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

### **The U.S. Election Process Reaches a Turning-Point**

**by Jeffrey Steinberg**

Five months from its Presidential Election Day, the United States and its electorate is in a state of political turmoil, the outcome of which is yet to be determined. The two principal issues defining this turmoil are:

- \* The plummeting of support and credibility of *both* the Presidential campaigns of George W. Bush and John Kerry;
- \* The onrushing world depression, which will hit, with full force, sometime during the next 30-60 days.

As the result of these dramatic developments, no one can predict who, at this point, will win the Democratic Party Presidential nomination for 2004. The political situation in the United States has changed dramatically since that period, from the Iowa caucuses through Super Tuesday, when the apparent decision was made that John Kerry would be the Democratic Party's Presidential nominee. That decision was based on an avoidance of the most fundamental issues facing the nation and the world.

Now, those issues—and especially the \$42 barrel of oil, and the deepening crisis in Iraq—are unavoidable.

This is a completely different world than the one that existed on Jan. 1, 2004. Every fundamental assumption about the 2004 elections that prevailed during the period from January through March 2004, has got to be scrapped. There are those who will, out of criminal stupidity, attempt to adjust to this new reality, by promoting a John McCain Vice Presidential option for Kerry. This would be the worst disaster imaginable, drawing the worst elements of the Republican Party behind the Democratic ticket, and alienating those who have broken, decisively, with Bush-Cheney.

The biggest shocks are yet to come. Expect new dramatic events over the months of June and July.

### **Iraq Crisis Far From Over**

One arena for major shocks will be Iraq. The mask has been dropped from Vice President Dick Cheney's policies. Events at Abu Ghraib prison and elsewhere have exposed just how accurate candidate Lyndon LaRouche was, with the "Beast-Man" theme of the *Children of Satan II* report, which his campaign has circulated massively and in several languages, since March. It is well understood among the military, diplomats, and intelligence agencies, as well as among others, that the pattern of crimes now called "Abu Ghraib" went far beyond a few prisons, and has had a devastating impact on the potential for the United States to have a positive impact on world affairs. But the crisis is far from over, because, as LaRouche has emphasized, the Beast-Man mentality comes straight from the Vice President's office, and those military and

intelligence professionals who had kept quiet about the crimes that were going on, are now, in effect, collaborating with LaRouche in exposing the authors of these crimes. The leaks are not going to stop until their real authors are exposed, and likely out of the Administration altogether.

Earthquake tremors have to be expected as well in the area of the economic-financial collapse. It is the estimate of knowledgeable insiders that the world's central bankers are in virtually constant secret discussion, trying to ensure that the bankruptcy of the major banks does not come to the surface. Try to paper it over until after the election, they say. Contingency plan after contingency plan is being devised, in anticipation of a housing blowout, or a derivatives blowout, or perhaps a major default by a developing sector nation.

There is no way that these earthshaking developments are not going to affect the U.S. Presidential election process. Members of both parties have already been speaking openly about their dissatisfaction with the heads of the tickets. It is no secret that there is no leadership outside of that being exercised by LaRouche and the forces collaborating with him. If Bush and Kerry continue to flounder in front of the crises which are threatening the nation, no one can rule out a dramatic rearrangement of the political chessboard.

As a de facto member of the broadly defined institution of the Presidency, Lyndon LaRouche knows about these developments and options—from the inside. At this time, he is not at liberty to publicly comment on them. But it is essential that everyone recognizes—and acts on—the reality: The outcome of the November elections cannot be known at this time, and anyone who claims to know what is going to happen, or who the candidates are going to be, is lying.

This is LaRouche's assessment *from the inside of this fight*.

The world will be a very different place following the Democratic Convention in Boston at the end of July. It may be better, it may be worse. That is still unknown. But it will be different.

What is urgently needed during this immediate period ahead, is the implementation of LaRouche's Doctrine for peace in Southwest Asia, and his New Bretton Woods. Nothing short of such a strategic shift in policy paradigm can efficiently address the onrushing events. Faced with the potential for the outbreak of an Armageddon, brought on by Vice President Cheney's flight forward into more wars, or by the implosion of the world monetary system, sane political leaders will be thinking in the direction of such bold moves.

We have reached an historic fork in the road. The fate of all mankind depends upon which direction Americans take in the decisive election of 2004.

## Latest From LaRouche

### 'WITH OUR CONSTITUTION, WE, AS A NATION, — HAVE A SPECIAL MISSION'

*Here is a transcript of Lyndon LaRouche's remarks to supporters in Teaneck, New Jersey on May 22, 2004.*

So, we'll warm things up a bit.

The issues that face the United States today, are three: First of all, we have a terrible financial-monetary crisis. The

monetary-financial system *is* in the process of collapsing. It's only a matter of how soon. It could collapse tomorrow; it could collapse next month, it could collapse sometime in the summertime. But, it is inevitably on the road to a collapse far worse than 1929-1933. And we shall only get out of it, if we have a Presidency, which responds to this crisis, according to the same principles that Franklin D. Roosevelt used in March of 1933. Otherwise, there is no hope for the United States, or for the world in general.

We have a second crisis, which is reflected by the war in Iraq, the ongoing war in Iraq: It never ended, once it was started. This war, with its implications, *prevents* the possibility, of collaboration among nations, of a type that is needed—a collaboration that is needed—to deal with the international financial crisis. In other words, what we will have to do, since all the major banks, are bankrupt; the Federal Reserve System is bankrupt; the economy is collapsing: What we shall have to do is, first of all put the banking system into receivership, bankruptcy receivership by government. The first purpose of doing that, is to prevent the banking system from *disintegrating*, in order to maintain the flow of credit and so forth, to keep the economy going.

Secondly, we're going to have to reorganize the financial system.

Now, we're also going to have to have cooperation, with other countries, to put the IMF system into bankruptcy receivership, for reorganization, with the intent to reestablish, the kind of monetary system, fixed-exchange-rate system, protectionist system, that we had back in the 1940s, the late 1940s and 1950s.

So, the problem is, that we in the United States, were, until the middle of the 1960s, the world's leading producer society, as a result of the Roosevelt changes. With the assassination of Kennedy, following the Missile Crisis, and the beginning of the official war in Indo-China, we underwent a cultural transformation, from a producer society to a post-industrial predatory society, which is living increasingly by looting other countries. The typification of how this works, is Wal-Mart. If you want to know what a disease is, you look at Wal-Mart. Wal-Mart moves into an area, with one of its, now, "super-malls." It goes to the people who are supplying stores in that area, which were producing and selling to stores, for retail sales. Now, Wal-Mart says, "You will produce for us, at prices which compete with Chinese labor. If you don't, we shut you off." So, you see, when Wal-Mart moves in, with a mall store, in the counties around that mall store, businesses began folding up.

So, what we've done is, by the change in the monetary system which occurred in 1971-72, we bankrupted entire countries. We reduced them to the condition of virtual slave-labor. We then turned around, especially beginning 1982, and we began to *force them* to produce for us. For example, the case of Mexico: Mexico was put through a crisis in 1982, *from here*. It was bankrupted. It has been ruined since then. So Mexico's *internal* development has been destroyed. What do they do? The United States says, coming to NAFTA, which is the epitome of this process—NAFTA is sort of a glorified Wal-Mart operation—"You will now produce for us, your labor will produce, as virtual slave labor, for us! We will lay off our labor, shut down our industries, and we will now buy from markets such as South and Central America, China, and so forth, where virtual slave labor conditions exist.

"Therefore, we will shut down our farms. We will shut down our factories. We will shut down our communities. By turning Hispanic people and others virtually into slave labor for production of the United States."

And the quality, as you know, is generally poor—especially that from South and Central America, because they're employed as virtual slave labor—with no skill. For example, look at the housing projects you see in various parts of the United States: large-scale housing projects, in areas where people are moving *in*, when they're moving *out* of areas like the industrial belts, and so forth. Take the case of New Jersey: What happened to the industrial development, which once existed in New Jersey? It's shut down, largely. So, now, you have a vast housing speculation, based on the Greater New York market. The mortgages are rising. What do they employ? They employ cheap labor, unskilled labor, to produce shacks—which we used to call tar-paper shacks, years ago. Now, they're made with chip board—that's the good quality,

actually. And, essentially tar-paper shacks, with a few gold faucets in them (maybe); plastic exterior; and a \$400,000 to \$600,000 mortgage.

Now, remember that, in former times, they used to say, that you shouldn't spend more than 20 to 25% of your family income, to maintain a place of residence. What does it cost today? [From the audience: "60%!"] Exactly. So, what happened to family relations? The character of families? Raising children? How often do people meet to have dinner together, in families? We've destroyed the culture. We've destroyed the people, and we've transformed our economy in the way we've done. We don't educate people any more, because we say we educate for jobs. And what are the jobs? So we are dumbing the population down, impoverishing it, we're taking away its health care—which it used to have. Took it away!

So, we are in the process of destroying ourselves, and we're destroying ourselves, as an imperial power, which loots the rest of the world, to maintain the wealth of our wealthy, and to impoverish our people, in general: We have become a society, like ancient imperial Rome, which stopped producing; depended upon what it stole from the countries it conquered, and from slavery; reduced most of its population to quasi-unemployed or unemployed; provided a subsistence hand-out, as a political manipulation of the population; and *entertained* the population, with things like the Coliseum, where you could watch lions eating Christians.

So, we have become, like imperial Rome, a society of "bread and circuses." Degenerate, ever more degenerate qualities of mass entertainment, are the dominant feature of our culture. So, we've been transformed into a rotten society. And some people like it that way, or pretend they do.

We have become, also, a no-future society. That this nation, under present trends and policies, has no future.

The young people, those who are young adults, are sensing this more and more. They look at their parents' generation, who are in their 40s and 50s, and they say, "You have given us a society with no future. We are condemned, if we live that long, to spend the next 50 to 60 years of our life, in a no-future society. And you—Mommy and Daddy—are glued to that television set, or some other kind of degenerate mass entertainment—and ignoring reality and blocking out reality by a fantasy life, in an entertainment society."

