

## Electronic Intelligence Weekly

### Online Almanac

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## THIS WEEK YOU NEED TO KNOW

### 'INSANITY AS

### GEOMETRY':

### Rumsfeld as

### 'Strangelove II'

by

Lyndon H. LaRouche, Jr.

The first week of President George W. Bush, Jr.'s Middle East war sufficed to unmask the military doctrines of Defense Secretary Donald Rumsfeld, Vice-President Cheney, and their pack of Chicken-hawks, as the work of fools or, most probably, worse. Since then, the Bush Administration's current Defense Department's utopian military policies, are now ever more

widely recognized among relevant professionals, and qualified other critics, as combining elementary military incompetence with several dimensions of unworldly delusion. The relevant delusions of Rumsfeld's, Cheney's, and Ashcroft's flock, are to be recognized as an outgrowth of the fusion of two ingredients: the first, the Nietzschean fascism of Professor Leo Strauss; the second, that imperial, and frankly satanic, Wells-Crowley-Russell-Hutchins, English-speaking utopianism of the high-flying 'military-industrial complex,' which has been the principal, alien adversary of the Classical U.S. military tradition in statecraft since the closing phase of World War II.

Predominant control over the present Bush Administration has been secured, until now, by a Cheney-led fusion of the combination of Chicago University's imported fascist—that Professor Leo Strauss—with Wells' and Russell's goal of world government through Hitler-like, preventive nuclear war. Speaking in terms of epistemology, the 'genetically' Nazi-like ideology of a Strauss, was that of a figure whose own writings, like those of his underling Allan Bloom, recall those of the Nazi philosopher, Martin Heidegger, who influenced Strauss....[complete article](#)

## LATEST FROM LAROCHE

### Lyndon LaRouche on BBC: — 'A War That Has No Satisfactory Exit'

*Democratic Presidential pre-candidate Lyndon LaRouche was interviewed on April 3 on the BBC's international news program "Five Live Up All Night" from London, on the Iraq war. This is the portion of the interview with Richard Ballyn aired that night.*

*BBC: I understand from what I've read, that you are diametrically opposed to the war that America is conducting with*

Britain in Iraq. This is very much at odds with the vast majority of opinion in America. Why are you so against it?

*LaRouche:* I think what may be reported as opinion in America, and what is actually the opinion in the United States, may be two different things. Of course, there is a lot of orchestration, this is a wartime situation, and you have to expect this sort of thing. The point is, this is a war which has no exit strategy, and from a military standpoint, very little competence. The generals are competent, but I think the Defense Secretary is not competent—at least, from what we've seen. And I know a good deal about how this war was engineered. It's unnecessary; the matter should have remained in the United Nations. We, as a group of nations, have the ability to control any actual problem which existed there. It was not necessary to go to war, and this war can not stop with Iraq, because it's a war that has no satisfactory exit, as we say in the United States, no satisfactory exit strategy.

*BBC:* You say "no satisfactory exit strategy"—[but] there is no intention, as far as one can judge, to take the war any further. This is it. There is a specific purpose of removing Saddam Hussein from power, and destroying his weapons of mass destruction. That seems clear enough, doesn't it?

*LaRouche:* No. If you look back at the record of this thing, if you go back to January 2002, when the President [gave his] State of the Union address, in which he formulated this concept of "axis of evil." If you know the details of the policy, as I do, looking behind the scenes, to what is the policy. The policy is a policy of a group of people, who outlined this in 1991, under the direction of then-Defense Secretary Cheney, who is now the Vice President. Subsequent to Sept. 11, 2001, Cheney resurrected his war plans from 1991. And that crowd, which includes Richard Perle and some of the people around him, are the people who are orchestrating the policy over very strong objections from the ground-based military generals, both retired and active, serving.

So this is the general situation. I don't see how it can be stopped. The next problem to look at, among others, is the possibility of a spread in the Middle East, of conflict. The question of the Iranian threat, that is the threat perceived, and also, much more significant, the North Korean situation, which does require attention at this time, and has become much more hot, as a result of the Iraq war.

*BBC:* What you're saying, that the war should be stopped now, the troops should be withdrawn.

*LaRouche:* Essentially, if the President has the courage and the conviction to do that. The thing should go back to the United Nations. I think the United Nations could handle any real problem, without getting into the complications of this particular venture, which is rather messy at the present time....

*BBC:* But it would be a good thing for Saddam Hussein to be removed from power. You would go that far, wouldn't you?

*LaRouche:* No, I wouldn't say we—. Maybe we shouldn't do it. We have a lot of problems around the world, a lot of governments which may have objectionable features, but if we start going about and do what Hitler threatened to with Benes in 1938, or what Hitler did with Poland in 1939, we'd have a rather complicated world. That we must avoid. This concept of preventive war, of getting rid of people we don't like, is rather, it's imprudent activity. We don't need it.

*BBC:* Well, you use, you brought in Hitler into our conversation, here, I believe, you were saying back two years ago that there would be new Adolf Hitlers would appear; and this time, inside the United States. Who are these new Adolf Hitlers you mean?

*LaRouche:* Well, they're people who have adopted—followers of the late Leo Strauss. Most of the people in this circuit around Rumsfeld and Cheney, including Paul Wolfowitz, for example, Perle is in the same circuit, another fellow outside,

but actually in it [Bill Kristol], is in it.

*BBC*: And Leo Strauss, let's be clear what he says.

*LaRouche*: Leo Strauss, was a—came from Marburg, Germany. He was a protégé of the Carl Schmitt, who created the *Notverordnung* under which Hitler came to power in 1933. He shares those views, he's a Nietzschean of those propensities. He's credibly a fascist, and he's produced—out of Chicago University—principally the secondary, as well as the primary students of his, such as Paul Wolfowitz, who all share this kind of ideology. This is very much, a Hitler-in-the-bunker kind of thing.

*BBC*: That was Democratic Presidential pre-candidate Lyndon LaRouche that you've been listening to.

## **Lyndon LaRouche on Iranian Radio** **'The War on Iraq Is A Drive for Empire'**

This interview with Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr. was conducted by Iranian National Radio on March 20:

*Q: In your point of view, what is the real purpose of America and the British to launch war on Iraq?...*

## **U.S. Economic/Financial News**

### **Treasury, Fed Ready To Act as Economy Continues To Unravel**

The Treasury and Federal Reserve announced April 1 (no fooling!) that, should the U.S. economy sink further, they are ready to act. In an interview with *Reuters*, Treasury Undersecretary John Taylor was asked whether there were a plan among Group of 7 countries (U.S., Britain, Canada, Italy, Japan, France, Germany) for coordinated action, in the event of a prolonged Iraqi conflict, or a bad turn in the U.S.- and British-led war. Taylor noted that governments are always preparing for moments "when there is any kind of a shock to the economy." There had been "lots of discussion" among G-7 partners on such matters. "We're always in close contact with each other.... There's lots of calls back and forth for all sorts of reasons, and we would certainly be ready to talk about and discuss any kind of event."

At an event in New Orleans, Fed governor Susan Bies emphasized that the bank is keeping a close eye on the war and its economic impact. "We will monitor it, and if we feel at any point that some action needs to be taken, we'll take action as appropriate," she said. "War is a huge uncertainty."

Richmond Fed president Alfred Broaddus noted: "These are challenging times, and the current economic and financial environment is hardly devoid of risk."

### **The Iraq War Could Precipitate Significant Dollar Fall**

*New York Post* financial columnist Desmond MacRae writes March 30 in an article entitled, "Anti-U.S. Mood May Hurt Dollar," that central banks currently hold approximately 65% of their cash reserves in U.S. dollars. But were the mood against the U.S.-led war to intensify, then a "war" against the dollar would become "another front" in the Iraqi war.

"In October 2000, Iraq decided to sell its oil for euros, not dollars," MacRae reports. "It cost Saddam Hussein a lot of money then, because you could buy the euro for 82 cents. But the euro's value went up over the last two years: \$1.06 now

buys 1 euro," he writes.

MacRae raises the possibility that "oil-rich countries, many of which are Arab states, [may] decide to price oil in euros." He foresees five possible consequences flowing from this:

"1. The status of the dollar as the world's reserve currency could weaken.

"2. Big pension funds could convert to euros.

"3. The U.S. stock market could tumble further from present levels.

"4. The cost of the big U.S. trade deficit could surge higher.

"5. U.S. interest rates could go up."

Should some Arab nations, working with European countries, for strategic reasons activate such a switch toward pricing oil in euros, it would trigger a sharp fall in the dollar, leading foreign investors to disinvest from dollar-denominated assets. This would make it impossible for the U.S. to finance its current account deficit, which totalled \$503.4 billion in 2002. As Lyndon LaRouche has observed, this would shatter the dollar-based world banking system.

### **U.S. Airlines Continue To Face Bankruptcy, Liquidation**

Three billion dollars in Federal aid, givebacks by American Airlines to avert bankruptcy, plus the kitchen sink, are still not enough to save the U.S. airlines. The U.S. House and Senate Appropriations Committees approved \$3-billion-plus Federal aid packages for the airline industry April 1, as part of the Iraq war spending bill. Once a conference committee reconciles the bills, their provisions—reduction in security fees, reduced cost of war-risk insurance, etc.—will buy the airlines only a little time, as the near-bankruptcy filing by American Airlines on March 31 indicates. Meanwhile, the Bush Administration denounced the assistance as too much, with Transportation Secretary Norman Mineta declaring, a "considerable gulf remains between Congress and the Administration regarding the amount and structure of this assistance."

Many Republicans and Democrats of the Democratic Leadership Council stripe objected to even this pittance. "We should let the market shake out," said Rep. Anne Northrup (R-Ky.). Darryl Jenkins, former aviation adviser to the DLC's Al Gore, said "If this [Federal aid] is going to prop up failing airlines, I'm very, very opposed." In an April 2 *Wall Street Journal* op-ed entitled, "A New Airline Policy: Kill United," Holman W. Jenkins, Jr. writes that American Airlines' last-minute rescue from bankruptcy via union givebacks "only increases the likelihood of Chapter 11 filings by Northwest, Delta, and Continental." Too many airlines are chasing too little traffic. If people don't fly, it doesn't hurt the economy; they just spend their money somewhere else, Jenkins says.

The American Airlines package, if ratified, will lay off an additional 2,500 of its pilots this year—20%, and reduce their wages by 23% starting May 1. United has also announced further pilot layoffs, and Continental Airlines, which just announced 1,200 layoffs in March, now says it needs more.

### **American Airlines Averts Bankruptcy, with Concessions**

American Airlines announced March 31 that it had reached a tentative agreement with its unions on \$1.8 billion in annual wage and benefit concessions. Under the deal, pilots will fly more hours for less money, mechanics will give up some paid

vacation, and flight attendants will lose some perks. Some health benefits will be cut, several thousand employees will be laid off, but the pensions will remain relatively untouched (though they are being destroyed by other means). The good news is that those who survive the cuts will get profit-sharing and stock options.

Air Canada, that nation's largest carrier, announced April 1 that it would file for bankruptcy protection, having lost US\$1.1 billion since its last profitable year in 1999. On March 31, the airline announced cuts in flights to Asia, due to the outbreak of the new pneumonia-like disease SARS, whose epicenter is in Asia, and said its two major unions had accepted major layoffs as part of a restructuring package.

Separately, airline officials said that the Pentagon plans to extend the mobilization of the Civil Reserve Air Fleet an additional 60 days, to move an additional 100,000 troops to the Mideast.

### **'Big Three' Automakers Extend Zero-Percent Financing, Again**

With the U.S. economy stagnant, and a backdrop of war, the "Big Three" U.S. automakers, Ford, General Motors, and Chrysler, reported that March sales of autos and light trucks declined by 3-7.9%. To entice consumers to buy, all three have announced that zero-percent financing deals will continue, and now be extended to five-year loans as well as the three-year loan packages which have been in effect since September 2001.

### ***New York Times*: 'Sour Mood Pervades Economic Front'**

The U.S. economy has shrunk by 2 million jobs since George W. Bush entered the White House, and "American spirits about the economy are still being battered," the *New York Times*' lead business story worried April 3, under the headline "Sour Mood Pervades the Economic Front." A manufacturers' survey registered deep pessimism as executives complained of slumping orders and higher prices. Many economists expected new gains in unemployment, coming against the backdrop of 600,000 jobs already having been lost since November 2002.

The Commerce Department reported at the end of March, that factory orders fell 1.5% in February, led by a 1.6% drop in durable goods orders. Adding to economic woes was the decreased demand for commercial aircraft, computers, and chemicals. Commercial aircraft orders, for example, fell 27%. It is noteworthy that the overall fall occurred, despite defense-related orders rising 27% in February.

### **New York Stock Exchange: Seats Go Begging Despite Discount Rates**

All 1,366 seats on the New York Stock Exchange are owned by individuals or brokerages, and usually, the seats are occupied by the owner—person or company—or leased out. But now, some 25-30 or so, are unleased and vacant, an "extraordinary" situation, reported the *New York Post*'s John Crudele April 3. The fee for leasing a seat has dropped from over \$330,000 a year, as of a year ago, down to the bargain-rate of \$220,000 today, or maybe, best offer. Perhaps eBay is next?

### **Wall Street Police Blotter**

\***Citigroup's** former head of U.S. stock research, **Kevin McCaffrey**, is the latest Citigroup official to come under investigation for the bank's prostituting of its stock research to gain investment-banking business. McCaffrey, who is accused by the National Association of Securities Dealers (NASD) of failing to supervise star telecom analyst Jack Grubman, may be banned from the securities business for life.

\*The Securities and Exchange Commission and NASD are investigating **Morgan Stanley** for investing the money of its mutual-fund clients in ways that favored Morgan Stanley's fee income over the income of its clients.

\*The SEC is investigating certain stock purchases surrounding the \$13-billion acquisition of **Wachovia** by **First Union** in 2001. Apparently included are charges by **SunTrust Banks**, that both First Union and Wachovia were buying First Union stock to boost its price, and thereby boost the value of First Union's bid over SunTrust's failed bid for Wachovia.

