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## **This Week You Need To Know**

### **Vice President Cheney Can Be Removed From Office Now!**

In his webcast of July 2, Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr. made it clear, once again, that the only effective way to stop the Chickenhawk drive to expand the war against Iraq into Iran, and elsewhere, is to target Vice President Dick Cheney, for his impeachable crimes, including lying to the President about intelligence.

"The reason we went to a war in Iraq, was because the Democratic Party was neutralized, by the belief, that Cheney had the evidence, that Iraq was getting nuclear weapons. Cheney *knew* there were no such nuclear weapons. Cheney *knew* the story about Niger 'yellow cake' going to Iraq was a fraud. And yet, with that knowledge, he *pushed* that argument, in order to convince the Congress to subsidize, and to allow the war to go ahead."

Yet, now that the "intelligence" about Weapons of Mass Destruction" in Iraq appears to be a fraud, those Democrats who are upset are not targetting Cheney, but going after President Bush. LaRouche's rivals for the Democratic Presidential nomination are acting like fools who are not in the real world. Senator Kerry, as LaRouche pointed out in his webcast, is carrying out a shameful, Hamlet-like evasion, by targetting the President, instead of Cheney, on whom he had the goods. The same for Howard "Who?" Dean.

President Bush can't be impeached, LaRouche said, but Cheney can. "You can't impeach this President! You can't convict him of *intent!* He's not smart enough to know what his intent is! You want to stop the war? Get *Cheney* out! Any serious person knows that."

LaRouche is the only candidate for the Democratic nomination who is serious and has been dealing with the real world—and now, LaRouche's targetting of Cheney as the key culprit, is producing results. A "smoking gun" has appeared. Note the following crucial media coverage:

\*July 6, 2003: Former U.S. Ambassador Joseph C. Wilson IV appeared on *NBC-TV's* "Meet the Press," and had interviews published in the *New York Post* and *Washington Post*, and an op ed in the *New York Times*, in which he disclosed that he had been the senior diplomat sent to Africa, to check on the story of Iraq's alleged attempt to purchase uranium "yellow cake" from Niger, and that he had not only reported that he had found no basis for the story, but was certain that his results were reported to Vice President Dick Cheney.

According to his own account, Wilson went to Niger in February 2002, at the request of the CIA, which told him that Vice President Dick Cheney's office had questions about a particular intelligence report. Wilson reports he spent approximately 10 days in Niger, and determined that "it was highly doubtful" that a transaction of Niger selling uranium to Iraq, had ever taken place. He briefed the U.S. Ambassador, and, once he arrived back in Washington, provided his evaluation to the CIA and the State Department African Affairs Bureau. "There should be at least four documents in United States government archives confirming my mission," Ambassador Wilson writes.

This was March 2002, after which the debunked report appears in the British government's September dossier, President Bush's State of the Union address, and, less directly, a "Meet the Press" interview by Vice President Dick Cheney.

Questioned by reporters, Ambassador Wilson says he considers it "inconceivable" that Vice President Cheney, who had originated the question, was not briefed on the results of his trip. "Someone in the Vice President's office had to know," he told *CNN* July 7. "If they'll lie about things like this, there's no telling what else they'll lie about," Wilson is quoted in the July 6 *New York Post*.

\*July 8, 2003—The *Los Angeles Times* publishes a commentary by Robert Scheer, who writes about the Wilson revelation under the title "A Diplomat's Undiplomatic Truth: They Lied." Scheer begins his article:

"They may have finally found the smoking gun that nails the culprit responsible for the Iraq war. Unfortunately, the incriminating evidence wasn't left in one of Saddam Hussein's palaces but rather in Vice President Dick Cheney's office."

## LaRouche's Record

Those who have had the good sense to follow LaRouche, know that he identified the crucial role of Cheney in manipulating the war against Iraq, and called for his resignation, at least as early as *September 2002*. While a full record of LaRouche's campaign against the Chickenhawks appears on his website, [www.larouchein2004.com](http://www.larouchein2004.com), the following highlights are crucial:

\*On Sept. 20, 2002 LaRouche issued a statement called "Iraq is a fuse, but Cheney built the bomb," in which he identified the "Cheney doctrine of 1990," a doctrine demanding a U.S. world empire, as the real source of the just-issued policy of preemptive war, contained in "The National Security strategy of the United States." LaRouche concluded that statement as follows:

"In summary, Vice President Dick Cheney's recurring wet dreams of a U.S. worldwide Roman Empire are, in and of themselves, the world's greatest single threat to the continuation of civilization in any part of this planet today. These facts demand that Cheney's prompt resignation be sought, and accepted."

\*October 2002—LaRouche's call for Cheney to resign is aired frequently on Washington, D.C. radio, in political ads taken out by an associate.

\*On March 25, 2003 LaRouche issued a statement entitled "War, Hitler and Cheney," in which he charged the following:

"The pivotal feature of that warfare, into which an already bankrupt United States has just been plunged, is the de facto usurpation of the function of a still-sitting President by Halliburton's Vice President Cheney, and by a gang of his organized-crime-linked lackeys polluting not only the Departments of Defense and State; but also polluting, and virtually castrating elected and other leaders of the nominal opposition, the Democratic Party.

"Whatever wrong the under-qualified President Bush has done, he remains the poor patsy from whom the pack of Cheney-Rumsfeld lackeys have managed to gain almost anything they wished, so far. However, this would not have been possible had the Democratic Party itself not fallen under the top-down control of the same behind-the-scenes forces which control Dick 'Lady Macbeth' Cheney."

\*On April 9, 2003, LaRouche's campaign issued a mass pamphlet entitled "The Children of Satan: The 'Ignoble Liars'

Behind Bush's No-Exit War," to mobilize Americans against the Cheney-Rumsfeld-Strauss cabal, which, the pamphlet documents, actually instigated the war. Some 800,000 of these pamphlets are now in circulation, and have caused major reverberations from Washington, to New York City, to London and Zurich.

\*On June 7, LaRouche's campaign issued a statement entitled "LaRouche Says Charges Against Cheney Constitute Grounds for Impeachment," in which the charges of Cheney's role in the Niger "yellow cake" story are aired, and the candidate is quoted saying "Let there be no mistake about it. The nature of these charges constitute hard grounds for impeachment. The question has to be taken head on. It is time for Dick Cheney to come clean. I want to know exactly what Dick Cheney knew and when he knew it. The charges are grave and specific and leave no wiggle room. Determining who knew what and when is, at this time, an urgent matter of national security."

One month after that statement, the momentum is finally building. But the other Democratic Presidential candidates are still silent. Is there really any question as to who is the only Democrat qualified to be President of the United States?

## **Documentation: The Evidence Points to Cheney**

*Here are excerpts from the press coverage of the revelation by Joseph C. Wilson IV, former U.S. Ambassador and National Security Council officer, that he was the ex-diplomat who was sent to Niger in February 2002, at the behest of Vice President Dick Cheney and the CIA, to probe allegations that Iraq was seeking to purchase uranium precursors for nuclear weapons production from the African nation.*

**Joseph C. Wilson IV, "What I Didn't Find in Africa," *New York Times*, July 6:**

Did the Bush administration manipulate intelligence about Saddam Hussein's weapons programs to justify an invasion of Iraq?

Based on my experience with the administration in the months leading up to the war, I have little choice but to conclude that some of the intelligence related to Iraq's nuclear weapons program was twisted to exaggerate the Iraqi threat....

In February 2002, I was informed by officials at the Central Intelligence Agency that Vice President Dick Cheney's office had questions about a particular intelligence report. While I never saw the report, I was told that it referred to a memorandum of agreement that documented the sale of uranium yellowcake, a form of lightly processed ore, by Niger to Iraq in the late 1990's. The agency officials asked if I would travel to Niger to check out the story so they could provide a response to the vice president's office.

After consulting with the State Department's African Affairs Bureau (and through it with Barbro Owens-Kirkpatrick, the United States ambassador to Niger), I agreed to make the trip. The mission I undertook was discreet but by no means secret. While the C.I.A. paid my expenses (my time was offered pro bono), I made it abundantly clear to everyone I met that I was acting on behalf of the United States government.

In late February 2002, I arrived in Niger's capital, Niamey, where I had been a diplomat in the mid-70's and visited as a National Security Council official in the late 90's....

The next morning, I met with Ambassador Owens-Kirkpatrick at the embassy. For reasons that are understandable, the embassy staff has always kept a close eye on Niger's uranium business. I was not surprised, then, when the ambassador told me that she knew about the allegations of uranium sales to Iraq, and that she felt she had already debunked them in her reports to Washington.... It did not take long to conclude that it was highly doubtful that any such transaction had ever

taken place.

Given the structure of the consortiums that operated the mines, it would be exceedingly difficult for Niger to transfer uranium to Iraq. Niger's uranium business consists of two mines, Somair and Cominak, which are run by French, Spanish, Japanese, German and Nigerian interests. If the government wanted to remove uranium from a mine, it would have to notify the consortium, which in turn is strictly monitored by the International Atomic Energy Agency. Moreover, because the two mines are closely regulated, quasi-governmental entities, selling uranium would require the approval of the minister of mines, the prime minister and probably the president. In short, there's simply too much oversight over too small an industry for a sale to have transpired....

Before I left Niger, I briefed the ambassador on my findings, which were consistent with her own. I also shared my conclusions with members of her staff. In early March, I arrived in Washington and promptly provided a detailed briefing to the C.I.A. I later shared my conclusions with the State Department African Affairs Bureau. There was nothing secret or earth-shattering in my report, just as there was nothing secret about my trip.

Though I did not file a written report, there should be at least four documents in United States government archives confirming my mission. The documents should include the ambassador's report of my debriefing in Niamey, a separate report written by the embassy staff, a C.I.A. report summing up my trip, and a specific answer from the agency to the office of the vice president (this may have been delivered orally). While I have not seen any of these reports, I have spent enough time in government to know that this is standard operating procedure....

In September 2002, however, Niger re-emerged. The British government published a "white paper" asserting that Saddam Hussein and his unconventional arms posed an immediate danger. As evidence, the report cited Iraq's attempts to purchase uranium from an African country. Then, in January, President Bush, citing the British dossier, repeated the charges about Iraqi efforts to buy uranium from Africa.

The next day, I reminded a friend at the State Department of my trip and suggested that if the president had been referring to Niger, then his conclusion was not borne out by the facts as I understood them. He replied that perhaps the president was speaking about one of the other three African countries that produce uranium: Gabon, South Africa or Namibia. At the time, I accepted the explanation. I didn't know that in December, a month before the president's address, the State Department had published a fact sheet that mentioned the Niger case.

Those are the facts surrounding my efforts. The vice president's office asked a serious question. I was asked to help formulate the answer. I did so, and I have every confidence that the answer I provided was circulated to the appropriate officials within our government....

The question now is how that answer was or was not used by our political leadership. If my information was deemed inaccurate, I understand (though I would be very interested to know why). If, however, the information was ignored because it did not fit certain preconceptions about Iraq, then a legitimate argument can be made that we went to war under false pretenses. (It's worth remembering that in his March "Meet the Press" appearance, Mr. Cheney said that Saddam Hussein was "trying once again to produce nuclear weapons.") At a minimum, Congress, which authorized the use of military force at the president's behest, should want to know if the assertions about Iraq were warranted.

**Robert Scheer, "A Diplomat's Undiplomatic Truth: They Lied," *Los Angeles Times*, July 8:**

They may have finally found the smoking gun that nails the culprit responsible for the Iraq war. Unfortunately, the incriminating evidence wasn't left in one of Saddam Hussein's palaces but rather in Vice President Dick Cheney's office.

Former Ambassador Joseph C. Wilson publicly revealed over the weekend that he was the mysterious envoy whom the CIA, under pressure from Cheney, sent to Niger to investigate a document now known to be a crude forgery that allegedly showed Iraq was trying to acquire enriched uranium that might be used to build a nuclear bomb. Wilson found no basis for the story, and nobody else has either.

What is startling in Wilson's account, however, is that the CIA, the State Department, the National Security Council and the vice president's office were all informed that the Niger-Iraq connection was phony. No one in the chain of command disputed that this "evidence" of Iraq's revised nuclear weapons program was a hoax.

Yet, nearly a year after Wilson reported back the facts to Cheney and the U.S. security apparatus, Bush, in his 2003 State of the Union speech, invoked the fraudulent Iraq-Africa uranium connection as a major justification for rushing the nation to war: "The British government has learned that Saddam Hussein recently sought significant quantities of uranium in Africa."

What the president did not say was that the British were relying on their intelligence white paper, which was based on the same false information that Wilson and the U.S. ambassador to Niger had already debunked. "That information was erroneous, and they knew about it well ahead of both the publication of the British white paper and the president's State of the Union address," Wilson said Sunday on Meet the Press....

Nor has the U.S. administration told its public why it ignored the disclaimers from its own intelligence sources. In order to believe that our president was not lying to us, we must believe that this information did not find its way through Cheney's office to the Oval Office.

In media interviews, Wilson said it was the vice president's questioning that pushed the CIA to try to find a credible Iraqi nuclear threat after that agency had determined there wasn't one.

## **LATEST FROM LAROUCHE**

### **LaRouche Says What He Will Do as President—July 2, 2003**

*Following are excerpts of the three-hour discussion with Presidential candidate Lyndon LaRouche, by both Internet listeners and the live audience at his July 2 webcast. Many questions were asked by or on behalf of present and former state, local, and some national elected officials, and dealing in particular with the threat of Synarchist fascist reactions to the economic depression; and the qualities of leadership required of a President.*

*Moderator Dr. Debra Hanania-Freeman, a national campaign spokesman for LaRouche, relayed many of the questions to the candidate. The final hour of questions, from members of the LaRouche Youth Movement, was moderated by David Nance, a leader of the LaRouche Youth Movement from Baltimore.*

## **An 'Economic 9/11'**

**Q:** One question that has been submitted, has come from a gentleman in New York, who is currently on the staff of someone who served in a previous Democratic administration, who currently serves on the board of a major U.S. bank. And I know that this question is the product of some discussion that they have had, and they want Mr. LaRouche's comments on it. The question is the following:

"On the subject of what we've come to refer to here as a potential financial '9/11,' there's very little doubt that the state of the international financial system, and in fact the state of international banking, is fragile. We are dealing with a system that is, without question, in a state of near collapse. However, even conceding that, the actions of this Administration cannot be explained as policy due to mere incompetence. Nobody is that incompetent. In fact, upon reflection of how, indeed, the policy toward the dollar is being conducted, as well as other related policies, including the setting of interest rates, it would seem that there is a conscious drive to exact maximum chaos, and to provoke the equivalent of a national state of emergency in the midst of financial collapse. This certainly would serve to abrogate any commitment to constitutional rule in the United States. This is something that is very hard to conceptualize—we don't see anything like that in the history of our nation—but it's very hard to ignore it as a possibility in the current circumstance. Would you please comment?"

**LaRouche:** This is one of those 64 billion, or 64 trillion-dollar questions—which I shall answer. I think it's extremely appropriate. I've referred to it already.

The point is this. And I've been discussing this with leading bankers in Europe, and some in the United States recently, who ask me this same question, and I've given a qualified answer. Today, I shall give the same answer I gave them, but I shall add some names.

First of all, the way in which Alan Greenspan and the bankers associated with him are operating, makes no sense to people who are knowledgeable, unless you can prove that they're absolutely insane; that is, their brains don't function anymore, or unless they have some criminal intent, which may not be quite so obvious. Those of us who have discussed this—and this includes international financial circles as well as those in the United States—agreed with me that these fellows know exactly what they're doing, and that their intent is criminal beyond the belief of most citizens and politicians in the United States.

Who are these people? Well, without going into who I suspect—which little interesting group I know is involved—I would simply say it's a banking group, a private financial banking group, which was involved in France in setting up of the Banque Worms operation, which gave us the Vichy government and those who invented Hitler, and those who were plotting the Nazi takeover of Europe during the 1940s. The same group—exactly the same group.

Who is behind it? Well, again, your neo-conservatives. Which neo-conservatives? Did you ever hear of [Robert] Mundell? Did you ever hear of the Siena bank, which is having a meeting right now? Did you ever hear of [editor] Robert Bartley of the *Wall Street Journal*? He's a stooge for these guys, has been since 1971 at least, a long-standing enemy of mine. These are the guys to look at.

Look, you drop the interest—this is what they're referring to—you drop the discount rate, the way Greenspan is doing now; you're pumping up hyperinflation, which we're in right now. Don't believe anyone who tells you differently. That's the problem.

For example, the mortgage-backed security bubble, the credit insurance bubble, and so forth and so on. As well as the usual Wall Street bubbles, various kinds of bubbles. These are all being pumped up as hyperinflationary bubbles. The way they're being sustained is by dropping the discount rate, Japan-style, toward a zero overnight lending rate, which was used in Japan as a way of propping up the U.S. dollar and market for a long period of time. Now this means that you're coming to an end game, where at this point, we're close to the barrier at which there's a general blowout of the financial system. That's the day that your bank actually closes, that your firm shuts down, that the state government no longer pays salaries, the city government no longer pays: a breakdown.

How does that happen? The breakdown starts when Alan Greenspan sends the discount rate *up*, and all the suckers are wiped out! So, everybody who is buying into the financial markets now, being suckered by the promises of a recovery or a

bounce-back, is being set up for the chop.

Now, the precedent for this is 1931. The collapse of the Versailles banking system, in about 1931, resulted in the meeting of a group of financiers who set up the Bank for International Settlements (BIS), which is based in Basel, Switzerland to the present day. This locked up international credit. To get credit, you had to go to the Basel BIS group. When Hitler was brought into power, when Schacht was made the economics minister again, Schacht started the Nazi rearmament because he was able to get cooperation from the Bank for International Settlements to finance Germany, for its arms buildup, whereas Germany was previously collapsed from 1931 on, by being shut off from credit by the BIS group. So, this is one of those tricks.

And look at Mundell, among others, and the group associated with him, which is an integral part of the neo-con group. And you can look at various other officials, who could be agents of this type of thing inside government. But this is not a possibility, this is presently ongoing. This is a conspiracy against the United States, against the world! But especially the United States. And what the question reflects—those in high places inside the United States, who know the game, who say, "Tell us it ain't so," to me. I say, "You're right, it *is* so. I know exactly how it's being done."

So, therefore, my saying it today, in the way I'm saying it—I may get shot for this, but nonetheless, the message is out. There is a game, and tell Robert Mundell and his friends, "We don't want 'em to do it." And some others. They know who I'm referring to, whom I didn't name.

## Is the Fed Incompetent or Criminal?

**Q:** Along the same lines, [Florida State] Senator [Daryl] Jones has submitted two questions. The first question is: "Mr. LaRouche, you stated that the IMF and most of the American and European banking institutions are bankrupt due to failing policies. What specifically are those policies, and how shall we change them? The second question is: You indicated that actions by Alan Greenspan and others could be construed as either criminal or incompetent. Assuming that they do know what they're doing, what do you believe is the motivation behind these actions, and what ultimately is their goal?"

**LaRouche:** Well, the game is very simple. You see, it's a big game. The problem that people have with this kind of question, and I think our questioner in New York had no problem understanding it, is that money is not real. That's the key.

Money is paper. Did you ever talk to a dollar bill? What kind of a conversation did you have? Money is what? At best, under our laws, which are no longer obeyed, money is currency issued by the Federal government, with the consent of Congress, by the Executive branch with the consent of Congress, by the Treasurer especially, but under the President.

So, what is it? Why do we circulate money? What's its value? The value is the ability of the Federal government to control its value, by management. One of the main functions of the Treasury Department of the U.S. government, is to manage the currency: to manage its circulation, to manage it through taxation, to manage it through preferential interest rates, to manage it through legislation which is enacted by the Congress, and so forth and so on. And to get the money flowing in such a way, to do what?

Take what has happened, say, since 1966, in the U.S. economy, as opposed to what should have happened. You have three curves that tell you what the monetary system of the U.S. economy is. One is the so-called growth of financial assets; second, you have the rate of monetary emission; third, you have the growth or shrinking of the physical assets per capita and per square kilometer, net physical assets.

Over this period, since 1966, you have not a uniform, but a steady trend. Financial assets were running up, leading, until

1999. Monetary expansion was pumping the financial markets, but the physical value of U.S. output per capita, of consumption and output, was collapsing. Look at our families. Look at the lower 80% of family households, income. They've been collapsing. The lower 80% of family income brackets in the United States have been collapsing. Look at the conditions of life. Look at latch-key children. Look at schools. Look at health care. Look at everything. Look at basic economic infrastructure. All of these things that affect the typical person, in the lower 80% of family income brackets, are collapsing, including employment, factories, everything, places of employment.

So, what's wrong? It's—money is growing in nominal value, but the value actually received is collapsing. Now, one of the purposes of government in managing money, is to make sure that the value of things in prices does not go in one direction, contrary to the value of real goods, say income, and so forth. Standard of living, productivity. So, what has happened is that we've gone into a post-industrial, consumerist-oriented society, which is predatory, which lives by sucking on the rest of the world, like a blood-sucker, like Dracula. We have used our power, our control over the IMF system, to dictate the relative values of currencies. We've dictated the conditions of life in the world, and we loot the world for their cheap labor and their products for things we consume, and we don't even pay for what we import anymore, as our current account deficit shows.