So, we're a society that's going nowhere. And, we're in a world, which, overall, if this continues, is also going nowhere. And that time, is *now*.

So therefore, we've come to the point, which is not unusual in history, that once-powerful, great civilizations are in the process of disintegrating. And the disintegration is largely *moral*, first of all. The economic effects, come as a moral disintegration.

How did this happen? You had, back in the 1960s, you had a change after Eisenhower left office: First, you had a fascist, Allen Dulles, who organized the Bay of Pigs operation in Cuba. Shock Number One—fascism was back in the world. Number Two—we had the Missile Crisis, the so-called Cuban Missile Crisis, and people were huddling in their cellars, or barrooms, waiting for the end, when the missiles would hit, the thermonuclear missiles. Then, we had the assassination of a President, by the right wing. And that was covered up, too. Then, after he was dead (and he had opposed going into the Indo-China War), they used the fact that they had killed him, to push through the Indo-China War. Then, we had a process of cultural degeneration, where you had the young people going into the universities, in the middle of the '60s—where they were being trained, presumably, to become, within a quarter-century, the leaders of society, in government professions and so forth: They took off their clothes, soaked themselves with LSD, and rolled in the dirt—and they're now running society today.

This is what happened to us! We went through a *cultural change*, from the world's leading producer society, into a decadent

society, which is a caricature of ancient Rome's degeneracy. Which means, that the people who have acquired these habits, who are now running the country, who are in their 50s or very early 60s, that generation has no conception, no ingrained conception of how to run anything. But, they're dominating it. They want to keep their "pleasure society," like many decadent empires, which want to keep what they consider their personal way of life, their social way of life, the upper 20% of the income brackets. They care nothing for the rest of the people.

Take a comparable case in India: India has a billion people now; it's second after China, in size of national population. There was recently an election, which came as a shock to many people around the world. Vajpayee, who had been the Prime Minister of India, had been a very successful politician. But: He had not paid attention to business. And, while the upper 300 million people of India were living at standards of living, generally speaking, comparable to those of people in the United States and Europe—and on the rise, in terms of the IT business—*600 million Indians were living in collapsing poverty*. This is a condition, generally, throughout Asia. But, in this case, what happened is, 40-odd percent of the urban population went to the polls; 70% approximately of the rural population also went to the polls, and they voted the existing government out of office.

So, what you see is, the process now, is a process worldwide—India only typifies it—a revolt by the poor against the oppression, the oppression of this system, that it provides no future for the people. That's what we have here. The question is: Given the fact, that the people who are saturated with the degeneration of this culture, who run the society, are doing this, how can you get our government back, with the dedication to the kinds of outlook, that we had under Franklin Roosevelt, or the period following that? That's what I represent.

That's why I really have a problem: Because, this system is coming down, and what's going to happen? What was the reaction of the banking system of New York, to the collapse of Argentina? They said, the Argentine debt must be paid, to the creditors in the United States, even if it means *killing* Argentinians. What will the same kind of people do to the people of the United States, under conditions of a financial collapse here? They will do no differently to the people of the United States, than they've done to the people of Argentina. The conflict is, that under a condition of crisis, such as the type we face now, the only way we can save ourselves, is to have a President—that is, the Executive branch of our system, which is unique in the world—who does what Roosevelt did, and said: applies the Constitution, that the sovereignty of the United States lies in its *people*, not in the government. The government is the *instrument* of the people, but the sovereignty is the people. And the government must be the *agent*, the efficient agent, of the sovereignty of the people.

What must he do? He must *defend* the people: He must defend the living, the conditions of life of the living. He must defend posterity, and the security of posterity.

If a President does that, as Franklin Roosevelt did that, he gets into a lot of trouble with the bankers. We had a case like that in Europe; the crisis hit in Europe. What you had from 1922 to 1945—the *bankers pushed through fascist regimes* in Europe. And they took over in continental Europe. What were these? These were response to a crisis, to establish a dictatorship, to prevent the people from demanding that the general welfare of the people be the standard of performance for society.

The people who are opposed to me, are opposed to me, because they know *exactly* what I would do, as President: I would do the same thing, in principle, that Roosevelt did. In a crisis, you have to *defend* the nation, and you defend the people first of all. The bankers come second. Their claims are not primary. The people's claims, to life, the claims to the prosperity of their descendants, their children, their posterity, is primary. This is our character, to our melting-pot country! We're a melting-pot nation—always have been, from the beginning. We're unique, in that respect: We're a true melting-pot nation. Most of us know it.

Therefore, what's the purpose? It's not a nationalism, in the sense that you find in some other parts of the world. That's not

our nature. We're not racial, or ethnic nationalists. We have a few people who aberrate in that direction. But, we're a people who are looking for a nation, in which we can live, develop our posterity, and look forward to a better life for our posterity than we have for ourselves. That's the notion of general welfare. That's the basic thing, that the American *thinks* about, when he's conscious: To have a country, which is committed to the general welfare, the sovereignty of the people, and the benefit of posterity. And that's the characteristic of a melting-pot country.

I mean, people came to this country—poor! Poor immigrants, looking for an opportunity, sacrificing, often suffering, to get their children ahead. And you would see the migration. People coming in as poor immigrants, struggling, building a family, being assimilated into the community. Then, their children would rise, in condition of life, better condition of life than they had. And they *worked*, to make that possible. And their grandchildren would be among the leaders of the professions in the country. And that's the way we thought of building a nation.

So, we have to recapture that sense. And the only way it's going to happen is one way: You have to break the back, of the arrogance of the generation, which is running the country. What will break their back, is when they see their money is going, and they depend upon the government to save them. They give up their arrogance: Right now, the Democratic Party—it's just like the Republican Party, in one sense—the Democratic Party is committed to what is called the "suburban group." What's the "suburban group"? The upper 20% of family-income brackets. The Democratic Party is controlled by the idea, of trying to control its population, *in the interests of the upper 20% of family-income brackets*. It's called the "suburban policy"! It's what Hillary Clinton, for example, supports. It's what they adopted from Tony Blair, in London, as a policy in the Democratic Party. The lower 80%, who have been suffering increasingly over the past period since 1977, in terms of the physical conditions of life and opportunities, are shoved to the one side. What they do with the lower-income brackets, they give you "wedge issues": How do you feel about abortion? Did you have one recently? You know, this sort of thing. These kinds of issues, which tend to divide people, about social-cultural issues, which are not the primary issues of the nation, are then used to divide people, to weaken, and put the poorer strata of the population *against each other*; and thus, with a small group, to be able to control the political process as a whole.

So, that's what we're up against.

It's necessary to understand this in a deeper way. And, we've gone through this, and most of you know it, because we did a lot of work around this, about this problem of Synarchism. When the United States was founded, at that time—it began from about 1763 on, when the British became an empire, the British East India Company, through the Treaty of Paris of 1763. And, the British at that point, the British East India Company, had two concerns: One, was to destroy France. And other, was to prevent the English colonies in North America from achieving independence. These were the two policy-planks, of the founding of the British Empire, in the middle of the 18th Century.

We founded our republic. We founded it with a Constitution, which is the best in the world, of *any* country. Qualitatively, far and above. But, we were only 7 million people, and once the French Revolution had occurred, which was organized by the British in order to destroy France, and the terror of Napoleon was unleashed, from that point on, the United States was isolated. And all kinds of things happened to us, because we were a small nation, of 7 million people, against the entire forces of Europe.

So, that was our situation. And, we didn't get out of that, until Lincoln changed the country with his leadership, during the 1860s. Then we became a great power. But, from that point on, the intent of European forces—especially the British—was to either take us over, or destroy us. And, European countries were never able to develop a system of government comparable to our own, because of this factor.

So therefore, with our Constitution, we, as a nation, have a special mission, through our Constitutional tradition. And it's to try to bring forth on this planet, what was the original intention of the founding of our republic: To create a model republic,

which would inspire other parts of the world, to do the same in their own countries. And to bring about a system of a fraternity, among sovereign republics, which would create a peaceful order among nations of this planet.

That is what we accomplished in a sense in World War II. You had the British, who were part of this fascist operation. But the British didn't like the idea of giving up their empire, to a continental Europe, Hitler-run, imperial system. So therefore, some people in Britain (including Joe Kennedy, the Ambassador, the father of Ted Kennedy) was fired, because he was a Goering-lover, of Hermann Goering—very close to the fascists.

But, nonetheless, these fascists decided to support Roosevelt in fighting the Nazis. And we led, in defeating the danger of Nazism. If Roosevelt had not done what he had done, the world would have been under a fascist system. It actually would have been led by Adolf Hitler, and his crew would have ruled. Roosevelt saved the United States—and saved civilization, by that leadership, and we saved it.

So, it has become our destiny, in part, to take the legacy of what we did, in forming this republic, to be the leading institution to fight for a system of fraternity among sovereign nation-states, and cooperation on this planet. That's our historic mission.

It's ultimately the only security we have. Because, horrors can develop in other parts of the world: If we can not work, to create a just world order, among sovereign nation-states—not an empire, but a cooperative system among sovereign nation-states—this planet, with the technologies that exist, and the dangers that exist, will go into Hell.

Therefore, we have a mission: Not only to save our country, under the threat of the present state of affairs, the present depression; but, at the same time, to take a leading initiative, as our country, to bring about cooperation among nation-states around the planet, using our influence, and our perspective of that world.

Now, this is exactly what I did, in the case of going at this Southwest Asia policy: There can be no peace in the Middle East, unless the United States does its job. Because, you can *not*—apart from the negative factors, like the Bush Administration—you can not have a Middle East peace, without settling the Palestinian-Israeli question. And you can not do that, unless *the United States does it!* It is impossible to bring that about, except by action by the United States. We can do it. We can bring it about.

It takes understanding. It takes an approach like the Treaty of Westphalia of 1648 to do it—*but we can make it happen*. And, if other nations of the region, as indicated by response to my proposals recently, from the so-called Arab world, there's a willingness to go in that direction. And there's a willingness to trust my initiative in pushing that policy. So, all these things are tied together.

