's efforts at "self-defense" in the fight against "evil." The audience gave repeated ovations to DeLay and Hagee. Excerpts from their speeches follow:

DELAY: "Since the Republican Party became the majority in the House of Representatives, our leaders have consistently supported Israel as a just and democratic nation. Let me assure all of you here tonight, as long as I remain Majority Leader, I will use every tool at my disposal to ensure that the House of Representatives continues to preserve and strengthen America's alliance with the state of Israel.

"America has a clear duty to stand beside a democratic ally that is besieged by terrorists. I believe most Americans feel the pull of kinship with the men and women of Israel."

HAGEE: Israel has a divine right to its land and is entitled to defend it. "Victory will come over these fanatical Islamic terrorists. Peace will come. Joy will come. Singing and laughter will replace this long night of heartache.

"To our Jewish friends in Israel and around the world, we represent 70 million evangelical Christians in America. We are Zionists. If a line has to be drawn, then draw the line around both Christians and Jews. We are one. We are united. We are indivisible.

"It's time for Christians in America to stop praising the dead Jews of the past--meaning Abraham, Isaac, and Jacob--while slandering the Jewish people across the street. They represent the same family."

After noting that the broadcast of this event would be seen in the Middle East, including Iraq, he said (to wild applause, according to the *Houston Chronicle*), "Listen up, Saddam ... you can sleep in a different bed every night trying to escape the judgment you richly deserve. It's not going to help you. There's a Texan in the White House and he's gonna take you down.

"The window of opportunity to defeat Saddam Hussein and the axis of evil is limited.... I am thankful that America has a President like George W. Bush, who has the courage to call Saddam's hand ... to stand up for Israel under fire."

IBERO-AMERICAN NEWS DIGEST

Argentine Electricity Blackout Shows Need for Government Credits

Argentina had one of the biggest electricity blackout ever on Sunday, Nov. 24, affecting 13 million people. The four-hour blackout was reportedly due to a technical problem with a transformer at the Transener Company's Ezeiza substation, which then knocked out, in chain reaction, a large part of the national electricity grid. Transener will be fined 2 million pesos, and an investigation is underway to determine the cause.

Affected were the entirety of Buenos Aires province, including the capital, as well as portions of 10 other provinces.

Consumers were left not only without electricity, but in many cases without water as well, as water treatment plants shut down. Nor were trains or subways moving. The blackout raised fears of a repeat of the summer of 1999, when residents of Buenos Aires were left without electricity for 11 days, resulting in dozens of deaths, illness, and shutdowns of business.

A knowledgeable source told *EIRNS* that the problem is that Transener doesn't have the funds to invest in new transmission lines, and is forced to overload existing lines beyond their capacity. This situation, added the source, shows why only the state can make the kind of long-term investments in infrastructure development necessary for the good of the population. Long-term, low-interest loans must be available to finance such development through state-run banks, he said. This cannot be left in private hands. The IMF's proposal to raise rates is absurd, he said, not only because it is "cruel and genocidal," given the extreme and rising amount of poverty, but also because it won't work. The IMF is insanely demanding that Argentina allow privatized utility companies to raise their rates, supposedly to raise funds for investment.

Some have called it "suggestive" that the blackout occurred just as the government is negotiating with the privatized utility companies—largely Spanish and French-owned—over the issue of raising rates. Alberto Lippi, spokesman for energy distributor Edenor, warned that should rates not be increased, blackouts will occur "with greater frequency." Ariel Caplan, a consumer representative on the committee which is negotiating with the utilities over the rate hikes, correctly called this "extortion against the government and consumers."

Deadly Shortages in Argentina Portend Social Explosion

There is an explosive social situation in Argentina's Tucumanlo Province, where there are 12,000 undernourished children, and 434,000 people classified as "indigent" out of a total population of 1.3 million. The Nino Jesus Hospital, the only pediatric hospital in the province, cannot handle the number of severely undernourished children in its care. There aren't enough beds, and children are lying in chairs and in the hallways. As soon as one child leaves the hospital, another is admitted to take its place. Last winter, some children had to share beds.

Juan Masaguer, director of the Provincial Health System, warns that nothing will change if "we save a child in the hospital, but then send him home, where he will eat little or nothing, as his father has no decent job with which to feed him." Without "wages, or decent jobs, no family can survive," says Dr. Angel Gonzalez, of Nino Jesus hospital.

Tucuman also is short of food. Twenty-four tons of food donated by Spain, Finland, and Japan have arrived in Argentina, and are being sent there. Starting Nov. 25, under the direction of First Lady Hilda "Chiche" Duhalde, and the Secretary General of the Presidency Jose Pampuro, the food distribution program will get under way. But, despite a splashy display by Mrs. Duhalde, regional leaders say the real problems aren't being addressed. Dr. Elena Abraham de Cordoba, who runs the Santa Ana Hospital in Tucuman, warns that her medical center has the same budget it had in 1991, but now, with 60% unemployment in the region, it is impossible to care for the poor.

Doctors, nurses, and other personnel of the Nino Jesus Hospital in Tucuman have written a letter to Mrs. Duhalde entitled "Others Make the Decisions, We Just Watch [People] Die."

Colombia's Former Finance Minister Accused of Pushing Genocide

Intensive organizing by Lyndon LaRouche's Ibero-American Solidarity Movement (MSIA) in Colombia, against the influence of former Finance Minister Rudolf Hommes on the current government of Colombia, has begun to bear fruit. In the past week, two sharp attacks were published against Hommes, who could wreck the new government of President Alvaro Uribe Velez should he continue as Uribe's adviser.

A Nov. 21 opinion column by respected commentator Octavio Arizmendi in *Portafolio*, a neoliberal economics offshoot of the daily *El Tiempo*, was provocatively entitled "Hommes: Genocide in Agriculture?" It denounced Hommes' recent proposal that Colombia should import any and all foodstuffs from abroad, whenever it can be bought more cheaply than producing it in Colombia.

Arizmendi says this would throw 30% of Colombia's population on the garbage heap. Hommes' policy, called *apertura* (economic opening) policy, was implemented when he was Finance Minister to then-President (and now OAS Secretary-General) Cesar Gaviria (1990-94). It was a disaster, says Arizmendi, going "against reality, justice, and the welfare of the Colombian agro-producer." He adds that Colombia's entering a Free Trade Area of the Americas without protection would cause "genocide by starvation against 30% of the country which is agro-dependent."

Outraged by the charge of genocide, Hommes called Arizmendi's column "falsified" and "excessive." Hommes then gave a dictionary definition of "genocide" which confirmed the accusation. Hommes is no stranger to genocide. As a board member of Violy Byorum & Partners, the investment firm which introduced the Grasso Abrazo into Colombia, Hommes has done his best hand Colombia over to the murderous narcoterrorist FARC ("Revolutionary Armed Forces of Colombia,") which was literally "embraced" by Wall Street's Richard Grasso, head of the New York Stock Exchange.

The second attack on Hommes came in a Nov. 25 editorial of the opposition newspaper *El Nuevo Siglo*, which said Hommes blindly follows the directives of the IMF due to sheer stupidity on all matters economic. The editorial said that under Gaviria, instead of bringing an "avalanche" of prosperity, Hommes "contributed indirectly to the rise in misery and violence" in Colombia. Hommes' forced opening of the Colombian economy, *apertura*, said *El Siglo*, caused the bankruptcy of the agricultural sector, and a "terrible hemorrhage of foreign exchange" from the '90s till the present—money which could have gone for development.

