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This Week You Need To Know

LaRouche's Approach on Iraq

On Jan. 28, the leading American economist and Democratic Presidential pre-candidate Lyndon LaRouche presented his "State of the Union" address in Washington, D.C. to a live audience, plus a worldwide audience listening and watching on an Internet webcast.

LaRouche's address, which kept the large audience in rapt attention, lasted for two and one-half hours, with an additional hour and one-half of questions. It covered four major areas: 1) the causes and nature of the present economic crisis; 2) the emergency measures which must be taken now; 3) the global strategic conflicts which overlap this economic crisis; and 4) the urgent measures needed to correct the current panic-driven notions of "Homeland Defense."

Toward the end of the question period, LaRouche responded to the many questions which had come in, asking him to further address the matter of the drive for a war against Iraq, and wanting to know what his instructions were. LaRouche responded as follows.

* * *

Basically, I tried to deliver an instruction on this occasion, under these circumstances, to #43 [George W. Bush]. And, as I said, it's not just to 43; it's to the Presidency around him.

Look, let's be realistic: We're living under an empire, and you will not solve the problem, by trying to find out what individual countries can do to change the situation. *They can't*. This is an empire! It's an English-speaking empire. It's acting as such.

What we've done so far, in trying to stop this war, was to get other countries to stop being pessimistic. Don't use the words, "The war is inevitable." It is not inevitable! The end of civilization is not inevitable. The point was, that while the Democratic and Republican Parties have been essentially useless in the matter of *effective action*, effective forms of action—some people have done some good things; but they won't cut the mustard; they won't do the job. Other countries, protest movements, and so forth, may contribute to the environment, but it won't solve the problem: *We have to solve this problem of war, here!* Inside the United States! It can not be solved any place else.

Since the Democratic and Republican Parties are generally, as parties, at the moment, rather worthless—even though there are many useful people I would like to have working with me in them—as long as they have Lieberman and McCain in the positions they occupy in the party, you don't have a party. Not one that functions.

Therefore, in this matter, of stopping this war, which is not only war—it's a war of civilizations, which will not be contained to Iraq. In stopping this war, the institutions are those of the Presidency! The military, the professional, regular

military, not the idiots, the Chickenhawks. Not Lewis Libby, the Marc Rich lawyer, sitting in Dick Cheney's office. No, the people who are going to stop it, are the people in, and associated with, the institutions. Look, the people who have worked with me, and with my friends, in working to delay this war so far, have come from *those institutions*, who are associated with the Presidency, and know what the Presidency is, and what it means. So I'm acting, as a President *should* act, while not a President; to try to mobilize the conscience of the institutions, to a more effective—.

For example, there's one problem, the problem I've discussed under other auspices. There are people who say, "How can we make the kind of agreements that you propose be made, how can we *trust* these other countries, to make these kinds of agreements?" And, what they're arguing from is Hobbes' conception of innate conflict among individuals or individual nations; Locke's conception of property, and so forth. They're arguing from that standpoint. My problem in dealing with leading politicians in the United States, is, they are chauvinists on this question: They believe in the legacy of Hobbes and Locke. And, therefore, if I can get the institutions of the United States to recognize—for example: We have now, among Russia, China, South Korea, some people in Japan, Southeast Asia, and to some degree India, *we have a new agreement* on the organization of this planet. We have, in Germany, implicitly in France, and Italy, we have—as I know these countries—we have an implicit agreement, that we want an arrangement under which Western Europe needs the market, is now going to cooperate with the largest market in the world, which is the Strategic Triangle group. That's what these countries need.

And, the United States must put its shoulder to that wheel. We must take Donald Rumsfeld, and give him a new set of dentures, and stop the crazy things he's saying! We need Europe, but Europe is not capable of solving this problem. It's capable of providing a key element of the solution to the problem, *if we, from here, provide the other side*. The countries of Asia can not solve this problem, *none of them!* Nor all together. But, they're crucial to solving the problem. *We* must solve the problem, by adding the critical factor *from here*. We must give new meaning to the role of leadership of the United States. We must become a world leader, in the sense that I've indicated, here today; not by force (though I would not be a President you would want to take on, from any other country). But, on the basis of having a sense of mission, of how we're going to reorganize this planet, as a system of cooperation among perfectly sovereign nation-states.

We are going to transform the world! As a mission. We are going to have a 25-year, 50-year forward perspective of what the world should look like. And we're going to work to those ends, with long-term programs and cooperation. We can do it! My job is to get the Americans, themselves, especially those associated with the institutions of the Presidency, the ones who are the doers of anything coming out of the Executive Branch, and elements of the parties in Congress, into a united force, for a new expression of what the United States was born to be. We are not to dominate the world. We are to say, "Come! The United States takes this position and invites you to come. Let's get this thing straightened out." We are, *de facto*, the world empire, the world imperial authority. Let's say, "Let's get rid of this imperial business. Come join the organization. We'll do it jointly."

My problem is, *getting these people to understand that*. And I require your help, to help me to convince them to do it. I'm telling you: If enough in the Congress, in the parties, in the institution of the Presidency, agree with me, I don't care if it's Humpty Dumpty in the White House—we'll get the job done.

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On the Subjects of Economy and Security

Question-and-Answer Dialogue With LaRouche .

How To Build a Truly Good Youth Movement

by Lyndon H. LaRouche, Jr.

What follows are remarks made by Lyndon LaRouche to a LaRouche Youth Movement retreat and cadre school Feb. 1.

Well, greetings to students, den-mothers, and resuscitated retirees. This is an interesting world, and when you come to the conference, don't only bring your faces, bring the other parts of your body along with you.

Now, I would say, that first, as a little point of order we have to get straightened out, is, you probably heard about the Marc Rich connections in various directions, including into the Democratic Party, and the Republican Party. On the basis of this information, henceforth, Dick Cheney, the Vice President, will be known as the Al Gore of the Bush Administration. I'm sure they'll both like it. They'll find an affinity.

What I want to address, in particular, is the question of what the significance of *this* kind of youth movement is, in the context of what youth movements have been generally been in the past. This is different, as you probably know.

Now, we're in a crisis, in a tragedy—you might call it the global tragedy. The popular opinion which has dominated the United States, in particular, increasingly over the period since about 1964, has been tragic, in the Classical sense of tragedy. What has emerged as popular opinion, resulted in a collapse of civilization, which has reached the end-phase of its existence, such that, if popular opinion is the standard of behavior of government, and of the population, this nation will soon cease to exist. All tragedy is based on that principle, true tragedy. Tragedy is not caused by mis-leadership. Tragedy may be contributed to by a lack of adequate leadership, but the root of tragedy is always popular opinion, established conventions, generally assumed beliefs. And that's why civilizations collapse.

And you can compare civilizations, in this sense, to the model, comparative model, of a Euclidean geometry. A Euclidean geometry is based on false assumptions, which are called definitions, axioms, and postulates. And all of them are intrinsically false. But they're arbitrary, and they're popularly believed, in most university courses to the present day.

If you try to get into space, or navigate the universe in other senses, from the standpoint of a Euclidean or a Cartesian geometry, you will crash. Or you will be sent to crash, as probably what has happened to this craft that's just coming in today, that didn't make it. Because somebody goofed.

And that's how tragedies occur. They occur on the basis of assumptions, beliefs, which act on the general behavior of the society, as do the definitions, axioms, and postulates of a Euclidean geometry. And as long as people continue to act on the basis of those generally accepted notions, the society is going to crash.

Now, that means that two things have to happen, two related things. First of all, somebody on the scene has to understand that public opinion must be changed radically. That is, at least *some* of the definitions, postulates, axioms, which control the system, which control popular opinion, must be destroyed. Otherwise, the society, civilization, will crash.

Once the idea exists, in the minds of some, the question is, how are we going to implement that idea, to cause society, at

the brink of doom, to save itself, by, first of all, changing the generally accepted truisms of prevailing popular opinion, in government, in legislatures, in political parties, among the people in general.

The De-generations

Now, also, you have to consider a number of other factors in this. Such as generations. You have a generation, my generation, which has become somewhat of a *de*-generation. Then you have a greater *de*-generation, which is called the Baby Boomers, generally your parents' generation. And thirdly, since most of you are entering adulthood, or have entered it, as being between 18 and 25, you represent a new generation, a third generation.

The people from my generation generally are, if they're still functional, are more responsive to reality than the second generation.

The second generation entered adulthood, about 1964, or later, from adolescence or childhood. Their entire adult life has been spent acting out generally accepted beliefs, which were increasingly insane. Hmm? Now, this is how this movement got started, before the youth movement. It started with me. It started at a time among people, from the generation that *de*-generated, your parents' generation, that some people of that generation *did not go along* with *de*-generation. They did not accept the counterculture. They did not accept the rock-drug-sex youth-counterculture. They did not accept a consumer society, as opposed to a producer society. Right?

So, we fought, together.

But then, people that I recruited, began to become prematurely o-l-d. And they said, "We are now looking forward to a comfortable retirement, we don't want to think about the future, we wish to *feel* good." Or if one wife, or one husband, isn't enough for us, we'll get a new one—or one of each. And so, a process set in, which is lawful, which caused a *de*-generation of your parents' generation, even among better people. When you begin to feel that you're getting o-l-d, when you were looking forward in the past, when you were fighting the foolishness of society in the past, you begin to become mellow. That's called decay. And what you do, is you begin to move side-wise, rather than forward. Instead of trying to change the world for the better, *you're trying to adapt successfully to your generation*. You're beginning to assimilate the ethics, the assumptions, the definitions, the axioms and postulates, of your generation more widely.

When you were with me earlier, you were fighting against degeneration. At a later point, "We're too tired to fight. We have to relax and have some fun, some security." But you've got children? "Yes, but they're a bother. They're a burden. I don't know why we did that." [laughter]

"They're coming home for Christmas, it's terrible. They want presents. Terrible!"

So, when people, our people, began to get absorbed into this process of degeneration of that generation, they just got plain w-o-r-n d-o-w-n. There's a reason for it. But what happens then, is they began to move side-wise, and they began to look at peers, like family members, who they used to have fights with politically; old circles from school, they used to fight with politically, and say, "These guys are degenerates." Now they're trying to get *warm* with them. Now they're trying to find a common basis in opinion.

"Yes, we did believe that, and we were right. But, we have to be realistic, you know. Maybe it's not going to work out. Maybe it's not going to come in our lifetime. In the meantime, we have to get with our relatives, and old school chums, and so forth."

Now, this goes with another process, which you should be well-acquainted with, by looking at people who are slightly older than you are. Not very older, but slightly.

I observed this, years ago, in my own generation, which was, as I say, a de-generation. What came back from World War II quickly turned into, from my generation, a de-generation. And I observed how this happened. The longer they spent in college, the more successfully they progressed in college, the more stupid they became. How did the stupidity occur?

It occurred because they were in a rush—remember, my generation, coming back from the war, five years at war. The wife is saying, "Look, we've got to catch up for five years. You didn't make any money. You were overseas. You were in the Army; you were in the Navy. We've got to catch up. We've got to have a house. We've got to build a family. We've got to make up for five years! And you keep your mouth shut, and don't do anything to get us in trouble, our family in trouble, or I'll kill you! Or, I'll divorce you."

Of which, the former was preferable, or something or other, or the second was preferable—which one?

So, what would happen, is, they would go to the university, with the assumption of passing the course, to get a grade, to get a rating, a ticket, which would be based, not on what they actually *knew*, but on what they would be *assumed to know*. They got a ticket, that certified they were a knower, or a learner. And they would go out, and they would bluff their way through society, on things they really didn't know, but which they had learned. It's a sort of "monkey-see, monkey-do" kind of education.

"I don't know anything about it, but I learned it, and I keep repeating it, ever afterwards. Why? That qualifies me to get a better job. To get ahead. I don't care what's an education, I'm going to accept it. Because I want a better job! I want a promotion. I want to be a success."

And that's how it worked.

Now, what happens then, in this process? How does education often destroy the mind of a bright student? They come out of high school only slightly damaged. They go to a university, and they begin to degenerate. They learn more and more, but they think less and less. Because they learn what they're taught: monkey-see, monkey-do. And therefore, their ability to think, in the sense of knowing, begins to decay.

Now this is a phenomenon—there was a fellow, Lawrence Kubie, who I've referred to a number of times. He was a famous psychiatrist at Yale. He was officially a Freudian, although he was much better than that, who did a study upon the loss of creativity, within that generation in the population. And he observed that people, when they would get their degrees, or get their graduate degrees, or enter their professional status, that they would suddenly go dead, psychologically dead. They would be able to do the "monkey-see, monkey-do" things, but they were incapable of original thinking, in the sense of knowledge.

And he called this phenomenon, which he studied extensively, the "neurotic distortion of the creative process," which he wrote a book about, I think it was 1957, published on this subject, of his studies. Then later, for Harvard, in *Daedalus*, a magazine published out of Harvard University, he wrote a paper on the theme of the space-age development, on fostering of creative, scientific productivity in the population.

And this is the thing we look at, here at this point. It's, what happened? These minds went dead. They can still go through all the "monkey-see, monkey-do" operations, that qualified them to *appear* to be a doctor of this, or that, or this, expert in this, or that or this—but they couldn't think!

Now, we see that in universities in that period generally. People were taught to believe in things that aren't true. Which the mind should revolt against. But, because they were seeking what is called security, they gave up what they believed, for the sake of succeeding in the eyes of authorities. So, they began to stultify, to numb, their ability to think creatively.

So, as a result of a progression in career, in education, they became dumber, from a cognitive standpoint, less human than they were three, four, five years earlier. And this would often hit around the age of between 25, 28, or 30. A process. And this is what I saw in my own generation, among those who, coming back from the war, were going through universities, getting into careers, and so forth. The greater the number of "brownie points" they had won in society, the more stupid they became.

And that was your parents' generation. It was affected by moving into suburbia, or someplace else, and having parents who thought that way. "What's true is not important! It's how you look. It's what the neighbors think of you. Now you may have your own private opinions, but don't voice it in public. You'll get the family in trouble! So, be smart. Have your own opinions. But always say what you think is wise for you to be overheard saying. Don't get the family in trouble. You won't make a career."

So, the Baby Boomer generation, which came into adulthood during the 1960s, therefore, was fairly clever—that is, the suburbanite students. They're fairly clever. They could talk a good line. But they didn't know what they were talking about. And therefore, they would have a superficial level, of what they thought was socially acceptable, which they tried to appear, except when they were rebelling. When they were rebelling, they would fall back on the fact that they still had some cognitive ability, and would rebel. And that's where I recruited a bunch of them. They rebelled against being corrupt. But they didn't succeed in ridding themselves of the corruption, which they had from their family backgrounds, and social circumstances.

So, the efforts we had in that generation began to decay. And I said, "no." And, this is where you come in. It's not just a few years ago. What became the youth movement, was actually a conception that began to take form about four years ago, in a limited way. But the intent behind the formation of the youth movement, was something that was bothering me, extremely much, since about 1994-95. Because I saw the condition of society. And historically, only a certain kind of youth movement can change things.

How You Are Going To Change Society

Your generation, as well as among your generation, who are still alive and viable, are confronted by the fact that your parents' generation gave you a *no-future* world. There's no way you can make a deal with this culture, which prevails today. No way. Because you can't survive! This culture cannot deliver you, the means to survive. And you know from the broken home-background that your parents' generation created, in large degree, what kind of a psychological hell it makes for your generation. Eh?

How many mothers and fathers do you have, officially on the record, known and unknown? I mean, that's the condition of this generation, your generation.

So, you know that. What are you going to do about? You know that you don't have a future unless you can change society. But you're a generation which is in a controlling position in policy-making of society. So what you do, is you go out like missionaries, and begin to organize the dead generation, your parents' generation, in society. And you see the impact you have when you go into these various places, like the campuses—go into places such as the state legislatures, or the Congress—you see the effect you have. The presence of four, five, or six of you, walking in, *knowing* what you're talking about, which is more than most of these legislators can do, and others: You have an effect on them.

What happens then, is not magical, it's principled. Whether people know it or not, the difference between man and a monkey, is the fact that the human species can do what no monkey can do, no ape can do, no Al Gore can do: Actually assimilate valid ideas of principle, and transmit them to a next generation. That's the difference between man and the ape. Man is capable of discovering universal physical principles by a method of discovery which is illustrated by Plato's dialogues. Or illustrated by the case of Kepler, or illustrated by the case of Gauss, or the case of Leibniz. Man can do that—and transmit these discoveries, about what's out there in terms of principles in the universe, and transmit this to new generations.

These discoveries, and their transmission, increase man's power in the universe, per capita and per square kilometer. Therefore, the most important thing about man, is society. We all die. Everyone is going to die. Mortal life of everyone will come to an end. So, you've got a mortal life; what are you going to do with it?

How long it is, is not the most important thing. It's what you go out of this life, leaving behind.

And what do you leave behind? You leave behind younger people. You leave behind successive generations of younger people. You leave behind what you transmit to them, what you contribute to their development, to the circumstances of their work in life, to the conditions of society, which gives them an opportunity to live.