Here we are—great depression; we're about to disintegrate; we have decayed. The people who are running the country are decadent! They're corrupted by the transformation in culture, which occurred, especially from about 40 years ago, on. We have a younger generation, in the 18 to 25 age-group, which know they have no future, *under their parents' system!* Therefore, they want a solution. And, if the younger generation can, somehow, kick their parents' generation into some degree of sensibility, to say: "Daddy and Mommy, please rejoin the human race. Give up your fantasy life, and rejoin the human race. Your grandchildren and our grandchildren demand it. They have a right to life. They have a right to a future. Come back to your senses."

And, if we can do that, and if we do it with our constitutional tradition: We, as the United States, will, once again, as with our founding as a republic; with our renewal under Abraham Lincoln's leadership; with our renewal of our role in World War II; we can, once again, become ourselves.

And, that's what I'm committed to. I can't say how it will work, or when it will work. I know what I must do. I know what we must do. I know the concept we must have, and continue to work for.

I do know, that Kerry is a loser—well, he's a loser! People who were thinking of supporting a Democratic candidate, and hoped that he would be that, on the Republican side, are deserting it, and saying, "It's hopeless." Some people are even saying, it's better to have Bush in, because Bush will sink things faster than Kerry will; and that will force the issue, where we will be forced to change.

That's our situation.

So, what we are doing, is a morale factor, for the U.S. population to know that there's *something else*, besides what we have now.

Look what we had in the year 2000: You had two *absolutely incompetent* candidates for President of the United States! You had George W. Bush: a mental case! A stupid character! He's only a puppet for a ventriloquist, called Dick Cheney. And Dick Cheney can only talk, when he takes the rug out of his mouth. And we had Gore, who was also equally bad, in a different way. The American people had, in effect, *nobody to vote for*, in the year 2000! *And they got nothing, as a result!* Or, less than nothing.

Again, now, we have Bush re-running: Now, we know what he is—he's the dumbest man in America! And a mental case on top of it. He's a puppet! And then, you have this Kerry, who—you know—is probably a nice guy. If people came into his office, and said, "I got a problem. My neighbor's got a problem," he'd take down the name, and have some aide go out, and try to do something, like a social worker. So, he'd be a kindly social worker. But, a Presidency of the United States, is not be a social worker, a kindly social worker at this time! We've got some very serious issues, which he refuses to face.

So, we have, again! A disaster! Going into the summer conventions, we have a disaster. We have a Bush-Cheney ticket, as of now, which is going in for renewal. We have Kerry ticket, and who knows what else, which, as of now, is utterly incompetent! It's a replay, in that sense, of the year 2000, where the American people had a choice between nothing and nothing! And again, we're being given a choice between nothing and nothing, with this acute crisis.

The problem I get, is an acute demoralization, spreading among our people. They don't say, "no other candidate can win"! They say, "*We are going to lose!*" *We are losing*. It is as a people, that are losing! It is the *country*, that's losing! Not the candidates.

And, the only chance is now, is that the onrush of this financial collapse, and the anger of what's happening in Iraq, to what that implies: that these two things will produce a *shock*, which will force a change, in the way this election campaign is going.

What we have, on the positive side—as you may have observed: The center of our system of government, is the Executive branch. The Executive branch is not just the President; the Executive branch is the professional military; it's the diplomats; it's the intelligence service; it's the other people who are part of the institutions of Federal government—not only while serving in government; but also out of government, as college professors, or in some profession, who are still in active relationship to people in the government apparatus.

The Executive branch of government of the United States, is unique, among governments in the world, in the fact, that it follows the Constitution: We don't make coups in our country, against our government. They do that in other countries. But, on the sense, that the Executive branch—we have a Presidential system, which is supposed to *react, as necessary*, to



breaking developments. We're not a parliamentary system.

We have, in addition to these sections of our government: You see, the military, the intelligence services, are leading the attack, against the Bush Administration's horror-show in Iraq, in the Middle East. That's where it's coming from. These are people I've been working with, in this area of our establishment, the Executive branch: sections of the intelligence service, military, diplomats, and so forth.

And also, with people in our Congressional system, Legislative system—both on the state legislator level, and on the Federal. And you see, now, as you see reflected in the press, you see a process, in which a number of Senators, other members of Congress, are working together; working together with retired generals; working together with retired intelligence people; working together with others. You find a certain section of the press, like you see sometimes, the *New York Times*, there's a story that's planted, which may have originated with me. It then is re-written by somebody else, and it comes out in the *New Yorker* magazine, or the *New York Times*, as the way the *Children of Satan* was reflected in the *New York Times*.

So, we have a process, among institutions which are associated with our system, our establishment, which *are* reacting, against this horror-show in Iraq, as it's coming out.

So therefore, our situation is not hopeless. But, the system works slowly. In the political party campaign organizations, we have the worst rottenness—both in the Republican Party and in Democratic Party: It's rotten.

But, the under conditions of crisis, where the people realize, they can not submit to this party process any more; and, in which important people who are associated with the Executive branch, who are also associated with the Legislative branch of government—both on the state and the Federal level—realize how serious the crisis is, a *shock* will produce a reaction. And, you've already seen a good deal of it. You've seen it around the pictures from Iraq. The pictures have produced a shock. People have gotten off the edge, and moving.

So, the situation is not hopeless. We have to keep fighting, all the way through: Because there are forces, which know they have to move, and these shocks, which will come fast and furious now, will give us new opportunities.

We have to—really, re-create our political system, again. It's been destroyed over the past 40 years. We have to re-create it. We have to build a process, a political process, in our country, which involves the people, involves the lower 80% of the family-income brackets, *as active parts of this process*. The *poorer* people of the country, think of themselves as begging of handouts; or nagging for handouts. They don't think of themselves as having the power, to influence the shaping of the policies of government at the top. They're begging for the bottom—begging nastily, begging aggressively—but they're *begging*!

They're not thinking, about how to make the country work. They're not *debating*, how to make the country work. They're debating little issues. Where they get this, where they get that; who gets this, who gets that.

In the meantime, we're losing everything.

But, we've got to put the country back together, again. And we have an opportunity presented to us, known as a crisis: a great financial and strategic crisis. This crisis will come to us as a shock, which may force us to realize we've been behaving like fools for too long. For two generations, we've been behaving like fools. We'll stop behaving like fools; we'll think of ourselves, as—all—as participating in the leadership of our country, the leadership of our institutions. And we'll go in, not saying, "I want this; I want that. My neighbor needs this." We go in, saying: "What does this country need? What do our people need? What does the next generation need?"

Start to think like a President, as if you were a President; and you're caring for the country. Try to find out, what is *right* for the country. And find your place, in that. Find your own sense of identity, that you're part of that. That's what we have to do.

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## Feature:

### The U.S. Election Process Reaches a Turning-Point

by Jeffrey Steinberg

Five months from its Presidential Election Day, the United States and its electorate is in a state of political turmoil, the outcome of which is yet to be determined. The two principal issues defining this turmoil are:

The plummeting of support and credibility of both the Presidential campaigns of George W. Bush and John Kerry;

The onrushing world depression, which will hit, with full force, sometime during the next 30-60 days.

### Reply to the *Washington Post*: The Cause of Kerry's Problem

by Lyndon H. LaRouche, Jr.

This open letter was released on May 23, 2004 by the LaRouche in 2004 Presidential political campaign committee.

### Republicans Splintering Over Neo-Con Insanity

by Nancy Spannaus

Since at least the beginning of 2004, local Republican Party leaders have been delivering sotto voce complaints to leading Bush strategist Karl Rove—and, Republican sources report, in some cases, to the President himself—about the damage that abrasive warmonger Vice-President Dick Cheney has been doing to the party's electoral chances.

### Democratic Party Is In Political Disarray

by Nancy Spannaus

This is not the first time that the Democratic Party's banker-run leadership has decided to ram a candidate down the party's throats early in the election year, only to see the choice blow up in their faces. One of those times was 1984, with the 'early endorsement' of Walter Mondale. This year, Terry McAuliffe's orchestration of a primary process that would pick a 'winner' by early March, has resulted in a political disaster which promises to be just as bad.

### Latest FEC Report Shows It's Kerry and LaRouche

by Anita Gallagher

Lyndon LaRouche and John Kerry are in a two-way race for the support of Democratic Party's base nationwide, according to the latest 'May Monthly' Report which all Democratic Presidential Pre-candidates must file with the Federal Election Commission. LaRouche has 41,494 itemized individual contributions and Kerry has 108,523, while Dennis Kucinich is a distant third, with 8,997. The rest of the candidates have quit.

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# Strategic Studies:

## How To Lead the United States Out of Its Current Tragedy

Presidential candidate Lyndon LaRouche's opening statement and some of the question-and-answer dialogue which occurred during a press availability for the candidate in New Jersey on May 21.

## Thucydides' Melian Dialogue

## How Athens Became An Empire, and Fell

From a presentation by Helga Zepp-LaRouche on Sept. 3, 2002, to the Labor Day Conference of the Schiller Institute.

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# Economics:

## Brazilians See 'FDR' New Deal As Alternative to New Fascism

by Gretchen Small

As Brazil heads towards an Argentina-style social and financial blow-out, that nation's Vice President, José Alencar, and his Liberal Party (PL), took the lead in urging the Brazilian government to adopt, now, a dramatic change in economic policy, before the nation disintegrates.

## Italy:

## Probe of Parmalat Crash Finds Systemic Crisis

by Paolo Raimondi

On Dec. 18, 2003, the New York office of the Bank of America declared that a letter of the bank dated March 6, 2003, confirming the liquidity of 3.95 billion euros in a banking account of Bonlat Financing Corporation—a financial holding controlled by the Parmalat conglomerate, was false; the house of cards of the gigantic international fraud of Parmalat collapsed.

## Water Price Inflation Was 40 Years in Making

by Marcia Merry Baker

Increases in water rates, besides fuel costs, and the many other rising expenses households and businesses face, belie the claims that 'inflation is under control.' Moreover, there are regions—such as the Lower Rio Grande Valley, where for large periods of time, there is no water to be had at any price!