Ecuador Could Face 'Argentine-Style' Blowout in January

Ecuador has elected Lt. Col. Lucio Gutierrez as President, but the new 45 year-old President, a follower of Jacobin Hugo Chavez of Venezuela, has no inkling of what is about to hit him. He won 54% of the vote, defeating Alvaro Noboa, a billionaire tycoon, with 110 companies who became the country's wealthiest man through real estate deals and using child labor on his banana plantations.

Until the Oct. 20 first round of the elections, Gutierrez, who was an activist in the World Social Forum circuit, campaigned on reversing dollarization, assuring cheap housing and free health care, and fighting corruption. He allied his party, the January 21 Patriotic Society (named after his 2000 coup), with the leading "indigenous" party of Ecuador, Pachacutik, and the Sao Paulo Forum-member Popular Democratic Movement.

But now, Gutierrez says, "Ecuador needs to generate credibility in the international arena." His new tune is to promise not to touch the dollarization program, and seek a standby loan with the IMF, as well as more foreign investment in the state-owned oil and electricity sector.

Ecuador faces \$2.1 billion in debt due next year, an enormous sum for this small country. Because the dollar is its currency, it cannot print any money of its own, but depends solely on the foreign exchange it can earn from oil, bananas, shrimp—and what remittances Ecuadorans working abroad send back home. *Bloomberg* financial wire service says Ecuador will have to reach an agreement with the IMF to get \$240 million, and run a 6% primary budget surplus (surplus before debt payments are paid), to have any hope of meeting those payments. The IMF is demanding savage cuts, including an end to subsidies on cooking gas.

Knowledgeable Ecuadorans warn that the country faces "an Argentine blowout," perhaps as early as January. But Ecuador

is already one of the poorest countries in the hemisphere. Since 1999, some 20 of the country's 41 banks have gone belly up, 3 million people have lost their savings, thousands of small companies have disappeared, and a half-million Ecuadorans have emigrated. According to the *Washington Hispanic*: 74% of its 12 million people now live below the poverty line; 50% of the workforce is unemployed; one-third of the population has no access to potable water; 70% of the people do not have access to medical or health attention; 64% of the children between 6 and 15 years of age, are without schooling.

Soros-Linked Ruling Party Loses Peru's Regional Elections

In the Nov. 17 elections for regional governorships in Peru, President Alejandro Toledo's Peru Possible Party *lost* all but *one* of the 25 posts. Toledo's Presidency has been so bad, that he made former President Alan Garcia of the APRA, who left the country at the brink of disintegration, look good. APRA won 11 of the 25 contested seats. Political independents, who are reportedly mostly leftist militants, took another eight regions.

It couldn't happen to a better fellow. Toledo was placed in the Presidency by a U.S. State Department "Project Democracy" coup, and a least \$1 million from drug-legalization kingpin George Soros.

The defeat is not without irony. It was Toledo's regime which created the "regions" in the first place, under the decentralization law it championed, which hands the regions a wide range of powers previously held by the central government, including control over almost a quarter of the national budget.

Toledo is now scrambling to come up with some basis to continue to govern, without any power base. The *Financial Times* of Nov. 18 asserted that the vote turns Alan Garcia into Toledo's "virtual equal," under the new political structure. One immediate measure the government aims to take, is to modify its own decentralization law, to tighten fiscal oversight over the regional governments, before the new governors (known as "regional presidents") take office Jan. 1.

Fujimori Reminds Peruvians That He Will Run in 2006

Former President Alberto Fujimori reminded Peruvians two days after the mid-term election that he intends to run for President in the 2006 elections. His statement, faxed into Peru Nov. 19 from Tokyo, where he is in exile, declared: "I am not a commando out of combat. I am a commando who expects to return to active duty, to find, together with all Peruvians, the light at the end of the tunnel."

Fujimori in his two Presidential terms defeated the narcoterrorism which had exploded under the previous Alan Garcia regime. He was thrown out of power after winning an election for a third Presidential term, in 2000, by the same Soros-State Department coup which installed the incompetent Toledo in power.

Is Iran-Contra's Otto Reich Being Replaced?

Not many Ibero-American government officials are shedding tears over the news that a replacement may be coming for Assistant U.S. Secretary of State for Inter-American Affairs Otto Reich, an old operative tarred with the Iran-Contra scandals of the Reagan-Bush secret-government era.

Neo-conservative Reich only got the Assistant Secretary job through a temporary appointment by George Bush a year ago, when the Senate refused to hold hearings to ratify his appointment. When Congress adjourned last week, Reich's temporary appointment ended, and he was shunted off to a newly invented position of Western Hemisphere "special envoy." The State Department could not define that position when asked on Nov. 25. However, State Department spokesman Richard Boucher said that Reich's replacement, J. Curtis Struble, is "the bureau's most senior point man for officials from the

Western Hemisphere." Struble had been Reich's subordinate.

Reich's neo-con supporters say they expect Bush will send Reich's name back to the Senate, now controlled by the GOP, but even that may fail to get him confirmed, reports the *Miami Herald*. A number of Republicans oppose Reich because of his hawkish views on Cuba, especially over continuing the embargo. Some Republicans from the economically devastated Farm Belt want the embargo lifted, in order to sell U.S. agriculture products to Cuba.

'Mega' Organized Crime Moves into Argentina

Two of the leading scions of the Meir Lansky-organized crime empire in North America, Michael Steinhardt, benefactor of "Joe Lieberman, Inc." and the Democratic Leadership Council, and Seagram's magnate Edgar Bronfman, head of the World Jewish Congress, have moved into Argentina, to link up with partners of U.S.-based drug legalizer George Soros.

Steinhardt and Bronfman, who founded the super-billionaires Zionist mafia group "Mega," have joined with Soros' Argentine partner Eduardo Elsztain to form a new "investment" firm, Ifis (Financial Investments of the South). Seventy-five percent of Ifis is foreign-owned, and other Manhattan-based partners are Millennium Partners and individuals such as Sam Zell, Aron Wolfsohn, and the Glick family, all Manhattan based. The other 25% is owned by Elsztain and other Argentines.

Ifis has also bought up 51% of Cresud, and 20% of Irsa, two holding companies in which Soros used to own a significant share, but from which he largely pulled out in 1998 as the economy plummeted. Irsa's stock is worth 10% of what it was in the mid-1990s, when Soros bought up huge amounts of real estate in the country.

According to Elsztain, a member of the rightwing Jewish Lubavitcher sect, "sophisticated investors" like Steinhardt and Bronfman see a good opportunity in Argentina, despite the fact that the economy is in deep depression. The "investment opportunities" are in highly indebted companies, land, and tourist sites. What hedge-fund king Steinhardt will do with them bears further investigation.

WESTERN EUROPEAN NEWS DIGEST

Labor Ferment Expanding Across Europe

Labor ferment was expanding in France and Britain last week, as workers in Italy moved from strikes to political protests. Both the British Trades Union Congress (TUC) and other individual unions, especially in the public sector, have declared full support for Britain's striking firemen against the government. This convinced numerous cities that it is better to negotiate with the firemen on the basis of their call for a 16% wage increase, rather than oppose them.

Even Britain's Deputy Prime Minister John Prescott has expressed sympathy with the firemen's cause. But Prime Minister Tony Blair and Chancellor of the Exchequer Gordon Brown intervened, arguing that if the municipalities were allowed to negotiate with the firemen, public-sector budgets would be burdened with an extra 700 million pounds sterling. The firemen should leave the past for the future, Blair said, and open themselves up to more labor flexibility.