What *should* be the case is, money should be regulated in such a way that the financial prices do not rise relative to physical values. In other words, an anti-inflationary policy. We do that in various ways. For example, we used to have an investment cash-credit program under Kennedy. The idea is, if a citizen will invest, instead of taking the profit out of a firm and distributing it, as per stockholder, shareholder values, will invest in improving the production of that firm by investing that capital back in the firm, better machine tools and so forth, or making a contribution to the community in donations to the community, for community benefits, that that person should get a benefit in tax treatment by the government, by state, Federal or local government, on that basis. And that's the way we normally manage the currency. It's by legislation, taxation, and so forth, with the purpose of saying, we are going to have a strong dollar policy. A strong dollar policy means the content of the dollar will be such that the person who saves the dollar, by saving it, will find that the dollar is worth more in purchasing power next year than it was this past year. That is a sane dollar policy.

The problem in this case: What they've done is they've run the dollar up. Now you know that when Bob Rubin and Bill Clinton were faced with the crisis in August-September of 1998, the so-called GKO crisis, the second major international crisis, Bill went to Wall Street, went to the Council of Foreign Relations, and made a speech about market reform. And then something came out of the basement of the White House, and threatened Bill with impeachment at about the time he talked about monetary reform. At that point, with the October Washington conferences on monetary policy, the United States moved with other nations towards what was called a "wall of money" policy, in which the drug-pusher George Soros played a key part. George Soros was one of the advisors in this. They were looking immediately at a February 1999 threat of a Brazil crisis. So what they did to try to avert a Brazil crisis, was flood Brazil with George Soros' money, and George Soros' control over the Treasury of Brazil.

At that point, in the Spring of 1999 through the Spring of 2000, it became apparent to us that the amount of money being poured out, to try to keep the dollar system from collapsing, exceeded the amount of financial values being rolled over: In other words, a hyperinflationary trend was already in place. It was obvious to us by Spring of the year 2000 that the hyperinflationary trend was systemic, not episodic. It was not a one-time shot, it was a systemic problem.

So, since that time, the U.S. has been bankrupt, which is how I made my forecast at the beginning, before Bush was actually inaugurated, of what would happen under Bush. I said, the man is stupid, therefore he will continue to follow these economic policies, therefore the economy is going to sink, and I'm afraid somebody's going to pull a "Reichstag Fire" to try to get a dictatorship in this country. And that's exactly what happened on Sept. 11, 2001. That's been the trend.

Now we're at the point that the whole hyperinflationary system is about ready to disintegrate. These guys are not thinking about money. They're thinking, if you can control the world, if you're the world dictator, you can determine who has

money, and what the value of it is. It's an old game. This is the same game that was played in Europe in the 14th Century, which led to the collapse of the Lombard banking system, and led to the so-called New Dark Age of the 14th Century. This kind of policy. This is what is the game now. These fellows are out to play a Hitler-like policy in economics and finance, the way they are in military policy, in nuclear weapons against the world. You just have to understand their wormy little minds, as I know them. This is exactly the way they think, and that's exactly the way they do it.

The point is: The citizen says, often, well, how do we deal with it? Very simple. Eliminate their power. If you're not ready to act, to eliminate the power of somebody who's about to destroy civilization, don't say, what's the solution? Eliminate their power! That's the power of representative government. Make it work. Use the power of government, mobilize to get government to use its legitimate authority to put these guys out of this business. Otherwise, you're going to get the worst.

## How To Throw Out the DLC

**Q:** Senator [Hank] Wilkins [of Arkansas] asks, "What can those of us in small population states, do to reverse this trend of the Trojan Horse takeover of the Democratic Party? If we launch an effective response in our state, won't the national party people who seek to keep you on the sidelines, simply write us off and write our state off as a loss?"

**LaRouche:** Of course they'll try. That's the way they behave. They're thugs, they're Nazis. What do you expect from them? Once you understand that they're gangsters, no problem.

How do you defeat a gangster? Gang up on him. That's what we have to do. That's what *I'm* doing.

Yes, I stick my neck out. I have to. Somebody has to. If somebody doesn't stick their neck out and take the leadership, how are you going to get people together? You've got people who represent constituencies, who represent a smaller state, or a group in a smaller state, and you want them to take national leadership? No. Maybe one of them wants to. That's fine. But, in general, someone has to take this cause which involves a number of states, or most of the states, and take this cause and bring people together and spearhead the thing.

Someone has to take the lead. It's as in war. Someone has to take the lead. I'm taking the lead. It's the only way I know how to do it. It's the only way it's ever been done in history.

Politics is risk. Life is a risk. We're all mortal. What the problem of the Hamlet is, as I've emphasized repeatedly, is, people worry about the risk to their life.

You know, true religiosity has somehow gone out of the population, because they cannot cope with the idea that they're mortal. They have no sense of immortality. The person who has a sense of immortality, is worried not about how long their life is, but they're worried most of all about how they spend that life while they have it, and what comes out of it. People used to think about what they leave behind for their children and grandchildren, their community, and others. The Baby Boomer doesn't. Today's Baby Boomer doesn't do that. He thinks about his next change of lifestyle. The fact, if they have children, they say, "What did we do that for? It was a bad lifestyle. I want a different lifestyle."

So, we have, in the Baby Boomer generation, people who are now in their fifties and sixties, people who are now running the United States in most institutions, are people who don't have intrinsic courage. Because in older generations, our dedication was to what came out of our living for our grandchildren's generation. We thought about our grandparents' generation, and we thought about our grandchildren's generation. We said, "What does our life mean?" We said, "Can we be proud of being what we are? Are we pleased and happy to be what we are? Are we doing what we think we should do with our life, this mortal life we have?"

Most people today, in this culture, don't have that sense of commitment to previous and coming generations. That's the problem with youth. That's why I'm organizing a youth movement, because they know that their parents' generation really doesn't want them. And therefore, they know they are the no-future generation. Therefore, they're willing to fight for a future, for themselves and for coming generations. And maybe inspire their parents' generation to get back in the act, of mobilizing

The American people need a shake-up, also in Western Europe. They need a shake-up. They need to face the fact that there has been an economic crisis, there has been this kind of crisis, but there's been a moral crisis. Not a crisis of morals the way that some crazy fundamentalist would say, but a moral crisis in the sense of, what is the difference between man and a beast, between man and an animal? "Why am I different than an animal? What do I do, therefore, as a person who knows he's mortal? How do I spend that mortal life I have?" And that sense of mortality, that sense of immortality, is lacking, as a result of the pleasure-seeking generation, which came out of the post-1964 rock-drug-sex counterculture, and similar kinds of things. And that's our problem.

So in this circumstance, those of us who have the courage to fight, have the responsibility, because only we have the willingness to lead. The others might wish to consider themselves leaders, but they don't have the guts to do the job.

**Q:** Delegate [Lionell] Spruill [of Virginia] asks, "Number one: Why have you not taken the DNC to court to challenge your exclusion from the debates; and two, what can we do to actually get you into these debates?"

**LaRouche:** I really don't want to get into the debate. I mean, none of them can talk! They can't, there's nothing to debate. They're under constraints; they're not supposed to say anything. These guys are cowards! I mean, how can a person run, and say, "I want to be the next President of the United States," and be a stinking coward who's intimidated by Donna Brazile? That's not a leader. And, therefore, I'd like to talk to these guys under a circumstance where they're free to talk, not where their mouths are controlled by some Gestapo zombie sitting on their back. So, I wouldn't sue, any way. I don't need to.

My policy is very simple: The crisis is coming on fast; and fortunately so far, I've made no mistakes in forecasting or indications of what's happening. So, I've got the best credibility in the world. None of these guys is noticed by any foreign government. Nobody pays any attention to them. They're considered nothing. They consider the re-election of Bush virtually inevitable in the United States at this present time. These things don't amount to a hill of beans, as we used to say. So, I would like to have them become better than they behaved, but I wouldn't bother to waste my time and effort going to court over this kind of thing, to get into a fool's paradise.

What I'm doing instead, I'm organizing a youth movement. I'm putting most of my effort into organizing a youth movement. I guarantee you, a youth movement will take over the politics of this country in the coming six months to nine months. That's what's going to happen.

If you want life, go where life is.

## The Impeachment of Cheney

**Q:** OK. Rep. [Joe] Towns [of Tennessee] says, "Mr. LaRouche, what do we need to do to accelerate the impeachment of Dick Cheney?"

**LaRouche:** Well, I'm doing it; I think more of what I'm doing, would do it. I'm doing it all over the world. And, we've got

a fairly good audience for it, and a high degree of receptivity, because the world is very much concerned about these various things, like the spread of the worsening of the situation in Iraq. The spread of war to Iran. The nuclear bombing of North Korea, which some people would like to do real quick; things of that sort. They're concerned; in Europe especially, extreme concern about this kind of thing. In the United Nations circles, extreme concern about this thing. I mean, senior United Nations groups are concerned about it.

So, it's obvious that if you want to stop this, there is no way you can, in the short run, stop it, except by focussing so intensely on Cheney, that he has to resign, or the fact that he has not resigned becomes itself the big issue of the day. Because he's impeachable.

Remember, the evidence is very clear. In the forming of the U.S. Constitution, we gave great executive power to the Executive branch, in the sense that no other Constitutional government on this planet has that kind of power, that we concentrate in the Executive branch. The Founders were concerned and expressed this concern, that would such power be used by an executive to carry the nation to war, in the manner that George III had carried the war against the American colonies. And therefore, checks and balances were built in among a number of places on the executive power, but especially on the issue of war; the power to make war.

As many of you know, there are two categories of major fraud against the government. One is the fraud by a citizen against the government, which can be five years for each count. Another is a fraud by a government official against the government. The kind of fraud, for example, which was charged by the Nixon Administration.

The highest degree of fraud, short of absolute treason, explicit treason as defined by the Constitution, are high crimes involving fraud to cause the United States to go to war. We have the precedent of this in Lincoln's famous address on the question of the Spot Resolution in 1848 on Polk's going to war against Mexico, where this thing was made explicit. That when an official of government uses their influence to lie, to induce the government to go to war, and it's shown that the war occurred, a wrong war on a false pretense, occurred because of that lie, this is a crime tantamount to treason. At this point, it is absolutely clear that Cheney committed *that crime*. And that his whole pack of accomplices, all the worms with him, belong in the same package. And that Rumsfeld and his dentures were equally guilty.

So, therefore, we have to, the key thing here, first of all, is to establish the principle of law. Do we think the Founders were right? Do we think the relevant law is correct, in saying that a high official of government who uses his influence improperly, fraudulently, to induce the government to go to war, is guilty of high crime and misdemeanors? Our first job is to make that point.

It's not to say, how do we get Cheney impeached. *That's* the way to go about getting Cheney impeached. In due process, it's how you go *about* due process, which is even more important than the process itself. Because people who care about Constitutional government, will always fight to preserve the integrity of the process of Constitutional government. Therefore, our first responsibility is not to say what would work, or might not work; that's not the point. Our first responsibility is to uphold the principle of Constitutional government.

When we know, that an official of government has committed a fraud, tantamount to high crimes on the issue of the powers of war of the United States, we must speak. We must speak persistently; we must demand the enforcement of the law, and say the least that can happen to this poor, unfortunate is, he simply resigns, and we're so happy to get rid of him that we don't do anything more to him. Just "git, git." That's what we did with Nixon. We said, "Nixon, git!" And he got. And this is much worse than anything that Nixon actually did, what Cheney did.

Therefore, our problem is not to say, is it going to work? That's Baby Boomer talk. Our problem is to say, what should we do? How should we act to preserve the Constitutional principle of government? And that's what I'm doing.

And I believe that acting according to principle will work, because in the political process, what is needed most of all is to get our people in the United States, back into thinking in terms of the principles of government; to act according to principles of government. To act according to principle, not expediency, not opportunism. Because when we win by fighting for principle, we win more than just the fight; we win government. The kind of government we want to leave to our posterity. And also, really, it's the best way to fight, the best way to win.

## The Crisis of the States

**Q:** I have a question for you from Sen. Joe Neal [of Nevada]: "Lyn, many states are having special sessions right now to fund the simple operations in their states. At last count, we have up to 16 states who are currently in special session. In your judgment, what's happening? And why do we have so many states, at the same time, with apparently the same problem?"

**LaRouche:** Well, you look at things the way I look at it: Look at the state budget, as a total state budget, not just a state budget, but the total income of the state. Look at it from a physical standpoint, first, rather than money first. And say, on the basis of assigning prices to the physical shares of income and expenses of that state, can you find a way to tax enough to pay the bills, without lowering the income of the state, so that you were defeating your own purpose?

So now you're in a situation where you can not possibly balance the budget of these states. It can't be done. And I think probably, about 46 to 47 of the states are actually in that condition. Take the case of California: It's way beyond that. And that's one of the largest states in the Union.

So, what does it amount to? How do you deal with it? There's only one way to deal with it. The Federal government has the power to create credit. No other agency in the United States has the legal, Constitutional power to create credit; that is, you can not manufacture credit, except by the consent of Congress, through the Executive. It cannot be done.

Therefore, what is needed, is Federal funding, which would then—the states would participate in for infrastructure projects, just like the European Investment Bank that I mentioned today, earlier. A special fund outside the regular budget, which is a source of funding, for infrastructure projects: water projects, transportation projects, things of that sort, which are long term—15-, 25-year investments. Which will create employment; which will create production. So the trick here is to increase the total employment level, to the level that the income of the population is now able to pay the bills of the state.

So what people are doing: They're going into these sessions. They're faced with an impossible situation, as the California situation is an impossible situation. Believe me, the would-be governor of California—Superman—will not solve the problem that's around Gray Davis's neck! He may think he's Superman, but he's on a high! He can't do it. He may be a good weight-lifter, but he's not a good accountant.

They can't do it without Federal intervention. That's our problem. What Roosevelt did—we could create, with the Federal government; we could do what Roosevelt did with reforming the Reconstruction Finance Corporation, but it will require Federal credit, Federal backing to do it. We can get the money out; we can make an allocation—one Federal bill would do it. One Federal bill on financing, by listing the types of projects which are either Federal projects, or state projects. And what the Federal government can deal with essentially, is Federal projects or state projects. The Federal government can not officially deal with municipal projects. It's too remote. But they can deal through the state, with a statewide project—the financing, credit, security, for say, a 25-year period. Water projects—look, we've got the whole NAWAPA scheme, from the Arctic Ocean, down between the—in the upper plateau, between the two Sierra Madres, and northern Mexico. This is one big area of project: The whole section of the Western states can all go in one thing.

California needs water projects. The land is sinking because the aquifers are being drained, and it won't work any more. They need the projects.

We need power distribution, power-generation and distribution, throughout the country. We've lost it! California's crisis was largely caused by this Enron operation, and similar kinds of operations. That's what rose the debt so big. Therefore, we need to rebuild our transportation system; we need to rebuild our power generation and distribution system; we need to expand our water management, our water projects. We need—we have a loss of hospitals, hospital care in the United States. We need to put the system back in place; we need to repeal the HMO bill; go back to Hill-Burton; get the thing working again. We have plenty of things to spend on, from the Federal government, which are sound investments, over a 25-year period. The Federal government can create the credit. We can create the employment; we can give out the contracts; we can stimulate growth, so the total income of the states is above the break-even point. At that point the problem is soluble.

What we see now, is states are simply begging, desperately saying, "We've got to do something." And most of the projects that I've seen that they list, are projects which, by type, are legitimate projects. But there's no funding agency to get the funds in place, on the long term, to do the job. Therefore, it's a Federal government responsibility. And it would take one thing; one good imitation of what Roosevelt did with the Reconstruction Finance Corporation, with a mission orientation, and Federal legislation behind it: I think a five-page piece of legislation, through the Congress, signed by the President, would be enough to get the job done.

## The Role of the LaRouche Youth Movement

**Q:** [from members of the LaRouche Youth Movement]. Lyn, we have one question that was submitted from Los Angeles, and then a related question that was asked by Heather Detwiller from Philadelphia, who is here. I'll ask them together, because we have so many questions, I think we have to start coupling them.

From the West Coast: "Hi, Lyn. This is Brendan. I'm a member of your third team, the Youth Movement. We, here in Los Angeles, and really throughout the United States, have a very good sense of what our mission is, and we want our country back. My question is the following: You said many times that the current crisis can only be avoided and addressed with a movement from within the United States. What role does the international youth movement play within the current political situation, given this context, and what's our special role here in America in relationship to our friends overseas? (P.S. The weather in L.A. is wonderful, it's a good time for a visit.)"

Heather says, similarly—I think, with a sense of knowing what the mission of the Youth Movement is right now—she says, "Lyn, you've talked about putting together your government. My question is, what's the role of the Youth Movement after you win the White House?"

**LaRouche:** Let me take them in reverse order, because the answers follow better and more quickly in that order. First of all, the youth movement—I don't think all of you know what it is. The youth movement is based on a group of people, largely, 18-25 years of age, which means that they are emotionally adults, young adults, not adolescents. It means they are of university age, and by being under 27, they have not yet gone brain-dead.

This is a very significant phenomenon, because the youth movement is based on a certain kind of educational program, and in our university life today—there is a famous fellow, [Lawrence] Kubie, I referred to back years ago, who did a study of this. And it's my experience also in management consulting, and so forth, where I did similar studies. There's a tendency in the United States for people in their last years of university life, or professional life, or slightly afterward, to go brain-dead. That is, they continue to mouth what they've been trained in, and add new techniques to what they know, but their creativity is finished. They no longer really make profound discoveries. Kubie referred to this as "the neurotic distortion of

the creative process," and it hits scientific productivity, especially. If people are not creative by the time they're 27, 28, they'll never make it, scientifically, typically.

Now, the educational program I've worked on with the youth, is based on principles of what I know to this effect. And therefore I started with a particular work by Carl Gauss, which has pregnant implications for education; with the idea that with their engaging largely in self-education, like a university on wheels, in this way, they would develop, more rapidly, intellectual powers far superior to the typical guy in university today. It worked. And don't worry. The Democratic Party's all upset about it, because these hacks find that our youth, who've just come into politics for, within two years, say, or more recently, are more intelligent than the Democratic Party officials, on practically any subject.

So, what I'm trying to do, is not only to have a youth movement, but it has a purpose. I'm trying to revive the United States, and revive the world. I'm trying to reverse the Baby Boomer syndrome, of the decadence which took over the population of the United States, especially from 1964 until the recent time. Because we don't have, as you see with the leadership of industry, politics, and so forth today, these guys—we have to work with them, but I'm telling you, relative to my generation, they aren't there. They're stumblebumps when it comes to managing things. And most of you who are older, know it. They're not worth much. Sometimes they *try* to do well, but they simply don't have the ability to judge a situation effectively, to provide good leadership.

What I'm concerned about is the future leadership of the United States. People who are now in the 18-25 age group, ten years from now will be the new leaders, the new layer of leadership in the United States and other parts of the world. And therefore what we're dealing with here, we're dealing with a process of regenerating the people of the United States, regenerating the political process again, by putting some new blood into it. Because these young people, if they continue to do what they're doing, will be sharp. They will be the new leadership of the United States. They're not going to take the other people and put them into a concentration camp, or something, or retirement home or something, but they will be the new vitality. They will be the people who will take responsibility for leadership.

For example, look in the Congress, or the state legislatures today. You look at the aides of the Congressmen. How old are the Congressmen's aides, typically? How old are the legislative aides? They're under 25, under 27. So that's the generation which is the normal political future, of the Democratic Party in particular. And my concern is to create, or have them create *themselves*, the new leadership which the political process needs. Not only in politics, but also in other spheres. Some of them are gifted as potential future scientists. I'm very pleased with that. So, this is a movement to regenerate the people of the United States, to get back to becoming good again.

## How To Help the Unemployed

**Q:** A number of the members of the youth movement have submitted a very similar question. This question is from Brad McCoy, who is originally from West Virginia and organizing in Baltimore right now. He says, "Lyn, I'd like to know: If we actually do achieve the Land-Bridge policy, what comes next; or what comes after for the U.S. economy? How do we deal with the people in the United States right now, who have no homes or who have been in jail, and are completely unemployable? What about those people? I know you're about the people, but please tell me what you think, because they seem to be otherwise ignored."

**LaRouche:** I've got a couple of programs, one of which is—like Charlie Rangel, I'm going to bring the draft back. Selective service, bring it back.

About this employment question, what do we have? Now look, I was training troops, inductees, for a time during World War II. And we were scraping people up from the back alleys and the bushes, where we didn't even know there were

bushes, and putting them into 16 weeks [training]. And as I've said many times, when they're lined up on the company street, I'd try to line them up—a platoon-worth of these guys, inductees—and I would think to myself, "We've just lost the war."

But what happened is we didn't lose the war. We took people from destitute conditions, who we were scraping out of the streets of a poverty-stricken America, and we turned them into an effective force, who not only did their job in the war—they weren't too skilled, but they did their job. And afterward, they fit into society as a more-or-less normal part of society, as functioning citizens. We actually upgraded the quality of the population, through this aspect of the war.