\*The FBI arrested **James Giffen**, chairman and principal owner of the Manhattan-based merchant bank **Mercator**, as he attempted to board a plane bound for Kazakhstan March 30, on charges of violating the Foreign Corrupt Practices Act. Giffen is said to have poured more than \$20 million into Swiss bank accounts to bribe senior Kazakh officials brokering a \$1-billion deal for **Mobil**. The payments were made subsequent to Giffen's having received a \$41-million payment from Mobil (now ExxonMobil, which was not accused of any improper practices).

\***WorldCom** has found another \$2 billion in phantom profits, bringing the phantom total to \$11 billion (so far); WorldCom will once again restate its earnings, this time back to 1999, and plans to write off \$79.8 billion in assets. Four WorldCom execs have already copped pleas, and the Feds are trying to build a criminal case against former **CEO Bernie Ebbers**, who naturally did not know any of this was going on.

## World Economic News

### Derivatives, Solvency Problems Plague Insurance Sector

In what they said was a safe way to make money, insurance and reinsurance companies jumped into the credit derivatives business in the late 1990s, but the bursting of the bubble has saddled them with big losses on those deals, at the same time that the stock market is plunging, and big post-9/11 payouts are required. UnumProvident is the latest big insurer to oust its CEO in an attempt to pacify the markets, while the crippled British life insurer Equitable Life insists that it remains "solvent" and "gradually coming out of intensive care." Munich Re stock fell as much as 10% March 31, on fears it may have to shore up its capital. Japanese insurers had an awful fiscal year, with a 28% drop in the Nikkei, to 7,972, leaving several majors in precarious positions; if the Nikkei falls below 7,500, Ashai Mutual and Mitsui Mutual are in trouble.

### British Rail Maintenance Costs Double, After Years of Neglect

The cost of maintaining Britain's dilapidated and accident-prone privatized rail network has doubled, following many years of neglect and under-funding, the group charged with running the system admitted recently. Annual spending on the rail system, originally budgeted at 3 billion pounds (\$4.7 billion) would now be more than 6 billion, Network Rail said in a new business plan.

The firm blamed "a huge legacy of under-investment" in Britain's railways for the parlous state of the network. "We have a fragile network that has been starved of a steady rate of renewals for many years, resulting in poor performing infrastructure that needs more maintenance to carry ever more traffic," Network Rail chairman Ian McAllister said. Over the past 12 years, a backlog of around 6,400 kilometers of track maintenance had built up, Network Rail said. "We are determined to turn this problem around, but it will take time, and, although we have an unwavering commitment to driving down costs, the network simply needs large-scale investment to replace worn-out assets," he warned.

The report is yet more bad news for a rail system which has seen six fatal crashes since privatization in 1996, a tally that has left 60 dead and led to criticism that safety has come second to profits. In the most recent disaster, last May, seven people were killed and 70 injured when the rear of a high-speed passenger train derailed and careened onto the platform of

Potters Bar station, just north of London.

### ***Financial Times: 'Take the Money and Run—Out of Brazil'***

London's *Financial Times* March 28 said, "Take the money and run—out of Brazil." This blunt call for capital flight out of the country was the headline on the "Strategies" column, by the *Times'* John Dizard.

President Lula da Silva and his team have done a good job so far, "but that job is going to get harder," wrote this London lizard. Dizard gloated that the only capital going into the country since Lula's election, has been foreign money, while the "locals" leave theirs parked in the offshore islands. Lula does not have control of his party, he continued, and its base is really the middle class, in any case, who consider the IMF-demanded reform of the pension system "a life-threatening challenge." Nor has the IMF crowd succeeded in breaking the state governors' control over their "patronage machines," i.e., public services.

The *Financial Times* followed up with a lead editorial March 31, specifying the austerity demands that Brazil must meet, if it is to win the approval of the *Times* editorial board. "Although Brazil is on the right track, Mr. Lula da Silva must press ahead quickly to consolidate progress," the *Times* threatened. "Lula da Silva now needs to push through promised social security and tax reforms." Lula and his Workers Party know what needs to be done. "They must now begin to deliver."

*EIR* warned just after Lula took office on Jan. 1, that his "honeymoon" with Brazil's creditors would not last past May-June. It looks as if someone in London is preparing a showdown for Brazil, right on schedule.

### ***Facing Default, Venezuela Transfers Reserves to BIS***

As default looms, the Venezuelan government has transferred some of its reserves to the Bank for International Settlements (BIS) in Basel, where they cannot be seized by foreign creditors, the *Financial Times* reported April 2. Large payments are due in June on a portion of the country's \$22.4-billion foreign debt, and because the government is suffering from a cash shortage, the Finance Ministry is trying to arrange a swap of the amount that comes due in June. The only reason foreign reserves haven't dropped, is that there has been almost no foreign-currency trading since January.

Economists told the *Financial Times* that the only way Venezuela will avoid default is if oil prices remain high, and this will depend on how long the Iraq war lasts. Poor maintenance of oil wells—16,000 workers from the state oil firm PDVSA have been fired—could also affect output. In the meantime, Finance Ministry analysts have prepared an internal report for Minister Tobias Nobrega on the repercussions of a default.

### ***ASEAN Should Boost Trade, Says German Minister***

German Economics and Labor Minister Wolfgang Clement urged ASEAN countries to speed up economic integration to boost their overall trade and investment, according to a statement released April 1, ahead of the launch of the Thai-German Joint Economic Committee. According to the statement, Clement said German and foreign investors look forward to access to a market with 500 million consumers.

Clement met with Thai Prime Minister Thaksin Shinawatra on March 31, and the German Minister said he would extend an invitation from Chancellor Gerhard Schroeder to visit Germany. In addition to launching the bilateral committee, Clement oversaw the signing of an agreement under which Germany's public sector bank Kreditanstalt fuer Wiederaufbau will provide advice on developing Thailand's small and medium-size business sector.

## **IMF Worried Over Philippines' Contingent Liabilities**

The IMF is concerned about the Philippines' contingent liabilities, now estimated at a whopping \$47 billion. These liabilities stem primarily from sweetheart contracts with foreign banks and power companies, and foreign exchange cover and full backing of borrowings by state-owned companies such as the National Power Corporation (Napocor). "Contingent liabilities would become actual obligations of the government should government-owned and -controlled corporations and even government financial institutions fail to meet their obligations," *Business World* said March 31.

"As a result, it becomes an additional financial burden to the already saddled financial position of the government." The IMF has cited the case of the recently deregulated and cash-strapped Napocor, which has government backing for its foreign borrowings, which were passed on to the government in the course of its financial restructuring under deregulation.

## **Arab Investors May Withdraw Funds from Foreign Banks**

According to the leading Arab news agency *Zawya*, "Arab investors might withdraw their money from foreign banks out of the fear that it will be frozen due to the war in Iraq." The wire continues: "Dr. Mabib Ali Al Jarhi, Director of Islamic Research and Training Institute (RTI) of the Islamic Development Bank (IDB), said the U.S.-led invasion of Iraq could push many regional investors to withdraw their money from the U.S. and other Western banks, which hold a large part of the overseas Arab money, estimated at \$700 billion to \$1.5 trillion. Al Jarhi was speaking at a Conference on Financial Development in the Arab World, organized by the UAE University's Colleges of Business and Economics and the IDB. Speaking to reporters, Al Jarhi said some of Arab foreign investment has already been routed either to some European countries or the Far East."

Asked about the impact of war on the financial stability of the region, Al Jarhi said, "We must be ready to meet the negative impact of the war on the economy. People will be worried about their money, which may lead to withdrawals and conversion to other currencies."

## **Experts Estimate Egyptian Economy Will Lose Billions**

The Egyptian economy will lose \$6-8 billion as a result of the Iraq war, according to the Egyptian Information Service April 2. Sectors affected will be Egyptian exports to Iraq, tourism, petroleum, Suez Canal tolls, remittances by Egyptians working abroad, and high costs of imports and exports.

Egyptian exports to Iraq, which amounted to \$2.5 billion before the war, are not expected to find other markets. The experts said the most important thing now is how to run the Egyptian economy in a time of crisis, given the fact that figures show that Egypt would face a shortage of foreign-exchange resources up to \$2-8 billion.

## **United States News Digest**

### **Powell Says U.S. Must Lead Occupation of Iraq**

In what was officially termed "frank" discussion, Secretary of State Colin Powell met with his NATO counterparts in Brussels, Belgium. After a day of talks, Powell said that the U.S. would play a "leading role in determining the way forward" in Iraq after the war. He said he was receptive to full NATO participation as peacekeepers during the occupation, but European NATO members have tabled no such plan.

European Union Ministers want the occupation and reconstruction to be run through the UN, but Powell gave the UN only a "humanitarian role." He also called for what he termed an international "chapeau" (French for "hat") for the rebuilding period, in which the UN would provide "an endorsement, a recognition for what's being done" to rebuild Iraq after Saddam is ousted.

European Foreign Ministers who attended the meeting said the following:

\*Greek Foreign Minister George Papandreou, whose country holds the rotating EU Presidency, said of the NATO meeting with Powell that: "We will be discussing how we will be reshaping and replacing our Transatlantic relationship.... A UN resolution will be prerequisite for a full involvement of the European Union."

\*NATO Secretary General Lord Robertson said that he felt the allies would be "more willing" to provide peacekeepers if there were also an agreement of the UN to "rebuild Iraq." He made these comments after discussion with Powell.

\*French Foreign Minister Dominique de Villepin said: "We must stabilize Iraq and the region.... The United Nations is the only international organization that can give legitimacy to this."

\*Russian Foreign Minister Igor Ivanov, also in Brussels for meetings of NATO "partners," told reporters that the main task "now before the entire world community is to search together for an exit situation."

\*However, a usually reliable *EIRNS* Egyptian source based in Washington, D.C., said that there is concern among the Arabs and Organization of Islamic Countries that the effort of the Arab League to override the UN Security Council, by holding a meeting of the UN General Assembly on this matter to stop the war, was not receiving support from European countries—much as the Europeans claim that the occupation plans must be endorsed by the UN.

### **Rice Briefs Press on Postwar Iraq Arrangements**

National Security Adviser Condoleezza Rice briefed the press on postwar Iraq arrangements on April 4, although she probably left more questions than she answered. She announced that the United States will work to establish an Iraqi Interim Authority, which will consist of representatives of the expatriate groups who have fought Saddam Hussein so hard for many years (in the salons and clubs of the London aristocracy), as well as representatives in the "liberated areas" of Iraq.

This will not be a "provisional government," however, she explained. The real power will still lie with the "coalition forces." There will a role for the UN, of course, Rice indicated, but just what role, is still to be decided. "The precise role of the UN will be determined in consultations between the Iraqi people, coalition members, and UN officials," Rice said.

Jay Garner's Office of Reconstruction and Humanitarian Assistance (ORHA) will "help to restore the basic services," but with the establishment of the Interim Authority, it will revert to an "advisory" role. "ORHA is not a provisional government for Iraq, civilian or military," Rice said. "The goal is to transition responsibilities to the Iraqi people as soon as possible. I just want to underscore that Iraqis will be involved in this process at its very earliest stages."

(Ahmad Chalabi's cousin Sam Chalabi is already busy working with the ORHA in the Kurdish area of the country.)

Asked about Congressional concerns that the money for "Iraq reconstruction" was being distributed through the Pentagon, Rice responded, "The thing that we need most here is flexibility to use this funding, so that the reconstruction effort is effective and efficient. The Defense Department, however, has been designated by the President—and Secretary

Rumsfeld—as the lead agency. The other agencies are supporting agencies to the Defense Department's effort."

### **Rumsfeld Growls at Allies, Don't Give 'Hope and Comfort' to the Enemy**

At the Pentagon press briefing April 3, Defense Secretary Donald Rummy was asked, "Mr. Secretary, do you have any information that would lead you to believe that a third party, perhaps a foreign government, such as France or Russia, might be encouraging what's left of Saddam's regime to just hang on in hopes of cutting some kind of a deal? And is there any deal available to them, short of their end?"

Rumsfeld: "The answer is yes and no. There's no question but that some governments are discussing, from time to time, some sort of a—cutting a deal. And the inevitable effect of it, let there be no doubt, is to give hope and comfort to the Saddam Hussein regime, and give them ammunition that they can then try to use to retain the loyalty of their forces, with hope that one more time maybe he'll survive; one more time, maybe he'll be there for another decade or so, for another 17 or 18 UN resolutions.

"And as to the second question, there's not a chance that there's going to be a deal. It doesn't matter who proposes it, there will not be one."

### **Powell, at AIPAC Meeting, Warns Syria and Iran**

On March 30, Secretary of State Colin Powell spoke at the annual American Israel Public Affairs Committee (AIPAC). Over the course of several administrations, the Executive has kowtowed to this body, which interlocks with numerous political action committees, by sending top officials. Powell showed the usual obeisance to Israel, and followed this up by repeating the threats Secretary of Defense Rumsfeld had made against Syrian and Iran on March 28 (see last week's *EIW*).

During his speech, Powell said: "It is now time for the entire international community to step up and insist that Iran end its support for terrorists, including groups violently opposed to Israel and to the Middle East peace process. Tehran must stop pursuing weapons of mass destruction and the means to deliver them. ... Syria also now faces a critical choice. ... Syria can continue direct support for terrorist groups and the dying regime of Saddam Hussein, or it can embark on a different and a more hopeful course. Either way, Syria bears the responsibility for its choices, and for the consequences."

With respect to the Israeli-Palestinian conflict, Powell called for an end to terrorism, and said that a transformed Palestinian state "must be a real partner for peace with Israel." He called upon Israel to take steps to ease the daily suffering and humiliation of Palestinians, and said there must be an end of Israeli settlement activity.

On April 4, in response, the Deputy Ambassador from Syria to the United States told *BBC Radio* that the line that Syria is shipping weapons to Iraq—as claimed by Rumsfeld and echoed by Powell—is categorically untrue. The United States has control over the Iraqi side of the border, he said, and if they have any evidence of such shipments, which the Syrians know do not exist, they must present that evidence to Damascus. The Deputy Ambassador claimed to have tremendous respect for Powell, but said that in this case, it must be said that he is being fed false information by those who have stated that they want Syria to be next, after Iraq.