In response, teachers staged protests and strikes, so that more than 1,000 schools were closed in London Nov. 26. Meanwhile, several labor unions have warned Prime Minister Tony Blair that they will cut off all funding to the Labour Party, if he persists in his hard line against the firemen. One of the union leaders, John Edmonds of the GMB union, is quoted as saying: "This is no longer just a dispute between the Fire Brigades Union and the government—it has descended into a fight between the government and the whole of the union movement."

In France Nov. 25, riot police removed some of the 30 road blocks set up by striking truckers, and arrested several—actions which will not calm the waters. Other labor unions are joining the strike front: On Nov. 26, tens of thousands of workers of the railways, Air France, France Telecom, Poste de France, EDF and GDF (electricity and gas), as well as urban transport, staged strikes and protests, including a rally of 60,000 in Paris, in a day of action against the government's plans for privatizations. The teachers of France have announced a national day of action for Dec. 8. In addition, striking air controllers Nov. 26 caused the cancellation of up to 90% of all flights at the two major Parisian airports of Paris, as well as other airports in France.

In Italy, the wave of Fiat protest actions and strikes was followed by a general labor/left-wing rally of 300,000 in Milan on Nov. 23. The rally was addressed by CGIL union chairman Cofferati—this going against the "labor reforms" policy of the Silvio Berlusconi government.

In Germany, the police trade union GdP—which does not have the full freedom of strike because of its special public servant status—has, however, threatened to begin work-on-schedule and no overtime work, which would be equivalent to a constant warning strike pattern. This is unprecedented in postwar German history, as have been various warning strikes and protest marches by policemen in Berlin and other German cities in recent weeks.

German Government Announces '*Mittelstand* Offensive'

The German government as of the end of November was announcing a "*Mittelstand* offensive" as the mood of the country's businesses collapsed. (The *Mittelstand* is Germany's small and medium-sized businesses and entrepreneurs, the backbone of her economy.)

At the annual gathering of German craftsmen's associations in Leipzig, German Economics Minister Wolfgang Clement said the government recognizes the rapidly deteriorating mood in the population and among business leaders. Trying to turn this around, Clement announced a "*Mittelstand* offensive," including new credit mechanisms, a downsizing of the bureaucracy overload at smaller and medium-sized companies, and certain additional rules for the *Mittelstand* in the German East. A crucial part of the initiative is the establishment of the "Mittelstandsbank," by merging and somewhat upgrading the *Mittelstand* activities at the Kreditanstalt fuer Wiederaufbau (KfW) and the Deutsche Ausgleichsbank—state-run, like the KfW.

At the same Leipzig event, the president of the Central Association of German Craftsmen (ZDH), Dieter Philipp, emphasized that throughout the entire postwar period, economic conditions for craftsmen in Germany have never been as bad as they are now. There is an enormous amount of rage and frustration; consumption is shrinking, due to higher taxes and social security fees; and this year, 300,000 jobs will disappear from the sector, with perhaps another 300,000 vanishing next year. The total craftsmen workforce in Germany has plunged by 19.1% in the last six years.

Meanwhile, the market research agency GfK announced last week that its consumer climate index in November crashed to -55,4 points, the lowest level since the index was established 22 years ago. Likewise, the European Central Bank's consumer confidence index in November fell to a five-year low. The president of the German Retail Association, Hermann Franzen, described the year 2002 as "the bleakest day in the history of the retail sector."

German Government in Logjam: Budget Reform Package Voted Down

In its session Nov. 30, the majority in the Bundesrat, Germany's upper house, voted against the Schroeder government's budget reform plan on various counts: 1) the planned increase of citizens' payments into the state pension fund from 19.1 to 19.5% (of average income); 2) the planned ceiling on government co-funding of public health insurance companies; 3) all

components of the "Hartz" labor market reform plan that have to be approved by the 16 German states.

As a result, discussion of potential corrections or even alternatives to the government package will take weeks, if not several months, to iron out—probably until next March. It is also expected that neither side really wants a decision on the package, before early-February state elections in Lower Saxony and Hesse.

The government had viewed this package as essential in its policy outline from January onward. The Bundesrat setback is even worse for Schroeder, because three states governed by his own Social Democratic Party voted with the opposition against the government, on the "Hartz" package. This leaves the government more or less paralyzed, and what keeps it in power is mostly the fact that the opposition is not seriously trying to force it out through a no-confidence vote—probably because the opposition does not want to be in the government, in view of all the economic, financial and geopolitical turbulence now erupting.

Germany and China Envision Intensified Relations

Travelling from Moscow to Berlin Nov. 28, Chinese Foreign Minister Tang Xiajuan met with German President Johannes Rau, Chancellor Gerhard Schroeder, and Foreign Minister Joschka Fischer. Issues related to the UN Security Council, which the Germans will join as a rotating member in February, were on the agenda (China also supports Germany's becoming a permanent UNSC member).

The official context of the talks was the 30th anniversary of Chinese-German relations, and the next phase of relations, which is to be inaugurated during Schroeder's visit to China at the end of the year. One feature of that visit will be a joint Schroeder-Jiang ride on the just-completed Transrapid maglev track between Shanghai and Pudong on Dec. 31.

Leaving Germany on Dec. 30, Schroeder will be accompanied by Economics Minister Wolfgang Clement—which indicates that more economic cooperation deals are in the making.

Rumsfeld Apparently Favors 'Regime Change' in Berlin

During a joint Nov. 26 press conference with Joint Chiefs of Staff chairman Gen. Myers, U.S. Defense Secretary Donald Rumsfeld made clear, according to *defenselink.mil* Nov. 27, that he has no use for the current German government of Gerhard Schroeder.

Rumsfeld was asked by a German journalist, "What would it take for you to describe relations with Germany with a more friendly term than 'unpolluted'?" After Myers wisecracked, "That's pretty friendly," Rumsfeld answered. First he said it was the State Department that is charged with dealing with diplomacy, then added that it wasn't "a good idea" to start the day asking what the temperature of relations was. So, "I respectfully decline" to answer, he said.

The journalist persisted: "But would anything short of participation in a military operation against Iraq be sufficient?" (He meant, sufficient to thaw out German-American relations, which went into the deep freeze when Chancellor Schroeder emphasized, in his reelection campaign, Germany's refusal to have anything to do with an American war on Iraq—and when a member of Schroeder's Cabinet reportedly compared President Bush's tactics to those of Adolf Hitler.)

Rumsfeld's answer: "I don't know that that [participation against Iraq] would do it. We don't get up in the morning and say that what we think about other countries is dependent upon whether or not they agree with us on Iraq. We've got lots of friends around the world who have different views. That is a misunderstanding of what took place in the last election campaign in Germany, it seems to me. To think that it's correctable by something involving Iraq—it just isn't. It is—that

has never been the litmus test, and it isn't today."

Calls on Schroeder To Deny U.S. Use of Their German Bases in Case of Iraq War

Three leading members of the German Green Party, which is the government coalition partner with Chancellor Gerhard Schroeder's Social Democrats, have gone public with statements against even "passive" German support for an Iraq war. The three are Christian Stroebele and Winfried Nachtwei (both members of the national Parliament), and Angelika Beer (former member of the national Parliament, and longtime Green Party defense policy spokeswoman).

Both Beer and Stroebele pointed to Article 26 of the German Constitution, which bans wars of aggression and a participation of Germany in these kinds of wars, as ruling out America's full use of their military facilities in Germany, for a war on Iraq. Stroebele also cited the two precedent cases in which German governments had kept to principles and denied the U.S. the use of facilities: In 1973, during the Yom Kippur War, and in 1986, during the U.S. air raids against Libya. The Chancellors of what was then West Germany were at those times Social Democrat Willy Brandt and Christian Democrat Helmut Kohl, respectively.