Now, we have now a lot of people we've destroyed, or semi-destroyed, uneducated and so forth. What do we have to offer these guys quickly, quickly? Well, we had the CCC back during the 1930s. We had the military at a later point. Obviously, there are major projects, whose characteristic is essentially engineering, civil and other engineering, which are required for large-scale projects throughout the United States. We can, in a sense, by having that kind of program, as we did with the CCC, as we did also in a sense with the military, with selective service, we can assimilate a lot of people under the name of selective service, or volunteer programs, like a Peace Corps-type of program. We could assimilate a lot of people into that, who otherwise are not generally employable. We can organize people to provide the special circumstances which they require, to adapt to a track to a future.

We can also review, through the court system, we can review many of the cases of people who were convicted and imprisoned. We can, in a sense, set up a way of rehabilitating their status in society. And we're going to have to do it.

So, therefore, we need a program, which is going to take a large section of the unemployed, especially young unemployed, or people under 40; we're going to have to assimilate them into large-scale programs, engineering programs, and use them not only for engineering, but for upgrading, for qualifying them for an upgraded place in the normal course of life. We don't know how many, or how large a part of the present population fits in that category of people who need that kind of opportunity. We know it's very large. We're talking probably about 5-10 million people in the United States, at least, who desperately need that kind of opportunity, so let's provide it for them. It's not really going to cost us anything. It's going to cost us something if we don't. So we're going to do it. Therefore, let's get the programs going, but let's get them going under sane conditions.

You see, the long-term function of the military—we shouldn't be thinking about wars. There's no reason for us to have wars. We might be forced into some military action. All right, we're going to have a strategic defense capability, bar none. But, the function of a military under strategic defense is that laid down essentially by Lazard Carnot, who was the author, essentially, of modern strategic defense, with his 1792-1794 defense of France. And then, secondly, in a sense his follower Gerhard Scharnhorst in Germany, with the Landwehr program, that we can use engineering programs, of the type which are relevant to logistics in warfare. We can use those programs for civil work, as we used to, with the Civil Corps of Engineers.

Take the case right now in Iraq. We have a few Corps of Engineers people in Iraq. What are they doing with them? Traffic cops! Here you're occupying a country, the place is falling apart. We're not fighting people in a war, as a result of an invasion. No, the invasion's over. We did the invasion. Now, we're making a new issue. It's not the invasion that's now the issue. It's the continued occupation which is the issue. And now they're shooting back because of the occupation.

Why? Because we're not doing our job. We're not taking care of them. When you're in charge of somebody, you control their lives, and you're not taking care of them, they say, "What good are you? Let's get you out of here. We don't like you anyway." So therefore, what we needed was a Corps of Engineers capability to fix things that are broken. To get the Iraqis to organize themselves to fix things that were broken. To get the water working, to get the power working, to get things functioning that have to function. And to get the country functioning on its own feet. We're not doing that.

So, therefore, this kind of capability in the military, and in something like a CCC, or some kind of a civil engineering program—which is educational as well as work, that kind of thing—is what we've got to go for with this. Otherwise, we have plenty of things beyond the Land-Bridge. The Land-Bridge will give us working, in the United States, will keep us going for 50 years. So 50 years from now, ask me the question, if I'm still around.

## On FDR and Churchill

**Q:** This is a question that came up in terms of remarks that you made regarding the alliance between Winston Churchill and FDR. It was raised, actually, shortly after your speech in New York City on Sunday, and was submitted again when you referenced it in today's presentation. It's actually from a former member of the Clinton Administration.

He says: "In New York City, you said that Churchill approached FDR for help in countering the establishment of a fascist dictatorship in Europe, and that it was, in fact, that approach that led to an alliance between these two men to fight World War II. We face a different situation today. The situation today is not that these forces are operating in Europe, but that they're operating here in the United States, and that seems to me to create a very different situation. Could you please comment on this a little bit more, both from the standpoint of FDR and Churchill, and from the standpoint of the shift in the situation we face today?"

**LaRouche:** Well, really, it's the same.... There are two aspects to this thing, from military policy. First of all, the initial intent of those in Britain who were associated with King Edward VIII, who was sort of one of the pigs in the question. And one of the reasons that Edward VIII resigned, had nothing to do with Wallace Windsor; it had to do with the fact that he was too close to Hitler. And the British needed the help of the United States, and the United States Jewish community was not too happy with Adolf Hitler at the time. Others were not too happy with Adolf Hitler. Bernard Baruch was a key figure in this operation. Remember Baruch was the guy who bailed out Winston Churchill. Winston Churchill went bankrupt in 1929, and Baruch bailed him out. And Baruch was very key in the relationship, later, between Roosevelt and Churchill.

But in any case, so... Initially, the intent was to have—if a war was fought in Europe—to have the United States excluded from that war. So therefore, the British and others organized the peace movement in the United States against war, for that reason. Because the conclusion was, in Europe, that if a war broke out in Europe, say, between Britain and France on the one side, and Germany, and the United States were drawn in, the United States would dominate the world at the end of the war. So therefore, the initial intent was, the United States to be kept *out* of the war, and let whoever predominated in Europe, take over Eurasia as a base, and then challenge the power of the United States; because the objective was, to bring down the power of the United States, in that form that existed then.

When they found out what was happening, the shift occurred when Halifax and company in Britain, and Edward VIII and the whole group—like a guy I once knew, Kenneth DeCourcy, now dead, was part of this—they cut a deal with the Synarchists, with Goering and others, through Banque Worms, they cut a deal with the Vichy French—also the French opposition to Vichy—and with British circles, to unite Germany, France, and Britain, together with Italy and Spain, as a united force against Russia, and against the United States.

Churchill disagreed with this, and in the process, went the other way and appealed to the United States, for various reasons.

The alliance between Roosevelt and Churchill was a very difficult one. For example, I give the case of Egypt. The British were about to win the war against Rommel in Egypt. Oh, Churchill couldn't have that! He didn't want the war over too soon. So therefore, he put in Montgomery, an incompetent. Montgomery stopped the attack on Rommel, who would have been defeated and routed immediately if the attack had come. So the attack was held off while this stupid Montgomery lined up everything that looked like artillery, from El Alamein to the Qattara Depression, and just a few roadways in between. And when he had that thing packed with everything, including anti-aircraft rifles as artillery, lined up: Boom!

everybody shot at once and Rommel git, right then, gone!

Again, in Normandy, the conclusion of the war was postponed for probably six months because of what Montgomery did. So, Churchill was playing a game against Roosevelt and company, at the same time he was an ally. So it was a very difficult alliance. It was an alliance based on considerations, larger, higher considerations. It was not really a buddy-buddy kind of relationship.

And the key thing are the Synarchists. The Synarchists are the same. Lazard Brothers in France was part of the Nazi operation during World War II. Lazard Bros. in New York today is related to the operation inside the United States. Same kind of thing. Mundell, etc., etc., all the same kind of crap.

So therefore, the enemy is the same. The difference is that in the post-war period, these guys immediately, because of U.S. supremacy at the end of World War II, moved in with Bertrand Russell and H.G. Wells, to take over the United States, which they did through RAND Corporation and similar operations which are called the preventive war freaks. Truman was practically a fascist! People think Truman was a great Democrat. Eisenhower saved the United States from Trumanism! Truman represented the problem.

What do you think happened, 1945-46, after Roosevelt died, until Eisenhower got in? Truman brought in the right wing. Truman brought in terror into the United States. Truman turned J. Edgar Hoover loose. Truman created McCarthy. Who got rid of it? Eisenhower. So things are not always quite what they seem.

So, they took over the United States. Once Eisenhower was gone—Eisenhower said very clearly, in his own language, he called it the "military-industrial complex." Eisenhower fought that. Eisenhower was a military traditionalist, as MacArthur was. These represented the American military tradition. They were opposed to Truman; they were opposed to this guy. That's why Truman got rid of MacArthur. It was a fight between the funny-funny guys, the pro-Nazi types today, and the traditionalists. The traditionalists didn't believe in killing! Yes, they shoot. MacArthur fought some hard battles. But the American military does not believe the purpose of war is killing. The purpose of war is winning peace. The purpose of war-fighting is strategic defense, to defend the nation in ways which will lead to peace, and to avoidance of war.

Look at what MacArthur did, for example. Look at the case of the Pacific war, the most efficient war imaginable. Yes, there were hard fights in a couple of locations. The Navy did go for Iwo Jima and other unnecessary battles, because they wanted the stripes, and they wasted a lot of Marines in the process. But MacArthur said, we take the territory, we control the logistics. We have the power, the logistical power. They can't move, why go in and fight them? They're sitting on those islands, they're not going to go anyplace. We control the territory.

How did we win the war against Japan? By shooting Japanese? No. Yeah, there was a lot of shooting, but that was not how we won the war. We won the war by a naval and aerial blockade which was effective, which brought Japan economically to its knees. And that's the way we fight wars. We use a total effect, of total economy, to try to achieve the necessary effect, with a great economy of loss of life, to bring the war to an end as quickly as possible, and to make the former enemy a partner, through the effort of peace. That was U.S. policy. Eisenhower represented that tradition, whatever vacillation he had, and he was tied to Bernie Baruch also.

So, when Eisenhower's gone, what do you have? You had the Bay of Pigs, an operation by the funny-funny boys. You had the Missile Crisis of 1962. You had a whole series of things. You had the 1963 assassination of Kennedy, other things like that. Johnson was terrified, and you had the starting of the Vietnam War at the end of 1964, and from there on, it's been all downhill, with a few—Clinton did a good job in postponing hell. He didn't exactly get rid of it, but he postponed it a little bit, for which people may be grateful to him, today.

So, this is the situation. The situation has shifted. But the problem is still the same. There's no difference between now and then, in one sense. The problem is, the objective of the United States, from the beginning, at least in the mind of people who understood what we were doing, was to build in this nation a republic, a true republic, which when it was created, was the only one in the world. The purpose of this republic, in the minds of Europeans and the minds of our leaders here, the Europeans who helped us create this republic, was to create a model for similar republics throughout the world, especially throughout Europe. It didn't work, because of what happened in France in 1789 and thereafter. But the purpose was to create nation-states, which were republics, based on the same kind of principle that our nation is based on. And to bring about a world which is free of the old types of problems, a world, a fraternity, a community of sovereign nation-states, which would work out common principles and common objectives, and solve common problems. That was our objective.

This should still be our objective today. What I have now in my hands, in the world, in India, in China, in South Korea, in the Arab world, where people are looking to me to help get them out of the mess—in the Islamic world, or Turkey, where they wanted me to help get them out of the mess, when I was just there. In Europe, where key figures in Europe are counting upon me as a U.S. candidate here, to somehow be the lever that brings the United States into cooperation with them, for this kind of cooperation among sovereign nation-states.

That's our purpose. The purpose is not to play a game, to win a game. Our purpose should be—as it always was and should be—our purpose should be to create a world in which nation-states are sovereign, where people through their own culture, can express their will, which can only be done through their own culture. We may come to the same end result in policy, but each people has to work through its own culture, otherwise it cannot be represented.

And you can not have republics without representative government. To have representative government, you must use the culture that people have. You may help develop it, but you have to use the culture they have. Otherwise how can they participate?

And therefore, we must have participation of people, in confidence, in their own states. They must understand the agreements their governments have to make. On that basis, and *only* that basis, can we bring governments together to collaborate. Because they can not collaborate with us, unless our people and theirs can come to an understanding of a common interest. And that's our objective.

The problem is, the enemy is determined to prevent that from happening. Whether the enemy is in the United States, or outside the United States, makes no difference: It's the same enemy. And we all have to fight it together. We just each have to recognize what terrain we're fighting on.

We in the United States are responsible for our terrain. We're fighting the battle on our terrain. Others will fight it on theirs. Our friends in Europe, our friends in Asia, our friends in South and Central America, *they're our friends. They're my friends. In many cases, personally my friends.*

We can work together to solve these problems. And the idea of a playing a smart game? No, forget the smart games. Does sophisticated work? Yes. Smart games? No, they don't work. We have too many smart games.

## **LaRouche's 'First 30 Days'**

**Q:** Hi, Lyn. My name is Travis. I'm from southern Indiana. And first off, I'd like to say thank you for launching this Renaissance. And you've changed the lives and the minds of people all over the world. And for that, I would like to thank you for giving us that opportunity.

Down to business. You referenced the first 30 days after a President is inaugurated, and how important and crucial it is. My question to you is, what specific thing are you going to be doing first, after you are inaugurated as President? And what programs are at the top of the list to be done first? Thank you.

**LaRouche:** Okay. It's a fair question. Well, what I have is, essentially, first of all, I intend to do as much of my program now, before I'm elected, as possible. As I said, we have this two-phase kind of government. That is, there are people who are in government now, or in various positions where they should be in government or influencing government.

And my venture is: We get Cheney and Company out, and hope that institutions like the military and others are able to influence the existing government, and take care of the poor child called the President, eh? And keep him from mischief, and keep him from danger, right? Mr. President, who is about to leave.

So that we would manage certain things, the crises that come up, and have a response to crises which would be positive.

Now, the first thing, of course, in my mind, is that since the system is collapsing, is we need to call an international monetary conference under which the governments will agree to put the existing IMF system into bankruptcy reorganization. Once we've done that, we have—we've crossed the first bridge. That's the most important bridge.

Because if we can organize credit in sufficient volumes, in the right way, to begin to move the world upward so that the world is not bankrupt any more—that is, the amount that is being generated in the world, is more or less sufficient to meet current needs—we've solved the first major problem. We're now moving upward.

So my first concern is to move upward. I would hope we can do as much as possible immediately. The news from this week, from Europe, from yesterday, and what's going on today, I would hope that the Berlusconi initiative, which is something that's already been worked on, that this will begin to move, and move in that specific direction.

Look. Concretely, I have responses from all over the world on this issue. People in Russia, in other parts of the world, are studying exactly what I'm saying and considering very seriously what I'm proposing. So I'm not waiting until January of 2005 to make that measure. I'm trying to push it through now.

Then, you know what I've said in general, about infrastructure projects, about these kinds of changes, to get them into place as fast as possible.

What I need, is to build the team, the prospective government, the team of people inside and outside of government, who represent a leading force who will make these things happen once they're given the power to do it.

And so, it won't be much different. It won't be much different once I'm in, except I probably will have by that time—if we do a good job—I'll probably have some new objectives.

I also have a big space exploration program, you know. I have things of that nature which I'm dedicated to. Lots of things. I'm full of things I would like to have done. I don't have enough lifetimes—I can't even imagine enough lifetimes to do all the things I wish to do. So I'll never run out of chores.

But in the meantime, that, I think, is the answer.

On this now, I have two sets of people who are available now, who are in positions of government or influence, who I try to

make them into a team, a national team, international teamwork—try to get teams of people working on common solutions to common problems, and just do it.

And the transition to the actual process of governing as a President, will come naturally.

## **'Iraq is Vietnam in the Desert,' Says LaRouche — On South Carolina Radio—July 9, 2003**

*The following interview between Lyndon LaRouche and the South Carolina News Network, on July 9, will be the basis for two different news spots to be aired by the network three to four times a day, on 40 stations throughout the state. Host William Christopher first interviewed the Democratic Presidential pre-candidate when LaRouche was excluded in the first South Carolina Democratic candidates' Presidential debate.*

*Christopher:* We're talking with Mr. Lyndon LaRouche today, and, how're you doing today, sir?

*LaRouche:* Well, I'm feeling fairly frisky, in a fighting mood, and so forth.

*Christopher:* Well, that's good, considering the nature of politics.

*LaRouche:* Yes, sure is!

*Christopher:* President Bush's State of the Union address, according to many people, has had a factual lapse. What do you say about that?

*LaRouche:* Well, I was not surprised at all. As you may know, I had this webcast, broadcast, on the 2nd [of July], in which I warned people: Don't try to pin the lies about nuclear weapons in Iraq on Bush, because he's not going to be susceptible of being accused of the intention. And what the President did, was to do essentially what I advised him to do: Is to say that he had been lied to; he didn't know; and he was, in a sense, apologizing for that misinformation to the public.

So now Cheney and Blair, in Britain, are in the fishbowl, and they're going to have to take the heat.

*Christopher:* So, you're saying that the Vice President Cheney is partially responsible for this, or completely responsible?

*LaRouche:* Cheney is the guy you want to hang, if you want to do some good for the United States. He is the fellow who cooked up this war policy; he's the guy who's been pushing it since 1990—not more recently—*before* anything happened with 9/11. So this is the guy who's been behind it all. If you want to get back to sanity from the "Vietnam in the Desert" that we're having in Iraq right now, you've got to get him out of there. he's on the verge of pushing for a war, or something like a war, an attack on Iran right now. If we want to get out of this mess, we're going to have to get Cheney out of there.

*Christopher:* In your webcast, you said something about the Democratic Party, the national party, being neutralized by what they felt was the evidence that Cheney had.

*LaRouche:* No, the Democratic National Committee has not been behaving itself. It's been a "bad boy," so to speak. And the worst of it is, that the control of the Democratic National Committee *over* candidates such as John Kerry, whom I'd normally respect—that he has not had the courage to come forth and tell the truth that he *knows*, as on the case of the

"yellow cake," but he made the mistake, as I said on the 2nd, of referring to the President as being the guilty party in the yellow cake story, which, as now the President has now admitted, it was Cheney, in effect, who was behind it, not Bush.

*Christopher:* Now, are you saying that this is a pure fraud?

*LaRouche:* Of course. A complete fraud. And that's what we are—we are in the process, where it's probable—it's not certain, of course—but it's probable that Cheney will soon be induced to resign, along with the Prime Minister of the United Kingdom, Tony Blair, who also is in serious trouble on this issue of this yellow cake story.

*Christopher:* In considering all that's transpired so far, so you think seriously that that's going to result in a resignation? Particularly of Blair?

*LaRouche:* Well, it can be an impeachment, you know. The grounds for impeachment are there, and if you recall our history with Watergate, Nixon, rather than facing impeachment, decided to discreetly resign. I think that would be the sane course of action for Cheney at this time. The smartest thing he could do would be resign, because he's headed for an *unavoidable* impeachment, or similar effect, unless he does. His best thing is, cop a plea, and get out of there.

*Christopher:* I think you said something about Mr. Rumsfeld going in the lot as well.

*LaRouche:* Well, he would go. The whole bunch of neo-cons would go out if Cheney went out. They're nothing but an extension of Cheney, in effect, and if he goes out, they all go. This would be a fine improvement in the political landscape of our nation.

*Christopher:* What's it going to take to result in Mr. Cheney's impeachment?

*LaRouche:* Well, he should just simply resign. The only intelligent thing this guy could do is resign. He is guilty, in what degree is undetermined, but he is the guilty party in pushing the United States into a war, for which there was no justification. And we have soldiers now *dying* by the week, in that country, as a result of a foolish war, which Cheney's conniving pushed upon the United States. Therefore, that war is not going to go away, until we make it go away. And it's not going to go away until we deal with Cheney. So therefore, it's a question of the United States or Cheney, and I don't think Cheney can take that burden.

*Christopher:* You're focussing on the Vice President. Don't you think that the President is, in the end, responsible—if anyone were responsible for all this, it should be the President?

*LaRouche:* No. Well, the President is not provably guilty of intent, at this point. That is, the President is not guilty of any knowledgeable intent to *lie*, in the matter of this reference to yellow cake. And therefore, he's not vulnerable. Furthermore, if you go after the President, which some people would like to do—and he's not a friend of mine, but I believe in the truth, under all circumstances—if you go after the President, and you were to impeach him, you would get Cheney! It's the worst possible result imaginable. Therefore, in the interest of the nation, it's time to get rid of Cheney, and then you will find that, I think, that Bush's behavior will tend to improve, because he will have different advisers, who will not mislead him the way that Cheney has done.

*Christopher:* What about a failure, a possible failure in the intelligence of the United States, to allow this information to go out to start with, since it was American intelligence?

*LaRouche:* Well, it really wasn't American intelligence. I wouldn't consider Doug Feith intelligence. It's a bunch of guys

who were absolutely incompetent in intelligence, who, with obvious pressure from Rumsfeld, were foisted upon the intelligence process. These were not the regular intelligence community people. These were not the institutions. Rather, the institutions were heavily pressured to submit to the kind of propaganda which was being manufactured by Feith and the other people in that group, including the special committee, the special body in the Defense Department. So the thing was a fraud.

And, I think the story will be clear, that no competent member of the United States intelligence community ever actually believed this story.

*Christopher:* Some of the other Democratic candidates are calling for an investigation by Congress. How do you feel about that?

*LaRouche:* Well, I think that Carl Levin is on the ball. I think the others are playing games. They're not, shall we say, honest. Look, we've had this out with them before. I've been talking about this for some time. They've all known it. Leading Democrats have all known this. Leading Democrats outside the Democratic National Committee were concerned about this, but the lid was on: "Don't touch it," they said. "We're not going to touch it."

So they sat back with the danger of not only a continuation of the Iraq War, which is now ongoing, but the extension of that to other countries. This is a major threat to the security of the United States. And these guys, for whatever reason, didn't have the guts to tell the truth, when they were in a position to tell it.

*Christopher:* Anything else, you'd like to add, sir, as we wrap up today?

*LaRouche:* Oh, I'm optimistic about the nation's future, but I think we're going to have to go through some tough times and some tough fights to get to that secure future, but I'm optimistic.

*Christopher:* And, what's your overall opinion of what has happened in Iraq?