### **Today's Most Ardent American Imperialists Weren't Born in the USA**

That was the message of a March 23 commentary from the *Boston Globe* online, on the increasingly open push for an American Empire. Author Jeet Heer, who writes frequently for the *National Post* of Canada and the *Boston Globe*, discusses the pro-imperial debate, which he sees as reflecting a positive view of the British Empire among the

propagandists. He cites in particular Rudyard Kipling and his "The White Man's Burden," which, he points out, was written on behalf of Teddy Roosevelt's seizure of the Philippines. He also notes that there is very little difference between "Wilsonianism" and straight-out imperialism, as Woodrow Wilson's invasions of the Dominican Republic, Haiti, and Mexico demonstrate.

The "American Empire" group, he says, tends to include advocates of the expansion of an American Empire into the "Anglosphere," with the U.S. taking over the former role of the British.

Among the non-Americans Heer points to are: Max Boot (born in Russia, although arriving in the U.S. as a baby); Charles Krauthammer (born in Uruguay, grew up in Montreal); Dinesh D'Souza (born in India); Paul Johnson (born in Britain); Mark Steyn (Canada); Michael Ignatieff (Canada); and, of course, the Hollinger Corporation's Conrad Black.

### **Conrad Black Raves Against UN as 'a Farce'**

According to the *Edmonton Sun* of March 31, Lord Conrad Black, the media mogul, in referring to efforts to move the Iraq war back into the UN framework, told one of his own media outlets in the *Sun* chain in Canada: "A huge proportion of the membership countries are just petty despots that have no civil policy at all." Black ripped into the UN for its failing to back the U.S. in seeking to overthrow Saddam Hussein.

Black ranted: "We have seen what a demeaning farce the whole business of rounding up votes in the Security Council is. Whoever happens to be there becomes the subject of all kinds of bribes and it is a good thing that the Americans took it as far as they did to expose [the UN] as the farce that it was."

Black denounced "vintage French skulduggery," followed by the Germans' "Freudian fantasy they are the extreme pacifist entry." Black threatened that Germany's decision to "alienate" the U.S. will go down in history as "the absolutely stupidest act Germany could implement."

Black said it's time to "dissolve" NATO, and there should be a "world alliance preserving the principle that an attack against one is an attack against all." This "alliance" should be made up of democratic countries prepared to be viable allies.

### **Former U.S. NATO Ambassador: American People Won't Let U.S. Become an Empire**

Robert Hunter, the former U.S. Ambassador to NATO, told *BBC World News* April 3 that "the U.S. Congress and the U.S. people will never allow the U.S. to become an empire, starting with Iraq." Hunter, who served during the Carter Administration, told BBC that the United States may be able to win the war on a unilateral basis, but to win the peace, it will "need many friends." Pushed by the interviewer to defend the American and British position regarding the war and the occupation, Hunter chose to support the American people's sanity instead.

### **Bush's Domestic Agenda in Big Difficulties**

As the military operation in Iraq takes a different direction than the one he anticipated, President George W. Bush is having a very difficult time with his domestic agenda as well. The March 30 *Washington Post* reported: "The President's \$726-billion tax cut proposal has been sliced in half, his plan for oil drilling in Alaska defeated, his faith-based plan stripped to its bare bones, and his cap on medical malpractice lawsuit damages put on life support."

There are a crucial number of Republican Senators who have broken with the President on crucial votes. For example, on the Administration's 10-year, \$726-billion tax-cut, Senators Snowe (R-Me.), Chaffee (R-R.I.), and Voinovich (R-Ohio),

voted to cut the tax package in half, to \$350 billion. Were it held at that level, it would restrict or doom outright the administration's proposal to eliminate individual taxes on corporate dividends. Though Senate Majority Leader Bill Frist (R-Tenn.), is reportedly Bush's closest friend in the U.S. Senate, and the person Bush installed after Trent Lott was removed from that post, Frist has been unable to line up the Senate the way Bush wants.

The *Washington Post* noted that these setbacks "are unusual for Bush, who used a combination of charm, promises, and outright bullying to pass most of his agenda through Congress in 2001 and 2002."

### **Profile of a Stressed-Out President**

*USA Today* on April 2 ran a front-page lengthy story, "Strain of Iraq war showing on Bush, those who know him say—He's said to be 'burdened,' tense, angry at media, second-guessers," describing President Bush as very stressed-out, enraged, impatient, and moody, since the launching of the Iraq war two weeks ago. *USA Today* reporter Judy Keen obtained interviews with at least two Bush intimates for the story—Commerce Secretary and long-time Bush friend Don Evans, and Defense Secretary Donald Rumsfeld. The overall profile she put together showed Bush to be angry at Cabinet and staff members who are second-guessing the war plan, and furious at the media, in general. Perhaps one explanation for Bush's state of mind is the fact that every morning, after a 30-60-minute National Security Council meeting, the President meets alone with Rumsfeld, who provides him with the detailed up-to-the-minute map briefing on the status of the war. They talk at least twice a day, following the morning session.

Evans, who was one of the people who reportedly got Bush into the born-again treatment to overcome his bouts of alcoholism, told *USA Today* that Bush copes with his anxiety over the war by praying and doing exercise. Keen reports that Bush gave up sweets just before the war began in order to get his running time back down to 7.5 minutes per mile. Evans was quoted as saying, "He knows that we're all here to serve a calling greater than self. That's what he's committed his life to do. He understands that he is the one person in the country, in this case really the one person in the world, who has a responsibility to protect and defend freedom."

### **State Officials Target the Most Vulnerable, Cut Medicaid, Health Insurance**

State officials are targetting the most vulnerable Americans as they cut Medicaid and health insurance for low-income citizens, in an effort to balance budgets.

**COLORADO:** To save \$2.7 million, Colorado Governor Bill Owens signed a law eliminating medical benefits to legal immigrants under the state's Medicaid program. The result: 120 elderly Coloradans were expected to be evicted from nursing homes starting April 1. These legal immigrants have no other means of payment, as they are not entitled to Social Security benefits or public assistance programs.

**WASHINGTON:** The supplemental budget passed 95 to 1, in the state House of Representatives March 31, begins a new round of budget gouging. This plan will require 200 more state worker layoffs, and axe 20,000 residents from obtaining state-subsidized health care coverage. This is one piece of bloodletting supposed to rectify the \$2.6-billion deficit.

**MASSACHUSETTS:** Last-minute efforts by a State Senate Democrat to reverse GOP Governor Mitt Romney's cut to the state's Medicaid program failed. Thus, as of April 1, 36,000 chronically unemployed adults lost their state-funded health insurance.

**TEXAS:** Opposing a "restoration" motion put up by Republicans, 11 Democrats walked out of the House Appropriations Committee on March 31. The \$2.75-billion GOP-sponsored motion was billed as restoring cuts to the health and human

services budget, but still cut 250,00 children from the CHIP program, 300,000 from Medicaid, 17,000 pregnant women from health care, and 55,000 disabled elderly from home health care services. Despite the walkout, the motion later passed.

### **When Budget Cuts Kill: Oregon Cuts State Health Plan for the Poor**

According to the *Seattle Times* of March 31, in its latest round of budget-cutting, the Oregon Legislature axed funds for 9,000 citizens in the Medically Needy Program, and 100,000 covered by the Oregon Health Plan—both aid the poor. While some of the cuts have been restored through June 30, some hospitals have begun to remove poorer uninsured patients from waiting lists for organ transplants, or to keep them off the list all together.

The logic of this genocidal triage policy, is that since these patients have had their prescription drug benefits cut, they won't be able to afford the \$1,000-per-month anti-rejection drugs needed for a transplant.

Ironically, it was the 1987 death of a seven-year-old boy whose unemployed mother couldn't raise needed funds for a bone-marrow transplant to cure his leukemia, which led to the creation of the Oregon Health Plan program to cover low-income citizens.

Bottom line: Nazi-like mentality to "save money" will cost lives.

### **Supreme Court: HMOs Must Open Their Networks**

The Supreme Court last week ruled that HMOs must open their networks to all doctors willing to accept their payment rates. Health maintenance organizations claim they can only control health-care costs by limiting the number of doctors and hospitals that participate in their networks. At issue was a Kentucky law which the HMOs opposed and which required HMOs to sign contracts with "any willing provider" or doctor who agrees to their rules. The Supreme Court said the law offers patients more choices. and upheld a lower-court ruling that backed the law and preserved the states' power to regulate insurance.

## **Ibero-American News Digest**

### **Mexico Will Fight To Defend Iraq's 'Energy Sovereignty' at UN**

As President of the UN Security Council, Mexico will fight to defend Iraq's "energy sovereignty" and its territorial integrity. In an interview with *Milenio* March 31, Mexican UN Ambassador Adolfo Aguilar Zinser underscored that as President of the UNSC, beginning April 1, "Mexico will fight to ensure that Iraqi crude [oil] remains in Iraqi hands, not in the transnationals' [hands]." Given its own history, he said, Mexico is particularly sensitive to this issue. Sovereignty over natural resources "is consecrated in our Constitution.... [W]e have also suffered attacks, and desire for our oil." Asked about the juicy contracts that U.S. firms are lining up, Aguilar replied, "Mexico will insist that the occupying powers have certain obligations. Within that framework, the formula must be found to guarantee Iraq's sovereignty and [territorial] integrity."

Aguilar Zinser's comments are sure to annoy the Bush Administration, which is demonstrating increasing "coldness" toward Mexico. The *Miami Herald's* Andres Oppenheimer reports March 31 that President Vicente Fox put in a phone call to George Bush at the end of last week, to "test the waters" following Mexico's anti-war vote at the UNSC, but had to wait four days before Bush returned the call.

## **Mexico Will Also Work for Peace, as President of UN Council**

Mexico will also make every effort to "build a consensus" for peace, as President of the UN Security Council during the month of April. Ambassador Adolfo Aguilar Zinser told *Associated Press* that, although Mexico's Presidency of the UNSC will only last a month, "It's a critical month." The hope is, he said, that deep divisions within the Council can be overcome, so that discussion can focus on the crucial "humanitarian responsibilities" the Council will have regarding Iraq.

Referencing the U.S. pressures on Mexico, stemming from the fact that the government of Vicente Fox refuses to back the war on Iraq, Aguilar Zinser said that, "when a country makes very critical decisions about interests, values and principles, it's easy to feel isolated. But we felt we were acting for the collective good."

Last week, Aguilar's UN post was rumored to be in jeopardy—the U.S. was said to be pressuring Fox to fire him, for "misleading" Washington on where Mexico stood on the Iraq war. But Aguilar flew back to Mexico City to confer with Fox, who reaffirmed the Ambassador in his post.

## **Brazil Foreign Minister Calls for Dialogue and Diplomacy, Not War**

Brazil's Foreign Minister says no country yet has a recipe for stopping the war, but they must be ready to act, when an opening appears. At the conclusion of a series of meetings in Europe—first with European Union and Ibero-American Foreign Ministers in Greece, then with Pope John Paul II and the Vatican Foreign Secretary in Rome, Russian President Vladimir Putin and Foreign Minister Ivanov in Moscow, and April 2 with French Foreign Minister Dominique de Villepin in Paris—Celso Amorim was asked by *O Estado de Sao Paulo* to assess the possibilities of cutting the war short, and rebuilding the United Nations.

"Nobody has an immediate answer to resolve these problems," he answered. What is important, is that there is "a consensus on the importance of maintaining dialogue and diplomacy, as the conflict goes on, because an opportunity to return to the negotiating table could arise, and it would have to be taken advantage of. Today, the situation appears difficult. But, that could change."

The Brazilian government is discussing a formula to shorten the conflict in Iraq, *O Estado* asserted, asking if this idea is going anywhere. Not immediately, Amorim repeated, but he is certain that a diplomatic solution would be sought again, hopefully "as soon as possible." The UN Security Council could benefit from a broader discussion with countries that are interested in peace, but are not members of the Security Council, such as Brazil. We do not want to overestimate, nor underestimate what Brazil can contribute to securing peace, he said.

(See "War and Economics Join To Change Brazil Policy," article in [INDEPTH](#), for more on Brazil's diplomatic efforts, and some potentially sweeping changes in Russian-Ibero-American relations.)

## **Chile Tries To Win Favor with U.S., After Voting Against War**

Chile is trying to ingratiate itself with the U.S., after voting against the Bush Administration's Iraq war in the UN Security Council, media reported March 31. As he had agreed with the U.S. Ambassador in Santiago, President Ricardo Lagos instructed Chile's Geneva-based diplomat Jorge Enrique Vega to vote against a UN Human Rights Commission resolution calling for an investigation of the United States for human rights violations against Iraq. But Vega disregarded Lagos' instructions and abstained instead, thus embarrassing the President. Vega was immediately "resigned."

At stake for Chile is its free-trade accord with the U.S., on which it has pinned its hopes, falsely, for an economic

"recovery." The FTA was scheduled to go before the U.S. Congress for a vote at the beginning of May, together with Singapore's FTA. But Chile was just advised that its FTA has been "decoupled" from Singapore's—it's unclear when the vote will occur—in what is assumed to be a reprisal for Chile's having voted against the U.S. at the Security Council on Iraq. Chile's Foreign Minister immediately denied there was any problem, saying it was only "a technical" glitch.

### **Castaneda in Chile: Let Us Grovel for the Anglo-Americans**

Mexico's Foreign Minister Jorge Castaneda, who wants to make sure that Mexico remains in the good graces of the Anglo-Americans, took a high-profile trip to Chile at the end of March; and in a meeting with President Ricardo Lagos, recommended that Chile and Mexico continue the "good work" they began in opposing the U.S. on Iraq, by voting together in favor of an upcoming UN resolution condemning human rights violations in Cuba. In this way, Castaneda said, the two countries can show that the opposition to the U.S. on Iraq was an anomaly, and that both countries "share principles and values with Washington." Castaneda's trip to Santiago was part of his preparations for launching his own Presidential campaign.