Now, anyone who's human, has within them, the ability, if they haven't gone over to the apes completely, like Engels did—Fred Engels—if they haven't gone over to the apes, then everyone who exists, has the capacity to recognize that principle: That we are human, we are different than the animals. The animals cannot discover a universal physical principle; we can. Not only that, we're able to *transmit* that discovery to others. We're able to organize cooperation in society, around such principles, and increase man's power, as a species, in the universe. We can change the conditions of life of the human race. We can improve it. We can give a future to coming generations.

And when you're wise, and you're living in a generation, you think about dying. Not in the sense of a morbid thing, but you say, "I'm going to die eventually. Now, while I'm still here, I'm going to get a certain job done. And my job is, to guarantee, to the degree I can contribute to this, that the next generation will have *everything* we have, in terms of knowledge, and the next generation will have a better life than we had. And that future generations will benefit from what we, in our generation, have done."

Now, in the old times, you had an approximation of that in the family. Immigrants coming in from Europe, for example. They would often come in from places like Eastern Europe, Italy, very poor people. They would come into the United States, the late 19th Century, early 20th Century. They would move into areas that were often slum areas. They were getting the tail-end of the jobs, the tail-end of the economic opportunity, generally.

What did they do? They worked to ensure that their families, their children, in this society, would have a better life. They worked with the idea that their *grandchildren*, would therefore have a still better life. And therefore, they would do things we call "sacrifices," in order to ensure that the generation of their children, and grandchildren, *would have a better life*.

So, everyone's capable of recognizing when they think about what life is, the fact that it's mortal, it doesn't go on indefinitely—what's your purpose in living? Your purpose is, to enjoy the sense that you're contributing to the betterment of coming generations. And that's a natural human feeling. What has happened to your parents' generation, is, *they lost that*. They became known as the "instant-gratification generation," the consumer generation. They became the "Now" generation. They had no sense of immortality. That is, no sense, there's something in themselves, that would be efficiently transmitted to coming generations.

Now, when you turn on them, if you're smart at it, you put some pressure on it, what you do is you tap that. You address *that*. You talk about the *future*. You talk about your future, in terms of that *your future is their future*. Your future is the meaning of their present existence. And that's how you can move these poor slobs, and get them back to some semblance of humanity, that many of them had back in the 1960s, or the early 1970s, when many lost it, because they "jest got plain tuckered out," emotionally.

So, that's the case here. That's our mission.

The Difference Between Man and Ape

Now, in order to perform this mission, to make it effective, it's not sufficient to have that intention. It's very good for people of your generation to *have that intention*. It's excellent. But how do you make it *effective*? What do you have to do?

Well, first of all, you've got to get a clear idea of what the difference between man and an ape is. And this is sometimes very difficult, when you look at some of the teachers you get in universities and schools. "Monkey-see, monkey-do," that's the program. There is no truth, there's only opinion. "Let's not study history, let's talk about current events." Down on the secondary school level, extended into the university level.

"Well, let's talk about current events. What's your opinion, Johnny? What's your opinion, Jill? Fine. None of us agree, that's fine! Because everybody has their own opinion!" [laughter]

This kind of thing. I mean, this is what has been going on, eh? You have your own view of it, but it all coincides generally with that, right? That general direction.

So, therefore, the first thing you have to have, is a sense of what might be called "truth." What's the alternative opinion? "Oh, we think the economy is going to do just fine. It's going to recover. Dracula told me so." Never trust that sucker.

"And besides, many people say that you're w-r-o-n-g. And I have to respect their opinion."

This is what you run into: this swinishness—it's only opinion. "We're a democracy, everybody has their opinion." And you see the lemmings going right over the cliff—"follow the leader." They all have their own opinion, but it happens to be the same one.

So, that's the problem. Therefore, you have to have a criterion of truth. What truthfully, will make the next generation? What truthfully, will make the generation after that, better the conditions of humanity? What truthfully, is going to eliminate AIDS in Africa? What truthfully, is going to eliminate the misery in South and Central America? What truthfully, is going to correct the destruction, which has occurred in the United States, over the past 35-40 years?

It's a matter of truth. The fellow says, "Well, you're wrong." "Well, no, buddy. You're wrong. You're ignorant. You don't know what's going on in the world. The problem is, you've got too many opinions, and not enough *knowledge*."

So, you have to, in order to be effective, you can't say that unless you know what you're talking about. You have to have a principle of truth, as a matter of your knowledge. Not because you were *told* it by somebody, but because you experienced the discovery of a principle of truth, by going through a number of stages, and taking up various questions, and saying, "This is true; this is true."

So, you know that you become an embodiment of a standard of *truthfulness*. Not that you know everything, but you have a criterion which you call truth, or truthfulness.

So, you go into this dumb politician. You know his opinion isn't worth anything, because you have a standard of truthfulness which causes you to judge what the situation is.

The History of Youth Movements

Now, the problem of youth movements in the past, has generally been, that they did not have a standard of truthfulness. Not the all youth movements. You had the great Classical youth movement, which was started in Germany, by Abraham Kaestner, a man from Leipzig. Born about 1719, a follower, in terms of his conviction, of Johann Sebastian Bach, and of Leibniz. A lot of strange things were going on in Saxony in this period, in the period of the disintegration following the Thirty Years' War, and the Seven Years' War, the War of the Spanish Succession, and so forth.

So out of this area, the Harzgebirge, there came out of a place called Freiberg, an academy up there, there came this influence which created Dresden, which reinforced Leipzig and so forth. The culture of the Renaissance moved up through Germany, through Nuremberg, in this area. It was an area of development. And so you had from Leipzig, a lot of things develop.

For example. Leibniz was born in Leipzig, shortly after the Treaty of Westphalia, after the end of the Thirty Years' War. He represented families of, like his father's family, from Leipzig, from Saxony, he represented that. Slightly later, Johann Sebastian Bach, who was part of the same area, the Bach family, created modern music, created it in that area. Developed it officially in Leipzig.

So, Kaestner, coming along, born in 1719 in Leipzig, later moving up to Gottingen, and similar places, became the central figure of science, in Europe, in the middle of the 18th Century. Abraham Kaestner. Abraham Kaestner, as you will read this month, in a publication which is coming out, was the central figure, in collaboration with Benjamin Franklin. Kaestner was also the teacher of Lessing. He also represented the circles of Moses Mendelssohn, which followed him. He was the center, in all Europe, of the organizing of the ideas of Johann Sebastian Bach in music. He was connected to the people who developed the Classical music following Bach, such as Haydn, Mozart, Beethoven, Schubert, Mendelssohn (Felix Mendelssohn), Schumann, Brahms, and so forth.

So what we have as music, is the product of this thing. Music came into the area of Pennsylvania, through circles which were influenced by this, the Moravians and so forth—came here, in Pennsylvania, on this basis. Bethlehem, for example, is famous, in this connection here. All the ideas of the American Revolution came from Europe, largely through the influence of Leibniz, as radiated chiefly by Abraham Kaestner.

So that, this was a movement which created the Classics. In England, for example. The emergence of poets, like Keats and Shelley—and Shelley is also a very important philosophical figure as well. The Classical movement internationally, of the late 18th Century, and the beginning of the 19th Century, was entirely the product of these circles, including the United States! The United States was a Classical revolution, inspired on the basis of the transmission of the principle of Leibniz, by Kaestner and others, through Franklin, which organized the American Revolution.

Now, that is a good youth movement.

Then, you had a youth movement of a different kind, sort of like vomiting, in France. You had a British agent, Jacques Necker, of Swiss origin, but a British agent, an agent of Lord Shelburne, who was sort of the power behind the throne, in

18th-Century, late-18th-Century, Britain. Shelburne used Necker as an agent. In order to prevent a development in France, to prevent the introduction of a Constitution, a monarchical constitution, drafted by Bailly and drafted by Lafayette. To prevent that, they deployed the Bastille events, in which both sides were organized by the same people. The Duke of Orleans, and Necker. These guards. There were almost no prisoners left in the Bastille at that point. The only inmates in the Bastille were a bunch of idiots, who were about to be transferred to a mental home, where they belonged. There were no political prisoners there. None.

The guards were instructed to fire on the mob. The mob was organized, and paid for, by Jacques Necker, with the collaboration of the Duke of Orleans, who had been Franklin's enemy in France.

Today the French celebrate July 14, 1789, as Bastille Day! The point that France's future was destroyed by a British agent, a collection of British agents.

Then you went on to the "great ideas" of the Jacobins Danton and Marat, who were both agents of the British Foreign Office.... The Jacobin terror in France was deployed by the British, to destroy the potential of a healthy republican development in France. *And the French celebrate that to this day!* as a great French Revolution. That's a youth movement.

Then you had, on the basis of Napoleon Bonaparte, the first modern fascist come to power. And around Europe, on the basis of the victories of Napoleon, fascism spread throughout Europe. It spread out in the Code Napoleon, the system of France under Napoleon Bonaparte. Also his nephew, Napoleon the turd, eh? This same crowd. It spread in the form of Hegel, who was the first philosopher of the fascist state, from which the Nazi state was derived. These are celebrated as great events! This was part of a youth movement.

You had a large youth movement, organized by Bentham and Lord Palmerston, which was called Young Europe, and Young America, which Marx was sucked into. It was run by Palmerston, run by Palmerston from London. Marx was actually controlled from London by a guy called Urquhart, a top official of the British Foreign Office. Marx's studies were orchestrated and controlled from the British Library, by Urquhart, who was the coordinator of the Young Europe movement. These were the same guys who organized the Concord movement in the Northern United States, and organized from Charleston, South Carolina, what became the Confederacy, called Young America. A branch of the same Bentham, Palmerston movement.

These were youth movements. This was Thoreau. This was Emerson, all the swine. These were youth movements, who repeatedly worked to destroy the United States from within.

They had two kinds of youth movements. When a society comes into a time of crisis, in which the existing generation, by clinging to its old ideas, is bringing society to the edge of a catastrophe, then a youth movement intervenes, for better, or for worse.

A youth movement such as that typified by the role of Kaestner, in fostering the birth of the Classical period in Germany, and spreading throughout Europe. And Kaestner, who was a key figure in bringing the American Revolution to the United States, through Franklin. This is one kind of youth movement.

Then you have the other kind of youth movement.

You have the youth movement of Plato, after the terrible destruction by the democratic party of Athens, which murdered Socrates (it was a youth movement, a real pig-sty, that youth movement)—and so Plato, at a later point, became the organizer of a youth movement, in Greece, which became the great Classical movement of Greece, based on Athens,

which continued in the form of the Platonic Academy, from the time of Archytas and Plato, to Eratosthenes and Archimedes, in about 200 B.C. That was a good youth movement.

The Roman influences were a bad, evil youth movement.

So a youth movement is not intrinsically good. A youth movement is an instrument of society, based on a principle of this generational transmission, as we approach of crisis, a time of tragedy, in which, if the youth movement is bad, the result will tend, without a better leadership, will tend to lead society to the very worst effect. Like Nazism.

On the other hand, a youth movement which is qualified to play a leading role, in renewing the society, will save the society, if there's the right leadership.

It Has To Be Done From Inside the U.S.

Now, my job is to ensure that the youth movement has the right leadership. Because, without a youth movement, even though I may be the smartest man in America, particularly on these kinds of issues, I can do nothing by myself. It's a youth movement which can strike the preceding generation, and revive them, and touch their conscience, which will enable this revival of the United States to occur. And of civilization generally. Because we are a world power. We are the world empire—don't kid yourself! The United States is a world empire—don't kid yourself!

Don't say, the Chinese are going to do this, the Koreans are going to do this, the Japanese are going to do this, the Africans are going to do this, the South Americans—no, they're not! Because I know these countries. In none of them do they have the guts, to challenge the United States. They will all crawl, and whine, and whimper, and complain, and make insults, and curses, but they will submit from inside the pig sty, where they're waiting to be slaughtered.

We in the United States, and the youth movement in the United States, have the special responsibility, since this *is* the world power, in terms of political-military control of the world as a whole, *we* have to change it, from the inside, in order to save the world as a whole. And the world will look to us for this.

If we don't succeed, if I were to fail, if you were to fail, write the United States off, and be prepared to accept several generations of a Dark Age for humanity as a whole. If I continue to do my job, and you do yours, and develop this youth movement as it must be developed, we can change world history for the better right now. Because there is no other thing that's going to work, except this kind of change.

That's the principle of Tragedy. That's also the principle of the Sublime. And that's what you guys are about. You have to have a clear self-conception of who you are.

The Fear of Immortality

Now, let's take ... the final point is this, this conception of fear of immortality. The Third Act soliloquy of Shakespeare's *Hamlet*. Read it! It's explicit. This is not some mysterious interpretation, this is exactly what Shakespeare says.

"But..."

Here's a guy, like Laurence Olivier, whose sexual orientation is somewhat in doubt... this guy was a swash-buckling killer. All through the play, it's the same thing. He's out killing. He's going to the next war. He hears a rustling at a curtain. He

puts his sword through, not knowing who's behind the curtain, he puts his sword there, and kills Polonius.

He's a swash-buckling killer. He's not reluctant to act. And this is thoroughly developed.

Then the Third Act, or the end of the Second Act, soliloquy.... "What a rogue and peasant slave am I...." You begin to see there's something wrong. This swash-buckling killer is no hero. He's going to fail.

Then in the Third Act soliloquy, it all comes out. What's the story? "When we have shuffled this mortal coil,..." What happens after I'm dead? What happens to *me*, after I'm dead? What torment must I expect? Isn't it better to be killed, without thinking about that?

And that's why politicians fail. That's why all kinds of politicians fail. That's why there's not a *man* in the Congress, not a *man* in this government, who's capable of doing what I can do. Because they're all afraid of immortality.

They will say, "Look, you can't go against popular opinion! You can't change things. No, no, no, no, no! You've got to be practical. You've got to make little suggestions, that people will accept. You've got to get popular support. You've got to get the press on your side. You've got to get the TV on your side! Huh? You've got to get people to listen to you!"

We don't have to worry about people listening to me. They're scared of me; they'll listen.

No, that's the problem. These guys are unwilling to operate on the basis of a conviction of truth, of truthfulness. They won't act for truth.

"Hey, you got to be practical! Look, this is how you do it. You've got to do this. Hey, you guys got to learn, you know! You've got to go through the things we went through, and become corrupt like us! [laughter] Then you'll also be unable to do things, like us!"

So, the principle of the Sublime depends upon, like Jeanne d'Arc, the sense of a lack of fear of immortality. I have one life, I'm spending it, I'm spending it wisely. I have nothing to regret for what I'm doing, and I have no fear of what the future will think of me, and my existence, I'm doing the right thing. And that's what I go by.

All these other guys will vacillate. And this is what the play is about, *Hamlet*. This. The lack of leadership.

Take *Don Carlos*. One of the younger plays of Schiller. Every figure, who's an acting figure in the drama, is a pig. They're different varieties of pigs, some are spotted, some are red, and so forth, but they're all pigs. The Grand Inquisitor is a pig. The king is a pig. Posa's the worst of all the pigs, because he knows better. But he has a fear of immortality, and therefore he capitulates. He betrays himself. Don Carlos is a fool. He knows about a principle. He's so lovesick, he can't pay attention to business. Everybody's a fool in the thing.

Again, this is typical of tragedy, as opposed to the Wallenstein, another case, a clear case, the trilogy of Wallenstein. Who's the guilty party? Ha! Yeah, well, you could say the Hapsburg family is the guiltiest of all the parties. But everybody else is guilty. Wallenstein has an idea of what the solution is, but he's unwilling and unable to act on it. Therefore, he's killed unjustly, and the Thirty Years' War continues from 1630-32, and continues for another 16 years, into the worst phase. Because there was nobody on the scene, who would do what Wallenstein should have known to do. To betray all his oath—which was his obligation. Because the oath was based on a falsehood, and an oath which is based on a falsehood, has no sanctity.

And every coward in the world, will tell you, that the lesson of Wallenstein is, that he violated his oath. That's why he was killed. And everybody who doesn't understand anything about history, will say that.

So, the key here is this sense of immortality. And you could only get that, in various ways. You can get as Jeanne d'Arc did, a fairly simple farm girl, who had a clear conception of what was needed. And, without any complicated argument, went simply and directly to that conception, and said, "Stupid Dauphin, you must become a real king. God wants you to become a real king."

And the Dauphin said, "What do you want from me?" She said, "I don't want anything from you. God is ordering you, to become a real king."

And from that conception, with the courage—and this is historical, not just in the drama—with that conception, and refusing to capitulate, and compromise herself, despite the fact that she was facing being burned alive, at the stake, by the Norman Inquisition, she went to the stake, and the inspiration of her courage on that point, inspired France to kick the Normans out of France. And to lead to the establishment of France, as the first modern nation-state, under Louis XI.

The result of that was the second modern nation-state, in Henry VII's England, in the defeat of Richard III.

So, this simple girl inspired the Renaissance, or contributed to the inspiration of the Renaissance, and by her actions, created the first of the modern nation-states, by inspiration of her courage and devotion. She had a clear sense of no fear of immortality.