*LaRouche:* Oh, this is a mess. Unfortunately, our military, that is, our professional military, who condemned this thing, and tried to stop it, as far as they could go, Constitutionally, were right. It's a mess; it's exactly the mess they warned would happen. There is no, what's called no "exit strategy" involved. And we're stuck in a war with no exit in sight. This is deadly.

*Christopher:* It was said originally, that America was going to be pulling out as soon as possible, and they wanted to get the major war effort over with quickly, and the most recent reports are that the fighting continues in little patches, here and there, and may continue to do so for some time. Do you see this turning into a protracted event, more like Vietnam?

*LaRouche:* We're looking at Vietnam in the desert. And everyone who warned the President *against* going into this war, said, in effect, just about that. Remember, our military, our top military, many of whom either went through Vietnam as junior officers, and then stayed in service, or those who followed them, have been drilled in the experience of the Vietnam War, ever since. And they've come to the conclusion, as was said by Colin Powell in his autobiography, that never again should the United States ever be caught flat-footed, and misled, into a war of that type.

What has happened now, is precisely what they feared: that we have been misled into the kind of war we said we would never get into again, like the Vietnam War. And here we are, in Iraq, in a virtual copy of the Vietnam War. And that's where we are, and that's where we put ourselves. And until we change our policy, we're not going to get out of it.

I think we can get out of it; there are ways. But it's going to mean a change in policy before we can get the agreement on

the measures needed to be taken.

*Christopher:* As a matter of fact, on that note, there are a lot of retired, well-respected military officials, on up to general, who have opposed the war effort.

*LaRouche:* Yeah, sure. Absolutely. We've got McCaffrey, for example, whose reputation I know fairly well, and knew as being a competent officer. What he said makes sense. What others say makes sense. What Wesley Clark is saying, as a may-be candidate also makes sense. So, in general, we can say that our military has not failed us; we've failed our military. We didn't listen to them, when we should have. And the function of any person running for President of the United States, is to recognize that. These are our professionals. We may disagree with them, but we show respect for the fact that they have the expertise we have to take into account when we make a policy bearing on getting our troops into a war.

*Christopher:* Okay, just to make sure we have this issue covered: Do you see anything positive about the invasion in Iraq?

*LaRouche:* No. Nothing. There's nothing positive about it. I mean, Saddam Hussein is gone, but that would have happened anyway, in a completely different way. We have been perpetuating the problems that are associated with Saddam Hussein, by the way we were orchestrating events. We gave Iraq no real chance to become a normal nation again. We kept it under this thing ever since Desert Storm—under this UN arrangement. We never gave Iraq the chance to get free of the legacy of that war. And now, here we are. And we're paying the price.

As I say, I think we can get out of it, but this would mean, first of all, a change in policy, and I think I've got—. If I were President right now, I think I could do it. I could get our military and others, and some friends in Europe and other countries, to cooperate, and we would find a way of getting the United States extricated from this mess, honorably.

*Christopher:* Mr. Lyndon LaRouche, thank you very much for speaking with us today, sir.

*LaRouche:* Thank you for inviting me.



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## Economics:

### Shaping Campaign Policy: Sedate That Accountant!

**by Lyndon H. LaRouche, Jr.**

*The following was released by the LaRouche in 2004 campaign committee on July 8, 2003.*

Herbert Hoover's foolishness of 1929-1933 has now been running the U.S. economy once again, for more than the past three, ruinous decades. The present result of that is, that the mental vacuum in the top ranks of the leading U.S. political party organizations, is now the source of that 'great

sucking sound' to which Ross Perot referred prophetically in his own 1992 campaign against the insanity of NAFTA.

## Will United States Finally Join the Mekong River Project?

**by Mike Billington**

The 'great project' of developing the mighty Mekong River in Southeast Asia was once called the United States' last option for ending the disastrous Vietnam War. Nearly 40 years later, on June 26, 2003, for the first time, a public forum was held in Washington to discuss the potential for the United States to become involved in one of the great infrastructure projects of our age. The region defined by the Mekong starts in China's western provinces, whence it flows through Laos, Myanmar, Thailand, Cambodia, and Vietnam.

## Interview: John W. Peterson

### U.S. Is Losing Its Watershed Infrastructure

The Executive Director of the National Watershed Coalition, John W. Peterson, a watershed specialist, spoke to **Marcia Merry Baker** of EIR on May 30 about the growing 'infrastructure deficit' in the management of the land and water resource base of the United States, particularly since the 'Conservative Revolution' 104th Congress of 1994.

## Fiscal 2004 Begins: States in Maelstrom

**by Mary Jane Freeman**

Forty-six of the 50 American Federal states began a new fiscal year on July 1. At least five or six of them started Fiscal Year 2004 with no budget, or only a stop-gap measure to keep government open. Another four squeaked by, passing a budget in the wee hours of June 30-July 1. Three others saw their governors use executive powers to suspend payment of already-appropriated funds...

## **International:**

### Largest Guadalajara Forum Yet Marks Seineldín's Freedom

**by Gerardo Terán**

Celebrating the freedom of the longest-serving political prisoner in the history of Argentina, Col. Mohamed Alí Seineldín, the Guadalajara Forum—founded on the programmatic ideas of U.S. Presidential pre-candidate Lyndon LaRouche—held a three-day series of events in Buenos Aires, on July 3-5. Marking the first day was the celebration to honor Seineldín, attended by 700 activists from Argentina, Brazil, and Mexico, and convoked by LaRouche's Ibero-American Solidarity...

- **Col. Mohamed Alí Seineldín:**

#### 'These Marvelous Ideas Are Etched in My Heart'

Well, dear Lyn, I've listened to your marvelous message, as always. Imagine, it's now more than 20 years that we've been fighting together, and I have never personally met my com- mander in this long battle! I hope to meet you some day. But I'm content to only know your ideas..."

### Cheney's Fraud To Bring Down Britain's Blair?

**by Mark Burdman**

As Lyndon LaRouche's fight to get U.S. Vice President Dick Cheney out of office is being massively bolstered by the revelations by former Ambassador Joseph Wilson about Cheney's role in falsifying 'Iraqi weapons of mass destruction' (WMD) intelligence, the same scandal may bring down another culprit. British Prime Minister Tony Blair is under fire for his wild lies about the Iraqi threat...

### Mexican Elections Hand Setback to Wall Street

**by Rubén Cota Meza**

A whopping 59% of the Mexican electorate failed to vote in the July 6 elections for the Chamber of Deputies, in what was widely viewed as a rejection of President Vicente Fox's government, as well as for the political parties as a whole.

## Major Setback for The Bush Administration

**by Ramtanu Maitra**

The Bush Administration's war on terrorism has run aground The Bush Administration's war on terrorism has run aground in Afghanistan, as demonstrated by two recent incidents—one in Pakistan's province of Balochistan, bordering Afghanistan, on July 4; and four days later, an attack on the Pakistani Embassy in Kabul.

## Bush Must Turn Up Heat, Make Sharon Make Peace

**by Dean Andromidas**

'Without constant pressure directly from Bush, Sharon will do nothing. This is what we have seen in the last weeks. Sharon continues to balk, until Washington intervenes and pressures him,' a senior Israeli military source told EIR, adding that if President George Bush does not escalate the pressure on Israeli Prime Minister Ariel Sharon, the Road Map for a Middle East peace will collapse.

## Australia Dossier: Fascist ASIO Bill Rammed Through

**by Robert Barwick**

*Prime Minister Howard has rewritten Australian law in line with the U.S. neo-conservatives' agenda.*

The bitterly-fought Australian Security Intelligence Organization (ASIO) Terrorism bill finally passed the Australian Parliament, after more than a year of debates, on June 27, when the opposition Australian Labor Party (ALP) caved in to pressure from Prime Minister John Howard.

## Georgian Response To LaRouche Foreign Policy

Lyndon LaRouche's essay 'A World of Sovereign NationStates' (EIR, May 16, 2003) is circulating widely in its original and other languages. **Dr. Nodar Notadze** and **Dr. Vakhtang Gogvadze**, prominent statemen from the Republic of Georgia, offer these contributions to the discussion of the principles and proposals put forward by LaRouche.

## **National:**

### Vice President Cheney Can Be Removed From Office Now!

**by Nancy Spannaus and Jeffrey Steinberg**

In his webcast of July 2, Democratic Presidential pre-candidate Lyndon LaRouche made it clear, once again, that the only effective way to stop the 'chicken-hawk' drive to expand the war against Iraq into Iran, and elsewhere, is to expose Vice President Dick Cheney for his impeachable crimes, including lying to the President about intelligence.

### Missing Link: How Right-Wing Neo-Cons Created 'Democratic Leadership Council'

**by Michele Steinberg**

Democrats may be still suffering under the delusion that the Democratic Leadership Council—which brags that the 'top four' Democratic Presidential candidates are 'Blair Democrats' who supported the Iraq War—is something other than a right-wing Trojan Horse and protection racket for Vice President Dick Cheney, as Democratic Presidential pre-candidate Lyndon LaRouche has exposed. Some even think that the DLC wants to win the Presidency in 2004....*Au contraire!*

### How Gingrich Berserkers Seized Democratic Party

**by Anton Chaitkin**

When Ted Kennedy warned in January 1995 that America doesn't need two Republican Parties, he had the problem inside out. Evidence newly appearing confirms that a single gang, the hyper-New Age fascists around Newt Gingrich and Alvin Toffler, was then strangling Republicans and Democrats, while sweeping aside the traditionalists in both parties.

### Behind the Howard 'Who?' Dean Phenomenon

**by Nancy Spannaus**

Is the Dean Presidential campaign like the IT bubble? In the midst of all the hype about the Howard (Who?) Dean Presidential campaign's report on his second quarter fundraising—he says he raised \$7.5 million from 59,000 contributors—it's worth looking behind the statistics. What is the Dean

campaign, really?

## LaRouche Offers Solution To California Implosion

**by Harley Schlanger**

With a referendum vote to recall California Gov. Gray Davis (D) increasingly likely in November, and a budget meltdown crisis already well advanced, Democratic Presidential pre-candidate Lyndon LaRouche urged the Governor to launch a hard-hitting political counteroffensive.

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

### **Greenspan's Double-Bubble Trouble: Housing and Bond Market**

"Greenspan should quit while he's ahead," after helping create several asset bubbles, writes Christopher Lingle in the *Japan Times* July 8. Fed Chairman Alan Greenspan's dot.com bubble appeared after he opened up the credit taps in 1998 and "allowed things to really get out of hand." The Fed's money-pumping, along with the subsequent artificially low interest rates, has helped generate a double bubble in the housing and bond markets. If either of these bubbles explodes, warns Lingle, "the U.S. economy could be blown out of the water."

At the same time, Melvyn Krauss, writing in the July 7 *Financial Times*, says that Greenspan is known as the "double bubble" man who "egged on" the stock market, which crashed in 2000. Then Greenspan inflated a bond-market bubble, with his talk of the Federal Reserve buying bonds under the pretext of deflation. The Fed has now burst the bond bubble, which will cause mortgage rates to jump—threatening Greenspan's housing bubble, Krauss warns.

### **Home-Mortgage Refis Crash, Backbone of Consumer Spending**

During the bond market sell-off of the last two weeks, interest rates on long-term debt, including government bonds and mortgage loans, have risen sharply. As a consequence, mortgage refinancing, hitting a record \$1.75 trillion last year, has now suffered its biggest decline since November 2002. According to the Mortgage Bankers Association, refinancing activity fell 21% in the week ended July 5. The panicked *Financial Times* headlined July 10, "Bond Market Fall Threatens Global Recovery," noting that we have definitely seen the peak of the mortgage refinancing frenzy, which had been a key element in keeping up U.S. consumer spending over the last few years.

### **Thousands of Mutual Funds Exposed to Fannie/Freddie Debt**

Even safe-sounding bond mutual funds are highly exposed to Fannie Mae/Freddie Mac debt, the *Wall Street Journal's* Aaron Lucchetti reported July 11. In addition to the well-known thousands of mutual funds and other investment portfolios whose names indicate large holdings of mortgage-backed securities and other debt issued by derivatives-laden Fannie Mae and Freddie Mac, many bond funds loaded with the mortgage-finance giants' debt do not give such an indication in their names. According to Morningstar Inc., 182 bond funds (with \$180 billion in assets) had more than one-third of their assets in Fannie/Freddie-related debt, as of their latest SEC filings, even though their fund names don't include the words "mortgage," "Fannie," or "Freddie." More than 80 of these funds invested at least 50% of their assets in shaky Fannie/Freddie debt, with 74 using "government" or "Federal" in their fund name—making it appear, however falsely, that the majority of their holdings are in secure U.S. Treasury bonds.

### **Top Treasury Man Resigns as Financial Blowback Hits Bush Administration**

Peter Fisher resigned July 9 as U.S. Treasury Undersecretary for Domestic Finance, effective Oct. 10. Fisher, who as New York Fed executive vice president, had arranged the bailout of the financial system in September 1998, when Long-Term

Capital Management went bankrupt, offered his resignation as domestic finance chief, in a letter to President Bush citing family reasons. As Treasury Undersecretary since August 2001, Fisher was involved in efforts to restart bond and stock trading following the Sept. 11 attacks, and also decided to eliminate the 30-year U.S. Treasury bond on Oct. 30, 2001. He also had responsibility for determining the Treasury's policy toward government-sponsored enterprises such as Fannie Mae and Freddie Mac.

The White House said Bush intends to nominate Kenneth Leet, a managing director with Goldman Sachs, to be Fisher's replacement.

According to *New York Post* economic columnist John Crudele, Fisher was the "life preserver," the guy who would jump in and intervene if the market started to sink. Fisher was the liaison with Wall Street firms, as a top official at the New York Federal Reserve Bank, "swapping" intelligence with traders—"the same thing as inside information," Crudele charged July 10. One rumor was that Fisher, a Democrat, was unhappy because he didn't get the job to head the New York Fed.

Does Fisher's resignation reflect disagreement within the Bush Administration over Greenspan's financial bubble-blowing practices? Stay tuned.

### **New Market Swindle To Draw 'Patsies' into Tech Stocks**

A new swindle is afoot to draw the "patsies" into buying tech stocks as a "bargain"; and the patsies are going to lose again if they fall for it, warns Christopher Byron in the *New York Post* July 7. There is "a lot of excited 'buy now' table-pounding by people and institutions that have collectively lost trillions in the slide and are desperate to get at least some of it back," he writes. "The patsies in this process always turn out to be the same—the stock market's individual retail investors—and they're being set up for a hosing all over again in the current run-up," which Byron calls "A Ruinous New Rally."

Byron profiles two stocks: Sirius Satellite Radio, whose stock price has gained 150% since January; and Qiao Xing Universal Telephone, a Chinese company, which has soared 400%-plus, when it has not even filed an SEC report for 18 months. Big investors like the Blackstone Group and Loral Space and Communications have dumped their shares in these "bargains," at the same time that small investors have bought the duds. Blackstone sold 57 million shares of Sirius stock, cutting its stake by more than half, while Loral unloaded at least 25% of its stake.

Before joining Rupert Murdoch's *Post*, Byron, who has penned slanders against economist Lyndon LaRouche, watched his previous employer *Worth* magazine go bankrupt and fold.

### **Trade Deficit Rises Again, Despite Crashing Dollar**

The U.S. trade deficit rose in May to \$41.84 billion—the third-highest ever—despite the crashing dollar, as imports increased faster than exports, according to the Commerce Department July 11. During January-May 2003, the gap between exports and imports of goods and services, swelled to \$205 billion, up about 28% from the same period a year earlier. This level corresponds to a whopping annual trade deficit of \$492 billion, meaning that the U.S. must borrow this amount from the rest of the world in order to survive.

The goods deficit alone climbed to \$46.78 billion in May, the third-highest level on record, despite Administration claims that the falling dollar would cause the gap to shrink. Year-to-date, the goods deficit has grown to \$229 billion, about 22% higher than last year—reflecting the inability of the U.S. to produce the basis for its physical existence.

### **State Jobless Claims Highest in 20 Years**

The number of Americans receiving state unemployment benefits jumped to the highest level since February 1983, rising 87,000 to 3.82 million in the week ended June 28, the Labor Department said July 10. The four-week average of new jobless claims rose to 426,750 in the week ended July 4, the 21st straight week over 400,000.

## **Pension Swindle Will 'Bail Out' Businesses; Underfund Plans**

The Bush Administration has proposed a pension swindle that would allow companies to put less money into their retirement plans over the next two years, by changing how firms calculate their pension liabilities. The July 8 *Wall Street Journal* admits that the proposal "amounts to a bail-out" of major corporations, at least in the short run. Such a change would increase the stress on the pension system in the long run, however, the *New York Times* noted the same day, as many plans are already seriously underfunded. Companies with insolvent pension plans would be prevented from offering new benefits or lump-sum payouts to retirees.

Under the proposed legislation, companies would base the growth of their pension funds on long-term corporate-bond interest rates, replacing the link to the 30-year Treasury bond, which has a lower interest rate. Using a higher interest rate makes the pension liabilities look smaller. General Motors, for example, calculates that a mere 0.25% increase in the discount rate it applies to future pension obligations, would save it \$120 million in pre-tax pension expenses in 2003, and would reduce its total projected pension benefit obligations by \$1.8 billion. Since the Administration's proposal would allow corporations to increase the assumed discount rate by as much as 1.50 percentage points by the end of this year, corporations such as GM could thus, by statistical manipulation, lower what they have to pay out on pensions.

After two years, pension obligations would be calculated in a completely new way. Companies with many retirees and older workers—such as auto manufacturers—would see liabilities grow again.

## **World Economic News**

### **WTO, EU Threaten Retaliation vs. U.S. Steel Tariffs**

The United States will keep steel tariffs in effect, despite a decision by the World Trade Organization calling them illegal, and European Union threats of retaliation, news reports said July 11. "The steel safeguard measures will remain in place" while the WTO ruling is being appealed, U.S. Trade Representative spokesman Richard Mills said in a statement after the World Trade Organization decision was announced in Geneva. The WTO ruled that the U.S. steel tariffs, imposed in March 2002, violated global "free trade" rules. A WTO panel said that the U.S. had failed to prove that the safeguard measures were necessary to protect against "serious injury" to domestic producers due to increased imports.

The European Union and seven other countries who had filed the complaint with the WTO, called on the U.S. to remove the steel tariffs "without delay." Moreover, the EU cautioned, it was ready to impose \$2.2 billion in retaliatory duties on U.S. imports.

### **Bank of England Lowers Benchmark Rate by Quarter-Point**

The Bank of England cut its benchmark interest rate by 0.25%, to 3.5%, the lowest level since January 1955. Matching the U.S. Federal Reserve's cut in the Federal funds rate on June 25, the Bank of England trimmed its base rate (what it charges on loans to commercial lenders) from 3.75% to 3.5%, saying "the global economic recovery has remained hesitant."

On the other hand, the European Central Bank announced, hours later, that it was leaving its base rate unchanged at 2%, as

Chairman William Duisenberg implied that the worst of the economic "slump" could be over.

## **IMF Policy Continues To Push Brazil Over the Edge**

Thanks to IMF policy, Brazil's economy continues to decline, with GDP having dropped 0.5% for the second quarter, after a 0.1% drop for the first quarter. The Lula da Silva government has had to revise downward, from 2.2 to 1.5%, its annual growth forecast for the remainder of this year. Industrial production also shrank in May by 0.3%, compared to the same month of 2002, following April's 3.7% decline. Production of pharmaceutical goods dropped by a dramatic 18%, and clothing and shoe production by 16% in May. Auto production plunged a whopping 14% in June, and automakers General Motors and Fiat have announced plans to lay off workers.

The government had forecast a 2.5% increase in industrial production for this year, but it's now estimated that that figure will be no more than 0.7%. Astronomically high interest rates have created an untenable situation for industrialists, causing the Brazil-based Moinho Pacifico, Ibero-America's largest flourmill, to recently cut factory capacity to 75%, for example. Capacity had stood at 80% in early 2003.

There is speculation that when the Central Bank's Monetary Policy Committee meets again on July 23, it may reduce interest rates further, but no one is expecting anything dramatic. Further reflecting the economic depression, is the 5% drop in retail sales for May, and the record unemployment rate, now at a 14-month high. Lula's insistence on continuing with IMF policy—specifically its "pension reform"—has provoked a nationwide strike of civil servants, which began July 8 (see this week's [IBERO-AMERICA DIGEST](#)).

## **Argentines Recognize Brazil Is Heading 'Down Argentine Way'**

Brazil is at exactly the same point that Argentina found itself throughout the year 2000, Daniel Muchnik, the economics editor of Argentine daily *Clarín*, warned July 6. At that time, Argentina had a low "country-risk" rate, and the IMF was so pleased with the austerity policies of the Argentine government that it rewarded it with more "financial armor," in the amount of \$8 billion. The low country-risk rate was supposed to have attracted foreign capital, which is also the thinking of the Lula da Silva government in Brazil—but things soon fell apart. Lula today is as effusively praised by the IMF and Wall Street, as the "Menem model" was in the late 1990s, Muchnik wrote. It was that "model," named after former President Carlos Menem, which blew apart in December 2001, bringing down the government, and necessitating a debt moratoria.