Stroebele has also mooted a legal case against the German government in the Constitutional court, if the U.S. is granted a free hand for the use of their facilities in Germany.

A Franco-German Initiative on European Defense

A Franco-German initiative on European defense was made public on the sidelines of last week's Prague NATO summit.

Europe was the "forgotten man" at the Prague summit, wrote Jean-Dominique Merchet in the French publication *Liberation*. He reported that the social climate at the summit was disastrous, with everybody wondering whether French President Jacques "Chirac and [British PM Tony] Blair would exchange more than just a 'good morning' after their fights over European financial matters, or whether Bush would accept shaking hands with Schroeder, object of rage because of his pacifism."

Also bad for Europe, insisted Merchet, was the decision to create a NATO rapid reaction force for out-of-area (anti-terror) deployments; this, he said, will create problems for the European rapid reaction forces, whose aims are similar.

It is in this context that the French and the Germans decided, on the sidelines of the Prague summit, to make public their new European defense initiative. The two countries are demanding that a European Union for Security and Defense be adopted "institutionally" within the new Convention for Europe, presided over by former French President Giscard d'Estaing. The Union call for the launching of "reinforced collaboration," meaning that a group of countries which wish more intense collaboration on defense issues can be created within the EU, not involving the rest of the Union. The reinforced cooperation on defense would involve such things as the creation of a European weapons industry, joint interventions in the field, and similar such projects. The Union would also call for a mutual defense pact, similar to the one existing in NATO, and while its activities are placed officially within the realm of the NATO Alliance, it is also stated that it can act independently.

"France and Germany are now ready for combat," stated a German diplomat happily, noting that such an initiative "should provoke fear in the British, who are no longer used to seeing the two functioning" appropriately together. Indeed, at the Nice EU summit, the British had refused to permit defense to be among the portfolios around which reinforced cooperation could be created. They were furious at the very idea, and part of American officialdom is known to be extremely wary of any such independent force.

Once launched, the Franco-German mechanism could prove extremely powerful, commented Merchet, recalling how, at the Brussels summit in October, everyone, including Britain, had to endorse the Franco-German solution to the agricultural policy problem.

MIDEAST NEWS DIGEST

LaRouche Briefs European Audience on How To Prevent Iraq War

Lyndon LaRouche spoke to the Casa d'Europa in Milan, a national Italian business, professional, and political organization concerned with issues of economic integration in Europe, on Nov. 23. Opening the morning panel of the group's conference, LaRouche explained his role in guiding the institution of the U.S. Presidency, in preventing an Iraq war. See more in [LATEST FROM LAROUCHE](#).

No Automatic War With Iraq on Agenda, Says Bush Official

Another testimony to the success of Lyndon LaRouche's work with the institution of the Presidency: The White House rejects the "Chickenhawk" demand to go to war over the contents of Iraq's forthcoming Dec. 8 report to the UN Security Council. Instead, White House spokesman Ari Fleischer made clear on Nov. 26 that Iraq's claims in that report would be evaluated by subsequent UN weapons inspections.

Fleischer was ostensibly responding to a question which asked: "Tomorrow they're going to be actually doing the first of their inspections. Is there any message to the inspectors? Is there any message to the Iraqis?"

He replied: "The President's message to both the inspectors and the Iraqis is that the Iraqis need to disarm for the sake of peace. And the President is pleased that the United Nations has passed a strong resolution that will allow the inspectors to have more tools to do their jobs to verify that Saddam Hussein has disarmed.

"Iraq has until Dec. 8 to list their weapons of mass destruction, per the United Nations Security Council resolution. And after Dec. 8, that will begin a process where we will find out whether the Iraqis told the truth or not. So they have this date that is approaching. After that date, a process begins. And the President wants to make certain that process leads to two things: one, the truth, and the truth must lead to disarmament."

White House Official Suggests U.S. Supports a Nuclear-Free Zone in Middle East

On Nov. 22, in Washington, D.C., John Bellinger, Legal Adviser to the National Security Council and Senior Associate Counsel to the President, addressed a meeting of the American Bar Association's committee on national security law, and presented the Bush Administration's "decade of defiance" case against Saddam Hussein.

EIR's Ed Spannaus asked Bellinger: "You spoke of the importance of enforcing the UN resolutions. One of the resolutions that you cited, I believe it's 687, calls for the entire region to be free of weapons of mass destruction. And that, of course, is seen as applying as well to Israel, which, it is well known, has at least a couple of hundred nuclear warheads. One of the problems that we have in that region, is that the U.S. is seen as having a double standard, enforcing resolutions against some countries, but not against others. So would this Administration call for the enforcement of that provision against all countries in the region?"

"That provision for a nuclear-free zone in the Middle East has been included in a number of different UN Security Council

resolutions, that the U.S. has signed up to," Bellinger responded. "It was not included in the new one, because the focus on this one--although previous resolutions that included that, were recalled," Bellinger added, referring to the UN practice of "recalling," or citing, a previous resolution in a resolution under consideration. "But this current resolution focussed attention on Iraq, and the threat that is posed by Iraq."

Israel's Likud Party Elections: Two Disasters for the Price of One

Israel Prime Minister Ariel Sharon beat former Prime Minister (and current Foreign Minister) Benjamin Netanyahu in the Likud Party election for party chairman, winning with a vote of 55.88% to 40.08%. Moshe Feiglin, often referred to as a "Jewish fascist" or "Jewish Nazi," got 3.46% But with such a vote Feiglin, a terrorist-linked radical who wants to "ethnically cleanse" Israel by driving out all Arabs and Palestinians from lands west of the Jordan River, just might make it fairly high on the Likud's Knesset list and end up in the Knesset (the Israeli Parliament) after the national elections in January.

In his efforts to outflank Netanyahu, one of Sharon's election campaign slogans was, "Two for the Price of One," meaning if you vote for Sharon, he will promise to give Netanyahu a high position in his government. The reality was "Two Disasters for the Price of One."

Although Sharon's victory is being touted as a "crushing" defeat for Netanyahu, only 45% of the party members actually voted. In fact, the Palestinian attack on the voting station in Beit She'an, on Thursday afternoon, is most likely what saved the day for Sharon. Before the attack, only 20% of the party's members had voted. Sharon hastily called a press conference, flanked by his new Defense Minister Shaul Mofaz and his good buddy, the commander of the Air Force, Maj. Gen. Dan Halutz, to make an "impassioned plea" for voters to come out to vote, and not to let terrorism stop the elections. Sharon's turning a national tragedy into an electoral circus, did not escape the attention of the press. Some press also noted that the presence of Gen. Halutz on the platform with leaders from the political echelon is illegal, because Halutz did not receive approval to appear from the Israel Defense Force (IDF) Chief of Staff, as required by law.

Even the Beir She'an attack looks as if it could have been part of a twisted Sharon campaign strategy. According to reports in the Israeli paper *Ha'aretz*, the Palestinian attack in Beit She'an was in revenge for the Israeli assassination of Ala Al-Sabar, commander of the Al-Aqsa Martyrs Brigade from the Jenin refugee camp, on Nov. 26, only two days before the election. The revenge attack was totally predictable, since such attacks have occurred after all of previous targeted assassination; a fact that Sharon and his generals know only too well.

Ha'aretz reported that Beit She'an was chosen by the Palestinians for attack because it was the town from which the Al-Sabar family had been ethnically cleansed in 1948. *Ha'aretz* wrote that the attackers did not know they were attacking a Likud polling station since the attack began at the neighboring bus terminal and moved to the polling station as the attackers pursued more victims. But the real question, which *Ha'aretz* did not ask, is: Did Sharon know about the Beit She'an-Al Sabar connection?

