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

### **LaRouche Brings 'Dump Cheney' Campaign to California**

*Lyndon LaRouche personally brought his campaign to dump Vice President Dick Cheney and Cheney's "dirty operation" to recall Gov. Gray Davis, to California on Sept. 11, with a press conference and a breakthrough town meeting attended by 450 people in Burbank. More than 200 enthusiastic college-age youth crowded the meeting hall, where LaRouche identified defeating the recall—Cheney's dirty trick to blame Davis for Enron's and other Cheney contributors' looting of the state—as a critical battle in the 2004 Presidential campaign. Almost simultaneously in Baltimore, the LaRouche Youth Movement's intervention into the scripted "debate" of LaRouche's nine rivals at Morgan State College broke into the international press.*

Nevada State Senator and head of the state's legislative Black Caucus, Joe Neal, one of first legislators to fight and beat deregulation, introduced LaRouche at the town meeting this way: "I view LaRouche as the savior for this nation. He has spoken the truth, and should be the President of this nation."

California Assemblyman Mervyn Dymally, former Lt. Governor of the state, and, as a Congressman, former chair of the Congressional Black Caucus, sent a message from the legislative session that he and LaRouche are "working together not just to defeat the Recall, but to save our Democratic Party, so we can save our country."

#### ***Here is LaRouche's address to the Town Meeting.***

Well, I'm going to talk about the subject of Constitutional law, from a very specific standpoint. And dealing with the state of California to illustrate a problem of our nation, and a problem of the world at large.

Recently, the Governor of California, Gray Davis, stated that he knew, that in the matter of deregulation, he had committed errors. He did not add, as he should have, that practically everyone else—at least not on that occasion—that everyone else in the legislative process who had pushed through deregulation in California, had voted the same way, whether Republicans or Democrats. So Gray Davis was not guilty of anything that every representative was not guilty of, either by participation, or by negligence. And negligence is also a way of voting: You don't vote, and you get what you don't vote for. That's the danger here in California, right now. If you don't vote against Recall, you may not have a state to vote for, the next time around.

Now, this involves two levels. On one level, you have the mistake that was made by many people, including the present governor, in adopting and tolerating deregulation. That was a mistake; it was a mistake based on bad judgment, poorly informed judgment. But it was not an intent to commit a crime. They were sold on the idea that deregulation was somehow—might be good for the country. And since it was also seen to be popular, the political parties had better go along with it. Because if it wasn't bad for the country, and it was popular, then, the popular will must prevail. And they went along with it. And there's been a great suffering as a result of it.

Then there came a point in which, by some mysterious process, the dumbest man in America, George W. Bush, was seated as President [laughter]. They offered him a chance to choose between muscles and brains, and guess what he chose?

In any case, this brought us in something a little worse than George Bush—I mean, George Bush is not a good person; he's essentially a bad person, mean-spirited, he just seems not to have recovered from the full effects of three problems: cocaine, abuse of alcohol, and being raised by the Bush family [hilarious laughter, applause]. But, he's a dummy; he makes Mortimer Snerd look like a genius. So, we can't blame him too much for intention; how can we blame a man for intention who doesn't know where he is or what he's doing?

But there are some people who may not be too smart, but are a bit too clever, and whose intentions are very clear. Such a creature is Vice President Cheney. And, he's admittedly qualified at vice; I guess many people are fooled into assuming he's therefore qualified for that office. He came into the picture early. Now, Cheney is a thief by disposition; he's a thug and a thief. Back in the days of high school, back in Wyoming, where he was raised among the cattle [laughter], he had a girlfriend; his wife Lynne. And he's sort of her dog, and always has been since back there in high school days, where he'll sit there, like a scowling jock, not too bright, not too articulate. He knows better than to talk, because people hear how stupid he is. And she's out there, the queen of the campus, so forth; goes on to Chicago University; becomes educated by the top fascist in America, and plays that role today; and he's her dog, and he runs in office.

So he has the qualities of a pirate, or a thief. For example, when he went into the first Bush Administration, so-called "41," he was Secretary of Defense. Now, his particular "thing," shall we say, was—at that time, remember the Soviet Union was disappearing, and there were those, not only in the Republican Party, but elsewhere around the world, who thought that the dissolution of the Soviet Union, meant that the United States was the only superpower in the world. And they therefore said, why shouldn't we become an empire? Why shouldn't the rest of the world simply be our slaves? And they moved in that direction. The older George Bush was, under advice, a little bit more cautious. Cheney was more on the enthusiastic side, a real jock. So he had—two things: First of all, he was pushing a policy of preventive nuclear war, as a policy of the United States, a policy whose object was to bring about the establishment of an empire, which would be run by the United States, and the United States would be run by people of his persuasion.

At that point, the older Bush's Administration declined to go along with Cheney. So Cheney's demand for an extended Iraq war, at that time, his plans for development of a new arsenal of nuclear weapons, to conduct preventive nuclear warfare against many nations, including those which had no such weaponry. Those which had no capable military threat against the United States. He would go to war. He was restrained.

Then, we got Clinton. And there's that Cheney. And Cheney and his crowd, the crew with him, continued with this project. In 1996, they drafted a document for the worst fascist in Israel: Benjamin Netanyahu. Presumably for a Netanyahu government in Israel. It's called, in a sense, the next step. And this thing was read by Netanyahu to the Congress a few days after it was presented by this crew, Richard Perle and Co., who were the Cheneyacs in question. It sat there. It was the policy of the right-wing government in Israel; but it was not the policy of the United States. And it sat there. George W. Bush was inaugurated. And it sat there.

At that point, the time that George Bush was about to be inaugurated, for reasons which remain obscure, to both voters and the Constitution, I gave a public address of some significance, in which—I'd been involved in this actively, in this mess of Nov. 7, 2000, which was as an election, which had been an indecision; we had, not a constitutional crisis at that time; we had an election crisis, particularly in the state of Florida. Now this election crisis, whatever they say, was largely created by the Democratic Party, which, under the leadership of Al Gore, and people like that, had gone and done. So in the state of Florida, they had a law on absentee ballots. The Republicans did their homework on this law, and prepared for the election, and got their absentee ballots through. The Democrats were a bunch of lazy bums! They didn't do their homework, and they were sitting, not knowing comparably, what to do on the absentee ballots. And they actually won. The Republicans

actually won, in the state. The worst of it: Al Gore, if he had been anybody but Al Gore, would have won, would have not bothered with Florida, because all he needed, at that point, was the Electoral College vote of Arkansas. With the electoral vote of Arkansas he was in, dragging that piece of filth with him—Joe Lieberman. What the cat dragged in, sort of.

No, he didn't. He didn't go into Arkansas, because Arkansas had been my state, where I got the number of votes that the Gore people stole from me, from the electoral college, that year. So, they ignored Arkansas, which they had a quarrel with. And they went on to the great and glorious state of Florida, where Joe Lieberman, whose connections are with the right-wing Cubans—people who kill people, and push drugs, and do wonderful things like that—and who robs Indians, through these Indian [gambling] operations. Joe Lieberman thought he had a lot of pull with the right wing in the state of Florida—especially with these Cubans. And therefore, he thought *he*—and he said—you could carry the state. But that isn't what he carried; he carried George Bush into the White House.

In any case, so this was the situation. So, under those circumstances, there was great confusion about what to do about the hung-up election of 2000, and I became very actively involved in that issue by various media events, and so forth, during that period, up into the first part of January 2003. And I had some influence on broader people who were persuaded that I was right, and persuaded we ought to go that way. But it didn't work out that way. And so, George Bush was about to be inaugurated as President.

So, I gave a forecast of what we faced, under a George W. Bush Presidency. And there are two points in particular which I emphasized: That the U.S. economy and the world, were already being plunged into one of the greatest monetary/financial crises in known history—something which is coming on now, as some of you who may have been acquainted with that gentleman as he walked around the streets and neighborhoods of the country: poverty, depression. And since George Bush was very dumb—that's what I said; I tend to speak like that. I would refer to this man as being dumb. Don't accuse him of being these other things, that he doesn't know what he's doing. But he is dumb. And he's very serious about being dumb and mean.

So that under those conditions, I had forecast, that we should expect during the early period of a George Bush Administration, that the depression, which was already coming on, since the spring of 2000, would tend to hit with fuller force in the coming two years. Well, it did. That at the same time, under these conditions in the world, I said, we must expect what happened in Germany, in 1933, as a threat for the period now; this is in January 2001. I referred to the situation in Germany in 1933, when a certain interest, including some people in the United States and Britain, had financed the Nazi Party to come out of bankruptcy, to prepare for Hitler's being put in power. And these people who financed Hitler in that way, both in London and in New York, put him into power, through a consortium which staged a two-stage coup d'etat, in January and February of 1933, at a time that Franklin Roosevelt was only elected, but not yet inaugurated. And the government of Germany at that time, under Kurt von Schleicher, was committed, in part at least, to a policy very much like that which Franklin Roosevelt was to implement in March of 1933. And it was well known what Franklin Roosevelt intended to do in March of 1933. So that if nothing had happened, and Kurt von Schleicher had been the Chancellor of Germany in March 1933, the United States and Germany would have been on the same general road, to a world economic recovery, a hard road, but a successful road.

To prevent that, Hitler was put into power. But he was still a fool, sort of almost like an Arnie Schwarzenegger of his time. He was a nothing, dumped into a high office in Germany. People laughed at him. He would be out at the next election, the next crisis, parliamentary crisis. Why wasn't he out? Why did the fool become a dictator? Because Hermann Goering, in February of that year, less than a month after the inauguration of Hitler on Jan. 30, 1933—Hermann Goering set fire to the Reichstag. Hermann Goering was the most financially connected member of the Nazi machine. He was also the head of government of the German state of Brandenburg, at the time. So, he, as he bragged about this on various occasions later, "*I did the Reichstag fire, the Reichstag fire!*" He set fire to the parliament of Germany, the national parliament in Berlin. No one was in it at the time, except, presumably, some poor fool called van der Lubbe, who was later indicted, and convicted.

But the destruction of the institution, resulted in the invocation of the doctrine of law, of a fellow called Carl Schmitt, who became known as the "crown jurist" of the Nazi system. Carl Schmitt, of course, is the same fellow who sponsored the career, in the United States, of a fellow who could not get into the Nazi Party, because he happened to be Jewish. So, this Nazi, Carl Schmitt, sent Leo Strauss, by way of England, into the United States. Well, he ended up at Chicago University, as Professor Leo Strauss, and was the chief breeder of this nest working around Cheney today, called the neo-conservatives.

The point being, what I was afraid of, something like September 11, 2001, would happen in the United States, by agencies within high positions in the U.S. government! And that is exactly what happened. And that has been used as hype ever since, to say, "Well, some Arabs and so forth," and the idea of having a war with Islam was already the policy of Cheney and company, before this happened. They were seeking a pretext, and who knows what so-called evidence was cooked up, in order to create that impression.

So, at the same time, Cheney intervened into the state of California, in the case of Williams Power, and similar cases, Enron cases. Remember, Enron was the largest contributor to the Bush campaign of the year 2000. Williams and these other companies, were the same type. They all belong to the same general breed of cat.

Now, there had been a collapse of the power system of California, in the summer of 2000. This collapse was the result of a breakdown in the system, mechanical system, of the production and distribution of power as a result of deregulation. Chaos was being introduced. I'll get back to this later, in the report here.

But Cheney moved in, once Bush was President, to play a key role in orchestrating the way deregulation hit a number of areas of the United States, including, especially, California. California was the prize. It had the biggest possible potential loot, for the crowd around Enron, was the state of California.

So, what you have today, is you have the state of California has been looted,, by this operation, to the tune of tens of billions of dollars, that we can trace. Apart from the implicit losses of the state, by this looting. The key person who did this, partly by his influence in suppressing a report which would expose what was going on in the Williams case, by suppressing that report, the thing became worse in California. And that was the worst period of this power crisis in California. That is what essentially, combined with the collapse of the IT industry, and with the real-estate mortgage-based securities bubble in California, were the key factors in the collapse of the California economy, from a notoriously rich state, by comparison with other states, into a notoriously impoverished one, or bankrupt one.

And this was done by courtesy of Dick Cheney and company.

We are now living on the verge of a dictatorship. The Patriot Act was a step toward dictatorship. It's modelled on the *Nazi* laws, introduced under a Leo Strauss protege, John Ashcroft, who was trained in the tradition of Carl Schmitt's law, through Chicago University, in the Strauss circles.

We're headed toward fascism, in the United States now! The Patriot Act is a step in that. And it's worse. We're also, in a sense, because of what Cheney is doing, and what others are doing, with this doctrine of preventive nuclear war, with this axis of evil list which was promulgated in January of 2002, we're headed for, somewhere down the line, for a new world war. Not the kind of world war which Dick Cheney imagines might happen, but a different kind. It's a land war in Asia, or a land war with nuclear and aerial complications in Asia, in which the existing triad, the nuclear triad on which U.S. power is based—it certainly is not based on our troops, as Iraq shows us—but a nuclear triad of power, the use of nuclear weapons delivered by air, or by stratosphere; by submarines, large nuclear submarines; by carrier-based methods, to dominate the world through sheer terror, of nuclear weapons. That weapon is not invincible militarily. And other nations which have some power, know it, and have the capability of developing weapons system, and modes of warfare, which are *asymmetric*,

with respect to the U.S. capability. They are prepared now, on the basis of the behavior of the Bush Administration, especially under the Rumsfeld-Cheney operation, these nations are preparing to *fight* such a war—an asymmetric nuclear war, during a period corresponding to the Administration of the next President of the United States.

That does not mean they're committed to a war. That means they are committed not to *submit*, to the kind of preventive nuclear warfare which Cheney represents. That's what we face.

We also, in the meantime, face a world depression, a world monetary-financial collapse, unprecedented in modern history. The system is bankrupt. People who are talking about a recovery, must be Dracula. And only the suckers would join that, too.

So, that's the situation, in general, we face.

So, now look at the situation. On the one hand, we have the American people, who behave foolishly. We have Gray Davis, who admits that he made a mistake, and he should speak also for all the other legislators who voted for this abomination, or abstained from voting either way on the abomination. They all made a mistake. The citizens and voters who supported them, made a mistake! Those who thought deregulation was good, made a mistake, a very painful mistake, *and they are to blame for their mistakes!* They're not criminals because they made a mistake, but they ought to accept the blame for their mistakes. Not in order to shoulder blame, but in order not to make the same mistake, or a similar one, next time. To learn the lesson of admitting: "*We made a mistake.*"

The Democratic Party made a mistake. The voters, the majority of the voters of California, made a mistake. The elected officials of California, made a mistake. This mistake is painful. It's costly. It's life-threatening.

All right, that's one side.

But having known that this is a mistake, what do we say of people who now come back, from high positions, who were the profiteers and racketeers who've been looting this state of tens of billions of dollars through deregulation alone, such as Dick Cheney? What do we say of Dick Cheney as the thief?

Let's go back again, to the 1991-1992 period, of Cheney's reign as Secretary of Defense. His gimmick, in those days, apart from preventive nuclear warfare, and similar kinds of fine enterprises, was privatizing the U.S. military. That is, to look over the entire military establishment in the United States, and look for various functions of the military, which could be performed as *for profit*, civilian operations.

Now, in this connection, he cultivated a relationship with a corporation called Halliburton, from which he gets this million-dollar pension. And he built up Halliburton. The privatization of the U.S. military went apace, even under Clinton, as a continuation of this process. We see the mess now in Iraq. Actually, the place has been turned over to some soldiers, who really are not equipped, or led, to deal with the situation there—but for the profit of whom? Nominally for the profit of the two large corporations which specialize in this privatized version of military operations! The civilian form of military operations, now privatized. Bechtel, under George Shultz, who pulled together the neo-conservative apparatus of the present Bush Administration. Second, Dick Cheney, of Halliburton. Halliburton and Bechtel.

Now, a problem has arisen. Bechtel is not getting its share of the government payoffs, and bailouts. So, there's a little conflict between the two allied thieves, like two pirates squabbling over the spoils.

Now, the President of the United States, poor, sanctimonious, stupid George, goes before the TV cameras, with his fat face

hanging out, and not much behind it, saying, "We need \$87 billion, right now." For what? Guess what? Chiefly, Halliburton. Halliburton needs money. So, we can shut down our schools, we can shut down our health care, we can shut down this, we can shut down that, and we can do *another tax reduction*, and pay out \$87 billion, largely to Halliburton, and call that a patriotic memory of the dead in New York City, from September 11, 2001. And that is a parade that is going on today, on the television set, in New York, and in Washington! A parade—of gloating! They died. Now we're going to get revenge—we're going to give \$87 billion to Halliburton and company, out of the U.S. Treasury. That's what the operation is.

*This is not a mistake.* This is something else. It's something closer to the forces behind Adolf Hitler, which I've dealt with a great deal.

Now, let's look at the other side of the thing. What happened to the American people? Where were *they*, when all these things were happening?

I have a certain advantage, that is, two advantages, complementary. I have a certain age, and experience. I also have, unlike some people my age, a certain kind of vitality, and also a determination to do things, and some skills as well. And therefore, I can tell you things, first-hand, as an insider into much of the history of our country, especially in the recent quarter century, and of the world. I can tell you things which I know better than most people do. There are a few people around the United States, who are of my age group, and who also know these things. Some of them aren't in such good physical condition these days. Former Senators, former dignitaries, of our country, who understand some of these things. But, I can tell you what's wrong with the American people, because I was *there*. I experienced it from the 1920s, as a child, and a young person. The 1930s, as an adolescent. I experienced going into World War II. I experienced it coming out of World War II. Each of the steps we've gone through as a people, during this period, I have personally experienced. And I can tell you what happened.

When I was a child, we were terrible. The people of the United States were terrible. You have no idea how bad they were. At least so I thought, until I saw what came along in the 1960s and '70s. They were wastrels. This was a Coolidge era, the Flapper generation. This was referred to as the "fast" people; they'd burn themselves out fast.

You had some famous novels in that period, which pertained to this kind of thing. They were disgusting, and I thought so at the time. I was a child, but I knew they were disgusting. I also knew my parents, like most people, honestly lied, most of the time, especially when speaking to neighbors and friends. They invite the friends, or the neighbors in, for company. They talk politely, lie to each other pleasantly throughout the whole proceeding. And once the neighbors, or visitors, are out the door, my parents would start to gossip about the people they just had received. Typical American behavior! Typical American hospitality! Frankness. Sincerity.

I saw the same characteristics in my fellow students, of my age group. I saw the same thing in the schools I attended. The same things in the officials I observed. I saw this in the pulpit—they were the worst.

Then, we went through a terrible time. We went through the onslaught of the depression—and you have to think from late 1928, until 1932, the income of the United States, that is the physical income at an estimated rate, dropped to half of what it had been five years earlier. Ha! Now, this meant for many people, absolute destitution. In the northern states, in the cold winter of 1932-33, many people who had been dignified citizens, with houses and jobs and so forth, *died*, froze to death, along railroad sidings, where they'd taken up habitation, in hobo jungles. This was typical of what had happened.

We had Hoovervilles, in lower New York City, cardboard crates, packing crates, in which people were living on the streets. And then Roosevelt came in. With a commitment to what he called the forgotten man, which was the theme of a campaign address he gave in West Virginia, at that time. Roosevelt was well prepared. He was prepared by ancestry. One of his

ancestors, Isaac Roosevelt, the one who he particularly honored, and you can find in the Hyde Park house, which is now a museum, the portrait of Isaac Roosevelt hanging there. Isaac Roosevelt was a New York banker, who was allied with Alexander Hamilton, to defend the United States at that time, from things like Aaron Burr, who was a traitor to the United States, and did a great deal to set up the kind of bad practices we have in the United States today. Roosevelt in his dissertation that he wrote, as a Harvard graduate, referred to the American tradition of Hamilton, and his ancestor Isaac Roosevelt. He understood it well. As he had poliomyelitis, was incarcerated, very severely crippled, in bed, as an adult victim of poliomyelitis. He fought his way back, with the help of his wife. And during the years of fighting his way back to functional health, he did an extensive study in American history, to illuminate what he already knew, about his own ancestry, and the history of the United States.

