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THIS WEEK YOU NEED TO KNOW

THE DLC WANES

Sewers Are Often Suburban

by Lyndon H. LaRouche, Jr.

The following statement was issued by the LaRouche in 2004 Presidential campaign committee on July 29, 2003.

The right-wing Democratic Leadership Council (DLC) with its right-wing suburban twist, is to today's Republican far right what Henry 'Scoop' Jackson's gang was to the frankly racist 'Southern Strategy' of Richard Nixon. Currently that DLC is exerting a ruinous, if waning degree of control over the Democratic National Committee (DNC). Therefore, no one should be surprised that the current polls show little net difference between the candidacy of incumbent President George W. Bush and the pitiful pack of nine DNC-managed rivals for my own 2004 Democratic Presidential nomination. If the Democrats would dump the DLC and its Tweedledee copying of the right-wing rhetoric of Tweedledum Bush, Bush's re-election-campaign would already be trailing hopelessly far behind.

[...more](#)

Latest from LaRouche

LaRouche on the Passing of Graham Lowry: — Graham's Historic Mission

by Lyndon H. LaRouche, Jr. — July 29, 2003

*Longtime LaRouche associate Graham Lowry died July 28 at Georgetown Hospital in the city of his birth, Washington, D.C., after a long illness. Lowry, who would have been 60 in August, was a leader in the LaRouche movement, a member of the National Committee of the International Caucus of Labor Committees, and—a former history professor who had left that career to work with LaRouche—the author (1988) of a seminal work of the history of America leading up to the American Revolution: *How the Nation Was Won: America's Untold Story, Volume I, 1630-1754*.*

A resident of Purcellville, Va., for the last 18 years, Lowry is survived by his wife Pam and twin sons, Colin and Malcolm. What follows is Lyndon LaRouche's thoughts on Lowry's passing.

There are certain facts which must be noted, and said by me, at this time, so that we may seize the unique occasion of this

moment, to mobilize our commitment to what we must do in honor of fallen soldier Graham Lowry's importance for our association. We have in our hands an uncompleted mission, a mission for the benefit of humanity which he set into motion with his unique approach, as a working professional historian, to original researches into the Leibniz roots of the American Revolution of 1776-1789. On that account, I must take this moment to do something for our true patriot and historian Graham which he can no longer do for himself.

Graham has combined a sensitive regard for truth, with the addition of an indispensable, creative, personalized treatment of subject, which marks the distinctively irreplaceably personal mark left by the truly professional truth-seekers among historians. Such historians are the soul of the political intelligence profession, and the indispensable inspiration of the conscience of the true statesman. To serve those ends, the true historian's challenge is to bring past history to life, as it actually was, as such among the greatest Classical dramatists and historians such as Friedrich Schiller did. So, the true historian brings belated justice to the sufferings and achievements of the past. He, or she breathes fresh life into a moment taken from the simultaneity of eternity. As I know of his state of mind from my discussion of this work with Graham himself, his approach in writing his celebrated book, was just that, and this shows in the reading.

The pioneering quality of his work, parallels that begun at a time before Graham defined his project, by the crucial, pioneering, 1970s work of our deceased collaborator Allen Salisbury, by the contributions of the late statesman, freedom fighter, and friend Fred Wills, and by the two projects launched in echo of Allen's work, the parallel undertakings by Graham and Anton Chaitkin. Yet, for more than a decade, the fundamental contributions to American historiography by Graham, and Allen earlier, lay fallow, unfinished, chiefly because of the takeover of the leadership of the organization in the Americas by a turncoat agent of our own association's and the U.S.A.'s avowed Synarchist enemy, Fernando Quijano. The moment for justice on that account has come.

When that Quijano delivered his menacing, fraudulent version of world and American history, at a 1990s conference, Graham, seconded by Chaitkin, had the courage to rise to the occasion to denounce that viciously fraudulent sketch which had been just delivered from the podium. Virtual illiterate Quijano promptly showed his special hatred for Graham's work, just as Quijano had worked similarly in his attempt to discredit the 1970s work of Allen Salisbury. In an especially vicious reaction to Graham's intervention, the same Quijano and his corrupted accomplices, organized a political-lynch-mob effort at a rump meeting called for this purpose, to expel Graham from the National Committee, and to cut Graham out of the organization as much as possible.

As soon as I had the power to do so, years later, I organized the restoration of Graham to his proper position of leadership. Graham then moved to resume his work, as much as his seriously impaired health allowed. Now, only some important fragments of this more recent work survive, but we, Nancy Spannaus and relevant others, shall do our utmost to bring the intended result to completion, for the honor of our association, and for the benefit of mankind.

Graham will have his place in immortality. Thank you, Graham, for being.

LaRouche Responds To Questions from 'Pure Politics'

Presidential candidate Lyndon LaRouche replied on July 27 to the following set of questions submitted by Paige Rohe for PurePolitics.com. The interview has also been posted on the website.

Q: In light of your decades-long struggle against charges of conspiracy by the U.S. government, how do you think this would affect your relationship with the CIA, FBI, and Department of State were you to be elected President?

LaRouche: Already, today, after more than two years of poor George, and with the ongoing U.S. catastrophe in the hot

sands of Iraq, many professionals would be delighted with the change. Others, according to custom, would adjust. A few skunks would discreetly seek employment away from the henhouse. Such is the relevant best available of all possible worlds.

All the documented 1973-89 conspiracies against me, including discovered assassination-plots, came from within, most notably, the U.S. or Soviet governments, were done either under a government which no longer exists, or by powerful financier interests whose power would be much diminished by the mere fact of my election. Most in government have the habit of "going along to get along" with the presently established arrangements of that occasion.

Q: In order to help save what you refer to as a doomed world and national economy, Mr. LaRouche, you recommend removing the international "free trade" hegemony and replacing it with "the promotion of protected hard-commodity international trade, as part of the promotion of a global, long-term economic-recovery effort." [Paige references LaRouche's *Economics: At the End of a Delusion*, which appears on the LaRouche in 2004 campaign website; it was also published in the Feb. 8, 2002 issue of *EIR*—ed.] Could you elaborate on how you will convince Congress and the American people that this plan is in their best interest?

LaRouche: In broad terms, I have several crucial advantages working for me. As FDR had the "advantage" of Hoover's bad performance, I will have, as negative advantages, the support of popular hatred against any prolongation of the presently accelerating effects of a systemic breakdown-crisis of the world's present, floating-exchange-rate monetary-financial system, and the related spectacle of Alan Greenspan fleeing the pages of history in his nightshirt. On the positive side, I would benefit from the combined factors of my published record of unequalled success of more than 30 years as the world's leading long-range economic forecaster, and my position as the first President since Nixon's 1996-68 campaign as actually an advocate of the interests of "the forgotten man," the lower 80% of family-income brackets.

The people will tend to support the President who supports the people; for most Americans today, such as those now watching their social security, power supplies, and health-care evaporate under both recent and current managements, that will be an unusual but gratifying experience.

Q: In addition to resolving the United States' economic problems, could you expound upon your views on your top three domestic issues you will believe are of primary importance to the American people (i.e., adequate health care, crime, the war on terror)?

LaRouche: The customary politics of "what are your issues?" frankly turns my stomach, especially when secondary-school teachers assign their cruelly misinformed charges the task of writing letters to candidates on "Where do you stand on the issues?" I do think, however, that that reflected state of our educational system is a significant issue. A competent occupant of the position of President of the U.S.A. proceeds according a mission-orientation for the performance of his office in his time, as General Douglas MacArthur won that Pacific War which was fought over the greatest area, with the lowest cost of life, by avoiding battles not worth fighting, all in the quickest possible time. MacArthur's whole life was summed up in that one consuming mission of 1941-45. So it goes, as for MacArthur's case, with those qualified U.S. Presidents, who have left their honorable mark on the continuing historical development of our institutions.

The all-subsuming issue is: I am the only visible contender who actually has competently defined, and documented a comprehensive mission for the Presidency, our economy, and our foreign relations, at this juncture of national and world history. The evidence indicates that the single most important issue of the present campaign is, that none of my putative rivals could define a coherent mission-orientation, even if they were willing to try, even if the neo-conservatives now dominating the Democratic National Committee gave them permission to speak. One of the more significant reasons they could not, is that they are so busy ducking, bobbing, and weaving demands for their stated "position on each of the list of issues," that they no longer seem actually to know who they themselves are. (I presume you know the fable of the toad and

the centipede.)

Q: What would be your role as President in promoting national security, in light of the events of Sept. 11, 2001, and the establishment of the office of Homeland Security?

LaRouche: Sept. 11, 2001 was the U.S.A.'s approximation of the Reichstag Fire of February 1933, an incident which was stage-managed by Goering on Hitler's behalf. This was precisely the type of likely risk against which I had warned publicly at the time of George W. Bush's January inauguration. This incident of Sept. 11 brought Vice President Cheney and his neo-conservative rabble to their presently, widely exposed position of power inside the Bush Administration.

I am not a poor dumb bunny like our current George. Although I more than merely suspect that there are some who might wish to do something against my Presidency, as they did against his, I doubt that anyone capable of successfully orchestrating such a stunt would be reckless enough to take the risk of attempting that against my Administration. Had adequate security of the type which had been supposed to be operational on Sept. 11, 2001, been properly functioning, three successive planes could not have done by surprise what was done that day. Maybe the first incident had been barely possible, but not three in an on-line-coordinated, controlled administrative pattern of the type recorded as the pattern on that day.

The cumbersome "Rube Goldberg" of Homeland Defense would have done no good that day, or perhaps any day. Traditional security and law-enforcement vigilance, properly implemented, would be our best possible defense. I do intend to strengthen the relevant intelligence functions, as I have discussed these matters with relevant types of senior professionals to whom I would, once again, turn for advice and related assistance. The lessons of "our Reichstag Fire" will prompt me to ensure that what should have been in place on the morning of Sept. 11, or any comparable future day, will be in place, and functioning, and regularly reviewed for improvements.

Q: Under your Administration what do you foresee the role of the United States will be in the decisions and actions of the United Nations?

LaRouche: The historic interest of our republic, from the beginning, was to prepare the way for a world composed of a community of principle among a system of perfectly sovereign nation-state republics. Broadly, in addition to its vital, primary, Security Council function of enforcing a military doctrine of strategic defense among nations, the UNO is presently the most convenient diplomatic forum within which to promote such a "community of principle," as Secretary of State John Quincy Adams defined that term in his letter advising President Monroe in the matter of the Monroe Doctrine.

Q: In an attempt to bring the readers of PurePolitics.com a more intimate view of the candidates for President, we are asking one question to all, irrelevant of their political campaigns. Mr. LaRouche, what is your favorite flavor of ice cream?

LaRouche: At the moment, lime. Since you brought that subject up, I can imagine the taste of it now!

LaRouche: A Short Definition of Synarchism

"Synarchism" is a name adopted during the Twentieth Century for an occult freemasonic sect, known as the Martinists, based on worship of the tradition of the Emperor Napoleon Bonaparte. During the interval from the early 1920s through 1945, it was officially classed by U.S.A. and other nations' intelligence services under the file name of "Synarchism: Nazi/Communist," so defined because of its deploying simultaneously both ostensibly opposing pro-communist and extreme right-wing forces for encirclement of a targetted government. Twentieth-Century and later fascist movements, like most terrorist movements, are all Synarchist creations.

Synarchism was the central feature of the organization of the fascist governments of Italy, Germany, Spain, and Vichy and Laval France, during that period, and was also spread as a Spanish channel of the Nazi Party, through Mexico, throughout Central and South America. The PAN Party of Mexico was born as an outgrowth of this infiltration. It is typified by the followers of the late Leo Strauss and Alexandre Kojève today.

This occult freemasonic conspiracy, is found among both nominally left-wing and also extreme right-wing factions such as the editorial board of the *Wall Street Journal*, the Mont Pelerin Society, and American Enterprise Institute and Hudson Institute, and the so-called integrist far right inside the Catholic clergy. The underlying authority behind these cults is a contemporary network of private banks of that medieval Venetian model known as *fondi*. The Synarchist Banque Worms conspiracy of the wartime 1940s, is merely typical of the role of such banking interests operating behind sundry fascist governments of that period.

The Synarchists originated in fact among the immediate circles of Napoleon Bonaparte; veteran officers of Napoleon's campaigns spread the cult's practice around the world. G.W.F. Hegel, a passionate admirer of Bonaparte's image as Emperor, was the first to supply a fascist historical doctrine of the state. Nietzsche's writings supplied Hegel's theory the added doctrine of the beast-man-created Dionysiac terror of Twentieth-Century fascist movements and regimes. The most notable fascist ideologues of post-World War II academia are Chicago University's Leo Strauss, who was the inspiration of today's U.S. neo-conservative ideologues, and Strauss's Paris co-thinker Alexandre Kojève.

—Lyndon H. LaRouche, Jr.

Links to articles from *Executive Intelligence Review.**

***Requires Adobe Reader®.**

Feature:

My Unique Role in the Americas

by Lyndon H. LaRouche, Jr.

This statement was released by the LaRouche in 2004 Presidential campaign, on July 30, 2003.

"I report here on certain leading, essential implications of that I report here on certain leading, essential implications of that combatting the ongoing process of attempted obliteration of the republics of Central and South America.

The Synarchist Threat Since 9/11: Why Cheney Must Go

by Jeffrey Steinberg

This presentation was given by telephone on July 26 to a national conference of the Citizens Electoral Councils, the Australian movement of co-thinkers of U.S. Presidential pre-candidate Lyndon LaRouche.