## Homeowning Since 1978 Shows 'Two Americas'

by Paul Gallagher

Since the bond and mortgage markets began to fall in the G-7 countries at the beginning of April, attention has been focussed on the sharp fall in new home construction and sales in the United States (21% and 11.8% down respectively, from March to May), and the looming threat of a blowup of the vast mortgage-credit bubble which has been sustaining the American 'consumer economy.'

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# Interview:

## Maxim Ghillan:

## Israel's General Staff: 'A Bunch of Dr.Strangeloves'

Maxim Ghilan, writer, journalist, and poet, is the editor of I&P, the Israel&Palestine Strategic Update, founded in 1971 by Ghilan and Louis Marton. Maxim Ghilan is also founder of the International Jewish Peace Union (IJPU), the first Jewish outfit to recognize the Palestine Liberation Organization (PLO) as a partner in dialogue.

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## **International:**

### **UN Resolution Is No Iraq Exit Strategy; LaRouche Doctrine Is**

**by Muriel Mirak Weissbach**

According to President George W. Bush, a new Iraqi government will take 'full sovereignty' on June 30 and introduce stability to the war-beseiged land. It will also provide the model for sweeping democratic reforms throughout the 'greater Middle East' region. So far the propaganda pitch made in Washington...

### **EIR's Neo-Con Expose´ Out in Japan: An Exit Strategy for Lost Decade**

**by Kathy Wolfe**

Lyndon LaRouche's new book in Japanese, Neo-Con BeastMen: The Ignoble Liars Behind Bush's No-Exit War, published on April 26, is now 'selling like rice cakes' in 500 book stores around Japan, the publisher reported in late May. It was the author's pleasure to present the translation—along with LaRouche's positive policy alternative, the Eurasian Land-Bridge 'global New Deal'—in Tokyo from April 25- May 3, and to watch the shock waves roll.

### **Philippines Elections Show No Solution Ahead**

**by Mike Billington**

There is widespread unrest over the conduct of the election, with accusations of fraud from several highly credible sources...

### **Australia Dossier:**

#### **CEC Launches Federal Campaign**

**by Allen Douglas**

LaRouche's associates have shaken up the country.

At a dozen press conferences all over the country on May 19, the Australian associates of Lyndon LaRouche in the Citizens Electoral Council (CEC) launched their campaigns for the Federal elections expected in October.

### **Sharon Paves the Way For Expelling Palestinians**

**by Dean Andromidas**

On May 25 the Israeli Military announced the official end of Operation Rainbow, its latest brutal assault on the impoverished Gaza Strip. The army left a wake of massive devastation; dozens of Palestinians, including women and children, were killed, and over a hundred houses were totally destroyed or badly damaged. Within hours of this announcement, Israeli tanks rumbled into another part of Gaza, where they killed two Palestinians and demolished yet another three homes.

### **Nigeria Is On a Dangerous Path**

**by Lawrence K. Freeman**

Is Nigeria, the most populated nation in Africa, on the verge of national disintegration? This is the dangerous question that emerges from discussions with two leading Nigerians in recent months.

### **Mass Unemployment Costs Productivity in Germany**

**by Rainer Apel**

Unemployment is expensive for a society: Billions of dollars are spent to support jobless workers, engineers, and scientists whose skills could

generate enormous productive output, but are prevented from working in their profession. This problem in Germany was frankly and clearly addressed, in a new report issued by the Nuremberg-based Institute of Labor Market and Profession Research (IAB).

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## National:

### The Crimes of Iran-Contra Have Never Ended

by Jeffrey Steinberg

A funny thing happened, early in May, when President Bush met with Jordan's King Abdullah II in Washington. According to news accounts, the Jordanian ruler provided the President with a dossier, revealing that Ahmed Chalabi—the head of the Iraqi National Congress (INC) and the darling of the neo-cons in the Office of Vice President Dick Cheney...was passing top secret U.S. government material to the most radical ayatollahs in Iran.

### Zinni: Heads Must Roll For Debacle in Iraq

by William Jones

Gen. Anthony Zinni, the former commander-in-chief of the U.S. Central Command, practically called on May 23 for the resignations of Secretary of Defense Donald Rumsfeld and Deputy Secretary Paul Wolfowitz, for their key role in the formulation and implementation of a fatally flawed Iraq policy, which has become a strategic disaster for the United States, and has increased the danger of terrorism in the world at large.

### Bush's 'No Child Left Behind' Education Law Leaves Every Child Behind

by Don Phau

In the two years since NCBLA's passage ... a massive national revolt has grown up against the Act, with many states calling for its complete repeal. For example, by a vote of 98-1, the Republican-controlled Virginia House of Delegates passed a resolution in January 2004 saying the NCLBA 'represents the most sweeping intrusions into state and local control of education in the history of the United States,' and will cost 'literally millions of dollars which Virginia does not have.'

### Terror Alert: What Does Ashcroft Know?

by Edward Spannaus

When Attorney General John Ashcroft announced to a press conference on May 26 that Al-Qaeda is planning 'an attack on the United States in the next few months,' and that the terrorist network had announced that '90% of its arrangements for an attack in the United States were complete,' officials in other Federal agencies—including the Department of Homeland Security—were shaking their heads in amazement and disbelief.

## U.S. Economic/Financial News

### **Greenspan's White House *Rendez-Vous***

Shortly after President Bill Clinton left office, Federal Reserve Board chairman Alan Greenspan started to hold policy meetings with top operatives in the Bush Administration, notably Vice President Dick Cheney, Defense Secretary Donald Rumsfeld, and National Security Advisor Condoleezza Rice, not only showing that he knew where the real power lay, but revealing where his loyalties were, according to the *Washington Post* May 27.

Kenneth Thomas, a lecturer in finance at the Wharton School of Economics at the University of Pennsylvania, obtained records of Greenspan's appointments since 1996, through the Freedom of Information Act. The Fed records show that Greenspan has called on the leaders and staff of the White House Council of Economic Advisers about as often during President George W. Bush's years as he did in four years of President Clinton's second term. However, the number of appointments with other White House officials jumped sharply with the new administration, from an average of only three per year from 1996 through 2000, to 44 per year in 2001 through 2003. Greenspan has made 12 such visits in the first three

months of this year, the latest available data show.

According to the Thomas's findings:

"The chairman has met with Vice President Cheney at least 17 times since early January 2001; Defense Secretary Donald H. Rumsfeld, 11 times; Rice, 12 times; [White House Chief of Staff] Andrew Card six times; ... Deputy Defense Secretary Paul D. Wolfowitz, twice, and Cheney's chief of staff, I. Lewis Libby, once, according to the Fed's copies of Greenspan's schedule."

## **Greenspan Was in on War Planning**

Approximately one week after the photos of abuse and torture at Abu Ghraib prison began circulating in the media, on April 30, Defense Secretary Rumsfeld held a "small dinner at [his] Washington home," the May 13 *New York Times* reported. Among the select guest list were President George Bush and First Lady Laura Bush, neo-Confederate Sen. Jeff Sessions (R-Ala), and Fed chairman Alan Greenspan.

It turns out that Greenspan has been very close to Cheney and Rumsfeld for a quarter of a century. Bob Woodward reports in his book, "Maestro: Greenspan's Fed and the American Boom," that shortly after Saddam Hussein invaded Kuwait on Aug. 2, 1990, Greenspan "consulted with his longtime friend Secretary of Defense Dick Cheney." Cheney gave Greenspan "essentially ... a top-secret" briefing. Greenspan then convened a meeting of the Federal Reserve's Federal Open Market Committee on Aug. 21. Months before a U.S. invasion of Iraq was announced to the world, Greenspan told the FOMC meeting, based on Cheney's briefing, according to Woodward, that "The odds of an actual war in the Middle East are 50-50. We are bringing in fairly significant tactical weapons." He told the FOMC members, that "We are in ... economic-political policy turmoil. In that type of environment, it is crucial that there be some stable anchor in the economy system. It's clearly not going to be on the budget side; it has to be the central bank."

Woodward reports that "on January 16, [1991], the day before the air strikes on Iraq were to begin, Cheney gave Greenspan [another] top secret briefing." "On February 1, two weeks into the air war, Greenspan decided to lower rates by 1/2 percent." Greenspan would accommodate the war policy.

## **Sales of Single-Family Homes Fall in April**

U.S. sales of new single-family homes in April fell to 1.093 million units (on an annualized basis), an 11.8% fall from March levels; this is the largest monthly decline since January 1994. According to Freddie Mac, the average rate on a 30-year fixed mortgage has increased to 6.30%, more than a percentage point above the level that prevailed at the same time last year.

The fall in new homes sales is being outstripped—and was preceded—by the fall in mortgage lending activity. The Mortgage Bankers Association reports that its index of loan applications—called the Market Composite Index—reached 632 for the week ending May 21, down 43.4% from the level of 1,117 for the week ending March 12. This index represents the application for all types of loans, whether they be for new homes or for refinancing of existing homes. More specifically, the MBA's index for just mortgage refinancings reached 1,695 for the week ending May 21, which is down 66.0% from the level of 4,984 for the week ending March 12.

This initial phase of collapse in the U.S. housing bubble, which has \$13 trillion of housing paper attached to it, is remarkable for the fact, that the Federal Reserve Board of Governors has not yet officially raised interest rates. That increase would set off further effects. In addition, this is occurring within the same geometry as rising oil prices.

One effect already seen is that the stock prices of homebuilding companies, such as Pulte Homes, collapsed from a level of 650.5 on March 5, to 515.5 on May 23, a 21% fall.

## **Dallas Fed Prez: Books Were Cooked After 9/11**

Dallas Fed president Robert McTeer has admitted that the Federal Reserve broke the law by engaging in fraudulent accounting after 9/11 to save the system, according to John Crudele writing in the *New York Post* May 27. McTeer acknowledged, in a speech May 20 at the World Affairs Council in Houston, that the Federal Reserve "cooked the books" in the immediate aftermath of the Sept. 11, 2001 attacks in New York and Washington D.C., thereby pumping massive liquidity into the financial system which otherwise would have crashed into oblivion.