## **Iran-Malaysia Trade Increases Dramatically**

Trade between Iran and Malaysia has increased substantially since the 1997 economic crisis, from \$99.5 million to \$360 million in 2002, according to a press statement released by the Iranian embassy in Kuala Lumpur on July 7. Two-way trade between the two countries has turned Iran into Malaysia's fourth-largest trading partner in West Asia, after the United Arab Emirates, Saudi Arabia, and Turkey. However, the volume is small compared with Malaysia's overall global trade.

There is room for further expansion and opportunities, the statement said. Malaysia's state-owned oil company, Petronas, has moved to further engage with Iran, taking a 30% stake, via Petronas subsidiary Carigali, in Iran's Sirri A and E offshore oil fields. France's Total replaced U.S. Conoco in the project due to pressure for the U.S. boycott of Iran.

Iran and Malaysia are founding members of the D-8 (eight developing countries), which aims to form an Islamic common market, including a common currency, and fostering of cooperation in resources and industrial potentials. Founded in Istanbul in 1997, D-8 members are Iran, Malaysia, Indonesia, Pakistan, Egypt, Turkey, Nigeria, and Bangladesh.

# United States News Digest

## CIA's 'Confession' of Responsibility for State of the Union Blunder Further Heats Up Scandal

On July 10, President George Bush and National Security Advisor Condoleezza Rice said that it was the responsibility of the CIA to remove the false story about Iraq seeking African uranium—based on a British report—from the President's State of the Union address, delivered on Jan. 28, 2003. On July 11, CIA Director George Tenet issued a letter saying that he is ultimately responsible for the decision *not* to remove the reference from the speech—even while Tenet made clear that the CIA had removed the Niger "yellow cake" uranium false information from all of its briefings, and reports.

But Tenet's letter and Condi Rice's one-hour interview with reporters travelling with President Bush in Africa on July 11, will do little to slow the momentum of the scandal. If anything, the Tenet letter, and new intelligence leaks on the scandal, pose further questions that the Administration will be forced to answer.

On July 12, the *New York Times* and *Washington Post* ran front-page stories reporting on Tenet's letter. The details and the chronology of events, as reported in these articles, are most revealing.

\*First, according to both papers, the CIA, back in September 2002, attempted, unsuccessfully, to convince the British government *not* to include the reference to the Iraqi quest for African uranium in the now infamous Blair dossier. The CIA warnings that the information was suspect were ignored.

\*Next, in early October 2002, both the CIA and the State Department's INR section, succeeded in removing references to the uranium deals in President Bush's speech, delivered Oct. 7 in Cincinnati, Ohio. Shortly afterwards, the CIA issued a National Intelligence Estimate (NIE) on Iraq's WMD, which expressed further doubts about the fragments of intelligence, suggesting Saddam Hussein was trying to obtain uranium from Sudan, Gabon, and Niger. Condi Rice acknowledged that the State Department added a "standard footnote" to the NIE, emphasizing their doubts about the reliability of the uranium stories, which, Rice told reporters, "The President was unaware of, as was I."

\*In January 2003, prior to the President's State of the Union address, National Security Council official Dr. Robert G. Joseph, the NSC director of proliferation, counterproliferation and homeland security, telephoned CIA officer Alan Foley, reported the *New York Times* July 12, in an article by reporters David Sanger and James Risen.

The article says, "Mr. Foley was said to recall that before the speech, Mr. Joseph called him to ask about putting into the speech a reference to reports that Iraq was trying to buy hundreds of tons of yellow cake from Niger. Mr. Foley replied that the CIA was not sure that the information was right. Mr. Joseph then came back to Mr. Foley and pointed out that the British had already included the information in a report. Mr. Foley said yes, but noted that the CIA had told the British that they were not sure that the information was correct. Mr. Joseph then asked whether it was accurate that the British reported the information. Mr. Foley said yes."

In April 2001, *EIR* published a profile of Dr. Robert Joseph, revealing that he was one of two "plants" on the NSC who were protégés of Richard Perle. During the Reagan Administration, Joseph had been Principal Deputy Assistant Secretary of Defense for International Security Policy, under Perle. He is a member of the advisory board to Frank Gaffney's Center for Security Policy, the biggest hotbed of chickenhawks in Washington. The fact that Dr. Joseph was the NSC staffer responsible for the reference to the discredited Africa uranium hoax into the President's speech is an enormous scandal in its own right.

Returning to the chronology of events catalogued in the July 12 articles: Three days after the State of the Union address,

CIA Director Tenet met with Secretary of State Colin Powell and others, to prepare Powell's testimony before the UN Security Council, scheduled for Feb. 5, 2003. It had been earlier reported that a first draft of that testimony, prepared by Dick Cheney's chief national security aide and chief of staff Lewis Libby—a leader and protector of the Administration Chickenhawks—had included an explicit reference to the Niger yellow cake allegations, and Powell had ripped up the draft, calling it "B.S." Powell decided that there would be no reference to the Africa uranium controversy at all in his UN testimony. We have not heard the last of this story.

## **Under Heavy Pressure, Congress Is Moving Along the Lines LaRouche Has Proposed**

Massachusetts Rep. Ed Markey and 15 other House Democrats who voted *for the Iraq war*, wrote to Bush on July 10, with a detailed list of questions on the Niger yellow-cake fraud, beginning with how this got into his State of the Union address when it was known to be based on a forgery. A press release from Markey's office said the signers are "questioning the erroneous information provided to Congress ... to convince Members to vote in favor of House Joint Res. 114, authorizing military force in Iraq."

The letter goes on to quote former Ambassador Joe Wilson on the fact that Cheney triggered his, Wilson's, trip of February 2002, and that Wilson is "absolutely convinced" that Cheney got a report of it afterwards. Markey and the others ask, "What input did the Vice President have into your State of the Union speech? Did the Vice President's office receive one or more drafts of the speech prior to its delivery, and if so, when?" At the end, the Congressmen ask for the detailed intelligence underlying all of Bush's other claims of Iraq WMD, and whether that intelligence was erroneous.

The letter is signed by 16 Democratic Members of Congress: Markey (Mass); Kennedy (RI); Bishop (Ga); Meehan (Mass); Pascrell (NJ); Weiner (NY); Tauscher (Calif); Dooley (Calif); Taylor (Miss); Hill (Ind); Wexler (Fla); Berry (Ark); Rothman (NJ); Berkley (Nev); Ackerman (NY); Israel (NY).

Also reflecting the pressure on Congress, although avoiding the necessary focus on Cheney, the British *Guardian* reports that, also on July 10, the Senate agreed to an amendment written by Illinois Democrat Richard Durbin, that would authorize a "thorough and expeditious joint investigation" into assertions that Iraq tried to obtain uranium from Africa, and would require parts of that inquiry to be made public. The amendment was offered to the State Department authorization bill, which could be approved next week by the Senate.

Also on July 10, the Senate voted 97-0 its sentiment that NATO must be asked to send troops to Iraq. Of course that's not about to happen, but it reflects one source of heavy pressure on Congress: American troops and their families, both regular and reserve, who are furious.

## **House Panel Approves 'Shutdown' Budget For Amtrak**

Even though 219 Representatives had signed a letter supporting Amtrak's budget request for FY 2004, the House Appropriations Subcommittee on Transportation approved an Amtrak budget of \$580 million for the 2004 fiscal year starting Oct. 1—less than one-third of the amount (\$1.8 billion) that the national passenger railroad insists it needs to maintain existing services, not to mention funding needed for a backlog of repairs.

"As a practical matter, this is a shutdown scenario," warned Amtrak spokesman Chris Black, because the railroad spends \$466 million annually just to maintain its existing capital equipment in the Northeast Corridor, and it could not function with the amount budgeted by the House panel. Last summer, Amtrak narrowly averted its first nationwide shutdown.

This budget "would strangle our national passenger rail system," cautioned Rep. John Olver of Massachusetts, the top

Democrat on the subcommittee. No major inter-city rail system in the world, he argued, operates profitably without government support.

Showing the level of support for Amtrak, Black said that 219 House members had signed a letter backing Amtrak's \$1.8 billion budget request.

On the other hand, reflecting the 35-year push to destroy the U.S. physical economy based on "free trade" and "privatization," subcommittee chairman Rep. Ernest Istook (R-Okla) said Amtrak should operate on a "smaller scale;" while Rep. John Mica (R-Fla) is drafting legislation that would hand over commuter services in the highly profitable Northeast Corridor to a group of Northeastern states.

## **'Homeland Security'" Neglects Bioterror Readiness**

The "war on terrorism" is a slogan dear to the neo-con warmongers in the Cheney/Rumsfeld/Wolfowitz cabal, but there is no drive in these circles to actually protect the American population. A study of U.S. preparedness for bioterror attack found serious and worsening shortages of medical, scientific and technical experts at five Federal agencies which must respond: the Centers for Disease Control, the National Institute of Allergy and Infectious Diseases, the Food and Drug Administration, the Animal and Plant Health Inspection Service, and the Food Safety and Inspection Service. The study was released July 8 by the Partnership for Public Service, a nonprofit group founded in 2001, that seeks to attract more qualified people to government service.

"We have uncovered a serious underinvestment in the human side of addressing the bioterrorism threat," said Max Stier, president and chief executive of the group. The study added, "we found that the Federal employees responsible for our defenses against bioterrorist attacks constitute a 'civilian thin blue line,' that is retreating both in terms of capacity and expertise." The study also found that half of the employees in these critical jobs, are eligible to retire in the next five years.

## **'Neo-CONNED': The Extraordinary Speech of Rep. Ron Paul**

Independent Republican Texas Congressman Ron Paul, gave a lengthy speech entitled "Neo-CONNED," on the House floor July 10, which is being widely read in Washington. Representative Paul's reasoning is often reminiscent of what Democratic candidate Lyndon LaRouche has said, in launching the battle against the Straussians early this year, and more generally since early January 2001.

Short excerpts follow:

"More recently, the modern-day neo-cons have come from the far left, a group historically identified as former Trotskyites. Liberal, Christopher Hitchens, has recently officially joined the neo-cons, and it has been reported that he has already been to the White House as an ad hoc consultant. Many neo-cons now in positions of influence in Washington can trace their status back to Professor Leo Strauss of the University of Chicago. One of Strauss' books was *Thoughts on Machiavelli*. This book was not a condemnation of Machiavelli's philosophy. Paul Wolfowitz actually got his PhD under Strauss. Others closely associated with these views are Richard Perle, Elliott Abrams, Robert Kagan, and William Kristol. All are key players in designing our new strategy of preemptive war. Others include: Michael Ledeen of the American Enterprise Institute; former CIA Director James Woolsey; Bill Bennett of *Book of Virtues* fame; Frank Gaffney; Dick Cheney; and Donald Rumsfeld. There are just too many to mention who are philosophically or politically connected to the neo-con philosophy in some varying degree....

"More important than the names of people affiliated with neo-conservatism are the views they adhere to. Here is a brief

summary of the general understanding of what neo-cons believe: 1. They agree with Trotsky on permanent revolution, violent as well as intellectual. 2. They are for redrawing the map of the Middle East and are willing to use force to do so. 3. They believe in preemptive war to achieve desired ends. 4. They accept the notion that the ends justify the means—that hardball politics is a moral necessity. 5. They express no opposition to the welfare state. 6. They are not bashful about an American empire; instead they strongly endorse it. 7. They believe lying is necessary for the state to survive. 8. They believe a powerful Federal government is a benefit. 9. They believe pertinent facts about how a society should be run should be held by the elite and withheld from those who do not have the courage to deal with it. 10. They believe neutrality in foreign affairs is ill advised. 11. They hold Leo Strauss in high esteem. 12. They believe imperialism, if progressive in nature, is appropriate. 13. Using American might to force American ideals on others is acceptable. Force should not be limited to the defense of our country. 14. 9-11 resulted from the lack of foreign entanglements, not from too many. 15. They dislike and despise libertarians (therefore, the same applies to all strict constitutionalists). 16. They endorse attacks on civil liberties, such as those found in the Patriot Act, as being necessary. 17. They unconditionally support Israel and have a close alliance with the Likud Party.

"It is no secret—especially after the rash of research and articles written about the neo-cons since our invasion of Iraq—how they gained influence and what organizations were used to promote their cause. Although for decades, they agitated for their beliefs through publications like *The National Review*, *The Weekly Standard*, *The Public Interest*, *The Wall Street Journal*, *Commentary*, and the *New York Post*, their views only gained momentum in the 1990s following the first Persian Gulf War—which still has not ended even with removal of Saddam Hussein. They became convinced that a much more militant approach to resolving all the conflicts in the Middle East was an absolute necessity....

"In addition to publications, multiple think tanks and projects were created to promote their agenda. A product of the Bradley Foundation, the American Enterprise Institute (AEI) led the neo-con charge, but the real push for war came from the Project for a New American Century (PNAC) another organization helped by the Bradley Foundation. This occurred in 1998 and was chaired by *Weekly Standard* editor Bill Kristol. They urged early on for war against Iraq, but were disappointed with the Clinton Administration, which never followed through with its periodic bombings...."

Paul notes how the events of Sept. 11 were used as the "opportunity" by the neo-cons to realize their imperial war policy. He continues:

"The money and views of Rupert Murdoch also played a key role in promoting the neo-con views, as well as rallying support by the general population, through his News Corporation, which owns Fox News Network, the *New York Post*, and *Weekly Standard*.... It would have been difficult for the neo-cons to usurp foreign policy from the restraints of Colin Powell's State Department without the successful agitation of the Rupert Murdoch empire....

"Let there be no doubt, those in the neo-con camp had been anxious to go to war against Iraq for a decade ... even if it required preemptive war. If anyone doubts this assertion, they need only to read of their strategy in 'A Clean Break: a New Strategy for Securing the Realm.'

"Although they felt morally justified in changing the government in Iraq, they knew that public support was important, and justification had to be given to pursue the war. Of course, a threat to us had to exist before the people and the Congress would go along with war. *The majority of Americans became convinced of this threat, which, in actuality, never really existed.* Now we have the ongoing debate over the location of weapons of mass destruction. Where was the danger? Was all this killing and spending necessary? How long will this nation building and dying go on?.... Who knows where we'll go next—Iran, Syria or North Korea?..."

## **Rep. Paul Warns About Michael Ledeen**

In his July 10 speech to the House, Rep. Ron Paul, especially singled out the ideas espoused by Wolfowitz/Perle crony Michael Ledeen, whom *EIW* identifies as a "Universal Fascist" (see last week's *EIW*). Rep. Paul says:

"In Ledeen's most recent publication, *The War Against the Terror Masters*, he reiterates his beliefs outlined in this 1999 Machiavelli book. He specifically praises: 'Creative destruction ... both within our own society and abroad ... (foreigners) seeing America undo traditional societies may fear us, for they do not wish to be undone.' Amazingly, Ledeen concludes: 'They must attack us in order to survive, just as we must destroy them to advance our historic mission.'

"If those words don't scare you, nothing will. If they are not a clear warning, I don't know what could be. It sounds like both sides of each disagreement in the world will be following the principle of preemptive war. The world is certainly a less safe place for it....

"Ledeen believes man is basically evil and cannot be left to his own desires. Therefore, he must have proper and strong leadership, just as Machiavelli argued. Only then can man achieve good, as Ledeen explains: 'In order to achieve the most noble accomplishments, the leader may have to "enter into evil." This is the chilling insight that has made Machiavelli so feared, admired and challenging ... we are rotten,' argues Ledeen. 'It's true that we can achieve greatness if, and only if, we are properly led.' In other words, man is so depraved that individuals are incapable of moral, ethical and spiritual greatness, and achieving excellence and virtue can only come from a powerful authoritarian leader. What depraved ideas are these to now be influencing our leaders in Washington?....

"Neo-cons—anxious for the U.S. to use force to realign the boundaries and change regimes in the Middle East—clearly understand the benefit of a galvanizing and emotional event to rally the people to their cause. Without a special event, they realized the difficulty in selling their policy of preemptive war where our own military personnel would be killed. Whether it was the Lusitania, Pearl Harbor, the Gulf of Tonkin, or the Maine, all served their purpose in promoting a war that was sought by our leaders....

"Ledeen writes of a fortuitous event (1999): '...of course, we can always get lucky. Stunning events from outside can providentially awaken the enterprise from its growing torpor, and demonstrate the need for reversal, as the devastating Japanese attack on Pearl Harbor in 1941 so effectively aroused the U.S. from its soothing dreams of permanent neutrality.'

"Amazingly, Ledeen calls Pearl Harbor a 'lucky' event. The Project for a New American Century, as recently as September 2000, likewise, foresaw the need for 'a Pearl Harbor event' that would galvanize the American people to support their ambitious plans to ensure political and economic domination of the world, while strangling any potential 'rival.'

"Recognizing a 'need' for a Pearl Harbor event, and referring to Pearl Harbor as being 'lucky' are not identical to support and knowledge of such an event, but [that] this sympathy for a galvanizing event, as 9-11 turned out to be, was used to promote an agenda that strict constitutionalists and devotees of the Founders of this nation find appalling is indeed disturbing...."

The full speech can be found on the Internet at [www.house.gov/paul](http://www.house.gov/paul).

## Ibero-American News Digest

### Brazil-South Africa-India Cooperation Strengthened

Indian Defense Minister George Fernandes is on his way to Brazil for a week-long visit, while External Affairs Minister

Yashwant Sinha is in South Africa, India's *Hindustan Times* reported July 4. Last month, the three nations formed a "Trilateral Joint Commission." Sinha announced in Pretoria on July 3 that the Commission's first formal meeting will take place in India next year. Sinha visited South Africa to chair the 5th Bilateral Joint Commission meeting with South African Foreign Affairs Minister Nkosazana Dlamini-Zuma.

"I'm very glad that both of them [Brazil and South Africa] have accepted, and we are looking forward to that meeting some time next year," Sinha told *IANS* in an interview. "South Africa, during the last two years, was leading the Non-Aligned Movement, leading the Commonwealth, and they continue to be, until the next summit takes place, the president of the African Union with which we want to have a very good relationship...."

"We have tried to converge our points of view in various multilateral fora. The latest example of this is where both of us have joined Brazil to further our interests. We have set a road map for the future as far as our cooperation trilaterally is concerned and also in the international and multilateral forums. This is a very major advance.

"We have agreed to set up a Trilateral Joint Commission where the three countries will meet every year and discuss issues of common and trilateral concern. We have also decided that we will work for the meeting of the three heads of government in New York on the margins of the UN General Assembly in September."

Also, Defense Minister Fernandes left New Delhi for Brazil, via New York, for a six-day trip. He will discuss defense cooperation and purchase of five jets for the Indian Air Force's communications squadron there, as well as joint defense industry ventures.

## **Brazil Government Wavers on Pension Reform, in Face of Strike**

The strike by Brazil's public-sector unions, which began on July 8, is the first nationwide show of force against the IMF program adhered to by the government of President Lula da Silva since he took office on Jan. 1. Despite the fact that the ruling Workers Party-controlled Unified Labor Federation (CUT) agreed not to strike, 40-50% of public workers did participate, shutting down, among other agencies, the Treasury and Health Ministries. The Federal Police went out in all the states, as did the Customs Service. The latter heavily affected border crossings, airports, and ports, including the country's largest port Santos, in the state of Sao Paulo, where only essential cargo such as medicines and perishables was processed. Closed also were 30 Federal universities nationwide, and courts in key states, such as Rio de Janeiro, Sao Paulo, and Minas Gerais.

The strikers aim to block passage of the IMF-dictated pension-reform bill, which would savagely cut back public pensions. After three days of the strike, on July 10, Senate President Jose Sarney called a press conference to announce that the governing alliance in Congress would modify the bill. But the modifications would only slightly lessen the chiselling of public pensions: They include such measures as lowering the tax on public pensions above a ceiling (\$828 a month) from 11% to 6.5%, and letting civil servants who agree to work another five years retire at full pay, rather than at their average pay over the career, etc.

International financiers immediately threatened that "markets wouldn't look favorably upon any of these changes." Wall Street's *Bloomberg* wire service and London's *Financial Times* warned that **any** concessions would be taken as a sign that the Lula government was not committed to doing whatever it takes to generate funds to pay its debts.

The strike committee, however, vowed to continue the strike until the package as a whole is rolled back. President Lula has yet to weigh in on this battle.

## **IMF Targets Brazil-Argentina Strategic Alliance**

The Brazilian daily *Gazeta Mercantil* reported July 4 that the International Monetary Fund had prepared a report attacking Argentina and Mercosur (Common Market of the South), demanding more "trade liberalization," and an end to "protectionist" practices. In a document that is a revealing counter to the LaRouche movement's organizing in South America's Southern Cone, and which greatly irritated Brazilian government officials, the IMF particularly targeted Argentina, demanding that it reduce its "controls" on trade, and charging that Mercosur is a "burden" on the country.

The IMF is worried that Argentina is concentrating too much of its trade on the Mercosur countries, whose market, it claims, is not growing as fast as world trade. The report even argues that Mercosur isn't that important, because it operates under a "political prism," whose only purpose is to enhance its influence in negotiations for the Free Trade Area of the Americas (FTAA). Expect more of this, and intensifying pressures on both Argentina and Brazil.

What most bothers the IMF is Mercosur's protectionist Common External Tariff (CET), which sets a 13.3% tariff on all goods entering the customs union from non-member countries. The Fund whines that the "real rate of protection" on agricultural goods is actually 30%, and almost 80% for the auto industry, and complains bitterly about other protectionist and anti-dumping measures. It insists that Mercosur take unilateral measures to "liberalize and rationalize its regime of imports, and strengthen its competitiveness."