### **Dangerous Alliance in Rio: Colombian FARC, Brazilian Drug Mafia**

An explosives expert from Colombia's FARC was arrested in the slums of Rio de Janeiro on March 28, in the company of Brazilian drug-trafficker Jorge Alexandre Candido, said to be a top aide to drug kingpin Fernandinho Beira Mar. FARC member Carlos Orlando Messina Vidal, a Chilean, was in Rio to instruct *favela* (shantytown)-based drug traffickers on the use of weapons and explosives, and methods for breaking out of prison. In the two days following the arrests, bombs exploded in three locations in Rio. Although Beira Mar is imprisoned, he directed the drug gangs he controls to shut down key sections of the city last month, in a bold challenge to the Lula da Silva government. Subsequently, two anti-narcotics judges were assassinated in Brazil in the space of 10 days.

Brazilian authorities indicate that at least 82 judges in 13 states have received death threats from drug and organized-crime mafias. Justice Minister Thomaz Bastos was scheduled to meet the head of the national Magistrates Association during the first week of April, to discuss measures to protect judges, including constitutional amendments, the use of "faceless judges" (a practice well known in Italy), armored vehicles, and permitting judges to carry weapons.

Beira Mar has now been transferred to a maximum-security prison in Sao Paulo state, in an effort to cut off his communication with his base. If his FARC friends are now showing up in Rio, it should alert the Lula government to the gravity of the threat it faces, and encourage stronger cooperation with Colombian government.

### **Chavez Unleashes Two-Pronged War on Agriculture in Venezuela**

The Venezuelan government of Hugo Chavez, using exchange controls as a political weapon, is denying farmers the foreign-exchange dollars they need to purchase crucial agricultural equipment. At the same time, the mentally unbalanced President issued a call on national television at the end of March, for desperate peasants to seize farmland across the country. The combined actions will sink Venezuela's farm sector for good.

The Venezuelan daily *El Universal* estimated that agricultural output could fall as much as 20% this year, because producers have been unable to purchase fertilizer, insecticide, and seeds. According to Jose Manuel Gonzalez, head of the Fedegro agricultural association, the inability to obtain dollars could mean reduced winter planting, which begins in June. Urban areas are already seeing an influx of farm workers who've lost their jobs. This counters government claims that it has authorized \$5.2 million for companies to purchase needed agricultural supplies abroad.

Then, on March 30, Chavez announced an "agrarian reform" program, with the dramatic declaration on his "Hello, President" weekly television marathon, that "peasants have the right to occupy land, live and produce there, and no one is going to kick them out of there." He promised that abandoned or "unproductive" farms—the number of which is skyrocketing in the countryside—will be handed over to impoverished peasants, along with titles to the same. Within 48-72 hours after that "Hello, President" program, groups of peasants invaded five privately owned farms. Jose Luis Parra, head of the National Cattlemen's Federation (Fedenaga), reported that a total of 18 farms had been invaded in Portuguesa, in addition to others in Lara state, and he warned that this is leading to "a dangerous state of anarchy."

## **Argentina's Once-Proud Agriculture Sector Collapsing**

There are now 25% fewer agricultural producers in Argentina—until recently, one of the top five grain producers in the world—than there were in 1988, according to a recent census published by Indec, the government statistical agency. This is the direct result of the free-market policies imposed at the beginning of the 1990s by the Carlos Menem-Domingo Cavallo duo, which opened up the economy to foreign-food imports, and launched an orgy of deregulation, such that the state had no role whatsoever in determining agricultural prices or taking any action on farmers' behalf. Small farmers, in particular, were left to the mercy of "the markets"; thousands were driven out of business, and larger farms, or foreign speculators like George Soros, gobbled up their lands.

While the government today boasts of "record harvests," the reality is that the social support apparatus in the countryside has disappeared. The state has dismantled all rural development programs, and, as *Clarín* wrote April 1, "devised nothing in their place to prevent the debacle of small and medium-sized producers." Of 318,000 farmers nationwide, 60,000 are small farmers, some at subsistence level, afflicted with the same poverty seen in urban areas, although this is often not reported. Their inability to pay the government's export taxes places their survival in doubt.

## **Western European News Digest**

### **Former British Foreign Secretary: Pull British Troops Out of Iraq**

Robin Cook, former British Foreign Secretary in Tony Blair's Cabinet, called for British troops to be pulled out of Iraq, in an article in the *Sunday Mirror* March 30. Cook, who resigned as Leader of the House of Commons in protest of Blair's decision to launch hostilities without international agreement, called the war "bloody and unnecessary."

He also warned that Britain and the United States risk stoking up a "long-term legacy of hatred" for the West across the Arab and Muslim world.

Cook wrote: "I have already had my fill of this bloody and unnecessary war. I want our troops home and I want them home before more of them are killed."

No one should start a war "on the assumption that the enemy's army will cooperate"—but that was exactly what President Bush had done, Cook wrote. He warned that the war could drag on for months.

Former Defense Minister Doug Henderson backed Cook's call, saying troops should be withdrawn from the "hellish" situation in Iraq to avoid another potential Vietnam.

### **Blair May Be Sued for War Crimes, Crimes Against Humanity**

That is the report from the *Stratfor* news agency, which reports that British lawyers meeting with unnamed UN officials in Geneva on May 29, have decided to file suit against Tony Blair for war crimes and crimes against humanity, as well as other violations of law. Sources in Switzerland reported this to *Stratfor*.

Both the UN officials and British lawyers said that they thought the latest bombings of Iraqi markets, hospitals, and food depots, which resulted in many civilian casualties, make it possible for the case to be heard by a British court.

### **Former Brit Ambassador to U.S.: Many Alarmed When Bush Announced He Would Strike Iraq**

Many top people in Britain were alarmed, when President George W. Bush went public with his intent for a preemptive strike against the Iraqi regime of Saddam Hussein, Sir Christopher Meyer, the former British Ambassador in Washington, declared April 3, in a documentary aired on the *PBS* television network. Said Sir Christopher: "Taken literally, these words meant a rampaging hyperpower who'll whiz around the world whacking people left, right, and center, whenever it sees its security interests threatened."

This comment fits into the wider theme of the documentary, entitled "Blair's War," which evidently, judging from a London *Times* account April 4, was that British Prime Minister Tony Blair was constantly trying to contain the Bush Administration's impulse, after Sept. 11, 2001, for immediate war with Iraq. (This interpretation of events is at odds with the picture given, for example, in Bob Woodward's *Bush at War* book.)

*EIR* staff have not yet had a chance to view the documentary, but the above statement by Meyer fits into a growing pattern of British Foreign Office-approved critiques of U.S. policies and actions respecting Iraq. Such a high-ranking British diplomat could not go public with such a statement, without highest-level authorization from the British Foreign Office.

### **Bavarian Governor: We Didn't Want This War**

Bavarian Governor Edmund Stoiber, touring China last week, said "We in Germany did not want this war," adding that "it must be regretted that neither side showed willingness to compromise, so that a political solution in the framework of the United Nations was not possible."

Stoiber, a member of the Christian Social Union/Christian Democratic Union (CSU/CDU), the opposition to the ruling SPD/Green Party coalition, narrowly lost the election for Chancellor last September to incumbent Gerhard Schroeder of the Social Democratic Party.

While not naming pro-war CDU chairwoman Angela Merkel, Stoiber's remarks, made in Beijing, were clear enough—and a slap in the face.

Karl Lamers, longtime former foreign policy spokesman of the CDU group in the Bundestag, took Merkel on more directly. In an interview with the March 31 issue of *Rheinische Post*, Lamers said: "I don't understand Angela Merkel, that she is clinging to the Americans so unconditionally. Thus turns us into a passive appendix, rather than into a subject of political action."

Lamers also said that "the Americans wanted that war in any case," irrespective of how Saddam Hussein behaved. "This is a preventive war. Any reference to an Iraqi threat to the Americans is nonsense." The driving force behind the war is the new U.S. strategic doctrine, nothing else, Lamers said, and the Americans "want a unipolar hegemonic world." He added that the intensification of Franco-German cooperation is crucial, and whereas in his view, Chancellor Schroeder lacks a real design for that, it is also his view that with Merkel's pro-Bush policy, the CDU is out of the picture altogether.

Peter Gauweiler, a leading member of Stoiber's CSU party and also a member of the Bundestag, attacked Merkel and her like in a *Bildzeitung* guest editorial as "those that continue dancing around people like Bush, Rumsfeld, Rice, Wolfowitz and whatever their names are. Like around golden calves." The party base is disgusted, and Christian Democratic leaders have to make efforts not to lose contact with the base. The CDU policy towards Bush "must not be an uncritical yes-and-amen relationship," Gauweiler wrote.

### **German President: Bush Should Not Speak of Religion, but Pope Can**

In a nationally televised interview with *N-TV* last week, German President Johannes Rau called U.S. President George W. Bush's justifying of the Iraq war as "a godlike mission" (in Rau's paraphrase) an ill-placed approach, and "grandiose misunderstanding."

Nowhere in the Bible is there any call for crusades, Rau said. "I don't believe that any people receives a hint from God to liberate another people." What Bush says is "not representative of Christianity, in any way. The Pontiff, however, has more right to speak for mankind as a whole," Rau said. He added that in his view, war could have been avoided, as the inspections were making good progress. In any case, this war is superfluous, whereas the political solution of the Israeli-Palestine conflict is of much higher urgency—but the Bush Administration has been totally inactive there, unfortunately.

### **Former German Chancellor Warns Iraq War May Trigger Clash of Civilizations**

In his *laudatio* for former German President Roman Herzog, at an event of the Hanns Seidel Foundation in Munich March 29, former German Chancellor Helmut Schmidt said that, whereas one may understand the emotions that arose in the United States after Sept. 11, one cannot tolerate the response to terrorism bypassing international law. Under grave terrorist threats in the past, like the Munich Olympics 1972 (where Israeli athletes were slaughtered by Palestinian terrorists) or the year 1977, Germany's elites always responded in respect of law, Schmidt said.

The ongoing Iraq war might provoke a "new, general enmity of the 1.2 billion Muslims worldwide, against America, maybe against Western civilization in general," Schmidt warned. "It is possible that Samuel Huntington's gloomy prognosis of a worldwide 'clash of civilizations' might become real." Schmidt quoted from a speech that Herzog gave as President, while in Islamabad in 1995, in which he said: "I do not share the view of Samuel Huntington that a clash of civilizations is unavoidable.... Nothing could be more disastrous.... Even the propagation of such ideas, I deem entirely inappropriate."

Schmidt also warned that another casualty of the Iraq war, and the new U.S. drive for world hegemony, may be the project of European integration, which is being disrupted by the Bush Administration in seeking allies for its war drive.

### **Only 18% of Germans Support Iraq War**

The latest opinion poll finds that only 18% of Germans support the Iraq war. An opinion poll compiled at the end of March by the Emnid Institute for the *N-TV* television station, found 82% of Germans consider this war unjustified, and 79% consider it against international law. Some 90% view the present US policy as negative or even unbearable, and only 3% consider themselves as outright pro-American, at this moment.

Positive ratings of foreign politicians on the Iraq issue are as follows: Chirac 74%; Putin 58%; Blair 38%; Bush 19%.

Among German politicians, Angela Merkel's star is falling: at the end of 2002, she had a rating of 66%, three months later it was at 42% (during the week after her U.S. trip, where she supported the war, it dropped by 12%).

## **France, Germany, Russia Launch New UN Initiative**

Central to the initiative of the three governments is their firm intent to make sure that the postwar administration of Iraq is not dominated by the United States and Britain.

French Foreign Minister Dominique de Villepin, who, because of the escalation in Iraq March 28, called off his planned visits to Berlin, Moscow, Rome, and Madrid, met with German Foreign Minister Joschka Fischer in Paris March 31; there the two Foreign Ministers planned to meet with their Russian counterpart Igor Ivanov in Paris on April 4. French diplomatic sources are reported to have leaked that there is also a special initiative by French President Jacques Chirac, to contact other governments that are opposed to the war, for a new (though not specified) "initiative at the United Nations."

After the April 4 meeting of the Foreign Ministers, they called for "the United Nations to immediately take over a central role" in Iraq, in special view of the "worrisome humanitarian conditions in the country."

Only the United Nations, the three diplomats stressed, has the legitimacy to take over a transition government after the cessation of warfare. Furthermore, the territorial integrity of Iraq must be preserved, to prevent a destabilization of the surrounding region.

Reflecting what U.S. Secretary of State Colin Powell had told them at the European Union-U.S. meeting in Brussels April 3, the three Foreign Ministers conceded that a U.S.-led military regime would be in control after the end of the war, but they added it should not assume government functions, nor have influence on the formation of a new postwar government.

At the joint press conference, de Villepin criticized ideas to exclude certain countries from postwar reconstruction in Iraq: The country must not be considered a "cake, from which everyone can cut his slice at will." Fischer and Ivanov added that the end of warfare has priority now, to limit the extent of destruction, and to prevent a humanitarian catastrophe.

## **Chirac, Raffarin, and French Opposition Parties Deploy To Reaffirm Alliance with U.S.**

While not changing one iota of their political line, French President Chirac and Prime Minister Raffarin, along with leaders of the Socialist Party, have made statements in recent days insisting that, even though they did not agree with the American strategy, they are favorable to a quick U.S. victory over Saddam, something which they view as a "victory of democracy." One of the main reasons given for this propaganda offensive was a poll published *Le Monde* and *TF1* (National TV channel 1), according to which 33% of the French population is favorable to the Iraqis winning the war! Jean-Pierre Raffarin, who has been deployed by Chirac to try to mend fences with the Spanish, the Italians, and the British, has now been asked to calm things down with the Americans. "I do not hope for the victory of dictatorship above democracy," stated Raffarin in an official visit to Clermont Ferrand. "The Americans are not our enemies," he stated. Receiving the Parliamentary groups at his office, Raffarin stated "how indispensable it is to be vigilant vis-à-vis all forms of unacceptable anti-Americanism."

Other deputies of Chirac's party, the UMP, have been quoted making similar statements, as have members of the opposition. Jean Marc Ayrault, head of the Socialist group at the National Assembly, warned in an interview with *Radio France International* against people waving portraits of Saddam and bin Laden during anti-war demonstrations. This is the wrong message to send, he declared; the Americans are our allies, despite differences. We are favorable to democracy, he stated in essence.