He became the Governor of New York twice, and under conditions of crisis, became the President, And he walked into the Presidency, about as prepared as anyone could be under such circumstances. He led this nation, with all the difficulties and shortfalls imposed upon him, and inherent in his assembly of government forces, and led the nation on the road to recovery.

And then one day—I didn't know it at the time, but I knew about this sort of thing at the time—Franklin Roosevelt had a discussion with the then-Defense Minister of the United Kingdom, of Great Britain, Winston Churchill. And it was a moment where the German troops were being held back, temporarily, at Dunkirk for a very nasty reason. If the English expeditionary force, British expeditionary force, which was largely concentrated then at Dunkirk, were to fall into German hands, then England would be stripped of all power. And there were people in England, like Lord Halifax, the Beaverbrook circles, who liked Hitler. And these people were prepared to bring the British Empire, and the French nation and its imperial assets, and the fascist nation of Spain, and the fascist nation of Italy, and the fascists of Belgium, and the fascists of Rumania, into a grand alliance, which included a naval alliance, of the forces of Japan—which was a partner in this,—the forces of the great British navy, the forces of the Italian navy, the German navy, and the French navy, into a force, which, after the destruction of the Soviet Union, which they thought would be short work, they would take on, attack, and destroy the United States.

This group is called the Synarchists. I'm not going to go into much on them today, as such, because that's a whole subject in itself. But it's the same problem we face today, and it's what Cheney represents today, the same thing. So, we're not dealing with mistakes; we're dealing with evil.

And on that basis—Churchill and Roosevelt did not agree on much of anything—but they know that if they could mobilize the patriotic forces of the United Kingdom, and the United States, around the idea of stopping a takeover of the world by Adolf Hitler, that they could save the world from that horror, which a Hitler takeover would represent. And they succeeded.

But then Roosevelt became ill, and died. He became very ill at the time he was running for his fourth term of re-election, summer of '44. And those people who had been Hitler sympathizers, before 1940, in the United Kingdom, in the United States, and in France, among other places, turned the other way. They went back to getting rid of Franklin Roosevelt, knowing that he was about to die of complications arising from poliomyelitis, and the strain he put upon his system, as a result of his labors as President, particularly under the wartime conditions.

So, they put in Harry Truman as the Vice President, a man who was skilled at vice.

Now, the importance of this is, what most of you thought, probably, that Truman was a good Democrat, be disabused. The reason that we voted for Eisenhower—I didn't happen to vote for Eisenhower; I was prepared to vote for him in 1947, when I had a correspondence with him on this subject—we who returned from the war, found the following facts: First of all, we had been betrayed, implicitly betrayed. Everything that Roosevelt had promised, about the postwar world, had been betrayed! Roosevelt promised a postwar world, based on American supremacy in fact — nobody could say no to it—saying the colonial system would be eliminated, and we would establish a world of sovereign nation-states, as a community of

principle. No more colonialism! Truman put the colonial powers back in. Truman, with no necessity for doing so, dropped two nuclear weapons on the civilian populations of Hiroshima and Nagasaki. Truman and his friends, staged the firebombing of cities of Germany, for no military purpose. They actually prolonged the war by so doing.

What we found back in the United States, those who had gone off to war and come back, with the anticipation of a better world, as a result of having defeated Hitler, found they were living under a kind of fascistic mood in the United States itself. This was accelerated quickly, by the so-called Cold War, the Churchill Iron Curtain speech. We went into a kind of dictatorial mood, like that which you have from Ashcroft after September 11, 2001—Patriot Act kind of tyranny. People *afraid*.

Now, during the period, from 1945, into the Eisenhower election, the people of the United States were increasingly afraid. They call it McCarthyism today. To understand the truth of it, you call it Trumanism. And people became cowards. They said, "Keep your mouth shut. Don't get into trouble. Don't get our family in trouble. Say what they expect you to say. Don't say what you think. Watch out! You'll lose your job. Something will happen to you."

They turned the generation which returned from war, my generation, largely into cowards. I saw it, I experienced it, many of these people were my friends, I watched the process *in them individually*, as well as collectively.

Now these people, who returned from war with me, many of them moved out into suburbia, or other things, and they raised families. There was a rush to build up a family lifestyle, after five years or so away at war. Wives especially were pushing. "We've got to get our family established. We've got to get a house. We've got to start the children, now. We've got to find a better place to live. You've got to get a better job. Get a white collar job, get a white collar job. Move to suburbia." And they did.

And they taught their children: "Be careful! Be careful! Be careful! Don't say what you think! The neighbors are watching! Lie! Stick to popular opinion. Don't express your own views. Don't think! It'll get you into trouble."

So, we had a generation that came after that. So, after the shock of the war, and the Hitler period, this shock hit the returning veterans of World War II. And they began to raise children, to whom was transmitted this impulse for cowardice, moral cowardice, which we see as characteristic of the U.S. population today.

Now, these children come along, they like the civil rights movement, they like these kinds of things, many of them. They seem to be the beautiful children. But then, 1961: Bay of Pigs. The fascists are back at it again. Allen Dulles is a fascist. 1962: Russell and company organize what became known as the missile crisis of 1962. And everybody, or nearly everybody—I felt like a person standing in the street, deserted street, with everybody hiding in holes—nearly everybody, in a few days' period, of the height of the nuclear missile crisis of 1962, was terrified, as they had never been before. Because, all this period, that had the buildup of how bad nuclear warfare would be: You had these so-called science fiction movies telling you how bad nuclear warfare would be. The ants would suddenly grow large and eat you all, because of nuclear radiation, and things like this. They were terrified.

Then, came the assassination of Jack Kennedy. The terror increased. Then came a useless war in Indochina, again, completely incompetent, immoral. MacArthur warned Kennedy personally: "Don't get into a land war in Asia!" Which is what Cheney, and Rumsfeld, and so forth are trying to do today. "Don't get involved in a land war in Asia! You won't come back, at least not in the same form you went."

So, at the end of the war, a younger generation, with whom some of you may be acquainted, were coming into adulthood, decided they didn't like who we had been, up to that time. Up to that time, we had been a producer society. We were the most productive nation on the planet. You could even find remains, and traces, of those industries around Southern

California, that used to exist here, where people could make a decent living, in jobs with dignity to them, and not fake their way out around it. We were the production machine of the world. We took pride in the fact that we were *useful*. We *made* things. We made *better* things. We made it possible for other nations to have better things, to have a higher standard of living. We had the objective for our own people. We had the objective for our own children, that they would have something better than we had, through our power to produce, our power to increase our power to produce! Our power to solve problems, our power to be human!

That went away. Because these young people suddenly had this sense of betrayal. Producer society had betrayed them. And all the witchdoctors came along to tell them, "Oh, you're right. You're so right. You're consuming too much. Producer society—blue shirts are *bad*. White shirts are not so good either. Go shirtless! Go naked! You want pleasure? Take it from your neighbor! And then inquire what sex they are afterward. As long as you have the pleasure!"

So, we became a post-industrial culture. We became increasingly that. We became a consumer society. We lost ourselves, at that point, for about 40 years ago.

Then we had the change in the monetary system, in which we became a predator nation. By the floating-exchange-rate system set up in 1971-72, we had the ability, with the British, to control the value of the currency of every country on this planet. All we had to do is rig a raid on the currency, against some national currency, and then go in and say, "Oh, you want help? Call in the IMF. Call in the World Bank. They'll advise you on what to do." The advice was, lower the value of your currency; put on sharp austerity to pay your debts; and accept an increase, fictitious debt, which is imposed upon you, to compensate your creditors for the devaluation of your currency.

Ibero-America, Central and South America, has more than paid, *many times over, everything that was ever owed*, to the United States or other countries, since 1971. In point of fact, morally, by strict, honest accounting, the nations of Central and South America, *owe not a penny of foreign debt*. This includes Argentina. Not a penny. It was all a big swindle.

But the big swindle was important, because we got the poor nations of the world, to become even poorer, and to work harder for us! To produce things for *us*! We shut down our factories. We didn't produce any more. We became an unproductive, post-productive, who has lived as a predator nation, by having the financial power to compel the rest of the world to work for us, cheap, for whatever we wanted. And we got cheap stuff, believe me. Go into a mall, and see what you can find in the mall. That bunch of rags would make "Old Rags" blush in shame.

So, that's what we did to ourselves.

So, in this era, the idea that we're going into a post-industrial society: No more big infrastructure! No more big government! And all of these things we depended upon, we destroyed, or allowed to be destroyed, increasingly, especially in the past 30-odd years.

And here we are today.

So, our people developed, under the impact of *fear*! Successive fear, from generation to generation, fear because of World War II, and what came out of it: the nuclear age. *Fear*: a prolonged fear, of a nuclear war with the Soviet Union. Fear, heightened by the experience of 1962-63. Fear, now heightened by a *new* terror, the terror and so-called myth of September 11, 2001.

We've got a bunch of scared people out there. If they're irrational, you have to understand why they're irrational. And to take the role of leadership that I must take, and others I hope would take, you have to understand your own people. You

don't go up and say to them, "I represent popular opinion." I tell you, popular opinion stinks! I was there when it was born! [laughter; applause] My job is to try to save the people from their own opinions, or the consequences of those opinions. Not by imposing opinions upon them, but by getting them to recognize *themselves*, the error of those opinions, and thus become stronger, more accurate, less susceptible to error, because they have used their own minds to be able to understand these kinds of problems.

Like understanding economics, for example. Most of you guys don't know anything about economics, and you, compared with the guys outside the room, are geniuses. [laughter] Anybody who can vote for deregulation, obviously there's something wrong with them.

So, therefore, the problem in politics, is a problem of leadership, because, even though we're all human, many of us have not been able to live up to what it is to be human. We don't have a true sense of immortality. We don't have a sense that our life, which is always mortal—it's going to end, you know, in every case, we can't escape that. We can maybe postpone it, but we can't prevent it. The question is therefore, what does your life mean? Now if you're convinced that your life means something, because you are taking something from the past, which you've been given; you're transmitting it, as culture, to the future; you're adding something to this store of what you give; then you know, just as you know the value of Archimedes' contributions to you, from over 2,000 years ago, or others, or the work of Plato—others, you recognize the work of people before you, as individuals, whose ideas you can replicate, as in any proper school, and as you can replicate, you know that you are experiencing their discoveries, discoveries which only a human being could make, no monkey could make it. No George Bush is likely to make it.

You know that you're experiencing this. You know that you can use this for human benefit, this knowledge. You know that you can transmit this knowledge, or assist in transmitting it, to coming generations. And you know that you, in a sense, live for the human species, in thousands of years to come, even after you're deceased. Because what you represent, does not die, *provided* that we organize society to ensure that the great gifts, which are transmitted to us, and given to us, by individuals, shall not be allowed to die. They shall live, and the names of those who gave them, shall be honored as much as we are capable of doing, for all time to come.

Now, it's that kind of courage which enables a soldier, to fight war, as a man, and not as a beast. People can fight wars as beasts; they often do it, to kill the enemy, who does something you hate, and you go out, and you kill him. When you fight in war, in this kind of war which is sometimes opposed to all of this as civilized nations, we fight war for the objective of achieving peace. The peace we achieve, will be based on the people, of our own people, and the people in the opposing nations, the resources and institutions we rescue, as the end of war.

We then are devoted to using these things, that survive the war, as the instruments of building a better peace, than before the war which we had just entered. This is the famous principle of modern civilization, set out in 1648, under the initiative of a great diplomat Cardinal Jules Mazarin, of France, called the Treaty of Westphalia. The purpose of peace among nations is, each nation must think in terms of the advantage of the other. You must think of what we do, which is useful for other nations.

This is easy in the sense of me, from the standpoint of the United States, because I'm proud of the history of our nation, and what it represents. I'm proud of what Benjamin Franklin represents; of what Winthrop represents from the 17th Century, in the colonization; of what Cotton Mather represents; of the influence of Leibniz on our formation of the ideas of Franklin. Franklin's role as a man who created a youth movement, which became the government of the United States. And in those great leaders we've had, who stood out among many bums, but who were great leaders, like Lincoln and like Roosevelt, who have contributed to mankind.

And, if you think like that, and you think about "your nation is as important as it is to the world, which means as important

as the benefit of your existence as a nation, is to the world around you." And if your role as a leader of a nation, is the benefit you represent, not to yourself, but to your people, and through your people, to the other people of the world, then you have a sense of being able to do anything that's necessary. You're not afraid to die. You don't seek to die, but you're not afraid to die, because you know your life means something. And *they can't cheat you of the meaning of your life!*  
[applause]

If you achieve that, and it's my purpose, and it's been the purpose of every leader that is respectable, of our nation, and our civilization, to do that, to somehow aid society, in discovering that as a natural condition of man within society. This is the true meaning of general welfare, of the term general welfare, as traced from the term *agape* in the Greek, of Plato. Or in the First Corinthians 13, where the same term is used in the Greek, as is used by the Apostle Paul, *agape*. That you live for the others. You are a necessary being. You are a necessary person, who is going to contribute something to society, and you live for the others. And if they wish to succeed, as you try to succeed, they will try to do the same.

The function of government, of constitutional government, in our way of thinking, as Americans, of a melting-pot nation, our Constitution, as in the Preamble of the Constitution, is based on these principles: the sovereignty of our people, and its institutions; the obligation of government to promote the general welfare; and the obligation of the citizens to participate with government in promoting the general welfare, that's *agape*; the commitment, above all, to posterity, to do such things with our life, as will be also beneficial, to those that come after us.

That's the purpose of true constitutional government.

Let me just turn, for a final note, on the question of economics. On the question as it applies to infrastructure.

This egoistical thinking, that says, "I earn this," well, buddy, you don't earn anything. If I put you, with all your skills, on a deserted island, with nothing at hand, what are you going to produce? And we're talking about California—the effects of deregulation.

Remember, how you organize this: Many times in our national history, and especially under Roosevelt, who took us out of the debris of the Coolidge and Hoover era, which was really immoral. Hoover was not an incompetent in any respect, but he was not morally very good.

Now, regulation is very simple. Let's take something called power. I think you know something about power. You know the price of power impresses you. The reliability of power, or the lack of it, thereof, impresses you. The price of water, the availability of it, impresses you. Sinking aquifers impress you, or at least they depress the land. Maybe you too. Places where you used to have rich agriculture, which is now dying, or rich forestation, which is now dying, because of lack of management of water, and other things. And you say, well, production depends on what? Production depends upon society preparing the ground in which the producers live and work.

For example, take the case of power. The productivity of labor depends upon the power available, efficiently available, to people in that area, and to that enterprise in particular. Power available. Now, the measure of power is not in watts. The measure of power is actually energy flux density—that's a better approximation. That is, energy sources, of higher intensity, such as the transition from burning fuels, to petroleum, to nuclear power, to thermonuclear fusion, are reaching higher degrees of power. And the quality of the power, which you're able to generate, by these and related means, is the means by which labor is transformed in its ability to produce—one of the aspects. Even the greatest genius, without adequate power, can not produce a successful society.

So, therefore, we, recognizing that, in the United States, recognize that there's a certain aspect that can not be left, in the economy, can not be left to private interests as such. Because these are things that pertain to *all* the people. Who is

responsible for *all* of the people? The government. Who is responsible for *all* the land? The government. For the development of all the land. Who's responsible for the conditions of production, which are needed in society? The government. Who's responsible for health care? The government. The doctors may provide it, but the government must provide the conditions under which the doctors can function. And more important than even health care, is sanitation. And government must provide the chief source of sanitation.

So, therefore, the degree to which this is available, is significant.

Take another case: Transportation. Now, Los Angeles used to have a mass transit system. What do you got now? Traffic jams. Did you ever see a traffic jam? You ever have trouble? Now, what are you doing in a traffic jam? You're wasting your life. You're sitting there, becoming angry, you're probably turning into a beast, slowly, enraged. Sitting in a traffic jam means less time with your family. It means family life is disrupted, characteristically, in areas which are dominated by traffic jams. And if you understand what family should be, the idea of the family table, at least the evening table, is very important in a family. The sense of family caring, is extremely important. Therefore, we must be concerned, not with what people get paid at their job alone; we have to be concerned about what condition of life do they have, when they get home. What are the conditions of life in the schools? Do they have schools near the neighborhood? Do they have a community which will tend to care for children? You used to have grandparents, and neighbors, would care for a lot of the children, you know, when there was trouble in the neighborhood. They cared, and they would help. They weren't always the best neighbors in the world, but they all had the sense of mutual responsibility for helping. And they would help each other.

We have problems today that we didn't have before, precisely because we've fragmented society, with these crazy ideas. We have people who transport—how many hours a day do some people travel, commute to and from, jobs? How many jobs do they commute to? How many members of the family commute in these kinds of jobs, in these kinds of conditions? What kind of social life is left? What happens then to mass entertainment? What has social life become? What does your human life become? You work? Yeah, that's fine. Preferably, your work is something you feel useful at. But, what do you become?

Think of your children, for example. Maybe not your children, but the next-door neighbors' children. That is *your future*. Their children are your future. The grandchildren of any generation, are the future of that generation. And those who think about having a meaningful life, think about what they are giving to the generation of their grandchildren. If not their own, at least the others'; just the way neighbors would help care for children. If you don't have your own children, well, care about what happens to the others.

And think about what you're giving to the next generation.

Therefore, if we think about these physical values, of adequate power. In the case of power, we say, "We have to regulate it." The responsibility of the production of power, is to make sure we have enough power; that we have a system for increasing the amount of power available. We will have the capacity of delivering the quality of power, and the amount needed, to areas which come into new needs for applying this to production. We want a high density, a high-energy-density mode of production. We want less of the emphasis on the muscle side of labor, and shift the emphasis more and more to the mind. In production; not just in thinking about things, but in production. You know, the happy worker in production, in the old days when we were still a productive society, was the fellow who went from the factory job, of a routine type, with a skill, without a skill, who would get into research and development. And you had a guy who was just a regular employee, a skilled employee, in a plant, and he would be upgraded, because of his development of his skills, and he showed intelligence and ingenuity, into a better kind of job. He might get more pay; he usually would, in research and development. But he got more than better pay. He got the satisfaction of being able to do something creative in a more explicit way, on his job, and make better things than existed before. And to play a part in doing that.

The excitement, for example, of somebody doing a proof-of-principle test, on some new kind of process. This is a permanent change in the power of mankind, to produce things. This fellow has a sense of being personally involved, in a very satisfactory way, in production.

So, our job is to produce this kind of society, to produce this environment, in which the individual entrepreneur can function, as an entrepreneur, usually a small entrepreneur, not a big corporation, but a perfectly small entrepreneur, a few hundred employees at most, trying to move in that direction, that form of production, that form of quality of product, that quality of service. If the function of government is to provide and ensure what only government can do, that these essential means of infrastructure, which are needed to promote those changes in the nature of our society, that those can be made.

For example, what's happening now. Let's just take the one example, illustration of this point. The key feature of my policy, and what I've done, is: it's very important, I think, for California at this time. The second paper, which will be distributed among you, in the coming weeks, before the Recall comes around, will be a paper which is titled "Sovereign States of the Americas." Now, as many of you know, especially in California, the largest minority group, in the United States, today, is the Spanish-speaking minority, or people of Spanish-speaking ancestry. The largest single group.

Now, you think of California in those terms. All right. You have the Spanish-speaking part, which also covers Texas, the border areas, and so forth. Then we take another part, another aspect of California. How about Asian population? Asian immigration? How much of Asia is represented in the nation of California? How much of other parts of the world? California is a special kind of melting-pot nation. And how we think, as a nation—whether it's a state or a nation as a whole—is reflected in the way we are able to engage, with neighboring countries. And the most relevant neighboring country, for the United States today, immediately neighboring, is, of course, Mexico. Mexico has the largest impact of any single area of the world around us, upon California. Mexico is in a stressful state.