## **Argentine Religious Leaders Confront IMF Chief**

International Monetary Fund Executive Director Horst Koehler got an earful from Argentine religious leaders, when he met with them on June 28 in Buenos Aires. Several Roman Catholic bishops joined the president of the Federation of Evangelical Churches, the head of the AMIA Jewish Social Welfare agency, and a leader of the Islamic community, to blast the IMF's policy of foisting an "immoral debt" on Argentina. Monsignor Jorge Casaretto, head of the Caritas charity agency, told the Fund's Director that the "common good" had been trampled on by "corporative interests" in Argentina. When Koehler blathered something about the need for "ethics," Monsignor Casaretto sharply replied, "What moral support do those countries have which now demand ethical attitudes from us?" referring to the U.S. invasion of Iraq.

Monsignor Agustin Radrizzani added that human solidarity was ignored, when numerous loans "multiplied the foreign debt," which he called "immoral." With the "abusive" interest rates the country had to pay, he said, the debt "was paid, many times over." This unnerved Koehler, who had expected the religious leaders to offer self-criticism, and he defensively asked what they had been doing when the policy of "convertibility" (the peso-dollar peg) was voted up. Several of the leaders charged that Koehler was "confusing our roles ... you're speaking to us as if we were officials, but we represent the victims!" After Koehler mumbled something about the "great defect" of Argentines, the Evangelical leader asked "Why did you lend to someone who you knew couldn't pay?" It can be concluded, he said, that the purpose was to "create an unpayable debt to subject the debtor to permanent tribute."

## **Transparency International Gains Another Post in Argentina**

Argentine President Nestor Kirchner's nominee for the Supreme Court, Eugenio Zaffaroni, is an operative of Prince Philip's anti-government hit squad, Transparency International. A criminologist close to Luis Moreno Ocampo, the anti-military Chairman of Transparency International for Latin America and the Caribbean, who headed the prosecution team against nationalist Col. Mohamed Ali Seineldin in 1991, Zaffaroni is a proponent of drug legalization, as well as of a parliamentary system. He was a key figure in the sweeping 1997-98 "reform" of the Buenos Aires provincial police, which privatized security functions, and dismantled the Peronist political-machine-based police institution. Zaffaroni's police reform in Buenos Aires province was a security-stripping operation, supposedly aimed at eliminating the police's "military thinking," which ultimately left the province vulnerable to the crime wave resulting from IMF-provoked economic collapse.

Zaffaroni is slated to replace Julio Nazareno, who resigned as President of the Supreme Court at the end of June. Nazareno faces fraud and corruption charges.

## **Garzon Seeks Anti-Sovereignty Precedent with Argentina**

Spanish Judge Baltazar Garzon, the proponent of an "international justice" system who made a name for himself in the prosecution of former Chilean dictator Augusto Pinochet, has officially resubmitted his request for the extradition to Spain of 46 Argentine military officers accused of human-rights violations. Spanish lawyer Carlos Slepoy, one of Baltazar's associates, made the announcement July 8, and said that Garzon wants to put the accused officers on trial in Madrid, because they acted as "repressors" during the time Argentina's 1976-83 military junta was in power. Additionally, he imposed "preventive embargoes" of the officers' assets in the amount of 2.6 million euros, to be offered in compensation to the families of the officers' alleged victims.

In 2000, Garzon had made the same request for the 46 officers' extradition, but it was rejected at that time by the government of Fernando de la Rúa. This time, however, the Kirchner government appears willing to play ball. Deputy Foreign Minister Jorge Taiana reported that President Kirchner will overturn Decree 1581, which mandated the Foreign Ministry to reject all extradition requests related to crimes committed "on national territory or locations subject to national jurisdiction," as soon as an extradition request comes in for Argentine officers to appear in foreign courts for human rights violations. Kirchner's Foreign Minister Rafael Bielsa, who was part of the "anti-corruption" apparatus in the failed Frepaso government of 1999-2001, and spent time in Italy studying the "Clean Hands" operation there, has said that any human-rights crime "not tried in Argentina, will be tried abroad."

Garzon and the other participants in this operation have made clear their intent is to use the Argentine cases, to set precedents which establish a de facto "international justice," overriding sovereignty. On the weekend of June 28-29, an Argentinian, Ricardo Cavallo, was extradited from Mexico to Spain, to be tried in Garzon's court, for alleged human-rights violations committed in Argentina in the 1970s. A lawyer with George Soros's Human Rights Watch, Reed Brody, celebrated that Garzon-initiated extradition as "the first time ever that one country has extradited a person to another country, to stand trial for human-rights crimes that happened in a third."

## **Western European News Digest**

### **Italian Senator Demands Italy Back LaRouche's New Bretton Woods**

On July 9, Italian Senator Oskar Peterlini intervened on the floor of the Italian Senate to demand that the Italian government adopt U.S. economist and Democratic Party Presidential pre-candidate Lyndon LaRouche's call for a New Bretton Woods financial economic reorganization of the world monetary system. During the afternoon session, Senator Peterlini, a member of the Senate "Autonomies Group," and the first signer of the motion demanding a New Bretton Woods initiative, intervened to ask the Senate presidency to speed up the procedure to discuss and vote the motion. The Senate was in full session to debate and vote on crucial and strongly controversial laws regarding the future structure of *RAI*, the national TV network.

### **Main Missionary Press in Rome Endorses LaRouche's New Bretton Woods**

On July 10, the Rome, Italy-based *Misna*, the most important Roman Catholic press agency, providing news and analysis for all missions and missionaries worldwide, endorsed Lyndon LaRouche's call for a New Bretton Woods financial reorganization. *Misna* is associated particularly with the so-called "Missionaries of Monsignor Comboni," the *combiniani*,

which produces daily bulletins in English, French, and Italian languages.

Monsignor Daniel Comboni, who founded this religious order in the 19th century, was a strong fighter against colonialism, slavery, and racism, particularly in Africa. Pope John Paul II has initiated the procedure for his canonization.

The endorsement of LaRouche's New Bretton Woods was written by the agency director, Father Giulio Albanese, and published in the *Misna* bulletin back on March 12, 2003, before the Iraq war. The note is titled "We need a new Bretton Woods, not a preventive war."

### **Clare Short Calls on Tony Blair To Step Down**

In an interview for GMTV's *Sunday Programme* of July 12, former British International Development Secretary Clare Short renewed her calls for the resignation of the British Prime Minister Tony Blair for his role in using false information to win approval for the Iraq war. Short said Blair saw himself as "a kind of higher mortal than the rest of us" when he was taking decisions on Iraq.

"I'm sure he's convinced that what he did was right, but I'm also sure that he fooled the country in a series of ways, in a way that's intolerable when it's a matter of war and peace and human beings' lives and the future of a country." Short added, "There's two good years until the next election. We'll see how this plays out. I think the best solution for Tony would be if he planned to move on before it gets ever nastier."

Blair is under investigation by a government commission for his role in spreading false information.

### **German Social Democratic MPs Warn of Hedge Fund Threat**

On July 8, Social Democratic Party (SPD) Parliamentarians in Germany warned that hedge funds could threaten the financial system. The statements came just before German Finance Minister Hans Eichel was to announce that hedge funds, so far illegal in Germany, should finally be allowed to operate freely in Germany beginning next year. This announcement is part of the "Investment Modernizing Legislature" that Eichel is presenting.

The German daily *Sueddeutsche Zeitung* interviewed several SPD Parliamentarians on July 8, who vehemently attacked Eichel's plans. As the *SZ* summarizes, SPD representatives in the German Bundestag "warn that hedge funds could destabilize the entire financial system, as in the case of the multibillion-dollar bankruptcy of the American risk fund LTCM."

Most outspoken is SPD economics expert Sigrid Skarpelis-Sperk. She notes that in contrast to the views of the Finance Ministry, it will turn out to be impossible to effectively supervise the hedge funds: "They live from high-risk business and they just cannot be controlled by financial supervisors like a bank." The collapse of a hedge fund could have very severe implications for big German banks, including the Landesbanken. At that point, central bankers would be forced to provide billions of euros, and Finance Ministries worldwide would suffer billions of euros of income-tax revenue losses.

### **Italian Finance Minister on EU's Historic Economic Moment**

Italian Finance Minister Tremonti addressed the European Union's Monetary and Finance Committee in Brussels on July 8, where he explained that today "there is something more and different," an "intensity of crisis" which demands not only reforms, but also public investments. In order not to violate the rules of the EU's Stability Pact, Tremonti said, Italy has proposed to enhance the role of the European Investment Bank.

"We are in a historical moment in which we have no state policies any more, and we do not yet have a European policy," he said, rejecting the idea of financing European infrastructure with a European bond. "European debt, European budget, European superstate, no thanks," Tremonti said.

## **Berlusconi's Party Divided Over Tremonti Plan**

Italian Prime Minister Silvio Berlusconi's Forza Italia Party is split down the middle on the Tremonti Plan, a well-placed insider has told *EIW's* associates in Europe. On one side, there is Tremonti's "neo-Colbertist" faction, supported by Berlusconi himself. On the other side, the free-market faction led by Defense Minister Antonio Martino and Industry Minister Antonio Marzano, two economists. Since the Forza Italia was completely built on a liberal ideology, an open debate on Tremonti's neo-Colbertism would destroy the party. Therefore, they have decided to avoid any such discussion and, the source said, neo-Colbertism will be carried out, but they will say that it is "the most coherent demonstration of our liberal platform."

The Italian government, the source added, is also presenting the "positive importance" of the Tremonti Plan to the United States. If Berlusconi said what he said in Strasbourg, on the collapse of the financial markets and the destruction of financial values, this means that he thinks that the system has failed. But without the United States, a reorganization of the system is impossible. The source, who recently visited the U.S., stressed Berlusconi's personal relationship with Bush, adding that they support Powell and consider Rumsfeld an idiot who has created a disaster. However, they are confused on Cheney, whether he is a neo-con by ideology or by money.

On the current situation in Europe and the support for the Tremonti Plan, the source said that they see hostility from the German and French governments, which have been antagonistic toward Berlusconi in the past and remain so.

## **European Transport Ministers Agree on 18 Priority Projects**

On July 10, European Transport Ministers meeting as part of the European Commission, announced agreement on 18 cross-border projects, focussed in particular on reconnecting Western Europe with the new European Union members in the East. On June 30, the "High-Level Group" on the trans-European transport network (TEN-T) released its report on new priorities for upgrading European transport infrastructure.

The "High-Level Group" is chaired by Karel van Miert, the former European Commissioner in charge of transport, and works under the umbrella of the Transport and Energy section of the European Commission, headed by Loyola de Palacio.

The just-released report, often referred to as the "Van Miert report," runs parallel to the efforts by the Italian government, offered by Finance Minister Tremonti. While the Tremonti Plan is much more ambitious in terms of total investment volumes and new financing schemes, the Van Miert report represents the minimum consensus of the European governments on re-starting the Trans-European infrastructure program.

## **Return of Stasi Informer Files a Troubling Gift**

After years of negotiating, the United States has belatedly completed the return of copies of the so-called "Rosenholz File" with information on more than 50,000 agents and (mostly) informants of former East German intelligence (the Stasi). Forty thousand of these are former citizens of the East German state, who took part in one or another kind of operation, from disinformation to espionage, from information to courier operations.

The "Rosenholz" file, named after the CIA operation which stole these files during the turbulent weeks of the collapse of the East German regime at the end of 1989/early 1990, before West German agencies could get access, is of special value: It contains many hints of the real names of agents and informants, who are only known now under their cover names. It cannot be ruled out that one or another prominent person or persons in today's reunified Germany may be identified now, but also the mere prospect of such identification, is a threat and has been a threat for the past 12 years. There is also a question whether the returned files are complete, since, initially, the U.S. declined access to the files to German officials, claiming U.S. national security.

## **Historian Abhors Idea of a World Shaped by Carl Schmitt**

Octogenarian English historian Eric Hobsbawm, in an interview in the July 10 issue of *Die Zeit*, speaks of a transformation process, over the past 25 years, "away from a Western-oriented world, towards one that is Asian-oriented. In the West, even in the USA, the economy has hardly grown, at least in comparison with the East. The gravitation center of the economy is shifting towards Asia." The Americans respond to this trend with brute force, he says.

"The USA show all signs of megalomania, throwing the experience of diplomacy into the waste bin," Hobsbawm says, warning against an "imperialism of human rights" promoted by the United States. He adds, later on in the interview, that he is puzzled by the fact "that the ideas of the law expert Carl Schmitt are a great intellectual platform for Rumsfeld's advisers. Imagine a world governed along the standards of Schmitt. Not a very tempting prospect."

Hobsbawm has been called the "leading theoretician" of the now-defunct British Communist Party. He is also respected in academic circles around the world as an historian.

## **Die Zeit Slanders LaRouche in Defense of Leo Strauss**

Two weeks after an excellent essay against the Straussians by Heinrich-August Winkler, another *Die Zeit* author, Richard Herzinger, tries to repair the damage, with a rather incoherent attempt to defend the Straussians. The real Carl Schmitt epigones are not in the Bush Administration, but among those "national revolutionaries" like Alain de Benoist, who attack the USA from Europe, Herzinger claims—also taking a swipe at William Pfaff, a regular columnist in the *International Herald Tribune*. Granted, Leo Strauss was an "il-liberal" mind, opposed to the modern era, Herzinger writes, but to claim that he motivated the neo-cons in their war designs is off the mark.

"Since also the polit-sect of the longtime American conspiracy theorist Lyndon LaRouche—which in Germany runs a branch under the name Buergerrechtsbewegung Solidaritaet—has jumped on the theme and mobilizes against an alleged master plan of the Straussians for world domination, the blossoming creation of legends around the neo-cons threatens to turn into obscurantism, anti-Semitic connotations included," Herzinger writes. Reporting on Pat Buchanan's charges against "Jewish lobby" impact on the White House, *Die Zeit* then tries to link LaRouche to that spectrum of U.S. right-wing politics, in a grotesque fallacy of composition.

## **Swiss Gnomes Defend Strauss, Slander LaRouche**

The Swiss weekly *Weltwoche*, in its issue No. 28, slandered Lyndon LaRouche in a one-page article in defense of Leo Strauss, on foul (but revealing) grounds that the pros and cons of the ongoing international debate allegedly "distract" from the Straussian world, which the *Weltwoche* finds "fascinating."

"Even professional conspiracy theoreticians like Lyndon LaRouche," the weekly writes, "who has spent several years in jail for fraud and has run as a candidate for the U.S. Presidential elections innumerable times, smelled blood and have placed

wild, anti-Semitic concoctions in the Internet."

## Russia and Central Asia News Digest

### Russian President's Malaysia Trip Cancelled After Bombing

"In connection with the tragic consequences of the terrorist act in Moscow, which took the lives of Russian citizens, the President of the Russian Federation has decided to cancel his planned foreign visit," the Kremlin said in a statement July 6, the day after two suicide bombers killed 16 people at a concert in Moscow. President Vladimir Putin had been scheduled to fly to Uzbekistan on July 6, and then to visit Malaysia, where he was to have signed three agreements—two programs for cooperation in science, technology and communications, and a \$900-million deal to supply 18 Sukhoi fighter aircraft.

### Putin Sees Malaysia as Bridge to Asia and Ally in Struggle for Multipolar World

Forced to postpone his planned visit to Malaysia because of the recent grave Moscow terrorist incident, President Vladimir Putin nevertheless presented his views to Malaysians through a July 8 interview with senior *New Straits Times* editor/correspondent Hardev Kaur. In it, Putin vehemently opposed the concept of "clash of civilizations," saying that he believes that slogan "is a dangerous one. We are human beings and only after that are we of different religions, congregations, races, etc. If we look around at every one of us, there is more that unites us than divides us. So, the implementation of our foreign and domestic policy should be based on human values. Of course, there are people who do not want to admit that and use reasons like religion for their own political goals."

On the United Nations, Putin said: "We believe that the only universal organization that can solve issues of a global nature is the UN. The world is changing and the UN should change with the world if it wants to be effective. But it will be a great mistake to destroy this great organization. Humanity has no other organization of similar character."

Concerning bilateral Russian-Malaysian issues, Putin said: "Cooperation in high-tech and aerospace. We have a number of deals under consideration. We are looking into cooperation not only in the military area and in military aircraft but also in civil aviation. Space exploration is another area. The possibility of a joint flight with the participation of a Malaysian astronaut is being considered. Cooperation in energy is another area. There are areas of mutual interest which take into account Malaysia's very good standards in the production of electronics, especially of home electronic products. At the same time, we should think of creating the conditions and the necessary prerequisites for investments both in Malaysia and in Russia.

"I have outlined the common areas for Malaysia and Russia. It is in these areas and industries that Malaysia can become a bridge for our business activities in the Asia-Pacific region."

Moreover, Russia appreciates very much that "Malaysian leaders strictly abide by the rules of international law and take into account the interests of its partners. I believe that it is a necessary framework for the positive development not only for Malaysia's bilateral relations with other countries but also for the formation of a new and necessary world order for the 21st century."

### Franco-Russian Security Talks and Aerospace Agreements

French Foreign Minister Dominique de Villepin and Defense Minister Michele Alliot-Marie arrived in Moscow July 7 for the second session of the Franco-Russian Security Council, as well as other high-level talks. The session focussed on the strategic situation in the wake of the Iraq war, and plans for expanded cooperation at the United Nations and in other

international institutions.

Leading representatives of the French and Russian aerospace industry signed two agreements during the visit: one on a broad range of research and development in aircraft and space technologies; another on the joint development of a prototype for a fifth-generation fighter aircraft. Further agreements, such as on the projected EU-Russian space launch site at Kourou, French Guiana, are in the making.

## **Moscow on Alert After Suicide Bombings**

The July 5 blasts that killed 16 people and wounded over 60, occurred at the gates of the Tushino Airfield rock music festival, held each summer in Russia's capital. The two female suicide bombers were in the process of being turned away at the entrance to the airfield, when they detonated their explosive devices. A third explosive device was found nearby and defused by police. On July 9, a Chechen woman was arrested while trying to detonate a bomb outside a restaurant on Tverskaya-Yamskaya Boulevard, a major Moscow thoroughfare. A policeman died attempting to defuse those explosives.

Russian Interior Minister Boris Gryzlov said his agency believes a ring of Chechen suicide bombers is now active in the Russian capital. The Moscow attacks followed a series of suicide bombings in Chechnya, and came less than a day after Russian President Vladimir Putin announced that Presidential elections would be held in Chechnya on Oct. 5.

## **Putin Holds Conference on Economy, Amid Yukos Scandal**

On July 10, President Putin convened a meeting of representatives of political parties and organizations, legislative bodies and regional administrations. The guests included leaders of major groups in the State Duma, such as Communist Party Deputy chairman Vasili Kuptsov, Yabloko chairman Grigori Yavlinsky, and Union of Right Forces leader Boris Nemtsov—some of whom hurried back from vacation to attend the session. Also present were members of the government and of the presidium of the State Council, including prominent regional governors like Aman Tuleyev of Kemerovo Province, and heads of public organizations, including Arkadi Volsky, leader of the Russian Union of Industrialists and Entrepreneurs (RUIE).

The official agenda was "three major topics" emphasized in Putin's annual message to the Federal Assembly in May: how to double Russia's GDP, how to end poverty in the country, and how to modernize the Armed Forces. Hanging over the meeting was the shadow of dramatic events around the major oil company, Yukos, and its parent company, Menatep. Yukos partner Platon Lebedev had been arrested a week earlier, in a Prosecutor General's investigation of the allegedly illegal acquisition of a mineral company in 1994; Yukos chief Mikhail Khodorkovsky has been questioned in that case and on tax matters, being investigated in parallel; so have the corporate leaders of Yukos' prospective merger partner, Sibneft; and, the latest raid on the company, by armed police who seized records at Yukos offices in Moscow, took place while Putin's meeting on the economy was under way.

Putin made no explicit mention of the Yukos case, neither in his opening remarks, nor during the discussion behind closed doors, according to those present. He did say, "A society split into small groups according to their narrow interests, is incapable of concentrating on the implementation of major national projects. Not to mention solving large-scale strategic tasks. But those are what the country is facing." According to sources in the meeting, the President alluded to the use of "extraordinary repressive measures in solving economic problems" as "incorrect," but also said that "basic Constitutional standards" must be fiercely defended. These formulations left uncertainty about where Putin stands on the Yukos investigations. *Izvestia's* July 12 commentary said that, by all reports from the meeting, "Putin preferred not to become the public arbiter in this new conflict between big business and law enforcement."

Putin reportedly spoke very little during the session, but asked each participant to speak, and took notes. He announced the

creation of a "compact working group," under his aide Igor Shuvalov, to address the matters at on the agenda.

Volsky handed the President a letter from the RUIE, the entrepreneurs' organization, described as an appeal to preserve stability in the country. Reports prior to the meeting suggested that RUIE member Khodorkovsky had drafted the letter as a demand for the President to intervene and stop the persecution of Yukos, but that was not publicly confirmed. Volsky did speak up to say that the behavior of Russian law enforcement "does not correspond to international legal practice: In economic investigations, persons are usually arrested after evidence is found against them, rather than before."