The July 22 pre-planned and flaunted assassinations in Mosul of Saddam Hussein's two sons, violated standing U.S. military policy since World WarII, and constituted the latest evidence of the readiness of Vice President Cheney and Secretary of Defense Rumsfeld to flout all the international conventions of war, to pursue an actually fascist, aggressive war policy.

Economics:

Bond Crash Is Sign of System Bound For Financial Catastrophe

by Lothar Komp

The drive by Presidential pre-candidate Lyndon LaRouche to force Vice President Dick Cheney out of office, aims to end the strategic crisis and put serious actions for economic recovery on the agenda.

In Europe, Maastricht And WTO Under Attack

by Claudio Celani

In a more and more bankrupted European economy, the debate grows for the adoption of the 'neo-Colbertist' policy represented by Italian Finance Minister Giulio Tremonti's 'European Action for Growth' plan. The plan calls for a yearly investment up to 70 billion euros in transnational infrastructure projects, to be carried out through a combination of public funds and state-guaranteed bond issues.

Washington Bushwhacked Argentina's Kirchner

by Cynthia R. Rush

Argentine President Néstor Kirchner's September meeting with George W. Bush was hastily re-arranged for July 23. Kirchner sought support for a strategy he claims will allow his devastated country to emerge from its financial crisis—if only the International Monetary Fund (IMF) would show a little understanding.

International:

Did Cheney and Co. Cook Korea Intelligence, Too?

by Kathy Wolfe

Vice President Dick Cheney, Defense Secretary Donald Rumsfeld, and their neo-conservative theorists have refused to rule out an American military first strike on North Korea, citing allegations of a North Korean nuclear threat. Rumsfeld adviser Richard Perle, of the Defense Policy Board, said on June 13 that Washington 'cannot exclude the kind of surgical strike we saw in 1981,' on Iraq's Osirak nuclear facility, this time by the United States against North Korea (the D.P.R.K.).

Blair Seeking Permanent Refuge in Barbados?

by Mark Burdman

Funeral services were to be held on Aug. 6 for Dr. David Kelly, the leading British expert on Iraqi weapons of mass destruction (WMD), who died of an apparent suicide on July 17. Churches around the country will ring their bells in memorial, and the nation will mourn a man seen as a figure of integrity, driven to his death by Blair government pressures and threats.

Philippines Mutineers Point to the Neo-Cons

by Mike Billington

A few dozen young Filipino military officers (average age, 27) with a few hundred soldiers in support, carried out a rebellious military action on July 27 which has dramatically transformed Philippines politics, and focussed attention on the role of the neo-conservative war party in Washington in corrupting and manipulating the Philippine government and military.

Diaspora Liberians Seek International Intervention

by Uwe Friecke

A conference of Liberians living in Europe called on the international community to intervene with a military stabilization force to end the bloodshed in their war-ravaged country. The conference took place in Doorn, the Netherlands on July 25-27. Conferees also demanded that the international community form a caretaker government for Liberia...

- **Liberian Diaspora Issue Call**

Liberian exile groups and citizens living in Germany, France, Sweden, Britain, and the Netherlands issued the following statement from their July 25-27 Doorn meeting.

Afghan-Pakistan Relations Reach A New Low:Will the Taliban Return?

by Ramtanu Maitra

In several discussions with Pakistani analyst Ahmed Rashid in mid-July, Afghan President Hamid Karzai expressed his deep concern at the hostile posture of the Pakistani troops along the borders of his country. Karzai has also accused Pakistan of carrying out a rampant insurgency within Afghanistan, and has made clear to Pakistan's President Pervez Musharraf that Afghanistan cannot be considered as the 'strategic depth' for the Pakistani Army—a phrase used by the pro-Taliban Pakistani Army officers repeatedly—and that the only way such a strategic depth can be established is through friendship.

National:

Rumsfeld Assassination Policy Violates U.S. Military, Legal Tradition

by Edward Spannaus

At the end of World War II, when the Allies were facing the question of how to deal with Nazi leaders, whose crimes were on a scale far beyond anything attributed to Saddam Hussein or other Iraqi leaders, the majority of the Allies came down foursquare against carrying out summary executions of war criminals after the war, and rather supported the creation of an international tribunal to try top Nazis. This was the consistent position of Franklin D. Roosevelt for the United States, as well as of France's Charles de Gaulle, and the Soviet Union's Josef Stalin.

Cheney Chicanery

by Ray McGovern

Ray McGovern, a co-founder of Veteran Intelligence Professionals for Sanity (VIPS), chaired National Intelligence Estimates (NIEs) and prepared/briefed the President's Daily Brief during his 27-year career at the Central Intelligence Agency. On July 14, VIPS sent a 'Memorandum for the President' to President Bush, urging him to ask for Vice President Cheney's immediate resignation (see EIR, July 25). Asked by the press why VIPS is calling for Cheney's resignation, he answered, "The evidence on Cheney is just simply more comprehensive than the evidence on all the rest of the folks. . . . All the evidence points to him as the prime mover behind this magnificent deception.'

Dr. Dean Is Just What The Banker Ordered

by Anita Gallagher

Have you been fooled again? Taken in by the buzz around the so-called "leftish" former Vermont Gov. Howard Dean, and his *popular* campaign for the Democratic Presidential nomination? Dr. Dean styles himself as the representative of the "Democratic wing of the Democratic Party," and rakes in money from attacks by the right-wing Democratic Leadership Council—the same DLC which Dean himself praised as, "At the beginning ... very good."

- **Howard Dean: Then, and Now**

On Fair Trade/North American Free Trade Agreement

On Nuclear Power

On Cutting Social Security to Balance the Budget

U.S. Economic/Financial News

Senate Republicans Oppose Amtrak Privatization

Criticizing the Administration's plan to dismantle the national passenger rail system, four Senate Republicans—Kay Bailey Hutchison (Tex), Trent Lott (Miss), Conrad Burns (Mont), and Olympia Snowe (Me)—on July 30 introduced a bill to give

Amtrak \$12 billion in Federal funds over the next six years to cover operating expenses, and to issue \$48 billion in Federally backed bonds to pay for repairs and new track construction.

The "American Rail Equity Act" also would:

- * Establish a national passenger rail system from Amtrak's current routes.
- * Create an independent non-profit organization—the Rail Infrastructure Finance Corporation (RIFCO)—to underwrite \$48 billion in U.S. government-backed tax-credit bonds, and to administer a trust fund to repay the bonds over 20 years.
- * Create a rail office at the Department of Transportation to recommend capital projects for funding by the RIFCO.

The four Republican Senators have adopted the motto "National or Nothing," insisting that more money must be devoted to improve and expand Amtrak throughout the nation. Under their proposal, for every dollar in capital funds spent in the Northeast corridor, four dollars would be spent elsewhere. "[W]e have to make up our minds in America: Do we want a national rail passenger system, or not?" Lott said at a press conference.

Lott blasted the Administration's plan that would likely mean the end of most, if not all, long-distance trains. The proposal would break Amtrak into private companies to operate trains and maintain infrastructure, under contract with multi-state compacts, and end Federal subsidies for operating costs, while providing Federal matching grants for capital improvements. "What they have proposed on Amtrak is a total non-starter," Lott said. "It will get the amount of consideration it deserves, which is nothing."

Hutchison said Amtrak could get \$1.4 billion in funding for the fiscal year that starts Oct. 1; the Administration has proposed \$900 million, a level that would shut down all passenger service, warned Amtrak president David Gunn.

Housing Bubble Poised To Burst

The housing market is already declining, and may soon crash, states John Talbott, former Goldman Sachs vice president. *Bloomberg's* special commentary on the "real estate bubble theory" July 28 says that, in spite of Fed chairman Alan Greenspan's claim "that there's no real estate bubble," there is nevertheless evidence that housing prices may be slackening. "A combination of high consumer debt, unemployment, and the flow of hot money back into stocks will trigger a decline in the hottest residential markets. It's time to prepare for the inevitable bursting of the bubble." Applications for new home loans fell 5.4% in the week ending July 18, while rates on 30-year mortgages rose 0.39% to 5.72%, the largest weekly increase since November 2001.

Bloomberg picked up recent statements from Talbott, who this past May published a paperback on *The Coming Crash in the Housing Market: Ten Things You Can Do Now To Protect Your Most Valuable Investment*. Talbott now states that, in 60% of the top 200 U.S. cities, housing prices have already started to decline during the first quarter of 2003. He notes that big efforts are being undertaken to cover up the price declines. As an example, the U.S. national average of home prices was rising at an annual rate of 7% as of March 31, according to the National Association of Realtors. But, if you look only at the last six months, ending March 31, the "national growth rate for existing home prices is almost 0%." In certain markets, home prices have already declined, including Monmouth, Ocean, Middlesex, Somerset, and Hunterdon Counties in New Jersey; the San Francisco Bay area; and Chicago. Talbott calls on homeowners, who cannot escape the price risk of their own home, to at least "get rid of mortgage company stocks and real estate investment trusts in your stock portfolio," and to "sell your second home."

Pension Funds Meltdown Like 1980s S&L Debacle

U.S. pension funds are facing a meltdown, not unlike the 1980s Savings and Loan blowout. Not only are corporate pension plans underfunded by about \$300 billion, but the main insurer of retirement plans—the government-sponsored Pension Benefit Guaranty Corp. (PBGC)—does not have enough assets to pay promised future benefits. On July 23, the U.S. Government Accounting Office designated the PBGC's pension insurance program for large companies as "high risk," calling for "urgent attention" by Congress. PBGC's "single-employer" program, which takes over pension plans that bankrupt firms have defaulted on, but pays only a portion of retirement benefits due to 34 million workers enrolled in private "defined-benefit" plans.

Pension plans, warned U.S. Treasury Secretary John Snow in July, are in danger of a financial meltdown "not unlike" that of the Savings & Loans institutions in 1989. "Defined-benefit plans are under more pressure than at any time in a decade," cautioned Steven Kandarian, PBGC's executive director, adding that the Agency's program could require a "general revenue transfer"—i.e., taxpayer bailout.

As of April, the program's unaudited deficit had soared to an estimated \$5.4 billion—the largest in PBGC history—a marked change from its \$9.7 billion surplus in 2000. The major cause of the deficit, was the massive increase in large underfunded pension plans of bankrupt companies in the steel and airlines sectors, taken over by PBGC. Moreover, PBGC likely faces "additional severe losses," the GAO warned, as the financial weakness of firms increases. The stock market collapse during the past three years, as well as the decline in interest rates, also contributed to the PBGC's insurance program deficit, as many pension plans are invested in stocks.

Under defined-benefit pension plans, companies set aside funds to pay a predetermined monthly stipend to workers upon retirement.

Chicago Bank Lauds Hitler's Economic Policies

Executives of Chicago-based Glenview State Bank apologized after its July newsletter praised Adolf Hitler as the only leader during the 1930s who revived his country's economy, while others such as U.S. President Franklin Roosevelt could not, according to the *Chicago Sun-Times* July 30. Hitler was praised for leading "German workers to work harder than anyone else in Europe," by instilling confidence in them.

This "isolated economic analysis," wrote officials, was not meant to glorify the broader consequences of Hitler's monstrous rule. "We did not intend to offend anyone. Please forgive us for this mistake." The newsletter, written by bank president Dave Raub, has been removed from the bank's website.

"The Great Depression of the 1930s saw falling prices, staggering unemployment, and shattered stock markets all over the world, and the world's leading statesmen seemed helpless to defeat it. Except for one," the newsletter read.

"His name was Adolf Hitler. Unlike France and Britain, and unlike the United States, Germany spent most of the 1930s growing economically, not declining. If we can understand why Depression-era Germany resisted the disease, we may better understand how alarmed we should be today in the 21st century."

Hundreds of Thousands Dropped From Labor Force

U.S. payrolls fell by 44,000 in July, while massaged unemployment shrank to 6.2%, as hundreds of thousands of workers were dropped from the labor force, the U.S. Labor Department reported Aug. 1. The official unemployment rate slid to

6.2% in July, from 6.4% in June, according to the Department of Labor's household survey, as the number of unemployed workers declined by 296,000 to 9.06 million. But, those who had been unemployed did not find jobs; rather, they were dropped from the labor force. Employment actually *fell* by 260,000; while the so-called "not in the labor force" category rose by 794,000.

The number of non-farm payroll jobs fell by 44,000 in July, bringing the total number of jobs lost since January to 486,000. Manufacturing was especially hard-hit, losing 71,000 jobs (with larger-than-usual seasonal shutdowns of automobile plants for retooling), including 56,000 production jobs. Manufacturing has lost jobs every month since July 2000. Overall, goods-producing employment fell in July by 67,000, while services gained 23,000 jobs.

Mis-Fortune 500 Companies Cease Operations; Slash More Jobs

***Pillowtex**, a major textile and home fashions manufacturer said it is shutting down, closing its 16 plants and terminating 6,450 jobs, blaming a "severe liquidity crisis." Economic conditions had made it impossible to operate profitably, said officials of the Kannapolis, N.C.-based maker of towels, sheets, and other home furnishings. Pillowtex, which had emerged from bankruptcy in May 2002, said it will file for a second Chapter 11 bankruptcy "as soon as practicable," and sell off its assets. Also facing unemployment are an additional 1,200 employees who are helping with bankruptcy proceedings and employee communications.

Workers were told that they have no health insurance, effective immediately; moreover, they will not be paid for work done in the past few weeks, according to a 38-year Pillowtex employee.

The textile giant was facing a July 31 debt payment to its lenders, led by Bank of America.

***Kistler Aerospace**, which has been working to develop the world's first unmanned, fully reusable satellite-launching vehicle, also filed for Chapter 11 bankruptcy. The Washington state-based company, founded in 1993, had debts totaling more than \$500 million.

***May Department Stores** said it will close 32 upscale Lord & Taylor stores nationwide, including all three stores in Atlanta, eliminating 3,700 jobs.

