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**THIS WEEK YOU NEED TO KNOW:**

**The Brewing Showdown**

As this week's issue of Electronic Intelligence Weekly goes to press, a major showdown is brewing in Washington, ostensibly centered around the ongoing Israeli invasion of the Palestinian territories, and the Bush Administration's response to the mounting evidence of Nazi-style genocide on the part of the Israel Defense Force against the Palestinian population. But, in fact, the conflict touches on many other areas of strategic policy, and the outcome may very well determine whether George W. Bush becomes a lame-duck President within the first 18 months of his first term in office, throwing the United States and the planet as a whole into an even graver state of crisis than already exists at this moment.

The outcome of this policy fight cannot be forecast at this time. Nevertheless, the fact of the conflict's rapidly nearing a turning-point for urgently needed new changes in policies, represents the most significant news development of the week, and is, therefore, the primary subject of this week's strategic review.

On Monday, April 8, former Israeli Prime Minister Benjamin Netanyahu arrived in the United States, following extensive April 4 consultations with Ariel Sharon, the man he hopes soon to replace in the Prime Ministership. Despite this point of friction between the two men, Netanyahu was dispatched to Washington on a vital mission by his rival Sharon: To rally radical pro-Israeli factions in both the Democratic and Republican Parties, to force President Bush to acquiesce in Israel's drive to exterminate the Palestinian Authority, from top to bottom, thus setting in motion the early eruption of a general war in the Middle East.

The instigation of such a "Clash of Civilizations" war has been the number one priority of a faction of the Anglo-American financial oligarchy since no later than the winter 1998-99.

According to one well-placed Washington diplomatic source, the Netanyahu mission was at least partially motivated by reports that President Bush was being urged to deploy former Secretary of State James Baker III to the Middle East, as part of the follow-on to Secretary of State Colin Powell's current mission. Such a Baker deployment, while of dubious benefit, would not sit well with the Jabotinskyite fanatics in Tel Aviv, including Netanyahu, Sharon, and the newly appointed Cabinet Minister, Gen. Effie Eitam, an open advocate of the total ethnic-cleansing of all of the Palestinians in the West Bank, Gaza, and inside Israel proper.

Upon arriving in Washington on Tuesday, April 9, Netanyahu staged a series of public provocations against the President of the United States, virtually accusing him of sabotaging the "war on terrorism" by refusing to give his public blessing to the extermination by the IDF of Palestinian Authority Chairman Yasser Arafat and the entire PA structure. At a public briefing at the United States Capitol, flanked by 20 members of the U.S. Senate from both parties, Netanyahu equated Yasser Arafat with Saddam Hussein, and threatened that the U.S. would soon be facing Palestinian suicide bombers at suburban shopping malls, unless Israel were given full Washington backing for the Warsaw Ghetto-modelled atrocities being conducted by the IDF against Ramallah, Bethlehem, Jenin, etc. Netanyahu was hosted at this public event by Senators John Kyl (R-Ariz) and Joseph Lieberman (D-Conn).

Netanyahu's mission was also abetted by the neo-conservatives inside the Bush Administration, who occupy key second-tier posts in the Pentagon, the State Department, and the White House. One unnamed "senior Bush Administration official" told the *New York Times* midweek that Secretary Powell's mission to Israel was dead on arrival, thus signalling, for the first time, a public factional attack against Powell from within the Executive Branch. While the identity of the specific Administration official who delivered the comment to the *Times* is not known, the list of leading candidates is no secret: Deputy Secretary of Defense Paul Wolfowitz heads a cabal of Sharonists inside the Administration, which also includes Defense Policy Board chairman Richard Perle, State Department arms control negotiator John Bolton, Pentagon comptroller Dov Zakheim, National Security Council deputy Elliott Abrams, and a dozen others.

## Firm Indecision

It is no secret that President George W. Bush personally despises Ariel Sharon, and that those feelings have intensified since the Israeli invasion of Palestinian Area A began several weeks ago. It is also no secret that White House political strategist Karl Rove has warned the President, repeatedly, that any untoward public criticism of Sharon, coming from the Administration, will jeopardize Florida Governor Jeb Bush's November 2002 reelection campaign, by instigating an outpouring of Israeli Lobby "Mega" funding of Bush's Democratic challenger. A November 2002 defeat of Gov. Bush would spell doom for the President's reelection prospects, according to the Rove logic. Thus, domestic political considerations have been insinuated into the policy deliberations on issues of global war and peace.

Anyone carefully observing President Bush's reactions to these conflicting factors, from the time he delivered his Rose Garden speech on April 4, announcing the deployment of Colin Powell to the Mideast, has witnessed a process of psychological stress, bordering on disintegration. Lyndon LaRouche characterized Bush's state of mind as one of "firm indecision." The same disease has infected others in the policy-making arena who, by virtue of their experience, should know better and do better.

Nevertheless, this is the reality of the situation at the present moment. Only a firm intervention by the United States--against Sharon's war drive--at this late moment, can prevent the outbreak of general war in the Middle East, a war that will trigger a new oil shock, at a moment that the global economy and the global financial and monetary system cannot survive such a shock. A sudden price spike in petroleum, to \$35-40 per barrel, would wreak instant havoc on Japan, Euroland, and many other parts of the world. The events of the past 72 hours in Venezuela, the third largest supplier of oil to the United States, add to the chaos.

The situation is untenable, and the Netanyahu deployment has placed President Bush in a position where he can not sit on the fence for very much longer. The fact of an open insurrection against Secretary of State Colin Powell from within the Administration cannot go unnoticed or unchallenged. Israel's increasing drive for a multi-front "breakaway ally" war against the Palestinian Authority, Hezbollah, Syria, etc., cannot go unchallenged without devastating consequences, including the highly probably eruption of a "Clash of Civilizations" global war, along the precise fault lines demanded by Samuel P. Huntington, Bernard Lewis, Zbigniew Brzezinski, and Henry A. Kissinger.

## FLASH!

Lyndon LaRouche Interviewed on Al Jazeera, April 14

Arabic speakers around the world had a chance to see and hear Lyndon LaRouche live through the Qatar-based Al-Jazeera satellite television channel on Sunday, April 14. The news-documentary program, "Issues of the Hour," had "American Democratic Presidential Candidate and political-economist Lyndon LaRouche" as its featured guest in a live interview from Al-Jazeera's studio in Washington, to comment on the current U.S. policies in the Middle East and Colin Powell's meetings with Yasser Arafat and Ariel Sharon. Program host Malik Al-Teriki introduced the theme of Sunday's installment

of his program on the U.S.-Israel alliance, stressing that "this week will be a decisive one for the Israeli-American relationship. It will determine who is steering this relationship."

A full transcript of the interview with Mr. LaRouche will be made available by Electronic Intelligence Weekly.

### **LaRouche Tells Bush: Do Not Repeat Bill Clinton's Mistake!**

April 14, 2002

President Bush has but one problem which he must face personally, if he is going to escape successfully from the "lame duck" trap being set for him currently by both the Lieberman-Brzezinski cabal, which is doing just that intentionally, and also the manifest majority among his relevant current advisors, who are doing it out of stupidity.

He must dump every consideration but standing before a mirror, to ask himself, "Forget the election-campaign. Do what neither Senator Lieberman nor Al Gore would be capable of doing: Think like the kind of President our Constitution implies." Remember President Eisenhower and the Suez Crisis. It would help the President to see his available pathway more clearly, if he would tell Ari Fleischer to dump the current White House line on Bill Clinton's performance.

Clinton expressed excellent intentions, but he failed on four leading counts, four counts on which he acted more like a sponsor and lawyer for Ehud Barak's career, than as the President of the U.S.A. First, he entangled himself in Barak's career publicly. Second, when Barak set the President up as a patsy, Clinton swallowed it. To this he added two fatal mistakes which helped to make Ariel Sharon's currently ongoing, Nazi/Warsaw-Ghetto-like operations against the Palestinians possible. First, he evaded the fact that no peace between Israel and Palestine would ever become possible, without a major economic-development program based upon massive desalination and related water development programs. Second, when Chairman Arafat had been ready to sign on the dotted line, so to speak, the President publicly blamed Arafat, rather than Barak, for blowing up the Camp David negotiations, by bringing up the issue of redistributing Middle East religious sites, such as Holy Mountain, thus creating the circumstances under which Sharon unleashed the present campaign of religious warfare and radical-rightwing Likud ethnic-cleansing policies, into the situation.

Clinton's biggest blunder of all, was his fatal error of allowing himself to be put in the position of presiding over a negotiation over Middle East religious sites, thus helping Sharon set the stage for unleashing a form of religious warfare in the Middle East which threatens to enflame most of the world.

No inaugurated President of the U.S.A. should ever permit any political or personal pressures to cause him to forget the unique meaning of the words "President of the U.S.A." among the governments of the world. President Eisenhower typifies the quality of President who made a decision of that quality in the matter of the Suez Crisis. A President must put his political career at total risk, if need be, if he must take that risk by making a Presidential, rather than a partisan political or career decision, in any moment in which the nature of the Constitutional office of President is a stake. Such a moment, such a decision, hovers before President Bush right now.

Our Federal Constitutional government is historically unique among the nations of the world. In spite of the several existential crises which our system of self-government has suffered, such as that of 1932-1933, it has never been necessary to disturb the principles of our Constitution, especially as this pertains to our Executive Branch, with its implicit Constitutional personal powers and responsibilities of the President. The assurance that this will continue to be the case, depends upon the degree to which the incumbent President, as a person, is able to recognize that it is to that Constitution and its implications, that he must be faithful, above all other possibly conflicting considerations.

The President who can say "No. Do not push me to cross this line," even when virtually all his advisors and constituents are pushing him, is a true President, whenever that decision is based on Constitutional considerations inherent in that office.

The present Middle East crisis is such a point of decision, one of several most crucial such tests which are now piling up to confront the recently inaugurated President. The United States' most vital strategic and related interests, including the interests of our European partners, require an immediate historic intervention establishing a just peace in the Middle East, meaning an immediate establishment of the Palestinian State under its currently elected head of government, Arafat. If President Bush makes that decision right now, it will happen, since the President's decision as President will set into motion the other forces, around the world, which would produce that result. Indeed, all things considered, the fate of the planet as a whole could depend upon just such a decision.

Admittedly, it has been a long time, perhaps since President Johnson on civil rights, that a U.S. President has acted in a crisis as a true President in the sense of our Constitution. It is time for President Bush to close and bar the doors, while he takes on one or two crucial decisions, working with a handful of the coolest heads from among those around him who are capable of thinking about Presidential crises in a Presidential, rather than partisan way.

I think that most Americans would rejoice to think that that is what is about to happen at the White House about now.

As for the rest of you, remember this. The office of President of the U.S.A. is the most crucial among our Constitutional institutions. You, as a citizen, must never lose sight of that fact. Whoever happens to be President, the Presidency as an institution must be protected, even against its own tendency for folly.

Any questions? That is what I am here for.

## **ECONOMIC NEWS DIGEST**

### **Merrill Lynch Investors Take a Bubble Bath**

As Lyndon LaRouche has been warning you, it's not just Enron: Now, the most established Wall Street firms are exposed in the latest scandal. New York State Attorney General Eliot Spitzer has widened his investigation of Wall Street money managers, who are charged with knowingly promoting bad investments to enrich themselves and their firms. The probe, which began with the venerable Merrill Lynch, now includes some of the Street's biggest names.

Spitzer issued new subpoenas for documents April 10 to bubble-builders Credit Suisse First Boston, Morgan Stanley Dean Witter, Bear Stearns, and Salomon Smith Barney. State investigators are also targetting Lazard Freres, Goldman Sachs, Lehman Brothers, and UBS PaineWebber in the scam.

Merrill Lynch et al. will be interrogated, Spitzer declared, in a series of public hearings; he added that he may file criminal charges against analysts or firms that he believes deliberately hyped losing stocks.