## **Yukos Scandals Breed Turmoil**

The Russian Trading System stock index ended the week down 10%, the slide being led by the shares of Yukos Oil, which is under investigation. On July 8, Prime Minister Mikhail Kasyanov spoke out on the Yukos raids, saying that the arrest of Menatep executive Platon Lebedev was "an excessive measure," although any economic crimes should be investigated thoroughly. Earlier, Deputy Premier Viktor Khristenko said he hoped the legal situation around Yukos would be cleared up swiftly, in order that the economy not be damaged.

On July 10, Minister of Economic Development and Trade German Gref issued assurances that the investigation of how Menatep acquired the Apatit company in 1994, did not mean there will be a full-scale "revision" of 1990s privatizations. The same day, U.S. Ambassador Alexander Vershbow officially demanded an explanation of the Yukos affair from the Russian government. Speaking to *Interfax*, Vershbow hinted that such investigations could wreck the U.S.-Russian bilateral business climate (Khodorkovsky is a big promoter of Russian oil exports to the United States) and the investment climate of Russia in general.

Most agitated about the raids, arrests, and investigations is the Russian press. *Nezavisimaya Gazeta* headlined that Yukos had been attacked by "the werewolves in epaulets"—the epithet for a network of high-ranking police in Moscow arrested recently for running a protection racket. *Izvestia* suggested it was a maneuver by Russian oilmen, especially from the state-owned Rosneft firm, to block the power of Jewish oil magnates like Khodorkovsky. Dozens of analysts in the media are expounding Khodorkovsky's own interpretation of the events, namely, as reflecting a power struggle within the President's staff.

## **CPRF Punts on Electoral Coalition Proposal**

A plenary session of the Communist Party of the Russian Federation (CPRF) Central Committee, held June 26, decided against taking up a formal proposal for greatly expanding the electoral coalition, the People's Patriotic Union, of which it is the leading component. The proposal had come from Sergei Glazyev, co-chairman of the Union, who is a leading CPRF vote-getter, though not a member of that party. It was co-signed by prominent CPRF activists, including Gen. Viktor Ilyukhin. Glazyev has been campaigning for an effective opposition coalition in this December's Duma elections, saying it should be prepared to wield power and guide the country, not just to protest.

After the CPRF punted, the daily *Nezavisimaya Gazeta* carried a story about alleged Kremlin attempts to recruit Glazyev to a controlled opposition alliance, including various patriotic and religious-oriented parties, but not the CP. The supposed goal would be to peel away up to 10% of the CPRF vote. On July 8, however, Glazyev said in an interview to *Tovarishch* press agency, that he had no intention of "joining a coalition with the People's Party" (of Gennadi Raikov)—mentioned by *NG*—because the latter is part of the "party of power."

## **Mideast News Digest**

## **Turkish Military Chief Condemns U.S. Over Arrests**

Turkish Chief of Staff Gen. Hilmi Ozkok said on July 9 that the U.S. arrest of 11 Turkish soldiers had developed into "a major crisis of trust between the Turkish and U.S. armed forces." Speaking to reporters in Ankara, he said that Turkey and the United States would soon launch a joint investigation into the incident: "We attach great importance to Turkish-American diplomatic and armed forces' relations, but there's something that's as important as these relations. That is our national honor and the honor of the Turkish Armed Forces." He added, "I don't think this is U.S. Armed Forces policy, but I have great difficulty in seeing it as a local event."

U.S. troops from the 173rd Airborne took the Turkish forces into custody over an alleged plot to harm Iraqi Kurdish civilian officials in Kurdish-controlled Northern Iraq. Turkey has denied any such plot. The U.S. military had been holding a total of 24 people—the 11 Turkish soldiers and 13 Iraqi office staff members and security guards—Turkish officials said.

There was great anger in the streets in Ankara and Istanbul over the incident, and Turkish media almost universally condemned the arrests as an insult to Turkish pride and a long alliance with Washington.

The 11 soldiers were returned by helicopter from Baghdad on July 7 to their base in the northern Iraqi town of Sulaymaniyah. The arrests led to a weekend of intense negotiations between Ankara and Washington as the Turkish government sought the men's release. Prime Minister Recep Erdogan spoke to U.S. Vice President Dick Cheney, and Secretary of State Colin Powell called Foreign Minister Abdullah Gul. Erdogan called the arrests a "totally ugly incident," and a "tasteless and ugly event."

Lyndon LaRouche had been in Turkey for an official political visit June 13-18, which undoubtedly caused great consternation among the Chickenhawk faction of the Bush Administration, starting with Cheney, Rumsfeld, and Wolfowitz.

## **Turkish Warn U.S.: You Will Be Losers in Rift**

As a first response to the humiliating U.S. treatment of 11 arrested Turkish soldiers in northern Iraq, Turkey has decided to launch sanctions against the American troops, according to July 9 Turkish government news wire reports. For the time being, the U.S. troops in northern Iraq are not permitted to continue logistical support through the road at Harbur, at the Turkish-Iraqi border.

This, say statements coming from the Turkish general staff, is a "grave crisis" that won't be solved easily. After a phone discussion on July 7 between U.S. Vice President Cheney and Turkish Prime Minister Erdogan, NATO Supreme Allied Commander for Europe (SACEUR) U.S. General James Jones (USMC) was dispatched to Ankara the following day, to talk to government and military leaders.

Foreign Minister Abdullah Gul warned the Americans to be aware that, whereas Turkey would certainly suffer damage from a protracted U.S.-Turkish crisis, the main loser would undoubtedly be the Americans themselves.

## **Morale Among U.S. Troops in Iraq Near 'Rock Bottom'**

The *Christian Science Monitor* reported on July 7 that morale among U.S. troops in Iraq is hitting rock bottom, and frustrated troops in Iraq are writing letters to their Congressmen to request their units be repatriated. "Most soldiers would empty their bank accounts just for a plane ticket home," one wrote, while an officer from the Army's 3rd Infantry Division in Iraq acknowledged, "Make no mistake, the level of morale for most soldiers that I've seen has hit rock bottom."

The U.S. Army is warning of the impact of multiple deployments worldwide, which could lead to a rash of departures from the service. U.S. Central Command is to submit its proposal on troop requirements and troop rotation by mid-July. Meanwhile, the Army is undertaking a study to examine the impact of the pace of operations on the mental health of soldiers and families. Colonel Charles Hoge, who is leading a survey of 5-10,000 soldiers for Walter Reed Institute, told the *Monitor*, "The cumulative effect of these work hours and deployment and training are big issues, and soldiers are concerned about it."

The open-endedness of deployments is lowering morale among troops and reducing confidence in leadership. One soldier wrote to Congress: "The way we have been treated and the continuous lies told to our families back home has devastated us all."

An estimated 9,000 troops from the 3rd Infantry Division, most of whom deployed for at least six months and some for more than a year—have been waiting for several weeks, without a mission, to return to the United States. In another Army unit, an officer described the troops' state of mind: "They vent to anyone who will listen. They write letters, they cry, they yell. Many of them walk around looking visibly tired and depressed.... We feel like pawns in a game that we have no voice."

### **Baghdad Resistance Now 'Guerrilla-Style Urban Combat'**

The *Washington Post*, in a long front-page story on July 8, reported that Baghdad resistance is now "guerrilla-style urban combat," that has moved from the dark to daylight attacks, in a pattern that is crippling the fighting capacity of U.S. troops. The now-daily attacks use the urban landscape for concealment and flight, and are frustrating and frightening U.S. forces in Baghdad, many of whom have to drive through the city in open-sided Humvees, stand in front of government buildings, and walk through public places every day. "Sure, we have our flak jackets and our helmets—and we're always on the lookout for suspicious activity. But the depressing thing is that there's not a whole lot we really can do about those guys who are determined to try to kill us. If we've got somebody firing at us from a bus stop across the street, you can't automatically open fire on them," said one soldier. "And you don't always want to chase them in a Humvee."

U.S. commanders sought to avoid urban combat in the war, by relying on air strikes and a strategy of drawing the Iraqi Army outside Baghdad. Now, unpredictable guerrilla-style attacks are a daily feature of patrol. The attackers have become bolder, often striking in broad daylight. But they are also more selective in their targeting: Instead of attacking large, armed convoys, they now plant homemade bombs where foot soldiers patrol, or attack convoys of light vehicles and catch victims off-guard with random, point-blank shootings in public places.

U.S. troops say they are not surprised by the increasing attacks or the displays of anger among Iraqis. "They're getting tired of us," said James McNeely, a member of the D.C. National Guard. "Wouldn't you be mad if they invaded your country?"

### **Sen. Brownback Peddles Iran Democracy Bill**

On July 7, Sen. Sam Brownback (R-Kans) announced that he would be introducing an amendment to the State Department Authorization bill, a legislation called "The Iran Democracy Act," which would set as U.S. policy "to support democracy in Iran" and provide grants to private radio and TV stations that broadcast into Iran. The next afternoon, Brownback spoke to a rally of 300-400 Iranians on the West Front of the Capitol Building promising to put his support behind pro-democracy efforts in Iran, and heaping praise on President Bush for his policy towards Iran and on the student protesters on Tehran. Interestingly enough, as far as this reporter could see, none of the demonstrators had signs proclaiming support of the Mujaheddin e Khalq, designated by the State Department as a terrorist organization, nor the closely associated National Council of Resistance in Iran, unlike in the weeks after the disarming of the MeK forces in Iraq, when MeK supporters

demonstrated openly on Capitol Hill. Later in the week, the Brownback amendment was added to the Senate Authorization bill by a voice vote majority.

## **Kurd Leaders Demanding Oil and Cash for Continued Support**

In an unusual op ed in the *New York Times*, July 9, Jalal Talabani of the PUK and Massoud Barzani of the KDP express their full support for U.S. operations in Iraq, and confidence in a florid future. They play down the guerrilla warfare as a limited phenomenon, attributed to small numbers of Saddam loyalists.

The central issue of the op ed, however, was what they want from the U.S. now, starting with money: "One simple way to improve the economy in our part of Iraq, Kurdistan, is to ensure that the Kurds receive the money allocated to them by the United Nations oil-for-food program. It is a scandal that \$4 billion destined for the Kurds sits, unused, in a United Nations-controlled French bank account because of past obstruction by Saddam Hussein and the present incompetence of the United Nations bureaucracy. The delays by the United Nations are particularly frustrating because of rules that require the money to go into a general Iraqi development fund if it isn't spent by October. We have repeatedly sought assurances from the coalition that this money will not be lost to Iraqi Kurdistan. So far, the coalition response has been unclear."

What would they use the money for? "Just a small fraction of the oil-for-food money would finance the return of many of those who were evicted, and pay for the decent resettlement of the Arabs who took over the land." They say they have been "counselling patience" to the Kurds, Assyrians, and Turkmen who want to return, and have prevented "the chaos of a flood of displaced families trying to return home." "This patience, however, is not infinite."

The other item on their list of demands, is that a federal system in Iraq be set up, "a balanced system of government with considerable local autonomy and a sovereign, federal center." Then: "The first building blocks of Iraqi federalism and democracy have already been laid in Iraqi Kurdistan." This is due to the 12 years of the no-fly zone, protected by U.S.-U.K. aircraft.

## **Sharon Summoned to White House for July Meeting**

Israeli Prime Minister Ariel Sharon will come to Washington to meet President George W. Bush during the month of July—instead of September—report government sources in Washington and Israel. While the Israelis are planning to use the meeting to force Bush to lift the pressure on them to implement the Road Map measures, intelligence sources in Washington told *EIW* that Bush is concerned about Sharon's failure to move the peace process forward, and will continue to pressure both sides.

Meanwhile, the neo-conservative cabal around Vice President Dick Cheney wants to drop the Road Map entirely, and is working closely with rightwing Zionist organizations, and Christian fundamentalists to try to create a "popular uprising" in the U.S. against the plan.

## **Israel Escalates Threats on Iranian Nuclear Program**

Iran's confirmation that it has tested a ballistic missile with a range reaching to Israel, reinforces fears that the regime in Tehran represents the biggest threat to the Jewish state since the downfall of Saddam Hussein. Israel said it was "very concerned" after Iran confirmed it had conducted a final test of its Shahab-3 medium-range ballistic missile, capable of hitting Israeli territory. "We are very concerned, especially since we know that Iran is seeking to acquire the nuclear weapon," government spokesman Avi Pazner told *AFP* on July 7. "We informed our American and European friends of our concern. Everything must be done to prevent Iran from acquiring the nuclear weapon. The combination of the Shahab-3

and the nuclear weapon would be a very serious threat on the stability of the region," he added.

Iran earlier confirmed it had conducted a final test of its Shahab-3, with a range of 1,300 kilometers (810 miles), and reportedly can carry a warhead of 700-1,000 kilograms (1,540-2,200 pounds). Israel warned against the "Iranian threat" in May 2002, following Iran's previous test of the Shahab-3.

According to the Israeli daily *Ha'aretz*, Israeli Chief of Staff Moshe Ya'alon will discuss the issue when he visits Washington in mid-July. "The latest tests of the Shahab-3 confirm the concerns Israel had over the development of Iran's ballistic arsenal and fears over its intentions," Israeli analyst Mark Heller told *AFP*. "The real danger lies in the development of its nuclear program and Israel relies mainly on the United States to deal with this threat," said Heller, from the Jaffee Center for Strategic Studies in Tel Aviv. Analyst Shai Feldman said, "The Iranian test is worrying because it proves that Iran is developing missiles capable of firing arms of mass destruction on distant targets."

Both commentators nevertheless ruled out the possibility that Israel would make a preemptive strike on Iran's nuclear facilities, like its 1981 air raid against the Iraqi Osirak nuclear plant. "The operational conditions are not the same. Iran has learnt lessons from Osirak. Its nuclear facilities, such as missile-launchers, are buried deep inside Iranian territory and scattered over a wide area," Heller pointed out. Feldman explained, "The geostrategic situation in the region has completely changed, with the presence of U.S. troops in Iraq. And the international community is more concerned with the Iranian nuclear threat than it was with the Iraqi program."

Since Saddam Hussein's regime fell on April 9, Iran—which U.S. President George W. Bush described in his 2002 State of the Union address as forming part of an "axis of evil" with Iraq and North Korea—has become the Jewish state's enemy number one.

## Asia News Digest

### Republican Congressman Curt Weldon Issues Proposal for Peace in the Koreas

Congressman Curt Weldon (R-Pa) issued a press release this week suggesting a peace plan for North and South Korea, following his visit there as leader of a delegation of six Congressmen who visited North Korea between May 30 and June 2. The visit was the first in five years to North Korea, and Weldon reported "goodwill" from the senior leaders they met there. However, Weldon said that the sticking point to reaching a peaceful solution was the Bush Administration's "trying to have regime change, one by one," around the world.

Weldon's two-step plan for peace begins with a one-year non-aggression pact between the U.S. and the DPRK (The Democratic People's Republic of Korea—the North); a renunciation by the DPRK of their nuclear weapons program, with full inspections; and North Korea rejoining the Non Proliferation Treaty. Step one also has the six nations of the Korean Peace Coalition (the Koreas, the U.S., Japan, China, and Russia) negotiate a comprehensive security and economic program, at \$3-5 billion per year in assistance to the North for 10 years, mostly from Japan and South Korea; and U.S. recognition of the DPRK.

The second stage makes these arrangements permanent, and adds issues such as the release of the Japanese kidnap victims, solving human rights issues, and broad cooperation between the U.S. and the DPRK economically and scientifically.

Weldon's release quotes the DPRK leaders extensively and respectfully on their fears of U.S. intentions, including the U.S. nuclear threat, requiring in their view a nuclear deterrence. Weldon warns that the current U.S. policy of confrontation could bring near-term disaster. The criticism of the Bush Administration's "regime change" policy is all the more

interesting since Weldon is a senior member of Bush's political party, from the populous state of Pennsylvania.

## **Neo-Con John Bolton Called for Piracy Against North Korea**

Neo-conservative Chickenhawk John Bolton, the U.S. Undersecretary of State for Arms Control, again issued a provocation against North Korea, while he was in Australia attending the second meeting of the "Proliferation Security Initiative," an organization which launched its first meeting last month in Spain. The stated purpose of the PSI, a grouping that is independent of the United Nations, is to discuss means of stopping the proliferation of weapons of mass destruction—with North Korea the primary target.

But Bolton, one of Dick Cheney's raving Chickenhawks who pushes the policy of U.S. unilateral, preemptive military action on many fronts, used the occasion to advocate "preemptive piracy" against North Korea. In an interview with *The Australian* on July 8, Bolton said that there already existed cases in which the 11 members of the PSI group may *ignore* international laws against acts of piracy, which prohibit the stopping of ships in international waters. Bolton told the newspaper that countries can intercept ships in international waters if they have no flag (i.e., are sailing as pirates themselves); if they are flying a "flag of convenience" from a third country which gives their permission to stop the ship; or under a "general right to self-defense" if there were a "serious belief" that the North Korean vessel was carrying weapons of mass destruction—i.e., a neo-con justification for "preemptive piracy"!

Despite Australian Prime Minister John Howard's usual dedication to serving as the U.S. "deputy sheriff" in Asia, the Australian government rejected Bolton's line. But both the U.S. and Australia are trying to get the UN to change international law, to allow such piracy.

## **South Korean President Roh Visits China**

The leaders of China and South Korea on July 7 pledged new efforts to resolve the standoff over North Korea's nuclear program. Chinese President Hu Jintao and South Korean President Roh Moo-hyun spoke to reporters after closed-door talks in Beijing. "We must open up channels between all concerned parties as soon as possible," Roh said. "And in order to reach a consensus, all sides need to make relentless efforts."

"We want to avoid the situation getting out of hand, so we need to deepen our efforts to make a breakthrough," Hu said, also underlining China's support for North Korea's repeated calls for a guarantee from the United States that it will not be attacked. "At the same time we think we must earnestly consider the security concerns of North Korea," Hu said. "This is our principal position."

## **Bush Discussed Six-Power Plan for North Korea With Putin**

In a telephone call with Russian President Vladimir Putin July 3, President George W. Bush requested Putin's views on the Six Power framework for resolving North Korea's nuclear problems, which Moscow has been promoting, so that talks would also include Russia. Bush sought Russia's support and understanding in resolving the North's nuclear standoff, reiterating that the dispute must be settled diplomatically under a multilateral framework, according to South Korean radio.

## **Joint Development Between North and South Korea Proceeds**

Working-level officials from South and North Korea agreed July 4 to conduct two separate field surveys in the North Korean sectors of two cross-border railways, to design their signal, communications, and power systems. Work will begin on the western Kyongui Line July 15-17 and the eastern Donghae line July 22-24. The agreement was reached at the end of

talks July 2-4 at the South Korean town of Munsan, just south of the truce village of Panmunjom. Ministerial meetings will begin July 9.

## **Former UNSCOM Chief Butler Wants Australian PM, Others To Resign Over Iraq War**

Former Ambassador Richard Butler, the Australian diplomat who was heading the United Nations' first Iraq weapons inspection team, UNSCOM, when it was called back from inspections in December 1998, has called for the resignations of Australian Prime Minister John Howard, Defense Minister Robert Hill, and Foreign Minister Alexander Downer. According to the July 13 edition of *The Age*, Butler made the statement at conference called the Festival of Ideas, in Adelaide, Australia, this week, and lambasted the government sending "young Australians overseas to kill and be killed," and then admitting "they made the decisions on information [about Iraqi WMD] that was false." Butler said that the explanation of the Ministers that "they did not know" the information is false is "unacceptable."

On July 8, *The Age* also reported that serious doubts about whether Iraq was developing nuclear weapons were communicated to Australia months before Prime Minister John Howard repeated the claim in Parliament, according to a former United States official. Greg Theilmann, who headed the strategic proliferation section at the State Department's Bureau of Intelligence and Research in 2000-02, said the U.S. State Department and Energy Department had both challenged CIA advice suggesting Iraq had reconstituted its nuclear weapons program.

"(The) dissenting views would not have been a secret to the Australian Government," said Theilmann to *The Age*. "If the Prime Minister was reaching the conclusion that Iraq had reconstituted its nuclear weapons program, which in our office was one of the biggest issues of all, well, we saw no evidence," he said. Addressing Parliament on Feb. 4 this year, Howard cited a CIA intelligence analysis saying that Iraq was reconstituting its nuclear weapons program. He also cited British intelligence on the Niger "yellow cake" story.

Theilmann said that intelligence material used to support these claims had been rejected by his office, including claims about Iraq purchasing aluminum tubes. "We did not buy the CIA interpretation," said Theilmann. "We agreed with the Department of Energy, who were the U.S. experts on centrifuge technology, who said that this was not for the nuclear weapons program."

## **Dr. Mahathir Hits False Teachings in Islam**

Malaysia's Prime Minister Dr. Mahathir addressed an 800-person international conference of Islamic scholars July 9, telling his audience that their prayers to Allah to save Iraqi Muslims, their country, and other Muslims went unanswered, not because Allah had abandoned them, but because they had allowed themselves to heed false teachings, which kept them behind the developed world.

As an example, Dr. Mahathir pointed out that Palestinian suicide bombers were regarded by many Muslims as martyrs, but "no merit is accorded to the people who study science, mathematics, engineering, etc., which are essential for building the defense capabilities of Muslim countries."