## **Chirac to UMP Senators: U.S. Is Our 'Ally and Friend'**

During a luncheon with the Senators leading the different right-wing political groups at the French Senate, President Jacques Chirac reiterated that, in spite of different outlooks, the United States is nonetheless "our ally and our friend." For the head of the state, "the trans-Atlantic link cannot be called into question," even though France is in favor of a multipolar world where states are allies and not vassals. The French and the Americans are "in the same boat," he asserted, even though there might be some turbulence.

Chirac apparently expressed his conviction in favor of a military victory for the U.S., and judged that the military situation was less difficult for the U.S. than was being generally stated early last week.

### **Chirac Invites Developing Sector to Pre-Meeting of Group of 8**

French President Jacques Chirac has, according to the *Malaysia Star* April 4, invited 15 world leaders from the developing sector, including Malaysia's Dr. Mahathir, to attend the pre-meeting of the Group of Eight in June. (The Group of Eight: U.S., Britain, Canada, Japan, Italy, Germany, France, plus Russia.)

The pre-meeting will be held on June 1 in Evian, with France the chairman, and the formal sessions June 2-3. The *Malaysian Star* reports that "Chirac views Dr. Mahathir's participation as being of great importance." The four designated topics are: Solidarity With Emphasis on African Development; Spirit of Responsibility in Financial, Social, Environmental and Ethical Spheres; Security in Relation to the Fight against Terrorism; and Upholding Democracy Through Dialogue.

### **Expert: U.S. Could Have Negotiated Everything with Iraq**

Aziz Alkazaz, the Iraq expert at the German Orient Institute, reiterated in a discussion with *EIR* a point he has made repeatedly in public addresses: "If the U.S. government had negotiated with Saddam Hussein, given him a chance, everything would have been possible. The U.S. could have served its own oil interests, could have received contracts, even privileges. In addition, the U.S. could have received guarantees for its Kurdish allies, and for other things, including matters related to the regional political discussion. If only they had negotiated; but they did not want to."

As if to illustrate Alkazaz's point, Defense Secretary Rumsfeld stated in the Pentagon's April 1 press briefing: "There will be no outcome that leaves Saddam Hussein and his regime in power. Let there be no doubt. His time will end, and soon. The only thing that the coalition will discuss with this regime is unconditional surrender."

### **Chinese Firms Prominent at This Year's Hanover Industrial Fair**

Chinese firms were in prominent attendance at this year's Hanover Industrial Fair in Hanover, Germany. The exhibit, to date the biggest international event of this kind for industrial producers, notably builders of machines and machine-tools, will see 282 firms from China with information and exhibition booths. An increase by 117 from last year, this shows the importance China attributes to the fair, which opened over the April 5-6 weekend.

But German hosts also give it high importance, which explains why no Chinese, not even from Hong Kong or Guangdong, was disinvited for fear of SARS (as other Western events have done). The Chinese attendance was seen as "just too important," an official of the fair organization agency was quoted as saying.

The *Frankfurter Rundschau* reported in its preview of the fair that China has shown a steep increase as the leading importer of German industrial goods: exports from Germany to China jumped by 35% last year alone, and the Chinese market now ranks fourth, behind the U.S.A., France, and Italy, as importer for German makers of machines and machine-tools. In terms of construction of big industrial facilities, China has replaced the United States as the number-one market for German

exporters outside of Europe.

As is noted, China is also developing its capabilities in refined products for exports: It has become the fourth-largest exporter of electronics and other electric equipment, on a global scale, last year, after the U.S.A., Japan, and Germany. (This implies that in the not-too-distant future, China will also be able to produce and export crucial electronic components for the maglev train for other countries. Today, it largely depends on Germany in that respect.)

## Russia and Central Asia News Digest

### What Russian Defense Minister Ivanov Said on Iraq War

Russian Defense Minister Sergei Ivanov said April 1 that a U.S. victory in Iraq was "far from certain," and he warned that the attack on Iraq is prompting Russia to strengthen its own military. Ivanov was quoted as telling *Komsomolskaya Pravda* that the Russian military is closely following the war in Iraq, and making conclusions related to the development of prospective weapons.

One of the bluntest statements he made concerned WMD. When asked about U.S. Defense Secretary Donald Rumsfeld's comment that Iraq would use chemical weapons, Sergei Ivanov replied: "*If he says so, it means the Americans want it.* [emphasis added] I would reply by quoting the words of Blix, who said at the UN Security Council meeting on March 19: 'I am sorry that the work of the inspectors, so productive and promising this time, has failed to persuade the world community that Iraq does not have any banned materials. We planned to complete in March the solution of such issues as the presence of the anthrax virus and the VX gas, and in April the use by Iraq of unmanned and manned aircraft. We have not omitted anything, the work of the inspectors was impeded not by Baghdad, but by the situation in which Iraq has found itself.'"

Ivanov said that the Iraqis were still capable of mounting strong opposition. If U.S. troops "launch carpet bombings, Iraq won't hold out for long, but they have yet to dare doing that, because the political damage would be huge," he said. "But if they try to fight with minimal losses, accurately, as they are doing it now, avoiding big clashes, the outcome is far from certain. Iraq has quite a serious army, and it hasn't yet started to fight."

Ivanov said that Moscow opposes the war not because of its economic interests in Iraq, but out of concern for global security. "Saddam is neither friend nor brother to us, and he will never pay off debts to us," Ivanov said. "It's the question of precedent: Today the United States doesn't like Iraq, tomorrow Syria, then Iran, North Korea and then what? Everyone else?"

"We are drawing some military-political conclusions, because this conflict makes us remember the words of Alexander III, who said that Russia has only two reliable allies—the Army and the Navy," Ivanov said. "While the international security system is coming apart at the seams, they must provide a reliable defense."

### France, Germany, Russia Launch New Initiative at United Nations

Details of what the three governments are planning to do were not publicized as of April 1, other than their firm intent to make sure that the postwar administration of Iraq is not dominated by the United States and Britain. It cannot be ruled out that the three governments will issue another call for an immediate cessation of military operations in Iraq, later this week.

French Foreign Minister Dominique de Villepin, who, because of the escalation in Iraq March 28, called off his planned visits to Berlin, Moscow, Rome, and Madrid, met with German Foreign Minister Joschka Fischer in Paris on March 31,

instead. There the two Foreign Ministers made plans to meet with their Russian counterpart Igor Ivanov in Paris on April 4. French diplomatic sources are reported as having leaked that there is also a special initiative by French President Jacques Chirac, to contact other governments that are opposed to the war, for a new (though not specified) "initiative at the United Nations."

### **Ivashov Warns of Faked Evidence in Iraq**

At a Moscow press briefing on April 2, General Colonel Leonid Ivashov, formerly with the Defense Ministry of Russia, said that so far, the Americans have failed to locate any WMD in Iraq. The so-called chemicals weapon plant, the discovery of which was trumpeted by *Fox News* based on reports from a *Jerusalem Post* reporter travelling with U.S. forces, turned out to be a normal cement plant, Ivashov added.

But, for lack of real evidence, fabricated "evidence" might be presented sooner or later, Ivashov warned, because "the USA has to find something to justify its aggression against Iraq."

### **Russian Foreign Ministry Denounces Killings of Iraqi Civilians**

In an official statement issued March 29 under the title "In connection with the escalation of missile and bomb strikes against Iraqi cities," Russian Foreign Ministry spokesman A. Yakovenko said:

"As a result of the escalation of missile and bomb strikes being inflicted on the cities of Iraq, the number of victims is growing daily, and the destruction is becoming large-scale.

"On March 28, a market in the Shual district of the capital was one of the targets. It is reported that over 50 civilians were killed, including women and children. There are dozens of injured.

"Residential districts in Mosul, Basra, Nasiriya and other cities are also being bombed. Historical sites and Islamic shrines are under threat of annihilation....

"The armed action, launched in violation of international law, is causing suffering for innocent people. It threatens to have catastrophic humanitarian and ecological consequences. UNICEF Executive Director C. Bellamy has stated, 'There could be a humanitarian catastrophe in Iraq.' Such a development of events must not be permitted.

"UNSC Resolution 1472, unanimously adopted on March 28, affirms the responsibility of occupying forces to provide for the daily needs of the civilian population."

The Foreign Ministry also put out a press release on March 29, saying that the UN had issued an emergency appeal for aid to Iraq, "in connection with the acute humanitarian situation, caused by the unilateral use of force by the USA and Great Britain." The goal is to mobilize \$2.2 billion for immediate relief, through UN agencies.

### **Ukrainian Foreign Ministry: We Are Not in This 'Coalition'**

Marcian Lubkivsky, spokesman for the Foreign Ministry of Ukraine, stated April 1 that the United States only by "sleight of hand" had declared Ukraine part of the "coalition of the willing" to attack Iraq, on the list the U.S. keeps circulating of allegedly cooperating nations. Lubkivsky said that Kiev's sending of an ABC defense unit to Kuwait was "a form of participation in the efforts of the world community to establish peace and stability in Iraq," which had wrongly been

interpreted as joining the "coalition."

## **Indonesia's President Will Likely Visit Russia**

Indonesian President Megawati Sukarnoputri is likely to go ahead with her planned visit Russia, Romania, and Poland in April, reported the *Jakarta Post* on March 29. Her Foreign Affairs Minister, Hassan Wirayuda, said the planned visit had been arranged long before the Iraq crisis emerged. Hassan said she would use her meeting with Russian President Vladimir Putin to discuss, among other topics, the Iraq war. The trip will be the first visit by an Indonesian President to Russia in 13 years. She will probably depart April 17 or 21, returning April 27.

Indonesia is also likely to discuss the possible purchase of weaponry from Russia. Jakarta has complained about insufficient military equipment due to a military embargo imposed by the U.S. since 1999. Russia's Ambassador to Indonesia, Vladimir Y. Plotnikov, said both countries were expected to reach seven or eight economic deals, possibly including the purchase of military hardware. Foreign Ministry sources said there are around 10 Memorandums of Understanding to be signed during Megawati's visit to Moscow.

Indonesia had planned to buy 12 Sukhoi SU-30 jet fighters and eight MI-17-IV helicopters worth \$500 million in 1997, but the plan was dropped due to the economic crisis.

## **Russia Will Fund Space Station Transport While Shuttle Is Down**

Russian Prime Minister Mikhail Kasyanov told a Cabinet meeting in Moscow on April 3 that extra funds would have to be provided from the Russian budget and reserves to provide extra flights to the International Space Station this year while the U.S. Shuttle fleet is grounded, in the wake of the loss of the Columbia. Russia had asked the other partners—the U.S., Europe, and Japan—to help pay the extra cost, but none agreed to do so. NASA is prohibited from giving funds to Russia due to the Iran Non-Proliferation Act.

April 2, Russian Space Agency head Yuri Koptev stated the station would have to be mothballed next year unless Russia received foreign financing. Money spent for additional Soyuz and Progress vehicles would mean that Russia could not build any additional hardware for the station. Koptev stated angrily in remarks on television, "Nobody cares whether there will or will not be new Russian modules built."

It was announced April 1 that the Expedition 7 crew for the station will be veteran cosmonaut Yuri Malenchenko and astronaut Ed Lu. They will be launched to the orbiting facility on April 26 aboard a Soyuz. The three current residents will return home soon afterwards, in the old Soyuz that has been parked at the station for the past six months as an emergency rescue vehicle.

## **Mideast News Digest**

### **Has the IDF Completed a Dry Run for Palestinian 'Ethnic Cleansing'?**

As *EIW* has frequently reported, one use Israeli Prime Minister Ariel Sharon might make of the U.S. war with Iraq, is to use it as cover for a mass Nazi-style transfer of the Palestinians to Jordan—for Sharon declares that, when it comes to a Palestinian state, "Jordan is Palestine." Former Israel Defense Force (IDF) officer Effie Eitam, now a Cabinet Minister, has even drawn up plans for seizing part of the West Bank of the Jordan River to create a Roman imperial-type *Limes* line.

On April 3, the IDF, supported by tanks and helicopters, marched into the Tulkarm refugee camp, home to 15,000 to 20,000 people, and rounded up all males between the ages of 15 and 40. They were forced onto trucks, and were brought to another village several kilometers away, which had been converted into a prison camp. There, they were systematically interrogated, while other IDF soldiers went house-to-house ostensibly looking for members of the Fatah-linked Tanzim militia.

A few hours before the operation began, on the anniversary of "Land Day" (when Palestinian Arabs were internally transferred), an Israeli Druze officer told a few hundred men in Tulkarm, "You are leaving the camp. Don't come back until it [the Iraq war] is all over."

Yossi Beilin, who joined the pro-peace Meretz Party, given the immoral failure of the Labor Party when it participated in a "National Unity Government" with Sharon's Likud, and who is one of the Israeli architects of the Oslo Accords, said that the operation "conjures up chilling memories." Beilin and other Meretz leaders demanded an immediate stop to this ethnic cleansing. At least this time, the Tulkarm men were allowed to return to their camp.

Meanwhile, in East Jerusalem, with the approval of Jabotinskyite fascist Sharon, right-wing Jewish extremists started moving into the apartments built and financed by Temple Mount fanatic and American bingo "czar" Irving Moscovitz. The building is in the middle of one of the inner-city Arab neighborhoods. *Israeli Army Radio* reported that the U.S. Consulate General in East Jerusalem asked the Jerusalem Mayor to impose a delay on the occupation of the apartments, but this was refused.

### **Arab Media Highlights LaRouche Leadership Against Iraq War**

The historic conference of the Schiller Institute in Bad Schwalbach, Germany (see last week's *EIW* [INDEPTH](#)) has received extensive coverage in the Arabic media.

On April 1, *Al-Arab International*, from London, published a lengthy report on the conference by its economy editor Dr. Mustafa Ali, who followed the conference closely. The *Al-Arab* report is titled: "A call to convene an urgent conference to rebuild the international financial system through a 'New Bretton Woods' as proposed by LaRouche." Another headline reports, "Schiller Institute's international conference discusses 'How to Reconstruct a Bankrupt World.'" Importantly, the widely read *Al-Arab* newspaper also includes the full-text translation of the Bad Schwalbach Declaration to "Stop this war," so that LaRouche's "New Bretton Woods" could be implemented. "The Bad Schwalbach Declaration" is being widely circulated throughout Europe and the United States.