Now, we have this great area, which runs from the Arctic, down through the Great American Desert, between the coastal ranges, and the Rocky Mountains, the Great American Desert, has not been developed. No progress has been made of any net effect since 1910. None, since Teddy Roosevelt. Teddy Roosevelt stopped development of the Great American Desert. In the name of conservation—to conserve the desert. A man with a deserted mind.

Now, you go down into Mexico, across the border, and you find, between the two, the branches of the Sierra Madre mountains, you find another branch of the American Desert, a similar condition in Sonora, in northern Mexico. You find, Mexico is now—what are we doing in Mexico? We have a problem, a cross-border problem. We have first- and second-generation Mexican immigrants, in the United States, who are adapting to the United States, southern States, and largely California. Then, we go across the border. These people are supporting California! Their cheap labor, in large degree, is supporting the state of California.

Now, we go on the other side of border, you got these maquiladoras. We in the United States, are forcing Mexico, for its own defense, to employ its people at wages that can not support a family—physically. We're increasing the death rate, in these areas.

So, therefore, we're looting Mexico, directly, through the slave-labor operations, which are being run in the name of maquiladoras, across the border. We are also using a cheap Mexican labor pool inside the United States, especially concentrated in first and second generation immigrants, into residency in the United States. Therefore, how we think about ourselves, how we think about the world, is epitomized by the way we think about these people of Spanish extraction, Spanish-speaking extraction, on both sides of the border, especially this particular group.

And therefore, what I've proposed, to indicate the kind of world which the United States should find itself in, a world of a community of sovereign nation-states: We have to think in concrete terms, especially in the Americas. We have to think of

our relationship, as a people, to the people of neighboring countries. We have to take the advantage, that we are a melting-pot nation, the most distinctively melting-pot nation, in our Constitution, on this planet: *We have no race in this country!* Except idiots who think they have one. We are a people, one people. We are in the process of developing a similar language, the same language culture, which is essential. But we are one people, we are one race, the human race. And therefore, having that character, we at our best—and I saw this in the war, for example, World War II—we at our best, we care for other people, people of other countries. And we practice that, especially in conditions in our own country, where some group in our own population, is victimized—the way that group corresponds to some foreign nation, as a source of extraction.

Therefore, I've featured this relationship, for a programmatic development, of this Great American Desert, to move this water project, which is the old Parsons NAWAPA project, to move that thoroughly down, from the Arctic Ocean, all the way down to the border of Mexico, southern border of Mexico. where southern Mexico has lots of water, and high mountain ranges. To bring this water up, as the Mexicans have planned for a long time, along a canal on the Pacific Coast, and a canal on the Caribbean. And also to move it midway, up through the higher range, into areas like this area between the two Sierra Madres.

If we at the same time build a new railway system, of a modern type, down into Mexico City, now what we've done, is we've created the environment in which the potential, potentiality of production, the product of productive improvement, in the whole area increases. The wealth of both sides of the border will increase through this kind of cooperation. While the sovereignty of both nations will be protected.

And this is what I'm pushing. We're pushing the same kind of thing in Asia, as Eurasian projects. In Africa, the situation is hopeless unless we take power. There's genocide in Africa beyond belief, Sub-Saharan Africa. It's deliberate, the United States government is responsible. The British government is responsible, the Israeli government—these are the three governments most responsible for genocide in Africa. [applause]

So, therefore, this is both economics; it's also humanism. We produce infrastructure because people need it. It happens to be also essential for economy. We produce economic relations with other countries, based on these human considerations, because we need them economically. We produce these conditions, because we need it, because we're human. Because we don't want again, ever again, to get into a situation where we find sovereign nations of the world, killing each other, because somebody's manipulating them over some conflict which is orchestrated. We want a community of principle of nations on this planet.

My belief is one thing, in this connection: I know the world fairly well, because I'm an inquisitive, nosey person, as I guess you could say. I look around at cultures all over the world. I have friends and collaborators in many parts of the world. When you're a little bit older, it helps the process. You get acquainted with more people. I've travelled a lot, as some of you know, as some complain. But I know Europe. I know it well enough. I know how to pick these things out; I'm an old management consultant, I know how to pick things out fairly quickly.

I've dealt with Russia. I have a longstanding relationship with India, going back to World War II times. And I know other parts. In parts of the Arab world, I'm probably the only American that they consider civilized.

So, I know the world, and I understand the world. The time has come, I'm convinced, that the world is ripe to do, what John Quincy Adams, and Lincoln, intended, and what Roosevelt had hoped to do. The time has come to end this kind of conflict, a Hobbesian world conflict, and to establish on this planet, a community of sovereign nation-states, as a matter of principle. And to make this work, by defining groups of economic projects of cooperation, which also have a certain human quality, which elevate man's sense of man, his nature.

We in the United States, are the only nation which was created with this mission assigned to it, at the point of our creation. We were created by Europe, with the idea that we could accomplish this mission. The greatest minds of Europe at that time, especially during the middle to late 18th Century, concentrated on the figure of this genius, Benjamin Franklin, who the leading scientists of Europe, looked toward, as the leader of a new nation in North America. A nation which was intended to become, as Lafayette put, a beacon of hope, and temple of liberty, for all mankind.

We have that tradition! We have embedded in us, in our national tradition, the capacity to play that role. We are hated under George Bush, but the American idea is still respected as an idea, in many parts of the world. We have the moral authority, if we exert it, to say to the nations of the world: "Come together. Let us attack this financial-economic problem. Let us work together on common interests, and let us develop a community of principle among each of us, as sovereign nation-states. And we're going to make the Treaty of Westphalia of 1648, finally, the law among nations of the world."

Thank you.

## **The Synarchist Threat of the 'Beast-Man'** **— by Lyndon H. LaRouche, Jr.**

*The following excerpt comes from LaRouche's speech to the business meeting of the International Caucus of Labor Committees, on Sept. 1, 2003.*

Take the case of Synarchism.

Now, Synarchism can be traced, in its most essential roots, from sources such as the ancient cult, Phrygian cult, of Dionysus. Essentially what happened, is that some people in the 18th century, particularly those associated with the British East India Company, and Barings Bank, under Lord Shelburne, were out to defeat the American Revolution, even before it occurred. Because they knew what the American Revolution was. They dipped down into the cesspool of Geneva and Lyons, in Switzerland and France, to find some real filth, which leaned toward, axiomatically, something like the Phrygian cult of Dionysus.

And remember the characteristic of the Jacobins in the French Revolution, was the Phrygian cap. The most important fact about the French Revolution, is the role of the Phrygian cap. The Phrygian cult of Dionysus is the generic term, essentially, or the symbol, for what we call Satanism in civilization since.

So, the British reached down, and they found this cult, which they pulled together, through bankers, through family merchant banks, which are still in existence, in continuity, today. Which became the Martinists of that period, and the Synarchists of today. Every Synarchist is bad, every Synarchist is a fascist, right or left. Anybody who's attracted to Synarchism is a fascist, in the modern terms. I don't care whether it's in South or Central America, or wherever, he's a *fascist*. I don't care what else he says, he's a liar, he's a fascist, because he's a liar intrinsically, because he's Satanic. He believes in Synarchism.

Synarchism is the idea of the rogue, the anti-human rogue, who is considered the Superman, because he's capable of evil, which normal human beings are not capable of doing. Even very naughty ones.

And therefore, they said, what we have to do to stop the American Revolution, "We have to turn the rogues loose. We have to have an instrument, a cult," such as the Martinist cult—which was pulled together by these people, taking the worst features of 16th-century Spain under the Hapsburgs, like Philip II, which was a precedent for them. Remember that the

Hapsburg accession in Spain was used to produce an instrument, to destroy civilization, and this continued through the Netherlands war, it continued through the Thirty Years' War. This was an instrument for destroying civilization. As Schiller describes it, men did not fight war as man against man, but as beast against beast. It was a cult of bestiality, and Spanish culture under Philip II and Philip III, was a culture of bestiality.

Europe under the Hapsburgs generally, was a culture of bestiality.

So, when it came to the time of the French Revolution, the British had already understood this, from an Anglo-Dutch liberal standpoint, which is another form of Satanism. And by their instinct for Satanism, as typified by Francis Bacon, or Hobbes, or Locke, or Mandeville, they applied that to the situation, and said, "How can we create a Phrygian cult of Dionysus, to destroy civilization? To prevent the American Revolution, which was then about overwhelming Europe with optimism, how do we defeat it? We turn men into beasts."

And the same thing happened recently. The Missile Crisis, for example. The Missile Crisis was modelled upon the dropping of bombs on Hiroshima and Nagasaki. And even without the nuclear bombs, it was already done in the firebombing of Tokyo, before the nuclear weapons were dropped. It was done in the bombing of civilian populations, under the direction of Lindemann and Bomber Harris, in the last phase of the war in Europe.

## The Hitler Model

This was Satanic! Just as Hitler's killing of the Jews was an act of deliberate Satanic bestiality. The act was to commit a crime so great, that the German people could never turn against Hitler, for fear they would be punished for Hitler's crimes.

There was no reason, as I said here, there was no reason for it! No German reason for what was done to the Jews in Germany, or Eastern Europe! None!

German history, from the 18th and 19th century, said, this is not Germany's interest. The rise of Germany as a power, was associated with the process which led to the political rights of citizenship for the Jew. Which the Jew richly rewarded Germany for. And Eastern Europe was rewarded for. The legacy of Moses Mendelssohn. It was in German interest, from the standpoint of science, medicine, and so forth, to promote and defend that precious part of its society, the Jewish community, which are just Germans, or Poles, they were really Poles. Russians were really Russians. To defend that. By taking a section of society which was good, which typified *good*. Like the political liberation of the Jew, was *good*. It was a response against the legacy of the Hapsburgs, or 1492, or 1609. An affirmation of humanity.

And so the Nazis took this affirmation of humanity, and under the influence of a *bastard*, Richard Wagner, picked out the Jew, in Wagner's terms, as an object of destruction, to do something to the human race, so horrible that humanity could not turn back to humanity again. That was the intention.

That was the intention of the French Revolution. That was the intention of unleashing Napoleon on Europe. That was the intention of what was done at the Congress of Vienna, or the sexual congress of Vienna, more fairly described. That was what was done with Napoleon III. That was what was done with the Mazzini operation throughout Europe, of which Wagner was a part. The bomber. He bombed on the streets, and then he went to bomb on the musical stage.

So, this is the problem. It's a deeply embedded historical problem, of the idea that the man who has power, who can terrify a people into submission, so they will admire him, and kiss his feet, because they're so afraid of him, that they love him. He's so terrible. He's like Freddie, in "Friday the 13th." That's what the image is. That's what Freddie is: a monster so terrible, that people admire him. They're fascinated with him.

Why is the "Friday the 13th" film so popular? Because of a Satanic impulse in the population, a Satanic impulse to worship the Beast-Man, the man so terrible.

That's what Arnie Schwarzenegger is. Arnie Schwarzenegger is a Dionysian creature, the Beast-Man, the high-paid freak show. Both in the gym and elsewhere.

## Then the Nuclear Horror

So, what we face today, to understand what has happened to the population of the United States that came back from the war, and the population of the United States which came out of the experience of the Kennedy assassination, you have to look again, at the bankers, the Synarchist bankers, as they were called in the last century, who were behind Hitler, who were behind the tradition of the French Revolution, these bankers deployed: first, the nuclear weapons, the bombing of Hiroshima and Nagasaki. The committing of a crime against the people of Europe, comparable to what Hitler did to the Jews, the terror bombing of Western Europe in the closing period of the war, culminating with the firebombing of Tokyo. Culminating in the dropping of the nuclear weapons which, in the interest of Bertrand Russell, a great peace-lover, started the Age of *Terror*.

These events were considered by the Synarchists, and their philosophers, as the beginning of the end of history. This was called the Age of Dionysus! This was the characteristic feature of the youth culture, of the late 1960s and beyond. This is the basis for the so-called environmentalist movement. It's Dionysian! It is Satanic! It's not popular opinion, it's Satan's opinion. And people who are afraid of Satan, worship him.

And that's the principle here.

So, therefore, what happened to us, is Satanism, in these forms. First, the closing period of World War II, when the horror of what Hitler had done was *emulated* by the firebombing and so forth of Europe and Japan. *Emulated* by the attempt to prolong the war, so as to have the opportunity to obliterate Berlin with a nuclear attack. And when Germany surrendered, they couldn't do that any more. Then, I don't know about now, but then, you didn't drop nuclear weapons on conquered populations.

So, they dropped them on Japan instead. Why? Because of Japan? No. For the same reason that Hitler did what he did to the Jews. To commit a Dionysian act so horrible, that the world would kiss the feet of this Satanic perpetrator.

It happened to us twice in the United States. It happened to us at the end of World War II, I saw it. I saw it personally. I was there.

It happened in the early 1960s, with the Missile Crisis, and the assassination of Kennedy. The terror induced in every part of the adolescent and young adult population of the United States at that point, is what our problem is today.

Therefore, to define the cure of the problem, you must define the problem itself, the disease itself. The infectious agent, not just the who did wrong? Everybody, nearly everybody, did wrong: I saw them do it.

I saw my returning fellow veterans, from World War II, commit a crime against the nation themselves, and humanity, in the attitudes they adopted. I saw the younger generation, transformed into what became resembling more and more, beasts, the kind of beasts you see on a public rave-dance broadcast. No longer quite human any more. It was done in the same way.

Therefore, unless we understand this mechanism, by which mankind is induced, by bankers and Dionysians generally, to destroy itself, we cannot cure the disease, we do not understand the current problem, we do not understand what has to be changed, and how to change it.

## **Creating the Alternative**

The way to change it, is to create the alternative to the Beast-Man, as a focal point of leadership.

That is, if you're trying to find a solution, for instance, to reform a society in which Dionysus reigns, you're an idiot, and a doomed one at that. Therefore, you have to choose a leadership which is directly counter to the Beast-Man. The Beast-Man ideology which controls the leadership of the Democratic Party, as well as the Republican Party.

Now, instead of terror, you have to introduce optimism. But optimism has to be based on facing the reality of the situation which threatens us. Therefore if you say, I don't want to bring up the depression, because it's going to turn people off, you're an idiot! You say, "I don't want to bring up the calamity, which is called the Democratic list of candidates, you know, shall we say, the Unfortunate 9," you're an idiot! If you want to say, "You've got to be practical about politics," you're an idiot!

Because whatever you do, is not going to work! It's going to simply lead deeper into the swamp and the morass that we're in already.

You need to, first of all, tell the truth about what's wrong with the people, and our traditions, and popular culture. You have to tell it, as it is. You have to make it comprehensible.

Then, you have to do something else. You have to define this alternative, the solution, or the principled solution, the axiomatic form of the solution, and illustrate the axiomatic form of the solution. Then you have to inspire people you've made those two points to, with optimism.

And how do you do it? By giving them a formula? You have to give them personalities, leading personalities, who embody that with optimism. You have to give people the courage, to be willing to spend their lives, or put their lives at risk, for the sake of making an axiomatic change in the way society behaves....

## **LaRouche Comments on the Assassination — Of Swedish Foreign Minister Anna Lindh**

*The following is the opening to the press conference given by Lyndon LaRouche in Burbank, Calif. on Sept. 11, 2003. See InDepth for a report on LaRouche's activities in California.*

First, the announcement from Sweden today, that Anna Lindh, the Foreign Minister, died today, as a result of internal bleeding, caused by an assassination attack on her yesterday: The significance of this, is that the perpetrator is not known. The circumstances are interesting, and of international importance. She had no security. Whether this was her fault, or someone else's fault, will have to be assessed.

We are now in a period, since late 2002, in which the Synarchist International, associated with a fellow in Spain, a former official of the Franco regime, known as Blas Pinar, has been highly active throughout the world, in his network of

organizations, which has significance [going back] to the 1970s, as primary covers for assassination attacks, such as that of Aldo Moro—his kidnapping and assassination,—and the Bologna train-station bombing.

These precise groups are being reactivated more and more. They are small groups, generally speaking, as political groups, but they serve as covers, of one kind or another, for actual terrorist or assassination attacks. The problem is, we are in a period in which we must expect organizations such as the Synarchist International to deploy sometimes confusing types of terrorist operations against targets which they think will have some type of dramatic significance in the political process.

(See also this week's [Europe News Digest](#) for reports on the Lindh investigation.)

Links to articles from *Executive Intelligence Review*.\*

[\\*Requires Adobe Reader®.](#)

## Feature:

### THE SOVEREIGN STATES OF THE AMERICAS

#### The Monroe Doctrine Today

by [Lyndon H. LaRouche, Jr.](#)

September 4, 2003

The following was released by the LaRouche in 2004 Presidential campaign committee. It constitutes the introductory chapters of a pamphlet which will be issued soon, with additional documentary and graphic material, as indicated in the text. The urgency of the topic necessitates the early release of Mr. LaRouche's conceptual introduction.

## Science and Technology

### The Crab Nebula and The Complex Domain

A challenge by Schiller Institute science advisor [Jonathan Tennenbaum](#)

Investigating and understanding the 'Crab' is a great project by which today's 'no-future generation' can prove how man is different from the beasts...

## Economics:

### LaRouche Youth Intervene In Sweden Referendum

Amidst the worsening economic situation in Europe, caused by decades of 'free trade' and globalization insanity, the leaders of continental Europe have, albeit slowly, understood that the Maastricht Treaty and its Stability Pact are blocking the necessary expansion of credit for large infrastructure projects and industrial development, without which Europe is sliding ever deeper into depression.

### Breaking Out of Maastricht, Europe Moves to Tremonti Plan

by [Rainer Apel](#)

Some European Union members have begun to think about a more serious approach to incentives for a true recovery in industrial production and employment. All other approaches, from tax cuts to budget cuts, have proven to be an illusion, said Italian Finance Minister Giulio Tremonti at a gathering of international financial policy experts in Cernobbio, on Sept. 6.

### China, Brazil, India Join Battle in Cancun

by [Ramtanu Maitra](#)

The World Trade Organization (WTO) Fifth Ministerial negotiations in Cancun, Mexico, which began on Sept. 10, may lay the ground for the evolution of the global trading system. But, if the developed countries continue to resist pressures from the developing countries—now led by India, China, and Brazil, which seem more determined than ever to balance asymmetries in the development agenda—the meeting will fail. At the time of writing, the developing and the developed nations are both in a fighting mood.

## **General Welfare Demands Rebuild U.S. Infrastructure**

**by Arthur Ticknor**

The Aug. 14 deregulation-caused blackout that left 50 million people in darkness, shed light on the so-called 'economic recovery': All of the nation's infrastructure is similarly decayed, making day-to-day existence increasingly precarious.

- **U.S. Aged Infrastructure Deteriorating**

## **Is U.S. Picking Russian To Loot Iraq's Economy?**

**by Rainer Apel**

The Russian Liberal politician Boris Nemtsov revealed in Moscow on Sept. 8 that the United States is recruiting Boris Yeltsin's former tsar for economic shock therapy, deregulation, and privatization, Yegor Gaidar, to provide 'expertise' for a postwar economic policy in Iraq. George W. Bush has decided to seek Gaidar out of the conviction that 'Gaidar is the world's sole specialist who knows how to recover a country's economy,' Nemtsov said.

## **'Dialogue of Civilizations:'**

### **Rhodes Conference Works On New Basis For 'Just, Compassionate, Humane Order'**

**by Helga Zepp-LaRouche**

Some 350 delegates from 36 countries came together for four days on the history-laden island of Rhodes, in order to investigate the philosophical, spiritual, and moral foundations for a new and humane world order. Although the intellectuals, political leaders, theologians, artists, scientists, and economic experts were, in one sense, distant from day-to-day political affairs, they were nevertheless fully conscious of the gravity of the existential crisis facing humanity today, and they deliberated intensely on the spiritual basis which must be created, if the world is to avoid an otherwise certain Armageddon.