The terror attacks in Kenya no doubt also helped Sharon to mobilize voters, with his Defense Minister Mofaz, announcing how Israel will take vengeance on the perpetrators of the attacks.

There was also an element of vote fraud. Reportedly Sharon's campaign accused Netanyahu's people of hiding ballots made out for Sharon. After these accusations, new Sharon ballots suddenly "reappeared" at these stations.

Netanyahu appeared to have been a victim of his own attempts at vote fraud, because it seems the 100,000-plus new members whom his supporters signed up to the Likud did not vote. These new members were recruited from ultra-orthodox yeshivas, but when voting day came they were most likely told by their rabbis not to vote. It had been reported that Sharon

had been losing sleep over these potential voters for Netanyahu, and it is now being suggested that donations were made to the yeshivas in question, in return for their keeping their people away from the polls.

The other form of vote fraud, which has been taken up in the Israeli press, are the "vote contractors," the local party bosses who, for money, will guarantee a certain number of votes. This vote fraud could have been paid out of millions of dollars in illegal donations which *EIR* has been exposing as coming from the U.S. Christian Zionist and rightwing Zionist sources in the U.S., as well as the Moonies. Jerusalem Mayor Ehud Olmert is one of the key conduits through whom much of this money flows. His "surprise" endorsement of Sharon was seen more in terms of the money he could contribute for Sharon's campaign, than the number of votes. In return, Sharon has promised Olmert one of the more important Cabinet portfolios if Sharon wins the Jan. 28 national elections.

The question of the flows of money from outside Israel--especially from the U.S. Christian fundamentalists--is considered one of the most important factors in the general election.

Mitzna Greets Poll Projections with 'Characteristic Confidence'

Israeli Labor Party chairman Amran Mitzna, who is expected to be his party's Prime Minister candidate in January 2003, is displaying his "characteristic confidence" about the election, especially when challenged about the paradoxical results of the latest election poll. (But, as *EIW* has said before, election polls are often put out as a means of "creating," not measuring, public opinion.)

According to *Ha'aretz*, the polls show a large swing to the right, predicting a rightwing-religious bloc will get 64 seats out of 120 total, in the Knesset (parliamentary) elections. The poll gives the pro-peace camp, Labor and Meretz, a total of 37 seats, and 13 for the ultra-liberal Shinui Party.

But the same poll shows great uncertainty, with 47% of the respondents say they support unilateral withdrawal from the Gaza Strip (which is fanatically opposed by the right wing,) and 54% support evacuation of settlements, if the money that now supports settlements goes to projects within Israel--exactly as Mitzna is suggesting.

Of this, Mitzna said, "These figures definitely match my assessment of reality. When it comes to parties, there has of course been a rightward swing, but politically--the public expresses support for my program. And that's precisely what we'll be trying to do in the coming months: to find the common denominator between these two trends."

Again showing voters' nervousness, 60% of the self-identified Likud voters want a national unity coalition with Labor, because they are "nervous about how their leader would perform as the head of a narrow rightwing coalition" (i.e., they feel concern at Sharon's bloodlust for war.)

On a unity government, Mitzna said, "If there is an agreement on separation, then we'll have something to talk about." But he doesn't believe Sharon is prepared to make peace. "I really doubt it. I am very skeptical, and don't believe what he says. He has never expressed any real readiness for this. He is always creating the impression that he is about to do something, but he has no plan, no goal, no real alternative for coping with the difficult reality we face. He had 20 months ... but he didn't do anything. In the upcoming elections, we'll see exactly what he and his government did."

IDF Shootings Kill UNWRA Worker, Ramadan Drummer

The UN Relief and Works Agency (UNWRA) dismissed Israel's version of the fatal shooting on Nov. 22 of Iain Hook, a British consultant to the agency who was operating in the Jenin refugee camp during an Israeli incursion. An UNWRA

spokesman in Geneva stated Nov. 26 that Hook was hit in the back with a single bullet, at a time when there was no military action in the area of the UNRWA compound.

Moreover, UNRWA declared the Israeli version of events "incredible." The agency denied Israeli claims that Palestinian gunmen were in the UN compound when Hook emerged and was shot dead. Rather, UNRWA reported that Hook was holding a cell phone, which he was using to try to evacuate UN staff, while a gun battle raged in the area of the Jenin camp. UN spokesman Paul McCann underscored that the Israeli report is false: "In fact, it is quite clear from our inquiry so far that this report of firing from the compound is totally incredible...."

Israeli sources told *EIR* that the Hook killing was part of an intentional policy on the part of the Israeli military to repress UNWRA. The organization was founded by the UN after 1948 and is the key organization supplying aid to Palestinian refugees, including food and housing. UNRWA keeps records, and issues reports on Israeli blockades, curfews, attacks on and interference with ambulances and other health-care facilities.

Now it is reported that Israeli military surrounded the house of an UNWRA employee and arrested her husband. A UN spokesman said, "An armed raid on the house of Allegra Pacheko, an UNWRA staff member, and degrading treatment of her and her spouse is disruptive of her ability to carry out her official functions." Pacheko is not only the legal adviser of UNWRA, but an American citizen. She told *IslamOnline* that her husband "Abed's arrest is a clear example of the Israeli policy of collective punishment." Abed is a former field worker for B'tselem and the Palestinian Human Rights Monitoring Group, well-known human rights groups.

On Nov. 28, a further escalation in IDF killings of civilian, relief, and religious figures took place, as Israeli troops shot and killed a Ramadan drummer in a refugee camp near Nablus. The role of the drummer during Ramadan, is to wake the Muslim faithful at 3 a.m. so they can eat before sunrise, after which they must fast until sunset. Jihad Natour, a 22-year-old unemployed carpenter, was loudly banging on a drum and singing, when he was shot and died in the street. The IDF refused to allow an ambulance to get to him. His partner was beaten by Israeli soldiers.

Ramadan drummers are so loud--since they are trying to wake people up--that anyone approaching would know exactly what they are doing. "This is the height of brutality, because they are attacking our culture, our customs," said a Palestinian librarian to the Israeli newspaper *Ha'aretz*. "The drummer is the most beautiful thing we have during Ramadan.... the children all listen for his voice and wake up to have a meal so they are not hungry all day. I'd never heard such a nice voice as Jihad had."

Asia News Digest

Zoellick Pushes Singapore Free Trade Model

U.S. Trade Representative Robert Zoellick is using the Singapore/U.S. Free Trade Agreement (FTA) as a wedge to extract other bilateral FTAs under "competitive liberalization." This inventive concept means telling each nation that, now that Singapore has signed, they had better sign up as well or lose their U.S. market. Indonesia is the first stop for Zoellick's "economic gunboat diplomacy," where he announced the setting up of an "independent team" to study the feasibility of a U.S./Indonesisa FTA. As the *Jakarta Post* reported Nov. 26, the visit "underscores Washington's intent to push open the biggest market in Southeast Asia." The *Post* also noted, however, that opening to U.S. agricultural exports could be a disaster for Indonesia's farmers, as also the service sector. Indonesian Chamber of Commerce chief Soy Pardede said that "the government must ensure that Indonesia will not end up only serving as a market for the U.S."

In fact, the Singapore FTA is not a "done deal," as Zoellick would make it seem. The Singapore *Straits Times*, normally a

voice for London and Wall Street in Asia, sounded downright republican on Nov. 26, calling for the government not to give in to the last demand coming from the U.S.—that they renounce their sovereign right to impose currency and exchange controls in a crisis.