But then, on a higher level, in organizing government, the challenge becomes more complicated. The required knowledge becomes more elaborate. And, the future lies with you, and people like you, to the degree you get this clear sense of immortality, and the sense of mission. The sense of mission. How to organize, what your role is in history, and to inspire the dead-beats, your parents, and other people, to come back to life, and care about the future, and find their identity in reality.

And to do this, you must, in yourself, develop a sense of what the principle of truth *is*. You've got to understand what truth is, you must come to know truth, not simply as a collection of facts, but as a method of discovering truth. Then you'll have the strength and confidence, to *change* people, to change the opinion of your parents' generation, and move them in directions so we can save this civilization. And I must not fail you. I must always deliver what I have to deliver. And I hope that by the time I pass on, you will have learned enough, that I won't need to worry.

Thank you.

U.S. Economic/Financial News

Dollar and Markets Fall; Gold, Platinum Zooms Upward

Gold for February delivery ended the trading day Jan. 27--on the eve of President Bush's State of the Union address--at \$369.40 per ounce on the New York Commodity Exchange, up \$1.20, after trading earlier at a six-year high of \$372.55; in European trading, gold rose \$4.10 to \$370.40 per ounce, after reaching the highest level since December 1996. The U.S. dollar, having fallen 20% in the past year against the euro, hit new lows against the European currency, which has only been in circulation for three years, before rebounding amid rumors that the Federal Reserve was checking prices with trading desks on Wall Street, and the euro ended the trading session at \$1.0853. In addition, the dollar rose to 118.47 yen.

Crude oil futures fell to \$32.29 per barrel.

The Dow Jones (post-)Industrial Average fell 1.7% to 7989.56, its first close below 8,000 since last October. In the past year, the DJIA index has lost more than 19%. The S&P 500 Index lost 1.6%, closing at 847.48; it has fallen 9% since Jan. 14. European stock markets fell about 3% for the day.

"Capital flows out of the U.S. seeking higher-yielding sovereigns" are causing the dollar to drop, acknowledges a Dow Jones wire, which also cites the stock collapse as a "reflection of waning foreign interest in U.S. assets."

On Jan. 31, platinum for April delivery on the New York Commodity Exchange (COMEX) closed today at \$658.90 per ounce, up \$11.90 from its close on Jan. 30. This is its highest level since September 1986. In London, the metal is trading above \$665 per ounce.

U.S. Banks Gear Up Home-Equity Loans To Keep Consumer Bubble Growing

The Mortgage Bankers Association predicts that this year the gimmick of cash-out refinancing will fall significantly. *EIR* estimates that in 2002, through employing this gimmick, homeowners extracted approximately \$115 billion in cash from their homes, which they then used for consumer spending; this is predicted to fall by half. To offset the drop, U.S. financial institutions are gearing up home-equity loans, which have already grown considerably during the past decade. The intent is to keep households borrowing against the inflated value of their homes, for the dual purpose of propping up the housing bubble and building up consumer spending.

As a way of increasing the volume of home-equity loans, Wells Fargo Bank started in October 2002 to offer a "two-fer": a loan that combines a first mortgage with a home-equity line of credit. For purposes of example: assume a household bought a \$300,000 home by taking out a \$300,000 first home mortgage. At that point, the household has \$300,000 in debt and zero dollars in equity in the home. Assume further, that over the course of time, the household pays down \$25,000 of the first mortgage: then, it has \$275,000 in debt, and \$25,000 in equity in the home, that is, it owns \$25,000 in the value of the home. Wells Fargo's offer is that the household could borrow against a portion, or all of the \$25,000 that the household owns in the equity of house. The more mortgage debt that the household pays, the larger the home-equity line of credit that the household can draw on. In effect, the banks are attempting to keep the household continuously in debt up to \$300,000.

Economists at the U.S. Federal Reserve Board have told *EIR* that half of the value of home-equity loans are not spent on home improvements; thus, half the value of home-equity loans can be used for consumer spending, keeping the over-built U.S. consumer spending bubble alive.

According to SMR Research, in 1999, some 18% of all U.S. homeowners with a home mortgage had an outstanding home-equity loan, as well; this jumped to 25% in 2002; and SMR Research predicts that by the end of 2003, 28% of all homeowners with mortgage will also have an outstanding home-equity loan. Home-equity loans can be alluring, but dangerous, because they are most frequently an adjustable-rate loan, tied to the moving prime lending rate. Rates on home-equity lines of credit currently average just 4.96%. But as recently as December 1999, the rate on the average home-equity line was 10%; and they can go much higher.

U.S. Cities Suffer Huge Job Losses in 2002

U.S. cities were hit with huge jobs losses in 2002, according to a just-released survey done by the U.S. Conference of Mayors. Metropolitan areas lost a total of 646,000 jobs; 213 of the nation's 319 metro areas, or two-thirds, lost jobs. Six metro areas--New York, Chicago, Atlanta, San Jose, Boston, and Seattle--each lost more than 40,000 jobs, while four

others--San Francisco, Detroit, Denver, and Los Angeles--lost over 20,000 each. Los Angeles Mayor Jim Hahn reported that "the ratio of residents to jobs is 3 to 1" citywide, but "skyrockets to over 7 to 1" in South L.A.

The Mayors' report also notes these losses are on top of "the recession year 2001," losses which were especially high in Midwest manufacturing centers and in high-tech metro areas. For example, in 2001, job losses were: 55,000 in Detroit; 19,000 in Cleveland; 16,000 in Chicago; 15,000 in Seattle; 13,000 in San Jose; 12,000 in St. Louis; and 11,000 in San Francisco.

Governors' Budget Axes Fall on Education, Health Care

***New York:** Governor George Pataki (R) proposed deep cuts in education and health-care spending, and slashing the state workforce, but avoided what he called "job-killing taxes" in his \$90.8-billion state budget proposal, to close a projected \$11.5-billion deficit over the next 14 months, which he dubbed the most serious fiscal crisis "in our lifetime." His plan would raise undergraduate tuition by up to 35%, or \$1,200 a year for New Yorkers attending the State University of New York, the first increase since 1995. He would cut state aid to elementary and secondary schools by \$1.24 billion, or 8.5%. The proposal would cut more than \$1 billion in Medicaid and other health-care spending. Pataki said he would seek to reduce the state workforce by 5,000 employees, supposedly mainly through attrition, not layoffs.

The proposed spending cuts would hit heavily in New York City, which receives almost 40% of all state school aid, and accounts for almost 67% of Medicaid spending in the state.

***New Jersey:** Governor James McGreevey (D) proposed 10% budget cuts for the nine state universities, after having slashed their state aid by 5% a year ago.

United Airlines Posts Record Quarterly, Annual Losses

UAL, United Airlines' parent company, reported a record \$1.5-billion loss in the fourth quarter of 2002, and its worst-ever annual loss of \$3.2 billion in 2002--50% larger than its previous record loss in 2001. The major U.S. airlines reported a combined loss of more than \$9 billion for last year, as sales have fallen about 20% from the level in 2000.

As United Goes, So Goes Chicago....

As the bankrupt United Airlines eliminates flights and jobs, under pressure from creditors, Chicago's reputation as the transportation hub of America has taken a hit, affecting about 200,000 companies in the region, especially in the tourism sector, the *Washington Post* reported Jan. 30. Many conventioners, for example, question whether United will survive, and as a result, may not book conventions in Chicago. "We believe that as United goes, so goes Chicago," said Gerald Roper, president and CEO of the Chicagoland Chamber of Commerce.

Were United to fail and be liquidated, Chicago would lose its role as a crossroads to the world, and face massive job losses. United Airlines "is our fundamental infrastructure for connecting with the rest of the world, and it establishes our ability to serve as an operational center for companies in North America," said Paul O'Connor, executive director of World Business Chicago, the city's economic development division. "The whole system is at stake," he warned.

US Airways Pilots Fight To Keep Pension Plan

US Airways pilots are fighting a threat that they will lose their entire pension plan under bankruptcy reorganization, according to the *Washington Post* Jan. 29. The head of US Airways' pilots union, William D. Pollock, assailed the airline's

threat to terminate the pilots' pension fund, as a move that would "take away the pilots' accrued benefits that we have fought and paid for during our careers." The Pension Benefit Guaranty Corp., a government agency that insures private pension funds, had earlier this month refused the carrier's request to stretch out payments to its pension plan, which is underfunded by \$3.1 billion, from seven years to 30 years. The pilots' plan represents about 70% of the unfunded liabilities.

As a result, the airline would likely terminate the pension fund and turn it over to the agency--which would slash retirement checks for pilots by about 75%. The pension-fund liability has to be resolved, according to CEO David Siegel, for the airline to obtain a \$900 million Federal loan guarantee and keep \$200 million in interim financing from the Retirement Systems of Alabama.

Wall Street Bonuses Ain't What They Used To Be

Things are really getting tough on Wall Street these days: Bonuses paid by banks and brokerages were down 37% last year, compared to 2001, according to an estimate by New York State Comptroller Alan Hevesi, adding to what he called the "daunting" fiscal challenges faced by the city and the state. New York City gets nearly 20% of its tax revenue from the financial sector, while the state gets about 15%; for 2002, the state will get about \$300 million less this year than it did last year from personal income taxes on the bonuses, while the city will be down by \$110 million.

Hevesi said 164,000 financial services employees got an average \$48,500 bonus in 2002 (for a total of \$7.9 billion); compared to 173,700 getting an average \$72,600 in 2001 (for a total of \$12.6 billion); and 185,800 employees got an average \$104,600 in 2000 (a total of \$19.4 billion).

Governor Pataki said this week that the state faces a \$11.5-12-billion revenue shortfall.

World Economic News

Italy To Invest 20 Billion Euros for High-Speed, North-South Railway

Italy has earmarked 20 billion euros (about \$21.6 billion) to build a high-speed railway network, linking its industrial northern regions to the less developed south. The money will be set aside, the Economy Ministry announced, following an agreement between Italy's railway network Rete Ferroviaria Italiana and Infrastrutture SpA, the Ministry's wholly-owned project-financing agency. The high-speed railway, to be financed from 2003-08, will link Turin and Milan in the north to Naples in the south.

Italy has also recently begun construction of a suspension bridge--the longest ever built--between Calabria, on the mainland (at the tip of the "boot"), to Sicily, across the Strait of Messina.

German Exports Increasingly Orient Toward the East

In an lengthy feature headlined "Germany's exports to Eastern Europe, China, may avert recession," *Bloomberg* picks up the issue of the rapidly rising German exports to its Eastern neighbors as well as to Russia and China: "A decade ago, Heinrich Weiss counted U.S. companies among the biggest customers of SMS Demag AG, the world's No. 1 maker of steel mills. Today, Demag's chief executive officer relies on China and Eastern Europe." Weiss states in an interview: "Our main business is China. It's the booming market. In the U.S. there's nothing going on at all." *Bloomberg* continues: "Rising exports to such countries as Russia and China may help save Germany's \$2-trillion economy from recession, even as sales

in its biggest foreign markets decline."

"Exports to China rose 19% in the first 10 months of last year" and "sales to Russia gained 14%." At the same time, German exports to the European Union stagnated and those to the U.S. declined by 3%. "Eastern Europe is already buying more German exports than the U.S., and China has probably overtaken Japan last year" as the largest in Asia, states Hans-Juergen Mueller, managing director at the German foreign-trade association BGA. "Their role will continue to grow." The chief executive officer Wolf Meyer of the German household products firm Leifheit says: "Our exports to Central and Eastern Europe have grown by double-digit figures each year since the fall of the Iron Curtain."

Bloomberg notes: "Exports are increasing fastest to China, where rising wealth is boosting sales. China's demand for passenger cars will likely increase 24% this year, according to a government think-tank forecast. Volkswagen AG said Tuesday it sold 42% more vehicles in China last year, making it the second-biggest market for Germany's largest carmaker out of its home market. China's trade with Germany totalled \$27.8 billion in 2002, up 18% from 2001, according to Chinese customs statistics. That's more than twice as much as any other European country. Germany is China's No. 5 trading partner after the U.S., Japan, South Korea, and Taiwan. Siemens AG and ThyssenKrupp AG, which unsuccessfully tried to sell their magnetic-levitation trains in Western Europe and the U.S., opened the world's first commercial levitation train in Shanghai in December." And Siemens is "optimistic" it will "secure more train orders from China."

Also noteworthy is the fact that machines represent an extraordinarily high share of German exports to Eastern Europe and China. While machines--that is, "goods needed to produce other goods"--account for 14% of overall German exports, "machines account for almost a third of exports to China and for 16% of goods sold to Eastern Europe." The German machine-builders association VDMA states: "Without Eastern Europe and Asia machinery exports would have declined" in the first nine months of last year. A Frankfurt banker notes: "For German exporters, China, Russia and the Eastern European EU candidates are a real alternative" to traditional trading partners whose economies won't grow much this year."

Panic Spreads Through European Insurance Sector

As stock markets worldwide plunged back to those multi-year lows reached in autumn 2002, the reserves of insurance companies and pension funds across Europe have melted down below legal requirements, forcing them to sell even more stocks to limit losses for their clients. Thereby, the stock-market crash further accelerates, which again escalates the precarious situation of those insurers and pension funds. Owners of insurance stocks hit the panic button Jan. 27, and sent the stock prices of the top European insurance firms like Allianz, Munich Re, Swiss Life, Swiss Re, ING and Aegon down by 6%-8%. Most dramatic is the situation in Britain, where the FTSE index fell for the 11th consecutive trading day, the worst performance since the index was created in 1983. The FTSE is now down 50% compared to its late 1999 peak.

The *London Times* Jan. 28, in its economic lead, headlined, "Demand for intervention as market hits new lows--looking into the abyss," reported on spreading panic in the City of London the previous day: "Insurers' shares dived on growing fears for their solvency and concerns that they will be forced to dump equities into a falling market.... As plunging markets fueled anxieties over the threat of failure by financial institutions, the Government, Bank of England, and Financial Services Authority (FSA) faced a chorus of demands for action."

According to the *Times*, the FSA told "embattled life insurers" that they would be allowed to temporarily disregard solvency requirements, because otherwise they would have to sell off their stocks, making things much worse. The FSA, according to the *Times*, further announced that "emergency contingency plans had been drawn up to deal with further market falls," but refused to outline details. Additional measures would probably not be taken "unless there was a systemic risk to financial stability." The *Times* then noted, "The Bank of England also faced calls to step in to stem the market's losses. Officials at the Bank refused to comment and said its role was purely as a lender of last resort."

London Times: Fight Panic; Bail Out Insurance, Pension Funds

The Bank of England must fight the "panic-spreading dragon" and bail out the British insurance and pension-fund industry, which owns 40% of all British stocks, demanded London *Times* financial editor Graham Searjeant. In an editorial Jan. 28, flanked by features on historic market crashes (the 1720 "South Sea bubble," the 1845 "railway juggernaut," and the 1998 Russia, Asia, LTCM drama), Searjeant notes that in all the previous market meltdowns, central banks were stepping in to minimize losses and prevent "general panic." In 1987, the Fed and other central banks made a coordinated effort "to pump money into the market."

After the 1997 Asian currency collapse, the Hong Kong government stepped in and "used its reserves to buy up a large slice of the biggest quoted companies and defeat a speculative attack on its currency. After the Russian default of 1998, the Fed organized the rescue of one of the world's biggest and most unpopular hedge funds to protect the system. In 2003, the self-consciously modern Bank of England again faces the challenge of dressing itself up as St. George, in case it needs to slay another panic-spreading dragon."

Soros Calls Again for 'Wall of Money' for Brazil--To Save IMF System

Speaking from Davos, Switzerland, mega-narco-speculator George Soros claimed to have a "very, very favorable" impression of Brazilian President Lula da Silva and his commitment to such reforms as the gutting of Brazil's social security system. Soros urged "the markets" to provide capital to Brazil at acceptable interest rates, and, if they don't, for the IMF to "act as lenders of last resort," as long as Brazil continues to play the game. Why? "Argentina is one thing, but if Brazil were to fail, that would sound the death knell for the IMF," Soros admitted.

Treasury Minister A. Palocci told *Folha de Sao Paulo* that Soros had proposed he could help in operations to reduce Brazil's country-risk and the interest-rate spreads, and that the economic team would study Soros' proposals, including possibly sending a team of experts abroad to study them in depth.

The fear that Brazil could bring down their system, were it to break, accounts for much of the purported support for the Lula government at the World Economic Forum. President Lula da Silva received "thunderous" applause at the end of his speech from the bankers and businessmen in Davos, according to the *Financial Times* Jan. 27. Germany's State Secretary of Finance said Lula had "a good message," the key being that the "reform momentum"--of the IMF--"gets the benefit of the enormous credibility that the President brings." And a *BBC* report emphasized that Lula's presence in Davos "is being seen as highly significant because of his ability to build bridges with the anti-globalization movement" (founded in Porto Alegre, Brazil).

Six in 10 Argentines Now Classified as 'Poor'

Nearly six in 10 Argentines are now officially classified as "poor," according to the latest figures released by the government's statistical agency, INDEC, which reports that 57.5% of the population is now below the official poverty level. This represents a 4.5% increase over last October's figures. Out of 37 million people, 19.7 million are now poor, and another 9.4 million are considered indigent.