## **International:**

### **European Culture As a Factor Of Intercivilizational Dialogue**

**by Helga Zepp-LaRouche**

Can any thoughtful person today, have the slightest doubt that humanity is facing the greatest threat to its existence in its entire history? Today's global financial system is in its end-phase of collapse, due to its own systemic flaws, the result of the neo-liberal paradigm shift which began about 40 years ago in the Group of Seven nations, and somewhat later in the former Comecon nations, following the collapse of the Soviet Union.

- **The Rhodes Declaration**

This declaration on 'Dialogue of Civilizations For a Humane Order,' was issued at the World Public Forum 'Dialogue of Civilizations' in Rhodes, Greece, on Sept. 3-6, 2003.

### **Six-Power Korea Talks Hem In Cheney Neo-Cons—For Now**

**by Kathy Wolfe**

The United States, Japan, North and South Korea, China, and Russia agreed to 'keep talking' at the end of their Aug. 27-29 Six-Power talks in Beijing on North Korea's nuclear program, as China said in a final statement read to all participants.

### **Cheney's Role in 9/11 Put On Center Stage by British MP**

**by Mark Burdman**

For the first time, a prominent British political figure has aired his suspicions, that the group around U.S. Vice President Dick Cheney may have intentionally caused, or allowed to happen, the mega-terrorism in New York and Washington on Sept. 11, 2001, to set into motion an era of neo-imperial wars. Labour Party Member of Parliament Michael Meacher wrote a major feature focussing on Cheney's Project for a New American Century grouping, in the London Guardian on Sept. 6.

## **Brazil Probes All Causes In Space-Launch Disaster**

**by EIR Staff**

Brazil's efforts to develop an indigenous rocket-launch capability were set back on Aug. 22, when one of the four engines on the Brazilian-developed VLS rocket being readied for an upcoming launch, ignited unexpectedly, setting off an explosion and fire so intense that it totally destroyed the rocket, the two research satellites which were to be its payload, and the launch pad.

## **Glazyev at Center of Duma Election Campaign**

**by Jonathan Tennenbaum**

...Thanks to developments over the Summer, what had been expected to be a relatively uneventful campaign, leading to a continuation of the present political constellation in the Duma, now promises to become more turbulent. Of particular interest will be the fate of a new electoral grouping, launched by the well-known economist and Duma member Sergei Glazyev.

## **National:**

## **LaRouche Mobilizes Youth Vs. Recall, Shakes Up 2004 Debate**

**by Anita Gallagher**

Lyndon LaRouche personally brought his campaign to dump Vice President Dick Cheney and Cheney's 'dirty operation' to recall Gov. Gray Davis, to California on Sept. 11, with a press conference and a breakthrough town meeting attended by 450 people in Burbank.

## **Bustamante: Mob-Backed Lieberman's Mole**

**by Michele Steinberg**

California Lt. Gov. Cruz Bustamante dropped any reference in his campaigning to 'No on Recall' on Sept. 7, and told Californians to vote for him to replace Gov. Gray Davis, by which act, he showed his true colors as a mole for the mob-linked Democratic Leadership Council, and its poster-boy Sen. Joe Lieberman (Conn.).

## **Iraq Future Depends on What Bush Does on Road Map**

**by Michele Steinberg**

On Sept. 8, a senior United States Senator from the Republican Party, Chuck Hagel of Nebraska, a retired Major General, William Nash, and the former Ambassador to Saudi Arabia during the 1991 Gulf War, Chas. Freeman, delivered the same message to the Bush Administration about the Iraq war quagmire, and the collapse of the Middle East peace process: You broke it—*now fix it*.

## **The Knives Are Out, But Where's Cheney?**

**by Edward Spannaus**

The knives are coming out, from all sides, against Defense Secretary Donald Rumsfeld and his deputy Paul Wolfowitz, ranging from the traditional Eastern Establishment, to the uniformed military, and even to the hard-core neo-cons of Rupert Murdoch's *Weekly Standard*, who are attacking Rumsfeld for screwing up their imperial schemes.

- **The Establishment Speaks**

...The military is not alone. The current issue of the official publication of the Council on Foreign Relations, *Foreign Affairs*, is packed with articles attacking the foreign policy failures of the Bush Administration, in what is one of the strongest signals yet of Eastern Establishment opposition to the neo-con takeover of the Bush Administration.

...Rep. David Obey (D-Wisc) and Sen. Ted Kennedy (D-Mass) have both called for Rumsfeld and Wolfowitz to resign, or be fired.

# THE LAROUCHE YOUTH MOVEMENT

## No Debate Without LaRouche: — Report by East Coast LaRouche Youth Movement

by Jennifer Chaine and Eric Thomas — LaRouche Youth Movement

The Democratic Presidential candidates' debate held in Baltimore, Md. Sept. 9 was a proof in principle that the only hope for the United States and the Democratic Party is Lyndon H. LaRouche and his International Youth Movement.

The LaRouche Youth Movement organized all day at the debate site: Morgan State University, a historically African-American campus. The squads there during the day were shocked to discover that the average student did not even know a Presidential debate would take place on the campus.

The pre-debate rally was held at 6:00 p.m. In arriving at the rally site, we wondered where the Morgan students were? On this historic campus, the other impotent rallies were scarcely diverse, and consisted of Baby Boomers and Nazi cheerleaders who carried puny signs and screamed mindless gibberish.

The LaRouche Youth Movement was heard loud and clear. With about 50 representatives from the East Coast, Australia, Denmark, Germany, Africa, and Asia, we sang, chanted, briefed, and outsigned the other guys out of the water.

Some banners were "LYM: Don't Be a Paid 'HIGH-HOE' for the DLC! Join LaRouche for a Future," with a cartoon of all nine Democratic dwarf candidates. Other signs supported LaRouche and his economic programs, or ridiculed the Democratic Leadership Council's Bull Connor tactics.

Our mole master of disguise Muhyideen placed himself within the ranks of supporters of the other candidates, who were all in shock over the potency of our youth. Throughout the rally, people either turned their attention to us, or in a fit of desperation went into wild gyrations resembling something like a leaf blowing in the wind. Every car and candidate had to pass us by. We told them to stop prostituting for the DLC, impeach Cheney, and stop the recall in California.

### Intervention!

Ten LaRouche youth were able to get tickets for the event. Once inside, with the spirit of the Civil Rights movement, one after the other we stood up to challenge the illegitimacy of the debate's excluding LaRouche. The first intervention, while Bob Graham was answering a question, polarized the room: "None of you candidates has the guts to demand Cheney's impeachment, whereas LaRouche does. Why isn't LaRouche here and why don't you attack the real threat—Cheney?!" At this point, the police descended on Brian, pulling him out of the claws of an enraged Baby Boomer woman, and dragged him out of the room. Al "Take me home" Sharpton and Joe Lieberman were most active in attacking LaRouche and covering up for the disenfranchisement of Democratic voters.

About 15 minutes later, Maria made the second intervention, cutting off Lieberman: "Where is LaRouche?! These debates are illegitimate! We want LaRouche!" The police immediately grabbed her, but then Megan stood up, demanding LaRouche's inclusion, evoking the feeling that LaRouche youth are everywhere.

Congressman Elijah Cummings (D-Md), the chairman of the Congressional Black Caucus (which sponsored the debate

with Fox News Channel), was sweating bullets by now—he knew his chickens were "Cummings" home to roost. From here on out, about every 15 minutes, Muyideen, Eric, and Alex intervened from all different sections of the room, injecting the note that the reality of the country's present crisis must be addressed, and the need for LaRouche to be brought in for a real debate.

Erin ended our intervention with perfect timing during the last candidate's closing remarks. Taking the audience and security by surprise, she was given a lot more time to educate the audience on LaRouche's plan to rebuild the economy. In all, four LaRouche youth were arrested and detained overnight with no charges, and three others were escorted out and told not to return. As each was dragged out, the LYM sang "Oh Freedom" and clapped for them.

Those who exited the Presidential debate were forced to reflect on the absence of the only potent Presidential candidate: Lyndon LaRouche. The evening ended as we sang Spirituals with the true spirit of the Civil Rights movement, drawing others over for debate or discussions.

The next time the CBC decides to have a debate, the LaRouche youth would like to make a suggestion: Rather than just talking about Dr. King's dream, why don't you join with LaRouche and make it happen!?!)

## **For Those Who Doubted It: 'It Really Is Our Time!'**

**by Eric de Leon — LaRouche Youth Movement**

The LaRouche Youth Movement in Mexico City is growing ever more rapidly, not only in size, but also intellectually. This was seen in the cadre school held Sept. 5-7, out of which four new youth decided to join the LYM fulltime; seven others are in the process of doing the same. Today, Mexico finds itself in a situation similar to that described in Edgar Allan Poe's "System of Dr. Tarr and Prof. Fether," only worse, since we are not speaking of psychotics who take over an insane asylum, but of psychotics who took over a country, and who are Synarchists.

This is what has pushed us to accelerate the organizing process, and make it more efficient, since the circumstances in which we find ourselves require it. We need more people out in the streets organizing, not only patriots who see the necessity of saving their nation, but world citizens who understand that they also have to fight for humanity.

### **Upping the Recruitment**

With this in mind, we changed our deployments. We gave up our paranoia, and returned to schools where we had previously been run off the campus. The reaction was excellent. While some organizers set up a table outside the campus, others entered the classrooms. The students woke up when confronted with reality, and the professors, unlike previous deployments, not only did not cut off the briefing, but even asked questions themselves. We also incorporated new elements into the deployments: a blackboard, the Archytas model for the doubling of the cube, and, of course, a megaphone.

All this helped redefine the table deployments. For example, each organizer no longer spoke with one person at a time, but almost always ended up giving a small class to groups of students, sometimes as many as 15 at once. These classes cover everything from how you construct a square root, to the complex domain. And how, because they lack this knowledge, they don't understand that the world financial system is collapsing, and cannot visualize how they can change the world.

With this new format, we organized professors as well as students, with an eye to a conference at the National

Polytechnical Institute (the Poli), which we titled: "Let Gauss Enter the Poli. Which Is Realer: the square root of -1, or your illusions of obtaining a job as an engineer?"

The conference was a real success; because of the new type of deployments, not only students came, but also a large group of professors of all sorts (engineering, mathematics, physics, economics, administration). The best thing was that they were confronted with what they least expected; that is, that the speakers were members of the LYM, and their subjects were the Complex Domain; Hyperbolic Functions; the Catenary; Astronomical Cycles (Kepler); the Immortality of Leonardo da Vinci; Vernadsky; and Physical Economy. It was quite a shock. Many students and professors became contacts, and promised to help bring Gauss and LaRouche back into the universities.

## **Target: Congress**

At the same time, we have carried out very important political deployments. Whereas previously we deployed outside the Senate, now we are visiting the offices of each of the Senators, deploying in squads to bring them material and discuss the real political and economic situation. In the same way, we are going to the Chamber of Deputies, where we have met with Congressmen, and confronted various others, including the traitorous witch who heads the PRI Party's faction in the Chamber, Elba E. Gordillo herself. Through these deployments we are putting LaRouche at the front of national policy in Mexico.

All this work was reflected in the cadre school. People came from all over the place—youth contacted in street deployments, students from public and private universities, foreigners, politicians, and even a young professor from the Poli. This cadre school was totally different than all previous ones, and even though neither Lyndon nor Helga LaRouche was able to address it, by Saturday night, the by-now-members had already decided to join us in the battle to change the future.

We now have 15 full-time LYM members in Mexico City, but LaRouche's orders are to recruit at least one new member a week. The collapse itself will help us do this. We have ideal conditions and the correct ideas, those of the next President of the United States, Lyndon H. LaRouche.

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

### **U.S. Banks' Derivatives Holdings Soar 30% in One Year**

As of June 30, U.S. commercial banks held \$66.4 trillion in derivatives, up 30.6% from the \$50.9 trillion reported one year earlier, according to the FDIC's latest Quarterly Banking Profile. Backing this mass of bets is \$7.5 trillion in assets, \$4.3 trillion in loans, and \$676 billion in equity capital. That means that derivatives are now nine times assets, 15 times loans, and 98 times equity, and a loss equivalent to just 1.02% of total derivatives would wipe out all the equity capital in the banking system. In 1990, by comparison, derivatives were two times assets, three times loans and 31 times equity.

Adding fuel to the fire, the banks are rushing headlong into the real-estate market, increasing their holdings in mortgage-backed securities (MBS) by 25% and mortgages on one-four family houses by 24%, over the past year; the banks now hold \$817 billion in MBS and \$1.3 trillion in the mortgages. Loans secured by real estate rose 17% year-over-year, to \$2.2 trillion. By comparison, loans to individuals rose 5%, farm loans fell 4% and business loans fell 5%.

The number of banks declined to 7,833 in June, compared to 14,496 in 1984.

By counting all this paper as if it were real, the banks reported a record \$50 billion in profits in the first half. This brings to mind the case of Enron, which was fifth among all U.S. companies in revenue in 2001, despite the fact that it disintegrated that same year.

## **Snow Wants New Regulator for Fannie and Freddie—In Case of Meltdown**

Treasury Secretary John Snow urged Congress to create a new Federal agency to regulate and supervise Fannie Mae and Freddie Mac, with receivership powers in the event of a meltdown, insisting the companies had outgrown current government oversight. Of the current regulator, the Office of Federal Housing Enterprise Oversight (OFHEO), he said that he "has neither the tools, nor the stature, to deal effectively with the current size, complexity, and importance of these enterprises." He was speaking Sept. 10 before the House Financial Services Committee.

The objective of the new agency, Snow said, would be to foster a "sound and resilient" housing-finance system, including the secondary-mortgage markets. "We need to devote careful attention to the resilience of our system of housing finance," he cautioned.

"It is of central importance," he stressed, that Congress provide the new regulator with a mandate "to oversee the prudential operations [hedging] of the enterprises, and the safety and soundness of their financial activities."

Moreover, the regulator should be given receivership powers in case Fannie and/or Freddie fail, Snow said. The regulator "should have all of the authority necessary to direct the liquidation of assets, and otherwise to direct an orderly wind down," he declared.

He recommended the new agency be moved to the Treasury Department, from the Department of Housing and Urban Development. In addition, the agency should be funded "without going through the appropriations process."

"The Administration's proposal would provide important regulatory enhancements," said OFHEO director Armando Falcon, including "enhanced safety and soundness authority."

Senators Richard Shelby (R-Ala.) and Michael Oxley (R-Ohio), chairmen of the committees that oversee Fannie and Freddie, said, in a joint statement, they would write legislation to create the agency.

On the other hand, the Senate Republican Policy Committee recommended a "greater separation" between the Federal government and the enterprises.

## **'Systemic Problems' in Pension System Pose Serious Risk**

During fiscal 2002, the Pension Benefit Guaranty Corp.'s single-employer insurance program "went from a surplus of \$7.7 billion to a deficit of \$3.6 billion—a loss of \$11.3 billion in just one year ... more than five times larger than any previous one-year loss in the agency's 28-year history," PBGC Executive Director Steven Kandarian told the House Education Committee Sept. 4. "And that deficit has increased to an unaudited \$5.7 billion at the end of July," he added. Kandarian cited a recent GAO report which described the single-employer program as "high risk," and said, "GAO points to systemic problems in the private-sector defined-benefit system that pose serious risks to PBGC. For example, active workers made up only 53% of insured participants in 2000, down from 78% in 1980. The airline sector has \$26 billion in underfunded pensions, and the agency has been hit with a \$3.9 billion claim for Bethlehem Steel, \$1.9 billion for LTV, and \$1.3 billion for National Steel. From 1975 through 2002, steel has accounted for \$9.4 billion (56%) of PBGC claims, airlines \$2.8 billion (17%), and all others \$4.7 billion (28%)."

## **Federal Government Borrowing Surged in Second Quarter**

Federal government debt jumped at a 24% annualized rate in the second quarter, the fastest pace since the first quarter of 1983, according to the Federal Reserve's "Flow of Funds" report, released Sept. 10. In the three-month period, the U.S. Treasury borrowed \$222 billion—more than the last three quarters combined. Moreover, this was the highest quarterly level of Federal borrowing, going back to at least 1967.

Meanwhile, household borrowing grew at a 12% annualized pace, the fastest rate since the second quarter of 1987.

## **Bush Renames 'Bubbles' Bernanke to Fed Governors' Board**

President Bush has renominated Federal Reserve Board Governor Ben "Bubbles" Bernanke for a 14-year term, and Vice Chairman Roger Ferguson for a second four-year term. Bernanke, who last week said he would not rule out a further hyperinflationary interest-rate cut, was chosen just last year by Bush to serve out the remaining part of a term set to expire in January 2004.

The widely discredited "Dracula" Greenspan, whom Bush said in April he wanted to continue as Federal Reserve Chairman, welcomed the nominations, praising Bernanke and Ferguson as "exemplary public servants" with "sound judgment."

The nominations require Senate confirmation.

## **U.S. Trade Deficit Hits Over \$40 Billion in July**

The U.S. trade deficit grew to \$40.3 billion in July, reflecting the destruction of the physical economy. The deficit in goods and services rose \$0.3 billion, as imports increased faster than exports, according to a joint report, released Sept. 10, by the U.S. Census Bureau and the Bureau of Economic Analysis, through the Commerce Department. Exports rose to \$86.15 billion, while imports increased to \$126.47 billion—the highest level ever. For January through July, the overall deficit totalled \$285.5 billion, corresponding to an annual deficit of nearly \$500 billion.

The physical goods portion, importantly, rose to a \$45.3 billion deficit, as imports hit \$105.81 billion—the highest level since October 2000. For January-July, the goods deficit was \$319.4 billion, up nearly 20% from the same period last year—even as the economy has officially been in a "recovery."

A longer-term perspective, makes clear the destruction of the U.S. productive economy. By 2002, the goods deficit had surged to nearly 2.8 times the level in 1995; and in the first seven months of this year, the deficit has grown by an additional 24%. Historically the most productive nation, the U.S. can no longer create the physical wealth for its existence, as manufacturing has been decimated.

## **'Don't Blame China' for U.S. Manufacturing Job Losses**

Scapegoating China for U.S. manufacturing job losses is "unpersuasive," writes R. Glenn Hubbard, former chair of Bush's Council of Economic Advisers, in a *Wall Street Journal* op-ed Sept. 9, titled, "Don't Blame the Yuan." The Bush Administration's claim that a revaluation of China's currency would stem U.S. job losses in manufacturing, not only "does not survive careful scrutiny," insists Hubbard. Such pressure is also counterproductive, as it will "divert attention from policies that would actually help" workers who have lost their jobs. The Administration is "tilting at the currency

windmill," he adds, in trying to force China to raise the value of the yuan.

Moreover, Hubbard warns, pressure for revaluation, by already bringing "hot money" to China, could trigger "financial instability and a banking crisis" if done suddenly.

Peddling Chinese currency revaluation as a "silver bullet" to stop U.S. manufacturing job losses, he concludes, "risks both unwelcome international consequences and failure to take helpful steps at home."

Hubbard, the main architect of Bush's tax-cut plan, had resigned, effective Feb. 28, as chairman of the White House's Council of Economic Advisers.

### **'Job-Loss Recovery' Obvious Even to Moonie *Times***

Even the Moonie-owned *Washington Times* joined the chorus on Sept. 7, mocking the Bush Administration's claims of positive economic news, citing last week's data on continuing losses of manufacturing jobs. In July, the *Times* editorial noted, manufacturing jobs fell for the 37th consecutive month. "Compared to the jobless recovery that haunted the previous Bush Administration," the *Times* editorialized, "the current Bush White House has been confronting a job-loss recovery.... Today there are 10.22 million production workers, the lowest number since April 1941. Never in the 62 subsequent years has production-worker employment fallen below 10 million. But that potentially politically combustible milestone is now well within reach, given the likelihood that the downturn trend in production employment will not be reversed anytime soon."

Ominously for Bush, the editorial concluded with the following: "Should production jobs continue to fall by the monthly average of 61,000 jobs that has prevailed during the 37-month downturn, production employment will fall below 10 million in December, just as the 2004 Presidential campaign begins to heat up."