Urban Unemployment in China To Reach 10 Million in 2003

Urban unemployment in China is expected to reach a record 10 million by next year, according to Chinese labor experts. "The problem of job shortage coupled with an excess labor supply will put the greatest-ever pressure on the country's overall employment situation," said Mo Rong, deputy director of the Institute for Labor Studies at the Ministry of Labor and Social Security.

A combination of factors will "inevitably" push the urban jobless rate higher than the 3.9% recorded at the end of September. That is 7.25 million unemployed.

Official unemployment figures do not include more than 6 million laid-off workers from state-owned enterprises (SOEs), who are retained on payrolls, but do not work and actually get welfare benefits.

"If millions of people join the jobless army at the same time and you are not able to offer enough jobs, the unemployment rate will certainly see a sharp rise," Mo stated. In a recent study of 60 Chinese large- and medium-sized cities, they found about 70 vacancies for every 100 job-seekers.

Also, younger workers, below 35, now account for more than 60% of the total, up from less than 50% two years ago. Between 2001-05, the number of new job-seekers should reach 12.4 million each year, 2.9 million more than the annual average in 1996-2000. China is now creating only 8 million jobs a year.

At the same time, agricultural jobs are being lost rapidly, especially due to the effects of China joining the World Trade Organization. One official warned that the possible loss of jobs in the farming sector could range from 10.68 million to 13.35 million. There are already an estimated 150 million surplus rural laborers in China.

Pakistan-Afghanistan-Turkmenistan Summit on Gas Pipeline Ahead

A summit meeting of Pakistan, Afghanistan, and Turkmenistan will take place next month in Ashgabat, to sign a framework agreement for a \$2-billion gas pipeline, to go from eastern Turkmenistan, through Afghanistan, into Pakistan, the *Russia Journal* reported Nov. 25. The project recalls the UNOCAL project of years back, championed by Zalmay Khalilzad, now U.S. special envoy to Afghanistan. It's not clear what, if any, connection there is between the two projects.

How such a project can hope to get off the ground, is a big question, considering the anarchy reigning in Afghanistan. The most recent statement on conditions there, comes from Russian Deputy Foreign Minister Alexander Losyukov, who said on Nov. 25: "There remains a potential danger that the same old forces will return to power in Afghanistan and ... spread their ideology beyond the border of the country." Losyukov spoke just days before Afghan Foreign Minister Abdallah is to arrive in Moscow. He said the situation is worsening, and that the Taliban could regain power in the country.

U.S.-Indonesia Conference Erupts in Debate Over U.S. Unilateralism

A U.S.-Indonesia Society conference in Washington at the end of November turned into a debate over U.S. unilateral policy-making and declarations. The Society-sponsored event featured Bambang Harymurti, the editor of *Tempo*, a leading intellectual journal (closed during Suharto's day), and Sarwono Kusumaatmadja, a former Minister under both Suharto and

Wahid. A leading U.S. academic expert on Indonesia, Bill Liddle, belittled *Tempo*, and Indonesia generally, for arguing that Indonesian terrorism is homegrown, rather than being "international terrorism" tied to al-Qaeda, and accused Indonesia of "radical Sherlock Holmesism" for demanding evidence before declaring that al-Qaeda did it. Liddle said we didn't have that problem in the United States.

But *Tempo* editor Bambang responded sharply (in paraphrase): I've know these people in Jemaah Islamiah since 1975. They are not Islamicists, did not come through the Islamic schools, but were secular anarchists, and generally incompetent, who blew themselves up half the time when they were trying to bomb things. But, then they were taken to Afghanistan, "and trained in bomb making by the CIA and the [Pakistani] ISI, and whoever else," and when they came back, they kept doing what they were doing before—but with skill.

In response to a question from *EIR*, suggesting that the effort to pin the operations on "international terrorism" may be aimed at activating the new U.S. strategic doctrine, which justifies preemptive, unilateral operations in the case of "international terrorism," Sarwono said that "the U.S. can do anything it wants to in the world, due to its overwhelming power. The question is, do they have the wisdom to know the consequences of their actions, for there will be consequences."

The U.S. Deputy Assistant Secretary of State for East Asia, Matt Daley, who was on the panel, interjected: "Secretary Powell has made it very clear, repeatedly, that the U.S. will not intervene militarily in democratic countries whom we consider to be friends without full cooperation with the government—and Indonesia is definitely a democracy and a friend."

Myanmar Approves Joint Infrastructure Projects with Thai Firms

Myanmar has approved several huge infrastructure development projects with Thai firms, Thai Deputy Prime Minister Chavalit Yongchaiyudh announced Nov. 26, following a meeting of the Thai-Burmese Cultural and Economic Cooperation Association, which Chavalit co-chairs with Air Marshal Kyaw Than of Myanmar. Chavalit reported that Gen. Khin Nyunt, First Secretary of the ruling State Peace and Development Council had approved Thai investment in four projects: construction of a hydroelectric dam on the Salween river by MDX company; a coal mine in Myanmar opposite Thailand's Prachuap Khiri Khan; a port project in Tavoy; and a Mae Sot-Rangoon road project.

"Joint development will make border areas more open and help eliminate ... bad things hidden along the border and ensure greater security," Gen. Chavalit said, adding that drug production would decline if minority populations were cleared from border areas through peaceful means. Chavalit also agreed with Yangon that the Thai military's estimate of 1 billion methamphetamine pills entering Thailand next year was excessive, given Burma's collaboration with Bangkok in drug suppression.

"I am certain that Thailand and Burma will be best friends forever. From now on, we will have no conflicts or problems stemming from different viewpoints," Chavalit said.

Thai-Malaysia Gas Pipeline Will Go Ahead, Despite NGO Opposition

The giant Thai-Malaysia gas pipeline project is set to proceed, Thai Prime Minister Thaksin Shinawatra said Nov. 26, adding that those opposing construction were free to voice their opinion, but his government would base its decision on the national interest.

"The project is being reviewed carefully. I want to ensure safety," he said, pledging to weigh the pros and cons, but adding

he would approve construction if there were no new counter arguments. Energy Minister Pongthep Thepkanchana pointed out the government had already agreed to re-route the pipeline to satisfy environmentalists and opponents.

Senator Withaya Masena said some opponents had ulterior motives and wanted to promote their own vested interests. "A group of 1,384 academics closely associated with non-governmental organizations seem suspiciously bent on blocking the construction of the pipeline, indeed any project deemed beneficial to the country."

Thaksin, Mahathir To Hold Bilateral Summit

Malaysian Prime Minister Mahathir and Thai Prime Minister Thaksin, two key leaders in Southeast Asia, plan to hold a joint Cabinet session in the coming weeks. Thaksin and his entire Cabinet will travel to Kuala Lumpur Dec. 21 to join in the end of Ramadan celebration, and the following day, Dr. Mahathir and his cabinet will travel to Songkhla, Thailand for the first-ever joint meeting of the two governments.

High-Speed Rail To Link China's Pearl River Cities

China's Guangdong Province government has unveiled a plan to build a 20.8 billion yuan (\$2.5 billion) high-speed railway linking Guangzhou and Zhuhai and the boom towns in between on the west side of the Pearl River. Provincial authorities would present the plan to the central government, and construction could begin once Beijing had approved it, the *Nanfang Daily*, the official Guangdong Communist Party newspaper, said.

The 114.2-km Guangzhou-Zhuhai railway is part of the Guangdong government's ambitious plan to build a high-speed rail network linking all the major cities of the Pearl River Delta by 2020. The Guangzhou-Shenzhen railway serves the east side of the Pearl River, and the government plans to build more sections to link major towns. There is also a proposal to build a magnetic levitation (maglev) railway, similar to one being tested in Shanghai, between Guangzhou and Hong Kong.