"We just flooded the market with liquidity because of all the damage in New York," McTeer is quoted as saying.

"You know, all these New York banks and investment banks, they're receiving billions in payments every day and they're making billions in payments," he continued. "Just a hitch or two in that system can bring the thing down."

Even though the Fed couldn't collect the checks deposited with the central bank (because air traffic was halted), McTeer explained, "we pretended we were collecting the checks and we gave credit for those checks." This "created enormous amount of float—which by law we're supposed to treat as a real cost to us."

Are they still doing it? The Fed learned a lesson from 9/11, he claims, by using this tactic.

## **Bankruptcy Filings Near All-Time Record Levels**

Personal bankruptcies in the U.S. rose 2.8% in the year ending March 31, to a whopping 1.618 million, while business and personal bankruptcy filings during January-March climbed to 407,572 from 393,348 in the previous quarter, the Administrative Office of the U.S. Courts said on May 21. Overall, a staggering 1.65 million bankruptcies were filed in the 12 months ending March 31, up from 1.61 million bankruptcies in the year ending March 2003, and only slightly lower than the annual all-time record of 1.66 million during the year ending Sept. 30, 2003. In addition to personal bankruptcy filings, business filings slid to 36,785 from 37,548.

## **Manufacturing Hardest Hit in Mass Layoffs**

U.S. employers reported 1,458 mass layoff events in April, as 157,314 workers lost their jobs, the Bureau of Labor Statistics reported May 26. In the four months from January through April, employers have taken 5,747 mass layoff actions, involving 573,523 workers, the BLS said. Each mass layoff is defined as affecting at least 50 workers from a single employer, as measured by new filings for unemployment benefits.

The manufacturing sector was hardest hit in April, as before, with 24% of all mass layoff events and 23% of all initial unemployment claims filed.

Among states, California recorded the highest number of workers affected in mass layoffs, followed by New York, Pennsylvania, Wisconsin, and Illinois. These five states accounted for 55% of all mass lay-off events and 57% of workers.

## **Detroit's Infrastructure Collapse Menaces Public Health**

A recently released study done by a George Washington University Medical Center researcher of 10 communities in America found that Detroit's health safety net for the 280,000-plus uninsured area residents is so "fragile" that it "could not sustain the closure of any Detroit Medical Center hospitals," the *Detroit News* reported May 19. As it is now, DMC has been able to keep two of its hospitals open only with the use of \$50 million in emergency government funds. The study also found that the uninsured's access to medical specialists is spotty, with many patients not getting treatment for complicated illnesses at all.

"You have hundreds of thousands of people in your community who have given up any notion that they can get health care," Marsha Regenstein, one of the researchers on the study, told the *Detroit News*. "Detroit stands out as a community with much fewer resources than other[s]."

Adding to Detroit's woes, its infrastructure took another hit, when a 30-year-old water main broke, leaving over 50,000 residents in three communities in the Metro Detroit area without water for a day. The break caused the closure of 20 schools, as well as numerous restaurants and other businesses. A "boil alert" was issued, because, when the water pressure drops drastically as it did, bacteria can infiltrate the water line.

This water main has blown open four times in four years, but is "only" 30 years old, so it is considered to be in its "mid-life" and thus is not scheduled for replacement in Detroit's master plan for at least another 10 years.

## World Economic News

### British Rates Set To Rise Against House-Price Inflation

Interest rates in Britain will have to be increased to 5.25% by year's end, as the only way to deflate housing prices, now at a 20% annual rate, warned the UK Council of Mortgage Lenders on May 24. The 5.25% rate would be double the all-time-low rate which prevailed until the Bank of England began a series of three interest-rate increases last year. Council director-general Michael Coogan said: "We are not expecting a house price crash, we expect there to be a slowdown." Only by increasing rates could house price rises be brought down to 8% by next year. The Council represents 98% of mortgage lending in Britain.

Currently, in Southwest Britain, house prices are almost 7.5 times local earnings. Nationwide, prices are 5.6 times earnings. Since 2001, house prices have risen by one-third in greater London, but almost two-thirds in the rest of Britain—although prices are still much higher in London.

In April, British householders borrowed a record 6.4 billion pounds against the value of their houses, pushing existing debt in the country up to 980 billion pounds. The figure could break 1 trillion pounds by summer, an amount equal to the national annual income, the *London Times* warned on May 22.

### UK Jobless Levels Would Double if 'Hidden Unemployment' Counted

British unemployment levels—claimed to be the lowest in the G-7—would double if all the "hidden unemployment" were included in the figures, a just-released report by the Centre for Regional Economic and Social Research of Sheffield Hallam University says. It says that the government is sitting on an unemployment "time bomb." Some 2.5 million people are out of work in Britain, rather than the 900,000 claimed by the government, whose figures are based on those "receiving job seekers' allowance" (JSA). This figure is also double those 1.4 million classified as "jobless" by the International Labor Organization's definition.



According to the study, over 1 million people claiming sickness benefits, have been taken off JSA, and are therefore no longer counted as "unemployed." "The true level of unemployment is much greater than official figures indicate," the report, which reflects several years of research, states. Were access to disability or other benefits tightened, the levels of officially unemployed would "explode," the study warns. The disability claims have grown from 570,000 in 1981 to a "truly astonishing" 2.1 million in 2003, the study says. Most claims, by far, are in former industrial areas.

The issue is not increased bad health, but lack of work, the study says. In the formerly industrial northeast, more than 6% of the workforce is on disability, contrasted to about 1% in the service-led economy of the southeast. Regional employment imbalances are "far more severe than has generally been recognized, and certainly far worse than claimant unemployment figures suggest," the study concludes. Under Tony Blair's New Labour, Britain has lost 750,000 jobs in industry since 1997.

## United States News Digest

### Bush Administration Still Pushing Patriot Act Expansion

In his April 17 Saturday radio address, President Bush kicked off an effort to pressure Congress into extending the provisions of the Patriot Act, which are not due to expire until the end of 2005—something Bush had first brought up in his January State of the Union address. During the week of April 18, Bush travelled to Hershey, Pa., and Lackawanna, N.Y., to meet with law enforcement personnel to boost the Patriot Act.

Now, the Justice Department is quietly working on getting a number of changes through Congress which would significantly expand the powers given it under the 2001 Patriot Act, according to Knight-Ridder May 22. Some of the measures are recycled from the draft "Patriot II" bill, which was dumped last year after it was leaked to a watchdog group and to the media.

Some of the provisions now making their way through Congress are:

- \* The "lone-wolf" provision, which would allow the government to conduct secret surveillance on suspected terrorists or spies, without proving that they have any connection with a foreign government or terrorist organization. *EIR*, among others, has noted that this would allow the FBI and DOJ to easily target U.S. citizens as foreign terrorists or agents. This has already passed the Senate, and is part of a larger House bill, the "Anti-Terrorism Intelligence Tools Improvement Act of 2003."

- \* Additional powers for the use of "national security letters," which allow the FBI to obtain business and financial records, and electronic communications, without a court order or search warrant. It would also provide a five-year prison term for anyone disclosing that he has received a national security letter. (An individual who is served with a subpoena is under no such restriction.)

- \* Additional powers for the DOJ to seek the death penalty in terrorism cases.

### Gonzalez's Hopes for Supreme Court Dashed

White House Council Alberto Gonzalez's hopes for being appointed to the Supreme Court have been damaged by the revelation of his infamous 2001 memo declaring the Geneva Conventions "obsolete," *USA Today* reported May 26. Gonzales was reported to be high on President Bush's list of possible nominees to the Supreme Court, but now, as Sen. Patrick Leahy put it: "If they were planning to send his name up for the Supreme Court, this would not be the week to do it." Leahy is demanding Gonzales turn over the final memo he prepared to the Senate Judiciary Committee.

## **Sen. Hagel: Bush Should Break Out of His Cocoon**

Elisabeth Bumiller, writing in the White House letter column in the May 24 *New York Times* quoted Sen. Chuck Hagel (R-Neb) saying that President Bush "needs to break out of that cocoon a little bit, and listen to more advice than he gets from his Vice President and his war cabinet." The column describes President Bush's refusal to take any question during two meetings the week before, one with G-8 Foreign Ministers, and the other with Congressional Republicans.

"All presidents live in a bubble," Bumiller writes, "but Democrats, European officials and a group of moderate Republicans say that Bush lives in a bigger bubble than most."

## **Doubts Growing Among Soldiers About Iraq War**

A May 25 story in the *Washington Post* noted the growing doubts among both soldiers and their families about the war in Iraq. "I think it's just a lost cause," one Army gunner said. "This has become harder than we thought. Getting rid of Saddam Hussein, that's one thing. Getting Iraqis to do what we want is another.... They have to want it or we can't give it to them."

"Last May, possibly there was a chance for this thing to succeed," he added. "People were happy. Then we started arresting people.... The Iraqis don't trust us."

"The enemy is not the same as before.... Our weak point is that they think we are evil and we're not so popular, so we become part of the mess," a medic said.

The mood has also shifted in Cumberland, Md., home of the now infamous 372nd MP Company, where shame at the activities in Abu Ghraib prison has dampened pride. There's a feeling that the 372nd soldiers "kind of got set up, but that doesn't make it right," said one businessman.

## **Sanchez To Be Replaced in Iraq**

Lt. Gen. Ricardo Sanchez is being replaced as commander of the Coalition ground forces, according to senior Defense officials who deny the move was triggered by the Abu Ghraib scandal, but is part of the regular rotation. Mooted as the leading candidates to replace the three-star Sanchez, are two four-star generals, Army vice-chief of staff Gen. George Casey, and Defense Secretary Donald Rumsfeld's military assistant Gen. Bantz Craddock, with Casey said to be the front-runner. The transfer of Sanchez was expected, but the scuttlebutt was that Sanchez would get his fourth star and take over as Commander of the Southern Command. However, *EIR* notes that the SouthCom appointment would require a confirmation hearing, something the Administration would doubtless prefer to avoid.