***Verizon Communications**, the largest U.S. local phone company, and split-off from AT&T Bell system, expects to eliminate 4-5,000 more jobs this year, in order to reduce costs amid falling demand. During the past year, Verizon has dropped 18,000 workers.

***VF Jeanswear**, the maker of Wrangler jeans, plans to cut more than 1,800 jobs in August and September, as it closes plants in Oklahoma and North Carolina. Since November 2001, the subsidiary has axed 11,000 jobs—35% of its workforce.

U.S. Treasury Borrowing Soars to Record High as Tax Receipts Plunge

The U.S. Treasury announced plans July 28 to borrow \$104 billion during July-September—one-third higher than its previous estimate—to finance the growing Federal budget deficit, officially projected at \$455 billion for the year. The increase in borrowing, up from \$76 billion estimated by Treasury in April, was blamed on lower than expected income tax receipts, and higher spending. During October-December, Treasury expects to borrow (by selling notes and bonds) a record \$126 billion. This would bring total Federal borrowing to \$230 billion for the second half of 2003.

GDP 'Growth' in 2nd Quarter Due to Big Increase in Defense Spending

Phony U.S. Gross Domestic Product rose by 2.4% in the second quarter, the Commerce Department reported July 31, thanks to a 44% increase in defense spending—even as the U.S. Treasury borrowed \$60 billion (even with April income tax receipts) to help finance the growing budget deficit, now estimated at \$455 billion for the year, excluding costs for the Iraq occupation. During April-June, the Commerce Department's fraudulent monetarist GDP grew by \$89 billion, inflated by the hedonic "quality adjustment," with \$45.6 billion due to increased Federal defense spending; but, at the same time, exports of goods and services fell by 3.1%. The whopping increase in defense spending, the biggest since the Korean War, came even as Boeing slashed thousands more jobs. Which raises the question: How much of the rise in defense spending was borrowed money?

Bankrupt States Blamed for Failed Economic 'Recovery'

In a front-page story titled, "Red Ink in States Beginning To Hurt Economic Recovery," the *New York Times* July 28 posits that "the states [have become] a net minus for the national economy," due to their multibillion-dollar budget crises. Why? Because now that revenues have fallen so drastically, and with states cutting spending and laying off workers, their surplus coffers of the 1990s no longer exist, and so states have become a drain on the national economy. Without this inconvenience, "the economy would probably be growing" at 3% per year, "enough to create jobs rather than eliminate them." The *Times* acknowledges that the "slowing" of the states' economic activity is due to a "sharp drop in state tax revenue," but fails to point to the cause of the collapse of these revenues, i.e., the looting of the real physical economy, to feed the consumer bubble economy.

Not covered by the *Times* is the magnitude and nature of the continuing revenue collapse. As *EIR* has reported, national average personal income tax (PIT) revenues into states' coffers, declined from 2001 to 2002, by -12%. For example: California (-25.6%), Massachusetts (-18.5%), Vermont (-16.6%), New York (-14.3%), New Jersey (-13.8%), and Connecticut (-13.7%). The 2003 data are not yet tallied, but these too plummeted.

World Economic News

Brazil Auto Workers 'Prepare for War' vs. Industry Layoffs

Brazilian Volkswagen workers will strike against job cuts, after the company announced plans to lay off 3,933 workers at its Sao Bernardo and Taubete plants, *Folha de Sao Paulo* reported July 23. The workers voted to "prepare themselves for war" at a July 22 meeting of the Metalworkers' ABC union, charging that the company is violating job stability contracts that are supposed to remain in effect until 2006.

In Sao Jose dos Campos, meanwhile, General Motors has laid off 450 workers, but many expect that figure to go higher. Auto companies say they have huge inventories, and must fire "surplus" workers, because there is no demand for new cars. Industry Minister Luiz Furlan has spoken of the need for emergency measures to help auto firms reduce their inventories (tax reductions on cars, for example), but indicated that any program of this type would have to be approved by Finance Minister Antonio Palocci, who is known to oppose them. Renault also recently announced that it is "losing a lot of money" in Brazil, and that at present, "sees no way out" of the situation.

Beijing-Shanghai Maglev Still in the Running

The Transrapid Beijing-Shanghai Maglev project still has a good chance of going ahead, the German daily *Die Welt* reported July 29. The report noted that the German maglev was supported by former Prime Minister Zhu Rongji, who was

also the former Mayor of Shanghai. Since Zhu left office in spring 2003, the Transrapid has been criticized by supporters of traditional railway systems within the Chinese Railway Ministry. This culminated in the announcement by the Ministry in early July that a decision on the technology—either Transrapid maglev, or high-speed rail like Japan's Shinkansen, or France's TGV—for the 1,300-km Beijing-Shanghai route would most likely be made before September, and that there was a 90% chance that China would opt for the Japanese Shinkansen.

The reaction, however, was a storm of protest inside China, clearly mixed with anti-Japanese sentiments. On July 10, the Chinese government announced that there would be no near-term decision. Nevertheless, an Internet-based initiative called "10,000 signatures against the use of the Shinkansen on the high-speed railway line from Shanghai to Beijing" was formed, and now has attracted more than 80,000 participants. The web page was named after the date of the Japanese invasion (www.1931-9-18.org).

Meanwhile, delegations from Tokyo are arriving in Beijing, trying to convince the Chinese government to use the Shinkansen. But Chinese Prime Minister Wen Jiabao has, for the first time, has directly intervened in the debate, saying there is no need for an immediate decision. Instead, he called on all the relevant institutions "to collect assessments from all sides, to make scientific comparisons, to draw conclusions, and to come up with detailed plans."

And influential government advisers, like scientists He Zuoxiu and Yan Luguang in Beijing, are backing the widespread use of maglev technology for the giant project of building a nationwide high-speed rail network. "We are thinking in terms of 50-year development," stated He Zuoxiu. Therefore, he said, we should carefully think through our policies and not rush to immediate decisions. "The Transrapid is not at all obsolete," he said.

United States News Digest

One Neo-Con Head Rolls! Poindexter Resigns Over Terrorism Futures

Admiral John M. Poindexter, the Cheneyite flack most recently associated with a plan to sell futures on terrorist acts, resigned in scandal July 31, after the plan was exposed July 28 by Democratic Senators Byron Dorgan of North Dakota and Ron Wyden of Oregon.

According to highly informed sources in the Washington intelligence community, the plan was instantly killed by Republicans after it became public, because the full details would reveal a massive "Big Brother" police-state database on Americans being put together under the cover of this program. After Dorgan and Wyden called the plan to public attention, Senate Republicans Armed Services Committee Chairman John Warner (Va.), Intelligence Committee Chairman Pat Roberts (Kans.), and Appropriations Committee Chairman Ted Stevens (Ak.), conferred and said that they all agreed "that this should be immediately disestablished." Warner said he then spoke to DARPA head Tony Tether, "and we mutually agreed that this thing should be stopped."

Intelligence sources says that Warner's statement that DARPA "didn't think through the full ramifications of the program...." was a thin cover story. What is true is that the head of DARPA moved instantly to "stop all engines on this matter."

The plan was nothing less than the Pentagon setting up an "assassination and coup" derivatives market. The design was for an electronic futures exchange, called the Policy Analysis Market, to allow traders to place bets that events such as assassinations and coups would occur in the Middle East. The market would be funded by the Defense Advanced Research Projects Agency (DARPA) and directed through Adm. John Poindexter's Information Awareness Office, run by a California Institute of Technology offshoot and use data from the Economist's Intelligence Unit. The "market" was loosely

based on the Iowa Electronic Markets, which uses a similar method to predict U.S. election results and Federal Reserve decisions.

According to the *Wall Street Journal*: "Here's how it would work. Traders could purchase one-year futures contracts that would assess possible economic, civil, and military events in Egypt, Jordan, Iran, Iraq, Israel, Saudi Arabia, Syria, and Turkey. As benchmarks of how well or poorly a country is faring, traders can nominate specific events, such as the overthrow of the King of Jordan or the assassination of Yasser Arafat. The contracts would set a specific date by which the event must occur, and traders would buy and sell based on what they think will happen. One example cited on the project's website: The U.S. will recognize Palestine in the first quarter of 2005."

Circles in Washington believe that this can now be the occasion to clean out the vipers' nest of Iran-Contra convicted criminals—including Elliott Abrams, the head of the NSC's Middle East desk—from the Bush Administration. The Iran/Contra operatives are sneaking into top levels of government, through the sponsorship of Dick Cheney's neo-cons, but being given jobs that do not require Senate approval. Poindexter was convicted of lying to Congress in the Iran/Contra affair nearly 20 years ago, but was later let off on grounds that the incriminating testimony had been given under immunity from prosecution. More recently at DARPA, Poindexter oversaw the Total Information Awareness, or Terrorism Information Awareness (TIA) program for spying electronically on Americans under cover of finding terrorists.

Good riddance to Poindexter, and let Lynne Cheney's Dick be next to fall.

***EIR* Exposes White House to Unrest Awaiting Bush in Crawford**

White House Press Secretary Scott McClellan walked into the Cheney question in an exchange with *EIR* at the July 31 White House briefing:

EIR: Scott, generally when the President is preparing to go down to Crawford for his vacation, it's a way of getting away from some of the controversies that are swirling here in the Beltway, at least to some extent —

McCLELLAN: I think he looks at it as a way to get out into the country and get out into the heartland and talk to the American people directly, and get away from Washington, D.C. (groans and laughter)

Q: \$2,000 a plate (one person commented).

EIR: If that's the case, Scott, two days ago the *Waco Tribune-Herald* had an editorial calling for the resignation of Vice President Cheney over this Niger hoax. It seems like folks down there are a bit riled. He might be getting a different kind of reception.

McCLELLAN: Oh, I don't think so. I think the people in Texas and across this country strongly support the action that we have taken to confront the new and dangerous threats that we face, and to eliminate those threats.

Commentators Denounce Preemptive/Preventive War

American soldiers' deaths in Iraq are a "tragic waste" due to a "Grand Imperial Adventure" for the "Bushes and Rumsfelds" of this world, wrote *New York Times* columnist Bob Herbert in a scathing column July 31. While not naming the chief culprit, Vice President Dick Cheney, the author of the imperial preemptive war doctrine as long ago as 1991, Herbert says the current Iraq war is a Vietnam-like "fool's errand" of a war. Herbert hits on the cynical, greedy indifference of those, such as "a Rumsfeld or a Bechtel or a Halliburton," who are perpetuating this "tragic waste" of young Americans

in Iraq.

Herbert does name Cheney's "piggy-bank" Halliburton, which pays the Veep about \$1 million a year, as profiteering off the human tragedy for both Americans and Iraqis, and says, "The credibility of the Bush Administration is approaching meltdown." The "phantom" WMD, Herbert insists, were "merely a pretext" for the U.S. to get a military foothold in the Middle East and to capture control of Iraqi oil. Now, there is "no viable plan for securing the peace" in Iraq, or an exit strategy, and never was one.

Also on July 31, in the *Washington Post*, it was proclaimed that "Empire is no Rose Garden," by Morton Abramowitz, former U.S. Ambassador to Thailand (under Republican President Ronald Reagan), who is now a senior fellow at the Century Foundation. Abramowitz said under his breath that U.S. unilateralism has reached a dead end. He said that it is hard to believe that the American people (or military) would support yet another military engagement against a "rogue" state such as Iran. He criticized the intelligence debacle and cited recent overtures by President Bush toward UN Secretary-General Kofi Annan as evidence that the United States, having defied the UN in attacking Iraq, has now found out the hard way the difficulties of standing all alone in murderous Iraq.

Abramowitz says the U.S. is going "hat in hand" to the UN and other countries for financial and military help, and is being turned down. It is important to note that Abramowitz, who was known as a meddlesome Ambassador (President Suharto rejected him when he was named the U.S. Ambassador to Indonesia) attacks George W. Bush, but not Cheney. He himself is apparently not against "regime change" formulations forwarded by Cheney's neo-cons, but does recognize the arrogance of unilateralism has become a tar baby.

Sen. Hagel Highly Critical of Bush Administration

Speaking at the Asia Society in Washington, D.C. on July 24, Sen. Chuck Hagel (R-Neb.) warned that the "goodwill" towards the United States which Americans had become accustomed to expect in Asia is seriously dissipating, especially among the younger generation, due to the policies of U.S. unilateralism that derides old allies, and alliances.

While Hagel stopped short of criticizing the Bush Administration directly, he went after the policies. In particular, Hagel described a recent Asian Security Conference he attended (also attended by Deputy Secretary of Defense Paul Wolfowitz), which gathered Defense Ministry officials from many countries, including China. Although they were to discuss security matters, terrorism, and North Korea, he said there was a clear recognition by all the countries that they face a major challenge because of the despair, hopelessness, and poverty engulfing large parts of the world. In discussions with the Indonesians at the conference, and, with President Gloria Macapagal Arroyo, whom he stopped to visit with in the Philippines on his way home, Hagel said it was clear that these were pressing issues which had to be dealt with. "Extremists prey on this kind of misery and despair."

U.S. friendship with other nations is eroding, warned Hagel, saying, "The World War II generation is dying out, and a new generation is coming in. We cannot afford to lose the next generation." He compared the situation today to the aftermath of World War II, in which the United States "is the only great power on the Earth, [but] Truman, Marshall and others understood the need to foster a coalition of nations around common interests." Attacking the notion of "unilateralism," Hagel warned, "We must not discard that which works," arguing that the Administration must go back to our friends, Germany and France, and "discuss those issues which divided us." Pointing to the treatment meted out to Turkey, Hagel warned that "in a democracy, you can't simply discount other people's opinions. We have to be benevolent." Hagel continued, "The Vietnam War was the only time we got into trouble and that was pretty much a unilateral operation. When you go it alone, you won't have the outcome you think you will have."