If the proposed Hong Kong-Zhuhai-Macau bridge, now under discussion between Hong Kong and mainland authorities, goes ahead and includes a rail line, the whole delta could be ringed by high-speed rail.

Beijing Approves Great South-North Water Project

The central government of China has officially approved the construction of the great "Move South Water North" project, to divert water from southern China to the dangerously arid north.

At a press conference in Beijing yesterday, Water Resources Vice-Minister Zhang Jiyao said part of the project will start by the end of the year. "After nearly half a century of study and planning, we now can start putting the project that the late Chairman Mao Zedong envisioned into reality step by step," Zhang said.

Beijing plans to invest 154.8 billion yuan (U.S. \$18.65 billion) in the first-phase project, which will be finished in the next five to 10 years. The whole project will be completed by 2050.

"The south-to-north water diversion project is a mega-project that is strategically aimed at realizing the optimal allocation of water resources," Zhang said.

Mahathir Warns Australia: Stop Playing 'Deputy Sheriff' to U.S.

In an interview with Greg Sheridan, foreign editor of *The Australian*, covered in the *New Straits Times* Nov. 25, Malaysia's Prime Minister Mahathir warned Australia: "If you take the position of being a sheriff, or deputy sheriff, to America, you cannot very well be accepted by the countries of this region.... Australia is more belligerent than many European countries. You have never criticized any of the acts of the Americans, even to the point where the Americans want to go off on their own and attack Iraq." Asked whether this would cause long-term damage to Australia, Dr. Mahathir said: "You will never be accepted. You will always be regarded as an outsider."

Dr. Mahathir was equally tough on the U.S., including the "war on terror": "I don't think the U.S. is winning. I don't think so, because this is the kind of war that can last for ages." He said he believed the U.S. had gone backwards politically in the past 14 months. "I would say the situation is worse than it was immediately after the attacks on Sept. 11. The day after the attacks, the whole world, including the Muslim world, united to fight terrorism," but the U.S. has alienated much Muslim opinion, and Muslims feel "it's not a campaign against terrorists, but against Muslims."

As he has often said of late, Dr. Mahathir reiterated that the U.S. should not only address terrorism as a security problem, but address its root causes as well. "It's not Islam at all," he said. "The Palestinian issue is basic, but, of course, the decision of the U.S. to keep its troops in Saudi Arabia after the Gulf War was the direct cause of Osama bin Laden's actions. The Palestinian issue is the major cause of all this. The Palestinians lost their land."

Thailand To Clean Out IMF's 'Stinky Pants'

Thailand's Thaksin Shinawatra government plans to retire the last of Thailand's IMF debt over the next year—two years early—and is planning to overhaul or repeal the 11 conditionalities imposed by the IMF. Prime Minister Thaksin said the 11 measures were enacted by the former Democrat Party government "under pressure from the IMF." Government spokesman Sita Divari said, "The Democrats have dirtied their pants and passed them on to us to clean. Now they say the stinky pants are ours."

The laws allowed foreign giant superstores to move in, which wiped out thousands of domestic retail outlets, and other laws "put foreign investment first," according to critics.

AFRICA NEWS DIGEST

Deputy Foreign Minister Says South Africa Will 'Not Cower' Over Iraq

The *Cape Argus* newspaper of Cape Town, South Africa reported Nov. 28 that Deputy Foreign Affairs Minister Aziz Pahad made a strong response to criticism that has plagued the Foreign Affairs Department since Pahad returned from the highly successful international trade fair in Baghdad last month. Anglo-American forces pushing the Iraq war are unhappy that a number of nations are viewing normal relations with Iraq as a pathway for reaching a peaceful solution to the Iraq crisis, through cooperation with the United Nations, and ultimate lifting of sanctions.

The row about Pahad, and by extension South Africa, "hobnobbing" with Iraq followed reports that he had personally delivered a letter from President Thabo Mbeki to Saddam Hussein, and that the Iraqi President then orally invited Mbeki to Baghdad. Joe Seremane, deputy leader of the British-spawned Democratic Alliance in South Africa, is trying to preempt a possible visit to Iraq by Mbeki, insisting that this would "damage U.S.-South Africa relations," and would jeopardize the benefits achieved from the United States' Africa Growth and Opportunity Act.

Pahad responded last week that the government would not cower under pressure from people who want to "control us" externally, "who do not trust the ability of black people and black institutions to do the right things." He continued: "We are

adjudged guilty by association (with Iraq). What most fail to realize is that we have relations with all countries in the world. And if the same principle (of guilty by association) is applied fairly, we will then have no relations with anyone. It's nonsense!" Pahad made clear that South Africa had not yet received the "official written invitation" from the Iraqi side, and that once that is received, his Department "will look at the facts and the purpose of the visit. If we believe that the President's visit would be of benefit to world peace or to South Africa, we will advise him to go."

20-Member COMESA Seeks Blanket License for Producing AIDS Drugs

The Secretary General of the Common Market for Eastern and Southern Africa (COMESA), Erastus Mwencha, told *Reuters* in a Lusaka interview, "We have applied for licensing from the WTO [World Trade Organization] to allow us to manufacture AIDS drugs, and we would like to see this happening by December" 2002, according to a *Reuters* wire Nov. 15. COMESA has 20 member countries from Egypt to Madagascar, representing a population of 380 million.

Mwencha said AIDS is strangling trade and development across Africa because it is killing the continent's most qualified and economically active people. "The West argues that they must make profits, but our argument is that drugs must be cheaper, as we cannot continue to see people dying for the sake of profits," he said.

COMESA made its request to WTO while trade ministers met in Sydney, Australia, to discuss a plan for the WTO which, in *Reuters'* words, "would allow poor countries to manufacture generic copies of drugs that are protected by intellectual property rights in developed countries."

In a series of *EIR* articles from 2001 on the African and Third World fight against the World Trade Organization, which was protecting pharmaceutical giants under "intellectual property" laws, *EIR* reported:

"The right to purchase medications at affordable prices, and more importantly, to produce their own medicines for treating AIDS and other deadly diseases, is a national security issue for the Third World, especially the nations of sub-Saharan Africa. Of the 3 million adults and children who died due to HIV/AIDS during 2000, 2.4 million were in sub-Saharan Africa, a rate of death of 9.48%, which is far higher than other areas. And, due to the unaffordable prices of pharmaceuticals, only 10,000 patients out of the 25.3 million diagnosed with AIDS in Africa are being treated with life-prolonging drugs.

"Africa is dying. There is a combined death rate, in sub-Saharan Africa, from AIDS-TB-malaria, of about 5 million people per year. This is very high mortality, relatively, for all three linked diseases. It's over eight-tenths of one percent of the population, annual mortality from these alone. That is 9% of all deaths in the world annually, from all causes, accounted for by these three diseases alone."

In April 2001, *EIR* reported that 39 pharmaceutical companies, "Facing a rising surge of resistance from representatives of millions of AIDS victims," had "dropped their case against the South African government to block imports of cheaper AIDS drugs." The pharmaceuticals, led by the U.S.-British-European-based multinationals, had put their money and muscle together to sue South Africa in order to block a 1998 law "that would allow the country to ignore patents, and either import or manufacture generic drugs, under specific circumstances, to protect public health." The law applied to other medications beyond the AIDS drugs.

But the pharmaceuticals and WTO still denied the right of Third World countries to produce their own drugs for AIDS. The multinationals drastically cut prices in order to circumvent the issue. Now, the COMESA move at WTO again puts this challenge on the agenda, in a situation in which AIDS/HIV cases are increasing beyond any projections from earlier surveys in Africa, and spreading massively in Asia.