On April 8, Spitzer charged, in a filing with the State Supreme Court, that Merrill Lynch's Internet research analysts, led by the since-departed Henry Blodget, were guilty of "manipulating research coverage for the purpose of attracting and keeping investment banking clients, thereby producing misleading ratings that were neither objective nor independent." By issuing ratings that "in many cases did not reflect the analysts' true opinions of the companies," Merrill converted its five-point rating scale (Buy, Accumulate, Neutral, Reduce and Sell) "into a de facto three-point system" in which Reduce and Sell ratings were never given. This represented a "serious breakdown" of the "Chinese Wall" between Merrill's banking

and research departments.

In one case, Blodget admitted in an internal e-mail that there was nothing interesting about a particular company except the fees it paid Merrill Lynch. The analysts would, among themselves, refer to stocks as "a piece of s--t" or "such a piece of crap," while giving them public ratings of "Accumulate." Under this regime, the filing stated, even Merrill Lynch's highest investment rating "could not be trusted."

"This was a shocking betrayal of trust by one of Wall Street's most trusted names," Spitzer said at the news conference, adding that "Merrill Lynch ... may be the tip of the iceberg."

Even the establishment news media, which has merrily gone along for the dot.com roller-coaster ride, feigned outrage: A *Washington Post* editorial, "Wall Street's 'Big Lie,'" attacked this "mad boosterism," "corruption," and the "huge incentive that analysts have to deceive investors." "Disinformation on Wall Street," the *New York Times* headlined its editorial, stating that Spitzer's affidavit seems to be a "smoking gun." "[Spitzer's] findings should convince Federal regulators of the need to do more to protect investors and the integrity of the nation's financial markets," the editorial concluded.

### Add an Oil Shock, and Myth of Economic Recovery Completely Explodes

All that's keeping up the pretense that the U.S. and global financial system and economy are working, are purely "psychological" factors. Meantime, the looming "oil shock" is set to explode both the myths and the already disintegrating financial system.

On April 8, oil futures rose by 6% in one day, with the benchmark North Sea and West Texas prices in the range of \$27-29/barrel. By April 10, the price rise "settled down" for a few hours, but the impetus has not. The usual speculator-sharks are manipulating the situation by their oil trading operations--à la Enron--but real production factors are coming into play as well. Supplies are at risk from Ariel Sharon's drive for general Mideast war. On processing and distribution, the merger-mania of oil and gas companies, has reduced U.S. refinery capacity and workforce way below reliability levels.

There are other factors. On April 9, a 24-hour nationwide general strike began in Venezuela, to join the 14,000 oil industry workers. By Friday night, April 12, Venezuelan President Hugo Chavez had been forced to resign; by April 14, he was apparently back in power. With an increasing percentage of U.S. oil imports coming from Venezuela, the question of the hour is "what comes next?" (see IBERO-AMERICAN NEWS DIGEST).

A world oil price soaring to the \$35-\$45 range means mass insolvency. As it is, what remains of industry, agriculture, transportation can't pay their debts and expenses. Chain-reaction effects are already spreading through all sectors of the U.S. economy, and among whole nations--Argentina, Mexico, and many others. In Japan this week, it was announced that bad loans in the banking sector are at least an "official" \$300 billion--with no solution in sight!

### Reality of Physical-Economic Breakdown Exposes Myth of 'Recovery'

*Machine-Tool Use:* U.S. machine tool consumption this year, has dropped below the levels of 2001. In February 2002, U.S. industry consumed \$193.8 million worth of machine tools, an increase over January, when consumption was \$155.2 million, according to the American Machine Tool Distributors Association. This decline is even more dramatic, considering that January's figure was one of the lowest in a decade. Now compare the first two months of 2002, at \$349.0 million, to the same period in 2001, at \$476.5 million: This represents a steep decline of 26.8%.

Here are the figures for the past five years:

## U.S. Machine Tool Consumption, on an annual basis (\$ billions)

1997: 5.56

1998: 4.91

1999: 3.90

2000: 3.99

2001: 2.67

Thus, U.S. machine tool consumption in 2001 is already in a depression, only half the level of 1997. Because machine tools incorporate into their designs the most advanced scientific conceptions and, by transmitting those conceptions, increase the scientific productivity of the economy, the picture that emerges is one of a rapidly disintegrating physical economy.

*State and Municipal Budget Crises:* Heralding anticipated revenue fall-off from this month's individual and corporate tax filers, *Stateline.org* headlines its analysis, "States Brace for April Surprise." During the 1990s, April tax filings brought "pleasant surprises," but "this one could be more bust than boon." The "poor performance of the stock market" in 2001 (no mention of accelerated layoffs), means "there's no upside surprise, and the possibility of a downslide surprise," said Nick Jenny of the Rockefeller Institute of Government.

Forty states are running shortfalls from a half-billion dollars to multi-billions of dollars, a fact which has already necessitated slashing budgets. About 50% of all state tax filings are made in April. Depending on the extent of April revenue shortfalls, most states "will have to cut more deeply and quickly to balance their books" by June 30, the fiscal year's end. But some cities and states are already at the brink. Here are a few recent examples.

\*Buffalo, N.Y.: Faced with \$8.9-million shortfall this year, the city has already laid off 75 city workers, increased garbage user fees, left fireman positions vacant, among other austerity measures. Looking at an expected \$21-million shortfall in the upcoming fiscal year, Mayor Anthony Masiello has proposed draconian measures, which could take effect as of July 1, such as laying off 190 police officers and 38 supervisors, and hundreds of fire-fighters, closing firehouses, and requiring police and fire fighters to "contribute" more to their pensions and health care. Police and fire unions in the city are up in arms.

\*New Jersey: Democratic Governor James McGreevey took office in January, and is now faced with a \$2.9-billion shortfall. He has already issued pink slips to 600 state workers and proposed other cuts. If, as expected, revenues come in \$1 billion short of last year's take, the state will have to make big cuts before the end of June.

\*Kansas: Governor Bill Graves' Budget Director announced this week that the state is "operating hand-to-mouth," while it awaits April tax filings. It needed \$17 million to meet its payroll on April 12, but had \$3.8 million in the bank; meanwhile, it is borrowing from other funds to make the payroll. School districts, which received only half of the \$136 million due them from the state on April 1, may not see the other half until May.

\*Colorado: The state's first budget crisis in a decade is a whopper: \$930 million as of March. Governor Bill Owens has imposed a hiring freeze, halted most capital improvement projects affecting prisons, universities, and a human services

project.

*Layoffs, Plant Shutdowns:* Levi Strauss, apparel-maker since 1873, announced on April 8 that it will close six of its eight U.S. plants, eliminating 3,300 jobs (20% of its workforce), as it shifts toward marketing rather than owned-and-operated manufacturing.

Telecommunications equipment maker Lucent Technologies said it will cut an additional 5,000 jobs by the end of June.

General Motors will shut down its Detroit-Hamtramck Assembly plant for one week, starting on April 15, affecting 3,200 workers.

### California State Senator Charges Enron Manipulated Prices

California State Senator Joseph Dunn (D-Garden Grove) presented testimony to the U.S. Senate Commerce Committee April 11 that, prior to the energy crisis in California, Enron was manipulating the price of electricity by betting that it would go up. Dunn's testimony is based on internal Enron records obtained by his state investigating committee. "We know from the daily position reports, which Enron provided our committee, that as the summer of 2000 approached, Enron's traders had taken increasingly 'long' positions in the market, meaning they had a growing amount of electricity to sell."

Dunn also said that while Enron was lobbying California officials to deregulate the state's electricity market, and promising big savings for customers, company documents showed that its "internal predictions do not appear to support" these "hyperbolic promises."

And, Dunn asserted, in 2000, before natural gas prices rose, Enron went from being "short," or betting that prices would fall, to betting that prices would rise. "Staggering shifts ... from short to long positions are found in Enron's own books," he said.

Lyndon LaRouche, during his campaign for the Democratic nomination for President in 2000, told California, and the rest of the nation, that Wall Street speculators were manipulating energy prices.

### More Trouble for Enron: Top Andersen Auditor Pleads Guilty; Will Cooperate

David Duncan, Arthur Andersen's senior auditor in charge of the Enron account, pleaded guilty to the charge that he did "knowingly, intentionally and corruptly persuade and attempt to persuade other persons ... to withhold records, documents and other objects from an official proceeding, namely an investigation by the Securities and Exchange Commission." He described how he ordered Andersen employees to shred documents on Oct. 21, 2001, two days after he learned that the SEC was investigating Enron.

Under the plea deal, Duncan is immune from any further prosecution related to the Enron case, as long as he continues to cooperate, fully, with Federal authorities--which could include testimony at future trials--and agrees not to sell his story or otherwise profit from the debacle. Duncan presumably has knowledge of the partnerships used by Enron to keep millions of dollars in debt off its books.

### Euro Brings Hyperinflation to Germany; Munich in 'Debt Trap'

In an unusually blunt article, the April 6-7 edition of the Munich tabloid *AZ* rings alarm-bells about the danger of hyperinflation, pointing to dramatically rising prices, and the escalating rate of personal bankruptcies. Germany is especially sensitive to the dangers of hyperinflation, since it was in large part the out-of-control Weimar German hyperinflation of 1923, that triggered the social upheaval that led, ultimately, to Adolf Hitler's ascension to power in 1933.

The paper reports that already, 100,000 people in the Munich, the third-largest city in Germany (1.3 million inhabitants) are caught in a "debt trap"--double the number at the end of last year. Thirty-five percent of all Munich households have borrowed in order to buy cars, furniture, or housing. The Munich municipal debtors' consultation office says it is being overwhelmed by telephone calls from people who can no longer manage their debt burden. *AZ* predicts that "at the latest, by Christmas, every third citizen of Munich will fall into financial chaos." The reason for this, as given by the municipal office: Since January, when the euro was introduced, prices have risen by 30%.

Also, Germans, like Americans, have started to pay for everything with credit cards: "Money has become more and more virtual, people lose their connection to it." Young people, who think they are earning more, are also outspending their incomes. "If prices then increase suddenly massively, these people are trapped."

Munich economist and social scientist Dr. Dieter Korzcak predicts "a socially more explosive situation, with more visible poverty, drugs, robbery in shops, increase of criminality in general."

Meanwhile, the city has been hit by a dramatic fall in municipal tax revenues, leading to a budget crisis, a situation affecting virtually every German city. For example, the city of Wiesbaden announced a budget deficit of 30 million euros this year, because two big corporations will pay, respectively, 25 million euros and 5 million euros less in corporate taxes, than estimated.

Not surprisingly, at the same time, Bavarian banks have been hit by a wave of bankruptcies, and Munich, whose economy depends largely on banking, insurance, and new economy firms, is feeling the effects.

### Hospital Association Survey Reveals: U.S. Hospitals in Cardiac Arrest

After two decades of HMO/managed-care-dictated takedown of America's medical infrastructure, the U.S. hospital system is collapsing. "One in three emergency rooms is so crowded that ambulances are diverted to other hospitals," according to a just-released American Hospital Association (AHA) survey conducted in November 2001, and reported in the *New York Times* March 29 and April 9. The ambulance diversions often occurred at least one hour a day. More than 1,500 hospitals were surveyed, and the AHA said the results represent a national pattern. "Emergency Department over-crowding itself is a symptom ... of a health-care system that's broken," Carmella Coyle, a senior AHA vice president for policy, told the *Times*.

An earlier *Times* story, describing the severe shortage of hospital beds in New York City, noted, "What makes the increases [of patients] difficult is fewer hospitals and fewer beds. Since 1985, the number of hospitals has declined about 14%, with the number of beds shrinking 18%, the AHA says." A 2001 *EIR* study found that, from 1985 to 1999, New York State lost 15.8% of its hospitals, and 12.7% of its beds.

The consequences are devastating. "At Brooklyn Hospital Center, emergency room patients were waiting more than two days for beds." Emergency room nurses find themselves responsible for more patients than they can care for. Long Island Jewish Medical Center closed its ER to ambulances for 25 hours in January and February this year.