Hagel responded to a question from *EIR*, elaborating his views on North Korea. Hagel praised a recent op-ed by Sen.

Richard Lugar (R-Ind.), who has been calling on the Bush Administration to be willing to negotiate with North Korea. "We have to keep moving in the direction of dialogue and negotiation in order to get on the wavelength of the North Korean leadership. It is not effective or responsible to simply say your position is not giving into blackmail. We have to find a way to deal with this and deal with it soon," he warned. In a clear swipe at some infantile behavior coming from the White House, Hagel warned, "We can't let this degenerate into a schoolyard brawl."

Bush Succumbing to Rightwing GOP Blackmail?

House Majority Leader Tom DeLay (R-Tex.) was dispatched to Israel just ahead of Ariel Sharon's visit to Washington, in order to coordinate political operations against President Bush to stop any progress toward the Road Map. After meeting DeLay, Sharon brazenly told U.S. reporters that Israel will never "return to 1967 borders," will not stop building the racist apartheid wall that is stealing Palestinian land, and has no intention of closing Jewish settlements.

DeLay wants to "remind the Bush Administration to pay heed to its right flank," meaning the fundamentalist vote. The July 24 *New York Times* quoted him saying, "I'm sure there are some in the Administration who are smarter than me, but I can't imagine in the very near future that a Palestinian state could ever happen. I can't imagine this President supporting a sovereign state of terrorists." DeLay is trying to block U.S. aid going directly to Palestinian leaders and entities, and calls Bush's "a Road Map to destruction."

Speaking to a gathering of ultra-right wing Members of the Knesset, on July 31, DeLay opposed any form of Palestinian state as a violation of Biblical prophecy. The fanatics of the National Union, who advocate the assassination of Yassir Arafat, applauded his ravings.

In August, Rep. Steny Hoyer (D-Md.) will lead a delegation of 29 House members to Israel, where Hoyer hopes to carry a "more optimistic" message about the Road Map, but this will require the House to directly smash DeLay's campaign.

Straussian Daniel Pipes' Nomination Sidelined

The nomination of neo-conservative Islam-basher Daniel Pipes to the U.S. Institute for Peace may be cancelled; it caused a firestorm among liberal and pro-Arab circles because of his ultra-right-wing, racist views on Muslims and Arabs. The Senate Health, Education, Labor and Pension Committee, at the initiative of Sen. Edward Kennedy (D-Mass.) and other Committee Democrats and some Republicans, postponed discussion of the nomination indefinitely on July 27. *EIW* has profiled Pipes as one of the zealots working with the Christian Zionists to stop the Road Map.

Rumsfeld Threatens Defense Bill Veto

On May 10, Lyndon LaRouche launched a major mobilization with a Presidential campaign leaflet called, "LaRouche on Rumsfeld's 'Notverordnung,'" denouncing the Defense Transformation Act as a "grave material breach of the Constitution," leading to dictatorial powers. The mobilization bolstered popular support for serious opposition in Congress.

This past week, Secretary of Defense Donald Rumsfeld sent a letter to House Armed Services Committee Chairman Duncan Hunter (R-Calif.) warning that if the Pentagon doesn't get exactly what it wants in the defense authorization bill, and if certain provisions currently in the bill aren't removed, he will recommend that President Bush veto it.

Among the items he wants included are the so-called National Security Personnel System, which dismantles the present Federal Civil Service system, and direct authority to assist other nations in training and equipment, authority which presently rests with the State Department. This authority, Rumsfeld says, "would allow the Department to be developing

training relationships" in countries supporting U.S. military activity "related to the global war on terrorism."

Thomas Apologizes for Calling Police on Dems

House Ways and Means Committee chairman Bill Thomas (R-Calif.) took to the floor of the House July 23, in what one reporter called "an extraordinary display," to offer his apology for calling the Capitol Police on the Democratic members of his committee during a markup session on July 18. He told the House that because of "decisions made by members of the committee, and by me ... there was a breakdown of order and decorum." He said he agreed with one reporter's comment that this was "just plain stupid." He told the House that he had learned a "painful lesson."

Democrats are still far from satisfied and are expected to exploit the blunder wherever they can, to circumvent the dictatorial measures used by the GOP leaders, such as the notorious Texas fascist, Rep. Tom DeLay, the GOP majority leader.

Democrat Charles Rangel (N.Y.), the ranking minority member on the Ways and Means Committee, told the House that "the minority has the right to be respected, to be heard, and to know, in a timely fashion, when that legislation is coming up, to know what is in the bill, to have time, and to be able to use ... the rules of civility that allowed this body to exist for over 200 years."

Despite the apparent contrition, Thomas's behavior is completely in line with DeLay's dictatorial approach. Recall how DeLay maneuvered with the Texas GOP to have the Department of Homeland Security hunt down Texas Democratic Legislators who left the state of Texas in order to break the quorum that the Republicans needed to ram through Congressional redistricting.

Ibero-American News Digest

Weakened Fox Cuts Deal with Salinas

After being whopped in the July 6 mid-term elections, Mexican President Vicente Fox has turned for help to George Bush the elder's enormously corrupt buddy, former Mexican President Carlos Salinas de Gortari (1989-94), who put through the genocidal North American Free Trade Accord (NAFTA). The deal appears to be that Salinas lines up his PRI Party faction behind the next round of "reforms" demanded by the international financiers, in return for which the once-exiled former President sets himself up as a king-maker again in Mexican politics, in the jockeying for the 2006 Presidential elections, which is already underway. Fox's situation is so weak, that Mexicans speak of a "co-government" between Fox and Salinas.

Elba Ester Gordillo, well-known as a Salinas agent, was recently elected head of the PRI faction in the Chamber of Deputies, although not by a great margin (92 PRI-istas voted against her). The announcement by the Attorney General's office on July 21 that charges had been dropped against the PRI leaders investigated for money-laundering related to the 2000 election campaign—the scandal known as "Pemexgate"—was widely viewed as a payoff for the Salinas-Fox deal.

Where once he feared to set foot in Mexico, Salinas now holds high-powered dinner parties, and basks in the media attention. "State persecution against me has ended. President Fox has been very respectful with me and my Administration," Salinas told the *New York Times*, in an interview published July 20. "Reforms have once again become prestigious." The Straussian historian Enrique Krauze hailed Salinas, telling the *New York Times*: "If there is one man in this country who has had everything that President Fox is lacking, that man is Salinas. He has tremendous drive and a strong understanding of how to exercise power," as he showed when he imposed "the most important modernizing reforms

in recent history."

PRI's Nationalist Faction Down, But Not Out

Whether the despised former President Carlos Salinas can deliver the PRI behind the reforms demanded by international bankers, is still a question. "The PRI is going to continue in the defense of national interests," Sen. Manuel Bartlett declared emphatically in an interview published on July 23 in *La Jornada*. Elba Esther Gordilla and the others just elected "are obliged to respect our declaration of principles, which specify that the public companies must be preserved, as a public service, to guarantee the energy and oil of Mexicans." The privatization of Mexico's energy sector will not go through, he stated flatly. "PRI members are very clear on what our national interest is: preserving energy for Mexicans, and preserving sovereignty."

La Jornada asked Bartlett about a recent report from the World Bank, which reportedly admitted privatization has not always worked. The World Bank pressured governments around the world to privatize, and their policy has failed, the Senator answered. "They have done tremendous harm to entire populations, and, in our case, to the whole continent." Mexican leaders only have to look to Brazil and Argentina, where the privatized companies failed, and now the foreign companies are demanding the governments guarantee their fantastic profits. In the United States, Enron was proven to have robbed the American people. Reality is proving every day that we are right, Bartlett said, adding that, over the last two years, the world has moved from disaster to disaster because of this policy, yet our leaders blindly continue down this path.

Fox Tells Mexicans To Make Up a Job, Any Job

Following reports that unemployment in Mexico is now at the highest since he took office, President Vicente Fox asked his Secretaries of Labor and Economy to join him on his July 26 Saturday radio show, where he announced, with great pomp, that "we have left aside the idea of a neo-liberal economy, which rarely functioned in the past.... Starting now," he proclaimed, "our absolute priority is the strengthening of internal markets."

How? By thinking small—World Bank, genocidal-small. Fox made clear that his grand declaration that "I'm not a neo-liberal," is nothing but another scramble to appear to be doing something, as opposition to his non-government grows from all sides. The government has no plans to invest in actual job creation, he made clear, emphasizing the need to continue with a policy of strict "fiscal discipline." Rather, Fox said, his government will push small businesses, "Mom and Pop" operations, as the key to development. Mexico, said Fox, must "advance from being a country of workers, to a country of entrepreneurs."

Economics Secretary Fernando Canales explained that the government recommends "self-employment."

There is nothing new, in fact, in this strategy, as Fox has been championing the Bangladesh model of feudal-style "micro-businesses" since before he was elected.

Venezuela's Chavez Refuses To Recognize Recall Referendum

In his weekly Sunday television diatribe July 27, Venezuelan President Hugo Chavez declared that he would "never" acknowledge the recall referendum approved last week by three of the four board members of the National Electoral Council. Three of the members are anti-Chavez, and one is pro-. The lack of unanimity of the Council was seized upon by Chavez to reject its approval of the referendum. Chavez has also refused to recognize over 2 million signatures, which were gathered last February by the opposition on a petition calling for a Presidential recall referendum to be held.

Just last May, Chavez and opposition leaders had signed an agreement, brokered by Organization of American States (OAS) Secretary General Cesar Gaviria, committing his regime to hold a referendum, should the opposition meet the legal requirements. Under the Constitution written by the Chavez-dominated National Assembly, a referendum on whether new elections should be held for President is permitted halfway through the term, should the requisite number of voters support the move. The referendum fight is heating up, because come Aug. 19, Chavez is halfway through his term.

Gaviria has thus far failed to comment on the declaration by Chavez and various of his Cabinet officials, that the government would "never" accept a referendum. The OAS's representative in Caracas, however, warned that, while it was logical that the government would oppose a recall vote against itself, "it mustn't occur to anyone to block" the referendum. An opposition leader said Chavez's statement was like "whistling in the dark past the cemetery," that is, sheer bravado. Seventy percent of Venezuelans will vote in the referendum, said the opposition figure, and Chavez will be ousted.

Chavez's stonewalling plays into the hands of provocateur-crazies like Alejandro Pena, head of a radical opposition force called Fuerza Solidaria and on the board of the so-called "Democratic Bloc," who argue that the opposition should drop its referendum strategy, and take to the streets instead, calling for a military coup. Echoing the right-wing Miami Cuban crowd with whom he is close, Pena describes Chavez as a mouthpiece for a resurgent Communist International, which is out to seize control of all South America, and argues "this government will not abandon power peacefully."

State Department spokesman Richard Boucher expressed his disappointment with Chavez's comments, saying the referendum is in accordance with the Constitution, and that it's not up to the Executive to refuse. "The procedures are decided, the commitments made, and we expect that it (the referendum) will proceed apace."

Brazilians Warn of 'Violent' Social Crisis

In the face of deepening economic upheaval, and the expanding mobilization of the Jacobin Landless Movement (MST), erstwhile allies of the Lula da Silva government in Brazil warn that its "lack of leadership" has brought the country to a breaking point. Eugenio Staub, the president of the Economic and Social Development Council (CDES) created by President Lula for the sole purpose of addressing Brazil's profound social problems, warned that the country "is experiencing a crisis which is similar only to that of 1965"—a time of political instability and harsh austerity. Staub was one of the first businessmen to publicly support Lula's candidacy last year, so his comments carry significant weight.

In addition, Horacio Lafer Piva, president of the powerful Sao Paulo Industrialists' Federation, is warning that Brazil is going through an "unprecedented crisis," which erupted "rapidly and violently," and will badly affect the industrial sector through the first quarter of 2004. He urged the government to come up with "transitional" economic policies.

While the MST is stepping up its land invasions and threats of violence all around the country, causing even Lula to express concern over "tensions" in the countryside, Workers' Party (PT) President Jose Genoino defended the government's failure to act, on the grounds that the government "has no way to control popular movements" like the MST, whose "freedom of expression" won't harm Brazil's democracy. Luiz Dulci, the Secretary General to the Presidency, meanwhile has admitted that the Lula government "doesn't have the money" to carry out its promise of settling 60,000 families on land by the end of the year. This is the agrarian reform that was supposed to be a cornerstone of Lula's program—the announcement will undoubtedly fuel more MST activity.

Lula Treats Bold Infrastructure Projects as Only 'a Dream'

Brazil's National Economic and Social Development Bank (BNDES) has reportedly been pushed to one side in the government's planning for major infrastructure development projects. During a July 17 Cabinet meeting, BNDES president

Carlos Lessa had given a detailed presentation on what projects the Bank thought should be implemented over the next four years, requiring financing of between \$90-140 billion. Following that meeting, however, President Lula da Silva had described Lessa's plan as "a dream," and said something more "grounded in reality" was necessary, *O Estado de Sao Paulo* reported on July 24.

Lessa's presentation had focused on the energy sector, in particular, including a number of "megaprojects," such as the plan to link Brazil's hydrographic basins, to guarantee an energy supply equal in volume to that supplied by the giant Itaipu dam today.

BNDES has now reportedly been excluded from government discussion on infrastructure planning, which is supposed to map out "emergency" measures to address the economic crisis, as well as longer-term plans. Bank officials are continuing to participate in debate on two areas of the government's three-pronged strategy—industrial policy and export-oriented activity—but are excluded from the crucial area of infrastructure planning, now being overseen by the chief of economic planning at the Planning Ministry. And the Finance Ministry, run by orthodox monetarist Antonio Palocci, is overseeing the entire process—which means, as *O Estado* points out, "that all projects considered to be 'exaggerated,' will be duly halted by the conservative hand of Antonio Palocci."