## **Army's Top Training Force To Go to Iraq**

Another sign of just how overstretched the U.S. Army has become, due to the wars in Iraq and Afghanistan, and its commitments in Korea, the Balkans, and elsewhere, emerged on May 24, when the word went out that the Army is considering deploying the 11th Armored Cavalry Regiment to Iraq. The 11th ACR isn't just another combat brigade, however. It provides the opposing force (or OPFOR) for brigades to fight against at the Army's National Training Center at Fort Irwin, California. An NTC rotation is considered essential to preparing an Army brigade for deployment. The 11th ACR's OPFOR is so good that most brigades lose in mock combat against it, but the lessons learned provide invaluable training.

"The thought that OPFOR is now being thrown into the mix in Iraq is deeply shocking, because it absolutely shows where we are now," said retired Army Col. Kenneth Allard, an author and lecturer on military strategy. "We've always managed to maintain the basic integrity of the training base. That is the seed corn of the Army." Retired Gen. Barry McCaffrey added, "We are in a period of great strategic vulnerability." He warned that if current trends continue, "the U.S. Army will start coming apart, next year."

Rather than ending training rotations through the NTC (it trains about 10 brigades a year), the scheme being mooted is to replace the 11th ACR with National Guard troops. Allard notes, however, that a National Guard unit would be much easier to beat in mock combat training than the 11th ACR, lowering the quality of training.

## **Franks To Get British Knighthood**

Gen. Tommy Franks, who commanded last year's invasion of Iraq, was presented May 25, with the honorary rank of "Knight Commander of the Order of the British Empire" in a private ceremony in London, a British Defense Department official reported, adding, "General Franks has been a sterling friend to the UK during a period of extreme turbulence in world affairs. This award is to recognize his exceptional and inspirational leadership of British forces during operations both in Afghanistan and Iraq."

Labour MP Alice Mahon, who opposed the Iraq war, called the knighthood "the ultimate in bad taste."

## **Gossip Columnist Picks Ridge To Replace Cheney**

"Cocktail talk about the GOP VP nominee. Of course, it's Cheney," writes veteran gossip columnist Cindy Adams, in the May 24 *New York Post*. "We know it's Cheney. Everyone confirms it's Cheney. *Bush* respects and reveres and trusts in and leans on Cheney. It's Cheney. Cheney. Cheney. Cheney. It's Cheney. *But* in case it's not Cheney, the P's been VP shopping. See, if the atmosphere goes poisonous and mixes up with pro-war advisers and Halliburton and those uphill energy prices, etc., some heads must roll so that the President can keep his.

"Front-runner is *Tom Ridge*, whose posture works well. Whatever background underground checks need be done on the iffy, could be, maybe chance it's Ridge have already begun."

## **Halliburton Bills U.S. for 'Sailboat Fuel'**

Drivers for Halliburton subsidiary Kellogg Brown & Root told Knight Ridder May 21 that they have driven across Iraq more than 100 times with empty trucks, for which the company gets payments from the U.S. government, as if the trucks were carrying supplies for the war. Truckers refer to this as carrying "sailboat fuel."

This fraud, committed on behalf Dick Cheney's Halliburton, subjects the truck drivers to bomb attacks and gunfire, with numerous casualties. Trucking experts report that Halliburton-KBR bills the government thousands of dollars for each empty truck run. Knight Ridder photographed as many as 15 empty trucks in one convoy.

## **Fewer Believe Economy Is Improving**

"The number of voters who think the economy is getting better has actually plunged," from 44% in January to 31% now, writes Terry Keenan in Rupert Murdoch's *New York Post*, on May 23. "So far in 2004, the Big Apple has been hit with apartment prices that now average \$1 million, two-mile taxi fares that can top \$10, and this week's word of a \$1,000 omelette!" On Greenspan: "It would be the irony of all ironies if the now Bush-friendly Greenspan mucks up a Bush re-

election yet again.... That's because inflation fears now rival employment fears among potential voters."

## **Rooney Echoes LaRouche on Danger of a Dark Age**

On the same "60 Minutes" broadcast of May 23 in which retired USMC Gen. Anthony Zinni lashed out at the neo-cons' destructive influence on the Bush Administration and demanded their dismissal, "funny-man" Andy Rooney—who usually closes his program in a light-hearted vein—ended it with serious call for people to reflect on the implications of the prison-torture policies on U.S. standing in the world, and the future of American civilization. "I fear for the next generations," Rooney said. "We may go down like the Greek and Roman empires of the past. There may not be an America for my grandchildren and their children."

Rooney, via a photo montage, reviewed the "high" points and "low" points in American history, and said that as a result of this inhuman prison torture policy, our standing with the world has never been so low. All of the great things of the past, like the victory over fascism in World War II, are being thrown out the window. He concluded that all those who are found responsible for these atrocities—and not just the immediate participants—should be held fully accountable.

## **Ibero-American News Digest**

### **Carlist Pretender Visits Synarchist Nest in Guadalajara**

Even as Presidential candidate Lyndon LaRouche's latest warning of the Spanish Synarchist threat circulates internationally, who should pop up in Guadalajara, Mexico, but "His Highness" Don Sixto Enrique de Borbon y Borbon-Busset, whose full title reads: "Duke of Aranjuez, Prince of Spain, Prince of Parma and of Plasencia, Regent of the Traditionalist Communion, and Flag-Bearer of Tradition." Don Sixto—the official Carlist pretender to the Spanish throne—was an honored guest at the 500th anniversary celebration of the death of Spain's Queen Isabel, organized by the Autonomous University of Guadalajara (UAG), one of the leading bastions of Synarchism in Ibero-America.

In an exclusive interview with Guadalajara's leading right-wing daily, *Ocho Columnas* May 21, Don Sixto laid out his hopes of restoring the Spanish Empire as a fascist project, under the banner of "Hispanidad." Noting that he had been a friend of several of the founders of the UAG for decades (he mentioned the Leano family), he expressed his joy at being in Jalisco, the center of Mexico's Cristero War in the late 1920s. The martyrs who died fighting against the French Revolution, in the 19th Century Carlist wars, in Mexico's Cristero War, and in "the Crusade of 1936-1939"—i.e., fascist Franco's war to seize power in Spain—did not die in vain, even if it may take us a few more generations to regain power, he said. He expressed his hopefulness about the "new generation" being trained now, in places such as the UAG, and through the "renovation of the priesthood which has been underway for several years." The would-be King of Spain urged "the Spains"—i.e., the now-independent dominions of the old Spanish empire—to join together "to conceive a movement which is not globalist, but rather Hispanic, intercontinental, so that Spain, our Motherland, can again become the oldest daughter of Christianity."

Don Sixto's project has nothing to do with Christianity, for sure. He specifically praised Queen Isabel for her expulsion of the Jews and Moors from Spain, claiming that, "by reforming the church, she put off the danger of the Lutheran 'reform' which would later reach Europe, but from which the Hispanic world remained free. By carrying the Reconquest into the kingdom of Granada, the last Moorish redoubt, she completed the recovery of Spain, and until the end, with the expulsion of the unconverted Jews." The pretentious fascist also said Isabel should be honored for extending Spanish power into northern Africa, "demonstrating again her apostolic zeal and her sharp geopolitical vision."

### **Mexico Bank Bombings Raise Renewed Fears of Terrorism**

Branches of three foreign-owned banks—Banamex, Bancomer, and Santander Serfin—in Jiutepec, a town in the state of Morelos located about 35 miles from Mexico City, were hit by bombs at midnight on May 22. A communique identified the so-called "Commando Jaramillista Morelense 23 de Mayo" as taking credit for the bombings.

The bombings could mark a return to the terrorist tactics that shook the nation in the 1970s, the *Houston Chronicle*, among others, warned May 25.

The Mexico City daily *La Jornada* had another view: "The appearance of a guerrilla movement in Morelos has to be taken with prudence," writes Julio Hernandez. "On many occasions, supposed [guerrilla] acts have been prepared in government basements."

That this new terrorism has occurred following recent statements by former Spanish Prime Minister José Marí Aznar, warning of pre-election terrorism in the U.S., and at the time of the release of the new diatribe by Samuel Huntington against an alleged Hispanic fifth column, which he fulminates could destroy the Anglo-Protestant United States, makes it increasingly urgent that Lyndon LaRouche's demand be taken up, that anti-terror investigators focus on the Synarchist International.

### **'Killing Season' for Illegal Immigrants Has Begun**

The "killing season" for illegal Mexican immigrants trying to enter the U.S. is about to begin, warn Catholic bishops in both Mexico and the United States. According to the Rome-based Catholic news agency Zenit, the period between May and October is when the largest number of Mexicans and Central Americans, try to illegally enter the United States in search of jobs. Bishops from both nations fear that this period could see as many as 500 deaths. The number of deaths of illegal immigrants over the past six years is unprecedented, warn Mexican Church authorities, due to harsh repression and the closings of the border at San Diego, California, and El Paso, Texas, forcing many to attempt entering the U.S. through the deadly Arizona desert.

### **Lack of Infrastructure Leads to Mass Death in Haiti, Dominican Republic**

Authorities warn that as many as 2,000 people may have been killed in the mudslides and river flooding provoked by the torrential rain which swept entire villages away on the island of Hispaniola, shared by Haiti and the Dominican Republic during the week beginning May 24. Exactly how many people have died may never be known, as many bodies were buried in mud. Thousands more have been left homeless, while banana, rice, and vegetable crops were destroyed.

The rains were heavy, but the high death toll is a man-made disaster: the direct result of the extreme lack of development. Both countries, despite their extreme poverty—Haiti is the poorest country in the hemisphere—were unconscionably stripped of resources in the last three decades, by net capital outflows due to debt payments, and IMF-dictated austerity. Many of the most devastated areas involved fragile constructions housing thousands of poor families. The greatest loss of human life occurred in Haiti, where centuries of reliance on charcoal as a principal fuel source has led to widespread deforestation, which, added to the total lack of water-management systems, led to massive mudslides.