Nationwide, according to the AHA, hospital occupancy has zoomed to 64%. But New York City's average occupancy rate in 2000 was already 82%! Averages, however, do not give the true picture, the *Times* reports. "New York-Presbyterian



[Hospital] had an average occupancy of 90%" in 2001, "but it rose to 102% on some days."

## **UNITED STATES NEWS DIGEST**

### **LaRouche Offers Only Path to Middle East Peace**

*The following is excerpted from a front-page editorial in the April 15 issue of The New Federalist.*

Day by day, minute by minute, the Israel Defense Forces are carrying out a systematic Nazi-like slaughter campaign, consciously modelled on the Nazis' Warsaw Ghetto assault, against the Palestinian Authority and its population. The daily horrors only foreshadow the global religious war to which the conflict is leading. Most of those who dare acknowledge this reality, throw up their arms in despair. Some shriek for revenge. Others, who defend the action, like Israeli Foreign Minister Shimon Peres, blurt out with guilty consciences, that IDF actions will lead them to The Hague, to be tried for crimes against humanity.

What is the solution? It lies strictly in the political domain, specifically in the adoption of the policies of U.S. Democratic Presidential pre-candidate Lyndon LaRouche....

### **Israel's Reichstag Fire**

It was 1995 when the decisive step was taken, that has led toward the current gruesome conflict. The turning point was the assassination of Israeli Prime Minister Yitzhak Rabin, followed by the failure of the Israeli political leadership to act against the assassins. What this turn of events showed, was the clear intention on the part of the dominant Israeli elite, to carry out the Nazi-style policies which are now underway.

Arafat is right when he says that the current Sharon government is comprised of the grouping which killed his peace partner at Oslo, Yitzhak Rabin. Ariel Sharon, Benjamin Netanyahu, the settlers' movement, and sections of military intelligence were all part of the buildup which explicitly called for the murder of Rabin, as an alleged traitor to the Israel cause. Frenzied rallies were held against Rabin, calling him a "Nazi" for making peace with Arafat. "Religious" death sentences were issued by certain rabbis--and then the deed was done, by a known intelligence stringer. Then it was covered up.

Equally important, the murder was also supported, and covered for, among certain leading circles in the United States.

What resulted from Rabin's murder is what we see today: the emergence of a literally fascist movement in Israel. These are the fanatics who call Palestinians a "cancer," as the Nazis called the Jews. These are the fanatics who have no hesitation in knocking down the houses of, or starving, or depriving of medical care, or shooting, tens of thousands of Palestinians....

Thus, we lawfully come to the current point, following deliberate provocations by Ariel Sharon (such as his fall 2000 trip to Haram al-Sharif), and by Sharon's collaborators in the Israeli-created Hamas movement, who have carried out the bulk of suicide bombings to drive the Israelis berserk with fear. We have reached the point of an open Israeli military attempt to wipe out any Palestinian point of resistance--just as the Nazis did to the Warsaw Ghetto Jews. And by resisting, the Palestinians in the refugee camps and West Bank cities have become resistance fighters like the Warsaw Ghetto heroes, determined to die fighting, rather than be exterminated like dogs.

### **LaRouche's Solution**

But to ensure that the bloodshed is not in vain, it is we in the United States, especially, and elsewhere around the world, who have to act. We have to act to put LaRouche's economic and political policy onto the top of the international agenda, and ram it through.

What that means is that LaRouche, by name, must come to dominate discussion of the Middle East crisis.

First, there is LaRouche's unique bravery in identifying the Nazi-like actions of the Sharon government, which identification must be echoed everywhere. This is a crucial step toward *stopping the atrocities....*

Second, there is LaRouche's insistence that the U.S. government withdraw support for Sharon's government--which could not survive a day without American backing.

And third, LaRouche's peace policy must be adopted now. This involves two steps: first, the adoption of a Peace of Westphalia approach, which drops the principle of revenge and reprisal, for that of recognition and forgiveness; and second, the return to the perspective of the Oslo Accords, especially around the economic protocols. LaRouche's own Oasis Plan, for high-technology water development, in the context of a mass of cheap, directed-credit coming into the region, is the indispensable complement to that Oslo perspective.

Too optimistic? Too far-fetched? No! We, who respect the dignity of the lives of all human beings, and their posterity, and strive to bring about the "common good," have no right to "give up" on fighting for the only policy that actually can save us from the Clash of Civilizations.

Is Joe Lieberman a Jabotinsky-ite?

While Washington, D.C.'s *Roll Call* reported that almost the entire 100-member Senate was expected to turn out to hear ultra-rightwing former Israeli Prime Minister Benjamin Netanyahu on April 10, only about 20 showed up. Netanyahu's event was "officially" hosted by Sen. John Kyl (R-Ariz.), and arranged by Washington's most fanatical neo-conservatives, but it was Sen. Joseph Lieberman (D-Conn.) who was the real star.

The former Democratic Party Vice Presidential nominee embraced Netanyahu's gleeful announcement that [President Clinton's] "Oslo is dead." Lieberman said "no one was better suited to speak at this moment than his friend" Netanyahu, and excused Ariel Sharon's horrific attacks on Palestinian civilians. Has Lieberman defected to the beliefs of Vladimir Jabotinsky, the rightwing Zionist who admired Mussolini and Hitler, and believed in the ethnic cleansing of all Arabs--or has he *always* been a believer in the racist theories of Jabotinsky, whom Israel's founding father David ben Gurion called "Vladimir Hitler"?

Trilateral Commission Closed Meeting Agenda: War on Iraq

This year's Trilateral Commission meeting in Washington, D.C., April 6-8, was more secretive than usual, with many of the journalists among the 250 guests observing the "gag" rule censorship. Shouldn't American citizens wonder at the fact that three top Bush Administration officials would appear before the secretive body to deliver major policy statements, and fail to share information with the American public?

Vice President Dick Cheney, Defense Secretary Donald Rumsfeld, and Secretary of State Colin Powell, all delivered the messages that the war on Iraq is *on*. It is not a matter of *if*, but *when*.

Klaus-Dieter Frankenberger, the correspondent for Germany's *Frankfurter Allgemeine Zeitung* in Washington, reported on the chilling message: "What began as a war against terrorism, will find its continuation in a war against the regime of Saddam Hussein--not tomorrow [or] the day after tomorrow, but better earlier than later," he wrote, adding, "Anyone who had up to that point doubts, about the determination [*Entschlossenheit*] of the Administration, about whether it was really serious about this, had to give up these doubts, after the appearances of Ministers Powell and Rumsfeld, and the Vice President."

Powell made clear the aim is "regime change in Baghdad," Frankenberger reported. Powell is quoted: "There rules a diabolical regime which oppresses its own people and threatens its neighbors." There are no military plans yet, Powell said. But, Frankenberger adds, "One does not have to have a great imagination to come to the conclusion that there probably is indeed already one proposal or another on which the President then will decide." As to the skeptical Europeans, Powell said, "confidently, and not ironically," according to Frankenberger, "More than one will then join with our position."

"Rumsfeld brought the discussion to its point," Frankenberger continued; "he led it to the intersection point of terrorism and weapons of mass destruction in the hands of people of Saddam's calibre. Only with difficulty did he conceal a certain impatience with those who consider American intentions immature: 'Iraq is conducting an aggressive program of development and production of weapons of mass destruction.' There can be no 'confusion' that it would be best for the world for Saddam to disappear ... people like him should not be allowed to rule Iraq nor to represent a threat to the world.' Rumsfeld's impatience took on a tone of slight anger, when one European demanded 'evidence and a plan,' with which public opinion in Europe could agree with a campaign against Iraq. Rumsfeld, who is said to have a razor-sharp intelligence, found the demand for evidence unjustified, maybe even crazy, too. When, at the end of the second Gulf War, the Iraqi arsenals and laboratories were put under the microscope, it was discovered that Iraq was much more advanced than thought, especially regarding nuclear weapons."

Then came Cheney, "whose almost shy, utterly unglamorous manner seem to signal that this was about the matter itself, and it was serious.... 'Sooner or later, the world has to deal with this problem.'" Frankenberger indicated that Cheney seemed to dismiss inspectors, which Powell had said might help. As for the intention to bring Europe into deliberations, "the answer was not yes," but a hope that they would find a nuclear-armed Saddam to be frightening. Cheney demanded of Europe: "'What is your approach to dealing with this problem?' The Europeans should in fact answer the question, because it appears their intelligence services are reporting that something is coming together. Cheney--and he did not have to say so explicitly, to communicate it to his public--would not wait for the answer with anxiety."

Cheney, however, did show concern about the worries of Iraq's neighbors, fearing the disintegration of Iraq. He reports that Cheney said, "'We really want to keep the territorial integrity of Iraq,' and acted as if we were already in a 'Post-Saddam Phase.'"

"Cheney's, Rumsfeld's, and Powell's listeners, at any rate, understood that the U.S. is determined not to let Iraq off the leash.

"Participants could not remember ever having attended an annual Trilateral Commission meeting, in which the host country was represented with such a high-ranking delegation."

## Lack of Health-Care Relief Still Jeopardizes Steel Industry

When President Bush announced tariffs on some categories of foreign steel on March 5, industry and union leaders signalled that this was only one of several Federal actions needed, if the devastated steel-producing capacity remaining in the U.S. were to be salvaged. At the top of the list of additional necessary measures, was Federal funding of the so-called "legacy" costs, an estimated \$12 billion of underfunded health benefits owed to steelworker retirees.

Lyndon LaRouche, in assessing the significance of the Bush tariff decision, cautioned that health and pension issues could be a key dividing line between the Administration, the unions, and the companies, in that attempts to salvage and consolidate portions of the industry, without assuring workers' benefits, could resemble the road taken under Hitler by economic plenipotentiary Hermann Göring.

As of this writing, amid much mobilization talk from the leadership of the United Steelworkers of America (USWA,) no legislation has been introduced, despite expectations that it would put before the Congress by Sen. Jay Rockefeller (D-W.Va.) by mid-March. The USWA is privately circulating draft legislation which would fund the health benefits, partly through revenues collected from the tariffs on steel, and has expressed hopes that it would be introduced by April 12.

More recently, yet another variation has emerged, one which would tack on the legacy legislation, as an amendment to the energy bill; then, in a *quid pro quo*, Senate steel caucus members would lend support to a Republican initiative to open up the Arctic National Wildlife Refuge for oil and gas development. Some press have gone so far as to report that the legacy costs would be funded from the revenue generated in the oil fields. It is to be feared that in the midst of all this wheeling and dealing, the essential need to assure the welfare of steel retirees, not to mention the continued existence of steel production in the U.S., will be eclipsed.

Cases in point: The day after the tariffs were announced, another major steel producer, National Steel, declared Chapter 11 bankruptcy. On March 31, all company-provided health insurance was terminated for 80,000 retirees and dependents of liquidated LTV Steel.

#### Feinstein Attempt To Re-Regulate Energy Derivatives Blocked by Democrats

Defections by Democratic Senators Mary Landrieu (D-La.), Blanche Lincoln (D-Ark.), Zell Miller (D-Ga.) and Ben Nelson (D-Neb.) were crucial to blocking an amendment introduced by Sen. Dianne Feinstein (D-Calif.) that sought to prevent Enron-style speculative bubbles from continuing. These Democrats joined 46 Republicans in voting against cloture, thereby allowing entities such as Enron to continue to operate without any regulation or oversight whatsoever. This defeat of re-regulation comes after months of "crocodile tears" over how Enron employees lost their jobs and pensions.

On March 19, the Senate began debate on the Feinstein amendment to the energy bill, which would have re-imposed Federal regulation on derivatives contracts--those traded both on exchanges, and over-the-counter. Feinstein told the Senate that her amendment would restore authority over derivatives contracts that had been taken from the Commodities Futures Trading Commission by the Commodities Futures Modernization Act (CFMA) of 2000. She pointed to the extraordinarily high level of speculation in energy: ASbout 90% of energy trades never result in actual delivery of a product, she said. They are purely financial transactions and because of that, "A giant loophole has opened up where there is no transparency, no records, and no oversight."