Western European News Digest

Lord Hutton To Call Tony Blair in Kelly Probe

The probe into the death of senior British weapons inspector Dr. David Kelly opened Aug. 1 with the announcement from presiding Lord Hutton, former Lord Chief Justice of Northern Ireland, that he intends to call Prime Minister Tony Blair to testify, along with Blair's spinmeister, Alastair "Spinocchio" Campbell, Defence Secretary Geoff Hoon, senior officials in the Ministry of Defence, several senior *BBC* officials, and others, including Dr. Kelly's widow, Janice, who is reported to possess a dossier drawn up by Kelly in the last hours before he died. She has reportedly given that dossier to Hutton.

Hutton Inquiry Opens, Political War Breaks in London

As if to underscore the fever pitch in political circles as the Hutton inquiry opens Aug. 1, *The Guardian's* security affairs editor, Richard Norton-Taylor, writes an excellent commentary on the inquiry, which commentary is published *twice* in the same issue, on the same op-ed page, with significantly different, but revealing intent: "Lord Hutton Must Grasp the Nettle," with the subtitle, "Dr Kelly cannot be pushed aside for the sake of a happy ending," and the second, "Prisoner of Whitehall," with the subtitle, "Dr Kelly's treatment was a disgrace. Hutton must not ignore it for the sake of a happy ending." The second version, in bold-face, states "Kelly knew more than most—in fact, it is difficult to exaggerate his credibility."

Norton-Taylor demanded that Hutton focus on the central question: "What got Kelly into trouble?" The answer is that Kelly was becoming increasingly skeptical of Tony Blair's harangues about Iraqi WMD, and "this was not just a skeptical scientist questioning claims by politicians and their advisers. Kelly was a world-renowned scientist," with extensive experience in Russia, and at least 30 trips to Iraq. Blair/Whitehall tried to "control him and use him" for their purposes, but Kelly refused to play their game.

Norton-Taylor adds, "it is no secret—it had not been for well over a year—that the intelligence and security services, including MI6, questioned the whole notion of an Iraqi dossier. There was little or nothing new to say; certainly, there was nothing to justify a preemptive strike against Iraq.... Kelly knew more than most about the real, as opposed to exaggerated, threat posed by Iraq's past banned weapons program.... He was reflecting wide concerns in the intelligence community

which he served.... The difference between Kelly and the intelligence establishment is that the latter gritted their teeth, covered their ears, and persuaded themselves that how their political masters chose to abuse its work was up to them."

Then: "It would be bizarre if Lord Hutton's inquiry does not examine this background to Kelly's apparent suicide. For this vital issue—the manipulation of intelligence for political ends, to justify an invasion of a foreign country—is linked, morally at least, to the scientist's death."

Blair Faces Grilling from House of Commons Inquiry

Another flank opened against Tony Blair on Iraq, as the House of Commons Select Foreign Affairs Committee (FAC) released a new report charging that the Iraq war has impeded, rather than helped the global war against terrorism. Blair had repeatedly insisted that toppling Saddam, would make Britain safer. The report authors assert the opposite, as reported by *BBC* on July 31 and by Richard Norton-Taylor, in *The Guardian* Aug. 1..

The FAC warns: "The war in Iraq might in fact have impeded the war against al-Qaeda," especially as it would strengthen al-Qaeda's appeal to Muslims, particularly in the Gulf region. The report insists that Britain rebuild relations with allies, especially France, following the disagreements over Iraq, in order to fight terrorism more effectively.

The report has other criticisms, asserting that UN weapons inspectors in Iraq had not verified the accuracy of British and U.S. intelligence about Iraq's WMD: "We conclude that Iraq's cooperation with weapons inspectors was limited and ... insufficient, but that UNMOVIC and the IAEA were reporting improvements in Iraqi cooperation, and some evidence of actual disarmament by Iraq, by early March 2003." It would have been "highly desirable" to have obtained a further UN Security Council resolution before the attack on Iraq.

Top British terrorism expert Paul Wilkinson, University of Aberdeen, is quoted in the British press as saying that all the time, money, and energy spent in fighting the war in Iraq, would have been better spent in rebuilding Afghanistan.

British Minister on Tony Blair's Cowardice

Clare Short, who resigned as Britain's International Development Minister soon after the Iraq war was launched, authored a scathing critique in the July 30 *Guardian* focussed on the breach of international protocol on occupation and reconstruction in the conduct of the war in Iraq. Titled: "Blair's Lack of Courage," her piece made the following points:

"The advice that I, and the Department for International Development, gave to the Prime Minister was that we should internationalize the reconstruction effort as quickly as possible.... The legal position is laid down in the Geneva Convention and Hague regulations. They provide that occupying powers have a duty to keep order, keep civil administration functioning and provide for immediate humanitarian need. They have no powers to engage in major political, economic or constitutional reform. They also have no power to bring into being a sovereign government since they hold no sovereignty. Only the UN can do that....

"When the Prime Minister pressed me to remain a member of the government, he promised that the UN would be given the central role in reconstruction. I was much criticised for staying, but decided that although the war was unstoppable it was possible to organise a proper international effort to rebuild Iraq.

"At the spring meetings of the IMF and World Bank in early April, I worked to persuade ministerial colleagues from France, Germany and other countries which had been opposed to the war that, whatever past differences, we should reunite to help Iraq reconstruct.... But the U.S. was not interested in internationalizing reconstruction.... There was a complete

failure to prepare for the Geneva Convention obligations.... But the U.S. brushed the idea aside and it was quietly dropped.... The U.S. was sneeringly hostile to the UN, arguing that it was not willing to undertake the cost of military action and then to hand over Iraq to the UN. Jack Straw talked shockingly of France and Germany having made the wrong call and not being allowed to 'get their snouts in the trough.'

"The Prime Minister therefore took personal charge of the drafting of Security Council resolution 1483. This was passed on May 22. It recognised the coalition as occupying powers and, very unusually, gave them equal authority with the UN in establishing the Iraqi interim authority. In practice even this resolution has been breached with Paul Bremer, the U.S. administrator who has taken over from Gen. Garner, making the decisions with the UK and UN trotting along behind.

"If the Prime Minister had only had more courage, reconstruction in Iraq would almost certainly be more advanced and the U.S. and U.K. at less risk of getting bogged down in an unpopular and costly occupation."

Tony Blair Dodges Stampede over Iraq Policy

There was "a herd of elephants" in the press room July 30 when Prime Minister Tony Blair gave his press conference, wrote Damian Whitworth, parliamentary correspondent for the *London Times*, but Blair managed to ignore all of them. Blair sidestepped, and refused to discuss, all the issues that were on people's minds, and would only focus on his so-called "accomplishments" on the domestic economic front.

But the "herd of elephants" include the death of senior British weapons inspector Dr. David Kelly; the non-existence of Iraqi weapons of mass destruction allegedly threatening Britain; the likely imminent demise of Blair chief spin-doctor Alastair Campbell, aka "Spinocchio"; and "Tony's Future," or, how long Blair himself will still be in office.

Whitworth stresses that Blair would only call on journalists favorable to him, and/or to the "New Labour" project. He writes that a grinning Blair closed the press conference with the words, "Have a happy holiday!" as he headed off for vacation in Barbados, which should go over like a lead balloon in Britain since Aug. 6 is the day of Dr. David Kelly's funeral, a day of solemn national mourning in the country.

A Scent of Profumo Affair in Weapons Inspector's Death

"The Suicide of Dr. Kelly Has Resonances of Profumo Affair," Richard Ingrams wrote in the July 27 *Observer* weekly. He commented: "A long-running political scandal; a Prime Minister who has been in office too long under fire; an apparent scapegoat who commits suicide; a senior judge appointed to investigate. To oldies like myself, the current situation has echoes of the Profumo affair, and the sensational events of the summer of 40 years ago."

That sex/espionage scandal, centering on Defense Minister John Profumo, led to the fall of the Harold Macmillan government in October 1963.

The Widow's Diary

Reports emerged in the last week that the wife of British weapons inspector David Kelly "may have kept a devastating record of his final hours," and that this "explosive account" contains material damaging enough to "force Defence Secretary Geoff Hoon to quit," the July 27 *Mail on Sunday* reported.

The paper reports that Lord Hutton, the former Lord Chief Justice of Northern Ireland, who is heading the inquiry into Kelly's death, visited Janice Kelly at her home in Oxfordshire July 26. Reportedly, the senior Law Lord asked Mrs. Kelly

to tell him all she knew about the days leading up to her husband's death.

On July 23, she had been visited by Defence Minister Hoon, and the possibility is that he demanded to see her "dossier" on the final hours before Dr. Kelly's death, the *Mail on Sunday* notes. According to the paper, she refused to show Hoon this material, but instead is arranging to have it made available to the Hutton inquiry.

A separate commentary in the paper, by Peter Hitchens, says the key thing to be determined now is what Kelly meant when he wrote, soon before his death, that he had been targetted by "dark actors." Hitchens surmises, that Prime Minister Tony Blair and his entourage undoubtedly know what these words mean, as they unleashed a vicious operation against Kelly, the which is now blowing up in their faces.

Debate Spreads in Europe over Devolution in Iraq

Intense debate is erupting in European policy circles, think tanks, and media about the "ambulant" Empire, stumbling from one disaster to the next. Among those taking a leading role in the debate are American academics and strategists. Indicative of the debate are the following:

* Former Georgetown University professor, the 76-year-old American, Norman Birnbaum, gave an interview to the German weekly *Stern*, in which he emphasizes the legacy of Nazi crown jurist Carl Schmitt in Deputy Defense Secretary Paul Wolfowitz's thinking. He closely compares the U.S. warhawks' policies, with a drive to establish a "totalitarian empire."

"People behind and around Bush are still very much underestimated—they are really dangerous. They don't give a shit about what others think. It's irrelevant for them, it's peanuts. And, therefore, Wolfowitz can say—sorry folks, the thing with WMD in Iraq, this was just a practical pretext to go to war. That is the chutzpah of the Imperialists.... It may sound crazy for others—what Wolfowitz says—but for him it is all very rational."

Wolfowitz began his career, says Birnbaum, as a war theoretician; he learned from the German philosopher Carl Schmitt—who ideologically prepared fascism—whom Wolfowitz studied assiduously. He wants American hegemony. Wolfowitz thinks in perspectives. The Iraq war is just a small first step. It was not just the Mideast, but he wants to teach the Chinese a lesson. China, Wolfowitz knows, in 20 years will be a danger. But he knows you can't just march into China. He therefore prepares a "new cold war against China." Wolfowitz and the crowd around him, they are totally "self-righteous, arrogant and are dangerously aggressive."

* Paul Kennedy, in an op-ed in Spain's *El Pais* on the "Imprisoned Empire," recommends that Bush, Rumsfeld, Rice, Cheney, and Perle should all spend their vacations reading Edward Gibbon's *Decline and Fall of the Roman Empire*, and a book by Ronald Robinson and John Gallagher, *Africa and the Victorians: The Official Mind of Imperialism* [the U.S. edition has a different subtitle —ed.]. The latter describes the big scramble for Africa in the 1880s and 1990s. Kennedy makes clear that the British Empire stumbled from one war, from one occupation, into the next. When they occupied Egypt, under Gladstone, the British told everyone that in a short time they would establish order, end fundamentalism, initiate economic development, and so on. The withdrawal announced by Gladstone took 70 years, Kennedy shows, and thereby draws parallels to today's situation.

* On July 24, a 20-minute feature was broadcast by the German-language TV channel 3Sat (Switzerland, Austria, Germany), on the spiritual fathers of the neo-conservatives. In the program, German historian H.A. Winkler stressed that Leo Strauss, the student of Carl Schmitt, is the spiritual father of the American neo-cons, and that his idea that only a tiny elite should rule the masses on the basis of an advantage of knowledge. "Strauss is of the opinion that it is permissible for a

political philosopher to hide the truth from the masses, and to lie—for the sake of the common good," says Winkler. "And this conception has been adapted in the context of the Iraq War by the neo-conservatives."

Russia and Central Asia News Digest

Putin Visits Nuclear Center

President Vladimir Putin visited the Russian Federal Nuclear Center (RFNC), formerly known as the closed city of Arzamas-16, in Sarov on July 31. Speaking to scientists at the famous weapons lab, Putin said the facility was still, "without any exaggeration, of strategic importance for Russia." In recent years, the scientists have lived and worked in straitened circumstances, due to slashed funding during Russia's liberal economic reforms.

Putin expressed his continuing commitment to weapons development, including in the nuclear field, and took public note of the fact that RFNC specialists are currently producing novel nuclear weapons designs. He told the scientists: "It would be appropriate to discuss today a number of problems that are important for the secure and stable development of our nation. The quality of nuclear armaments, which have been and remain the foundation of Russia's security, should measure up to the highest standards, with respect to their universality of application, efficiency and security."

Putin presented service awards to Dr. Yuri Trutnev, deputy scientific director of the Center, and leading design engineer Yevlaliya Loshchinina. Calling their institution "the most powerful contemporary science center in the world," Putin said the RFNC brings together "the talents and knowledge of whole generations of great scientists. This is mighty intellectual, production, and scientific and technological capital, which must be fully in the service of the country." He called for measures to ensure that all the research centers coming under the Ministry of Atomic Energy, be utilized for a broad range of R&D projects. While at the present time "you are concentrating on perfecting nuclear weapons systems that are in the design stage, or have already been designed," Putin said he was also impressed by the briefing he received on new types of non-nuclear weapons.