Appeals for disaster relief have gone out internationally, amid fears that epidemics may soon sweep the impoverished and immune-compromised populations.

### **Soros Agents Use Energy Referendum To Blow Up Bolivia**

Bolivian President Carlos Mesa has warned that if the July 18 referendum on national energy policy fails, it will mean a

"hecatombe" for the country, because of the deep polarization of the nation that will result.

While the referendum—which poses five questions regarding utilization of hydrocarbons and other energy resources—doesn't address the real issue facing Bolivia: the continuation of neoliberal economic policy, Mesa has attempted to introduce some reality into the debate—in his own cautious way. He proposes to strengthen the state-run energy company, YPF; take control of resources at the well-head; ask the population whether it favors exporting natural gas; and overturn the existing Hydrocarbons Law. He also wants to use the issue of exporting gas to seek a negotiated solution with Chile for sovereign access to the Pacific coast (lost during the 1879-1881 War of the Pacific).

George Soros's narco-agents are using the issue of the referendum to threaten the government and demand that Mesa resign, arguing that the only issue that should be addressed in a referendum is nationalization of energy resources. Following a mass demonstration May 24 that paralyzed La Paz, self-proclaimed terrorist Felipe Quispe announced that, "as of today, we declare the war for gas," while the head of the Bolivian Labor Confederation (COB), Jaime Solares, warned that if Mesa doesn't nationalize the natural gas industry, "he should leave."

The COB doesn't have the support of the entire labor movement, but has announced a strategy of laying siege to the capital of La Paz, in alliance with peasant and cocalero groups. Rufo Callo, head of the La Paz Peasant Federation announced on May 24 that his organization would begin to block access roads into La Paz, and that unlike last October, "not just the President has to go, but also the oligarchy and its lackeys."

Disagreeing with President Mesa over energy policy, Hydrocarbons Minister Xavier Nogales resigned his post on May 24, the fourth energy minister to do so since Mesa took office, only seven months ago!

## **Cocalero Revolt in Peru Spreads**

Violence is dramatically escalating in the jungle cocaine-producing area of Peru's Upper Huallaga Valley, where coca-growers have begun throwing rocks, confronting police, and blocking major roadways and bridges, to stop the eradication policy. The government's only response has been to forbid journalists from reporting or sending photos from the area. The mayor of Tocache, one of the cities in the valley, accused *cocalero* leader Nancy Obregon of ordering "the taking of Tocache," while Obregon, heading up *cocalero* protests in Lima, has warned that if her demands are not heeded, there will be "more Ilaves."

Ilave is the town where, in April, an enraged mob lynched the mayor, whom they accused of corruption.

Obregon's co-leader, Elsa Malpartida, added, "This could be worse than Ilave. The government doesn't want to understand that when the peasantry reacts, it is very ugly!"

## **Brazil-China Relations: A 'Paradigm' for Cooperation**

"The time has come to consolidate the union between [Brazil and China]. This alliance will serve as a paradigm for cooperation between nations. Two giants without divergences are free to think of the future and grow in diverse areas," President Lula da Silva stated in closing the seminar on "Brazil-China: Trade and Investments. Perspectives for the 21st Century." The seminar, held in Beijing on May 25, was attended by more than 700 Brazilian and Chinese businessmen.

This spirit shaped Brazilian President Lula da Silva's May 23-27 visit to China, which had as its goal, the strengthening of the "strategic partnership" which the two countries established in the 1990s. To get an idea of the importance with which Brazil viewed the trip, Lula was accompanied by seven cabinet ministers, six state governors, one Senator, 10 Deputies,

and more than 420 businessmen.

The two governments agreed to establish a High-Level Brazilian-Chinese Commission for Deliberation and Cooperation, to be headed by Brazil's Vice President Jose Alencar and Chinese Vice Prime Minister Wu Yi, while a Brazil-China Business Council will be created, to coordinate private interests.

Over 15 trade and investment accords were signed during the trip. These ranged from an expansion of the two nations' joint space program, to a joint venture between the two state oil companies, Petrobras and China Petroleum & Chemical Corp. (Sinopec), which is projected to boost Petrobras's oil exports to China almost three-fold this year, to 14 million barrels. Likewise, Brazil's now-majority private giant mining company, Companhia Vale do Rio Doce (CVRD), signed an agreement to invest in two Chinese coal-mining companies, to build a steel mill, and to explore the construction of a \$1 billion alumina plant in Brazil with the Aluminum Corp. of China, the latter projected to produce 1.8 million tons of alumina by 2007, half of which would be exported to China.

Negotiations on a possible nuclear power cooperation accord continued, and will be discussed again in August.

Brazil is most eager to concretize Chinese investments in Brazil's railways and ports in the short term, and a Protocol of Understanding on Chinese investments with Brazil was signed.

## Western European News Digest

### Cannes Film Festival Gets a Dose of Reality from LaRouche

The hot topic at the 2004 Cannes Film Festival was the 9/11 attack on the World Trade Center. Michael Moore's documentary "Fahrenheit 9/11," which viciously exposes the follies of the Bush Administration's Iraq War, was the big attraction, winning the Palme d'Or the festival's top award. In addition to Moore's film, an independent video entitled, "9/11—The Greatest Lie Ever Sold," by Anthony Hilder, which include footage of Lyndon LaRouche from his campaign's Sept. 11, 2003 press conference in Los Angeles, was viewed by many distributors, and picked up by a German company called Savada Distributors. The two-hour video shows clips of LaRouche throughout, going after the "Children of Satan," and exposing the lies of 9/11.

The title to Moore's film is a reference to an 1953 science fiction classic by Ray Bradbury, *Fahrenheit 451*, written as an attack on McCarthyism, and later turned into a film, about a society in which books are burned. The title refers to the temperature at which paper will burn.

### Italian Weekly Covers LaRouche on 'Impeach Cheney'

An Italian leftist weekly reports Lyndon LaRouche's leading role in the "impeach Cheney," campaign, and early reports from the 9-11 Commission.

On May 21, *La Rinascita della Sinistra* (Rebirth of the Left) the official political organ of the Partito dei Comunisti Italiani-PdCI (Italian Communist Party) published an article written by Paolo Raimondi, President of the Movimento Solidarieta, which details the first results of the 9-11 Commission, pointing to the responsibilities of Cheney and reporting the leading role of LaRouche in the "impeach Cheney" campaign.

The same article was published on May 11 by *Il Campanile*, the daily of the Alleanza Popolare (Popular Alliance) party.

The article indeed had been originally written for *La Rinascita*, but publication was postponed for a week because of the breaking stories of the torture in the Iraqi prisons.

*La Rinascita* has a weekly circulation of 15,000 copies and goes to all the militants of the party. The PdCI is part of the opposition and works with a group of deputies and senators in the Parliament. The historical leader of this party is Armando Cossutta, who, when the Italian Communist Party (PCI) broke into pieces as part of the post '89, post '92 political processes, decided to form a new party to keep alive the political tradition and orientation of Enrico Berlinguer, the PCI leader who was in dialogue with Christian Democrat Aldo Moro for a government of national unity in the years of the "strategy of tension."

## **French Website Spotlights LaRouche Activists**

"LaRouchists in Paris" is the title of a two-page article posted on the "actuality" (current news) online information page of the website "Yahoo.fr" on May 21. The article looks like a "politically correct" attempt to put out the key features of LaRouche's analysis and viewpoint, by underlining two main campaign foci: the financial blow-out and our attack on the neo-con clique responsible for the Iraq disaster. The accompanying two-and-a-half minute video clip features images of the LaRouche Youth Movement intervention with sound car, book tables and large banners at Place Monge at the exit of the Paris Mosque, and includes a discussion of the systemic bankruptcy of the world financial system, LaRouche's plan for Southwest Asia.

On the U.S. neo-cons, narrator Sebastian Drochon says people thought that "LaRouche went too far," but now have to face the truth: "LaRouche has fought for years to defend national sovereignty, general welfare and the rights of posterity."

The article concludes with mention LaRouche's associates' slate for the European elections.

## **Prominent British Think Tank Warns Bush of Failure in Iraq**

The annual global survey of the prestigious International Institute of Strategic Studies in England warned that "if Iraq fails, or reverts to a dictatorship, positive recent developments may fade, [and] the U.S. would be seen as an unredeemed aggressor. A failed Iraqi state would be a strategic nightmare for the US and the West. It is key to regional security—and the stability of the international system—that the U.S. and its allies get Iraq right."

## **Leaked British Foreign Office Memo Worries About Iraq War**

The depth of misgivings in London about U.S. conduct of the war in Iraq was leaked to the May 23 Sunday *Times*, in the form of a six-page memo, intended for senior ministers and top officials, which lists as "Problems": "We should not underestimate the present difficulties.... Heavy handed U.S. military tactics in Falluja and Najaf some weeks ago have fueled both Sunni and Shi'ite opposition to the coalition and lost us much public support inside Iraq." This has also "spread fighting" to the southeast of Iraq. The scandal of the treatment of detainees at Abu Ghraib has sapped the moral authority of the coalition, inside Iraq and internationally," the memo states. It also calls for "Iraqization": "We shall want to minimize the profile of coalition forces after July 1, and get the Iraqis out in front as much as possible." The British also want to turn their Iraqi prisoners over to Iraqi police, to try and deflect from the torture scandals.

"We need to redouble our efforts to ensure a sensible and sensitive U.S. approach to military operations. The message seems to be accepted at the highest levels but not always implemented lower down the command chain," the memo states. Britain needs to prevent the U.S. from doing anything "which would jeopardize our objectives.... We still need to tie the U.S. down to language which reflects our principles."



The Ministry of Defense also is considering whether to extend the area in southern Iraq "patrolled" by British soldiers—under British command. The memo has a one-page supplement on the "public" line to be taken, saying ministers should go no further than admitting that "the security situation in Iraq is difficult." The memo also notes that they will use the upcoming 60th anniversary celebrations of D-Day to try to draw France into Anglo-American plans for Iraq.