Senator Phil Gramm (R-Texas), a long-time advocate of financial derivatives, recipient of large Enron contributions, and a man whose wife, Wendy Gramm, was, in the early 1990s, chair of the CFTC--during which time she exempted the company's energy-swap operations from government oversight, after which she joined Enron's board of directors--argued that Feinstein's amendment was unnecessary, because the 2000 CFMA actually strengthened the CFTC's authority. He claimed derivative swaps "are tailored transactions ... that are able ... to provide greater certainty in providing jobs, growth, and opportunity for the American economy." He produced a letter signed by Federal Reserve chairman Alan Greenspan and Treasury Secretary Paul O'Neill to buttress his claim that the "derivatives markets may very well be a major factor in the resilience of the American economy, today, and why we, in fact, did not have a recession."

When Sen. Byron Dorgan (D-N.D.) asked Gramm about the 1998 collapse of the Long Term Capital Management hedge

fund, and the fact that it nearly brought down the entire financial system, Gramm replied that LTCM went broke "by making bad decisions," not because of derivatives. Gramm further lied that derivatives trading in natural gas and electricity had nothing to do with the spike in electricity prices in California in early 2001.

The backers of the Feinstein amendment failed to break the logjam created by Gramm's opposition, losing a cloture vote April 10 by 48 to 50, a loss which prompted Feinstein to withdraw it. Before the vote Sen. Jon Corzine (D-N.J.) told the Senate that the amendment "brings fairly straightforward oversight functions that are typical in every financial market."

On the Republican side, Senators Peter Fitzgerald (R-Ill.), who was a co-sponsor of the amendment, and John McCain (R-Ariz.) joined with the Democrats in supporting the measure.

## D.C. Public Hospital Sacrificed for Olympic Sports Complex

Organizers of the Washington, D.C. bid for the 2012 Summer Olympics are moving more of the projected Olympic events into a "multidimensional central Olympic Park" around the site of RFK Stadium, along the Anacostia River. The location sits just north of the now nearly abandoned D.C. General Hospital campus, shut down last year despite wide public protest. According to the *Washington Post* April 11, the plan envisions an "Olympic Sports Complex ... in a festive enclave lined with promenades and parks."

While the maps and site proposal published in the *Post* do not show the Olympic complex extending into the hospital land, the D.C. government has just come up with a "draft master plan" which definitely eliminates what had been the only public hospital in the nation's capital providing full services for indigent and uninsured poor people of Washington.

As a recent article in *EIR* showed, the land on which D.C. General sits, was always intended for hospital use, going back to the original design of the city, drawn up under President George Washington's supervision. Under the National Historical Preservation Act, passed by Congress in 1966, Federal (and District) officials are required to consider the historical uses and significance of any Federal property before transferring it or changing its use. D.C. officials may be in for some surprises on this one.

## EUROPE NEWS DIGEST

### European Parliament Moots Trade Cutoff to Israel

The European Parliament passed a resolution, 269 to 208, on April 10, urging the European Union to suspend preferential trade terms with Israel, call an emergency meeting of the EU-Israeli Association Council, and impose an arms embargo on both Israel and the Palestinian Authority. The resolution also called for an international peacekeeping and monitoring force to be sent.

The resolution is non-binding, but as unnamed Israeli diplomats told Reuters, the mere fact that sanctions have been put on the table could have a devastating effect on Israel's economy. Trade with the European Union is vital for Israel. As of 2000, some 43% of all Israeli exports went to EU countries, and 27% of all Israeli imports came from there, according to CNN. Israeli products enjoy special trade preferences from the EU, and were they to be eliminated, Israeli sales would plummet.

Meanwhile, Israeli officials are accusing the Europeans of already holding back defense materiel. According to reporter Amnon Barzilai, in the April 10 issue of the Israeli paper *Ha'aretz*, "Germany, France, and England are imposing an embargo on sales of certain defense equipment to Israel, a senior defense official here [in Israel] said." He says that there has been no "formal decision" to do this, but "nearly all European countries have delayed or are dragging their feet

providing export approval to parts for security purposes," because these spare parts are being used in attacks against Palestinians. Of special concern are parts that come from Germany for the Merkava tanks.

## German Trade-Union Leader Blasts Government's Austerity Approach

German Trade Union Federation (DGB) chief economist and national board member Heinz Putzhammer has been harshly attacking the approach of the Maastricht Stability Pact, and of the Social Democratic German government, in recent statements. Such criticism is highly unusual, especially in an election year.

Putzhammer's toughest speech came at a press conference on Feb. 21, when he explicitly rejected German Finance Minister Hans Eichel's "fixation" on a short-term balanced budget. While bowing to the alleged need for a long-term goal of eliminating the budget deficit, Putzhammer said:

"Nevertheless, an absolute fixation on a balanced budget by 2004 is too dangerous," because "sufficient growth is not guaranteed. But what we know for sure is, that if the state pulls the brakes to consolidate the budget in 2003, and especially in 2004, too strongly, the following will happen: Unemployment will grow, and not shrink. The scissors between reduced tax income and social security payments, and the higher costs of unemployment, will open further, instead of closing. The new public debt will rise, and not shrink...."

Instead of Maastricht, he said, "Infrastructure investments have to be stabilized at a politically desired and economically sensible level. Consolidation will then be accomplished ... on the income side, in an economic upswing. Public investments can be financed through credits, if public infrastructure expenditures serve several generations, as they do in many cases."

On April 5, Putzhammer reiterated his comments, in a statement greeting "French deliberations not to realize the ambitious austerity plans of the euro countries, by 2004, at any cost. Finally, an important EU member is realizing and indicating that, in all probability, it is impossible to reduce the new debt incurred to zero, by 2004.... If recognition prevails in France that the austerity aims can be only reached, if at all, by a highly risky therapy for Euroland, the German government should no longer resist becoming smarter."

## Portugal Did Not Meet the Maastricht Criteria in 2001

According to the Austrian paper *Die Presse* on April 10, a thorough review of Portuguese state finances ordered by the newly elected government, reveals that Portugal did not meet the Maastricht criteria in fiscal year 2001. Finance Minister Manuela Perreira-Laita told the Cabinet that the budget deficit was not 1.1%, as reported, nor 2.2%, as expected, but was in fact above 3%--thus violating the strict (and insane) criteria enshrined in the Maastricht Treaty for European Union. Now, the European Union (EU) may stop economic aid to Portugal and demand penalty payments of up to 0.5% of GNP.

But, inasmuch as the EU essentially did not censure Germany's government either, when it violated the Maastricht rules, it remains to be seen what the EU will do in the case of Portugal. Most certainly, a thorough review of state finances in other EU member countries would probably show that Germany and Portugal are not exceptional cases.

## Cheminade, Kept Off French Presidential Ballot, Announces 2007 Run

France's so-called political elites were so terrified that Lyndon LaRouche ally Jacques Cheminade might wreck their control game and again end up (as he did in 1995) on the ballot in this spring's French Presidential elections, that they came close to tearing up the election system altogether.

Cheminade was excluded from the 2002 ballot by a dirty tricks campaign that held his qualifying signatures to 401, below the level needed for ballot status. But he has immediately announced, to a nation fed up with the elites' electoral shenanigans, that he will run for the 2007 ballot.

"I did not obtain the required 500 signatures from grand electors," Cheminade's statement said. "A campaign of defamation, lies, and blackmail directed at the elected officials of the French people prevented that. The object of this campaign is to silence me. They want to prevent me from bringing the real issues of our day into the center of the debate: the collapse of the international monetary system, the policy of war against the Palestinian people and all those who oppose the American military-financial complex, marginalization, and social violence.

"Because if these things were raised, it would be clear to all, that our economic and political leaders, in spite of their jingoistic ramblings, have capitulated instead of facing up to the financial cancer and its ideological, military, and police-related metastases. France and Europe are not fighting for a more just world economic and monetary order, they are doing nothing; as the Middle East goes up in flames, they bow down to the new American military doctrine. The Presidential election is based on the agreement not to speak of such things. I will not be able to run as a candidate, but I will continue to break the law of silence. I know that many Frenchmen, deep down, reject the hypocrisy now reigning, and refuse to reduce man to an object of merchandise, culture to speculation, and desire to a death wish. I am counting on them, with the eyes of the future."

## MIDDLE EAST NEWS DIGEST

### Rabin Assassination Was a Coup d'Etat, Says Candidate LaRouche

In answer to a question received on his LaRouche in 2004 candidate's website in early April, Democratic Party Presidential pre-candidate Lyndon LaRouche hit upon one of the root causes of the current Mideast crisis, as being the 1995 assassination of Israeli Prime Minister Yitzhak Rabin. He said:

"The present warfare in the Middle East was caused by a coup d'etat, by assassination, against the elected government of Prime Minister Yitzhak Rabin. Since that coup d'etat itself was never addressed, the political faction which benefitted from the assassination of Rabin has exerted dominant control over Israel since that time. Prime Minister [Ehud] Barak lacked the courage to oppose the faction of Sharon and Netanyahu. From the moment Barak returned to Israel a defeated man, Sharon moved, by backing a feint against al-Haram-al-Sharif, for the purpose of starting a religious war in the Middle East, and realizing the most extreme objectives of the Likud's 'Eretz Israel' doctrine. This meant such objectives as killing Arafat and all those leaders closely associated with him, in favor of those leaders of the Hamas who had been created as a counter to Arafat by Sharon during the interval Sharon was Housing Minister. The principal object is to drive the Palestinians into Jordan. For this purpose, Sharon and the current leaders of the Israel Defense Force adopted as a model the plan crafted for the Nazi crushing of the Warsaw Ghetto, by the notorious General Juergen Stroop. What we are seeing in Israel and Palestine today, is operations against Palestinians, by the Sharon government, which are copies of the operations which Stroop ran against the Jewish resistance.

"I have no intrinsic respect for any body of 'popular opinion.' Remember that the purely evil Roman Empire was run on the authority of popular opinion. When I see the horribly decadent examples of 'popular opinion' of today's mass entertainment, and many of the popular practices of our own and other governments, I am pleased to be a man who relies on truth and justice as the standard for my policies and actions, not the decadent popular opinion which continues to prevail in many nations, among many peoples.

"As an increasing number of leading Israelis have warned, what Sharon is doing is putting the continued existence of Israel into immediate jeopardy. By the Nazi-like actions of Sharon and his accomplices, Israel is losing the all-important moral

authority on which, in fact, its post-1945 emergence and existence have depended. If Israel does not have the kind of moral authority which Prime Minister Rabin expressed, when he made that 'peace of the brave' with Arafat, Israel could not survive in the world as it is coming to be today. That fact, is the so-called 'bottom line.' There is no visible and sane policy in this matter but my own. Those who oppose me, whether they know this or not, are following a course which, in the end, would be the virtual, self-inflicted extinction of Israel."

### *Daily Telegraph* Cites IDF's Study of Nazi Tactics

In its April 10 edition, the *Daily Telegraph* of London included the following report: "As they planned 'Operation Defensive Wall,' Israeli officers said they examined the experience of other armies in urban warfare--even the Germans during the Warsaw Ghetto uprising of 1943, when Jewish fighters managed to hold off Nazi troops for a month."

### Al-Jazeera features *EIR* on Israeli Spy Scandal

The Al-Jazeera satellite channel, which has become a leading outlet for Arabic speakers throughout the world during recent months, devoted the third installment of its new news-documentary program "Issue of the Hour," to the theme of the "Israeli Spy Story in the U.S.," and featured a discussion with Ed Spannaus, an editor of *Executive Intelligence Review*. The segment was aired April 11.