Finance Minister Roberto Lavagna is disputing Indec's figures, charging that the agency, which falls under the Finance Ministry's jurisdiction, used a faulty methodology to arrive at these figures. Lavagna is reportedly angry because it reflects on his record in office. What did he expect?

Indec staff responded by noting that he disputes their methodology when poverty increases, but doesn't complain when the agency's numbers show an increase in economic activity--and anything showing economic growth is certainly fraudulent as the physical economy continues to disintegrate. Indec's numbers also showed that consumption of public services dropped by 8.1% in 2002.

U.S. Economic Disease Spreads to Mexico

"Contagion from the North Hits Mexican Peso," the *Financial Times* trumpeted on Jan. 27, pointing to the peso's record drop on that day, now superseded by the Jan. 29 drop to a new low of 10.98 pesos to the dollar. Although the concerns of a U.S. attack on Iraq are cited as the reason, the *Times* adds, somewhat more truthfully, that Mexico tied itself to the United States in the early 1990s to avoid "contagion from the economic disasters in other Latin American economies." But now, the peso is seen as "a weaker sibling of the dollar, and has fallen against the dollar almost in line with the dollar's decline against the euro."

Bloomberg tries hard to explain the peso's plunge as the result of the Fox government's failure to intervene to halt the peso's decline, failure to open the energy sector to foreign investment and change labor laws, in addition to the poor "competitiveness of the Mexican economy," with only a brief reference to the fact that the nine-year low in U.S. consumer confidence, could "signal [that] demand for Mexican exports may fall." Duh.

Japan Pays Foreign Banks To Borrow Yen

They are giving away money, as the yen interest rate dips below zero. Interest rates on the trade of yen among foreign banks fell to a negative 0.01% on Jan. 24. ABN Amro loaned the negative rate money to France's Societe Generale and BNP Paribas, meaning that Amro is literally paying them to borrow the money. In a world of reported profits with collapsing production, this is yet another wonder of creative accounting. There are two explanations put forth. Japanese banks are required to place all surplus funds in the Bank of Japan, the central bank, or lend them out. Since the BOJ has recently limited its deposits, banks are forced to lend, even if they have to pay someone to take their money. A second reason offered is, that Japanese citizens, worried about the solvency of the Japanese banks, are willing to pay large foreign banks a fee to hold their money.

United States News Digest

Space Shuttle Columbia Lost During Descent; NASA, President Bush Vow Manned Space Program Will Continue

At just before 9 a.m. Feb. 1 Mission Control in Houston lost radio and telemetry contact with the Space Shuttle orbiter Columbia, which was in its last 15 minutes of descent, heading to a landing at the Kennedy Space Center in Florida. The vehicle was at an altitude of about 207,135 feet, traveling at 12,500 miles per hour, or more than 18 times the speed of sound. It was engaged in a series of banking "S" turns, which slow the orbiter down to allow it to land. Everything appeared normal for the landing.

Soon after, NASA began receiving reports from local media in eastern Texas that people had sighted the Shuttle breaking into pieces in the atmosphere. At 9:30, NASA's contingency team, which is assigned as a precaution before each launch, was assembled, and all telemetry data and notes were secured for the follow-up investigation. The team went to Texas to the command site where the debris will be assembled.

Speaking from the Kennedy Space Center in the afternoon, NASA Administrator Sean O'Keefe described the loss of the orbiter and crew as "tragic for the nation." He reported that President Bush had spoken to the families of the seven

astronauts.

O'Keefe stated: "We have no indication that the mishap was caused by anything or anyone on the ground," and announced that in addition to the internal NASA Mishap Investigation Team, an external Mishap Investigation Board will be appointed, made up of Safety and Mission Assurance experts in departments of the Federal government, including the Air Force, the Navy, and the Department of Transportation. FEMA, the Department of Homeland Security, and the FBI are helping collect and secure the debris, but have not been asked to investigate the incident.

Following O'Keefe's statement, NASA Associate Administrator for Spaceflight and former astronaut Bill Readdy said that the space agency will do what the astronauts' families have asked them to do: "find out what happened, fix it, and move on." It should be noted that after the 1986 Challenger disaster, the families banded together to establish the Challenger Centers for Space Science Education around the nation, which teach thousands of children each year about space, science, and exploration.

Texas Senator Kay Bailey Hutchison (R) told CNN, "We never want America to walk away from being in the forefront of research." We should "never step back from America's preeminence in space; that is never an option." NASA "should be fully funded," she said, because it is "as important as national security and national defense."

Former NASA Administrator: Investigation Should 'Move Quickly'

In conversation with *EIR* Feb. 1, former NASA Administrator Jim Beggs, who was forced out of the space agency by a corrupt Justice Department in 1986—weeks before the Challenger accident—stated that Administrator O'Keefe has done the right thing in quickly appointing an expert outside investigating group.

You do not want a "political commission" like that created after the Challenger blew up shortly after launch in January 1986; that commission took six to eight months and looked at everything NASA did, he stressed. "The Challenger Commission wanted to assign blame," Beggs said, rather than finding the cause of the accident. The Columbia investigators should look at the telemetry, "and move quickly," he said. We should not "look at who's at fault, but at what happened." Beggs said we have to "see if we can fix" the problem. He said the situation was "very fluid," and he wouldn't speculate as to the cause.

On the question of replacing the orbiter, as President Reagan did in 1986, Beggs said that three Shuttles are enough to fly the currently reduced Shuttle schedule. More generally, he said, in frustration at the political posturing and budget cutting in the program, "we should decide to continue the space station, or end it."

President Returned to Washington When Briefed on Shuttle

President Bush rushed back from Camp David to Washington Feb. 1, on receiving confirmation that the Shuttle Columbia had gone down. Bush had been kept informed on developments since he had been told that Mission Control in Houston had lost contact with Columbia shortly after 9 ET. Around 10:30, Bush spoke with NASA Administrator Sean O'Keefe from Camp David. He then returned to the White House, and talked again to O'Keefe, inquiring particularly about the families of the astronauts who perished.

President Bush was then connected to a conference call in which he spoke directly to the families gathered at Kennedy Space Center.

He spoke next by phone with Israeli Prime Minister Ariel Sharon, and the two men exchanged condolences; one of the

crew, Ilan Ramon, was the first Israeli astronaut in space. President Bush also spoke to Mexico's President Vicente Fox, French President Jacques Chirac, Russian President Vladimir Putin, and Canadian Prime Minister Jean Chretien. With Putin, Bush underlined the importance of space exploration and of continuing the joint cooperation with Russia.

President Bush's Statement on Columbia

President Bush made a brief statement on the loss of the Space Shuttle Columbia at 2 p.m. on Feb. 1.

"My fellow Americans, this day has brought terrible news and great sadness to our country. At 9 a.m. this morning, Mission Control in Houston lost contact with our Space Shuttle Columbia. A short time later, debris was seen falling from the skies above Texas. The Columbia is lost; there are no survivors," Bush said.

He named each of the seven astronauts onboard the Shuttle, and paid them tribute: "The cause in which they died will continue," Bush said. "Mankind is led into the darkness beyond our world by the inspiration of discovery and the longing to understand. Our journey into space will go on."

"In the skies today we saw destruction and tragedy. Yet farther than we can see there is comfort and hope. In the words of the Prophet Isaiah, 'Lift your eyes and look to the heavens. Who created all these? He who brings out the starry hosts one by one and calls them each by name. Because of his great power and mighty strength, not one of them is missing.' The same Creator Who names the stars also knows the names of the seven souls we mourn today. The crew of the Shuttle Columbia did not return safely to Earth; yet we can pray that all are safely home."

Pension Benefit Guaranty Corp. Faces Funding Crisis

The PBCG was created by the U.S. government in 1974 to deal with pension crises, by taking over insolvent pension plans, to keep paying benefits to retired workers when a company can not. The PBCG is funded by companies which pay an annual fee to the PBCG for every worker that is enrolled in a pension plan. But the PBCG, which started 2001 with an \$8-billion surplus, has burned through that surplus, and is expected to report at the end of this month a deficit of what appears to be between \$1 and \$2 billion for 2002, and which could become larger this year, according to the Jan. 25 *New York Times*.

During March 2000, the PBCG assumed the pension payments of steelmaker LTV, which drew down \$1.6 billion in PBCG funds. In December, the PBCG assumed \$1.1 billion of National Steel's unfunded pension claims, and a further \$3.7 billion in Bethlehem Steel's unfunded pension claims. But the pension failures show no sign of stopping. In June 2002, U.S. Airways filed for bankruptcy, and it may seek help from the PBCG to pay \$3.1 billion in pension contributions over the next seven years. The entire airline industry may soon be seeking help from the PBCG, as well as KMart, which recently filed for bankruptcy.

The PBCG has been discussing proposals to increase the annual fees that all companies pay to the PBCG for every worker enrolled, and/or to increase the fees that are paid by the companies that have underfunded pension plans. The latter proposal has the difficulty that it would increase the fees for companies that don't even have the money to meet current pension payments.

The PBCG faces a big problem in the growth of underfunded pension plans, which represents the gap between what companies have promised to pay in pensions, and the funds that the companies set aside to make the payments. Due to a plunge in the stock market, and changes in interest rates, the total underfunding of all pension plans insured by the PBCG has risen from approximately \$40 billion at the end of 2000, to an estimated \$300 billion at the end of 2002. If this process

continues, the PBCG may soon be insolvent. Many workers retired thinking that they would collect a pension, and that the PBCG would back up that pension if the company they had worked for, could not. This may soon proved to be a bitter delusion.

Will Senate Approval of Extra Money for Amtrak, Education, Be Killed by House?

Senate approval of extra funds for Amtrak and education is likely to be killed by the House, as the Federal appropriations bill goes into conference. Most endangered in the Senate bill, which covers all non-defense spending for 2003, is an amendment to add \$5 billion for education, sponsored by Sen. Judd Gregg (R-NH), paid for by an across-the-board 1.3% cut for all other programs. The provision would probably be eliminated, or at least altered, said a spokesman for Republicans on the House Appropriations Committee, because it imposed cuts too steep for Federal agencies, especially the FBI. Also in jeopardy is an additional \$438 million in funding for Amtrak, beyond the \$762 million approved by the House last year—bringing the total to \$1.2 billion requested by the passenger railroad to survive—in an amendment proposed by Sen. Patty Murray (D-Wash).

Wall Street Journal Says U.S. Has Legal Right To Take Over Iraq Oilfields

The *Wall Street Journal* of Jan. 29 asserted that the U.S. has the legal right to take over and run the Iraqi oilfields, but added that there are U.S. precedents against that.

Claiming that the rights of an occupying force, under The Hague Convention of 1907, will allow the U.S. to run the Iraqi oilfields pretty much as it wishes, the *Journal* also reported that 1) "A tribunal after World War II found that Japan breached international law by aggressively exploiting occupied oilfields in the Dutch East Indies and using the oil to fuel its own war needs"; and, 2) "The State Department, irked about Israel's occupation of Sinai oilfields after the Six-Day War, wrote: 'An occupant's rights ... do not include the right to develop a new oilfield.'"

Bush Faces Opposition from Congressional Republicans Over Medicare Plan

President Bush's proposal, in his State of the Union address, to offer prescription-drug benefits only to senior citizens who enroll in private managed-care plans, and not to those who remain in the traditional fee-for-service health insurance program, is coming under fire from Republican lawmakers—even before basic details have been released. So says a Jan. 30 *Wall Street Journal* article. The Administration is peddling Medicare privatization as a way to curb the rising costs of the program, which costs \$250 billion a year.

"All of our changes should be voluntary," said Sen. Charles Grassley (R-Iowa), chairman of the Senate Finance Committee, which writes Medicare legislation. "That means I won't draw lines on drug coverage. All seniors should have access to affordable prescription-drug coverage, regardless of the choice they make."

Opposition is coming even from Republican Congressman Bill Thomas, chairman of the House Ways and Means Committee, who voted for previous unsuccessful drug-benefit proposals, as well as Sen. Olympia Snowe (R-Me).

Rangel, Hollings Seek Support for Bill To Reintroduce Draft

Congressman Charles Rangel (D-NY) and Sen. Ernest F. Hollings (D-SC) are circulating a "Dear Colleague" letter asking for support for their legislation to reinstate the military draft. The letter invokes President John F. Kennedy's call to "Ask not what your country can do for you; ask what you can do for your country?" saying that that call is as applicable today as it was in 1961. The bulk of the letter questions the claim from the Pentagon that the current all-volunteer force is sufficient

to handle all of the military commitments that the U.S. has undertaken around the globe.

"The Bush Administration continues to talk about daunting new challenges facing us now, but then presumes that the same force levels can meet those challenges," it says. Because of those increased commitments resulting from peacekeeping missions, operations in Afghanistan, increased tension in the Korean Peninsula and a possible war with Iraq, "The American military needs require us to call again on citizen soldiers." They note the increased call-ups of National Guard and Reserves, but say that long-term dependency on those forces is not a viable solution. In a statement issued on Jan. 27, Rangel said that he and Hollings "hope that, together, we'll be able to convince our colleagues to take a good look at this war before we get involved in it. And if we do get involved, let all Americans say that we're sharing the sacrifice of this war."

U.S. Will Rejoin International Fusion Energy Project

Speaking to fusion scientists last week at the Princeton Plasma Physics Laboratory in New Jersey, Energy Secretary Spencer Abraham announced that "President Bush has decided that the United States will rejoin the international negotiations on ITER," the international fusion energy project.

Abraham said that "international cooperation is indispensable to achieving results," and used the international program to discuss next-generation nuclear fission reactors as an example.

Abraham "commended" the nations that stuck with ITER after the U.S. pulled out in 1998, and assured fusion researchers that the decision "to join ITER in no way means a lesser role" for their domestic programs. According to the Department of Energy, the U.S. share of the estimated \$5-billion cost of the tokamak reactor will be about 10%—which is, parenthetically, what the Chinese have offered to kick in. A Department of Energy press release issued following Abraham's speech, states that "China has recently joined the negotiations" for building ITER. A statement released by the White House soon afterwards, nonchalantly remarks that the U.S. "will be working with the United Kingdom, other European Union nations, Russia, China, Japan, and Canada," on ITER.

(The reason China has been able to join the negotiations is because the U.S. is not running the ITER project. The reason China has not been allowed to participate in the International Space Station is because the U.S. is running that project.)

Nuclear Option Explicit in New Bush Policy Doctrine

President Bush signed National Security Presidential Directive 17 on Sept. 14, 2002, which allows for use of nuclear weapons in response to chemical or biological attacks. In reporting that it has seen a copy of the document, the *Washington Times* of Jan. 31 says that this changes the decades-old U.S. policy of maintaining deliberate ambiguity as to the possible use of nuclear weapons.

"The United States will continue to make clear that it reserves the right to respond with overwhelming force—including potentially nuclear weapons—to the use of [weapons of mass destruction] against the United States, our forces abroad, friends and allies," says the classified version of the Directive.

An unclassified version was released on Dec. 11 as the "National Strategy to Combat Weapons of Mass Destruction," and it omits the term "nuclear weapons," instead saying "including through resort to all our options."

More Evidence That Death Penalty May Be on the Way Out

The historic commutation of all Death Row cases in Illinois by outgoing Governor George Ryan (R) on Jan. 11 signalled a shift in America's attitude toward capital punishment. Now, Lt. Gov. Michael S. Steele of Maryland will call upon Gov. Robert Ehrlich (like Ryan, both Republicans) to seek a new study of the issue, as the state prepares to carry out its first execution in more than four years, in March. Former Maryland Governor Paris Glendening (D) had declared a moratorium on executions following the release of a study showing that the state's capital punishment system was profoundly racially biased and that the ultimate penalty was applied unfairly, geographically, and otherwise.

Governor Ehrlich, who aggressively solicited African-American votes during his campaign, said he would end the moratorium, and instead review each case individually for clemency. Lt. Governor Steele, who is black and a Roman Catholic, has made it known that he is fervently "pro-life," and personally opposes the death penalty on religious grounds. "This report demonstrates the necessity for a closer look at how we handle these cases, from the moment an individual is captured to the moment he is sentenced," Steele said, in the first comment by the new administration in response to a study released Jan. 7 by University of Maryland criminologist Raymond Paternoster. According to the Jan. 26 *Washington Post*, Steele said that he finds the study's conclusions "personally troubling" and that Ehrlich has indicated that he too is "bothered by it."

Ehrlich has said he and Steele will review every death warrant, and "if I'm not comfortable with any aspect of the case, we won't go forward."

Ibero-American News Digest

Brazil and France See Eye-to-Eye on Iraq

Brazil and France have "identical" positions on Iraq, French President Jacques Chirac said in his joint press conference with Brazilian President Lula da Silva, following their Paris meeting Jan. 28. For his part, Lula said any unilateral U.S. attack on Iraq would be "madness," *Folha do Sao Paulo* reported Jan. 29. He expressed his sympathy for the American population for the Sept. 11 attacks, but added: "Any person can carry out any insanity, but a state cannot." Brazil's position is that more investigations are needed in Iraq, and then it is up to the UN Security Council to decide what to do, he said.