In addition, the President stressed the importance of using the RFNC's designs "for civilian production, using the most advanced nuclear technologies for peaceful purposes."

In comments after his closed-door discussion with the scientists, Putin said that Russia's "remaining a great nuclear power" is essential, "including for the purposes of non-proliferation—so that the quantity of potential importers of your wares not increase."

In other remarks, Putin appeared to be responding to concerns expressed by the scientists, about Russia's continued adherence to the nuclear test ban and other limitations on nuclear experimentation and testing. He said that he is committed to supporting the scientists' theoretical and applied research, but also to carrying out international obligations Russia has assumed, such as adherence to the test ban.

U.S. Specialists To Be Allowed in Russian Closed Cities

On July 17, the United States and Russia reached agreement to allow Americans and other foreigners into the closed cities of Seversk and Zheleznogorsk, the *Associated Press* reported, in connection with a project to shut down Russia's last two plutonium-producing reactors. The foreigners will be helping to build fossil-fuel-burning power plants. Under the agreement, Russia has pledged to close the two plutonium-producing reactors, one in each of those cities, but not until five to eight years hence, after the fossil-fuel plants have been completed to replace them as electricity sources. U.S. Energy Secretary Spencer Abraham, who co-signed the agreement with Minister of Atomic Energy A. Rumyantsev, said,

"Replacing these reactors with fossil fuel energy is critical to eliminating the production of weapons-grade plutonium in Russia and closing these facilities."

President Meets Patriarch

President Putin was in the Sarov area, not only to visit the Russian Federal Nuclear Center, but also to take part in ceremonies marking the 100th anniversary of St. Serafim of Sarov, a major figure for the Russian Orthodox Church. On the same day as his meeting with nuclear scientists, Putin also met with Patriarch Aleksii II of Moscow and All Russia. An atmosphere of national consolidation and patriotism hung over these events, as the Patriarch thanked the scientists of the country's main weapon's lab, for their help and support in organizing the fete for St. Serafim. He also thanked Sergei Kiriyenko, the Presidential Representative to the Volga Federal District, and Nizhegorod Province Governor Gennadi Khodyrev, for funding the construction of a new church in Sarov, dedicated to St. Serafim.

Putin Responds to North Caucasus Hospital Bombing

In an Aug. 2 statement, Russian President Vladimir Putin said of the previous day's truck-bombing at a military hospital in Mozdok, North Ossetia, "This act of terror is further evidence of the inhumanity and cruelty of the bandits, who are trying to destabilize the situation in the North Caucasus. But the terrorists will not impose their criminal will. Their bloody deeds will not stop the process of political settlement and restoration of a normal, peaceful life." Putin conferred with Federal Security Service (FSB) chief Nikolai Patrushev and Prosecutor General Vladimir Ustinov about the attack, which killed at least 45 people.

Italian Prime Minister Visits Moscow

Prime Minister Silvio Berlusconi of Italy travelled to Moscow July 29 for a working visit, on which Russian leaders placed special importance, in light of Italy's position as President of the European Union for the second semester of 2003. According to reports in the Italian press, both sides said the talks were productive. Berlusconi and Russian President Vladimir Putin discussed preparations for the EU-Russia summit in Rome, which will take place on Nov. 5-6. Berlusconi invited Putin to make a private visit to Rome, prior to the summit.

According to *La Stampa*, Putin will meet Pope John Paul II on that occasion, perhaps opening the way for an encounter between the Pontiff and Patriarch Aleksii II, head of the Russian Orthodox Church.

Whereas Berlusconi spoke of his "vision for a great Europe," which would include Russia, Turkey, and Israel, Putin focussed on the need to implement concrete plans now, taking a series of small but definite steps toward this objective. Putin said, during the six-month period of Italy's rotating Presidency of the EU, he hoped that real progress would be made, and not "abstract discourses of politics." He stressed that, among the decisions made at St. Petersburg, most important was the creation of an "open economic space." The issue of visa rules was also discussed.

Berlusconi, who was visiting Moscow for the third time this year, also communicated to Putin the "personal appreciation" of President Bush, whom he met last week. Bush and Putin are to meet in September.

Russia and Iran Review Transportation Projects

Iranian Ambassador to Moscow Gholam Reza Shafei said Iran is adamant on constructing the North-South Corridor—by sea from India to Iran, then overland and the Caspian Sea into Russia—and he expressed hope that other signatories to the agreement will also do their utmost in expansion of related infrastructural facilities, reports IRNA. Speaking July 24, he

said that Russia understands the importance of the corridor in boosting trade between the regional states.

Shafei called on Armenia and Azerbaijan and their neighbors to resolve the dispute over the Karabakh district, "hence removing the hurdles in the way of railroad transportation, and agreement by Russian officials to let the Iranian-registered trucks travel in the northern Caucasus." Referring to closure of the railroad between Azerbaijan and Armenia, which connects Jolfa to Russia, Shafei expressed hope that by resolving differences between Yerevan and Baku, the railroad would be reopened soon.

Russian Transportation Minister Sergei Frank also stressed the importance of the corridor, and outlined Russian plans for expansion of facilities in the Russian ports. He added that an important Euro-Asia conference is to be held in September in St. Petersburg, and invited the Iranian ambassador to attend the gathering.

Shafei also conferred July 23 with the Russian First Deputy Transport Minister, Vladimir Yakunin, on expansion of economic cooperation, mainly on the North-South corridor. The two sides also reviewed results of the second meeting of the Council to coordinate establishment of the North-South corridor, held in Tehran on April 29. They also discussed investments made by the Iran and Russia for modernizing port facilities in the Caspian Sea.

The agreement on a North-South international transportation corridor connecting India, Iran, and Russia to Europe, has been signed by Iran, India, Russia, Belarus, and Kazakhstan. Other countries, such as Oman and Tajikistan, are expected to join the treaty in the near future.

Russian-Iranian Relations as 'Geopolitical' Target

The *Wall Street Journal* of July 31 featured an attack on cooperation between Russia and Iran, from the pen of Ilan Berman of the Washington-based American Foreign Policy Council. Berman's article, "The Great Game Goes Nuclear," argued that Russian-Iranian relations have become a "geopolitical alliance," with more than economic collaboration involved. He said it was a matter not only of Russia's assistance to Iran, to complete its Bushehr nuclear plant, and to build five more in the next decade, but also of Russia's training hundreds of Iranian scientists and technicians. Berman accused Russia of helping Iran's weapons programs, including the Shahab-3 missile.

According to Berman, Iran constitutes a threat to the region. "Over the past year and a half, the U.S. intelligence community has quietly been warning American policy-makers that Iran's strategic expansion has given it the ability to virtually hijack the Gulf oil supplies if it wanted." The article concluded, "The White House, preoccupied by Iran's nuclear advances, is now ratcheting up its rhetoric toward the Islamic Republic. But Iran's nuclear program is just the beginning. At some point, the United States must also address the broader regional challenge posed by a rising Iran. And when it does, the true measure of its success will lie in severing the relationship between Tehran and its chief broker." That means Moscow.

Russian Prosecutors Warn Prime Minister

A spokesman for the Russian Prosecutor General's office has upped the ante in the battle around Mikhail Khodorkovsky's Yukos oil company. At a press conference July 28 on current investigations into economics crimes, Natalya Vishnyakova, deputy head of a directorate in the office, insinuated that statements by Prime Minister Mikhail Kasyanov could qualify as obstruction of justice. Kasyanov had publicly commented that the arrest of Yukos official Platon Lebedev in his hospital bed, and his continued pre-trial incarceration, ran counter to civilized practice. Vishnyakova said, "Mikhail Kasyanov's statements ... were, to put it mildly, improper. To put it another way, this could be seen as pressure on the court, since it is the court that decides on the detention of an individual." Vishnyakova added that the remarks were a violation of the separation of powers. Five times in the course of the 40-minute press conference, she denied that the Prosecutor General's

investigations were politically targetted.

Khodorkovsky, meanwhile, in brief remarks to a correspondent of the scandal sheet *Novaya Gazeta*, charged that the legal attacks on his and other companies were designed to transfer control over the Russian corporate sector to "the men in epaulets." Those words evoke the image of the recently exposed police officials running protection rackets in Moscow and elsewhere, who have been dubbed "the werewolves in epaulets," but they also allude to the "force agency" (police, military, etc.) associates of President Putin. Russian media continue to speculate on the events around Yukos as a war within the Presidential Administration, where at least one group has allegedly been preparing to dump Kasyanov.

On July 29, Putin himself spoke out against prosecutorial excesses. He took the opportunity of a ceremony on the promotion of previously appointed military and security agency leaders to higher ranks, to say that investigations of economic crime should be carried out "with regard for the rights of individuals," and should not turn into a type of "campaigning." Putin also stated, "The reorganization of the force ministries is complete.... No additional changes are necessary, and all relevant gossip should be cease."

Mideast News Digest

UPI Exposes Rafi Eytan Secret Ops in USA

United Press International's seasoned national security correspondent Richard Sale posted a blockbuster story on July 29, charging that Israeli master spy and Ariel Sharon cohort "Dirty" Rafi Eytan, the recruiter and controller of Jonathan Jay Pollard, has been recently in the United States, and clearly up to no good. "The Israeli recruiter of convicted spy Jonathan Jay Pollard has reemerged on American soil and is being scrutinized by the FBI, according to well-placed intelligence and law enforcement sources," the Sale story began.

After reviewing Eytan's close ties to Sharon and his role in the Pollard affair, Sale returned to the current surfacings. "According to federal law enforcement officials, Eitan has, for the last year or so, been traveling to the United States on an Israeli passport, but using an alias. These sources told *United Press International* that Eitan lands at Columbus, Ohio, and then moves about the Midwest, to cities such as Indianapolis. Eitan has been seen and photographed in the company of 'known dealers who belong to a ring dealing in the drug Ecstasy,' one Federal law enforcement official said. He added, 'The FBI is looking for evidence that Eitan is, or has been engaging, in questionable activities related to this ring.' The FBI probe is continuing, this official said."

The Sale story conforms to reports received last year by *EIR* and reported at the time. *EIR* sources have linked Eytan's illegal travels to plans for a terrorist incident inside the U.S. that would be blamed on "Islamist" networks.

IAEA To Discuss Israel's 'Rogue' Nuclear Weapons

"Israeli nuclear capabilities and threats" will be included as an agenda item at the International Atomic Energy Agency's 47th General Conference on Sept. 15-19, according to the IAEA's official website. The item was placed on the agenda at the request of the Arab states, transmitted in a letter from the Ambassador of the Sultanate of Oman. An accompanying memo concludes that "The General Conference of the International Atomic Energy Agency must take appropriate measures to ensure that Israel places all its nuclear installations under Agency safeguards and accedes to the Treaty on the Non-Proliferation of Nuclear Weapons." The memo notes that all the Arab states have signed on to the Non-Proliferation Treaty, but that Israel has refused to do so. "Israel's possession of nuclear weapons is likely to lead to a destructive nuclear arms race in the region, especially if Israel's nuclear installations remain outside any international control." The memo also lists several resolutions of both the United Nations General Assembly and the IAEA calling on Israel to accede to the Non-

Proliferation Treaty and place its nuclear installations under IAEA safeguards.

Iran's IAEA Rep Recommends Enhanced Inspections

In a July 28 interview with the state-run Iranian newspaper *Ali Akbar Salehi*, Iran's IAEA representative said he hoped Tehran would take measures to satisfy international concerns about its nuclear program ahead of the International Atomic Energy Agency's September board of governors meeting. Asked if Iran should accede to the Additional Protocol of the Nuclear Non-Proliferation Treaty (NPT), allowing more intrusive, short-notice inspections, he said, "Right now, we are in a situation where we can use the Additional Protocol as a tool for solving the problems which have been created and to close the politicized case of our nuclear activities. With a positive attitude toward the Additional Protocol, we can take necessary advantage of it."

Egypt and Jordan Inaugurate Natural Gas Project

Egyptian President Hosni Mubarak and King Abdullah II of Jordan inaugurated the biggest Arab integrated project to carry Egyptian natural gas to Jordan and other countries, on July 27. Egypt's natural gas will be carried from the Egyptian port of Taba to the Jordanian thermal station of Aqaba. Future stages in coming years, include carrying Egyptian natural gas to Syria via Jordan, to the Lebanese Al-Zahrani refinery by the year 2005, to Cyprus in the year 2006, and then to Europe via Turkey at a total cost of \$1 billion.

Jordanian Minister of Energy Mohammad Batayineh told reporters July 26 that the King would head for Taba July 27, with a high-ranking delegation, to inaugurate the Egyptian part of the project with the Egyptian President. The two Arab leaders, he added, would then head for Aqaba via the sea to open the Taba-Aqaba phase of the project. They were to tour the civil and electro-mechanical works, as well as ground facilities for extending gas to Jordan. They were also to tour the filtering station and facilities for the plan to feed the Aqaba power station, whose capacity hits 100,000 cubic meters.

The first stage of the Arab gas pipeline project (Arish-Taba), with investments up to \$220 million, involves laying a line 248 kilometers long, with a diameter of 26 inches; then a maritime line will be laid to the Jordanian port of Aqaba, with a length of 15 kilometers and at depth of 850 meters.

Egyptian Ambassador to Jordan Dr. Mohamed Higazy said the project confirmed Mubarak's commitment to an Arab common market.

Syria and Turkey Launch Strategic Partnership

Syria and Turkey are developing a strategic relationship, according to Syrian Prime Minister Mustafa Miro, on conclusion of a visit to Ankara. Miro said he saw a "brilliant future," for relations between the "two brother countries." Turkey's *Anatolia News Agency* said Miro considered their relations to be strategic, and that they should set up an "economic and commercial union." Miro's trip to Turkey was the first by a Syrian Prime Minister in 17 years.