Host Malik Al-Teriki began with a review of the French attempts to break the story and referred to the stories in Intelligence Online and later in *Le Monde*. A short interview with the French editor of Intelligence Online, "which succeeded more than Fox network in revealing the information," showed a very defensive French spook of a journalist. This prompted Al-Teriki to announce: "You might have noticed that the sensitivity of the subject has driven him to speak with a great deal of caution. The *Le Monde* journalist, who broke the story, even refused to speak to Al-Jazeera. But obviously, the American journalist Edward Spannaus, editor of *Executive Intelligence Review*, which is specialized in intelligence matters, and who has followed the issue from the beginning and is now with us from the studio in Washington, is prepared to go beyond these conclusions."

Spannaus, speaking with the Capitol building in the background, answered the following questions: 1. Did the Israeli intelligence, Mossad, have knowledge of the Sept. 11 attacks? 2. Is it true that most of the Israeli spies were based in the same cities and sometimes the same streets as the alleged Arab suspects in the September attacks? 3. Was the Justice Department's decision to block any foreign firms from Federal contracts related to advanced information and telecom technology? What was the role of the Israeli telecom companies Comverse and Telrad? Spannaus also corrected Al-Jazeera, emphasizing that it was *EIR* that first broke the story.

After a short documentary trailer about Jonathan Pollard, Netanyahu's attempts to blackmail the Clinton Administration to free Pollard, wire tapping of the White House, Clinton's admission to Monica Lewinsky that the Israelis were listening to his calls and using the tapes to force the Administration to close the investigation of the Israeli spying activities--all of which comes from *EIR's* reports--Al-Teriki cited former Senator and stated enemy of the Zionist Lobby Paul Findley, as saying: "But who dares to speak?"

Al-Teriki, once again pointed to Spannaus as somebody to dares to speak. He also asked Spannaus about why no one in the U.S. dares to speak out about these scandals; *EIR's* reporting in January about the current scandal as "too big to bury"; whether the Israelis were still spying on the U.S. Administration to find out its reaction to Crown Prince Abdullah's peace initiative; and how the Israeli spying activities on American soil were motivated by President Eisenhower's intervention to stop the Israel-British-French attack against Egypt in the 1956 Suez crisis. Spannaus said that after 1956, the Israelis were determined that it would never happen again that an American President would stand up against Israel, and they built up both their spying operations and their lobbying operations, to counter any opposition to Israeli policies, including even



spying on American Jews who were pro-peace and opposing Israeli war policies.

## Netanyahu Seeks To Mobilize War Lobby in the U.S.

Former Israeli Prime Minister, and anti-Rabin fanatic, Benjamin Netanyahu, was blitzing Washington, D.C. this past week, in order to demand U.S. support for the Sharon government's Nazi-style war against the Palestinians, and a wider war as well, starting with Iraq. Netanyahu began at the National Press Club, and then gave a presentation to 20 Senators, followed by an evening meeting at the American Enterprise Institute. His theme in the first two presentations, which *EIR* attended, was straightforward murder: first, to dismantle the Palestinian Authority and expel Arafat; second, to "clean out" the Palestinian areas; and third, to establish physical barriers between Israel and the Palestinian areas.

The war-mongering former Prime Minister, who agreed with his rival Ariel Sharon last week to speak for "Israel" during this trip, ran up against one significant obstacle in his Press Club appearance. *EIR* reporter Michele Steinberg confronted him on the revelation in the Israeli paper *Ha'aretz* about the Israel Defense Force's following the Nazis' Warsaw Ghetto strategy of 1943, and asked if he would dissociate himself from these Nazi tactics, currently obvious in the IDF's offensive in Jenin.

Netanyahu spat, "This is obscene!" and began ranting about how Israel "is fighting a moral war." Why, after all, Israel could be bombing, instead of using tanks, and it's outrageous to compare Israel with the Nazis. Steinberg stuck at the mike, and reiterated that this was an Israeli paper's story--which led Netanyahu to denounce *Ha'aretz* as unreliable.

The Israeli warmonger said little different at the Senate meeting, which was also distinguished by its smallness. The lead sponsors were John Kyl (R-Ariz) and Joe Lieberman (D-Conn), who provided him with a platform for demanding U.S. action, unilateral if necessary, against Iraq, just as Israel did 21 years ago. Netanyahu also effectively threatened that the U.S. would suffer terror from the Palestinians, if it did not support Israel's extermination campaign.

Netanyahu will be a featured speaker at a rally called by the so-called National Unity Coalition for Israel (NUCI) at April 15, a group of "Christian Zionist" organizations. and the Conference of Presidents of Major American Jewish Organizations. The aim of the rally is to get several hundred thousand people agitating in support of Israeli policy, and to force Congress, in particular, to take further actions against the Palestinians.

## Russian Website Exposes Hamas-Sharon Coordination

"Hamas and Israel unite against Arafat," wrote Pravda.ru, an online Russian publication, on April 4.

"What is the power that the Israeli Prime Minister stakes on? No matter how strange it may seem, he has chosen Hamas." The author then reviews the history of Hamas, from its founding by Sheikh Ahmed Yassin on Dec. 14, 1987 on the basis of two Islamic groups, which were officially registered as cultural and educational movements. "Hamas consists of political and fighting organizations.... There are shahid groups in Hamas, consisting of young suicide terrorists between the ages of 18-27, mostly from poor families. Israel believed the terrorists to be a counterbalance to the Palestine Liberation Organization and Yasser Arafat, which is why Israel has rendered financial support to the terrorist group for a very long period."

The author continues: "...Israeli special services established contacts with the Islamic spiritual leaders in 1982-1983. In the beginning, no acts of terrorism or kamikaze were spoken about at all. Islamic organizations were occupied with philanthropy, opened mosques, hospitals, kindergartens and libraries. Spiritual leader of Muslim brothers Sheikh Ahmed Yassin launched a weekly program on Israeli television to call upon Palestinians to reconcile to their fate and devotion to

the religion. The program was often used to blame Arafat's gang, the so-called Tunisian mafia 'living in luxurious hotels and drinking much wine.'"

In 1987, the first Intifada, this changed, as Yassin created Hamas as a military division.

The author writes that "two bitter enemies"--Sharon and Hamas--"are ready to conclude an armistice against the third one, namely, Yasser Arafat." That this is not a delirium, the author says, is shown by the following: "Israel, which has already declared its intention to liquidate centers of terrorism, does not disturb Hamas, which claims responsibility for several recent acts of terrorism. This is rather strange...."

In fact, *EIR* has for many years exposed the role of Sharon and his cohorts in promoting Hamas.

### Israeli Peace Camp on Full Mobilization

According to the Israeli paper *Ha'aretz* on April 5, the Israeli peace movement has been on full mobilization since Israel Prime Minister Ariel Sharon launched his war on the West Bank. The movement is in fact confident that within six weeks they will be able to organize a massive demonstration in Tel Aviv's Rabin Square on the level of the large demonstrations held during the Lebanon war.

The two major peace coalitions, called the Peace Coalition and the more far left-wing Coalition of the 9th of February, have been holding rolling street campaigns throughout Israel. At weekly demonstrations in front of Sharon's house in Jerusalem, demonstrators chant, "Stop Sharon's war," while more left-wing demonstrators chant "Sharon is a war criminal," "Tanks out," and "International intervention now."

The signers of the "Refusal to Serve" letter by Army Reservists are increasing in numbers, and now stand at 411.

One major problem the movement is facing is an almost complete blackout in the Israeli media. Their demonstrations are never covered in the press, despite the fact that even the routine ones number in the hundreds and thousands. Even an event last Dec. 28 involving 2,000 participants, including members of the Knesset (Parliament), foreign diplomats, and members of the Palestinian Authority, was not covered by Israeli media.

### Qatari Professor Calls on Arabs To Support LaRouche

Dr. Ahmed Kedidi, professor at the University of Qatar, wrote an op-ed in the Dubai-based daily *Al-Bayan* on April 9 under the title "Is all of America against us, or only part of it?", referencing the paradoxical history of the establishment of the United States and its current policies. He concludes: "We Arabs are confronted by a strange and very special historical phenomenon, because in America there are people who support our just causes, especially the Palestinian cause, and they oppose the current American policy of limitless support to a Nazi crime. Today, as I was writing this article, I received an e-mail message from my American friend Lyndon LaRouche, the internationally celebrated economist and Democratic pre-candidate for the U.S. Presidential elections. LaRouche, commented on Bush's [last Thursday] recent speech, saying that the speech is a blank check for Sharon to kill Arafat. LaRouche stressed that the Arab and Islamic leaders should support the demands of their peoples in opposing the U.S. and Israeli policies, because these are Nazi policies targeting a peaceful population, and targeting international peace and security."

Dr. Kedidi refers to other points in the *EIR-Arabic* press release, which carried LaRouche's assessment of Bush's speech, then concludes: "The U.S. Administration, 60% of the Congress, and the American mass media are enemies of our causes. But, there are many groups that are not victims of the Zionist influence. The question is: What have *we* Arabs done to build

a bridge to these live consciences and moral people who are waiting for us to be heard and who want to support us?"

Kedidi, finally, uses a very strong statement: "America, in this sense, is a virgin. But we are sitting here impotently. Where is our Arab grand strategy of mass media campaigns in the U.S.? Where are our ties with the Arab-American community? Is it surprising, then, that America is against us?"

LaRouche's assessment of Bush's April 4 speech has been widely circulating in the Arab world, and has produced reactions by many writers.

### Mass Upsurge So Far in Islamic Nations Is Only the Beginning

Since the Sharon blitzkrieg against the West Bank, starting Good Friday, millions of Islamic and Arab citizens have demonstrated against the genocidal assault, and U.S. government support for it. Some of these demonstrations coincided with the arrival of U.S. Secretary of State Colin Powell in Arab capitals, thus serving as reinforcement for the unusually frank messages which these Arab leaders--such as the King of Morocco and Egyptian President Hosni Mubarak--conveyed to the U.S. representative.

At Powell's first stop, in Rabat, Morocco, April 8, over 1 million people demonstrated, two days in a row, to protest U.S.-Israeli policy. King Mohammed VI told Powell pointblank that, if he were serious about stopping the carnage, he would have gone straight to Jerusalem, instead of taking his time with several interim stops. Saudi Crown Prince Abdullah, also in Morocco, told Powell that U.S. credibility was crumbling.

The following day, Powell landed in Cairo, where 20,000 students demonstrated at the university, burning Israeli and U.S. flags. On April 5, during Friday prayers at Al Azhar, angry mobs attacked the person leading the prayers, who had called for a UN resolution to deal with the ongoing aggression against Palestinians. Eyewitnesses reported that this was unprecedented, and the man feared for his life. In Egypt, sources report the rift between the government and the population to be widening.

The view among elite circles in Egypt, is that nothing substantial will come of Powell's trip, which is seen as merely cosmetic, and timed to allow Sharon to continue his butchery. The expectation in Cairo is that "the worst is yet to come." Most expect an expansion of the war against Lebanon and Syria, and do not exclude that Israel would try to reoccupy the Sinai.

Under these circumstances, of course, the pressure from the population, which sees directly the television images of Israeli butchery against Palestinians, is going to get more intense, leaving the choice for these governments to be overthrown, or to move more strongly in solidarity with their populations, against U.S. policy.

## **RUSSIA AND EASTERN EUROPE NEWS DIGEST**

Shakeup in Russian Duma Intersects Economic Policy Crisis [[link to PDF in INDEPTH section](#)]

Putin Says Shift Away from Deterrence in Nuclear Posture Is Dangerous

In his April 4 interview with Russian and German media, Russian President Vladimir Putin was asked about the recently leaked U.S. Nuclear Posture Review, which identified Russia and six other countries as potential nuclear targets.

Putin's answer was cautious but insightful. He said, "It seems to me to be premature, to talk about a new U.S. nuclear strategy, since so far, happily, these are only individual statements by far from the top people in the United States."

However, he stated that "we are concerned" about these other "statements about the possible use of nuclear weapons by the United States, including against non-nuclear countries.... Secondly, we hear statements and proposals about the development of low-power nuclear explosives and their possible use in regional conflicts. This lowers the threshold for nuclear weapons use, extremely low.... If nuclear weapons shift from being a deterrent, to the level of application in operations, this is very dangerous, in my view."