### **Machine-Tool Consumption Continues To Plunge**

U.S. machine-tool consumption for January-July is down 15.5%, from last year's depression level for the same period—proof of the urgent need for LaRouche's infrastructure-vectored recovery policy. U.S. industry consumed only \$157.06 million worth of machine tools in July, down a whopping 33.7% from the previous month, according to a joint report released Sept. 8 by the American Machine Tool Distributors' Association and the Association of Manufacturing Technology. Yet, July's machine-tool consumption was touted as a sign of the mythical "recovery," because it was up 8.2% from the level in July 2002—a near-record low. Moreover, from January to July this year, U.S. machine-tool consumption has fallen by 15.5% compared to the same period in 2002—when it had already plunged by 63% from the level in 1997.

Machine tools, representing the discovery and application of new physical principles, are the means by which mankind alters nature to improve his existence.

### **Public Worried More by Health-Care Costs Than Terrorism**

"Health Premiums, Not Terror, Worry Public," is the headline of a *Reuters* article reporting on a survey released Sept. 9 by the Kaiser Family Foundation and the Health Research and Educational Trust, which showed that over the past three years, the share of premiums employees pay for family health coverage has increased almost 50%, from \$1,169 to \$2,412 annually. The typical family health-insurance policy now costs \$9,068, with employers paying 73%, on average, and employees paying 27%, Kaiser said. Premiums increased 13.9% in 2003, the seventh straight year of increases and the third consecutive year of double-digit increases. Thirty-three percent of the insured worry that their income might not keep up

with health premiums, while only 8% feared being victim of a terrorist attack.

## World Economic News

### Argentina Blows Historic Opportunity: Capitulates to IMF

Instead of sinking the IMF, as it was situated to do, the Argentine government of Nestor Kirchner capitulated on Sept. 10, signing a deal and paying what it owed. Only the day before, Argentina had failed to make a \$2.9-billion payment due the IMF on Sept. 9, when the government refused to use its reserves to make the payment, "because we are not objectively able to do so," in the words of Interior Minister Alberto Fernandez. President Kirchner called upon the country to "believe in ourselves. If we join together, we can dream of a different Argentina, but we must stand in solidarity with ourselves."

The Argentine default was, as the *Financial Times* acknowledged, "the biggest single non-performing credit in the Fund's history." Had Argentina's default continued past 30 days, rating agencies would have to lower the IMF's credit rating, thus throwing into question its very ability to raise money for loans to other nations, too.

Late on the night of Sept. 10, however, President Kirchner announced that Argentina and the IMF had reached an agreement on a letter of intent. By Sept. 11, the deal was signed, and Argentina had used a quarter of its reserves to make the \$2.9 billion payment due on Sept. 9. The government now hopes to start negotiating a "restructuring" of the \$95 billion in bonds which it defaulted on in December 2001, so that it can "re-establish its credit."

The cock-and-bull story being put out universally in the media, citing numerous financiers and bankers, is that it was the IMF who "blinked," and caved in to Argentina, because the letter of intent does not specify every conditionality the IMF had been demanding. The reality is otherwise: Argentina owed the IMF, the World Bank, and the Inter-American Development Bank \$21 billion, \$14 billion of it to the IMF. If it had stuck to its guns and not paid, all three institutions would have had to declare that debt non-performing—i.e., worthless—and it would have been clear that it is the IMF system itself which is bankrupt. The reality is, that Argentina *cannot* pay its debts, and the Kirchner government's attempt to keep up the charade that it can, will only destroy the nation faster.

### Central Bankers Act Like Goethe 'Sorcerer's Apprentice'

Central bankers have acted like Goethe's Sorcerer's Apprentice, and now they can't get rid of "the ghosts they once invoked," writes Joachim Fels of Morgan Stanley in a column for the German daily *Frankfurter Allgemeine Zeitung* Sept. 8. These ghosts, according to the *FAZ*, in terms of present financial markets, are the excessive amounts of liquidity that central bankers have pumped into the markets in the recent decade, Fels says. By doing this, central bankers created "one financial bubble after the other." One of the most severe consequences of this policy is the "rapidly rising indebtedness of private households and corporations on both sides of the Atlantic." The debt of euro-zone corporations has gone from 60% to 77% of Gross Domestic Product (GDP) since 1995. It has reached 68% in the U.S. But the world record is held by Britain, where corporate debt already exceeds 100% of GDP. Private household debt has risen dramatically as well, since the mid-1990s: to 57% of GDP in the euro-zone; to 80% of GDP in the U.S.; and, to a staggering 88% of GDP in Britain.

The most important factors for this debt explosion are "the inflation of financial asset prices and the crash of interest rates." In view of the giant bubbles—first on stock markets, then on real-estate markets—private households were lured into taking on more debt, especially as interest rates sunk to extreme lows.

But now the central bankers have become "prisoners of their own creation," Fels writes. They can't get rid of the liquidity, which they themselves have created, and which is still driving bubbles and the excessive debt growth. Should they now

increase interest rates to stem this liquidity, they would bankrupt over-indebted households and corporations, and thereby trigger "a deep recession." There seems to be only one alternative, he claims: that we are heading into a period with very strong inflation.

## **BIS Quarterly Report Highlights Bond Market Turmoil**

"A sell-off in global bond markets" is the headline the Bank for International Settlements (BIS) chose for its latest overview of international financial markets, released Sept 8. The BIS quarterly report starts off: "In late June and July, global bond markets suffered their largest sell-off since 1994. U.S. dollar, yen, and euro yields all increased sharply—dollar yields by as much as 140 basis points." From a low of 3.11% on 13 June, 10-year U.S. Treasury yields jumped above 4.40% by the end of July. Over the same period, 10-year Japanese government bond (JGB) yields rose by 50 basis points to 0.93%, and German bond yields by 70 basis points to 4.19%. In the U.S., the Treasury sell-off was exacerbated by similar events in the giant mortgage-backed securities (MBS) market. Furthermore, the bonds of Fannie Mae and Freddie Mac were hit massively.

The BIS separates "four distinct phases" in the recent bond market turmoil: "During the first phase, from 13 to 24 June, the Japanese market sold off most sharply. The second phase lasted from 25 June to 14 July and saw all of the major markets sell off. The third phase, from 15 July to early August, saw dollar yields continue to rise. In the final phase, from early August to the end of the month, Japanese yields again moved up." Important triggers for these events, according to the BIS report, were the extremely weak Japanese government bond auctions in mid-June, the June 25 decision by Federal Reserve Chairman Alan Greenspan to cut rates by just 25, rather than the expected 50 basis points, and the July 15 Greenspan testimony to U.S. Congress, in which he suddenly played down the deflation risk.

"Long-term yields had not risen so sharply in such a short period since 1994," states the BIS report. "Then, over the eight weeks beginning in early February 1994, 10-year U.S. Treasury yields surged by approximately 130 basis points, bond yields by 80 basis points and JGB yields by 35 basis points." While at that time, the global financial system managed to adjust to the rapid rise of bond yields, "some strains did emerge. The Orange County municipal investment pool, with \$7 billion in investments, failed in December 1994, and the Mexican crisis broke out later that month."

## **London Gold Price Jumps to Seven-Year High; Other Metals Also Rise Sharply**

Gold for immediate delivery on Sept. 9 rose by \$7.50 to \$383.55 an ounce in London, the highest, compared with closing prices, since Nov. 13, 1996. On Feb. 5, when Colin Powell was speaking at the UN Security Council, gold reached an intra-day price of \$389.05, but fell sharply later that day. At the Comex division of the New York Mercantile Exchange, gold for December delivery in early trading on Sept. 9 rose by \$8.60 to \$384.80 an ounce. According to *Bloomberg*, hedge funds and other speculators raised their gold holdings to 122,847 contracts in the week ending Sept. 2, from 100,227 contracts the previous week. This is the largest number of outstanding gold contracts since at least February 1983. Gold traders are quoted as saying, "there is a new constituency of buyers, funds, and investors in the New York Market who haven't been seen before. It's not only gold. It's platinum, zinc, nickel—the buying has been across a broad spread of commodities and particularly enthusiastically into gold." A City of London financial insider emphasized that the Japanese and Chinese central banks are right now buying gold, while the European Central Banks are reducing their gold sales.

In recent days, the price of platinum reached its highest level since 1983: some \$715 per ounce, compared to about \$400 per ounce in late 2001. The palladium price, after a giant speculative roller-coaster in recent years, has recovered from \$140 in April to \$225 an ounce last week. On Sept. 9, the palladium price gained another \$8, hitting \$234.50 an ounce. The silver price for immediately delivery hit \$5.27 an ounce on the same day in London, the highest in more than three years.

## **United States News Digest**

## **Obey Calls on Rumsfeld, Wolfowitz To Resign**

Representative David Obey (D-Wisc.), the ranking member on the House Appropriations Committee, sent a letter to President Bush on Sept. 5 suggesting that Secretary of Defense Donald Rumsfeld and Deputy Secretary Paul Wolfowitz, two of the leading chickenhawks in the Administration, be "allowed" to "return to the private sector."

Obey said that miscalculations by Wolfowitz and Rumsfeld have cost American lives in Iraq and damaged the nation's fiscal health. He also said that the Pentagon should be relieved of its role in determining foreign policy. "It is impossible to review the record of the past year and not conclude that they have made repeated and serious miscalculations," he wrote.

The Wisconsin Democrat's criticism of the war policy continued on Sept. 6. In an interview with the *Capitol Times* of Madison, Wisc., Obey called Rumsfeld and Wolfowitz "raving romantics." He said that, before the March invasion, "they had wildly romantic ideas about how easy it was going to be to turn Iraq into a second coming of New Hampshire in terms of democracy."

Obey said that he had thought long and hard before suggesting to President Bush that two members of his Administration should leave. "But the more I looked at what is happening in Iraq, at what is happening with our allies, and at what is happening here in the United States, the more I came to the conclusion that this was necessary."

In a Sept. 8 interview with *CNN's* Soledad O'Brien, Obey was even more explicit as to the source of Rumsfeld's and Wolfowitz's miscalculations. After rejecting the intelligence they were getting from the CIA and the Defense Department, Obey said Rumsfeld and Wolfowitz "set up their own intelligence operation to get more comfortable intelligence estimates." He further noted that they pushed the State Department's post-invasion planning efforts aside, "and the result is what you see in Iraq every day."

## **Drumbeat Sounds To Dump Pentagon Straussian Wolfowitz**

In its Oct. 26, 2001 issue, *EIR* reported that the "Wolfowitz Cabal" is an Enemy Within U.S.," warning that this grouping was openly talking about "embarking on the next Hundred Years' War." *EIR* wrote, "Here we will name the names of the fanatics in this anti-Iraq grouping who have become known as the 'Wolfowitz cabal,' named for Deputy Secretary of Defense Paul Wolfowitz." For this grouping "Iraq is just another stepping stone to turning the anti-terrorist 'war' into a full-blown 'Clash of Civilizations' where the Islamic religion would become the 'enemy image' in a 'new Cold War.' "

But pitching a "Hundred Years' War" was not what Wolfowitz and Secretary of Defense Donald Rumsfeld brought to President Bush. Instead, the Pentagon forecast a "cakewalk" that would pay for itself. Now that Iraq is described as a "black hole," a "quagmire," a "guerrilla war," "Vietnam in the desert," and America's "Gaza Strip," it is widely reported that Bush is said to have concluded that he was "misled" about what to expect when Baghdad fell. The knives are out for Paul Wolfowitz.

\*On Sept. 8, in the London *Financial Times*, Stephen Walt, the Dean of the Harvard University Diplomatic School called on Bush to fire Wolfowitz, Donald Rumsfeld, and Condoleezza Rice. Walt wrote that "Bush needs a Mideast exit plan," warning that the "U.S. now stands on the brink of a costly quagmire," because "the President went to war on the basis of very bad advice. He should, therefore, get rid of the people who gave it to him, and bring in an new team with a fresh perspective.

"President George W. Bush should start by asking for the resignations of the people who got us into this mess—beginning

with Donald Rumsfeld, the defence secretary, Paul Wolfowitz, his deputy, and national security advisor Condoleezza Rice. The architects of this war have been proven wrong on almost every account."

\*In the *Atlanta Journal-Constitution* Sept. 8, the deputy-editor of the Editorial page, Jay Bookman, recounts the promises by Paul Wolfowitz and his closest associates such as Under Secretary Doug Feith, that the "occupation" would be five to six months (where we are now), and that Iraq's oil wealth would make it unnecessary to ask other countries for financial help with reconstruction.

Wolfowitz "and his colleagues ought to be fired," Bookman says. "Not only did they believe those fantasies, they also made their ideological pipe dreams the basis of our postwar planning, and today we're reaping the consequences."

\*"Wolfowitz is gone," declared Rep. John Murtha (D-Pa.), according to the *Wall Street Journal* of Sept. 9. Murtha, a Vietnam War veteran, is a senior member of the House Appropriations Committee who was a strong supporter of the 1990-91 Gulf War. Murtha's statement typifies the growing fury in Congress, even among some Republicans, over optimistic projections Wolfowitz gave just months ago for the occupation and rebuilding costs in Iraq. Wolfowitz told a House subcommittee in March that Iraq would generate \$50-100 billion per year in oil revenues over the next two or three years, so it could finance its own reconstruction; now, Iraqi oil revenue are projected at zero this year, \$12 billion next year, and \$20 billion for 2005 and 2006.

## **Tide Begins To Turn Against Bush on Capitol Hill**

Small numbers of Republicans worried about getting re-elected next year, crossed to the Democratic side of the aisle in a series of votes on Sept. 9 and 10 to hand President Bush political defeats on domestic policies.

The turn began in the House on Sept. 9 when House leaders included a 4.1% pay raise for Federal employees, in the Transportation, Treasury and General Government appropriations bill. The Bush Administration had requested only a 2% raise for Federal employees, with a 4.1% raise only for military personnel. House Minority Whip Steny Hoyer (D-Md.) argued that Congress should uphold the principle of pay parity, calling it "a matter of fairness" and also "an effective method of ensuring ... quality Federal employees." The bill passed by a vote of 381 to 39.

However, it was the issue of outsourcing of Federal jobs which is bringing on veto threats from the White House. During the debate, the House voted 220 to 198 against plans by the Office of Management and Budget to overhaul its rules for outsourcing. The vote came on an amendment by Rep. Chris Van Hollen (D-Md.) that would force the OMB to return to an earlier version of the rules, known as Circular A-76. The OMB has been seeking to reduce the amount of time it takes to run competitions to outsource government work, from the present two to four years, down to 12-18 months. Van Hollen charged that the proposed revision of A-76 is "part of an ideologically run agenda to contract out" more Federal government jobs. He said that under the present rules, Federal employees win about 60% of the competitions, but under the revision, that would drop to about 10%, according to written statements circulated by the Private Contractors Association. "It rigs the process against Federal employees, and it is a bad deal for taxpayers," he said.

The turn against the Bush Administration did not stop with the House. On Sept. 10, the Senate voted 54 to 45 to prohibit the enforcement of a new overtime rule promulgated by the Department of Labor, that would make it easier for employers to reclassify employees such that they would no longer be eligible for overtime compensation. The vote came on an amendment, sponsored by Sen. Tom Harkin (D-Ia.), to the appropriations bill funding the Departments of Labor, Health and Human Services, and Education. The Democrats, using figures supplied by organized labor, argued that the new rules would make some 8 million workers ineligible for overtime pay. Six Republicans crossed over to vote with the Democrats.

## **Marine General: Infrastructure, Jobs Key to Iraqi Security**

Marine Lieutenant General James T. Conway, the commander of the First Marine Expeditionary Force, during a briefing at the Pentagon said, in response to a question from *EIR*, that rebuilding Iraq's infrastructure, especially the electricity grid, "will have a very positive effect on security." He noted that none of the factories are working, in part because of the lack of dependable electricity, and that has meant that young Iraqis, especially, have few ways to make a living. "If we can get them into the factories, get them into the militia, get them into the new Iraqi army, I think we'll be helping ourselves in the process," but that that "has to happen pretty quickly." He further noted that the Iraqis are impatient and that they're holding the U.S. to the "man on the Moon standard." "In their mind," he said, "it should have happened, yesterday, and so we probably can't do it too soon."

Conway's command is in the process of turning over responsibility for the area of southern Iraq around Najaf over to the Polish-led multinational division. He reported that there are still about 8,000 Marines left in Iraq but that they'll be pulling out over the next two weeks.

## **Bush's \$87-Billion Iraq Request Faces Scrutiny**

President Bush's Sept. 7 announcement that he would be seeking \$87 billion in supplemental funding for U.S. operations in Iraq may meet resistance. Most of the Republican leadership, and at least a few Democrats, are promising to move the money as fast as possible "to help the troops." But most Democrats and even a handful of Republicans are warning that the White House and the Pentagon will have to answer a lot of questions before the money is released.

A statement by House Appropriations Committee chairman Bill Young (R-Fla.) was indicative of the GOP response. "It is my intention," he said, "to aggressively expedite the President's request.... We have troops in harms way and we should provide them every resource available to ensure their safety." Senator Jeff Sessions (R-Ala.), speaking at a Sept. 9 hearing of the Senate Armed Services Committee, claimed that the \$87 billion was accounted for in the fiscal 2004 budget plan and so would not add to the deficit.

However, hinting of the resistance under the surface, Sen. Chuck Hagel (R-Neb.), who was one of the first three Senators to visit Iraq after the war, told a Washington conference that he and the Senate Foreign Relations Committee leadership, chairman Richard Lugar (R-Ind.) and ranking Democrat Joe Biden (D-Md.), will demand answers—not evasions—about where the money will go, when, and why, and may tie their approval to the White House asking support of the United Nations.

Anti-war Democrats see the request as an admission of the Bush Administration's policy failure. House Minority Leader Nancy Pelosi (D-Calif.), speaking to reporters on Sept. 10, said that Democrats want "an accounting, that what the President is requesting" will make our troops "more safe and more secure...." She added that "if we're going to spend billions and billions of dollars rebuilding the infrastructure and creating jobs in Iraq, we should be spending at least that much rebuilding the infrastructure and creating jobs in the United States."

Rep. David Obey (D-Wisc.), the ranking Democrat on the House Appropriations Committee, warned that the \$87 billion would only be a down payment on a policy which is going to cost a lot more. Representative Nita Lowey (D-N.Y.), also a member of the appropriations panel, said the request "confirms that the Administration went to war unprepared to secure the peace." She backed the request for the money, however. While none have apparently spoken out publicly against Bush's policy, a few Republicans are reported to be quietly concerned about having to go back home to explain why the U.S. should spend so much money in Iraq while their constituents are losing their jobs.

## **Nuclear Physicist Edward Teller Dies at 95**

On Sept. 9, Dr. Edward Teller, a most controversial figure in science, died at his home in California. Teller, who worked on the Manhattan Project to develop the atomic (fission) bomb during the Second World War, helped design the hydrogen (fusion) bomb afterwards. He was a strong promoter of the civilian uses of nuclear energy for electricity production, underground explosions for excavation for great projects, and propulsion for space. He campaigned for decades against the imposition of government secrecy in science.

Teller became well known for his lobbying for, and promotion of, the Strategic Defense Initiative (SDI) program that President Reagan announced on March 23, 1983.

Last year, writing a reply to the *Daily Telegraph's* review of Teller's memoirs, Lyndon LaRouche stated: "Dr. Edward Teller and I never got along well personally, after my mid-1907s attack on his role in promoting the energy policies of Nelson A. Rockefeller's Commission on Critical Choices. Nonetheless, on some issues, including what became known as President Ronald Reagan's SDI, Teller and I came to a degree of agreement on the issues which brought us into common cause against both Soviet General Secretary Yuri Andropov and nuclear madmen such as Zbigniew Brzezinski, Samuel P. Huntington, and the ultra-utopian nest around Lt. Gen. (ret) Daniel P. Graham's Heritage Foundation."