Turkish Parliament Votes Kurdish Amnesty

The Turkish Parliament approved a controversial bill on July 29, granting partial amnesty to Kurdish militants. Some 356 deputies of 427 present, voted for the change. The government believes this new bill will be a significant step towards national reconciliation in a country where tens of thousands of people died during 15 years of conflict. But the ruling Justice and Development Party has been criticized for giving in to yet more American pressure and ignoring national sensitivities. The main opposition, the Republican Party, rejected the bill, saying it was put forward under U.S. pressure,

since the U.S. wants to see Turkish troops leave Northern Iraq, where they are keeping an eye on the Iraqi Kurds and any possible evolution of an independent Kurdistan involving Iraqi and Turkish Kurds.

Unless it is sent back by the President, the new law will grant a partial and conditional amnesty to the militants of the banned Kurdistan Workers' Party, the PKK, at least those who were not involved in acts of violence. The partial amnesty excludes the leaders of the movement. Kurdish groups claim this is not a true amnesty, but another way of creating more informants for the state.

The government is hoping that the new legislation will pave the way for Kurdish militants in Northern Iraq to lay down their arms and return to Turkey. After the vote, the Interior Minister, Abdulkadir Aksu, thanked the deputies for choosing the path to peace and reconciliation. He rejected the charge that the government came under pressure. Instead, he said, Turkey had to learn the lessons of the past and to embrace all of its people, including some of its terrorists.

Iraqi Scientists All Say WMD Program Was Shut Down in 1998

In a front-page story, which should be devastating to the fraudulent story line of Iraq WMD purveyed by Dick Cheney et al., the *Washington Post* reported July 30 that *all* Iraqi scientists who have so far been interviewed by U.S. officials, have consistently denied that Saddam Hussein had reconstituted his nuclear weapons program, or developed and hidden chemical or biological weapons, after UN inspectors left in 1998.

This is true for every scientist interviewed, whether inside or outside of Iraq, and whether the scientist is in custody, or has been released.

For example, the much-cited case of Mahdi Obeidi, who had some nuclear plans and components buried in his back yard since 1991: Obeidi told interrogators that Iraq's nuclear program was dormant in recent years. He also disputed the Bush Administration's claim regarding Iraq's purchase of aluminum tubes, stating that they were for rockets, as Iraq had said.

"So far," reports the *Post*, "the United States has discovered no undisputed evidence that Hussein had stocks of chemical or biological weapons or was reconstituting his nuclear weapons programs."

Sharon's Son Under Police Probe

Gilad Sharon, who is a major suspect in at least two Israeli police investigations that could incriminate his father, Prime Minister Ariel Sharon, continues to refuse to cooperate with the police. Gilad Sharon is accused of laundering \$1.5 million, which he received from a friend of his father's, Anglo-South African businessman Cyril Kern; the money was then used to pay off Ariel Sharon's illegal campaign debts. He is also accused of a similar crime involving Israeli contractor David Appel.

On July 28, Gilad refused to give police documents they requested involving the Kern case. The prosecutors will now petition the court to hasten proceedings which will require Sharon to reveal the documents.

Only a few weeks ago, Gilad refused to answer police questions, claiming that he did not want to incriminate his brother Omri and his father.

It appears that all these investigations of Sharon will have to come to a head by Jan. 15, 2004, the date that Israeli Attorney General Elyakim Rubinstein has announced for his resignation. Justice Minister Yosef Lapid has conditioned Rubinstein's resignation on completing these investigations. Rubinstein has to decide whether Sharon and others should be indicted by

then. Rubinstein had hoped to retire without having made this decision, so as to clear his way to a nomination to the Supreme Court—which requires the approval of the Prime Minister.

Bahrain Daily Serializes *Children of Satan*

Following a visit by a Danish LaRouche Youth Movement member to Bahrain, *Al-Wasat News*, an opposition daily, started publishing a series based on the LaRouche in 2004 campaign pamphlet *Children of Satan*. The part run on July 22 was titled "The Liars Behind Bush's Destructive War against Iraq," which is part of Jeffrey Steinberg's article "The Ignoble Liars." The second part, "The New American Century and the Imperial Preventive War," was a continuation of Steinberg's article.

Al-Wasat News is the main daily of the Bahraini opposition, composed mostly of Shi'a Muslims. They have been active in the mobilization to restore the Bahraini Parliament, which was abolished in 1971, in the wake of independence from British rule. That independence was not complete at that time, because the British still controlled the country's security affairs through British intelligence officer, and Kenyan Mau Mau operative, Ian Henderson. Henderson was discharged in 1999, and Bahrain is now a constitutional monarchy, but not without troubles.

On July 25, *EIR's* Edward Spannaus was interviewed on a leading talk show on *Al-Jazeera* satellite television as part of a panel discussing the scandal in Washington over the lies used to justify the Iraq war. Spannaus discussed the primary role of Vice President Dick Cheney.

Bush Pressured To Stand Up to Sharon by Eagleburger, Bronfman

In extreme diplomatese, two leading North American power-brokers told President George W. Bush in a letter last week to "urge both sides 'to take the necessary steps to create stability and momentum in the peace process,' " with emphasis on "both sides" meaning Ariel Sharon. On July 30, the *Christian Science Monitor* carried a story by *AP* reporter Barry Schweid which reported that former Republican Secretary of State Lawrence Eagleburger (under President George H.W. Bush "41") and billionaire Edgar Bronfman, head of the World Jewish Congress, sent a "friendly" letter to President Bush, prior to his meeting with Sharon, telling him not to abandon the Road Map.

The letter has even more weight, given Eagleburger's statement to *BBC* on April 13 that if Bush invaded Syria (a high priority for Sharon and the Cheney Chickenhawks), "I would think that he ought to be impeached. You can't get away with that sort of thing in this democracy." The surfacing again of Eagleburger grids with reports that the Cheney cabal fears not only the Democrats in Congress, who are investigating the lies used to secure approval of the Iraq war—but also Republicans who are fed up with the neo-cons.

Asia News Digest

Koizumi Dances Around Issue of Troops to Iraq

Japanese Prime Minister Junichiro Koizumi had to hedge July 29 on the question of the extremely controversial bill passed July 28 on deployment of Japanese Self-Defense Forces to Iraq, the *China Daily* said. Koizumi said at a press conference: "The bill is not one that requires the sending of Self-Defense Forces.... It's a bill that *allows* the dispatch of the SDF."

Koizumi is caught in a bind, because a solid majority of Japanese citizens oppose the troop deployment, and he would have to sell the policy to the population, which will not be easy. The Opposition kept the bill from passing for two full

days. Koizumi claimed that any Japanese troops in Iraq would only go to "non-combat areas," but people in Japan are clearly aware that there is no such thing.

Defense Minister Shigeru Ishiba said on July 28 that no decision would be made on the role of Japanese troops until a fact-finding mission had surveyed the situation in Iraq.

Cambodian General Elections Run Smoothly

In the third general election since the 1993 UN-sponsored elections, on July 28, the ruling Cambodian People's Party, led by Prime Minister Hun Sen, came in eight seats short of the two-thirds absolute majority needed to form a single-party government. Out of 123 seats in the National Assembly, the royalist Funcinpec Party led by Prince Rannaridh, son of King Norodom Sihanouk, received 26 seats, and the eponymous Sam Rainsy Party, 24. Rainsy was heavily funded by the National Endowment for Democracy's International Republican Institute (IRI), with special personal support from Sen. Mitch McConnell (R-Ky). Voting took place on July 28, but official final tallies will not be released until Aug. 8.

Prime Minister Hun Sen, who has held leadership posts since he was first named Foreign Minister in 1979, chose not to campaign in this election. Both Rainsy and Rannaridh declared fraud following the unofficial tally, after which declaration, they declared that they would be willing to join a coalition with the CPP, but only on condition that Hun Sen step down as Prime Minister—which is highly unlikely.

UN Envoy Supports Thai 'Road Map' for Myanmar

Veteran Malaysian diplomat Razali Ismaili has encouraged Thai Foreign Minister Surakiart Sathirathai to pursue his proposed "Road Map" for ending the stalemate between the ruling State Peace and Development Council of Myanmar (Burma), and chairman of the National League for Democracy Aung San Suu Kyi, who has been jailed in Myanmar since May 30.

Surakiart said July 29 that he would seek the cooperation of many countries, including India and China, to end the current deadlock, following Suu Kyi's detention after a confrontation between government supporters and her NLD followers in northern Burma. The "Road Map" was floated at the recent Asia-Europe Meeting in Bali, but with lukewarm results. ASEAN opposes sanctions, such as those just passed by both houses of the U.S. Congress, which will cut \$350 million of Burmese exports. President Bush signed the bill on July 29.

Surakiart lashed out at U.S. Sen. Mitch McConnell (R-Ky), who on July 28 attacked Thailand for acting as a "mouthpiece" for the Burmese junta. Surakiart suggested that McConnell "acquire more information and examine Thailand's leading role in finding a solution."

Malaysia Issues the First Gold Dinar

The Royal Mint of Malaysia issued the first gold dinar coins on July 29, which will be used to pay part of its employees' July salaries, if they so choose. The dinar has been issued in denominations of one-quarter dinar, equal to US\$13.80, or 1 dinar, equal to US\$47.63. For now, the coin will not be available for trade, but the head of the Royal Mint said that creating an exchange window for the dinar could be developed. For now, the Royal Mint will approach four Islamic banks to promote the dinar in August. Currently 1 gold dinar is set at 4.25 grams of gold of 91.7% clarity. The Mint will soon add 2-dinar and 4-dinar denominations to the quarter dinar and the dinar.

Hong Kong Dollar Will Not Be Allowed To Float

A *China Daily* editorial on July 29 rebuked the "highly speculative front-page report" in Hong Kong's *South China Morning Post* of July 25, which claimed "doubts about the Hong Kong's linked exchange rate system." *China Daily* asserted: "Let's make no mistake about it. The Hong Kong government, backed by nearly HK\$300 billion in fiscal reserves and the support of the mainland government, has remained as unwavering as ever in its determination to maintain the linked exchange rate to the U.S. dollar." Hong Kong—with the support of China—decisively won the bloody financial "Battle of Hong Kong" against currency speculators in 1998, after so many other Asian nations had been crushed. The *South China Morning Post* is a veteran of old colonial days in Hong Kong.

The *China Daily* editorial emphasized that "there is simply no economic benefit that can be derived from decoupling. It is a well-known fact that no economy can devalue itself out of a recession. In many cases, currency devaluation by one exporting country to boost its export competitiveness will prompt its competitors to follow suit."

Is U.S. Working With 'Terrorist' Ansar al-Islam?

In the world of murky intelligence, murky briefings, and murky media, it is difficult to figure out who is a terrorist and who is not. The Chairman of the U.S. Joint Chiefs of Staff, Gen. Richard B. Myers, a uniformed favorite of U.S. Secretary of Defense Donald Rumsfeld, speaking at the Bagram Air Base on July 30 said, according to *Fox News*, that the United States is getting "very good intelligence" from operatives in Iraq on the al-Qaeda. Myers declined to give details but suggested some of the intelligence was gained from Ansar al-Islam, a radical group based in northeast Iraq. Earlier, U.S. intelligence had identified Ansar al-Islam as a terrorist group.

On March 30, during the military operations against Saddam Hussein's regime in Iraq, *The Observer* of London reported that at least 100 U.S. Special Forces soldiers, led by thousands of Kurdish peshmarghas, had pummelled the high mountains in northeastern Iraq with air strikes and artillery shells to destroy the Ansar al-Islam group, linked to al-Qaeda. Ansar al-Islam had put up a stiff resistance and then, it was reported, hundreds fled the scene. At the time, it was said that destroying Ansar was seen as essential to allowing the northern front against Saddam Hussein to be opened up. The existence of Ansar in Iraq was used by the neo-cons in Washington as justification for the claim that Saddam harbored al-Qaeda terrorists—even though they were based in the Kurdish area under U.S. "no-fly-zone" protection.

Now, it seems in hindsight, if one believes Gen. Myers, that it was in the best interests of the United States that the Ansar members fled the bloody attack by the U.S. Special Ops!

Musharraf Coup Derails India-Pakistan Progress on Kashmir

Former Pakistani High Commissioner to India Niaz Naik told the July 31 Pakistan *Observer* newspaper that, following the Lahore diplomacy in February 1999 by the Indian Prime Minister Atal Behari Vajpayee, when Vajpayee went to Pakistan by bus to meet his Pakistani counterpart, Mian Nawaz Sharif, the two leaders had decided to open a separate channel to resolve the Kashmir dispute. During their talks, they set a 10-month time frame to end the dispute.

Niaz Naik said Prime Minister Nawaz Sharif secretly nominated his Principal Secretary, the late Anwar Zahid, for the proposed deliberations, while Vajpayee appointed a journalist, R.K. Mishra, to represent his office. On Feb. 28, Nawaz Sharif telephoned Vajpayee to inform him that he was ready to receive Mishra in Islamabad. Mishra, following the meeting, informed Vajpayee that the talks had made progress.

On Oct. 12, about eight months later, Nawaz Sharif was removed from power in a coup led by the Chief of Pakistan's Armed Services, Gen. Pervez Musharraf.

Africa News Digest

U.S. Centcom Moves Toward Political Legitimacy in Africa

General John Abizaid, commander of U.S. Central Command since July 7, announced in Addis Ababa July 30, that a regional task force is being set up to combat terrorism and handle disasters in Egypt, the Horn of Africa, and East Africa. It has the backing of the U.S. military, he said. The task force will not physically fight terrorism, he said, but would "provide the basis of a response" when an attack occurs. It would also respond to such disasters as floods and airplane crashes. Ethiopian Prime Minister Meles Zenawi expressed enthusiastic support for the initiative.