In a reception hosted by the Brazilian embassy in Paris later that evening, Lula was questioned by French Socialist Party members about his relations with U.S. President Bush. *Folha's* correspondents said Lula answered that Bush had treated him with great consideration when they met in December, but that "he is obsessed with Iraq," and therefore the matters which are important to Brazil and Ibero-America are off the U.S. radar screen.

Foreign Minister Celso Amorim reportedly joked while in Paris, that Brazil has no plans to form "an axis of criticism" with France and Germany against the United States. Amorim also commented to people that it is Lula's intuition that Bush lost the "timing" for war, and would like to see some movement by some country, group of countries, or institutions, which would allow him to avoid the war, but without losing face.

Policy Paradox in Lula Government on Display at Porto Alegre and Davos

Brazilian President Luiz Inacio Lula da Silva spoke before Teddy Goldsmith's World Social Forum in Porto Alegre, Brazil on Jan. 24, and before the World Economic Forum in Davos, Switzerland on Jan. 26, promising to both that he would implement two irreconcilable policies.

In Davos, for example, Lula called for a "new world economic order," in which countries "unite around a world pact for peace and against hunger." He proposed the Group of Seven nations (the U.S., Britain, Canada, Italy, Japan, France, and

Germany) create a fund to fight poverty in the developing sector, pressed for "urgent" land reform, and urged "more discipline" in international capital flows.

His Treasury Minister Antonio Palocci, however, after meeting with the IMF's Deputy Managing Director Anne Krueger in Davos, assured the press that "what is done, is done," and the Lula government will stick by Brazil's IMF accord, signed by the previous Cardoso government. He said Brazil must pay its debts, and therefore will increase the primary budget surplus to over 4%, and will continue the privatization of the state banks. (By definition, a primary budget surplus means those government revenues above all expenditures *except* debt service, which surplus is then used to pay the debt.)

Central Bank president Henrique Meirelles (representing the Bank of Boston's interests) also told reporters that the law formalizing Central Bank autonomy will be ready for Congress by March. The model for the law is the Bank of England, he said.

Foreign Minister Celso Amorim, however, representing the more nationalist currents in the government, denounced the neo-liberal program as a model which "simply does not function.... We cannot keep trying to adulate the market every minute.... The role of government is to govern," he told a Davos press conference. Amorim also went after the Mexican model of integration with the U.S. under NAFTA, pointing out that *maquiladora* investments flee at a moment's notice, just like speculative capital.

Rio de Janeiro State Defaults on \$20-Million Debt Payment

The Brazilian state of Rio de Janeiro has defaulted on a \$20-million debt payment to the Federal government, *Bloomberg* reported Jan. 30. The state's Undersecretary of Finances, Henrique Bellucio, said the first priority was to pay salaries of state workers, which meant missing the payment to the government.

Rio de Janeiro's action underscores the problem of many indebted Brazilian states, which want the Lula government to offer them some kind of debt relief, and had pressured for that in the period leading up to last October's elections. At that time, and now, Lula's staff had been adamant about not giving in to the states—a position also held by the IMF. Rio Governor Rosinha Matheus had gone to court after the Federal government seized 86 million reais in state tax revenues to cover for debt payments missed earlier, but lost the case.

Can Venezuela Avert Civil War? Or Will Chavez Blow Things Up?

At the close of January, there appeared to be a break in Venezuela's national civic strike, which began on Dec. 2, 2002, and corollary moves toward negotiations to resolve the strike, which seeks to bring down the regime of President Hugo Chavez. The devastating economic effects of the strike upon both public and private sectors, combined with new international mediation initiatives led by former President Jimmy Carter and the "Friends of Venezuela" group formed at the initiative of the Lula government in Brazil (the United States, Mexico, Chile, Portugal, and Spain join Brazil in the group), have gotten the opposition and the Chavez government back to the negotiating table, at least for the moment.

The lead proposal currently under discussion, is for the Chavez regime to agree to permit the legal steps required to change the Constitution, so as to shorten the Presidential term from six to four years, and the legislative terms from five to four. That could permit new elections later this year.

Whether this can pull Venezuela back from the brink of civil war, remains to be seen. The opposition, which had said it would accept nothing less than President Chavez's **immediate** ouster, has said it would discuss the Carter proposal, and is winding down the strike, as they consider other tactics. Banks, schools, and retail and commercial centers are reopening.

What happens with the oil industry, has yet to be decided. The government has succeeded in upping oil production from its low of 200,000 barrels a day, to a bit over 1 million barrels a day, as some portions of the state oil company's labor force have gone back to work. Getting the government to rescind its firing of over 5,000 striking managers and workers, however, may prove a sticking point for any agreement.

The factor of Chavez's lunacy, combined with the outright terrorist wing of his movement, is another big question. Speaking before a special "Solidarity with Venezuela" act during the annual confab of the World Social Forum in Porto Alegre, Brazil on Jan. 26, Chavez threatened to unleash the "Che Guevara" model throughout South America, should his leaving office become a real possibility. If the Venezuelan oligarchy breaks the government, he ranted, "It will show the rest of the peoples of the continent that there is no point in struggling peacefully and democratically for change, and it would be necessary to think of other means." He made the threat of armed insurrection explicit: "I had a gun in my hands. I put it away. I would not want to use it again.... But if the oligarchs of the continent do not understand that the changes are inevitable ... the telluric force of this continent will erupt, and as Ernesto ['Che'] Guevara once said, 'the cries of battle and the flash of gunfire' will sound."

Colombia Liquidates Public Service Provider for Cali

Emcali, the state company responsible for the provision of water, electricity, and communications services to 500,000 users in Cali—Colombia's third-largest city—was liquidated by the Federal government, after it decided that Emcali's \$193-million deficit made it "unviable." In addition to its operating deficit, Emcali also was responsible for \$410 million worth of pensions and social security payments, which it was unable to meet. Attempts to bring the company into the black have been ongoing for five years.

Mayor John Maro Rodriguez called the Federal government's ruling, which will lead to at least 4,000 layoffs, a "lethal blow" to the city, and announced he would not accept the decision. An emergency meeting of the City Council is being held, and the Emcali union has declared itself "in permanent assembly." Another company will reportedly be created to take Emcali's place, but what happens to the original agency's debts and obligations is anybody's guess.

FARC To Build Youth Movement Among Former University Students

Enrollment in Colombia's universities, both public and private, has dropped by 50% due to the economic crisis, and 80% of the students who remain, receive some form of financial aid. This provides a perfect opportunity for the narcoterrorist FARC, which is concentrating its activities on a national recruiting drive—lowering the profile of their military actions, while building up forces for an all-out offensive when the economy collapses completely, which they view as likely within three to six months. The FARC flaunted their targetting of students for recruitment recently, by bringing in a group of journalists to observe a student "cadre school." They are boasting that they will create a new military front, called "Los Universitarios," from the ranks of these students.

Argentine Bishop Cites LaRouche as Leader of Global Opposition to IMF Looting

Argentine Bishop Hector Aguer, speaking on his Jan. 29 television program, cited American Presidential candidate Lyndon LaRouche as the U.S. politician who is leading the global opposition to IMF-World Bank looting. Monsignor Aguer praised the accuracy of LaRouche's forecasts in his interview with former Peruvian President Alan Garcia's brother-in-law and former top economic adviser, Daniel Carbonetto, a man who himself is not entirely unfamiliar with LaRouche's work.

Aguer has taken the lead, within Argentina as a whole, and within Roman Catholic circles internationally, in organizing

for an end to the genocide perpetrated through the fraudulent mechanisms of the foreign debt. In August 2000, he warned that Argentina would be buried as a nation, should it continue paying the debt. In December 2001, when the government fell because of the debt crisis, he issued an Open Letter, demanding Argentinians give up their "cowardly attitude toward the creditors," who are trying to collect on billions of dollars which Argentina never received, but which were cooked up as debt "through arbitrary and unilateral changes in interest rates and morally unacceptable fees. In fact, they have already collected their original loans, which were multiplied through financial alchemy ... [and] murky accounting entries," he wrote.

On May 26, 2002, LaRouche representative Dennis Small was a guest on his radio program, where the two discussed LaRouche's New Bretton Woods solution to the debt crisis; Aguer expressed his hope that LaRouche's thinking would "find an echo also in Argentina."

Narco-Legalizer George Soros Blows Gasket at Argentine President's Criticism of IMF

Drug legalizer George Soros became unhinged at the annual meeting last week of the World Economic Forum in Davos, Switzerland, when Argentine President Eduardo Duhalde criticized the IMF. Duhalde had the misfortune to be seated next to Soros at a Davos panel entitled "Globalization at the Crossroads," in which the Argentine President merely suggested that globalization was "unjust," adding that IMF policies had caused crises in Argentina and all of Ibero-America over the past decade.

This was apparently too much for Soros: When asked by a reporter for *La Nacion* what kind of solution he sees for Argentina, Soros sputtered, "There is no solution for Argentina." Asked about the measures the government should take, he angrily shouted "What government? First you need to have a government." Argentina's problem is due to the fact that it borrowed too much money, he said, adding that its default "showed investors that they can lose all their money if they bet [only] on certain countries." Apparently, his own investments in Argentina aren't in such good shape, as he told the same reporter that he was in a "very complicated" situation in the country.

Gutierrez's 'War Economy' Policy Sets Off Protests

Predictably, the imposition of a "war economy" by Ecuador's new President, Lucio Gutierrez, set off immediate protest, and calls for Gutierrez to fire his economics team. The announcement of a 35% increase in gasoline prices and freezing of public-sector wages enraged the trade unions, indigenous and peasant organizations, and others who had voted for Gutierrez, based on his promise to find "imaginative," rather than IMF, solutions to Ecuador's economic crisis. Instead, they charged, he has opted for the same old neo-liberal policies demanded by the IMF.

Barely five days after Gutierrez's inauguration, leaders and legislators of indigenous organizations threatened to join with peasant and other sectors in mass demonstrations, to demand the ouster of Finance Minister Mauricio Pozo, while transportation workers and taxi drivers want an immediate increase in fares. Gutierrez is pathetically justifying the austerity measures, explaining they are not a "band-aid, but part of a four-year plan" to allow future governments to aid the poor. Insiders suggest that this guy may not be around for long.

Western European News Digest

Tony Benn Goes to Baghdad, Interviews Saddam

Former British Minister and Labour Party Parliamentarian Tony Benn, Lyndon LaRouche recently praised for his unique moral role in British politics, flew off to Baghdad last week, on an extraordinary mission to head off the war, a Labour

Party-linked London insider told *EIR*. He said: "He will see Saddam, make an assessment of the situation, and try to help develop a counter-movement to the push for war. This is being done, after urgent discussions with leading Labour figures and others, who are trying to figure a way out."

According to subsequent news reports, Benn taped a rare interview with Iraqi President Saddam Hussein, and the interview will be played later this week.

France, Germany Emphasize UN Role in Reacting to Bush State of the Union

French President Jacques Chirac and German Chancellor Gerhard Schroeder on Jan. 29 officially welcomed President George W. Bush's announcement in his Jan. 28 State of the Union address, that the U.S. will present "evidence" of Iraqi flouting of UN Security Council Resolution 1441 on Feb. 5; the two leaders greeted the announcement as confirming the United Nations as the primary medium for decisions concerning the Iraq issue.

The Foreign Ministers of France and Germany, Dominique de Villepin and Joschka Fischer, issued similar statements, also reaffirming that there was no military automaticity to the Feb. 5 UN Security Council session. A spokesman for Fischer added that in the view of the German government, "any military operation needs the legitimization of the United Nations Security Council."

The Russian Foreign Ministry reaffirmed Jan. 29 that the Bush announcement had not altered Moscow's view that evidence that would justify military response against Baghdad, still has not been presented, and whether the new "evidence" to be presented by the U.S. is of a different nature, remains to be seen. Russia prefers, as before, non-military solutions to the Iraq problem, but it also insisted that Iraq must not cause any problems for UN weapons inspections.

'Declaration of Eight' Aims To Split Europe Over Iraq Issue

There appeared Jan. 30 in Spain's *El Pais*, the *Times* of London, several other leading European dailies, and the *Wall Street Journal*, an ominous "Declaration of Eight" voicing concern that the "bond between the United States and Europe" could be damaged by the ongoing controversy over the Iraq issue.

Signing the open letter were the leaders of Britain, Spain, Italy, Portugal, Denmark, Hungary, Poland and Czechia.

Borrowing partly from Anglo-American propaganda for the alleged cause of "defending Western values" against the regime of Iraq, the eight leaders wrote that Europe owes its liberation from the two tyrannies of Nazism and Communism, as well as peace and freedom after two world wars, to the United States. Therefore, "the transatlantic relationship must not become a casualty of the current Iraqi regime's persistent attempts to threaten world security," the letter stated, urging "unity and cohesion," and implicitly criticizing France and Germany for taking a different approach.

The letter was undoubtedly drafted in support of U.S. Defense Secretary Donald Rumsfeld's line that "New Europe"—unlike France and Germany, which Rumsfeld contemptuously called "Old Europe"—backs the cause against Saddam Hussein, but the letter did not call for military steps, directly. It cited UN Resolution 1441 as the main way to disarm Iraq's weapons of mass destruction, but also insisted that the opportunity to avoid war rests with Saddam Hussein alone, and that no dictator can be allowed to "systematically violate those resolutions."

The Greek government criticized the letter as an initiative not consulted on with Greece, which is currently president of the European Union, and therefore as being unauthorized to speak in the name of Europe as a whole. The Greeks hold that the Jan. 27 Brussels declaration of all 15 EU Foreign Ministers in support of Iraq inspections, is the only authorized document.

Greek Prime Minister Costas Simitis said the document "does not contribute to a common approach." According to an unnamed Greek official, who was enraged, "Prime Minister Simitis had talks with Blair and Aznar in the last few days, and nobody informed him" of the initiative. He learned about it from third parties only on Jan. 30.

Greek Parliament President Apostolos Kaklamanis said: "The ideal of the European Union suffered a severe blow.... This war is undermining the course of Europe toward its integration." And, despite Simitis' caveats, he himself added that: "The way that was followed [by the letter] shows a lack of consultation. There was no information. This way, we are not helping Europe have a strong voice in the world."

The letter was clearly designed to smash European anti-war resistance. As Britain's *Independent* headlined its coverage, "Iraq split redraws the map of Europe," and other press echo this line.

The declaration was put together, according to *Jutlands Posten*, as U.S. envoys travelled through European capitals in recent weeks, exerting pressure on governments to stand up against Paris and Berlin. Debate in the Danish government, the *Posten* reports, is now raging, since the Prime Minister and Foreign Minister signed onto the text, without having consulted with the foreign policy commissions of their parties.

As the *Frankfurter Allgemeine Zeitung* pointed out, what the governments signed does not reflect what the people think; in Poland, two-thirds of the population oppose war, and a similar situation exists in Hungary and the Czech Republic. In the latter, President Vaclav Havel signed the statement even though the government opposes war, as the Prime Minister has reiterated. A UN-associated source told *EIR* that the situation in Spain is also split, with the population against war.

Wolfowitz, Perle Pound France and Germany with Propaganda Shells

In an article published by the *Frankfurter Allgemeine Zeitung* Jan. 30, U.S. Deputy Defense Secretary Paul Wolfowitz wrote that inspectors cannot do their job, as Saddam is out-flanking them and cheating the world public; that all the inspections, sanctions and containment of the past 12 years have not prevented Iraq from working on producing illegal arsenals of weapons of mass destruction. The decision whether there is voluntary disarmament in Iraq, or use of force against Iraq to achieve disarmament, rests solely with Saddam Hussein, Wolfowitz wrote. A similar piece by Wolfowitz also appeared in the Russian daily *Izvestia* daily Jan. 30.

Meantime, in a Jan. 30 interview with *Sueddeutsche Zeitung*, Defense Policy Board chief Richard Perle declared France and Germany irrelevant and irresponsible, but acknowledged that this has less to do with Iraq than with the "fact" that both nations have been seeking to reduce their dependency on the United States, since the fall of the Iron Curtain. Perle argued that the U.S. would make a total fool of itself in the eyes of the world, were it to halt the ongoing mobilization for war against Iraq; therefore, he said, he thinks the war will come, no matter what the French and Germans say. And, should the United Nations not side with the U.S., it would become as irrelevant as the League of Nations did in the 1930s when it failed signally to contain Hitler, Perle warned.

Leading Military Historian Strongly Opposes War

Martin van Creveld, the Dutch-born Israeli military historian, was interviewed on *Deutschlandfunk* in Germany Jan. 30. The interviewer asked, "You are not exactly known as being very critical of American policy, but you have recently been quoted, opposing this war against Iraq. Do you oppose this war?" Van Creveld responded: "Yes, I do. I haven't seen anything which would justify a war. Iraq, like North Korea, is in such a pitifully wrecked state, that its force potential has so declined in recent years, that it does not represent a threat. There is no reason for a preemptive attack on Iraq."

The questioner then noted that he had recently written an article for *Die Welt* with the headline, "Is Washington Going Bonkers?" Does this represent his view? Van Creveld responded: "Yes, I'm very concerned. I get the impression that America, under George W. Bush, is developing a new national hobby—bombing. I have an image of Bush waking up in the morning, going over to a map, putting a pin onto the map, and saying, 'Let's bomb *this* country.'