Dr. Teller, LaRouche reported, was "pushed" into supporting the SDI by some of his "young friends" at Lawrence Livermore National Lab, promoting the development, in particular, of nuclear-pumped, space-based x-ray lasers for strategic defense. Later, these same "friends," he states, unfortunately convinced Teller to compromise with Graham and his utopian ideologues. But, as LaRouche has often quoted him, and similar to LaRouche's own thinking, Teller understood that a science-driver cooperation program for SDI, "would go beyond merely military concerns, to promote ... 'the common aims of mankind.'" On July 23, 2003, President Bush awarded Edward Teller the Presidential Medal of Freedom, which was accepted for him by his daughter.

### **Revive John Quincy Adams, Says Writer**

Revive the legacy of America's founders by recalling the "1821 words of Secretary of State John Quincy Adams," writes American commentator Ilana Mercer in the Toronto *Globe and Mail*. The Adams quote Mercer cites, says, "America goes not abroad in search of monsters to destroy. She is the well-wisher of the freedom and independence of all. She is the champion and vindicator only of her own."

Mercer, a columnist for the conservative webservice *WorldNetDaily*, says that Bush has "junked the American Constitution" in his push for promoting "global freedom," etc., "with blood and treasure not his own." Iraq is a "quagmire," and this is creating a "warfare state" that is "more intractable" than the "welfare state." She says "the U.S. is desperate" and the American people should stop "lapping up" Bush's gibberish ("the political equivalent of speaking in tongues") and go back to John Quincy Adams.

## **Ibero-American News Digest**

### **LYM Puts LaRouche at Center of Mexican News**

Mexican politics was set on its ear this week by well-targetted interventions by contingents of the LaRouche Youth Movement (LYM) in Monterrey and in Mexico City, the nation's capital, which ruined the campaign appearances of Presidential once-hopeful Jorge Castaneda. Castaneda's campaign, as *EIW* has reported, is backed by the king of drug legalizers, international speculator George Soros, and other financier interests who view him as their man to privatize Mexico's energy sector. By Sept. 12, national dailies, as well as radio and television news, were buzzing over how the campaign of the hated former Secretary of Foreign Relations had been finished off by Lyndon LaRouche's people. (See

LaRouche Youth Movement digest for more on Mexico.)

## **Mexican President Tries Again for Deregulation**

President Vicente Fox dumped his Secretary of Energy on Sept. 2, after announcing in his State of the Union speech the day before that Congress must pass, quickly, the "structural" reforms demanded by foreign creditors: the privatization of electricity, lifting of labor guarantees, and tax reform. Fox named the national president of his PAN Party, Felipe Calderon, to replace Ernesto Martens as his Secretary of Energy. Calderon knows nothing about energy, but he is reportedly being called in for his political "negotiating" skills, as if Congress's refusal to permit the privatization of the energy sector were merely a matter of poor "handling."

Leaders of the synarchist PAN Party replaced other technocrats in top government posts, as well. Former Jalisco Governor Alberto Cardenas was named Secretary of the Environment, and notorious Milton Friedman acolyte Luis Pazos was named to head the National Public Works and Services Bank (Banobras).

Foreign bankers have upped the pressure on the Fox government to deliver on promised looting rights. London's *Financial Times* ran an editorial Sept. 1, pronouncing that Fox must "tell Mexicans ... of the costs of failing to make progress [on reforms]," and specifying that "complacent and inactive cabinet ministers should go."

Government Minister Santiago Creel told the media on Aug. 27 that the government would get the fiscal, energy, and labor reforms passed by the end of 2003.

## **Mexican Nationalists Hit Fox's Energy Deregulation**

PRI Senator Manuel Bartlett, who led the successful drive to stop the Fox government's attempt to privatize electricity in 2002, reiterated, after President Fox's State of the Union, that national interests will ensure that the privatization of Mexico's public electricity industry will not pass. Anyone with a brain can see that deregulation and privatization have proven to be a disaster, from Argentina to the United States, he reminded people.

In the midst of this heated debate, 4 million people, in five southern Mexican states, were left without electricity in the early hours of Sept. 2, when a blackout hit the Yucatan peninsula. This included the Cancun resort, where tens of thousands are now gathered for the latest round of World Trade Organization negotiations.

Senator Bartlett set off quite a uproar, when he charged that the blackout was the result of deliberate sabotage by the government. Like other governments around the world who were planning to privatize, the Fox government has reduced maintenance on the generating plants and sub-stations, in order to create problems, which then create the idea "in public opinion that public utilities don't work, and they should be handed over to foreign capital."

## **FARC, United Nations Peace Talks Pushed**

Negotiations between representatives of Colombia's narcoterrorist FARC, and representatives of UN Secretary General Kofi Annan, are being mooted for the near future—despite the fact that neither the hard-line Colombian government of Alvaro Uribe, nor the UN, nor even the Brazilian government, which will supposedly host such negotiations, has officially called for, or endorsed such talks.

In fact, it appears more than likely that the FARC, fully aware that it cannot win on the battlefield against the Colombian Armed Forces, is hoping to use the emotion-laden issue of a "prisoner exchange" to pull the UN into the picture, and bring

about Uribe's capitulation by that route. For weeks, the FARC has been releasing videos and photos, and permitting journalist interviews with some of its more prominent hostages, to encourage sympathy for such an exchange. Right on cue, a spokesman for the U.S. State Department has expressed its support for "the UN's efforts to establish a dialogue with the FARC, in hope of bringing about a lasting peace in Colombia."

President Uribe has been adamant that he will undertake no dialogue with the FARC until they agree to a ceasefire, something the FARC cannot do without losing its blackmail weapon: terror. Former Colombian President and terrorist mouthpiece Alfonso Lopez Michelsen stepped into the picture recently, to try to tilt the balance in the FARC's favor. He mobilized several other former Colombian Presidents—along with several desperate families of FARC hostages—to sign an appeal to both Uribe and FARC leader Manuel Marulanda, urging a negotiated "prisoner exchange" with the FARC on "humanitarian grounds." The FARC has been urging an exchange of the 70 civilian, police, and military hostages it is holding, for the release from prison of some 400 or more FARC terrorists. A furious Uribe lashed out at the ex-Presidents this week for daring to put the Colombia's head of state and the head of a criminal/terrorist organization on the same footing.

### **IMF Policies Behind Health Crisis in Uruguay**

Uruguay's public health-care workers, including doctors, voted Sept. 12 to end a month-long strike, after accepting a less-than-satisfactory wage offer from the government. Of 60 hospitals represented by the National Plenary of Public Health Officials, nine—representing 1,200 workers—opposed the settlement but will apparently abide by the majority vote and return to work next week.

Uruguay has been in deep economic crisis for some time, as a result of the Batlle government's harsh, IMF-dictated economic policy. In 2002, the economy shrank by 10.8%, but President Jorge Batlle insists the government's chief priority is balancing the books and paying the foreign debt.

The Uruguayan Medical Union (SMU) and the Federation of Public Health Workers (FFSP) launched their strike to demand a \$68 monthly wage increase, above the \$170 monthly which health-care workers, on average, currently receive. The 9,800 health-care workers and 2,000 doctors who struck had occupied five hospitals to press their demands, but the government insisted that the Ministry of Public Health "had totally exhausted its resources," and could only offer a small increase. As part of the settlement, the government has promised to release the retained wages of those who had occupied the hospitals.

At least 1.7 million people in Uruguay—50% of the population—depend on the country's public-health system for medical care.

### ***EIR's* Exposé of Leo Strauss Still Making Waves in Ibero-America**

So deeply has *EIR's* exposé of the fascist Straussian currents behind the Bush Administration penetrated into Ibero-America, that on Aug. 31, Mexican daily *Milenio*, and even the LaRouche-hating Argentine Jacobin daily *Pagina 12* published a lengthy and fairly competent article on the subject, drawing entirely—but without attribution—from *EIR's* coverage.

The article was written by one Juan Gelman, who quoted post-Sept. 11 statements from both President George Bush and Richard Perle, and matching them—if not word for word, then at least sentiment for sentiment—with xenophobic and war-mongering statements issued by Hitler's Propaganda Minister Joseph Goebbels. Gelman wrote that while the Bush Administration is not strictly a Nazi regime, it does share many ideological similarities. Gelman goes on to insist that these similarities "are no coincidence. The majority of the so-called neoconservatives, or chickenhawks, in Washington follow

the teachings of Leo Strauss."

Gelman gives a brief but effective synopsis of Strauss's formation, including reference to his two Nazi "mentors," Martin Heidegger and Carl Schmitt, Strauss's entrenchment first within the U.S. university system, and then establishing a school of thought which shaped—and continues to shape—the so-called "new right" in the United States. The Straussians, says Gelman, manipulate concepts of patriotism and religion, and have determined that humanity is intrinsically perverse, and the common people incapable of comprehending the Platonic concept of truth, thereby requiring an elite to rule over them.

Where Gelman misses the boat, is in assigning Bush a Machiavellian role in this conspiracy as "both the great simulator and the great dissimulator," while leaving Vice President Dick Cheney to fade, *unmentioned*, into the background as, simply, part of Bush's "circle" of Straussian co-thinkers.

## Western European News Digest

### LaRouche Warns of Synarchist International Terrorism

Speaking at a California press conference on Sept. 11, about his 2004 Democratic Presidential campaign, Lyndon LaRouche opened with comments on the assassination of Swedish Foreign Minister Anna Lindh.

LaRouche said, "First, the announcement from Sweden today, that Anna Lindh, the Foreign Minister, died today, as a result of internal bleeding, caused by an assassination attack on her yesterday: The significance of this, is that the perpetrator is not known. The circumstances are interesting, and of international importance. She had no security. Whether this was her fault, or someone else's fault, will have to be assessed.

"We are now in a period, since late 2002, in which the Synarchist International, associated with a fellow in Spain, a former official of the Franco regime, known as Blas Pinar, has been highly active throughout the world, in his network of organizations, which has significance [going back] to the 1970s, as primary covers for assassination attacks, such as that of Aldo Moro—his kidnapping and assassination,—and the Bologna train-station bombing.

"These precise groups are being reactivated more and more. They are small groups, generally speaking, as political groups, but they serve as covers, of one kind or another, for actual terrorist or assassination attacks. The problem is, we are in a period in which we must expect organizations such as the Synarchist International to deploy sometimes confusing types of terrorist operations against targets which they think will have some type of dramatic significance in the political process."

### Elements of Investigation into Lindh Assassination

Foreign Minister Anna Lindh of the Swedish Labor Party died in the early morning hours of Sept. 11, from wounds sustained when she was stabbed by an assailant while shopping in a department store in Stockholm. The assassin was able to escape. As of Sept. 12, no official explanation has been given for the motive, though some press comments have been speculating that the attack came from a right-wing extremist.

In the past three years, Lindh, a internationally known champion of human rights, has been a fervent critic of the policies of Israel's Ariel Sharon—in particular his inhuman treatment of Palestinians living under Israeli occupation, especially the 2002 IDF attacks on Jenin.

At the recent European Union foreign ministers' meeting in Riva (Italy) Sept. 6, Lindh accused the U.S. and Israel of

having sealed the failure of Palestinian Prime Minister Mahmoud Abbas' Administration when they refused to accept Palestinian President Yasser Arafat as a "dialogue partner," reported *Yahoo News*. In a speech in 2001 to the European Parliament, Lindh stressed that the 15 EU nations should fully endorse the Mitchell Report and called for an immediate halt to Jewish settlements on Palestinian land. She also strongly attacked, in February 2002, the United States' siding with Israel, calling it extremely dangerous; and argued, in March 2003 that a U.S.-led attack on Iraq would violate international law.

On the day of Lindh's death, the neo-Nazi website [www.info14.com](http://www.info14.com) openly praised her assassination, calling her a "traitor." The brief website statement was reported Sept. 11 in the Swedish daily *Dagens Nyheter*. *Info14* was founded by Robert Vesterlund, a 27-year-old, who had founded an earlier Synarchist group, *Sverigedemokraterna*, in 1993. He later became more "radical" and founded a new group, SUNS, the Young Nationalists of Sweden. *Info14* became the newspaper of SUNS, and advertised links between SUNS and the White Aryan Resistance (WAR). In the past, members of SUNS have been arrested for the murder of a labor activist, Bjorn Soderberg.

Shortly before Lindh was murdered, Sweden was the site of an international gathering of the Synarchist International's neo-Nazi grouplets. *Dagens Nyheter* reported that on Sept. 6, an international neo-Nazi gathering took place in the Swedish city of Sodertalje. Among the 350 participants was *Nationaldemokraterna*, the Swedish neo-Nazi group that works closely with the British neo-Nazi group Combat 18, which had been linked to a French extremist who, in 2002, tried to murder French President Jacques Chirac on the 14th of July in Paris during a parade. There were also the *Vlaams Blok* and *Lega Nord* (Paolo Grimoldi). Leftists were demonstrating and throwing stones at the rightwingers, and police had to force the leftists to leave.

## **Paris Wants Initiative For Growth, Bucking Maastricht Rules**

*Le Monde* on Sept. 9 reported in large headlines that French Prime Minister Jean Pierre Raffarin called once again, in a public meeting on Sept. 8, for a "European mobilization for growth." Raffarin spoke out against the idea that he should be some type of accountant, owing explanations to some country in Europe [read, Brussels], and stated that his main role was to worry about creating jobs for the French population and the Europeans. According to *Le Monde*, the Germans are backing the French on this drive, and both will be coming up with some new proposals at the upcoming joint ministers' meeting in Berlin.

Both Jacques Chirac and Jean Pierre Raffarin are fully deployed on this: Raffarin talked with Italian President Berlusconi last weekend, and will be meeting Tony Blair. Chirac will be meeting with Spanish Prime Minister Aznar. "At the end of September," stated Aznar, "we will be able to communicate to Europe a European mobilization project for employment."

Wolfgang Clement, German Chancellor Schroeder's economic tsar, made a statement in Germany on Sept. 8 in support of industry. "The industrial sector employs 45 million persons in Europe. So long as that is not understood, we will not reach our objective, which is to get Europe to reach its highest growth rate in the world from here to 2010." A high-level official at the Chancellory was quoted by *Le Monde* as stating, "Industry must be reinforced at all costs, because it is our way of earning our bread and a pre-condition to the development of the tertiary sector."

## **British Defense Secretary Hoon Damaged by Hoon Inquiry**

British Defense Secretary Geoff Hoon was jeered in the House of Commons when Parliament reconvened for a two-week sitting, and his position in the Blair government is described as "precarious," in various London dailies on Sept. 9.

Hoon came under attack for a number of things, particularly for the sloppy planning that has produced the current fiasco for British troops on the ground in Iraq. Much of this criticism came from Parliamentarians of the opposition Conservative and

Liberal Democrat Parties. But the most dramatic moment came, when he was blasted by former Blair Cabinet Minister Robin Cook, who quit the government in March, in protest at the war against Iraq. The *Scotsman* calls this "a bruising intervention, which brought gasps from some MPs."

Cook said he was not objecting to more British troops being sent to Iraq, but added: "Those of us who had doubts as to whether it was wise to go into Iraq in the first place, do not have these doubts removed by today's announcement. Were you aware of the reservations of your defense intelligence staff on the September dossier, for instance, that the 45-minute claim was based on nebulous intelligence? And if you were aware of that, how was it that the House and the Cabinet were presented with a dossier that did not reflect the reservations of your own intelligence experts?"

Parliamentarians jeered when Hoon tried to dump responsibility for the dossier on Britain's Joint Intelligence Committee.

Meanwhile, when asked by a TV interviewer how he saw his chances of remaining in the government, Hoon weakly answered that everything depended on the findings of the Lord Hutton inquiry.

### **Blair's 'Abuse of Power' Led to Kelly Death, Charges Short**

The former United Kingdom International Development Secretary Clare Short launched another blistering attack on Tony Blair Sept. 7, accusing him of an "abuse of power" that drove the late British weapons expert David Kelly to take his own life. Short says that the Prime Minister helped make Kelly's life "hell," and accused Blair of flouting "proper procedure" and "a willingness to be economical with the actuality."

"In the past 10 days we have seen a set of milestones," she declared. "Alastair Campbell resigned. Mrs. Kelly gave us the human face of the tragedy of Dr. Kelly. And senior representatives of Defense Intelligence told us that the [Iraq] dossier was 'over egged' and that 'the spin merchants' had too big a role," she begins. "In my view, all these events are related. They reflect the disease that has corroded the integrity of the Blair government.... And beneath the smiling demeanour, a ruthlessness that is accompanied by a lack of respect for proper procedure, and a willingness to be 'economical with the actuality.'

"Much of the success of Labour's first term came from Labour ministers implementing Labour policy—full employment, the minimum wage, devolution, tax credits to make work worthwhile, a strong commitment to debt relief and development, better achievement in schools, improved public spending and so on," she goes on. But then Blair succumbed to "hubris" and became a dictator. "And this brings me to Dr. Kelly ... it seems that he, like others in Defence Intelligence, was attached to accuracy. He objected to the exaggeration of the threat from Saddam's programmes and the falsity of the 45-minute claim. It was part of his job description to brief journalists. He—among others—let those views be known.

"They appeared in many press articles, and it is now clear that the 'Today' programme story was fundamentally true. In my view, the *BBC* would have been at fault if it had not broadcast it. But our Prime Minister told the Hutton inquiry that once Campbell was mentioned it became 'no longer a small item.' Then No. 10 [Downing Street] went to war with the *BBC*. There was no policy or national interest at stake. And yet, once Dr. Kelly came forward and said he had talked to Andrew Gilligan, the power of the state was focused on using Dr. Kelly to get Gilligan. Dr. Kelly's wife has described what this did to her husband.... when the press is after you and No. 10 briefing against you, life can be hell.

"Dr. Kelly found the pressure of No. 10, the Ministry of Defence, the Chair of the Joint Intelligence Committee, the Foreign Affairs Select Committee, the threat to his pension and job, and 'being treated like a fly' too much to bear. I think most people would break under that strain. To use Dr. Kelly in this way—to get at the *BBC*—was an abuse of power."

Short ended by repeating her call for Blair to resign, now that he's brought that up. "The Prime Minister has told us that the claim that he had knowingly exaggerated the threat from Iraqi chemical and biological weapons would be a resignation issue. It is now clear that the threat was exaggerated. And that John Scarlett—Campbell's fig leaf—had gone native with the No. 10 entourage.... All of this came before we were misled on the promised second UN resolution. And on top of this, there is the total negligence of failing to prepare for the inevitability of a speedy military victory. Many, many lives have been lost and are being lost in Iraq because of this incompetence. This sorry tale shames my party, government, and country."

## **Cook: Report Demolishes the Government's Case for War**

"Every argument that Tony Blair's British government used to justify the Iraq war has collapsed," writes Robin Cook, former British Foreign Secretary and later Leader of the House of Commons, in a scathing piece in the Sept. 12 *Independent*, heralding the release of a report by the House of Commons Intelligence and Security Committee. Cook writes, "The invasion of Iraq was the first time British troops were committed to action on the basis of intelligence alone, and every major piece of that intelligence turned out to be wrong."

On Sept. 12, the findings of the ISC, normally a "controlled entity" that was supposed to clear Blair of any blame in the Iraq war, were released.

But instead, the ISC report documents that Blair ignored warnings from his own Joint Intelligence Committee (JIC) that, were an Iraq war to be launched, the terror threat to Britain would greatly increase, not decrease.

The *Times* of London reported on Sept. 12, paraphrasing the matter, that "Mr. Blair took Britain to war in spite of a warning that the collapse of the Iraqi regime would make it easier for terrorist groups to obtain chemical and biological weapons, and that the threat from al-Qaeda would be heightened by action to depose Saddam."

The JIC issued these warnings in a report issued on Feb. 10, five weeks before the Iraq war was launched. The top-secret report was entitled, "International Terrorism: War with Iraq," and warned that, in the event of a regime collapse in Baghdad, "there would be a risk of transfer" of chemical and biological weapons.

The ISC also contains other criticisms of Blair and his government, respecting Iraq.