Egypt, Ethiopia, Eritrea, Djibouti, Kenya, Uganda, Rwanda, Burundi, Congo, Tanzania, and the Seychelles Islands are participating. The only countries in that band of Africa not involved are Sudan and Somalia.

The initiative followed the Golden Spear Symposium in Addis Ababa, sponsored by the U.S. Central Command to promote "dialogue between African countries" on security.

Libya Invites U.S. Oil Interests To Return, and Privatizes

The Libyan government has arranged for the return of U.S. oil interests, Libyan Prime Minister Shukri Ghanem said in an interview with the Saudi-owned *Al Sharq Al-Awsat* newspaper. Ghanem said, in part, "Many U.S. companies used to enjoy advantages in huge oil fields and produced hundreds of thousands of barrels of oil per day. We have reached an agreement with these companies ... to return to Libya." He did not elaborate.

Libyan President Muammar Qadaffi last month called for state-run companies to be scrapped and for the oil sector, banks and airports to be privatized. At that time he named a new government headed by Prime Minister Ghanem, an economist, to pursue a more "open economy."

Afro-Asian Cooperation Planned at High-Level Bandung Meet

Thirty-six Asian and African countries were represented at a Bandung, Indonesia planning conference July 29-30 on expanding and strengthening ties between the Asian and African continents. "We must unite, not only in the political sector but also in economic and sociocultural fields," Indonesian President Megawati Sukarnoputri said in her opening address to the Asia-Africa Sub-Regional Organization Conference (AASROC). She said that rich nations continued to force their will upon the developing world not only in the political area but also in economic fields.

South Africa's Foreign Minister Nkosazana Dlamini-Zuma followed the Indonesian President and noted that for Asia and Africa, "it is imperative that they strengthen their collaboration in fighting for a more equitable international economic order, eradication of poverty, and the easing of the oppressive and debilitating debt burden of developing countries." She continued: "We have to act in solidarity in all areas, using our combined strength to take our destiny in our own hands."

The AASROC meeting, which drew the 36 countries' foreign or deputy foreign ministers, is seen as a step toward reviving the Non-Aligned Movement (NAM) and as a preparatory meeting for a conference of Third World countries in Bandung in 2005, the 50th anniversary of the founding of NAM in Bandung.

The final communiqué reflected the importance of greater cooperation in such areas as infrastructure development,

agriculture, transportation and preferential trade. It adds the goal of "Identifying existing difficulties and challenges ... and ... areas of cooperation and specific projects to address those challenges."

AASROC suggested the establishment of focal points within the respective secretariats of regional and sub-regional organizations to strengthen the mechanism for consultation, according to Indonesian Foreign Minister Hassan Wirayuda, who chaired the meeting with Dlamini-Zuma. The communiqué noted this "new partnership can play a meaningful role in supporting the implementation of NEPAD, the Tokyo International Conference on Africa's Development (TICAD), [and] the Sino-Africa process."

India To Give Mozambique AIDS Drugs at No Charge

The Indian government is prepared to help Mozambique "at zero cost" with HIV-retarding drugs, outgoing Indian High Commissioner to Mozambique, Avinash Chandra Gupta, told Mozambique President Joaquim Chissano, according to *Agencia de Informacao de Mocambique* July 31. He noted that India is a quality producer and exporter of HIV-fighting drugs.

Japanese Project To Improve African Math-Science Teaching

A five-year Japanese project to improve mathematics and science teaching in Africa has begun in Kenya, according to *The Nation* (Nairobi), July 26. The project will be expanded to include 13 other African countries including Malawi, South Africa, Lesotho, Zambia and Burundi.

The project in Kenya, sponsored by the Japanese International Cooperation Agency, is based at the Centre for Research and Training in Karen, Nairobi. It will train more than 3,500 science and mathematics teachers from across Kenya. Already 400 teachers from 15 districts have gone through a course on new teaching methods. The Kenyan educationalists, once trained, will help replicate the program in the other African countries. Speaking in Nairobi after the launch of the Strengthening of Mathematics and Science in Secondary Education Project in Africa July 26, the Kenya head, Bernard Njuguna, said the course will start on a larger scale next March.

Iranian, South African Oil Companies in Joint Investments

Iranian and South African oil companies are planning joint investments worth US\$2 billion, which may treble in years to come, Iran's Foreign Minister Kamal Kharazi said July 21 in Pretoria. "Oil companies from both sides discussed a number of projects with maximum investment of \$2 billion. Such joint investments may increase by \$4 billion in the years to come," he said. More than 40 Iranian government officials and 20 businessmen are in South Africa for the seventh joint commission meeting of the two countries. Last year, South Africa bought 40% of its oil from Iran.

Neo-Con Proposal To 'Save' Liberia Mimics British Empire

Neo-con Max Boot, op-ed page editor for the *Wall Street Journal*, calls for "enlightened imperialism" to "save" Liberia, in a commentary in *USA Today* July 28. In Liberia, the United States should follow the example of the British Empire in the 19th century, urges Boot, when it used non-British enlisted men led by British officers, e.g., Gurkhas in India, or Kitchener's use of Egyptian and Sudanese forces in Sudan. Liberia would provide soldiers, and the U.S. would supply the logistics and training, much like the approach used in the Afghanistan war.

After the civil war ends, the U.S. should turn Liberia and other "failed states" into international protectorates, says Boot, to be run by a foreign administration, likely under United Nations auspices. Special Forces would remain to train a Liberian

military.

Such an "enlightened imperialism, dressed up in multilateral clothing," Boot rants, is the only way to "protect" the people of Liberia, and other countries, from local warlords.

***Washington Post* Roasts Bush Administration over Liberia**

A July 31 *Washington Post* editorial refers to the horrific conditions in Monrovia, and says, "a Bush Administration strategy toward that poor West African country is emerging: The president is giving the appearance of responding to the UN's desperate pleas for U.S. military assistance without actually providing any." It says the 4,500 U.S. troops sent to Liberian waters (not currently intended to go ashore) could "quickly put a stop to the fighting ... saving many innocent lives."

The editorial concludes, "Mr. Bush could put an end to this misery; he chooses not to. Instead, as Nigerian President Olusegun Obasanjo pointed out to the *BBC* in London, he is like the person who arrives at a burning house and 'says, 'Here I am, I have my water, my fire engine. Now, when you put the fire out in your house, I will come in.' ' Mr. Obasanjo added: 'I wonder what sort of help that is, with all due respect.' Americans who recently heard Mr. Bush proclaim his Administration's commitment to Africa should be asking the same question."

In an Aug. 1 *New York Times* op-ed, Chester Crocker, Assistant Secretary of State for Africa during the Reagan years, hit the Administration where it hurts the most. Arguing from the geopolitical standpoint, Crocker favors putting U.S. troops on the ground in Liberia. "Yes, American forces are stretched—but.... If we worry about being able to keep the peace in Liberia for a few months, we should worry even more about the conclusions being drawn from this uncertainty by our rivals and allies alike—particularly the Chinese, the North and South Koreans and the Japanese."

Robust Troop Strength Needed To Bring Peace to Liberia

"It looks like both the U.S. and Nigeria want one party or group to take over" in Liberia, so there will be no need for expensive peacekeeping, said Henry Boshoff, a senior analyst of the Institute for Security Studies in South Africa, in an interview with *Radio Nederland* July 31. This explains the constant passing of the buck among the U.S., UN, ECOWAS (the organization of West Africa States), Nigeria, Liberian President Taylor, and the Liberian insurgents of LURD, he says.

"The bottom line in Africa," he says, is that "none of these countries have got money.... America has already said it will provide \$10 million to the Nigerians, but that is nothing.

"It looks like both the U.S. and Nigeria want one party or group to take over the whole country, which means there's no need for a ceasefire and ... a peacekeeping force.... [T]hey are waiting for the rebels to destroy the armed forces of the government and push Taylor out ... then they will come in ... to oversee the implementation of the new government."

Boshoff told *BBC* July 31 that at least 3,000 well-equipped and well-trained soldiers are needed in Monrovia alone: "It doesn't help you to put in troops that are not competent, that are not robust," he said. The former head of the ECOWAS Military Operations Group (ECOMOG), retired Nigerian General Victor Malu, told *BBC* that it would take 5,000 troops to secure Monrovia and 12,000 for the whole country. "It's a costly mistake to send just two battalions to Monrovia. You'll be putting the lives of those troops in danger," he said. *BBC* recalls that ECOMOG peacekeepers spent 12 years in Liberia and Sierra Leone in the 1980s and '90s. Hundreds of peacekeepers were killed. Nigeria spent "well over \$12 billion," according to President Obasanjo.

Sudan: Mubarak Attacks U.S.-Backed 'Peace' Proposal

Egyptian President Hosni Mubarak says that granting southern Sudan independence would "tear the region to shreds" and would be "dangerous" for both sides. He is responding to the draft "peace" agreement put forward by the U.S.-backed Intergovernmental Authority on Development (IGAD). "Unilateral separation of the South from the North, not based on the will of the people, would tear the region to shreds," he said in a meeting with students in Alexandria, according to *AFP* July 26.

"The South is only a strong entity when joined to the North as one state," he said, in remarks broadcast on TV. "Any agreement aimed at partition ... should be put to a public referendum," he said, again stressing that "division is a danger for the North and South."

Mubarak is expressing his concern that the plan recently presented to the Sudanese government, and rejected out of hand by President Omar Bashir, could lead to partition, with the devastating consequences he mentioned. The "peace" plan calls for separate central banks, armies, and cabinets.

Neighbors' Looting Keeps Congo Fighting Going: Ambassador

Neighboring states bent on looting natural resources are still behind the fighting in the Democratic Republic Of Congo, the country's ambassador to South Africa, Bene Mpoko, told an Africa Dialogue seminar at University of Pretoria, according to *SAPA* July 31. Mpoko accused Ugandan troops of provoking tensions between minority Hema and majority Lendu in the Ituri region. Mpoko said the Congo, with its abundance of natural resources, had always been seen as a country waiting to be plundered. "If you destabilize it enough, you can almost do anything there. You can get your gold, your diamonds and so on."

African Union To Send Military Peace Monitors to Somalia

The African Union (AU) plans to send 81 observers to Somalia to monitor a cessation of hostilities agreement signed by Somali faction leaders last October, according to Amdour Kambudzi, a member of an AU team on a nine-day tour of Somalia. "So far, the African Union has sent requests to seven countries to provide the military observers," he told *Associated Press* July 28. The AU expects to have responses from Algeria, South Africa, Ghana, Nigeria, Tanzania, Zimbabwe, and Botswana by the end of August, Kambudzi said. The countries were chosen at the request of the Somalis attending peace talks in neighboring Kenya, he said. The first observers are to be deployed by the end of September.

This Week in History

Aug. 4-Aug. 11, 1945

On the Anniversary of Hiroshima — The First Use of Weapons of Mass Destruction

by Nancy Spannaus

In the midst of the hue and cry being raised today about "weapons of mass destruction" in Iraq, North Korea, and Iran, it is sobering to reflect upon the fact that the *only* nation to have unleashed real weapons of mass destruction upon the world—i.e., a nuclear bomb—has been the United States. That event occurred on Aug. 6, 1945, when U.S. planes dropped

an atomic bomb on Hiroshima, Japan (and again a few days later, when the U.S. bombed Nagasaki).

In contrast to biological and chemical weapons, the detonation of a nuclear bomb kills en masse. Sixty-six thousand people were killed in Hiroshima, and 39,000 three days later in Nagasaki. Much of the death resulted from the firestorms caused by the explosions of the bombs.

What must be understood, is that the dropping of these bombs was no more necessary than the war against Iraq. Yes, Japan was a major military power which was warring against the United States, but at the point that the decision was made to drop the bomb, the Japanese Emperor was already negotiating, through Vatican channels, on the same terms of surrender that were accepted after the bombings.

No, this bombing was not undertaken for military purposes, but in the interest of asserting the One World Government plan which none other than that "pacifist" Bertrand Russell advocated. Russell, in the immediate postwar years, advocated a *preventive war* against the Soviet Union, implicitly a nuclear war. Of course, the Soviets could evade this, Russell said in an interview with *BBC* in 1959, if they submitted to his plan for a One World Government which would have a monopoly on serious armed force.

In a September 1946 report in *The Bulletin of the Atomic Scientists*, Russell said: "It is entirely clear that there is only one way in which great wars can be permanently prevented, and that is the establishment of an international government with a monopoly of serious armed force.... An international government, if it is to be able to preserve peace, must have the only atomic bombs, the only plant for producing them, the only air force, the only battleships, and generally whatever is necessary to make it irresistible."

If that sounds to you like the conception of the American imperialist Chickenhawks today, that is not far off. What Russell was not able to accomplish in the immediate postwar period, they are close to accomplishing today.

Despite the bombing of Hiroshima and Nagasaki, Russell did not succeed in his One World Government objective. This was due in no small part to the role played by General Dwight David Eisenhower, who was President from 1953 to January 1961. Eisenhower had opposed the use of the nuclear bombs in Japan, and was forced to veto proposals to use them in other places in Asia at least four times, during his tenure as President.

Another leading figure who opposed the use of these weapons of mass destruction on Japan was General Douglas MacArthur, who was never consulted. Like the military men today who decry the Chickenhawks' doctrine of perpetual no-exit war, MacArthur believed that the purpose of war was to prepare for the peace. And not, like Russell, the peace of the grave.

With this anniversary of the horror of the use of nuclear weapons, let us ensure that Russell's nightmare scenario is buried forever.

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