"Let me repeat once again, I don't see any justification for attacking Iraq just now."

Germany Wants Differentiated Approach to Iraq

In a series of radio and newspaper interviews at the end of January, Kerstin Mueller, Assistant Foreign Minister of Germany, has stated that 1) "unlike some other governments," the German government has provided its own foreign intelligence findings on Iraq to the UN inspectors from the start of their latest mission; 2) Germany insists that no decision on war be taken unless the policy for the postwar period is clarified—on that, the Germans have repeatedly asked the Americans and others, but have not received any answer at all, in recent weeks; 3) Germany too is worried about the proliferation of weapons of mass destruction—but there are "also other states in the region" and "outside the region," in addition to Iraq, that do have WMD capacities, and they are not target of any war threats. Germany insists that there be no double standards, on proliferation issues.

As for media reports (taken up eagerly by pro-Rumsfeld partisans in Germany) about an alleged secret dossier of Germany's foreign intelligence (BND) about Iraq that is said to corroborate the U.S. charges, the German government has declared it is not aware of such a dossier, and it should be the first to know about such things; the *Frankfurter Allgemeine* daily added that the so-called secret dossier can be read on the BND's website; the *Sueddeutsche Zeitung* daily added that among the BND experts, most of the so-called evidence cited by the media is not sound, because it originates with Iraqi exiles who are not really trustworthy.

Italian Central Banker: Iraq War Would Damage World Economy

Speaking to a conference of foreign exchange traders in Agrigento Jan. 25, Italian Central Banker Antonio Fazio said, "An armed conflict has consequences hard to assess in their extent, affecting raw material and energy prices, disrupting normal financial and trade relationships at global level ... [and] increasing the possibilities of new terror attacks."

Fazio also polemicized against the government-supported official statistics on inflation, saying that "empirical analyses show that inflation as perceived by consumers is clearly superior" in accuracy to the measurements by the official agency, Istat.

In recent weeks, consumers' associations had attacked Istat, charging that inflation has grown in some cases as high as 30%. So last week, Istat announced a change in the inflation market basket for the alleged purpose of better measuring inflation. Magically, the January rate is 0.1 points down from December: 2.7% instead of 2.8%.

Organized-Crime Link in Alleged Terror Plot in Italy?

Italian police arrested 28 Pakistani nationals in Naples Jan. 30, after they found in their flat 1.5 kilos of explosives and plans to kill British Defense Chief Admiral Sir Michael Boyce, along with maps showing U.S. military targets, and addresses and telephone numbers of numerous Islamic terrorists around the world. Police were alerted by an informant. Apparently, very few people knew that Sir Michael was expected in Naples—even the anti-terror police had not been informed—indicating that the alleged terrorists had inside tracks of information.

However, what is strange is that the 28 Pakistanis had lived for eight months in a flat belonging to the most famous organized-crime (Camorra) family in Naples, the Giulianos. In the past, Carmine Giuliano, one of the *capo dei capi* (boss of all bosses), had lived in the flat, before he became a "*pentito*" (turned state's evidence) under the Italian Witness Protection Program.

The Naples Camorra has known historical ties with intelligence and NATO networks, making the situation rather suggestive.

Russia and Central Asia News Digest

Russia, Like China, Shies Away from Sinking U.S. Dollar

Russian and Chinese Central Bank statements about diversifying out of the dollar, are not statements of intent, or threats, but are announcements of ongoing operations to move out of the dollar, a leading City of London figure told *EIR* Jan. 27. "The dollar will continue to weaken," he said. "There are Central Bank sellers about. My reading is that what we heard the other day, from the Russian Central Bank, is not something for the future, but was a statement made, after they have done it, begun to move out of the dollar. That is probably one of the reasons for the dollar loss in respect to the euro. The Russians know the Iraq war is brewing, and, by doing this, they can exert some pressure, while making moves to ensure that their holdings are not hostage to an American action, in event of war. All this suggests that the Russians are taking a harder line respecting Iraq than some had thought. The same goes for the Chinese."

When Central Bank official Oleg Vyugin made his announcement on Jan. 24, he also stated that the Bank of Russia would hold at least 10% of national gold and currency reserves, in gold. In Moscow, it was reported that several currency exchange points ran out of rubles, as well as euros, as the population also moved to dump cash dollars.

Russian Ambassador Refutes Press Spin on Putin Remark About Iraq

Many news outlets reported Jan. 29 that Russian President Putin—arriving in Kiev for a meeting with other Community of Independent States leaders—had said that if Iraq didn't cooperate better with UN weapons inspectors, Russia might change its position and agree with the U.S. on asking for tougher measures against Iraq. Asked about this by a reporter at the UN, Russian Ambassador Sergei Lavrov responded forcefully: "No, no, no. Julie, Julie! He didn't say this. You reported this; he didn't say this. You reported that he was apparently ready to change his position, which is wrong. He said that we believe that inspections must continue, and that if Iraq stops cooperating with inspectors and starts blocking the inspectors, then, certainly, the Security Council would have to look into it. We have been saying this all along ... but as long as Iraq cooperates, they [the inspections] must continue. So, there is no change in Russian position."

Russia To Have Special Envoy for Islamic World

Abdelouahed Belkeziz, secretary-general of the Organization of the Islamic Conference, was in Moscow the week of Jan. 27. At a press conference following their talks, Russian Foreign Minister Igor Ivanov said that the Russian Foreign Ministry will soon name a special envoy to the Islamic world.

Foreign Ministry Official: Expect Top-Level Saudi Visit to Moscow

Izvestia of Jan. 27 published a summary of a round table of Arab ambassadors and Russian politicians and officials, held at the paper's editorial office the previous week. During the discussion, a top Foreign Ministry official indicated that further

upgrading of Russian-Saudi cooperation is planned. Vladimir Trofimov, deputy head of the Russian Foreign Ministry's Mideast Department, responded in his concluding speech, to criticisms from Arab journalists and at least one of the ambassadors present that Russia had shown lack of initiative in the region, ever since President Putin declared Russia a strategic partner of the United States. (Union of Right Forces politician Irina Hakamada, deputy speaker of the Duma, piped up that this was true, but necessary because Russia needed U.S. help to deal with its structural economic problems!)

Trofimov rejoined, according to *Izvestia*, "There is a viewpoint that we are being pressured, pushed out of the Arab countries. However, this [decline of Russian influence] is mostly our own fault. But today, the political dialogue is being held on the highest level. I'll tell you one secret: In April, we expect the visit of Saudi Arabia's royal heir, Prince Abdullah.

"I can't agree that we have given up protection of justified interests of the Arab peoples. We've always said that the problem of Palestine is the crucial key for the settlement of the situation in the Middle East.... We also protect the legitimate interests of Iraq on all the political levels, including the level of the President. The Americans are trying to impose the idea that the Iraqi problem is a problem of terrorism. We say that Iraq has nothing to do with terrorism. There is a real problem of proliferation of weapons of mass destruction.... But the Americans have got focussed on disarming Iraq. They say that the road to Palestine lies through Baghdad. We don't share this view, and we insist that the peace process should be started from Palestine."

Mideast News Digest

Sharon's Government Will Be Unstable Without Labor

Even with 38 Likud Party members of the Knesset (the Israeli Parliament), Ariel Sharon's new government will be unstable without the participation of the Labor Party. A review of the election results demonstrates that Sharon's election victory was not such a landslide. Furthermore, without the Labor Party, any coalition combination will be shaky. Thus, if Labor chairman Amram Mitzna—who was Sharon's opponent for Prime Minister in the Jan. 28 elections—keeps his promise to stay out of the government, new elections could soon be in the offing.

First, the election turnout was 68%, the lowest in Israel's history. Israeli observers indicate that Labor and the left suffered from this. Moreover, many of these non-voters were former Likud voters who were disgusted by the corruption and criminality that has taken over the party, but could not bring themselves to vote Labor. The Likud won its additional 18 mandates at the expense of the right-wing, ethnic Russian and Shas Parties. These parties lost no less than 13 mandates to the Likud. Another five or six of the Likud's new mandates came as the result of the dissolution of the Center and Geshet Parties, both of which had been led by former Likud leaders who simply rejoined the Likud for the recent elections.

All in all, many of these voters had always been Likud supporters but abandoned the party during last elections, and simply were convinced to return to the party this time. Although Likud is much larger, it is also more unstable, now that its left wing led by Dan Meridor, which supports territorial compromise, and a right wing led by Benjamin "Bibi" Netanyahu, who refuses to accept a Palestinian state of any form, are back in the party. Thus, under certain conditions the party could split again as it did in 1999, when several of its old members joined the Labor-led government of Ehud Barak.

Labor lost six seats primarily because of the low voter turnout, and to the Shinui Party. The latter, led by former TV presenter Yosef (Tommy) Lapid, is a sort of virtual party; claiming to be liberal, it was formed on the basis of opposing the ultra-Orthodox religious parties, and went from a marginal six mandates to 15. It has a left wing which supports territorial compromise, and a right wing which does not. Meretz lost almost half its mandates, for much the same reason. Although Lapid would love to jump into the coalition bed with Sharon, he cannot join a coalition that includes the ultra-Orthodox Shas, a party which has carried out a considerable number of backroom deals with the Likud. If Lapid tried, his party

would most likely split, with some of its Knesset members joining the ranks of the opposition. Lapid has called on the Labor Party to dump Mitzna and join a Sharon-led government.

Meanwhile, the trade-union-linked One Nation doubled its strength to four, and the Arab parties Ra'am and Baland, along with the Arab-Jewish party Hadash, increased their mandates to a total of nine.

The rest of the mandates were spread among the religious parties and the extreme-rightwing National Union.

Thus, despite Likud's 38 mandates, without the Labor Party, the arithmetic of coalition-building will not add up to a stable government. If Sharon decides to go for a rightwing government, he could be forced to go to war sooner than the war party in Washington would want, or his government could collapse, leading once again to elections.

Mitzna Holds the Line; Still 'No' to Sharon's Calls for Unity Government

Israeli Labor Party chairman Amram Mitzna appears to be prevailing over his colleagues, with his insistence that Labor must stay out of newly reelected Prime Minister Ariel Sharon's government and work for its downfall. Former Labor Party chairman Benjamin Ben Eliezer, who had served as Sharon's Defense Minister in the last government, and voiced his support for Mitzna, told the Israeli paper *Ha'aretz* Jan. 30 that a war in Iraq need not be a reason to join an unity government with Sharon. He added, "The most important thing to do now is rehabilitate the party, build the branches, and create a fighting spirit."

Nonetheless, Shimon Peres continues to take his cue from American Mega/organized-crime figures Marc Rich and Michael Steinhardt, who helped sabotage Mitzna's election efforts because Mitzna would not join a unity government. According to *Ha'aretz*, Peres took the unusual step of calling his "old friend" Sharon to congratulate him on his victory, while telling the press that Labor should keep the door open to Sharon's overtures.

Many commentators are saying that Sharon will have a hard time enticing Labor into a coalition, and some are saying Sharon might even have a hard time with his "good friend" George W. Bush. Israeli political commentator Akiva Elder, writing in *Ha'aretz*, warned Sharon that he needs Labor more than Labor needs him. He cautions Sharon not to bank on financial aid and political support from Washington. "With the U.S. government cutting \$28 billion from the Federal budget, even the most friendly-to-Israel President needs some very good reasons to explain to his public why he is giving money away to foreigners. Bush already has some growing problems with the public opposed to a war in Iraq that isn't backed by the Security Council.... The worse the economic crisis becomes in the U.S., the more Bush's popularity declines."

Sharon Orders Especially Bloody Assault on West Bank

Following his election victory, Ariel Sharon ordered a particularly violent assault on the West Bank. Israeli soldiers, protected by tanks, shut the vegetable market of Hebron by bulldozing over more than 100 market stalls (firing live rounds at Palestinians who protested this brutality by throwing stones), while, in the town of Rafah, Israeli soldiers closed two wells that provide water for thousands.

The Hebron operation was particularly heavy, as at least 20 armored vehicles moved in for an operation that was to last at least for days. A curfew has been imposed. Homes are being searched; three police stations were closed, and the criminals held in their jails released; two local television and one radio station were closed. The Palestinian police commander of Hebron, Khaled Madoun, charged that Sharon is out to create chaos. "It is Sharon's policy to destroy the last remnant of the Palestinian Authority in Hebron, the police force. The Palestinians can't even feel safe from criminals."

Twenty Palestinians were also wounded in clashes with Israeli troops which entered Tamun, near Jenin, and two Palestinians were killed in Tulkarm.

***Al-Bayan* Arabic Daily Publishes Report on *EIR* Revelations**

The Arabic daily *Al-Bayan* has published a full-page report on *EIR*'s revelations concerning the Likud Party's organized-crime supporters—Anton Chaitkin's article, "A Bigger Scandal: Illegal U.S. Funding of Sharon's Likud." The report in the Dubai-based paper was the lead item in the international affairs section of the daily on Jan. 27, the day before the Israeli elections.

The report was introduced by the editor of the Arab politics desk, Khalid Abu Krayim, who stressed many times that *EIR* is the magazine of Lyndon LaRouche, who is fighting to secure the nomination of the Democratic Party for the 2004 Presidential elections. Abu Krayim argues from the outset that "the Arab's carelessness about the drumbeat of war in the region and Sharon's likely emergence as the winner in Tuesday's elections will evaporate when the dangerously unprecedented details about the real people behind Sharon and his explosive agenda are exposed." Abu Krayim further states that "although the general slogan of 'unlimited U.S. support for Israel' is an axiomatic part of our life, however, the details implied in this slogan will turn our future into a feast on the table of a handful of gangs." He stresses that "the reformist current in the Jewish lobby in the U.S. has been defeated in the past few years through a coup by a group of fanatic organizations now allied with most extreme right-wing Christian groups."

Abu Krayim issues a warning to Arabs that they have lost a lot of time focussing on the Israeli government and making general statements about U.S. support for Israel, but never were able to look deeper into the real controllers of Sharon and Netanyahu, the mafia and organized-crime groups and their political machine inside the United States. This, he says is uniquely exposed by the "LaRouche magazine." Abu Krayim's short introduction is followed by a full translation into Arabic of Chaitkin's article, which was reprinted in a major Jordanian daily last week.

Abu Krayim has written many articles on the internal situation in the U.S., using material from *EIR*. *Al-Bayan* has published many articles and reports about LaRouche's campaigns and his ideas for shifting international economic and political strategies towards a just, new economic order. A search in the *Al-Bayan* website for the word LaRouche (in Arabic letters)yields 99 occurrences.

Maureen Dowd: Cheney, Libby Behind Iraq 'Lab Test' for Empire Policy

A Jan. 29 op ed in the *New York Times* by Maureen Dowd exposes Vice President Dick Cheney and his chief of staff, Lewis "Scooter" Libby, as being behind the Iraq war "lab test" case for the Empire "preemptive war" policy. Lyndon LaRouche's crucial role in the fight against the Iraq war was evidenced in the column by Dowd, written after President Bush's State of the Union and, "The Empire Strikes First." Not only did she identify Libby as hawk, she identified him as one of the authors of the 1992 Defense Department document that first called for the U.S. to adopt the empire policy. On Jan. 28, wrote Dowd, Bush accomplished nothing in his State of the Union address to justify war on Iraq. She zeroed in on Cheney and Libby as the center of the trouble.

It was Lyndon LaRouche, and nobody else who put the focus on Scooter Libby, for long the lead attorney for gangster Marc Rich. It was LaRouche who exposed Libby's role and the 1992 document, in tandem with the notorious 1996 "Clean Break" document prepared for Israel's Benjamin Netanyahu. Unlike Wolfowitz, Perle, Woolsey, and other neo-con big mouths, Libby keeps a very low profile, so much so that the fact that his name is coming out so publicly is highly important. A well-informed Republican emphasized this to *EIR*. Dowd "has it right," said the source, and "that's because of what LaRouche did."

Dowd wrote that since Bush has no evidence, "The Bush team thinks the way to galvanize the public is with fear, by coupling Saddam to 9/11 and building him up into a Hitler who could threaten the world....

"But their reasons for war predate 9/11. The conservatives have wanted Saddam's head for a dozen years.

"Dick Cheney; his chief of staff, Scooter Libby; and the Pentagon official Paul Wolfowitz also think Saddam is the perfect lab rat on which to test their new preemptive 'empire strikes first' national security strategy which Mr. Wolfowitz and Mr. Libby first drafted back in 1992, during the Bush 41 Administration when Mr. Cheney was defense secretary."

She wrote that Bush 41 "found the ideas too far out. But now his son has put them into play."

Say Blix Omitted Key Facts from Inspection Report

Chief UN weapons inspector Hans Blix omitted key facts in his report to the UN Security Council, charged former UN weapons inspector Scott Ritter, as reported in the *Gulf Daily News* for Jan. 30. For example, when Blix raised what he called unanswered questions about certain biological weapons, why didn't he say that liquid anthrax becomes useless three years after its manufacture, or that any chemical weapon produced by Iraq between 1993 and 1998 was of such bad quality it would not be viable?