Land Seizures Reportedly Ended in Zimbabwe

After a ministerial-level meeting of the South Africa-Zimbabwe Joint Commission on Cultural, Technical and Scientific Cooperation, a South African official told *IRIN News* Nov. 12 that the Zimbabwe delegation led by Foreign Minister Stan Mudenge, gave "certain assurances" that land seizures had ended.

"They said there would be no more land acquisitions either by war veterans or anyone else," said the unnamed official, according to *IRIN*. The Joint Commission last met in 1996.

This Week in History

December 2-December 8

The document most clearly representing the thrust of American foreign policy, up until the time of Franklin Delano Roosevelt, is the Monroe Doctrine, promulgated by President James Monroe on Dec. 2, 1823. Despite the forceful and successful measures by President Teddy Roosevelt, and, more recently, the Reagan Administration, to vitiate the republican principles of that document (the latter explicitly during the British war against Argentina), the Monroe Doctrine remains a bedrock of the American political system, to which our nation must return.

While the Monroe Doctrine was promulgated as an integral part of the President's message to Congress, and was ultimately composed by Monroe, the content of the lion's share of the policy—which followed on the principles set forward almost 30 years earlier by President George Washington—owes its origins to Monroe's Secretary of State John Quincy Adams. It was Adams who insisted that the United States alone, despite its military weakness, declare the policy that insisted upon no foreign interference, or colonization, by European powers in the Western Hemisphere.*

Adams' policy of the U.S. standing in defense of the South American republics, almost didn't happen. British Foreign Minister George Canning had had a different idea. Canning had offered to the U.S. the idea that the United States would **join with Great Britain** in declaring no tolerance of colonization and interference in the Americas. Secretary of State Adams, through the U.S. envoy in London, immediately responded with a challenge: Would Great Britain agree to recognize the independence of those South American nations which had broken with "mother" Spain?

When Canning refused, John Quincy Adams had the evidence he needed, to show that "Britain and America ... would not be bound by an permanent community of principle," if they issued such a joint statement. He convinced President Monroe, who had received contrary advice from former Presidents Jefferson and Madison, that he should **not** accept Canning's offer, and should, rather, make a unilateral statement.

Secretary of State Adams was not a romantic, in making such a statement. He knew as well as his fellow Cabinet members, that there was no way in which the United States had the military strength to **prevent** Spain, or France, or England, from coming into the Americas, and retaking these recently declared republics. However, Adams was determined to enunciate the **principle** upon which U.S. foreign policy should stand. And he would not agree to making a joint statement with Britain, which would turn the United States into a "cockboat in the wake of a British man o' war."

At the same time, Adams was determined to remove whatever colonial powers remained, and their future claims, from the American continent.

Historical frauds, like prominent American journalist Walter Lippmann, insisted that the Monroe Doctrine did reflect an

Anglo-American agreement. This is an outright lie, born of the attempt to submerge the irreconcilable differences between the republican American System, and the imperial system of Great Britain.

We include here the excerpt from Monroe's address to Congress, covering this foreign policy pronouncement. (Spelling as in original. Emphasis has been added.)

"At the proposal of the Russian Imperial Government, made through the Minister of the Emperor, residing here, a full power and instructions have been transmitted to the Minister of the United States at St. Petersburg, to arrange by amicable negotiation, the respective rights and interests of the two Nations on the North West Coast of this Continent. A similar proposal has been made by His Imperial Majesty, to the Government of Great Britain, which has likewise been acceded to. The Government of the United States has been desirous by this friendly proceeding, of manifesting the great value which they have invariably attached to the friendship of the Emperor, and their solicitude to cultivate the best understanding with his Government. In the discussions to which this interest has given rise, and in the arrangements by which they may terminate, the occasion has been judged proper, for asserting **as a principle in which the rights and interests of the United States are involved, that the American Continents, by the free and independent condition which they have assumed and maintain, are henceforth not to be considered as subjects for future colonization by any European power.**"

After proceeding with a long section on domestic matters, Monroe continued:

"It was stated at the commencement of the last session that a great effort was then making in Spain and Portugal, to improve the condition of the people of those countries; and that it appeared to be conducted with extraordinary moderation. It need scarcely be remarked, that the result has been, so far, very different from what was then anticipated. Of events in that quarter of the Globe, with which we have so much intercourse, and from which we derive our origin, we have always been anxious and interested spectators. The Citizens of the United States cherish sentiments the most friendly, in favor of the liberty and happiness of their fellowmen on that side of the Atlantic. In the wars of the European powers, in matters relating to themselves, we have never taken any part, nor does it comport with our policy, so to do. It is only when our rights are invaded, or seriously menaced, that we resent injuries, or make preparation for our defense. With the movements in this Hemisphere we are of necessity more immediately connected, and by causes which must be obvious to all enlightened and impartial observers. **The political system of the allied powers, is essentially different in this respect from that of America.** This difference proceeds from that, which exists in their respective Governments, and to the defence of our own, which has been achieved by the loss of so much blood and treasure, and matured by the wisdom of their most enlightened citizens, and under which we have enjoyed unexampled felicity, this whole nation is devoted. **We owe it therefore to candor, and to the amicable relations existing between the United States and those powers, to declare that we should consider any attempt on their part to extend their system to any portions of this Hemisphere, as dangerous to our peace and safety.** With the existing Colonies or dependencies of any European power, we have not interfered, and shall not interfere. But with the Governments who have declared their Independence, and maintained it, and whose Independence we have, on great consideration, and on just principles, acknowledged, we could not view any interposition for the purpose of oppressing them, or controlling in any other manner, their destiny, by any European power, in any other light, than as the manifestation of an unfriendly disposition towards the United States. In the war between those new governments and Spain, we declared our neutrality, at the time of their recognition, and to this we have adhered, and shall continue to adhere, provided no change shall occur, which in the judgment of the competent authorities of this Government, shall make a corresponding charge, on the part of the United States, indispensable to their security.

"The late events in Spain and Portugal, show that Europe is still unsettled. Of this important fact, no stronger proof can be adduced, than that the allied powers should have thought it proper, on any principle satisfactory to themselves, to have interposed by force, in the internal concerns of Spain. To what extent, such interposition may be carried, on the same principle, is a question, in which all Independent powers, whose Governments differ from theirs, are interested; even those most remote, and surely none more so than the United States. Our policy in regard to Europe, which was adopted at an

early stage of the wars which have so long agitated that quarter of the Globe, nevertheless remains the same, which is, not to interfere in the internal concerns of any of its powers; to consider the Government *de facto*; as legitimate for us; to cultivate friendly relations with it, and to preserve those relations by a frank, firm, and manly policy, meeting in all instances, the just claims of every power; submitting to injuries from none. But, in regard to these continents, circumstances are eminently and conspicuously different. **It is impossible that the allied powers, should extend their political systems, to any portion of either continent, without endangering our peace and happiness, nor can anyone believe, that our Southern Brethren, if left to themselves, would adopt it of their own accord. It is equally impossible therefore, that we should behold such interposition with any form of indifference.** If we look to the comparative strength and resources of Spain and those new Governments, and their distance from each other, it must be obvious that she can never subdue them. It is still the true policy of the United States, to leave the parties to themselves, in the hope, that other powers will pursue the same course."

*For a full conceptual treatment of Adams' Community of Principle, and the Monroe Doctrine, see "In the Footsteps of John Quincy Adams: My Strategy for the Americas," by Lyndon H. LaRouche, Jr., [EIR Dec. 15, 2000](#). Available at www.larouchepub.com.

All rights reserved © 2002 EIRNS

[top of page](#)

[home page](#)