On April 2, *Al-Bayan*, that is published in Dubai, also featured an article by Qatar University Professor Dr. Ahmed Al-Kedidi, who had been unable to attend the Bad Schwalbach conference, but followed it with great interest. Al-Kedidi began his article with a report on the conference, stating that, among others, it brought "politicians, parliamentarians and scholars from 45 nations."

Al-Kedidi added: "This conference was organized by a number of my old friends, including American Presidential pre-candidate Lyndon LaRouche, his wife the chairwoman of the international Schiller Institute, and Jacques Cheminade, the former Presidential candidate in France."

Also on April 2, Al-Kedidi was a guest on a daily talk show on the *Qatar Satellite Channel* (separate from *Al-Jazeera*), where he emphasized the Schiller Institute's work in condemning the Iraq war as illegal and a crime against humanity.

### **The Iraqi 'Clash of Civilizations' War Could Become a War of 'Sticks and Stones'**

According to various Muslim press over April 3-4, no sooner did U.S. forces believed that they had "liberated" the city of Annajaf (Al-Najaf), than on April 3, thousands of angry, unarmed Iraqi men in the city marched down the main streets to the central square, because they were afraid American troops were heading for the mosque-shrine of Imam Ali, the holiest of Shiite Muslim sites. Inside the mosque, small Iraqi resistance forces were entrenched. The protesters said they are trying to negotiate with those inside to surrender their weapons without shedding blood, and get an amnesty.

The people in Annajaf have an equally intense hatred for Saddam as for the Anglo-American invaders, especially after hundreds of Iraqi civilians were massacred in the south by Saddam.

The highest religious leader of Annajaf is Ayatollah Ali Al-Sistani, who is based in the school adjacent to the shrine of Imam Ali (Prophet Mohamad's nephew). He had issued a *fatwa* (religious decree) in March, banning any cooperation with the Anglo-American invaders. The Iran-based Iraqi Shiite opposition group SCIRI complied, and has remained neutral. Later, he issued another *fatwa*, calling on Iraqi Shi'ites to "defend the homeland against the invaders."

On Thursday, arriving with the U.S. troops from Kuwait was Abdul-Majid Al-Kho'i, chairman of "Al-Kho'i Foundation" in London. Like a puppet who is known to Iraqis in the region to have deep ties with the lunatic fringe of Anglo-American intelligence, Abdul-Majid is seeking to calm the rage of the occupied Iraqi population, and to mediate with the leaders of the clergy for the sake of the occupying powers. Abdul-Majid is the son of the former supreme religious leader of Iraq in Annajaf, Ayatollah Al-Kho'i (who died in 1993).

From Qom in Iran, the religious city where most Iraqi exiled Shi'ite scholars are based, scholars denounced Abdul-Majid's lies, and his cooperation with the invading forces. One renowned religious leader, Ayatollah Mohammed Mahdi Al-Asefi, told an Arabic television channel: "Both Saddam and the U.S.-U.K invaders are evil. The Iraqi people are trapped in a holocaust.... However, if the Americans attempt to occupy the country, then Iraq's people should resist them. The U.S. is not in Iraq to bring to the Iraqi people a political project for freedom."

Iran itself would most probably support the Iraqis in the south if they decided to fight against any U.S.-U.K. occupation. Shi'ites in Pakistan would do the same. Many observers note that Iran and Syria would not stand idle, allowing the United States to stabilize and legitimize its occupation of an Iraq, which would become a launching pad for destabilizing these two countries and the region.

According to what a senior Iraqi source in Iran told *EIW*: "If the U.S. decides to have a direct military administration of Iraq, they would have to face an uprising from the Iraqis in the south. If they try to install a puppet regime using hard-handed measures to control the population, the outcome would be civil war."

### **Egyptian Leaders and Legal Experts Discuss an Emergency Meeting of the UN Security Council**

The Egyptian government web site on March 31 featured a discussion of the possibility of convoking a UN General Assembly session, to stop the Iraq war, based on UN Resolution 377 "Uniting for Peace." The article begins: "The whole world was vociferous in opposition to war, but no action was taken to stop it, despite attempts by some nations to obtain a resolution from the UN General Assembly on the illegality of the U.S.-led attack against Iraq. Meanwhile, the U.S. is doing its utmost to block a General Assembly meeting." The General Assembly can as a body overrule the UN Security Council, despite the veto of a member(s) of the Permanent Five.

The Arabic weekly magazine *October* hosted a piece by Prof. Rateb, Professor of International Law at Cairo University, who says: "A resolution could be issued by the majority without fear of a member or members using the veto," adding that during the Tripartite Aggression (Suez Crisis) in 1956, Yugoslavia invoked Resolution 377, giving the UN General

Assembly the responsibilities of the UN Security Council. Dr. Rateb said that this led to Dag Hammarskjold's creation of "a peace-keeping force for the first time to bring an end to the war."

Dr. Rateb said that: "...If the Arab countries or any other side succeeds in calling a meeting of the UN General Assembly and act according to the 1950 resolution, there would be the distinct possibility that the American-British aggression in Iraq could be halted. In the case of 1956, Dr. Rateb said that the UN formed a peace-keeping force and forced the withdrawal of the aggressors. Dr. Rateb sees the difference between now and then, in the absence of a personality like Hammarskjold.

And Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr., warned recently that the current UN Secretary-General is a good man, but might not withstand the pressures against such a development. Nonetheless, wires reported that an April 2 meeting in Cairo Egyptian Foreign Minister Ahmed Maher, together with his Moroccan counterpart Mohammed Benaissa, and Arab League Secretary General Amr Mussa spoke of the possibility of calling for such a meeting. However, a usually reliable *EIW* Egyptian source based in Washington, D.C., said that there is concern among the Arabs and Organization of Islamic Countries that the effort of the Arab League to override the UN Security Council by holding a meeting of the UN General Assembly on this matter to stop the war was not receiving support from European countries—much as the Europeans claim that the occupation plans must be endorsed by the UN. But, as LaRouche highlighted, this is a definite potential route to stop the war. (For more on the history of this process within the UN, see [INDEPTH](#).)

### **Shin Bet Employer Cleared of Charges Related to Prime Minister Yitzhak Rabin's Assassination**

According to *Ha'aretz* of March 31, 2003, Avishai Raviv, a Shin Bet informant, was cleared of charges that he had knowledge of the plans to assassinate Israeli Prime Minister Yitzhak Rabin, Yasser Arafat's "Partner for Peace," but did nothing. Rabin was murdered in 1995.

Raviv was an ex-Kach informant in the circles of Yigal Amir, Rabin's killer. Raviv claimed he never heard from Yigal Amir that he was planning to kill Rabin, and Amir confirmed that he never told him.

Raviv was never really accused of such a crime by the authorities, but was indicted because the right-wing exerted pressure in an effort to prove that there was a Labor Party plot to kill Rabin, making him a martyr to use against the right. Shin Bet chief Ami Ayalon allowed the trial to counter the right-wing's accusation.

After the verdict, Raviv broke his silence, telling *Israeli Army Radio*, "I had nothing to do with this terrible thing, and Rabin's murder is the worst thing that has ever happened in this country.... My blame is the same as all of Israel's—everyone saw the pictures and nobody believed that a Jew would rise up to kill a Jew."

Irrespective of the justice of this verdict, it is notable that Arafat has said: "The murderers of Yitzhak Rabin are now running the country." Numerous religious and political allies of Prime Minister "Fat Arik" Sharon had tried to create an atmosphere in which Rabin's serious peace negotiations were being viewed as treasonous.

### **How Long Can Israel Maintain Warsaw Ghetto Mobilization?**

As *EIW* has extensively reported, despite massive U.S. subsidies, the Israeli economy is also unravelling with the systemic world economic crisis. And, thus one finds growing impoverishment of Israeli citizens, while funds for the military occupation are huge. The question is whether or not, given major strike waves over Finance Minister Binyamin "Bibi" Netanyahu's austerity budget and the general world collapse, whether or not, as in the U.S., the economic crisis will add further impetus to insane military actions ranging from "Jordan is Palestine" to the use by Israel of nuclear weapons (Israel

has the third largest arsenal of these in the world) just as the lunacy of the Bush Administration's "Chickenhawks" reveals.

On March 30, some 50,000 government employees went on strike, and on Monday, 100,000 employees of 265 local authorities went on strike over Bibi's austerity budget. For the first time since 1985, foreign service employees went on strike, closing consulates around the world. High school teachers, who are being forced to take an amazing 20% wage cut, have started job actions. The Histadrut Labor Federation will also call on workers in the private sector which could effect flights, rail travel, dockworkers, and the telephone company.

On March 25, *Ha'aretz* shocked Israel by reporting that one-third of Israeli children are below the poverty line and that Bibi's new budget will add 136,000 more. Meanwhile, *Ha'aretz* on April 2 reported that Ran Cohen of the pro-peace Meretz Party revealed that "Fat Arik" had six soldiers protecting one settler in an "illegal" outpost at a cost of NIS 43,000 (\$10,000). This ought to be seen as an illegal use of U.S. funding for Israel, since President George W. Bush signed off on the "road map" for Israel to close down the settlements.

As *EIW* has previously reported, because of the closure of Palestinians to jobs in Israel, among other reasons, 76% of Palestinians are living below the UN poverty line of two dollars a day.

## Asia News Digest

### The Eurasian Land-Bridge: How To Reconstruct a Bankrupt World

This week's *EIW* [INDEPTH](#) Feature is a tour de force on economic development for Asia and Europe, and the plans for linking the two through the building of the historic "Eurasian Land-Bridge." The Feature includes the presentations given at the Land-Bridge session of the Schiller Institute's March 22 conference in Bad Schwalbach, Germany. The speeches include: "Prospects of Economic Cooperation in Northeast Asia," by Dr. Kim Sang-woo; "Economic Outlook for the Eurasian Railroad," by Dr. Chin Hyung-in; "Why We Need Peace and Eurasian Union," by Chandrajit Yadav; "Eurasian Land-Bridge Viewed From the North," by Dr. Markku Heiskanen; and "Realizing LaRouche's Idea of Economy," by Dr. Zbigniew Kwiczak.

The proceedings of the Bad Schwalbach conference are posted on the Schiller Institute website, [www.schillerinstitute.org](http://www.schillerinstitute.org).

### Malaysian Minister Warns U.S. May Retaliate Over Opposition to Iraq War

Malaysian exporters should look for more markets to counter the effects of the United States-led invasion of Iraq and prepare for possible trade retaliation by the U.S. for Malaysia's opposition to the war, Primary Industries Minister Datuk Seri Dr Lim Keng Yaik said March 30. "The impact of our stand [against the war] has not been accounted for yet, but I would like to urge all of us to take preliminary caution to diversify and reduce our export dependence on the U.S. and look for other potential markets elsewhere," he said.

He said Malaysia had been very outspoken against the war, "but we do not know what kind of action the U.S. will take." "They might not even do anything like imposing higher tariffs on our goods or sanctions, but we cannot wait for all that to happen, [and] then think how to get out of it," he told reporters.

### Indonesia Discusses Euro as Alternative to Dollar

Indonesia Vice President Hamzah Haz has supported an idea to use the European euro as an alternative means of payment

in international trade and a component of foreign exchange reserves. He said that the plan must be assessed and considered thoroughly, and should never be carried out merely for political reasons, for instance, the current U.S.-led military strikes on Iraq. "One thing is for sure," he said, "the adoption of the euro as an alternative means of payments could be an effective solution to speculative dollar-oriented dealings."

Previously, Minister of Finance Boediono had said that the euro would become more attractive if the depreciation trend of the U.S. dollar continues. Economic instability in the U.S., current depreciation trend continued, due to the economic instability in the U.S. and the uncertainties over the Iraq war.

Noted currency analyst Farihal Anwar said the dollar is currently unstable because, financially, the U.S. is no longer deemed safe. Rizal Ramli, a former senior economic minister, said that Indonesia needs to begin freeing itself from bondage to the dollar in financial dealings.

"It is important for Indonesia, and other developing countries, to start balancing out their dependence on the dollar by switching their financial orientation from the greenback to other currencies, especially the euro," Rizal said.

### **Indonesian House Speaker: Try Bush and Blair for War Crimes**

Amien Rais, who heads Indonesia's lower house of Parliament, the DPR, delivered a letter to the UN building in Jakarta, demanding that President Bush and British Prime Minister Tony Blair be tried in an international court "for their unjustified use of force against the people of Iraq." Rais heads one of the country's largest Islamic political parties, the PAN Party, and is expected to run for President in 2004.

Indonesia, the world's largest Muslim nation, has been a fierce critic of the U.S.-led campaign. Between 100,000 and 300,000 people took part in a mass street rally in Jakarta March 30, according to figures in the press; although organizers claimed over 1 million participated. The rally brought together all of the major faiths and featured large banners in Arabic and quotations from recent statements of Pope John Paul II.

### **North Korea Hardens After Iraq War—as LaRouche Warned**

As Lyndon LaRouche warned in discussions and public speeches since January, the Iraq war policy would make the North Korea crisis more intense. As LaRouche warned, Pyongyang is drawing the conclusion that its sovereignty will be violated. North Korea declared March 29 it will make no concessions to end the nuclear crisis, and pledged instead to build up its defenses to fend off the kind of "miserable fate" that has befallen Iraq. The official daily of the Korean Workers' Party, *Rodong Sinmun*, said, "it is clear that the destiny of Iraq is at stake due to its concession and compromise."

North Korea "would have already met the same miserable fate as Iraq's had it compromised its national sovereignty and accepted the demand raised by the imperialists and its followers for 'nuclear inspection' and disarmament," the daily said editorially. It said the Workers' Party's "army-based policy" and defensive capacity were the "No. 1 lifeline" of the communist state and provided a sure guarantee not only for protecting its sovereignty but ensuring peace and stability on the Korean Peninsula. It added that the country "will increase its self-defensive capability and fully demonstrate its might under the uplifted banner of the 'army-based policy.'"

### **Afghanistan in Chaos: Despite Pentagon Declarations of Victory**

U.S. troops combing for Taliban and al-Qaeda members in Helmand Province in southern Afghanistan came under rocket attack, the U.S. military spokesman in Afghanistan, Col. Roger King told *BBC* March 31. The U.S. troops called in Apache

helicopters and an AV-8 Harrier jet for support. The air attack targetted three vehicles believed to be carrying the attackers. No GI has been injured. No report has been issued on how many of the assailants were hit.