The government of Iraq itself has not denied that it produced such biological weapons, but it points out—for example in its Oct. 2, 2002 reply to British Prime Minister Blair's White Paper—that these biological agents could no longer be effective, because of limited shelf life. For instance, the Iraqi report stated, the botulinum protein converts to a non-toxic substance after three years, even under ideal storage conditions.

Ritter said that Blix's report "was probably the best favor he could have done to the Bush Administration in order to facilitate a military strike against Iraq."

What the U.S. Knows About Iraqi Bioweapons

When *EIR* last week asked White House spokesman Ari Fleischer if it isn't the case that during the 1980s the U.S. helped Saddam Hussein get biological and chemical weapons when the U.S. was supporting Iraq in the Iran-Iraq war, Fleischer denied it, saying that he doesn't think anyone can provide specifics "in the case of Americans."

It is well-documented that U.S. laboratories provided a large variety of biological agents consisting of viral and bacteriological samples to Iraq. Materials provided to the U.S. Senate by the former Director of the Centers for Disease Control, David Satcher, and re-entered in the *Congressional Record* on Sept. 20, 2002 by Sen. Robert Byrd (D-WVa) list numerous such shipments.

For example, pursuant to a license from the U.S. Commerce Department, American Type Culture Collection (ATCC) of Manassas, Va. shipped 24 types of biological materials to Iraq on May 2, 1986, which included four different batches of *Bacillus Anthracis* (the anthrax bacterium), and six different batches of *Clostridium Botulinum* (a bacterial source of botulinum toxin). And on Aug. 31, 1987, ATCC lawfully shipped three more batches of *Bacillus Anthracis* to Iraq.

According to a study by the Monterrey Institute for International Studies, in addition to more than 70 licensed private laboratory shipments of biological cultures to Iraq, the Centers for Disease Control itself sent more than 80 agents to Iraq between 1984 and 1989, including botulinum toxoid, dengue virus, and the West Nile antigen and antibody.

And of course, Donald Rumsfeld himself paved the way for such U.S. assistance to Iraq, with his 1983-84 visits to Baghdad.

In fact, California Senator Barbara Boxer (D) on Jan. 30, while questioning Deputy Secretary of State Richard Armitage and UN Ambassador John Negroponte, entered into the record the *Washington Post* article by Michael Dobbs from Dec. 29, headlined "U.S. had key role in Iraq buildup: Trade in chemical arms allowed despite their use on Iranians and Kurds." She read portions on the Reagan-Bush (41) Administration, with Rumsfeld as their special envoy, providing "poisonous chemicals and deadly biological viruses, such as anthrax and bubonic plague," and discovering after the war "chemicals, missile components, and computers from American suppliers, including such household names as Union Carbide and Honeywell, which were being used for military purposes."

Boxer also quoted Secretary Colin Powell as of three and one-half three weeks ago stating: "The inspectors are really now starting to gain momentum," and added: "Now I sense he's joined with others in saying, you know, 'time's up.' It seems like a very rapid change of heart to me, and I want to know why." She also quoted General Norman Schwarzkopf: "It's important for us to wait and see what the inspectors come up with, and hopefully they'll come up with something conclusive." Boxer added: "When I heard of possible first use of nuclear weapons, I couldn't believe it, and I hope that that's not on the table."

Iraq Makes Effort To Restart Negotiations with UN Inspectors

Iraq has made an effort to restart negotiations with the UN's chief weapons inspectors before their Feb. 14 report to the Security Council. International Atomic Energy Agency chief Mohammed El Baradei said he and his fellow UN chief weapons inspector, Hans Blix, would consider the invitation to visit Baghdad before their Feb. 14 report—but only if Iraq dropped objections to U-2 spy plane flights and did more to ensure that inspectors could interview Iraqi scientists in private. "We need to make sure before we go that they are ready to move forward on these issues," El Baradei is quoted as saying in Vienna.

In response, Iraqi Major General Hossam Mohammed Amin called for negotiations in Baghdad with Blix and El Baradei on the two outstanding issues. As for U-2 overflights, the General said that Iraq would permit them if they did not occur at the same time as other U.S.-U.K. overflights in the no-fly zones. And he said that Iraqi scientists were free to choose whether or not they wanted an Iraqi government official present during an interview with weapons inspectors: "It's up to each scientist. It's a question of freedom."

Asia News Digest

First Commercial Shanghai-Taiwan Flight Ends 50-Year Freeze

The first commercial flight from Shanghai to Taiwan has ended a 50-year freeze on flights between the Chinese mainland and Taiwan. Although the Taiwan's China Airlines 747, after embarking from Shanghai, must first touch down in Hong Kong before continuing on to Taipei (thus sidestepping some of the thorny issues involved in the negotiations), the flight is recognized as a breakthrough in cross-Straits relations. A total of 16 flights have been approved, to carry families from the mainland to their family homes for the New Year's celebration this past weekend.

Indian Minister Says His Country's China Policy Will Be 'Forward-Looking'

Indian External Affairs Minister Yashwant Sinha has committed his country to a policy toward China that he described as "forward-looking and infused with a sense of optimism." Speaking at a conference of the Institute of Defence Studies and Analysis in New Delhi, chaired by *EIR's* friend Dr. Devendra Kaushik, Sinha referred to those who see Asian developments in terms of antagonism between India and China, and responded: "Let me debunk these theories completely and state with full conviction that India neither pursues nor makes policy towards China based on the belief that conflict between the two is inevitable." Rather, policy is based on "a conviction that a prosperous India is inevitable. So is a strong and prosperous China." He reported on frequent "functional delegations" between the two nations, as well as Chinese Prime Minister Zhu Rongji's visit to India last year and Indian Prime Minister Vajpayee's planned visit to China this year.

India's *The Hindu* and China's *People's Daily* reported his comments at some length.

'Immense Scope' To Improve Sino-Indian Relations

There is "immense scope" to improve India's relations to China, which are already warming, Indian Defense Minister George Fernandes said at the concluding session of the New Delhi conference on Asian Security and China 2003-2010, organized by the Institute for Defence Studies and Analysis.

As reported by China's *Xinhua*, the *Hindustan Times*, and the *Press Trust of India*, Fernandes said that India and China are the "two oldest and largest civilizational states" in the world, which had lived in harmony for more than 2,500 years.

Now, China and India have a common strategic objective, to ensure the improvement of the socio-economic conditions of a billion people in each country, he said. On the economy, "China is a spur which encourages India to match its performance." He said he is "personally very impressed" by the Chinese drive to eradicate poverty.

Fernandes' statements are all the more noteworthy, because he had, after India's nuclear test in May 1998, called China India's "potential number-one enemy." Fernandes and Indian Prime Minister A.B. Vajpayee are expected to visit China this year, Fernandes first, around April, and Vajpayee in May or June.

Fernandes also was in Moscow recently.

The two sides are working on the complex boundary and territorial jurisdiction problem in a "mature" and "Asian civilizational" manner, Fernandes told the conference. The two sides had "acquired a certain degree of consensual mutuality" on the border dispute. "We have our differences but we are working on them, though the pace has been referred to as 'glacial.'"

Fernandes said many of his past hostile remarks on China were due to the "democratic process" in India, and urged "our Chinese friends to note this trait of the Indian animal." India expects "China will also discharge its responsibility and accommodate our interests and reciprocate the spirit in which we are conscious of Beijing's sensitivity on certain issues."

The two sides are not a threat to each other, "and this has been reiterated at the highest levels," Fernandes said. After Sept. 11, 2001, there is a different discourse on security. "The Sino-Indian relationship is to be rearranged in this altered context." He also said he would raise issues on China's relation with Pakistan and other countries on India's borders, when he visits Beijing.

Myanmar, India Strengthen Ties

Myanmar (Burma) and India are strengthening ties, contributing to unity between ASEAN and the countries of the

Strategic Triangle (Russia, India, China). The Jan. 19-24 visit to India by Foreign Minister Win Aung was the first by a senior Myanmar leader for more than 15 years. Myanmar's isolation has long been responsible for the largest gap in the southern Eurasian Land-Bridge route, and for blocking Indian access to the rest of Southeast Asia.

While in New Delhi, Win Aung met Prime Minister Atal Behari Vajpayee and held talks with several key Cabinet ministers, including his counterpart, Jaswant Sinha. The two Foreign Ministers signed a protocol which establishes regular bilateral ministerial consultations, agreed to strengthen cooperation on several bilateral infrastructure projects (including a road connecting India with Thailand through Mandalay and Yangon, and a major port facility in Myanmar), and set up a joint Business Council to help encourage greater private Indian investment in Myanmar.

A summit of BIMSTEC (Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Cooperation) will be held next year.

New South Korean President: 'Lincoln Is My Inspiration'

South Korean President-elect Roh Moo-hyun considers America's great statesman Abraham Lincoln as his personal inspiration and role model, Roh's representative told a Washington conference organized by the utopian Chosun Ilbo and the Johns Hopkins School for Advanced International Studies (SAIS) Jan. 23. Seoul Congressman Yoo Jay-kun, Special Envoy of the President-elect to Washington, introduced the relatively unknown Roh by saying that Roh had risen from poverty by teaching himself all material necessary to pass the Korean bar exam at the age of 25. Roh did this to act as a lawyer for labor unions and students who were being denied their civil rights in the difficult 1970s South Korean industrialization period. He then suffered many defeats in running for office in the 1980s and 90s.

After one particular electoral defeat in April 2000, when Roh felt his career was over, said Yoo, "then Mr. Roh remembered his childhood hero, Abraham Lincoln. Mr. Roh undertook an intensive study of the life, works, and all the writings of Lincoln, and he wrote a long book to explain the thought of Abraham Lincoln to the Korean people. Mr. Roh felt so close to Lincoln's way of thinking after this study, that *I Met Lincoln* was the title Mr. Roh gave to his autobiography. This became the founding principle for the new youth movement which Mr. Roh then started, amongst the college students who were tired of 'business as usual' in Korean politics....

"Last year when Mr. Roh's Presidential campaign seemed to hit bottom, some newspapers even wrote disparagingly that 'Roh fancies himself as Korea's Abraham Lincoln.' But despite such comments, in fact it was based on the study of Lincoln, that Mr. Roh decided he had to run for President of Korea. And it may be said of Mr. Roh, as it was said of President Lincoln, that 'his gentleness was combined with an enormous intelligence, and an iron strength of purpose.'

"Like Lincoln, Mr. Roh with his gentleness is determined to 'bind up the nation's wounds' and do all that may achieve a lasting peace amongst ourselves on the Korean peninsula, and with all nations."

Senior Russian Diplomat: North Korea Wants Direct Talks with U.S.

According to the Jan. 25 issue of China's *People's Daily*, a senior Russian diplomat just returned to Moscow from talks with North Korean leaders in Pyongyang underlined that what the North Korean leaders are looking for is direct talks with the United States. "The task at present for third-party countries, including Russia," said Deputy Foreign Minister Aleksander Losyukov "is to do everything possible so that such a dialogue starts in the near future, maybe in the next few days." Losyukov said that DPRK (North Korean) officials were ready to enter into direct talks with the United States with no preconditions.

In his first detailed account of his visit, Losyukov said that calls for an international forum were doomed to failure. "Above

all, what is needed is dialogue between the DPRK and American representatives," he stressed, similar to what former Defense Secretary William Perry said earlier in the week, when he called for "creative diplomacy" from the Bush Administration.

Losyukov also noted that the DPRK had had a "positive reaction" to the Russian three-pronged proposal: nuclear-free status for the Korean peninsula, a security guarantee for the DPRK, and a package of economic and humanitarian aid. He also added that "the issue of raising the question in the Security Council," as U.S. representatives have indicated they might do, "will be considered by the DPRK as an attempt to put further pressure on them. Especially if there is discussion of imposing some kind of economic sanctions, that will be considered an act of war."

Philippines Vice President Leading Anti-War Movement

The Vice President of the Philippines and several Senators are leading anti-war movements in the Philippines, reports the *Philippines Inquirer* of Jan. 28-29.

President Gloria Macapagal-Arroyo has offered Philippine land and air space to U.S. military operations in an Iraq war, but opposition is heating up. Vice President Teofisto Guingona, who was fired as Foreign Minister over his opposition to U.S. military operations in the country, is leading anti-war protests and prayer rallies around the country. Senator Manuel Villar, head of the Senate Foreign Relations Committee, warned that Philippine participation would "devastate the economy," while Sen. Francis Pangilinan, head of the Justice and Human Rights Committee, said that "Haste on the part of the U.S. in their arrogant resolve to attack Iraq means the wanton waste of human lives. In this case, our interests and that of the U.S. are not compatible."

The Philippines Catholic Bishops Conference also said that they opposed any U.S. strike on Iraq, and urged the government to withdraw its support for Washington. The bishops called on the United States and its allies "not to launch an offensive against Iraq without explicit authorization from the United Nations." President Arroyo has pledged that her government would extend logistical support to any U.S. strike on Iraq, but has called for a peaceful resolution to the crisis.

Indonesia Muslim Organizations Reject U.S. Congress Invite to National Prayer Breakfast

Indonesia's two largest Muslim organizations have rejected an invitation from the U.S. Congress for their leaders to attend the National Prayer Breakfast. The two organizations, the Nahdlatul Ulama and the Muhammadiyah, representing, respectively, 40 million and 30 million Muslims in Indonesia, acted in protest against the U.S. threat to attack Iraq, according to the *Jakarta Post* of Jan. 27.

Hasyim Muzadi, leader of Nahdlatul Ulama, told reporters Jan. 27 that the prayer breakfast, which aimed at developing peace on Earth, is meaningless due to the attack plan. Muzadi said he attended last year, but not this year, because he sees no relevance in a pretense at peace building, particularly if the U.S. plans to attack Iraq.

His determination was also related to the U.S. decision to require that all males 16 and older who are visiting the U.S. from 25 countries including Indonesia, register with the Immigration and Naturalization Service. Hayim said Syafi'i Ma'arif, leader of Muhammadiyah, the second largest Muslim organizations in the country, also declined the invitation.

Indonesia Launches Diplomatic Offensive Against U.S. Threat of War in Iraq

Agence France Presse reported Jan. 31 that Indonesia is launching an international diplomatic offensive against the U.S. threat of war in Iraq and what Indonesia considers U.S. provocations in Korea. The government of President Megawati

Sukarnoputri announced the formation of two teams, headed by veteran diplomats Ali Alatas (who was called back to service last month to revive Indonesia's role in ASEAN, NAM, and other international forums) and Nana Sutresna. They will lobby in Europe, Australia, and among the Non-Aligned Nations, which will meet in Kuala Lumpur Feb. 15. A group of inter-faith leaders will simultaneously travel through the Mideast, addressing both Iraq and the Palestinian crisis.

Indonesia has also deployed an envoy to North and South Korea, at North Korea's request, to help solve that crisis.

Leaders of the Muslim organization Muhammadiyah warned that an Iraq war "will not only radicalize Indonesians, but also people in the Middle East or even in France and Germany."

Meanwhile, Indonesian political leader Dewi Fortuna Anwar has warned that the United Nations will "lose its credibility if Washington decides to scoff at international law and attacks Iraq." Dewi, former top adviser to President Habib, also warned that the Security Council members are aware of this problem, and may therefore "cave in to Washington's pressure." She said that a unilateral U.S. strike would be "a clear violation to international law, the UN principles," but that even if the UN now submits to the U.S. war plan, UN credibility would be severely damaged.

Australian Bishop Says Iraq War Not a 'Just War'

War on Iraq is not a "just war," declared Ian George, Anglican Archbishop of Adelaide, South Australia, criticizing the "sabre rattling" leading up to conflict with Iraq.

The Archbishop, who has previously been critical of the stand of Australia's John Howard government on the "stolen generations" of aborigine children and treatment of asylum seekers, said he was surprised by the support he had received for his Australia Day sermon on Iraq. He said he could not understand why Australia was uncritically and hastily responsive to the United States.

"I want answers from the government, I think the Australian populace is asking most of these questions," he said Jan. 27. "I think the key question for me is what's really behind this, what are the real reasons for sending these troops to the Middle East? What are Australia and the U.S. and Britain sharing? Do they have a body of knowledge which justifies this which they are not revealing to the public?"

He challenged the Howard government's claim that there was no choice in sending Australian troops: "In fact, it's the first time Australia has ever acted in a bellicose way without reference to the principles of just war. It would take an extraordinarily courageous government to now say we have decided not to be part of any campaign against Iraq and we're going to bring our troops home. I hope they do decide that."

Thailand, Cambodia in Diplomatic Donnybrook

Last week, relations between Thailand and Cambodia were broken off, after the Thai embassy in Cambodia was almost totally destroyed. The violence that erupted against the Thai embassy and other Thai properties in Cambodia came as a shock, as the two nations have enjoyed increasingly warm relations in recent years.