### Meeting Between Putin and Schroeder Opposes Iraq War

The April 9-10 Weimar summit between German Chancellor Gerhard Schroeder and Russian Vladimir Putin was the eleventh meeting between the two leaders since Putin took office two years ago. While the relationship has led to a growing confidence between the two countries, Germany is caught in a paradoxical situation: On the one hand, it practices solidarity with the United States in NATO, in the "war on terrorism," whereas, on the other hand, Germans are concerned that the advance of U.S. troops into Central Asia and Afghanistan, which is not proceeding under a United Nations mandate, is being watched with deep mistrust in Moscow. Furthermore, Germany is interested in not seeing any new war front emerging, outside of Afghanistan.

However, the joint Weimar declaration of Schroeder and Putin, in favor of a non-military solution to the Iraq problem, and Germany's support for Russia's demand for more substantial consultations by NATO on vital issues of Eurasian and Russian security, represents the farthest that Berlin dares go. Unfortunately, the declaration hardly poses a challenge to the Bush Administration's irrational insistence that support for a war on Iraq, leading to a "regime change," is a defining policy for all countries in their relationship to the United States.

Germany could potentially have more leverage on the Bush Administration, if it would engage in more in-depth cooperation with the Russians, but there, the Germans are most hesitant.

### Russian Debt Proposals to Germany Not Accepted

In early 2001, the Russian government made two important economic proposals to the Germans: 1) to settle the years-long dispute over the old Soviet-era "T-ruble debt" of 6.4 billion transfer-rubles to the East German state by a scheme that would relieve Russia of a share of that debt and transform the remaining debt into new investments in Russian industry. Moscow particularly recommended German investments in the Russian machine-building, light industry, and food industrial sectors; and 2) to sign a long-term energy agreement under which Russia would supply Germany (which imports one-third of its crude oil and 40% of its natural gas from Russia) with secure oil and gas at calculable prices for 10 or even 20 years. In the second design, the Germans were to invest massively in the Russian oil and gas sector.

Both proposals were met with monetarism-minded rejection in Berlin: A debt relief and transformation into investments on the mooted scale of several billion dollars, would pose a "bad example" for debt settlements on a global scale, the German side argued; and a long-term energy agreement of the kind proposed would interfere with the energy free market, the Germans said.

The loyalty of Berlin to free-market monetarism, and its stubborn insistence that the transfer-ruble be valued like a U.S. dollar, has not worked to the benefit of the Germans, however. At the Weimar summit, Germany was able to extract only 8% of the nominal pre-1990 Soviet debt to East Germany, from the Russian side. Moscow will pay 500 million euros to Berlin, and will be relieved from the remaining 7 billion euros of the "T-ruble debt." The first installment of 350 million euros, by the end of this year, may help German Finance Minister Hans Eichel to balance his deficit-ridden budget a bit,

but there is no benefit beyond that for either Germany or Russia.

On the contrary, the Russian proposals would have represented an opportunity for a long-term economic partnership. The Russian side had proposed that it would be willing to acknowledge up to 1 billion euros of that "debt," if it were turned into investments in and exports to Russia from industrial companies in eastern Germany. When the German side opposed that, the Russians made an alternate proposal to use at least a share of that debt payment to fund an intensification of youth exchange programs between Germany and Russia. Neither suggestion was viewed warmly by the German government.

On the nominally positive side, the German government honored the Russians' agreement to pay the 500 million euros, with a doubling of the Hermes facility for credit insurance for German exports to Russia, to 1 billion euros. The facility insures German firms that produce and deliver goods for Russia against unforeseen disruptions of trade relations, defaults, and other losses. But as the Russian government agreed, at the same time, to compensate for endangered earlier import deals from Germany, in the range of 500 million euros, the net effect of the Hermes improvement for Russia is zero, for the time being. An upgrading of the Hermes to 2 billion or more euros would have made a small difference, but a real one.

There remain the private-sector industrial deals that were signed during the Weimar summit: Several contracts, totalling 1.5 billion euros, including delivery of German medical technology to Russia and German corporate use of Russian communications satellites, were finalized. In particular, a new arrangement between the German Export Credit Bank and Russia's Sberbank, the Russian population's most favored general bank, to make loans available for smaller and medium-sized firms of both countries, looks interesting. But the fact remains that the potential for economic cooperation between Germany and Russia is still scarcely being tapped.

## AFRICA DIGEST

### Israeli Attacks on Palestine Trigger African Actions

The Israel incursions into the Palestinian Territories and the Israeli Defense Forces (IDF killings of hundreds of civilians have triggered protests against Israel in several African countries. The developments related to Middle East crisis range from diplomatic concerns to mass demonstrations in the streets.

\* On April 12, in *South Africa*, Deputy Foreign Minister Aziz Pahad, President Thabo Mbeki's Middle East policy spokesman, met with Israeli Ambassador Tova Herzi to report to him that "the Arab group has conveyed the view to the South African government that Israel's current military offensive" in Palestinian territory warrants sanctions. Pahad conveyed South Africa's position that Israel's attempts to isolate and humiliate President Yasser Arafat "are grave errors."

\* Mass demonstrations took place in Tunis, Tunisia, beginning April 2, in support of the Palestinian state and President Arafat. "Thousands of demonstrators took to the streets to protest the Israeli military siege and ... indiscriminate use of deadly force against the Palestinian people and their legitimate leadership," *Tunisia Online* reported. Six political parties, including the ruling Constitutional Democratic Rally, and numerous unions and organizations took part. Blood-donation and fundraising drives to support Palestinians are also underway.

Tunisian President Zine El Abidine Ben Ali expressed strong support for Arafat, in a phone conversation with the besieged Palestinian leader, on March 29. The same day, a Tunisian Foreign Ministry statement charged, "the Israeli government has launched a total war all over the Palestinian territories." In an address March 27 at the Arab Summit, President Ben Ali called for support for all efforts at a dialogue of cultures, civilizations, and religions.

\* Sudan's Ambassador to the U.S., Khidir Haroun Ahmed told the news service, allAfrica.com on April 8 that "the

Sudanese people are very angry.... Emotions are running very, very high. Out of this anger people might say something that cannot really be materialized." The Ambassador was responding to reports that the commander of Sudan's Popular Defense Forces, Maj. Gen. Ahmed Abbas, reportedly called for volunteers in a nationally televised address April 6 to carry out a "jihad" to support Palestine. After receiving a formal query from the U.S. State Department, the Ambassador emphasized no training camps will be set up in Sudan, but warned that the emotional response to the Israeli killings of thousands of Palestinians is high.

### Kenyan Muslims Protest U.S.-Led 'Clash of Civilizations'

The East African *Standard* of Nairobi reported April 3 that Muslim leaders in Kenya are planning to meet the U.S. Ambassador, Johnnie Carson, to oppose the use of Kenyan territory in the U.S. war on terrorism. The German Navy and British Royal Air Force have established themselves in Kenya in the past weeks in support of the U.S., and the buildup continues.

Secretary general of the Council of Imams and Preachers of Kenya (CIPK), Mohamed Dor, said the Muslim leaders would present Carson with a "memorandum demanding the removal of foreign naval personnel from Kenyan waters." He said the U.S. should look for another base, because Kenya is part of the African Union (AU), and an AU member-state cannot host a force which is fighting another AU member, i.e., Somalia. The organization's leaders saw no evidence of al-Qaeda in Somalia, added Dor, and the U.N. had not given the go-ahead to the U.S. and its allies to set up bases in Kenya, adding that if the U.S. hits Somalia from Kenya, coastal people will suffer, and Kenya could be hit with retaliation.

The protest against the U.S. "war on terrorism" is also linked to the American toleration of Israeli military actions. "America should not protect a terrorist country like Israel if at all they are anti-terrorism," Dor said.

### Mugabe: Zimbabwe Dumping West's Economic, Political Advice

Zimbabwean President Robert Mugabe has declared that his country is abandoning the West's economic and political advice, and henceforth will collaborate with such countries as Malaysia and Libya that are more "friendly to Zimbabwe than to the West. On April 5, Mugabe told ZANU-PF Party leaders that organizations such as the World Bank and IMF have worsened the country's economic crisis. Hours after addressing his party's Central Committee meeting, Mugabe flew to Tripoli, Libya.

The next day, a Zimbabwean company signed a \$16.5-million deal to export 5,000 tons of beef to Libya over the next eight months. John Mapondera, chairman of Farirai Quality Foods, signed the deal with Milad Faraj Alwassa, secretary of administration for the Libyan Livestock and Meat National Company. Alwassa said Zimbabwe would become the first African country to sell beef to Libya, which has until now bought its meat from Europe. The contract is significant for Zimbabwe, which had seen its European beef markets disappear after the outbreak of hoof-and-mouth disease in August of last year.

*The Herald* of April 9 noted that Libya is now providing 70% of Zimbabwe's oil imports, valued at \$30 million, as trade links between the two countries strengthen.

### IMF-World Bank Being Challenged in Kenya

Leading forces inside Kenya are at odds over economic policies, with a stronger current challenging the IMF and World Bank plans, emerging. What is known so far, is that Labor and Human Resources Minister Joseph Ngutu, and the head of the trade union umbrella organization are openly against the IMF. On the other side, a loose coalition of opposition parties

known as the National Alliance for Change (NAC) has issued a program offering wonderful sounding economic measures, *without* opposition to the IMF. Kenya's President, Daniel arap Moi, does not publicly oppose the IMF, and is carrying out its prescriptions.

On April 9, according to the *East African Standard*, Labor Minister Ngutu, speaking at a labor union seminar in Nairobi, said that the Structural Adjustment Programs (SAPs), prescribed by the international financial institutions, have contributed to the economic woes facing many African countries. SAPs had failed to increase production in agriculture and reduce dependence on external assistance, as well as imposing constraints that inhibited growth. He said that the program had also failed, as would have been expected, to encourage greater investment.

He said the Kenyan government had intensified its efforts to implement the IMF reforms, including some that contained radical and drastic changes. He urged attendees to explore the possibility of reviewing and replacing the current policies and programs with alternative ones.

The Secretary-General of the Central Organization of Trade Unions (COTU), Francis Atwoli, went much further. According to the *Standard*, he said the government should look for home-grown solutions, and discard conditionalities imposed on it by the Bretton Woods institutions (the IMF and World Bank). He told the government to abandon the current Poverty Reduction Strategy Paper (PRSP), which he described as a back-door reintroduction of the SAPs.

The seminar was jointly sponsored by COTU and the International Confederation of Free Trade Unions (ICFTU). ICFTU General Secretary Andrew Kailembo was present.

## ASIA NEWS DIGEST

### Pakistan-Based International Urdu Weekly Interviews LaRouche

The international Urdu weekly *Takbeer*, based in Karachi, Pakistan, has published an interview with American economist and Presidential candidate Lyndon LaRouche in its April 10 issue. *Takbeer*, a sister publication to the *Urdu Times*, is the largest Urdu magazine in the world, with a circulation of 100,000.

We reprint here in translation a short excerpt from the introductory section of the article:

"Mr. Lyndon LaRouche is a prospective candidate for a ticket from the Democratic Party for the 2004 Presidential election and despite the established political inclinations; he always introduces his revolutionary views. On account of these revolutionary views, he has also spent quite some time in jail and now that he is not in jail, he still spends most of his time in Europe rather than in America. Although Mr. LaRouche is in practice very active and mobile, yet the U.S. media have always ignored him. Nowadays, Mr. LaRouche is in Germany, and last week this correspondent had the opportunity to interview him over the telephone. It was a panel interview that involved other journalists besides this one, namely, Dr. Manzoor Aziz. Although throughout the 45-minute interview Mr. LaRouche touched on U.S. and international politics from all angles, yet his most favored topic was the events of the terrorist attacks of Sept. 11 and its aftermath....