On March 30, two U.S. special forces troops were killed in an ambush, allegedly laid out by the former Afghan premier and Hezb-e-Islami leader, Gulbuddin Hekmatyar. There is a definite rise in incidents noticed in recent days. On March 27, a Salvadoran foreign aid worker carrying a Swiss passport was killed in an ambush. The day after, the Kabul UN headquarters, which is located across the street from the U.S. embassy, was subjected to rocket attacks by the rebels. Hekmatyar had been supported and supplied for many years by the U.S. and British governments.

At the same time, a former leader of the Taliban government, former Cabinet Minister Mullah Dadullah, says the time is ripe for the Taliban to make a comeback. Speaking to BBC on March 30, Mullah Dadullah said the Taliban has already regrouped under Taliban supremo Mullah Mohammad Omar and has engaged in protracted warfare against the U.S. troops and the International Security Assistance Forces (ISAF). Mullah Dadullah pointed out that the time is ripe to seize power for two reasons: First, the growing anti-U.S. sentiment sweeping across Afghanistan and the entire region; and second, the arrival of spring, the traditional time to start a war offensive in Afghanistan.

Mullah Dadullah is the first senior Taliban leader to give an interview since the government was ousted by the U.S.-led invasion of Afghanistan in October 2001. The Taliban government collapsed in December of that year.

### **U.S. Launched Heavy Bombing Assault Against Suspected Taliban in Southern Afghanistan**

More than 35,000 pounds of ordinance was fired from five types of aircraft—Harrier jets, B-1 and B-52 bombers, A-10 Thunderbolts and helicopter gunships—reports the American military spokesman in Afghanistan, Col. Roger King, on April 3. The target of the U.S. attack was the mountains near Spin Boldak in the province of Kandahar. Reports indicate that the Taliban were regrouping in this area, and were holed up in these mountains. No reports on the number of casualties have been filed.

Afghan military commander Khan Mohammad, who is helping the U.S. troops in searching the mountains, accused Pakistan of aiding the Taliban's regrouping, and the director of the foreign affairs in Spin Boldak, Khalid Khan, told reporters that former Taliban commanders were living safely "in hundreds of homes in Quetta"—capital of the Pakistani province of Balochistan. Afghan Interior Minister Ali Ahmed Jalali says that increased Taliban activities may be linked to the U.S.-led war in Iraq.

Meanwhile, the U.S. State Department has issued a warning saying the security situation in the whole of Afghanistan is now extremely volatile and not safe for Americans.

### **U.S. Sanctions Pakistani Uranium Enrichment Company for Proliferating WMD**

The U.S. has accused Pakistan's key uranium enrichment plant of "helping a foreign country [read: North Korea], person, or entity acquire or develop weapons of mass destruction," and has announced sanctions against AQ Khan Research Laboratory (KRL). What exactly such sanctions would mean to Pakistan has not been made clear, but it would definitely act as a pressure point for Washington to demand concessions from Islamabad on other issues.

Meanwhile, under orders from Washington, Islamabad has arrested Boston-based scientist Aafia Siddiqui, while she was visiting Pakistan. Siddiqui, who had her PhD in neurological sciences from the Massachusetts Institute of Technology (MIT), was arrested when she landed at the Karachi airport. She has been charged with providing vital chemical warfare plans to individuals who are considered al-Qaeda members. Islamabad says that the FBI claims that Siddiqui had been in

touch with Adnan Shukrijumah, who is wanted by the FBI for posing a possible threat to the United States. Siddiqui has been handed over to the FBI Pakistan office for interrogation.

### **Fear Emerges That 'Pakistan Next After Iraq'**

In an interview with the *Agence France Presse*, an analyst from one of Pakistan's most important think tanks, the Sustainable Development Policy Institute, said the U.S. sanctions on Pakistan's top nuclear research facility over alleged technology-sharing with North Korea may indicate a plan for an aggressive action against Pakistan by the United States. "It is possible these are signals that Pakistan has to fall in line or it could be the target in the future," said analyst A.H. Nayyar.

Meanwhile, the government of Pakistan has demanded evidence from the U.S. to back allegations that it exported nuclear technology to North Korea. "We reject the charges made by the American Administration," Foreign Minister Khurshid Mahmud Kasuri said. The *New York Times* reported recently that a Pakistani aircraft arrived in Pyongyang as recently as last July to pick up North Korean missile parts—the payoff in what it said was "deadly barter" (enriched uranium for missile parts) raising disturbing questions about U.S. and Pakistan relations.

In Beijing, China and Pakistan on April 1 signed a charter on bilateral cooperation in the field of defense industry and technology.

### **Only Losers in Mindanao Terror Attacks**

Following a terrorist bombing at a wharf in the southern Philippines city of Davao, Mindanao, on April 2, which killed 16 and injured 50, a series of grenade attacks were launched in the middle of the night against three mosques in majority or predominantly Muslim neighborhoods.

The wharf bombing occurred shortly before the arrival of President Gloria Macapagal-Arroyo for a regional tour. She immediately declared a "state of lawlessness" in Davao City and three surrounding provinces, which order authorizes the launching of a major military and police crackdown. She described the order as "total war," adding that it may be expanded after talks with Davao Mayor Rodrigo Duterte. Officials also said that U.S. and Australian forensic experts, who assisted in the investigation of a March terrorist bombing at the Davao airport, are expected to return to assist in investigating this new atrocity.

No one has claimed the wharf bombing, which occurred as the government and the leading regional Islamic organization, the Moro Islamic Liberation Front (MILF), planned new peace talks. The MILF spokesman, Eid Kabalu, categorically denied any involvement, saying, "The MILF has never been involved in such kind of bombings, where civilians are a target. We consider it a heinous crime against humanity."

The Philippine Catholic Bishops immediately condemned the grenade attacks on the mosques, as an effort to "inflame religious sentiments and biases, and aim[ed] to inject a religious dimension into a conflict that is primarily political and economic."

### **Thai Prime Minister Slams U.S. State Department Human Rights Report**

"The U.S. does not practice what it preaches." In no uncertain terms, Prime Minister Thaksin Shinawatra denounced the State Department's Country Report on Human Rights Practices 2002, released on March 31. On April 2, Prime Minister Thaksin struck back: "For a country that likes to talk about peace, it sure doesn't practise it much. One day our Foreign Ministry might take the liberty of berating another country about a great many things that it had done which were lousy.

We are a friend [of the U.S.]. But we are nobody's lackey. [The U.S.] should look at us as an ally and mind its manners. The U.S. should quit acting like a big brother. We've said before and we'll say again that we don't depend on anyone. The U.S. is fond of preaching rectitude to the world, but sometimes, the person who teaches never practices what he preaches."

Thailand is one of the closest allies the U.S. has in Southeast Asia.

### **Peaceful Nuclear Pursuits Hindered**

The current fear of WMD has impeded the advancement of nuclear power for peaceful pursuits, especially in the fields of medicine, agriculture, and industries, Malaysia's Science, Technology and Environment Minister Datuk Seri Law Hieng Ding lamented, citing the over-control and over-caution by countries which restricted these exports. He said the issue was brought up at last month's Non-Aligned Movement Summit in Kuala Lumpur.

On March 31, Minister Law addressed a three-day Regional Seminar for Asean States, "Non-Proliferation of Nuclear Weapons: Strengthened Safeguards and Additional Protocol," where, he reported, Non-Aligned Movement (NAM) leaders say that proliferation concerns are best addressed through multilaterally negotiated, universal, comprehensive and non-discriminatory agreements. NAM heads of state expressed their strong rejection of attempts by member states to use the International Atomic Energy Agency (IAEA) technical cooperation as a tool for political purposes, in violation of the IAEA's statute.

## **Africa News Digest**

### **Lyndon LaRouche Says Cancel International Debt for Africa**

U.S. economist Lyndon LaRouche, candidate for the 2004 Presidential nomination of the Democratic Party, was on a popular Washington, D.C. radio talk show on April 4, for one hour. He commented extensively on Africa:

"On the question of Africa, we are dealing with genocide now, and it is orchestrated largely by forces in the United States, Britain, and some Israelis.... Rwanda, Burundi, Congo, and so forth—I could go through the details. It is genocide, and it is intentional. The issue of AIDS, and the lack of generic drugs for places like Botswana, is a genocide issue. So, therefore, the question is who has world power? If we are trying to rebuild this planet, we are going to move in on this question.

"Now on the question of the IMF, WTO, and so forth—they in their present form are bankrupt. That is, the IMF system is bankrupt. The WTO system is inoperable at present. Therefore, the financial crash, which is going to come one way or the other, is going to end the power of the IMF.

"What's going to happen, for example: This crash is reaching the point that governments are going to have to meet and agree to reorganize the central banking systems of those various nations. That means the Federal Reserve System goes into receivership to the national Treasury, and we have, in effect, national banking.

"It means similarly in many countries around the world, governments will take over the central banking systems, which are, in fact, bankrupt, and put them through bankruptcy reorganization.

"The principle under which we would operate, under our Constitution, would be the General Welfare Clause of the Federal Constitution....

"Now when it comes to countries like Africa, or parts of South America, we have debts there that are not legitimate debts, massive debts, imposed on these areas. We are going to, as a group of nations, have to cancel the unpayable, illegitimate part of those debts. We are going to have to set up terms of trade, which provide Africa the ability to have—especially sub-Saharan Africa—the basic economic infrastructure projects, which are necessary for Africa to recover from the present situation. And, this is going to be a world concern."

### **Brazil Brings Cheap Anti-AIDS Drugs Production to Africa**

Amara Essy, interim chairman of the commission of the African Union (AU), announced March 28 that Brazil will build three plants to manufacture cheap anti-AIDS drugs in Africa. The agreement with the AU is worked out, except for technical details, he said. No date was given for when the projects would get under way, but AU and Brazilian officials are to meet in April, to discuss the plans.

Brazil has an aggressive domestic program to fight AIDS, centered upon its program to provide anti-retroviral drugs free to all who need them. To be able to sustain that program, Brazilian government laboratories developed an indigenous capability to produce generic versions of those drugs. This would be the first time, however, that Brazil would move to reproduce that capability in other countries.

"We would like them (Brazil) to build three companies to manufacture, one in North Africa, another in the center of the continent and one in southern Africa," Essy told a news conference in Lusaka. "Millions of people are dying, and unless we tackle this problem, development will be hindered. We need billions of dollars at the moment for AIDS drugs and many countries cannot afford the kind of money needed for the drugs." Essy said the AU would work out a mechanism within its six regional trade blocs to pool resources and source for cheaper AIDS drugs. "The answer to our current (AIDS) problem is to work together as Africans find a lasting solution on how to tackle this pandemic," Essy said. "We are encouraging individual countries to work together in fighting AIDS."

### **Kenya Commentator: 'War Eclipses Crucial IMF Report'**

An op-ed in the Nairobi daily *The Nation* March 24 by commentator John Kamau, on the new IMF paper circumscribing the benefits of globalization, said, "The damage, for us, is already done."

Kamau blasted the IMF hypocrisy: For example, where the IMF says "quality" domestic institutions are a precondition for benefit from globalization. The op-ed said, "Now how do we create such strong institutions when they have all collapsed as a result of opening our markets? ... [D]o we return to IMF and World Bank and borrow more money to resuscitate these institutions?"

Attacking the IMF more generally, Kamau wrote, "The privatization schemes that were advocated by IMF stifled economic democracy and people had little voice in determining how national assets were valued and handled.... [T]he most vulnerable people were left with no access to basics like water, food, and health care.

"Subsidy programs for impoverished people were eliminated, and basics became unaffordable.... The same IMF now turns again to tell us that it has learned that that policy could have been wrong in the first place....

"Africa must come up with its own initiatives for addressing development, rather than relying on policies cooked up in Washington board rooms and experimented on the struggling continent.... Today we are singing about [the pro-globalization scheme] NEPAD [New Partnership for Africa's Development], another non-starter that masquerades as a homegrown solution."

## What the IMF Report Says

The IMF published a paper March 17 titled, "Effects of Financial Globalization on Developing Countries: Some Empirical Evidence"; in effect, the paper gives the evidence of the destruction that IMF policies have caused.

The report, posted on the website [www.imf.org](http://www.imf.org), concludes, "the vast research effort to date suggests there is no strong ... support for the theoretical argument that financial globalization per se delivers a higher rate of economic growth. Perhaps this is not surprising."

Second, it says, "There is little evidence that financial integration has helped developing countries to better stabilize fluctuations in consumption growth...."

Third, it says, "neither theory nor empirical evidence has provided clear-cut general answers to related issues such as the desirability and efficacy of selective capital controls."

None of this is exactly a revolution at the IMF. The authors don't throw out globalization, but say that a threshold in "the quality of domestic institutions" is a precondition for successful globalization, along with "robust legal and supervisory frameworks, low levels of corruption, high degree of transparency and good corporate governance."

The IMF, as Kenyan author John Kama commented, has historically degraded "domestic institutions," and forced massive currency devaluations instead of "capital controls." The paper does not constitute a change in policy, but its importance is underscored by its having been co-authored by IMF Chief Economist Kenneth Rogoff (an International Grandmaster of Chess who recently referred to the Carter-era destroyer of the American economy as "the great Paul Volcker").

### **South Africa Protests: Expel U.S./U.K. Ambassadors**

An estimated 10,000 demonstrators marched on the U.S. consulate in Cape Town March 29 and called for the expulsion of the U.S. and British ambassadors from South Africa. The demonstrators—including representatives of the ruling African National Congress, trade unionists, Christians, and Muslims—were addressed by the chairman of the National Assembly's foreign affairs committee, Pallo Jordan, who leads the left opposition against President Thabo Mbeki.

Among the placards were ones that read, "Soon Bush will join Hitler in hell" and "Satan's puppet—Bush."

Jordan said the attack on Iraq had never been about WMD. "They have not uncovered any weapons of mass destruction." (However, unfortunately Jordan promoted the widely accepted, but false, proposition that the point of the war is to get control over Iraq's oil.)