Last week, a Thai soap opera star allegedly said Cambodia's famed Angkor Wat temple complex should be returned to Thailand. The actress denies having said this, claiming that the statement was a line from a two-year-old TV script. However, the quote or misquote fuelled protest demonstrations in Phnom Penh, the Cambodian capital. The Thai embassy and its fleet of 20 vehicles were destroyed; the ambassador escaped over the embassy wall to be rescued by a boat on the Mekong River; and several Thai-owned properties were attacked, including the telecom company owned by the family of

Thai Prime Minister Thaksin Shinawatra.

During the day Jan. 29, the number of protesters at the Thai embassy rose from 50 to over 1,000. By midnight, Thai Prime Minister Thaksin was considering deploying Thai commandos to the scene, but changed his mind, fortunately.

The Thai Army Commander's chief of staff, Gen. Vichit Yathip, and Cambodian Defense Minister Gen. Tea Banh indicated that the protesters who set fire to the embassy were students and members of the Cambodian opposition parties, possibly suggesting those allied with Project Democracy's Cambodian poster boy, Sam Rainsy. Cambodia's political scene is heating up on many fronts in advance of general elections in July.

Cambodian Prime Minister Hun Sen has offered an official apology to Thailand, and has pledged to compensate its neighbor. Nonetheless, Thailand initiated an airlift to repatriate 511 of its citizens Jan. 30, and official relations are broken off.

Africa News Digest

Mandela Charges Bush Threatens To Plunge World into Holocaust

"What I am condemning is that one power, with a President who has no foresight, who cannot think properly, is now wanting to plunge the world into a holocaust," former South African President Nelson Mandela said in an address to the International Women's Forum in Johannesburg Jan. 30, to loud applause. According to *Reuters*, Mandela, reflecting the bitterness growing against the United States around the world, brought up America's atomic bombing of Hiroshima and Nagasaki at the close of World War II, and asked, "Who are they now to pretend that they are the policemen of the world? ... If there is a country which has committed unspeakable atrocities, it is the United States of America... They don't care for human beings."

He expressed his happiness that people in the United States are opposing military action against Iraq. "I hope that that opposition will one day make [Bush] understand that he has made the greatest mistake of his life."

Also according to *Reuters*, the current South African President, Thabo Mbeki, has been active internationally in opposing war in Iraq. *Reuters* reports that Mbeki said that an Iraq war threatened to kill off development in Africa, and stressed that UN weapons inspectors need more time to complete their work.

Mbeki's activity dovetails with the statement by South Africa's Ambassador to the United Nations Jan. 27; he said that the South Africa model of disarmament, which has been cited by Hans Blix, President Bush, and Secretary of State Colin Powell, *proves* that the inspectors should be given more time. In fact, the South African Ambassador spoke right after U.S. Ambassador to the UN John Negroponte had claimed that Iraq must follow the South Africa model.

Mbeki is quoted as saying, "...[I]t is critically important that the inspectors should be allowed the necessary time to do their work.... We do not believe there is anything that has been said which says there is a need to go to war."

He also warned against surging oil prices: "I have heard it mentioned that the price of crude oil could rise even up to 80 [dollars a barrel]. If you had a situation of that kind ... we would have to say goodbye to African development," he said.

Consternation Over Bush's Africa AIDS Initiative

Both the *Washington Post* and *New York Times* on Jan. 30 ran front-page stories scrambling to "explain" President Bush's dramatic policy shift on AIDS in Africa—a shift that, we have been told, came in direct response to Lyndon LaRouche's State of the Union address, given a few hours before Bush's on Jan. 28 and closely monitored in the White House.

The *Washington Post* describes Bush's shift as "a marked change from the position shortly after Bush took office, when a top official questioned the wisdom of trying to save the lives of Africans who had contracted AIDS," on the grounds that African infrastructure was so lacking it could not get medicines to patients. The *Post* attributes the shift to "an unlikely coalition of Christian evangelicals and liberal activists," along with the new Senate Majority Leader, Bill Frist (R-Tenn), and input from former Treasury Secretary Paul O'Neill, who had travelled to Africa, and from Commerce Secretary Don Evans, a very close friend of Bush's, who had also visited Africa.

The article cites Administration officials as saying AIDS has become a major cause for Christian evangelicals, many of whom are affiliated with missions in Africa. Additionally, White House staffer Josh Bolton, chief speechwriter Michael Gerso (an Evangelical Episcopalian) and even pop singer Bono (with whom O'Neill visited Africa) are being credited with Bush's surprise move.

The *New York Times* story focusses on Dr. Anthony Fauci secretly working under Bush's personal direction since June on an AIDS plan, and says that the White House is seeking to mend fences with African-Americans after the Trent Lott affair.

WFP: 38 Million in Africa Face Food Scarcity

The World Food Program is warning that 38,373,000 people in Africa are suffering from food scarcity, according to the latest counts shown on their website "Hunger Alert" map. On Jan. 22, the U.S. Ambassador to Zimbabwe announced a \$20 million food aid package for Zimbabwe; the UN estimates that only 30% of the farmland there is under cultivation.

France Breaks with Britain, U.S.; Invites Mugabe to Summit

France has broken with Britain and the U.S. on policy towards Zimbabwe, and invited Zimbabwean President Robert Mugabe to a Franco-African summit. The invitation to Mugabe to attend the Franco-African summit in Paris on Feb. 20-21, signed by French President Jacques Chirac, has produced "fury" in the British and U.S. governments, and among British and European parliamentarians, according to the *Zimbabwe Independent* Jan. 24.

Foreign ministers of the European Union (EU) were to "discuss at their general affairs council meeting [Jan. 27] what MPs on both sides of the English Channel are calling the most serious breach of the sanctions regime yet," says the *Independent*. The U.S. State Department said the French decision was "regrettable" and urged the application of EU sanctions in a "consistent and effective manner," according to *Voice of America News* Jan. 25. France, however, cites the exception in the sanctions regime for meetings promoting democracy and human rights in Zimbabwe.

British Prime Minister Tony Blair is now supposed to have reached agreement with the French government, according to which he will drop objections to Mugabe's attendance in exchange for a commitment from France to back the renewal of EU sanctions, which expire Feb. 18. Sources told the *Independent* that Blair had to accept the deal "after it emerged that some EU countries including Italy, Portugal and Greece, were unwilling to support the resumption of sanctions, claiming they were not working." Renewal requires the unanimous vote of all 15 EU members.

Japan Slams Zimbabwe Opposition Leader's Stance

Japan's Ambassador to Zimbabwe, Tsuneshige Iiyama, said his country was against calls by MDC opposition leader

Morgan Tsvangirai to isolate Zimbabwe internationally, according to *The Herald* of Jan. 27. "No country can exist in isolation, and we don't think there is any reason for the international community to focus its attention on Zimbabwe," said Iiyama. Emphasizing that Zimbabwe had the potential to become the breadbasket of Africa, the Japanese Ambassador said that the resumption of dialogue between the Commercial Farmers Union and the Ministry of Lands, Agriculture and Rural Resettlement was a significant development in the post-land reform program.

The Herald reported that the Japanese government had invited the Minister of Rural Resources and Water Development, Joyce Mujuru, to attend a water resources conference to be held in Japan in February.

The editor of *The Herald*, Pikirayi Deketeke, and journalists from Zambia and Malawi, have just returned from a 10-day trip to Japan, where they visited major industrial installations and discussed the process of Japan's industrial development. The editor notes that in Zimbabwe over the last two years, the Japan International Cooperation Agency (JICA) has been working toward the improvement of rural infrastructure, such as consolidating the rural road network and the construction of roads and bridges, including the Chirundu Bridge. He added that Japan has also been implementing a photovoltaic rural electrification project and helping in sewage plant management in Victoria Falls and Chitungwiza.

Future African Development Will Be Powered by Nuclear

Future economic development in Africa will increasingly be powered by nuclear energy, the head of the continent's largest electricity firm, Eskom, announced. Reuel Khoza, chairman of South Africa's Eskom, made the remarks at the Davos World Economic Forum last week. He noted that, thanks to research in South Africa that had been backed by firms including Electricité de France and the UK's BNFL, Eskom was at the "cutting edge of a new [nuclear] technology." He said that demand for electricity is set to increase with economic growth, which South Africa, at least, has continued, and must be continued across the continent. Eskom is responsible for supplying Africa with more than half its electricity.

Of nuclear energy, he added, "You can't wish it away." He added that "in France, 80% of electricity is nuclear based."

Eskom is developing the Pebble Bed Modular Reactor, a high-temperature gas-cooled reactor based on a German design, which it plans to mass produce for domestic use as well as for export. The go-ahead for the prototype reactor is expected soon, and tests on components are under way.

This Week in History

February 3-9

We go back this week all the way to 1690, to colonial Massachusetts, where, on Feb. 3 of that year, the first paper money in America was issued. This act, which occurred during a brief period of uprising against the English Crown's crackdown against Massachusetts' freedoms, represented a step toward sovereignty. It is an action that Americans should come to understand today.

The Commonwealth of Massachusetts was established by men with a vision of building a continental republic from the very start.* Around great intellects such as John Winthrop and his son, John Winthrop, Jr., was created a tradition of republicanism, which was then picked up by the family of Increase and Cotton Mather, and eventually by Cotton Mather's protégé, Benjamin Franklin. These men believed in developing a nation on the basis of science, progress, and man made in the image of the Creator. Yet Massachusetts' charter of freedoms had to be constantly fought for, especially after the restoration, in England, of the monarchy under Charles II.

In 1684, Charles declared the Massachusetts charter of self-government null and void, and put the Commonwealth under a royal Governor. The second of those governors, Sir Edmund Andros, proceeded to move toward dictatorship, imposing heavy taxation, establishing the Anglican Church and discriminating against the dominant Congregationalists (descendants of the Puritans), and eliminating the traditional town meeting. The Mathers, as the republican leadership, were also in danger of losing life and/or freedom.

Then came the Revolution of 1688, when the Dutch William of Orange took control of the English throne. Amidst the turmoil, the republican leadership of New England decided to move. The patriots not only launched an armed revolution, but they proclaimed an independent New England, with sovereign court systems, trade governance, coinage, and a new system of credit for productive economic improvements. They set up a Committee for the Safety of the People, which, in turn, established another body to issue bills of **public credit**.

We know how Cotton Mather was thinking about this matter, because in 1691, he produced a pamphlet to defend the move. Under the title *Some Considerations on Bills of Credit*, Mather asserted that the public bills of credit—the paper money—represented the "Credit of the whole Country." His father, Increase Mather, also published a defense of the measures, in which he agreed with their critics, that such public credit would allow New England to develop its own mining and industry, and increase the wealth of the Commonwealth.

Similar arguments would be raised decades later by Cotton Mather's protégé Benjamin Franklin, when he was fighting for a system of public credit in Pennsylvania—and by Alexander Hamilton later, as he devised a system for the newly won nation.

What the Mathers, Franklin, and Hamilton understood, which many Americans fail to comprehend today, is that sovereign control over credit, and currency, is a primary tool for the development of the future of one's nation. Those who scream and yell about "hard currency," confuse the ownership of things, with real economics. Economics means investing in the increase of man's power over nature, per capita and per hectare, **for future generations**. That means pledging the resources of the society for the benefit of posterity—and that can only be done through credit secured by a trustworthy institution, such as government.

Thus, paper currency as a means of public credit, is as good as the investments in which it is being made. If those investments involve building factories and infrastructure, and truly scientific institutions, then that currency reflects a wise use of the resources of the society. That policy—not the simple printing of money—was what the republicans in Massachusetts were pursuing—and which Americans had better begin to fight to re-establish here in the United States today.

*This report on the Massachusetts fight for public credit is based on H. Graham Lowry's *How the Nation Was Won*, vol. 1, which was published by *EIR* in 1988. It is currently out of print.

Links to articles from *Executive Intelligence Review**.

***Requires Adobe Reader®.**

Feature:

[LaRouche State of the Union Presents Solution to Crisis](#)

[by Anita Gallagher](#)

Lyndon LaRouche, the American economist and statesman running for the Democratic Presidential nomination in 2004, presented his 'State of the

Union' address on Jan. 28 in Washington, D.C.—an address which history should record as the toughest, yet most optimistic address ever made to a nation on the verge of destruction.

Economics:

[First Casualty of an Iraq War Will Be the U.S.Dollar](#)

by Edward Spannaus

While President George W. Bush thinks he's going to war in the Middle East, he's being warned that the U.S. economy may not come back. U.S. forces may return, but the dollar won't. This is the admonition that has been directed at the United States from a number of sources recently.

[Global Jobless Rise Is Grim Sign of Depression](#)

by Paul Gallagher

'The world employment situation is deteriorating dramatically,' announced the International Labor Organization's general secretary, Juan Somavia, on Jan. 24; he released a new ILO report which made his somber judgment into an understatement.

[Panic Spreads Through Europe's Insurance Firms](#)

by Alexander Hartmann

As stock markets worldwide have plunged back to the multiyear lows reached in Autumn 2002, the reserves of insurance companies and pension funds across Europe have melted down below legal requirements, forcing them to sell even more stocks to limit losses for their clients.

[Congress: An Ominous Omnibus Spending Bill](#)

by Carl Osgood

The Congressional debate on an omnibus spending bill, finally to complete a budget for a Fiscal Year 2003 (Oct. 1, 2002-Sept. 30, 2003) which is nearly half over, is doomed to irrelevance. House and Senate are trying to ignore an ominous collapse of Federal tax revenue...

[Vicente Fox Government Has Begun To Collapse](#)

by Rubén Cota Meza

Mexico's currency has depreciated by 20% in recent months, since the U.S. dollar and economy is bringing the peso down as it falls. Before the economic, and even physical, disintegration of Argentina began, President Vicente Fox had insisted Mexico was immune to the 'contagion' from the South, because Mexico 'belongs more to North America.'

International:

[Sharon's Victory Means More Bloodshed for Israel](#)

by Dean Andromidas

'Israelis voted with their guts, not with their minds,' was the reaction to Ariel Sharon's Jan. 28 election victory, by one senior Israeli peace activist. He warned that Israel is in for a bloody future, if Sharon is not stopped.

[Investigate Sharon's Corruption, War Crimes](#)

by Dean Andromidas

Will Ariel Sharon be going from his newly re-elected post as Prime Minister, to becoming the prime suspect in six criminal investigations, involving violations of campaign finance laws, bribe taking, partnership with organized crime, and crimes against humanity?

[The Elysée Treaty](#)

[France and Germany Take New Leadership](#)

by Christine Bierre

The ceremonies organized in France and in Germany for the 40th anniversary of the signing of the Elyse'e Treaty, constituted an important shift in European politics. In the original friendship treaty of Jan. 22, 1963, President Charles de Gaulle and Chancellor Konrad Adenauer formed a bond between the two nations that healed the wounds of war.

Ivory Coast

No Development, No Peace

by David Cherry

The refusal of Ivory Coast's army to accept the peace deal imposed in Paris 'puts the President in a seemingly impossible position,' said Tom McKinley, the BBC's Sherlock Holmes in Abidjan, on Jan. 28...

India-Iran Relations Expand to Central Asia

by Ramtanu Maitra

The world's geopoliticians shifted on their seats last week when the chief guest at India's Republic Day (Jan. 26), Iranian President Syed Mohammad Khatami, and Indian Prime Minister Atal Behari Vajpayee signed an agreement on Jan. 25 to step up work on transport projects that would link the Indian Subcontinent with the Persian Gulf, Afghanistan, Central Asia, and Europe.

"Europe Must Risk More"

This guest editorial is by **Max Kohnstamm**, an associate of the late Jean Monnet, who remains a participant in European policy discussions. It has been translated from German and slightly abridged.

"It is the highest priority that Europe raise its voice. We must prevent our closest and most important ally, the United States, from committing an historical mistake..."

National:

LaRouche Points to Marc Rich's White House Mole: Lewis Libby

by Jeffrey Steinberg

Democratic Party Presidential pre-candidate Lyndon H. LaRouche, Jr. punctuated his Jan. 28 State of the Union webcast with a call for the immediate ouster of Lewis Libby from his post as chief of staff and top national security aide to Vice President Dick Cheney.

- Rich and 'Operation Spiderweb'

Lewis Libby's client, fugitive swindler Marc Rich, is now the target of an international law enforcement crackdown on money laundering. 'Operation Spiderweb,' a European and American joint effort to shut down a Russian Mafiya money-laundering operation in a half-dozen European countries, arrested 50 top Russian Mafiyosi in June 2002...

What Rumsfeld Knows About Iraqi Bioweapons

by Edward Spannaus

Numerous Administration officials, including President George Bush and Defense Secretary Donald Rumsfeld, have recently asserted that Iraq has not accounted for large quantities of anthrax, botulinum toxin, and other biological and chemical agents....At the Jan. 27 White House press briefing, EIR's White House correspondent asked spokesman Ari Fleischer, 'If Saddam Hussein indeed does have chemical or biological weapons, isn't it the case that we helped him get these weapons?...

States' Medicaid Cuts Hurt the Economy

by Art Ticknor

Cuts in spending on Medicaid programs, carried out by 49 states since July 2002 in panic over growing budget shortfalls, are not just an attack on the health of the poorest Americans. They would also significantly reduce jobs, wages, and business activity, and hasten the ongoing breakdown of the U.S. economy, according to a new study.

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