"Mentioning the Sept. 11 attacks, Mr. Lyndon LaRouche said that the attackers had the backing and the support of both present and former U.S. bureaucrats. He said that the purpose of the American bureaucrats participating in this conspiracy was to make an excuse of this kind of terrorism to initiate a war against Muslims and Islam. Mr. LaRouche declared that according to his knowledge, these attacks were not organized by any external force, but were in practice organized by senior U.S. officials and Deputy Defense Secretary Paul Wolfowitz was on top of the list of these organizers."

## World Bank Claims East Asia Leading 'Global Recovery'

In a World Bank press release of April 9 from Singapore, the Bank insists that "East Asia is leading the global recovery," based on the "anticipated rebound in global high-tech markets." This circular logic, Alice-in-Wonderland style, is then used to justify a call for: 1) opening up to more foreign takeovers; 2) squeezing labor costs ("bolstering productivity growth"); and 3) "fostering a stable, encouraging environment for consumers."

In case the meaning of this third point escapes anyone, the World Bank explains: Now that her economies are supposedly stable and growing, Asia must expand "consumer finance, mortgage, and insurance" so that "households would be enabled to reduce precautionary savings and enjoy more consumption" (!). That is, Asians should abandon their old-fashioned habit of saving, in favor of loading up their credit cards and becoming more consumer-oriented, to replicate the great success of the collapsing U.S. economy.

## Vajpayee: India Would Back Cambodian-Run Trial of Khmer Rouge

According to April 10 New Delhi broadcasts from the BBC, Indian Prime Minister Atal Behari Vajpayee says that India would support a Cambodian-run trial of the Khmer Rouge, the genocidal followers of Pol Pot who ruled Cambodia during the 1970s and killed millions of their countrymen.

Vajpayee was speaking during a visit to Cambodia, the first Indian Prime Minister to pay such a visit since Jawaharlal Nehru in 1954. Vajpayee told reporters, upon arrival at Pochentong airport, that, if Cambodia decides to go ahead with a trial of senior Khmer Rouge leaders without United Nations support, India will send judges to participate in the trial--the first such declaration of support for a Cambodian-run tribunal, after UN Secretary General Kofi Annan withdrew United Nations support in March. Vajpayee declared, "We have traditional ties with Cambodia, and now is the time to give them new dynamism."

Cambodian Prime Minister Hun Sen responded that Phnom Penh supports India's candidacy for a permanent seat on the UN Security Council, and New Delhi's policy for peaceful settlement of Jammu and Kashmir--the seething crisis involving India and Pakistan.

## India, Thailand, Myanmar Agree to Joint Highway Project

India, Thailand, and Myanmar on April 6 agreed to a trilateral highway project to link the three nations. Indian External Affairs Minister Jaswant Singh--in Yangon, Myanmar, meeting with the Foreign Ministers of Thailand (Surakiart Sathirathai) and Myanmar (U Win Aung) in the first-ever transport meeting among these three countries--said the road network connecting the three countries would become a "highway of opportunity." Singh had just completed visits to Thailand and, importantly, to China.

The highway is to be completed within two years. India has already built a road link to Myanmar, which will now be extended, as the first full-scale road connection of India to Southeast Asia. The route is from New Delhi to Moreh in India, to Tamu on the border with Myanmar, to Kalemmyo, Monywa, Mandalay in Myanmar, and Bangkok, Thailand.

The three countries proposed setting up a consortium to raise funds for infrastructure, transport, and other linkages. The three sides also agreed to cooperate on a highway from Kanchanburi in Thailand to Dawei deep seaport in Myanmar, and shipping routes to India.

"This trilateral project is in keeping with the inexorable process of our times. Distance and time are rapidly shrinking. We



cannot afford to sit still," Singh said. "Let it facilitate not just the movement of goods and services but also ideas. Let it enrich the unbroken cultural continuity and ethos that our three countries share in common. Let us jointly begin the process of weaving our part of Asia together, through multi-modal infrastructural links."

India, Thailand, and Myanmar are members of the BIMST-EC grouping (Bangladesh, India, Myanmar, Sri Lanka, Thailand Economic Cooperation), and partners in the Mekong-Ganga Cooperation project.

### India-Myanmar-Thailand Project Important for Developing Northeast India

The India-Myanmar-Thailand road project will be crucial for developing Northeast India, wrote *Hindu* editor C. Raja Mohan on April 6. Mohan had accompanied Indian Foreign Minister Jaswant Singh on his trip to China, Thailand, and Myanmar.

"India has looked east for nearly a decade. But now, it has got a new prism to shape that vision: the development of its own northeastern regions by linking them to Southeast Asia through a variety of transport links."

Foreign Minister Singh himself is very interested in this area: he served in the 1962 war with China, which flared along this border, and was at one time Northeast coordinator for India's ruling BJP Party.

"Focussing on road and rail links to Myanmar and Southeast Asia is a good idea whose time has come. For the Southeast Asian nations are looking at a variety of transport projects that link up the region with each other and the large Chinese and Indian markets," Mohan's commentary continued.

"India's emphasis on connecting the Northeast to the outside world could not have come at a more propitious time, for it is part of a larger project to build Eurasian land and rail corridors that could connect Singapore to Istanbul and Europe via both the Subcontinent and China."

### Indonesia To Send Aid to the Palestinians

The April 10 issue of the *Jakarta Post* reports that Indonesia will send medical and financial aid to the Palestinians; the government has called for an end to the activities of those who are pushing Indonesians to travel to the Palestinian territories in order to fight the Israelis.

The humanitarian aid will go through the Organization of the Islamic Conference and the United Nations.

One of those signing people up to fight is Abu Bakar Ba'asyir, the Islamic cleric accused by Singapore's Lee Kuan Yew (and the Western media) of being a leading terrorist; the Indonesian government says there is no such evidence, and will not arrest him based only on foreign rumors. Ba'asyir, who heads the Indonesian Mujaheddin Council, announced that he has set up a "Free Palestine Commando" group which will recruit for *jihad* in Palestine. He spoke at a rally of thousands against the Israeli invasion, held in the outer island of West Nusa Tenggara. Other demonstrations have been held across the country denouncing the Israeli invasion.

### U.S. Trade Rep's Indonesia Meetings Discuss Middle East

In an hour-long meeting between Indonesian Foreign Minister Hassan Wirajuda and visiting U.S. Trade Representative Robert Zoellick, held April 7 and reported by Agence France Presse, Wirajuda called on the U.S. to press Israel to

withdraw from Palestinian territories, warning that "dissatisfaction among some groups of people in Indonesia, even among the government, has been emboldened. Indonesia will never accept the fact that Israel is cornering Arafat, because he is a leader of a nation." Zoellick's riposte was to stress the importance of Indonesia's confronting terrorism at home and in the region. Zoellick subsequently met with President Megawati, but there is no report on what was discussed.

### Malaysian Prime Minister Mahathir To Speak to President Bush on Behalf of Palestinian Authority

Dr. Mahathir bin Mohamad, the Prime Minister of Malaysia, will speak to President George W. Bush on behalf of the Palestinian Authority, according to Agence France Presse.

Even though the date of Mahathir's state visit to the U.S. has not been pinned down--it is anticipated for the second week in May--Malaysia's state news service, Bernama, quoted the Prime Minister as saying he has promised Palestinian Authority spokesman Faruq Qaddumi that he will discuss the plight of the Palestinians in his talks with President Bush.

Dr. Mahathir's last official visit to the U.S. was in 1994.

### East Timor Will Elect First President April 14

A three-week election campaign wrapped up April 12, ahead of the April 14 vote to elect the first President of East Timor. Xanana Gusmao, former leader of the military wing of the Fretelin guerrilla movement, which is now the ruling party in East Timor, is expected to sweep the election with an overwhelming majority. His only challenger is Francisco Xavier do Amaral; for nine days in 1975, he served as President, before Indonesia invaded East Timor (with approval from Secretary of State Henry Kissinger).

Gusmao is running not as a Fretelin candidate, however, but as an independent, someone who has gone to great lengths to promote peace and reconciliation among Timorese, in East and West Timor, and with Indonesia. This posture of Gusmao's has contributed to friction within the old guerrilla force. In fact, Fretelin is not supporting either candidate, but reports are circulating that disgruntled Fretelin members are encouraging support for Amaral or urging voters to spoil their ballots. Some 2,000 foreign election observers will monitor Sunday's vote.

At the stroke of midnight on May 20, East Timor will declare its independence. It is not yet clear whether Indonesian President Megawati will witness the event.

### Former Indonesian Military Commanders in East Timor Point to UN Role

Former senior Indonesian military commanders, with responsibilities in East and West Timor at the time of the August 1999 referendum vote, have testified before an ad hoc human rights tribunal before which 18 Indonesian military men are on trial; the commanders have spoken of UN complicity in violence against citizens. Former Udayana military commander Adam Damiri, and former Wiradharma military subdistrict commander M. Noer Muis accused the Australian-led UNAMET mission of provoking the rampage that followed the vote. Damiri and Muis charged that UNAMET's decision to speed up release of vote results triggered outrage from pro-Indonesia Timorese.

In particular, Muis charged that in the rush to issue vote results, UNAMET overlooked some 89 ballot boxes, containing up to 142,578 ballots, which were not counted. Damiri singled out UNAMET commander Ian Martin for his role in the decision to speed up release of the vote. Muis went to great lengths to defend the former East Timor Police Chief, Silaen, one of the defendants before the tribunal, who, he said, went to extraordinary lengths to rescue East Timor Roman Catholic Bishop Belo.

## IBERO-AMERICA NEWS DIGEST

### UPDATE: Chávez Counter-Coup Succeeds in Venezuela

As the military-civilian coup against Venezuelan President Hugo Chávez appeared to be succeeding on April 12, to the point that Chávez had left office, the international machine of "Project Democracy"--e.g., the Inter-American Dialogue--mobilized their forces both outside and inside Venezuela to secure support for Chávez. Capitalizing on the deep fissures within the Venezuelan military, mobs of hundreds of thousands of Chávez supporters seized television stations and newspaper offices, and the Presidential Palace in Caracas on April 13, looting stores and shopping centers across Caracas as they went.

By the early morning hours of April 14, the Chavista counter-coup had succeeded. Although Chávez, upon his return, spoke of dialogue, the conflicts which led to the coup attempt against him have only been exacerbated further, leaving Venezuela even more unstable than before.

### As of April 12: Interim Government Proclaimed Chávez Ousted in Venezuela

At 4:00 p.m. on April 12, the "Government of Democratic Transition and National Unity" was formally established in Venezuela, to undertake the task of re-establishing Constitutional order and domestic peace in the country in the aftermath of the rule of Hugo Chávez. Presidential, legislative, state, and municipal elections are to be held within 365 days. Heading the interim government as President was Pedro Carmona Estanga, head of the national business federation Fedecámaras, and a prominent leader in recent months of the opposition movement which ousted Chávez.

What precipitated the coup against the increasingly hated Chávez, was his April 11 decision to unleash his fascist shocktroops against a march of more than a half-million unarmed people who were demanding his resignation. He ordered the attack on the third day of a general strike against his regime, which had been organized jointly by business and labor in support of a state oil company strike. With the strike gaining steam, and oil exports and domestic supply shutting down, Chávez opted for terror. As the giant march neared the Presidential place, Chávez shut down all private television broadcasting in the country. Then, snipers from Chávez's "Bolivarian Circles" shocktroops began firing indiscriminately into the march from the tops of buildings, overpasses, etc. At least 19 people were killed, and more than 100 wounded.

That brutality tipped the balance of forces within the military against Chávez. High-ranking National Guard, Navy, Air Force, and Army officers rebelled against the regime. Within hours, Chávez was under military arrest, and had resigned his office.

The Transitional Government premised its legitimacy upon Article 350 of the Constitution of 1999, which provides a right of rebellion against a government which violates the Constitution. Cited as causes for rebellion were the Chávez regime's ties to the Colombian FARC narcoguerrillas; its refusal to recognize legitimately formed trade unions; and the formation of the so-called "Bolivarian Circles" to carry out Chávez's personal political projects.