## **Military Expert Warns of 9/11-Type Attack in London**

"There may be a new 9/11 at any moment, and my estimation for the most likely place for it to happen would be London," stated a leading European military expert told *EIR* on Sept. 9. He thought the Sept. 6 allegations by Labour Party MP Michael Meacher in the London *Guardian* that the group around Vice President Dick Cheney may have intentionally caused, or allowed, the original 9/11, to be interesting in this light. However, this source firmly holds to the view that the "al-Qaeda/bin Laden" apparatus was responsible for the attacks in the U.S. two years ago.

He stressed: "Osama bin Laden and his al-Qaeda apparatus are doing very well these days. The military situation in Afghanistan is not going well, Iraq is not going well. The situation, in my view, is ripe for a new target for this terror gang. That would have the effect, of getting peoples' minds off the lousy situation now, because it would all become much lousier, very quickly."

He said that various signs are clear, that Britain/London is a likely place for a mega-terror strike. The most significant, is the massive chemical warfare exercise that took place on Sept. 7, which included contingency plans for the full evacuation

of London. Even though not accepting a "conspiracy theory" as behind such terrorism, he said that a mega-terror strike in London would certainly get the politically desperate Tony Blair and his gang off the hook.

[\(See this week's InDepth for the full story on the Meacher analysis of 9/11.\)](#)

## **Russia and Central Asia News Digest**

### **Glazyev at Center of Duma Election Campaign**

*EIR's* Jonathan Tennenbaum reports this week on Russia. He writes: On Sept. 4, the Russian State Duma (lower house of Parliament) election campaign was officially launched, with publication of a Presidential decree fixing the date of the election as Dec. 7 of this year. Thanks to developments over the summer, what had been expected to be a relatively uneventful campaign, leading to a continuation of the present political constellation in the Duma, now promises to become more turbulent. Of particular interest will be the fate of a new electoral grouping, launched by the well-known economist and Duma member Sergei Glazyev. See InDepth for full article.

### **Third Eurasian Conference on Transport Opens in St. Petersburg**

The Third Eurasian Conference on Transport, latest in a series that has become crucial for the promotion of continental development corridors, opened Sept. 12 in St. Petersburg, Russia. High-ranking representatives of 40 countries are present, among them: Iranian Minister of Roads and Transport, Ahmad Khorram; the Russian Ministers of Railroads, Gennadi Faddeyev, and Transport, Sergei Frank, as well as Deputy Prime Minister Vladimir Yakovlev; high-ranking representatives of the European Commission and of international shipping organizations; and the secretary of the European Transport Ministers. All of them gave speeches. Kazakhstan and Belarus were granted membership in the North-South corridor, which was initiated by Russian, Iran and India. Sergei Frank reported to the meeting on a decision taken days earlier by the Shanghai Cooperation Organization, to coordinate transportation projects in border regions among its member countries—in the heart of Eurasia.

### **Russian Foreign Minister: Iraq Situation Deteriorating**

Speaking Sept. 5 during debate at the United Nations over a U.S. draft resolution on Iraq, Russian Foreign Minister Igor Ivanov made the following point: "One cannot but express surprise at statements made by some Washington officials that life in Iraq is returning to normal and becoming better virtually day by day.... One should not be misled—the situation in Iraq is becoming not better, but worse day by day."

### **Is U.S. Picking Russian To Loot Iraq's Economy?**

The Russian Liberal politician Boris Nemtsov revealed in Moscow on Sept. 8 that the United States is recruiting Boris Yeltsin's former tsar for economic shock therapy, deregulation, and privatization, Yegor Gaidar, to provide "expertise" for a postwar economic policy in Iraq. George W. Bush has decided to seek Gaidar out of the conviction that "Gaidar is the world's sole specialist who knows how to recover a country's economy," Nemtsov said.

Gaidar, with a group of fellow technocrats who had been trained in the 1980s at London "free-trade" think-tanks, pioneered the brutal shock therapy that looted and ruined the Russian economy and completely discredited Yeltsin, beginning with Gaidar's term as Prime Minister in 1992.

After Nemtsov's announcement at the party congress of the Union of Right Forces, Gaidar confirmed that he has received an invitation from the Temporary Administration of Iraq. According to *Izvestia* on Sept. 8, Gaidar himself clarified that the Americans are concerned not even so much with reconstruction, as with creating a different type of economy in Iraq, than what it had before: "They are facing the problem of a collapsed totalitarian regime with a high level of state participation in the economy."

*Strana.ru* noted, "The American offer to Gaidar has a certain logic. Truly, there is probably no specialist in the world today, more experienced in privatizing the oil sector of an entire country.... Reform of the oil industry was one of the first undertakings of the first-wave reformists [in Russia], led by Gaidar." The USAID has been prescribing "shock therapy" for the Iraqi economy, wrote commentator Sergei Pletnev, with "mass privatization of Iraqi industry." Of course, "It is well known that the privatization of Russian oil resulted in the concentration of the sector in the hands of a few monopolists; hence the Americans should have no problem making use of Yegor Gaidar's experience. After that, Iraq will also need the people who thought up Russia's loans-for-shares auctions" (the privatization swindles by which the Russia's oligarchs' fortunes were amassed).

Gaidar said he is leaving for Iraq on Sept. 19, leading what amounts to a Mont Pelerin Society international hit squad: According to *Izvestia*, he will be joined by former Bulgarian President Petar Stoyanov and Estonian ex-premier and "young reformer" Mart Laar. In 1997, Stoyanov surrendered Bulgaria's sovereignty under a "currency board" scheme modelled on British colonial times. Laar was a deregulation/privatization poster child, until he was ousted under a cloud of scandal surrounding the privatization of Estonia's railroads.

## **Russia Demands To Put Teeth in Implementation of Road Map**

"The time has probably come for the world community, acting through the Quartet of mediators [the U.S., the European Union, Russia, and the United Nations], or the United Nations Security Council, to impose tough terms on the conflicting parties so they comply with all provisions of the Road Map peace plan, which could require an international presence in the conflict area," Russian Foreign Minister Ivanov told the press in Sarajevo on Sept. 10. "Russia is seriously concerned over the new escalation of violence in the Palestinian-Israeli conflict," he declared, "because this endangers the implementation of the Road Map plan and the Middle East peace process in general."

"It is becoming more and more obvious that unless the world community intervenes in the settlement of the Israeli-Palestinian conflict in the most determined way," he warned, "it will be impossible to break the vicious circle of violence."

Arab League Secretary General Amr Mousa, leaving Cairo to visit Russia, said it is expected that the Quartet would intervene, the *Saudi Arabia News Agency* reported.

## **Russian Submarine Designer Attacked**

The evening of Sept. 9, Petr Gavriluk, chief engineer at the Rubin firm, was attacked at the entry to his private residence in St. Petersburg. He is a top submarine designer. Gavriluk was hit on the head with a hard object; then the attackers (according to eyewitnesses, two men), entered his flat, stole his computer, and also took about \$1,000. Although initial police assessments spoke of a robbery, the attack has been the second against a leading engineer of the firm—whose products include nuclear-powered submarines of a new special class, for the Russian Navy.

## **Mideast News Digest**

### **Powell Says U.S. Opposes Israeli Expulsion of Arafat; But Nobody Believes Washington**

U.S. Secretary of State Colin Powell, on Sept. 12, again telephoned Israeli Foreign Minister Silvan Shalom, to reiterate that the U.S. is opposed to the expulsion of Palestinian Authority President Yasser Arafat. Powell also gave the same message to Palestinian Foreign Minister Nabil Sha'ath when they spoke. Powell's calls came 24 hours after the Israeli security cabinet gave the military *carte blanche* authorization to expel Arafat at a moment of their choosing.

Despite the Powell statements, the Administration is being widely condemned for failing to live up to the President's promise to put in a maximum personal effort to make the Road Map work. And there is widespread belief, as well, that President Bush has given a *de facto* green light to Sharon to expel or kill the Palestinian President. Days before the Israeli security cabinet vote, Prime Minister Sharon's personal representative, Dov Weisglass, was in Washington, meeting with National Security Adviser Condoleezza Rice, pressing for Washington's approval of the move to oust Arafat. While both the U.S. and Israeli governments deny it, sources report that there were also private talks between Weisglass and Vice President Dick Cheney, whose personal hawkish views on the Middle East are nearly identical to those of Sharon. Sources reported that Weisglass went back to Israel from his meeting with Rice, convinced that the U.S. would not act harshly if Israel eliminated Arafat.

On Sept. 11, just before the Israeli decision to expel Arafat, *EIR's* White House correspondent William Jones asked State Department spokesman Richard Boucher to clarify the Administration's position on Arafat, citing the *Jerusalem Post's* editorial that day, calling for Arafat's deportation or assassination. While stating that the U.S. Administration's position had not changed, Boucher refused to be more specific, and did, in fact, reiterate that the Administration sees Arafat as an impediment to peace.

### **UN Warns Israel Not To Expel Yasser Arafat**

On Friday, Sept. 12, following a closed-door special session, the UN Security Council issued a stern warning to the Israeli government *not* to deport Palestinian President Yasser Arafat. The UNSC President, British Ambassador Emyr Jones-Parry, read out the statement after the meeting: "Council Members expressed the view that the removal of Mr. Arafat would be unhelpful and must not be implemented."

The statement was drafted at the request of the 116 members of the Non-Aligned Movement at the UN. The UNSC will also hold a public meeting on Sept. 15, on the issue.

The emergency action took place after the Israeli security cabinet voted on Sept. 11 that Arafat would be expelled from the Palestinian territories, at a time of Israel's choosing. The same day, the *Jerusalem Post* issued an editorial that said that Arafat must be killed by the Israelis before Israel can accept a peace pact.

At the UN, Palestinian Envoy Nasser al-Kidwa, a relative of Arafat's, submitted a resolution which says that "Israel, the occupying power, desist from any act of deportation and to cease any threat to the safety of the elected President of the Palestinian Authority," and expressed "grave concern at the tragic and violent events." However, the UNSC drafted an alternative statement warning Israel not to attempt to expel Arafat, because of fear that the United States would veto the al-Kidwa resolution, reported the Israeli newspaper *Ha'aretz*.

### **Jerusalem Post Demands Arafat Assassination**

A bloodcurdling editorial in the Conrad Black-owned *Jerusalem Post* of Sept. 11 demands the mass killing of Palestinian leaders, particularly Yasser Arafat. The editorial came on the morning of the security cabinet meeting called to decide the fate of Arafat. Excerpts:

"The world will not help us; we must help ourselves. We must kill as many of the Hamas and Islamic Jihad leaders as possible, as quickly possible, while minimizing collateral damage, but not letting that damage stop us. And we must kill Yasser Arafat, because the world leaves us no alternative.

"No one seriously argues with the fact that Arafat was preventing Mahmoud Abbas, the Prime Minister he appointed, from combatting terrorism, to the extent that he was willing to do so. Almost no one seriously disputes that Abbas on whom Israel, the U.S., and Europe had placed all their bets failed primarily because Arafat retained control of much of the security apparatus, and that Arafat wanted him to fail.

"The new Prime Minister, Ahmed Qurei, clearly will fare no better, since he, if anything, has been trying to garner more power for Arafat, not less.

"Under these circumstances, the idea of exiling Arafat is gaining currency, but the standard objection is that he will be as much or more of a problem when free to travel the world than he is locked up in Ramallah.

"If only three countries, Britain, France, and Germany, joined the U.S. in a total boycott of Arafat this would not be the case. If these countries did not speak with Arafat, it would not matter much who did, and however much a local Palestinian leader would claim to consult with Arafat, his power would be gone. But such a boycott will not happen....

"Therefore, we are at another point in our history at which the diplomatic risks of defending ourselves are exceeded by the risks of not doing so. Such was the case in the Six Day War, when Israel was forced to launch a preemptive attack or accept destruction. And when Menachem Begin decided to bomb the Iraqi nuclear reactor in 1981. And when Israel launched Operation Defensive Shield in Palestinian cities after the Passover Massacre of 2002.... When the breaking point arrives, there is no point in taking half-measures. If we are going to be condemned in any case, we might as well do it right.

"Arafat's death at Israel's hands would not radicalize Arab opposition to Israel; just the opposite. The current jihad against us is being fueled by the perception that Israel is blocked from taking decisive action to defend itself.... Killing Arafat, more than any other act, would demonstrate that the tool of terror is unacceptable, even against Israel, even in the name of a Palestinian state....

"So long as the Palestinians choose such a leadership, it should be held no more immune to counterattack by Israel than the Taliban and Saddam Hussein were by the United States...."

## **Israel Will Hunt Terrorists in Syria, Lebanon**

Speaking at a security conference at the Hezliya Interdisciplinary Center, Israeli Defense Forces Chief of Staff Ya'alon said Israel would continue attacks on senior Hamas officials. He said they would hunt down terrorists wherever they are, "in the organization's offices in Damascus, with members of Hezbollah and the Revolutionary Guard in Lebanon, or among the Palestinian terrorist cells in the territories."

At the same conference held on Sept. 8, Ya'alon had indirectly threatened Saudi Arabia, claiming that an al-Qaeda terror organization had attempted to recruit a Saudi military pilot to conduct a suicide attack on Israel. He claimed the attack would come from the Saudi Tabuk air force base, which is 150 km from Israel. He expressed concern that the Saudis have F-15 jet fighters based there that pose a threat to Israel.

## **Israeli Chief of Staff Repeats Threats Against Saudis**

Israel military Chief of Staff Moshe Ya'alon repeated the threat against Saudi Arabia which was made last week. Speaking at a security conference, Ya'alon claimed that the al-Qaeda terrorist organization had attempted to recruit Saudi pilots to conduct a suicide mission against Israel. The terrorists were to use either a civilian aircraft or an F-15 jet fighter. He claimed this information came from interrogations by Western intelligence sources, but did not give details.

Ya'alon then repeated the threat made last week concerning the basing of F-15 jets by Saudi Arabia at the Tabuk base.

"We are concerned by the deployment of Saudi planes at Tabuk, and by the information on al-Qaeda, and demand that the matter be investigated."

## **Syrian Cabinet Resigns**

The Syrian cabinet resigned, Sept. 10, with Prime Minister Mohammed Mustafa handing in his resignation. Syrian President Bashar Assad accepted the resignations, and called on the Speaker of the Parliament, Mohammed Naji al-Otari, to select a new cabinet. According to press reports, the resignations were expected and are not related to foreign policy.

## **Army Extends Reservist Tours in Iraq to 12 Months**

Army Reserve and National Guardsmen who expected to serve a total of 12 months, with only part of that time in Iraq, will now spend 12 months in Iraq, and a total of 13 to 18 months on active duty. Army officials revealed the order on Monday according to an account in the *Washington Post*. The order affects 8,000 reservists and National Guard troops in Iraq and another 12,000 in Kuwait. A total of 128,919 Army Reserve and National Guard soldiers are currently on active duty, many filling in positions in the U.S. left vacant by deployed regular Army soldiers. The order allegedly does not apply to the two National Guard brigades that will join the unit rotation into Iraq next year. They will be in the country for approximately six months.

The order comes at a time when concerns about overstretch of the Army are heightening. Retired Army Maj. Gen. William Nash, now a fellow at the Council on Foreign Relations, said that the new policy is "a manifestation of the challenges the Army is facing meeting its troops obligations throughout the world and particularly in Iraq." The order is likely to have a detrimental effect on morale, as well, given that many reservists and guardsmen left behind families and higher-paying jobs when they were activated.

The new policy is having its political impact, as well. Senator John McCain (R-Ariz.), during a hearing of the Senate Armed Services Committee, indicated that he thought that extending tours of reservists, and the stated need for international troops in Iraq, showed that the U.S. needs additional troops on the ground in Iraq, including certain specialties. The Army itself responded to all the hoopla stirred up by the *Post* story by issuing a statement saying it has "consistently stated a tour of duty for all units, both active and reserve components, participating in Iraqi Freedom would be up to 12 months in their areas of operation."

## **UN Resolution Threatens Iran**

The U.S. has pulled France, Germany, and Japan into co-sponsoring a threat to Iran to meet the International Atomic Energy Agency's additional protocols by the end of October—or else. A resolution drafted by the U.S. demands that Iran prove it has no weapons programs and agree to the intrusive inspections of the "additional protocols" (which are not required under the NPT), by the end of October, or be declared in non-compliance and taken to the UN Security Council for action. The U.S. rep to the IAEA, Kenneth Brill, said on Sept. 9 that "The U.S. believes the facts already established would fully justify an immediate finding of noncompliance by Iran." Lack of support for that stand forced the U.S. to put

forward this resolution, which has been passed unanimously.

Malaysia's Ambassador to the UN in Geneva, Dato Hussein Haniff, spoke for the Non-Aligned Movement's 15 members on the IAEA Board in rejecting the resolution or any deadline.

Iran's Foreign Minister Kamal Kharrazi said: "If the hawks gain ground and ignore our legitimate rights for peaceful nuclear activities, we will be forced to review the state of play and the current level of cooperation with the agency."

### **Israeli Officials Threaten Iran**

Israeli officials reportedly are threatening a military strike against Iran, if the U.S. "last chance" resolution threat fails, according to the *Washington Times* of Sept. 10. The *Times* reports that Zalman Shoval, an aide to Sharon, said that Iran knows "Israel has the capability" to take out their nuclear program, and that "hopefully, a military threat can be avoided, nipped in the bud..., and this is where the U.S. comes in."

### **Sharon Crony David Appel Indicted For Bribery**

David Apel, an Israeli businessman who arranged for millions of dollars for the sons of Ariel Sharon family, has been indicted for bribing a member of the Knesset (Parliament). The case involves Appel, his construction company, Higdal Hazohar Construction, and another crony, Benjamin Tavin, who owns the company Quality of Life and Aviv Gardens.

They are accused of bribing former Likud Knesset member Nehama Ronen; Israel Lands Administration official Oded Tal; the Mayor of the city of Lod, Benny Regev, and Gavith Shmuel, and City Council head Zamir Ben Ari. The Justice Ministry is reportedly also considering charges against those who were bribed. As *EIW* reported, Appel is also being investigated for bribing Sharon while he was the Israeli Foreign Minister.

## **Asia News Digest**

### **China's Money Supply Soars; Fears of Inflation, 'Hot Money'**

The Peoples Bank of China reported Sept. 11 that the broad money supply rose by 21.6%, year-on-year, in August. In July, "M2" had risen by 20.7%, year-on-year. The PBOC said it would take measures to stabilize the money supply.

China's money supply growth has been growing by about 17% per month so far this year. Commercial banks have been increasing lending, at the rate of 2.1 trillion yuan (US\$253 billion) already in the first eight months of this year, compared to 1.84 trillion yuan (US\$221 billion) in all 2002.

More money has also been released by the central bank, in efforts aimed at "absorbing excess dollars." The PBOC has issued 60 billion yuan (US\$7.3 billion) in short-term securities, to absorb funds, and then took the more serious step of announcing it raised required reserves at commercial banks to 7% of their total deposits, a 1% increase, by end-October, in order to "freeze" some 600 billion yuan (US\$72 billion).

China remains on "high alert" about a "huge influx of hot money," and is making a big effort to "fend off potential threats posed by speculative funds to the Chinese economy," *Xinhua* reported. Speculative funds amounting to some US\$30-\$50 billion have entered China this year.

The speculative funds entered China through trading, foreign direct investment, the qualified foreign institutional investor (QFII) program, and from overseas Chinese.

Economists are warning of the danger of inflation if the hot money flows continue.

Zhang Xiaoji, director of the Research Department of Foreign Economic Relations under the Development Research Centre of the State Council, warned of the dangers of short-term speculative capital trends. "When facing poor profit prospects, hot money, because of its speculative nature, will leave the market soon and trigger upheavals in the overall economy," Zhang said.

Economists expect that the government will be taking measures will be taken to closely monitor the flow of speculative capital in and out of the country, *Xinhua* said.