While criticizing the West's linking of Islam and terrorism, Mahathir said: "Our salvation will not be achieved by blindly killing innocent people. Rather we should plan and execute a long-term development plan to excel in all fields." He said today's Muslims are "very confused and divided" and unable to cope with changes in the world. "Some apparently believe that only by recreating the way of life 1,400 years ago (the time of the Prophet) can they become true Muslims." Instead, the great progress in the sciences of earlier eras in Muslim history has been lost.

## White-Collar Terrorism

*The Straits Times* published July 10 an analysis of Jemaah Islamiyah (JI) recruits, showing a pattern of recruitment of professionals from prestigious universities, including medical doctors, engineers, lecturers and other middle-class, white-collar professionals, as well members of the armed forces.

Among the three members arrested in Singapore on June 10 for a supposed JI plot to bomb embassies and tourist spots in Thailand was a medical doctor, Waemahad Wae-dao. Near the top of the list of the most-wanted terrorists in the region is Prof. Azahari Husin, a bomb-making expert who earned a doctorate from Reading University in England, and was part of the geoinformation science and engineering faculty at Universiti Teknologi Malaysia, in Johor, until his links to militancy became known last year. He has been at large ever since. Investigations into the Bali bombings have shown that he trained some of those suspected of that attack.

Earlier this year a retired Malaysian lieutenant-colonel, who was suspected of being a member of a sleeper cell of al-Qaeda, Abdul Manaf Kamsuri, had won three merit awards from Britain's acclaimed Sandhurst Military Academy! Then he took a nine-month stint in Bosnia-Herzegovina, as a member of the United Nations Protection Force. Kamsuri was soon in touch with militant groups in Bosnia. He was arrested in February this year, the *Associated Press* reported.

## CSIS/Asia Society Expert Counters Administration's Rosy Picture of Iraq War

Lyll Breckon of the Center for Naval Analysis (CNA) in Washington, responding to an off-the-record presentation by an Administration official, said "Contrary to the government position, the war in Iraq is not over—as can be seen in the occupation—and the impact on Southeast Asia is not over either." Breckon said that the radical and terrorist organizations in Southeast Asia are motivated not by ideology, but by ethnic, religious, and cultural differences in their countries, although there has been some interaction with international terrorist organizations.

The Iraq war has made it extremely difficult for the moderate Islamic forces to contain the radicals, and it has become a liability to be seen as working with the United States. The Indonesian police, promoted by the U.S. to counter the influence of the military, are being seen as *suspect* precisely because of their U.S. ties (the police just published a book on the investigation into the Bali bombing with a picture on the cover of the Police Chief shaking hands with the U.S. Ambassador), Breckon said, while leading scholars are turning down Fulbright scholarships to the U.S. because of the view that the U.S. is waging a war on Islam.

## Japan Offers Support to Indonesian Infrastructure

The Japanese Chamber of Commerce and Industry (Keidanren) offered Japanese support in improving the poor state of Indonesian infrastructure, reported the *Jakarta Post* on July 10. This highlighted the 17th Indonesia-Japan Joint Economic Committee Meeting on July 9, in which some 40 Japanese business leaders and members of the Indonesian Chamber of Commerce and Industry (Kadin) participated.

Chairman of Indonesia-Japan Economic Committee (IJEC) Tadashi Okamura, who is also president of electronics giant Toshiba Corp., and the president of PT Sumitomo Indonesia (and chairman of the Jakarta Japan Club), Takafumi Sone, said that upgrading infrastructure facilities such as roads, ports, and the electricity and communications systems were crucial. They pointed to Tanjung Priok (Indonesia's main international port), and said the Japanese government is ready to finance the needed improvements. Japan is the largest foreign investor in Indonesia.

Indonesian Coordinating Minister for the Economy Dorodjatun Kuntjoro-Jakti, who opened the meeting, acknowledged

that improving the infrastructure facilities was now high on the government agenda, after long neglect due to the 1997-98 crisis. President Megawati Sukarnoputri is scheduled to relaunch on July 10 a number of huge infrastructure projects stalled during the crisis, including toll road and power projects.

## Africa News Digest

### Bush Visits Africa

The centerpiece of President George Bush's tour of Africa was his visit to South Africa, because of its weight on the continent. John Stremlau, an expert in international relations at Witwatersrand University, Johannesburg, wrote—before Bush's arrival—a column titled, "Mbeki Has the Edge in Talks With Bush" (*Business Day* July 8). And perhaps he did.

South African President Thabo Mbeki appears to have obtained Bush's acquiescence in his approach to Zimbabwe—persuasion without threats—in the course of a four-hour private discussion. (Later, in Botswana, Bush criticized "bad governance" in Zimbabwe, adding, "Therefore we will continue to speak out for democracy in Zimbabwe.") This news was followed the next day by Zimbabwe opposition leader Morgan Tsvangirai asking for the resumption of talks with the government that he broke off weeks ago in favor of an attempted mass strike.

Mbeki and others shaped the environment of Bush's visit in significant ways. In an interview with *CNN* just hours before Bush's arrival in the evening of July 8, Mbeki criticized the Bush Administration's approach to Zimbabwe, saying of Colin Powell's June 24 op-ed in the *New York Times*, "I don't think it was well-advised to give the impression of directing what South Africa should do."

Mbeki, instead of meeting Bush in person, sent his Foreign Minister to meet Bush and his entourage at the airport.

An article by Mbeki challenging progressive political forces to dump free-market ideology, appeared in the *Guardian* (U.K.) on July 9, the day Mbeki and Bush met.

The ruling African National Congress party—that is, Mbeki's party—sponsored a demonstration of 2,000 persons in Pretoria July 9, protesting Bush's visit, that marched to the U.S. embassy. Demos were also held in major cities.

Indian warships were present at Maputo, Mozambique, South Africa's neighbor, for the African Union (AU) summit of July 9 to 12, at Mozambican President Joaquim Chissano's request; they projected an image of a continent with friends in the East. No such demonstration of friendly force was ever associated with a summit of the AU's predecessor, the Organization of African States.

In Uganda, regarding the last decade of genocide and warfare in the Great Lakes region, Bush praised President Yoweri Museveni in these words: "And your country... is strategically located in the heart of Africa. And therefore, you're drawn into a lot of disputes. And you've done an excellent job of using your prestige and your position to help resolve those disputes. And we—I will continue to work with you to bring peace on the continent." Because Museveni has been, in fact, a major figure contributing to a decade of genocide and war, Bush's offer of help is chilling.

Aspects of President Bush's visit to Africa are reported in more detail in some of the following stories.

### Bush Appears To Support Mbeki's Approach to Zimbabwe

In Pretoria, President Bush praised Mbeki for his diplomatic efforts to assist neighboring Zimbabwe, saying, "The intention was never to second-guess President Mbeki's tactics. The U.S. supports him in his quest." On the same subject, Mbeki said: "We are of one mind that there is an urgent need to address the problems facing Zimbabwe.... Ultimately, though, the principal responsibility for Zimbabwe lies with the people there." In this same joint press conference, the two addressed the Liberia situation, with Bush suggesting that U.S. aid may consist mostly of advisers and trainers: "We won't overextend our troops, period." Mbeki said, "We need a lot of support, logistics-wise and so on." He added that the military burden in Liberian peacekeeping "really ought to principally fall on us as Africans." With these words, Mbeki became the first African leader and world leader—at least publicly—to oppose the proposal that the U.S. should lead a largely African peacekeeping force in Liberia.

### **Mbeki: Powell Should Not Tell South Africa What To Do**

Mbeki criticized Colin Powell July 8 on the issue of Zimbabwe. Referring to Powell's attack—in a June 24 op-ed in the *New York Times*—on South Africa's "quiet diplomacy" over Zimbabwe, Mbeki told *CNN's* Charlayne Hunter-Gault: "It came as a bit of surprise." Mbeki added that South Africa had been in constant contact with Zimbabwe over the African initiative to secure a peaceful transition. "They [the Bush Administration] are familiar with what we are doing," he said, adding that Foreign Minister Nkosazana Dlamini-Zuma had been in regular touch with her American counterpart. "But I don't think it was well-advised to give the impression of directing what South Africa should do," Mbeki said, referring to the Powell op-ed. Mbeki went on to welcome the offer of the U.S. government to eventually provide economic assistance for the reconstruction of Zimbabwe, once the Zimbabweans had worked out their current crisis.

Mbeki recalled the meeting he had with Bush in Austin, Texas in 2000, before Bush became President; he said that Bush made commitments at that time to Africa's development, and that he thought Bush has been consistent in "wanting" to carry through on them.

On Iraq, Mbeki said he and Bush simply don't agree, but "that doesn't mean that we go to war with each other."

### **Mbeki: Progressives Must Break with Free-Market Economics**

President Mbeki dropped a bomb on free-market economics in an op-ed in the *Guardian* (U.K.) on July 9—during Bush's visit. Mbeki's article is entitled, "The Icy Ideological Grip," and carries this teaser: "If progressive politics is to have any meaning, it must start from the reality that you can't overcome global poverty through reliance on the market." Mbeki reviews the internal logic of the free market dogma and its conclusion that "the market" must be given free rein. But, he says, "To ... have any real meaning, progressive politics has to disagree with these propositions.... Do the progressive politicians have the courage to challenge this injunction?"

He points to the practice of the European Union of setting aside "structural funds" for the poorest European regions, precisely because they cannot develop through the market. "If poor regions within the EU need 'structural funds,' how shall the far greater need of Africa be met? The progressive politicians must... [recover] their historic character as champions of the poor, and break the icy ideological grip of rightwing politics. The African masses are watching and waiting."

Raenette Taljaard, finance spokesman for South Africa's neoliberal party, the Democratic Alliance (DA), said that it was incomprehensible that Mbeki should have this article published on the day of Bush's visit.

### **African Union Stands by Mugabe**

Speaking at the African Union (AU) summit in Maputo, Mozambique, July 10, Zimbabwe Foreign Minister Stan Mudenge

said that the AU had maintained its stance, after a closed-door session July 8, that it would hold no meetings with the European Union on development issues if it excluded Zimbabwe.

## **New AU Chairman Is in Pan-African, Dirigist Tradition**

Former Mali President Alpha Oumar Konare was elected Chairman of the Commission of the African Union (AU) at its summit in Maputo July 10. Konare will be responsible for day-to-day leadership of the AU. Leading governments, including Egypt, Libya, South Africa, Nigeria, and Senegal, reportedly decided in favor of Konare beforehand, and brought most of the lesser countries with them. South African President Thabo Mbeki is said to have backed him. Mozambique's President Joaquim Chissano succeeds Mbeki in the AU rotating Presidency.

African politicians had stressed the need for a candidate with enough clout to resolve conflicts; Konare is seen as able to speak to heads of state as an equal.

Konare was influenced by the outlook of his mentor, the father of Mali's independence, Modibo Keita, a militant pan-Africanist and socialist. As Mali's President in the 1960s, Keita was "viscerally anti-colonialist, but not anti-French," according to the Modibo Keita website. But he did break relations with France and orient toward the Soviet Union. De Gaulle said that he was "the only head of state before whom people were not obliged to bow their heads in speaking to him."

Konare served as elected President of Mali from 1992 until 2002. According to *SAPA*, Konare's reputation as a leftist did not hurt his relations with "France, Libya [sic], and the U.S." during his Presidency. He holds a doctorate in archaeology from Warsaw University.

## **German MPs Tell Uganda, Rwanda To End Covert Role in Congo**

Uganda and Rwanda are still supporting Congolese rebels and must desist for the sake of peace, German MPs said in a visit to Uganda. Dr. Friedbert Pflueger, a CDU MP and foreign policy spokesman of the German Parliament, told the Speaker of the Ugandan Parliament, Edward Ssekandi, that Uganda and Rwanda are still supporting Congolese militia in the Ituri region. Ssekandi, who met with the German MPs July 9, denied that Uganda is still offering support to the Congolese rebels and militia. Ssekandi claimed: "Our troops were withdrawn from Congo. Maybe it is some individuals but not the government."

Pflueger, accompanied by Ruck Christian, a CSU MP, said in a speech to the Ugandan Parliament that Germany had received convincing intelligence from diplomats and journalists that Uganda is supporting Congolese militias. "Our voters are asking why Germany for the first time has sent its soldiers to keep peace in Africa by assisting the French in Congo, yet Uganda and Rwanda are undermining those efforts," Pflueger said.

On July 8, the two parliamentarians met with Rwandan President Paul Kagame and delivered the same message.

## **With Oil Discovery, Oil Multis May Fuel Congo Conflict**

A new Human Rights Watch report blames Uganda and Rwanda for the Ituri violence in the Democratic Republic of Congo, and warns that the discovery of oil in the Semliki Valley, an area straddling the border between Uganda and Ituri (in DR Congo), could keep the conflict going with the involvement of powerful international corporations. Bunia is in this area. The 57-page report, titled "Covered in Blood—Ethnically Targeted Violence," was released in New York July 8. The report says: "In 2002 agents of the company [Heritage Oil] started to make contact with local chiefs in Ituri, including

several Burasi as well as Chief Kahwa of Mandro." The report notes that in addition to its contract with the DR Congo government, Heritage Oil "maintains close links with Ugandan authorities." The report claims there are ten armed political groups in Ituri. "Since 1998 most of these groups have at one point or another been armed, trained or politically supported by the Ugandan authorities. Uganda has played a major role in launching or support at least five of these groups."

*EIR* identified the dirty operations in Africa of Heritage Oil and Gas, in combination with the Privy Council-connected mercenary firm, Executive Outcomes, in its Jan. 31, 1997 issue. Anthony Buckingham heads both.

### **'Diamond Pat' Robertson Defends Liberian President Taylor**

In recent broadcasts of his 700 Club, televangelist Pat Robertson openly defended Liberia's Charles Taylor—his business partner in the "blood diamond" trade—as a "freely elected" "fellow Baptist" who is being overthrown by U.S. State Department fanatics who are out to install a radical Muslim regime in his place. "What Robertson has not discussed in these broadcasts is his financial interests in Liberia," the *Washington Post* reported July 10. Robertson was exposed by the *Washington Post's* Colbert King in 2001, for his diamond and gold dealings in Liberia, in partnership with Taylor. Richard Land, head of the Southern Baptist Convention, told the *Post*, "I would say Pat Robertson is way out on his own, in a leaking life raft, on this one."

Sources have told *EIR* the prospect of President Bush sending 1,000 American peacekeepers to Liberia to oversee the transition from Taylor to a new government, is tied to Robertson's business interests there. "Rather than leave the situation solely in the hands of the French, the President is prepared to send in American troops, to assure that Robertson's interests are not damaged," the source claimed. Bush and Karl Rove are said to want to keep the Christian fundamentalists happy, at the same time that the President pushes ahead with the Israel-Palestine peace process, a line in the sand issue for the Christian Zionists. Helping Robertson keep his hands in the dirty diamond business in Liberia and Sierra Leone may be a cheap way to buy off a portion of the evangelical crowd.

### **Collapse of Cote D'Ivoire Unity Government Averted**

In Cote D'Ivoire, the collapse of the government of national reconciliation, and a return to opposing armed camps, was barely averted July 2. The rebel movements (aka "the New Forces")—which have been participating in the government—went back to their demand that the defense and security portfolios must be given to them. They also have demanded the dissolution of partisan militias. President Laurent Gbagbo had filled the two posts with interim appointees months ago and left the issue unresolved.

The New Forces declared a "state of emergency" June 30 and declined to participate in the upcoming disarmament process. They were prepared to order their respective cabinet ministers to return to the territory they control, unless the two ministries were assigned to them.

These threats were triggered when pro-Gbagbo militant youth, opposed to concessions to the New Forces, attempted to lynch Communications Minister Guillaume Soro on June 27. Soro is the ranking leader of the MPCCI ex-rebels in the government. Pro-Gbagbo student leader Charles Ble Goude called the attempted lynching "a non-event" June 30. He has been accused of orchestrating it.

The military chief of staff of the New Forces told *IRIN* July 2 that "The UN Security Council has given us reassurances on our various demands." The Council asked the New Forces to propose alternative names for the defense and security posts.

### **U.S. Covert Counter-Terrorism Operation Planned for Africa**

The U.S. is planning a covert counter-terrorism operation in Africa, possibly for use in Sudan, according to *Stratfor*. The Crisis Watch web site of Fundacio CIDOB, included the following in a July 4 report on continuing rebel operations in Sudan: "While there is no unequivocal evidence of links between the rebels and al-Qaeda, Washington is, according to *Stratfor*, planning a covert counter-terrorism operation in Africa, possibly in Sudan. The base of operations would be Djibouti, where a combined joint taskforce-Horn of Africa was created in May. The birth of rebel groups in Sudan since the Khartoum government began cooperating with the U.S. has aroused concerns in Washington."

## This Week in History

### July 14-20, 1789

Few schoolchildren, perhaps even in these anti-history days, are unfamiliar with "Bastille Day," the famous occasion on July 14, 1789 when the French mob of Paris stormed the Bastille prison, and set in motion the bloody process called the French Revolution. To this day, July 14 is celebrated in France as a day of liberation. And admirers from around the world, such as the group Dems.com in the U.S. today, frequently join in.

Yet, as a genuine republican holiday, Bastille Day is a fraud! We share here the real history behind that fraud, in an excerpt and précis from an article by Pierre Beaudry, published on Jan. 26, 2001 in *Executive Intelligence Review*. That article celebrated the true French republicans, Jean Sylvain Bailly and the Marquis de Lafayette, whose efforts in coordination with Benjamin Franklin and other American revolutionaries were disrupted and destroyed, by design, by the process set in motion on Bastille Day.

Beaudry wrote of July 14:

"What is not generally known, is that this was not a true revolution, but a counter-revolution, organized from the headquarters of the 'radical writers' club' of Lord Shelburne and Jeremy Bentham, head of intelligence, in England, which orchestrated, with the complicity of Finance Minister Necker, the Duke of Orléans (otherwise known as Philippe Égalité), and Baron Pierre-Victor Besenval, the massacre of the Bastille on July 14, 1789 (see *EIR*, April 21, 2000, p. 64). This in turn spawned the terrorist actions of the Jacobin leaders Jean-Paul Marat, Georges Jacques Danton, and Maximilian Robespierre, and the Reign of Terror. As he reported in his memoirs, Bailly had evidence that Marquis de Launay, the Governor of the Bastille, had opened the doors of the prison to Pierre-Victor, Baron de Besenval of Bronstadt, a Swiss officer, commander of the foreign troops that had invaded Paris, in 1789, and who ordered him to set up, in June of that year, at least two weeks before Bastille Day, 'special artillery platforms for the emplacement of cannons pointed toward the boulevard, Saint-Antoine Place, and the side of the Arsenal.'

"What is also not generally known, is that the Bastille terrorist action was aimed at destroying the heroic actions of Franklin's associates, Bailly and Lafayette, and their efforts to replicate a second American Revolution on the European continent. As such, the Bastille served as a smokescreen to overshadow the solemn Tennis Court Oath of June 20, 1789, which had already demonstrated the true national sovereignty of the National Assembly as a representative government of France. In fact, the event of the *swearing of the oath* represented the culmination of several powerful legislative decisions made by Bailly's National Assembly, which reflected the 'act of constitution' of a National Assembly that established the foundations of a true republic."

What Beaudry documents, beyond doubt, is that Bailly, who was a Leibnizian scientist of astronomy, the first republican mayor of Paris, and the first organizer of the Paris Guard, was actually the founder of the revolutionary National Assembly of France, an Assembly which had dissolved the feudal form of government, and committed itself to republicanism weeks before the Bastille Day event. Yes, Bailly, and Lafayette, were in favor of maintaining the monarchy under France's new

Constitution, but it was not to be an absolute monarchy. The alternative to their proposal was the disastrous manipulation of the street mobs by the oligarchy, which turned the country over to Jacobin mob-rule, in order to better "restore order" through the likes of the dictator Napoleon later on.

The real advance toward an American-style French revolution—based on reason, not blood—came on June 20, 1789, with the swearing of the Tennis Court Oath. Bailly composed the oath for this occasion, which, because the Necker government had locked the door of the official chambers, had to be held at a tennis court located near Versailles. The representatives of the National Assembly unanimously (but one) pronounced the following oath:

"The National Assembly, considering its role in establishing the constitution of the kingdom, in working toward the regeneration of public order, in maintaining the true principles of the monarchy, in assuring that nothing can prevent it from pursuing its deliberation, in whatever place it may be forced to constitute itself, and that, wherever its members may be assembled, there stands the National Assembly,

"Declares that all of the members of this Assembly shall, in a moment, solemnly swear to never depart, and to assemble itself anywhere that circumstances will permit, until the constitution of the kingdom is established, and consolidated on solid grounds; and the said oath being sworn, all of the members, and each in particular, shall confirm this unshakable resolution with their signature."

Yet, this vow was never to be fulfilled, for reasons Beaudry chronicles in his article. Rather than uniting behind a Constitutional monarchy, France was rent into increasingly violent factions, with bloodletting after bloodletting. Not only was the King beheaded, but so was Bailly himself, who returned to Paris knowing well that the radical Jacobins believed "the revolution has no need of scientists," and that he would face a frameup and death.

It's time the myth of Bastille Day be finally buried.

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