How quickly the new regime can mop up the extensive terrorist infrastructure set up under Chávez, will be critical. The Army began searching for weapons held by the Bolivarian Cirles. The arrest April 12 of Chávez's Interior Minister, retired Capt. Ramón Rodríguez Chacín, dealt an important blow to the entire continental narcoterrorist apparatus, as he was Chávez's personal bagman for the Colombian FARC and allies.

While the Bush Administration has expressed support for the change of government in Venezuela, it remains to be seen

what it will do to help the new government, which now faces the daunting task of rebuilding the country. Critical to its ability to establish control over the nation will be an economic reconstruction program for this country where more than 75% of the people live in poverty, and at least half live in the slavery of the "informal" economy.

#### April 10: Say Chávez Lied About the FARC's Activities in Venezuela

"Chav@aaez is lying," the FARC does operate in Venezuelan territory, Army Gen. Nestor González charged on April 10, during the second day of the general strike against President Hugo Chávez, who swore up and down that the FARC did not so operate. González revealed that he has been sending information to Chávez for some time, documenting that the FARC maintains camps inside Venezuela, both to train its cadre and to offer them refuge, and that the Venezuelan Army has fought the FARC *on Venezuelan soil* and suffered casualties as a result. He said he didn't know whether Chávez had any personal relationship with the FARC, and didn't know why he was lying, but that fact alone disqualifies him from being Venezuela's President.

González concluded by saying that, since the President had failed to respond to this information, he had decided to reveal these facts publicly. On April 1, Chávez had called a press conference to personally charge the Colombian military with covering up for its own incompetence, by inventing such stories.

#### FARC Terror Spree Encircles Bogotá: Mass Kidnapping in Cali

In a horrific escalation of the mounting campaign of narcoterror in Colombia, following the shutdown of the so-called demilitarized zone by the government of Andrés Pastrana, the narcoterrorist FARC has carried out a series of brutal actions against the state. On April 12, some 20 FARC narcoterrorists, disguised as an Army bomb-squad, evacuated the Legislative Assembly building in Cali, Colombia's third-largest city, and kidnapped 13 deputies and 12 aides. In the ensuing chaos, several people were killed or wounded, and a police officer had his throat slit, to keep him from sounding the alarm. The aides were later released; one of the 13 deputies has not been accounted for.

One of the kidnap victims, president of the Assembly Juan Carlos Narvaez, identified the 12 deputies in a phone call to his wife; he asked her to intercede with the authorities to call off any rescue attempts as "a threat to our lives," and to facilitate negotiations with the terrorists for their release. At least one of the kidnap victims is seriously wounded.

In Bogotá, a series of bombings and bomb threats inside the capital city itself have wrought havoc and panicked residents. A number of small bombs were detonated under sewer manhole covers in central Bogotá, seriously wounding four people and causing widespread fear. A car-bomb placed in front of the Presidential Guard barracks, just two blocks from the Finance Ministry, was deactivated before it could explode. Bomb threats led to evacuations and militarization of many public buildings, hotels, banks, and stores.

The military erected checkpoints at major intersections and access points to the capital city. Land and air security over Bogotá and surrounding towns was heightened, as the military received intelligence that at least four FARC front groups were planning actions. Bogotá Mayor Antanas Mockus pleaded for calm, and urged citizens to become "14 million eyes and ears" against terrorism.

Other bombs were exploded in Buga and Tulua, in southwestern Valle del Cauca province; fortunately, there were no victims. The FARC also dynamited a bridge along the Bogotá-Villavicencio highway to the south. Earlier in the week, on April 9, the FARC killed a peasant, and placed his booby-trapped body in a car, in the town of Sibate, near Bogotá. Two bomb specialists called in to deactivate the device, were killed when it detonated.

## Fox Cooped Up by Mexican Congress; Permission To Travel Denied

For the first time since 1910, the Mexican Senate has denied a President's request to travel outside the country. President Vicente Fox was refused permission to leave the country and travel to the United States and Canada April 15-18. Fox's PAN Party voted in favor of the travel request, but was trounced in the vote, 71 to 41. The PRI Party, which led the opposition to Fox, issued a seven-point explanation, which can be summed up as follows: The Fox government is not protecting the nation's sovereignty. An angry President Fox addressed the nation a few hours after the vote on April 9, charging that the PRI was out to stop him from implementing "the change you voted for." Nonetheless, Fox agreed to stay home.

While the ostensible trigger for the showdown, was the Fox government's refusal to file a formal protest with the United States over the March 27 ruling by the U.S. Supreme Court that illegal aliens do not have the same rights as Americans when they are wrongly fired from U.S. jobs, *EIR's* Mexican bureau reports that the Congress is fed up with Fox's kowtowing to the United States on an array of economic and political issues. Nationalists in the PRI and other parties were already up in arms over Finance Minister Jorge Castaneda's open organizing for Mexico to be absorbed into a "North American Community," and Congress had requested Castaneda to appear before them to answer questions, but he had refused to go, saying he was "too busy." The talk in Mexico as of April 10 was that Castaneda may be sacrificed, and that there is no way that Fox can now get energy privatization or labor reforms demanded by the International Monetary Fund, passed through Congress.

In the midst of this extraordinary political situation, Nevada State Sen. Joe Neal and LaRouche campaign spokesman Harley Schlanger are scheduled to arrive in Mexico City on April 14, invited by LaRouche's MSIA of Mexico, to organize against the insanity of electricity privatization and deregulation.

## IMF Demands Argentina Bow to its Imperial Decrees; Accept Conditionalities

On the afternoon of April 11, the IMF's Anoop Singh, head of the Special Operations Division, held a highly unusual press conference in Buenos Aires, to warn the government of President Eduardo Duhalde that Argentina must accept IMF conditionalities--or else. The press conference, which was organized by IMF spokesman Francisco Baker (who flew into Buenos Aires from Washington for 48 hours for that purpose), was held at the Finance Ministry auditorium. Finance Minister Remes Lenicov and other officials were, however, nowhere to be seen: It was the IMF's show. Singh warned that "it will be very difficult, and decidedly painful for the population, to try to correct the current situation without the firm support of the international community. And, for this, it is *essential to have a program backed by the IMF*" (emphasis in original).

At the top of the list of those demands, was that provincial governments eliminate their budget deficits and stop printing local bonds; and that the bankruptcy and economic subversion laws be altered to favor foreign "investors." Responding to questions about specific time frames and amounts, Singh would only say that it "will depend on how quickly a consistent program is devised, and the Argentine economy recovers."

The IMF, of course, wants to "help," cooed Singh, but, "it is the [Duhalde] government, together with the Argentine people, which must arrive at a consensus on the type of economic reforms needed at this time, and then carry them out." The responsibility for finding a solution lies inside Argentina, not abroad, he said. "Once a solid program is put together, then financial assistance" will appear.

## Scholar: FDR, Malaysia's Mahathir Are Models for Argentina Today

President Franklin Delano Roosevelt's New Deal, and measures taken by Malaysia's Prime Minister Mahathir bin

Mohamad in 1997-98 to defend his nation from the globalists, are positive referents for Argentina today, wrote Professor Miguel Teubal, of the University of Buenos Aires, in *Pagina 12* on April 7. Debunking the idea that Argentina must depend on the IMF to solve its current economic crisis, Professor Teubal emphasized the importance of FDR's New Deal, "which tended to reduce unemployment and reactivate the economy." He stated that increasing public expenditures combined with large public-works programs are necessary to help Argentina's economy recover.

Next, Teubal recalled the capital and exchange controls imposed by Dr. Mahathir in 1997-98, at the height of the Asian crisis and Soros-led speculative attack against the currency. "These policies allowed a reactivation of the economy, without capital flight or massive bankruptcies, unemployment, or sale of assets at bargain-basement prices."

## THIS WEEK IN HISTORY

April 15-April 21, 1933

The highlight of this week, during President Franklin Delano Roosevelt's Hundred Days of emergency action to save the nation, occurred on April 19. It was on that day that the President made the formal announcement taking the U.S. dollar permanently off the gold standard.

There are several contexts in which to see FDR's move, including the massive political pressure which was being applied to him by citizens and Congressmen who were unable to get credit, and the ongoing *raid* on the nation's gold supply which was being carried out by major European banks, especially in Amsterdam. But its primary significance is succinctly presented by author Arthur M. Schlesinger, Jr., in his *The Coming of the New Deal*. Schlesinger wrote this about the shift away from the gold standard:

"It meant that American monetary policy was no longer to be the quasi-automatic function of an international gold standard; that it was to become instead the instrument of conscious national purpose."

To put it in the language of today's analysis by Lyndon LaRouche, what Roosevelt did was to assert the sovereign right of the nation to control its credit, rather than permit the "international marketplace" to determine what credit would be available. And he did it because the general welfare of the population depended upon it.

## Gold standard vs. gold reserve

Before we get more into the story, it's important to clarify the issue of two ways of looking at the gold standard: the "British" gold standard, whereby every piece of currency is convertible, and the gold-reserve standard, which permits gold to be used as a standard for international valuation, but at a ratio to the currency emitted. In the first, gold basically limits the credit which can be issued; in the second, gold works as a stabilizer, but the fundamental reality of the fact that it is *production*, not precious metal, which comprises wealth, is made clear.

What FDR did with his moves on gold, which were followed up in international conferences, up to the New Bretton Woods Conference itself, was to move the U.S. from the gold standard -- which had been imposed with Species Resumption back in the 1870s, as a reaction against U.S. sovereign control of currency through the greenbacks -- to the gold-reserve standard.

## The Gold Question

President Roosevelt had, of course, dealt with the gold question earlier on, at the same time that he instituted his banking reform. On March 5, he had suspended all transactions in gold, and given authority over any such matters to the Secretary of the Treasury. On April 5, he had gone further, issuing an executive order against hoarding of gold.

But in the ensuing weeks, pressure had been building up on the dollar from the European bankers, who were allied with the virulently anti-Roosevelt Wall Street forces here in the United States. Acting through Morgan interests in Europe and the private U.S. banks, including Brown Brothers, Harriman, the Bank of England launched an all-out assault on the dollar. Since the break with gold now appeared inevitable, the plan was to do it with the maximum amount of chaos and to organize a counterreaction that could ultimately reverse the policy, and hand Roosevelt a defeat.

On April 11, the first waves of the attack broke against the dollar. They grew in intensity over the next three days. The New York bankers asked through the Fed to lift the gold embargo and be allowed to ship \$10,000,000 to Europe, to Holland and England. The New York agents of the British upped the ante: They asked for an additional \$15,000,000 in gold shipment licenses. Roosevelt ordered part of the request granted. But the requests kept escalating in an almost geometric ratio. And tons of gold were being shipped out of the country.

## Political Pressures

At the same time, the political heat was increasing on the President to provide credit for bankrupt industries and farms. Powerful Congressmen and Senators were beginning to agitate for a loosening of credit, either through the adoption of the William Jennings Bryan-style monetization of silver, or other means. One of those other means was raised by Oklahoma Senator Elmer Thomas, who, in an amendment, raised the option of using *greenbacks*, not used since the time of Abraham Lincoln, to generate cheap credit for the economy.

In addition, as we have been referencing, the President knew he had to move rapidly to a jobs creation program, something which a regime of constricted credit, based on the gold standard, would not permit.

So, on the evening of April 18, President Roosevelt pulled together a number of his chief advisers, including banker James Warburg and Budget Director Lewis Douglas, and baldly announced that he had decided to take the U.S. off the gold standard, and to go with the Thomas Amendment. An all-out brawl erupted, but the President prevailed.

Then, on April 19, the President called a press conference, his 13th since inauguration, in which he announced that, effective that day, he would not permit the "exporting of gold, except earmarked gold for foreign governments ... and balances of commercial exchange." While insisting that the U.S. wanted to go back to the gold standard eventually, the President was acting to stop the constraint which the strict gold standard was exerting over his control of U.S. credit.

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