### **Provocative Exercises Against North Korea Proceeded**

Australia, the U.S., France, and Japan proceeded with "piracy" exercises in the Coral Sea over the weekend of Sept. 13, according to *The Australian* of Sept. 10. During Prime Minister John Howard's visit to China in August, he reportedly promised the Chinese that he would postpone the exercises (aimed at threatening North Korea with a blockade of shipping on the high seas under the cover of "self-defense" against weapons of mass destruction), in deference to the Chinese effort to make the six-party talks work.

Australia has deployed Deputy Secretary of Foreign Affairs Paul O'Sullivan to China, to try to explain why they are moving forward anyway. O'Sullivan, called a "WMD expert," chaired the meeting of the 11-nation Proliferation Security Initiative (PSI) in Brisbane in July where the plan for the exercises was adopted. China has publicly denounced the exercise as a provocation and a threat to break international law.

### **Thai Foreign Minister, UN Rep Confident on Myanmar 'Road Map'**

Foreign Minister Surakiart Sathirathai voiced support for the Myanmar junta's version of its proposed "road map," out of the crisis, saying it was the best for Myanmar because its people had drafted it. "The process was initiated by the junta, and no one knows better than the Burmese themselves," Surakiart said on Sept. 9, adding that ASEAN and the rest of the world community would be more than happy to help push for its realization.

"Reconciliation is what we want to see in Burma. The drafting of a constitution acceptable to all sides would lead to elections, which finally would lead to the removal of all international sanctions," he said. He added that, in principle, opposition leader Aung San Suu Kyi and all of Burma's ethnic minorities should have a say in the drafting process.

Also, United Nations special envoy Razali Ismail said Sept. 8 that plans for him to visit Myanmar have been put off, in order to give the Myanmar leadership a chance to implement a new democracy road map. "I am waiting to go in as soon as I can," he said. "I am allowing local efforts to happen, then of course the UN would bring all its services to bear on all parties." Razali said Yangon's plan to reconvene the constitutional convention, suspended in 1996, as a first step under the plan, is a "good idea" and the "right thing to do." Mr. Razali said, "Give Khin Nyunt a chance to try to get it done. We hope that this proposal is the precursor, the beginning, of a healing process that will bring about the release of Aung San Suu Kyi and other parties. If we can play a role to facilitate understanding of this proposal to all sides, including Aung San Suu Kyi, we will do it."

### **U.S. Defensive After Red Cross Backs Myanmar on Suu Kyi Issue**

The International Red Cross reported Sept. 9 that its representatives had met with Myanmar opposition leader Aung San Suu Kyi, and confirmed that she was *not* on a hunger strike, contrary to widespread reports aimed at destabilizing Myanmar, circulated by the Bush Administration, Project Democracy, and the George Soros- and British-backed NGOs. An unnamed senior U.S. official defensively claimed that the mere fact that the Red Cross met with Suu Kyi was evidence of the "success" of U.S. pressure on Yangon.

Earlier, the Myanmar junta referred to the State Department as the "Department of Spin" and charged in an official statement that sanctions imposed on Myanmar by Washington were imposed "under the influence of extreme elements in the United States' political spectrum." The statement added, "The world will be the judge of whether the United States has any concerns for the welfare of the mass population of the country"—over 50 million people. Subsequently, the U.S. dropped the claim about Suu Kyi's "hunger strike," one day after Prime Minister Gen. Khin Nyunt announced a seven-point "road map" for the country, culminating in general elections.

### **Australian Prime Minister and Foreign Minister Under Police Investigation**

Australian Prime Minister John Howard and his Foreign Minister Alexander Downer are under police investigation for leaking a classified document. Howard and Downer are suspected of leaking a document written last October by Andrew Wilkie, a former official at the Office of National Assessments (ONA), the Australian intelligence agency, who resigned earlier this year in protest of the Howard Administration's doctoring of ONA intelligence reports to justify joining the war on Iraq. A reporter from the *Herald Sun*, Andrew Bolt, wrote a column claiming he had read Wilkie's top-secret report on Iraq. Then, during Parliamentary hearings investigating Wilkie's charges, Sen. Sandy MacDonald, a Howard supporter, read from the secret document in questioning Wilkie, trying to discredit him. The police are investigating both the press leak and the leak to the senator. Howard admits that his office prepared "briefing notes" for Sen. MacDonald, but nonetheless denies releasing the report.

### **Rumsfeld Has To Eat His Words Regarding Afghanistan**

Prior to the last week's visit, the last time U.S. Defense Secretary Donald Rumsfeld had visited Afghanistan was in May. At that time, with a great deal of fanfare, Rumsfeld announced the end of combat operations against al-Qaeda and Taliban. Ahmed Rashid, an Afghan analyst, pointed out to *The Nation* in Islamabad on Sept. 10, that when Rumsfeld flew into Kabul Sept. 7, U.S. troops had just ended a nine-day battle with the Taliban in the hills of Zabul and Uruzgan provinces. The battle engaged some 1,000 Afghan government troops and 300 U.S. soldiers, supported by heavy aerial bombardment, trying to kill or disperse some 300-400 Taliban. A Western diplomat in Kabul told Ahmed Rashid: "The Taliban will certainly portray the Zabul battle as a turning point. It is the first time since their defeat, that they stood up and fought back rather than ran, and the U.S.-led Coalition forces are quite shaken."

The battle followed the bloodiest month for Afghanistan since the Taliban were defeated in the winter of 2001. Two hundred twenty Afghan government troops and civilians were killed in August, in a series of skirmishes, mine explosions, and mortar attacks, Ahmed Rashid pointed out. For the first time, the U.S. Army admitted that the Taliban aims had shifted, from mounting a campaign of guerrilla harassment against their forces. "We believe that strategically the anti-coalition forces seek to remove the existing national government of Afghanistan and re-establish a Taliban regime," said U.S. military spokesman Col. Rodney Davis at Bagram Air Base near Kabul just a day before Rumsfeld arrived.

### **Killing of Aid Workers in Afghanistan Threatens Foreign Support**

Suspected Taliban rebels stopped a car carrying Afghans working for the Danish Committee for Aid to Afghan Refugees (DACAAR) on Sept. 8, tied them up, then shot four of them to death, on a road in southeastern Afghanistan's Ghazni

province, Gov. Haji Asadullah told the *Associated Press*. In Copenhagen, a DACAAR official said it was likely an attack by Taliban, "because this fits into a pattern that we have seen lately, unfortunately." He also said that the organization will reconsider the security situation in Afghanistan. "As an immediate consequence, we must stop working in the eastern part of the country," he said. The Danish agency may withdraw from Afghanistan.

## **U.S. Commander: Taliban Pouring into Afghanistan**

The American commander in Afghanistan, Lt. Gen. John Vines, told reporters travelling with U.S. Defense Secretary Donald Rumsfeld, who was in Afghanistan for a day on Sept. 8, that Taliban fighters, paid and trained by al-Qaeda, are pouring into Afghanistan from Pakistan. He said the Taliban are regrouping, and trying to regain control of the country they ruled until ousted by the United States in late 2001.

According to the report from the Kandahar region of Afghanistan, students from religious seminaries (madrassahs) across the border in the Pakistani province of Baluchistan have joined the war within Afghanistan, and are ready to take part in suicide missions, the London *Daily Telegraph* reported.

## **Sharon Cuts Short His Visit to India**

Citing two major incidents in Israel, Prime Minister Ariel Sharon cut short his three-day visit to India and left for Tel Aviv Sept. 10. He was scheduled to visit Mumbai on Sept. 11. However, one clue that the trip could have had problems comes from the statement of the Israeli Deputy Prime Minister Yosef Lapid to *NDTV* on Sept. 9, in which he said: "One of the countries that worries us most is Iran, where they have Ayatollahs who are weaving the country in a very fanatic Muslim way and they also want to acquire nuclear weapons to translate their beliefs into acts of terrible consequences." If this issue had been brought up at the heads of states meeting, it is likely that Indian Prime Minister Vajpayee would have told off Sharon: India is now vigorously developing trade and strategic relations with Iran. At this point in time, Iran and India are involved in developing a North-South trade corridor linking India to Russia by land and sea through Iran, Afghanistan, and Central Asia.

On the other hand, Sharon extended an invitation to Vajpayee to visit Israel. The general statement issued by both sides indicate that the talks went well and the visit would enhance the bilateral relations between the two countries.

## **Israel, India Talks Focus on Arms**

As expected, Ariel Sharon's visit to India was highlighted by an arms deal between the two countries. The Israeli Director-General of Defense Ministry, Amos Yaron, opened two days of talks (Sept. 9-10) on co-production and procurement of defense equipment and systems between the two countries. The talks centered on import of sophisticated aircraft-mounted radars, co-production of unmanned aerial vehicles (UAVs), and installation of electronic warfare systems. Simultaneously, the chiefs of Israeli defense companies who arrived with Sharon, held talks with their Indian counterparts and called on military and civilian officers looking after perspective planning and procurement.

Reports indicate that Maj. Gen. Yaron is understood to have discussed details of the Phalcon anti-missile radar deal, including the necessity of a tripartite agreement between India, Israel, and Russia (which will supply the aircraft for the radars) and upgrading the MiG-21 aircraft with his Indian Air Chief, S. Krishnaswamy. Israeli Phalcon radars running on Indian software will be married with Russian military transport aircraft to provide tremendous surveillance capability from a height of 30,000 feet. India tested the long-endurance Heron UAV during last year's troop mobilization on borders with Pakistan and the Indian Defense Research and Development Organization (DRDO) wants to utilize Israeli expertise for the indigenous production program.

## Sumatra and Java To Be Linked in 20 Years

Satria Ganefanto, spokesman for the state-owned toll-road operator PT Jasa Marga, said that it is planning to build a huge bridge connecting Sumatra and Java, the two most populated Indonesian islands, within the next 20 years, the *Jakarta Post* reported Sept. 8. Drivers would be able to go all the way from Medan, North Sumatra to the East Java city of Banyuwangi facing the tourist resort of Bali, with a connection to the planned Singapore-Sumatra link in mid-island. Ganefanto, referring to San Francisco's 1.3 kilometer Golden Gate Bridge, indicated that the projected span across the Sunda Straits would be longer than 20 kilometers. The positive aspects of Ganefanto's projection for the new bridge are dimmed by his conception of an automotive-only (no rail) toll connection.

## Africa News Digest

### WTO Deal for Cheaper Generic Drugs Is Only 'Cosmetic'

The Aug. 30 WTO agreement—to permit poor countries to import generic copies of patented drugs—is mostly cosmetic, aid agencies are saying. What countries will be allowed to import the generic copies of patented drugs for HIV/AIDS, tuberculosis, and malaria, that such countries as India, Brazil, and South Africa are now permitted to make? Under the WTO agreement, countries wishing to import these cheaper generics must provide evidence to the WTO that they are not capable of producing such drugs themselves, and that the imports will not wind up being smuggled out of the country.

The deal "is largely cosmetic and will not make a significant difference," said Celine Charveriat of Oxfam, *BBC News* reported Sept. 8. "The deal was designed to offer comfort to the U.S. and Western pharmaceutical industry," said Ellen t' Hoen of Doctors Without Borders, according to the *Observer* of Britain Aug. 31. The *Observer* says that "according to trade analysts, the deal will be unable to provide the quantities of drugs needed to combat the world's growing deadly infections.... There has been immense pressure for poor countries to adopt the deal."

Gitura Mwaura, chairman of the Kenya Coalition for Access to Essential Medicines, stated that "America is arm-twisting. It's a triumph for corporate greed." Jonathan Berger of the AIDS law project at the University of the Witwatersrand (Johannesburg) said, "The sense is really that it is way too much red tape, and that it is not a feasible solution to the problem." Both comments are reported by *Reuters* news wires.

U.S. pharmaceutical companies refused to broaden the talks to include medications for other diseases. The *Observer* says the agreement "comes as a new study reveals a massive outbreak of hepatitis C in Africa. Oxfam reveals that 170 million globally are infected.... The disease is labeled 'Africa's silent killer.' "

Also, aid agencies "believe that generic drug producers are not as willing to reach poor markets as first thought," *BBC News* reported Sept. 7, but it adds that "Aspen Pharmacare, South Africa's largest producer of generic drugs, has already announced it is planning to double production of medicines in the next year."

### UN's Info Network Reports Shift in Sudan Rebels' Demands

The Sudan People's Liberation Army/Movement (SPLA/M) has dropped its demand for its own separate army, and on Sept. 9, at the Sudan peace talks in Naivasha, Kenya, proposed the formation of an integrated army, according to a wire from the UN's *Integrated Regional Information Networks (IRIN)* Sept. 11. "This represents a shift in the strategy employed by the SPLM, which up until now has held that the government-controlled army and the rebel group should not be integrated" during the six-year interim before the planned southern vote on unification or secession. However, the European news services *BBC* and *AFP* do not report this, and continue to say, as of Sept. 11, that the SPLA/M insists on

keeping its forces intact.

*IRIN's* source at the talks said, "We have no breakthroughs yet, but we have no breakdowns."

Following one-on-one talks between Sudanese VP Ali Othman Taha and SPLA/M leader John Garang from Sept. 4 to 9, there is expectation of a breakthrough on both sides; the agreed strategy is to negotiate security questions first, believing agreement in other areas will then flow more easily.

Garang is leading his negotiating team and said he has been authorized to make "difficult decisions" by his governing council, *Arabic News* reported Sept. 5. He usually sends others to negotiate. Sudan's Minister of Defense, Maj. Gen. Bakri Hassan Salih, and other army generals, joined the talks Sept. 10. State TV reported that President Omar Hassan al-Bashir would hold "an emergency meeting" Sept. 11 with leaders of political parties to discuss "the swift developments in the ongoing peace process," according to *IRIN*. And the government has asked editors-in-chief of Sudan's newspapers to go to Kenya to cover "the big event" expected there, *Arabic News* reported Sept. 11.

### **Defense and Security Ministers Named in Ivory Coast**

On Friday, Sept. 12—on the eve of a visit of the French Defense Minister—the National Security Council (CNS) of Ivory Coast met and selected, at last, the key ministers of defense and security, after the "ex"-rebels refused to attend the meeting. The CNS includes representatives of the rebel organizations, the civilian political parties, and the defense and security forces. Now the rebels say that President Laurent Gbagbo forced the appointments "unilaterally."

The signatories of the Marcoussis Accord (the rebels, their political fronts, and the civilian political parties) had submitted two names for each post, some weeks ago, and the appointments do come from these names.

The ambassadors of France, the U.S., and Italy (representing the EU), and Kofi Annan's representative, were on hand at the Presidential palace for the event, along with the national and international press, but left when it was clear that a struggle was still going on.

Gbagbo made concessions on two other issues that the rebels demanded be settled before the CNS could meet. Nevertheless, at almost midnight, the rebels refused to attend. The meeting took place without them.

Arch-rebel Ouattara, last seen in Washington, is in touch with his partisans in Ivory Coast by telephone.

National television announced the appointment of Rene Amani (Defense) and Martin Bleou (Security). It is the appointment of Bleou to Security that the rebels do not accept. The other choice for Security submitted by the Marcoussis signatories had been Fofana Zemogo of Ouattara's RDR Party.

French Defense Minister Michele Alliot-Marie arrived Sept. 14 for a two-day official visit.

### **Liberia: UN Security Council To Vote on Large Peacekeeping Force**

The UN Security Council will vote on authorizing a peacekeeping force of 15,000 on Sept. 19, according to Maj. Gen. Patrick Cammaert, military adviser to the UN Department of Peacekeeping Operations (DPKO), who spoke at a UN press briefing Sept. 11. The plan also calls for 900 civilian police officers.

Cammaert said the UN would assume responsibility for peacekeeping in Liberia Oct. 1, and he hoped to have a force of 15,000 in Liberia by mid-November, according to *VOA News* Sept. 11. There are 3,000 West African peacekeepers in Liberia now, most of them Nigerians, and most of them in the capital. If qualified, the existing peacekeepers would don UN blue helmets and become the backbone of the new force. Cammaert says the lesson from Sierra Leone is, get as many troops as possible on the ground immediately; an incremental approach is dangerous.

Never have so many nations shown interest in taking part in a peacekeeping mission, even before a Security Council resolution had been voted, Cammaert said. He declined to name them, except for India and Pakistan. He said the U.S. was considering sending staff officers to train a small Liberian army. Press reports do not say which governments are willing to pay for the mission.

The need for 15,000 troops is patent. The arrival of peacekeepers in Monrovia pushed the fighting into the countryside and the towns. "Camps for internally displaced persons (IDP) have become the new battlefields in Liberia, where warring parties now compete with desperate families for the meager resources provided by relief agencies," according to a UN news release Sept. 8, which adds, " 'IDPs have discouraged the distribution of food, out of fear of being attacked and looted by combatants, despite their acute food needs,' said Ross Mountain, UN Special Humanitarian Coordinator." *VOA News* on Aug. 28 reported thousands of people were walking in groups toward already overcrowded Monrovia, to escape fighting in major towns. There are about 500,000 IDPs, 300,000 of them in Monrovia, Save the Children UK reported Sept. 11.

## This Week in History

### September 15-21

This week we turn to an historic event of extreme importance to revival of an alliance of sovereign nation-states in the Americas: the Sept. 15, 1810 uprising of the Mexican republican independence movement against Spain. A wealth of material is currently being unearthed by the LaRouche political movement, which demonstrates the coordination, from at least the 18th century forward, among the republican forces of the Americas, toward the establishment of a community of sovereign republics. This history has been suppressed, as was this original independence movement in Mexico and the rest of the Americas, by those oligarchical—today, Synarchist—forces who wish to bury the ideas of the American Revolution forever.

The instigator of the Sept. 15, 1810 revolution was a Mexican priest, Miguel Hidalgo y Costilla. Hidalgo had been working in the state of Guanajuato, where he had distinguished himself by promoting all kinds of industry and inventions, including the silkworm industry, the pottery industry, tanneries, and later, steel-casting and cannon construction. Hidalgo had also formed a Classical music orchestra made up largely of Indians.

Within days of Hidalgo's call for the faithful to rally for the liberty of New Spain (as Mexico was then called), he held a meeting with Jose Maria Morelos, a priest from the state of Michoacan, and a member of the so-called "low clergy"—i.e., of Indian or *mestizo* origin. The two then formed an alliance in pursuit of independence, and *an alliance with the United States of America*.

From the early days of their revolution, both Hidalgo and Morelos declared slavery and debts abolished, and called themselves "Americans." They were explicitly inspired by the American Revolution and its Constitutional project and, while seeking to defend Roman Catholicism against the Bonapartist takeover of the French Church, sought an alliance with, and assistance from, their northern neighbor.

The story of how such an alliance was sabotaged, is far beyond the scope of this column, but the story will soon be made

available in publications of the LaRouche movement. The fact that this *collaboration* between English and Spanish-speaking republicanism in this Hemisphere represented, and still represents today, a potent threat to the oligarchy, is underscored by what happened to this first Mexican revolution.

Having suffered various military defeats, in March 1811, Hidalgo decided to march toward the United States, in search of military aid and support. He was captured by Spanish royalist forces, put on trial, and killed. The same fate was suffered four years later by Morelos, who had sent his son to study in the United States.

Before they were executed, both priests were "tried" by the Inquisition, which had been revived in this period for use against the republican movement. The charges against both were "heresy," the "evidence" of which included the fact that they had sought an alliance with the United States, and had adopted philosophical "toleration" of that nation.

This served as quite a warning to those republicans in all the emerging South American republics who sought to work with the North Americans, but the reactionaries did not leave it at that. In the period between 1811 and 1816, a bloodbath was undertaken against republican forces, including scientists, in both New Grenada (today's Venezuela, Colombia, and Ecuador) and New Spain (Mexico). General Pablo Morillo, who carried out the slaughter in New Grenada in 1816, echoed the British "Jacobin" slogan justifying his murder of 500 scientists: "The revolution doesn't need scientists."

As the real history of American republicanism is rescued from the hands of such "left" and "right" servants of oligarchism, it is appropriate that Sept. 15, 1810 become a day of celebration for us all.

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