The Anti-War Coalition that organized the march has threatened "more drastic action" if the consulate fails to respond in writing by April 3 to two memos. The consulate has been surrounded by razor wire since the war was launched. The Coalition has a 24-hour-a-day picket at the consulate and plans marches on Parliament and U.S. and U.K. consulates April 5.

### **Zimbabwe: British-Owned MDC Opposition Party Wins Parliamentary Seats**

As the Bush Administration threatened the government of Zimbabwe President Robert Mugabe (see this week's [INDEPTH](#)), an important shift occurred in the Zimbabwe Parliament. Bush's only Iraq war ally, Britain, has been trying to oust Mugabe

and effect "regime change," but has met stiff opposition within the Commonwealth.

In the March 29-30 by-elections in the Zimbabwe capital of Harare, the opposition Movement for Democratic Change (MDC) won two Parliamentary seats by a wide margin, against the ruling Zanu-PF party of President Mugabe. Zimbabwe state radio reported that MDC won 12,548 against Zanu-PF's 5,002 in the Kuwadzana constituency. In the Highfield constituency, the MDC won 8,759 votes against 4,844 for Zanu-PF. The by-elections of March 29-30 were important for two reasons: The government—five seats short of a two-thirds majority needed to change the Constitution, to allow Mugabe to name a successor before going to new elections—hoped to narrow that gap; and Zanu-PF has none of the 19 Harare seats in Parliament.

MDC vice president Gibson Sibanda was arrested March 31 for "attempting to subvert a constitutional government." His lawyer says that means he broke the law against organizing political demonstrations without government approval. The MDC organized a two-day general strike two weeks ago. The police claim they have linked Sibanda to violence during the strike, such as the torching of three buses. Home Affairs Minister Kembo Mohadi has threatened to arrest the MDC's leader, Morgan Tsvangirai, and others, if they call any further anti-government protests.

Additional by-elections are coming up.

## This Week in History

### April 7-13, 1933

April 10, 1933 was a historic day for the United States: the day when President Franklin D. Roosevelt sent a message to Congress calling for the Creation of the Tennessee Valley Authority. This call for the implementation of a water-management, power-generation, and overall development plan for the seven-state region around the Tennessee River, was destined to lead to a project so successful, that it was the model for major infrastructure-development programs worldwide (including today's Three Gorges Dam in China), and is still such a model today.

Last year, at this time, this column reprinted FDR's original message, and a summary of the accomplishments of the project (see [EIW Vol. 1, No. 5](#)). This year, we emphasize the way in which the TVA model can be used today.

On Dec. 7, 2002, in an address to an event in California, Lyndon LaRouche called for the creation of a new Federal agency, along the lines of Roosevelt's Tennessee Valley Authority, as the means of financing the trillions of dollars worth of infrastructure projects which are required to put the American economy back on track. This mechanism, LaRouche said, could be called a "Super-TVA," a credit-generating mechanism which would disburse low-interest, long-term credits into the states, to launch the program of energy production and distribution, water management, and mass transit-rail network programs, which are needed to rebuild the tax-revenue base, and the physical economy.

To make this happen, LaRouche added, will require emergency legislation to repeal all the deregulation laws of the past 30 years.

The TVA project called for a set of multi-purpose dams, rural electrification, improvement of agricultural productivity, and overall upgrading of conditions of life for the population. Its center was the Muscle Shoals hydroelectric dam project, which had been on the boards for decades, but the new plan was far broader. In announcing the plan, FDR specified the following powers for the agency:

"I, therefore, suggest to the Congress legislation to create a Tennessee Valley Authority, a corporation clothed with the power of government, but possessed of the flexibility and initiative of a private enterprise. It should be charged with the broadest duty of planning for the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and its adjoining territory for the general social and economic welfare of the nation. This authority should also be clothed with the necessary power to carry these plans into effect. Its duty should be the rehabilitation of the Muscle Shoals development and the coordination of it with the wider plan."

And help the general welfare the project did. The TVA project, in the course of its first 10 years, dramatically changed the way of life from that of Third World-like impoverishment, subject to periodic flooding and misery: By 1958, the Tennessee Valley was a modern agro-industrial region, with higher electricity use per capita than many places around the country, an end to flooding, abundant manufacturing jobs, and the conquering of illiteracy and disease (malaria had been rampant).

## The Federal Role

From the very beginning, the advocates of "free enterprise" loudly protested the development of the TVA. The local power utilities wanted to prevent the Federal agency from actually selling power over its own transmission lines. Others wanted to restrict the overall planning powers of the agency, which gave it the right to declare eminent domain, and permitted it to provide services, including libraries, for the workers in the area.

But, without the Federal powers, and Federal money, these improvements would never have occurred.

The TVA was set up as a Federal corporation which received monies from Congress, and also had the power to issue its own bonds, in order (initially) to raise up to \$50 million. These bonds were to have an interest rate of no higher than 3.5%, and could be purchased by the U.S. Treasury. The Authority's monies were strictly tied to certain projects, such as the Muscle Shoals dam, or the nitrate plant (for fertilizer).

The linkage of the credit issuance to a specific project, is an absolutely crucial aspect of a Super-TVA program. In the particular case of the TVA, Roosevelt knew that the investment would more than pay for itself, not only in improved living standards, jobs, and tax-revenue increases, but also in terms of money. That was directly the case because the power plants which were built, were going to charge for electricity—although at a considerably lower rate than the private utilities were doing. In addition, the entire project was going to provide thousands of jobs, and decrease the financial losses of those who regularly had suffered from the interference with navigation, and from the flooding, which the uncontrolled Tennessee River caused.

Writing in 1943, TVA board member David Lilienthal projected that, over 30 years from its inception, the payments from users of TVA power would have totally repaid the investment of more than \$700 million in the Valley. At the same time, he said, the electrical plants would be in good, usable shape, and a large surplus income would continue to flow into the Federal Treasury.

What is obvious as well, is that the federally funded project created the basis for *private* ventures, including feeder industries, to join in the prosperity. Yet, if FDR had been forced to operate under the deregulated, "private" industry restrictions which most projects today are mandated to have, the depression conditions of 1933 would never have been overcome.

Today, these principles of Federal, project-linked funding, based on the general welfare, need to be applied on a much larger scale. Investing trillions, will create trillions in profits, and in improved lives. A "Super-TVA" can reverse the decline of a nation.

## Feature:

### How To Reconstruct A Bankrupt World:

#### The Eurasian Land-Bridge

We publish here the March 22 panel—on the Eurasian Land-Bridge idea—of the Schiller Institute conference, 'Howto Reconstruct a Bankrupt World,' held March 21-23 in Bad Schwalbach, Germany. The panel was opened by EIR editor Muriel Mirak-Weissbach, introducing keynote speaker Helga Zepp-LaRouche. The full presentations by Zepp-LaRouche and Academician Vladimir Myasnikov, and also the Bad Schwalbach Declaration for worldwide circulation from the conference, were all published in EIR for April 4. We republish here only brief concluding sections of the speeches of Zepp-LaRouche and Myasnikov, within the entire proceedings of the Eurasian Land-Bridge panel.

- **Dr. Bi Jiayao**

#### China's Economic Development Prospects And New Measures in Opening Up

Dr. Bi is Deputy Director of the Institute for International Economic Research of the State Development and Reform Commission of China, in Beijing. This is his presentation to the Eurasian Land-Bridge panel on March 22.

- **Amb. Kim Sang-woo:**

#### Prospects of Economic Cooperation in N.E. Asia

Dr. Kim is the Secretary General of the East Asian Common Space Secretariat in Seoul, South Korea. He spoke to the Eurasian Land-Bridge panel on March 22.

- **Dr. Chin Hyung-in:**

#### Economic Outlook For The Eurasian Railroad

Dr. Chin is vice president of the Korea Maritime Institute (KMI), a government research institution under the South Korean Prime Minister's Office. He is also president of the Korea Logistics Society, which deals with all modes of transportation across Asia.

- **Chandrajit Yadav:**

#### Why We Need Peace And Eurasian Union

Chandrajit Yadav is a former Union Minister of the government of India under Prime Minister Indira Gandhi. He spoke to the 'Eurasian Land-Bridge' panel of the Bad Schwalbach conference, on March 22.

- **Dr. Markku Heiskanen**

#### Eurasian Land-Bridge Viewed From the North

Dr. Heiskanen is a senior fellow of the Nordic Institute of Asia Studies, working in Denmark.

This is his presentation on March 22 at the Bad Schwalbach conference.

- **Dr. Zbigniew Kwiczak:**

#### Realizing LaRouche's Idea of Economy

Dr. Kwiczak is an economist from Poland. He made this presentation, 'The Role of a State in Reconstructing a Collapsing Economy and Preventing Dangerous Socio-Political Consequences,' to the March 22 Bad Schwalbach session on the Eurasian Land-Bridge.

## Economics:

### Extreme Tension Spans The Financial Markets

by **Lothar Komp** in Wiesbaden

Every new and broader shock could be the doom of several banks and insurance companies. The global financial system found itself in a catastrophic condition already before the outbreak of the war in Iraq.

## 'War and Economics' Join To Change Brazil Policy

by Lorenzo Carrasco

The unilateral decision of the administration in Washington to launch a war against Iraq, has sharply accelerated the diplomatic efforts of the Brazilian government to define an independent foreign policy, in order to guarantee the country some maneuvering room in the face of growing pressures in the areas of security and international trade.

## LaRouche Is in Debate On Peru's Economic Plans

by Manuel Hidalgo

The economic ideas of U.S. economist and Democratic Presidential pre-candidate Lyndon H. LaRouche saturated the first conference of the Interregional Coordination Council of Peru, held March 14 in Piura.

## **International:**

## The War Must Be Stopped Now! Remove Rumsfeld, Cheney and Co.!

by Helga Zepp-LaRouche

This is the text of a leaflet distributed beginning April 3 across Europe by the Civil Rights Movement Solidarity (Bu"So) party in Germany, and allied parties and the Schiller Institute Europe-wide.

## Historic Leipzig Peace Rally Hears: 'LaRouche Is the Man'

by Thomas Rottmair in Dresden

A world-historic individual, 91-year-old American Civil Rights leader Amelia Boynton Robinson, spoke at a historic demonstration against the Iraq war in Leipzig, Germany on March 31.

## UN 'Uniting for Peace' Resolution Could Demand End to U.S. War on Iraq

by Mike Billington

Both the 22-member Arab Group at the United Nations, and the 57-member Organization of Islamic Conference (OIC) Group, have determined to introduce a resolution to convoke an emergency meeting of the General Assembly of the United Nations (UNGA), demanding an immediate end to the U.S. invasion of Iraq.

## Arab Nations Changed, Shaken by the War

by Muriel Mirak-Weissbach

Among the factors which the United States and Britain mis-evaluated, in preparing their war in Iraq, is the power of resistance, not only of the Iraqis but of the entire Arab world. In the year before the invasion Lyndon LaRouche repeatedly warned that it would rapidly undermine the governments of neighboring Mideast nations, inflaming the Arab masses, leading to mass demonstrations; those governments which were either supporting the war, or not explicitly opposing it in words and deeds, would be threatened with overthrow.

## Hardly Any Germans Support Iraq War

by Rainer Apel

According to legend, the ancient Greek goddess Nemesis had a very sharp memory—she would never forget any evil deed, and would pursue the culprit relentlessly until he (or she) were caught to receive his sentence. The problems which U.S. chicken-hawks like Richard Perle and Donald Rumsfeld are running into, indicate that a 'nemesis factor' is at work in the United States; and it is also causing its first casualties on the German side.

## Bush: Mugabe 'Threatens U.S. Foreign Policy'

by David Cherry

'The actions and policies of certain members of the Government of Zimbabwe and other persons . . . constitute an unusual and extraordinary threat to the foreign policy of the United States, and I hereby declare a national emergency to deal with that threat,' President George Bush declared, in an

Executive Order signed March 6. The language seems very up to date in its imperial pretensions.

### Interview: **Yitzhak Ben-Aharon**

#### Only New Thinking Will Bring Peace

Mr. Ben-Aharon, one of Israel's founding fathers, is a founding member of the Labor Party, and a trade union leader. He served as a minister in the government of Israel's first Prime Minister, David Ben-Gurion. He was one of the first Israeli leaders who called for the return of all the territories occupied by Israel in the Arab-Israeli war in June 1967.

### Danger to India In Anti-Muslim Policy

by **Ramtanu Maitra**

A major flaw in India's foreign policymaking showed up in the wake of the U.S.-U.K.-led invasion of Iraq. Prime Minister Atal Behari Vajpayee recently told the Cabinet of his coalition government that a stridently anti-U.S. posture is not in India's national interest. This was the cited reason for turning down the opposition's plea to pass a parliamentary resolution condemning the invasion.

### **National:**

#### Rumsfeld's Military Thinking and the Nazis'

by **Steve Douglas**

The criticisms of Secretary of Defense Rumsfeld and his chicken-hawk cohorts, by members of the 'traditionalist' U.S. military leadership, are not unlike those lodged against Hitler by various German Army leaders steeped in the traditions of the Prussian/German Staff. Hitler's perverse fascination with Wunderwaffen/'Shock and Awe' high-tech weapons of his day, was duly noted by Field Marshal Erich von Manstein, the most able of the German Army's group commanders:

#### New 'Pentagon Papers' Scandal Could Bring Down Rumsfeld, Cheney, and Bush

by **Edward Spannaus**

Are the leaks coming out of the U.S. military showing Donald Rumsfeld's interference in military war plans for Iraq, the opening stages of a new 'Pentagon Papers' scandal? This was the question asked recently by Presidential pre-candidate Lyndon LaRouche, who noted that this scandal could quickly expand beyond Defense Secretary Rumsfeld, to Vice President Dick Cheney, and could potentially bring down President George Bush himself—if he is foolish enough to continue with the Iraq war.

#### Whole Gang of Iraq War Profiteers Must Go

by **Michele Steinberg**

More than a dozen 'task forces' embedded across the national security spectrum of George W. Bush's Administration have been secretly planning for the takeover of Iraq, with full-blown plans for installing an 'occupation government' comprised entirely of an 'inner circle' of Anglo-American neo-conservative operatives and businessmen, who stand to reap great profits from the nation they just destroyed militarily and will be paid to rebuild.

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