## **Dutch Coalition Partners Look for Iraq Exit**

The Dutch government is split over the Iraq deployment, with public support eroding rapidly. With 1,300 soldiers deployed, the Dutch maintain one of the larger allied contingents in Iraq. The mandate of the Dutch parliament for the contingent expires on June 30.

Conservative Prime Minister Jan Balkenende wants to extend that mandate, and even increase the contingent, but the liberal D 66 Party, Balkenende's coalition partner, says "no" to any extension. Only the right-wing populists of the LPF party, back Balkenende now, since the Labor Party, part of the main opposition party, opposes the Iraq mission and would not even keep Dutch troops in Iraq under a United Nations mandate. A majority for a pullout of troops after June 30 is becoming likely.

## **Bulgaria Builds Momentum To Leave Iraq**

Led by the Socialist Party, the opposition in the parliament of Bulgaria is calling for a vote that would end the mandate of the country's troop contingent in Iraq, which for the time being has moved out of Karbala because it has no mandate for combat missions.

The Defense Minister of Bulgaria, Nikolai Svinarov, wants the troops to stay, but that decision rests with the Parliament. The chief of general staff, Nikola Kolev, favors a pullout because his troops are not able to carry out peacekeeping work in the present situation.

## **Milan Prosecutors Reopen 'Piazza Fontana' Terror Case**

The appeals court in Milan was presented by prosecutors with a motion to lift the 2003 acquittals of three neo-fascist chief suspects in the Dec. 12, 1969, bomb at Piazza Fontana in Rome that killed 17 and wounded more than 80, during Italy's "strategy of tension." The acquittal freed the three members of the Ordine Nuovo group of Italian neo-fascists, who had been sentenced previously in 2001. The prosecution charges the judges decided the acquittal, with insufficient attention to the evidence, and with false conclusions; the acquittal was justified, in 2003, by the strange procedure in which, on the one hand, the role of Ordine Nuovo in the Piazza Fontana bombing was acknowledged, but on the other hand, the three main suspects were said not to be involved.

A reopening of the Piazza Fontana investigation would also shed light on two other terrorist attacks: 1) a 1973 bomb at the Milan police headquarters, which killed four; and 2) a 1974 bomb against a labor union rally at the Piazza della Loggia in Brescia, which killed seven.

## **Madrid: Crime Under the Eyes of the Police**

Germany's *Neue Zuercher Zeitung* May 27 devotes almost a full page to new questions concerning the background of the March 11 train bombings in Madrid. The article reports leads and facts previously reported by *EIR*, which, to *NZZ*'s amazement lead to the conclusion that the alleged perpetrators were not sophisticated sleeper-agent types, but were, instead, well-known for years to the secret services and police of Spain and other European countries. For example, Jamal

Zougham, one of the main suspects, who was arrested after March 11: He was under arrest for a short period in 2001 after 9/11, and he is well-known to police and intelligence of Spain and France, and has been under investigation ever since, yet, he has been allowed to travel around in Europe. Zougham was in France, Germany, Britain, and Norway, where he met people also known to the agencies there.

Furthermore, at least two of those arrested in Madrid are well-known to the police because of their role in drug-trafficking. The mystery, therefore, is why such people in were able to prepare a bomb attack of such dimensions, the *NZZ* asks, which suggests the real operation was carried others than these alleged suspects.

## **German Neo-Cons Seek Perks from U.S. Brethren**

Michael Glos, parliamentary chairman of Germany's conservative CSU party, held a series of meetings in the United States May 16-19, including with U.S. Vice President, and senior neo-con, Richard Cheney, along with Deputy Secretary of State Richard Armitage, Trade Representative Robert Zoellick, and Assistant Secretary of State for European and Eurasian Affairs Elizabeth Jones. Glos has an influential position in the second echelon of conservative leaders in Germany, after CDU chairman Angela Merkel and Edmund Stoiber.

Glos made the rounds of several U.S. think tanks, including the Woodrow Wilson Center, the American Center for Contemporary German Studies, the Atlantic Council of the United States, and the Heritage Foundation, where he gave a speech, attacking Chancellor Gerhard Schroeder for his anti-Bush position at the UN Security Council, and for his push for a genuine European defense capability, together with France and Belgium.

Glos also met Republican Senators Hegel, Sessions, Shelby, Nickles, Kyl, and Lott, as well as Congressman Gutknecht. The Christian Democrats eagerly expect, after such a high-powered trip, that if Bush is re-elected, the White House will remember "who stood by the American allies, and who didn't," a Christian Social Union source told EIR May 27. The CSU, which is the CDU's partner in Bavaria, hopes the U.S. will rethink plans to start shutting down U.S. military bases in that state, in 2005.

## **Russia and the CIS News Digest**

### **Putin Vows To Fight Poverty, Upgrade Infrastructure**

The annual Message to the Federal Assembly, delivered May 26 by Russian President Vladimir Putin, expressed his desire to find remedies for the poverty and low standard of living that still grip much of the Russian population, but was less clear about what those cures would be. Putin returned to the theme of his first such Message, delivered in 2000, when he had called Russia's demographic crisis its gravest national security problem. In 2004, Putin said, "We must bring down the mortality rate, increase people's life expectancy and overcome the population decline." Describing the 1990s as a time of destruction and clean-up, Putin pointed out that Russia lost nearly half its economy in that period and has "still not caught up to where we were in 1989."

Putin went into detail about housing and two areas of "soft" infrastructure—education and health care. He pushed the development of a mortgage system, which would allow one-third of the population to be able to buy decent housing by the year 2010, as against one-tenth of the population today. (Recent studies, though, have shown that the rate of physical breakdown of the national housing stock is outstripping even the most optimistic projections for housing construction.)

For both health care and education, Putin gave a nod to "voluntary medical insurance" and also certain types of paid education, while insisting that the state must continue to guarantee free health care for those who need it. Again, he linked

the need to improve health care, to Russia's "high mortality rate among working-age people," which makes life expectancy in the country 12 years lower than in the USA and five years less than in China.

Putin spent relatively little time on the technicalities of budget and tax reform, which have been the main means discussed in his new government, for trying to achieve the goal of "doubling GDP" and fighting poverty. He also said only a little about another hot topic, namely natural resources exploitation, although he confirmed the importance of ensuring "transparent, non-corrupt conditions of access" to them and of reforming the system of payments for resources.

The other area of economic policy Putin highlighted was physical infrastructure development—especially roads (but he didn't talk about rail) and pipelines. He said the underdevelopment of these networks is a constraint on the whole Russian economy, but "a modern, well-developed transport infrastructure is capable of turning Russia's geographical features into a real advantage for the country." Here, Putin was the most emphatic about the need for the state to take a guiding role: "The state must control the development of infrastructure for a long time to come. I am convinced of this. Private investment will also make an important contribution to creating a ramified transport infrastructure of high quality and reliability. For private capital, however, it is very important for the state to have definite plans. From this standpoint, the government must announce its plans and projects...." Putin then listed oil pipelines, including expansion of the Baltic area system, opening the West Siberia-Barents Sea pipelines, deciding on routes from the East Siberian fields (i.e., to the Pacific Coast near Japan, to China, or both); natural gas pipelines, in Europe and especially northern Europe; and road modernization, especially integration of Russia's road network into the North-South transportation corridor, and the Trans-Siberian road link between Europe and the Far East.

He also touched on the requirements of the Armed Forces.

## **U.S. Energy Secretary Chases Oil in Moscow**

The May 27 London *Financial Times* reported that the agenda of U.S. Secretary of Energy Spencer Abraham's current visit to Moscow is "world oil supplies." Under the headline, "U.S. to lobby Russia to increase oil output," the *FT* said that Abraham would ... try to salvage the position of ExxonMobil and ChevronTexaco as developers of the Sakhalin 3 oilfield. Earlier this year, Russia cancelled the exploration rights those multinationals won in a tender 10 years ago. Abraham told the *FT* he would tell the Russians that such treatment of ExxonMobil "will influence how other people think about investing in Russia in the future." At the same time, writes the *FT*, "Abraham is also likely to discuss the issue of increasing oil output by Russia."

Besides government officials, Abraham met leaders of the top Russian oil producer, Lukoil, as well as of Transneft, the state-owned pipeline company, and the natural gas monopoly, Gazprom. He stated on May 28, that he had indications that OPEC members Kuwait, United Arab Emirates, Saudi Arabia, Mexico, and Nigeria were willing to boost oil supplies to the USA to "help ease oil prices." Abraham welcomed President Putin's commitment, in his Message to the Federal Assembly, to step up construction of oil export pipelines.

The *Times* of London, May 27, focussed its coverage of Putin's Message, on Russia's oil-export dependency. "The fabulous boasts about Russia's glittering economic future will no doubt go down well with many Russians who still feel poor and left behind," sneered the *Times'* Bronwen Maddox, but Putin "avoided acknowledging the main economic threats facing Russia." Citing World Bank estimates that Russia's economy is 25% oil-export dependent and that its 7.2% growth in the first six months of last year, for example, would have been only 4.2% if oil prices hadn't been rising, Maddox continued, "The threat is clear: if the oil price slides, the rate of growth tumbles. And to keep growth at current rates, oil prices would have to keep rising steeply, not simply stay stable. But that would begin to choke off growth in Europe, one of Russia's main export markets. Alternatively, Russia could pump more oil." But there are constraints: "The high prices have done nothing to encourage the oil giants to invest in new fields. They have preferred just to pump more from the old ones. The

pipelines are also at full capacity. Many analysts now doubt Russia's ability to rise to Putin's challenge."

## **Egyptian President in Russia for Discussion with Putin**

President Hosni Mubarak of Egypt arrived in Moscow May 27 for talks with President Putin on the Palestinian-Israeli conflict and Iraq, as well as bilateral relations. In interviews to the Russian press, Mubarak stressed several points: Negotiations for a Palestinian state must start, according to the road map. Finding a way out of the Iraqi mess, he said, is extremely difficult, but he voiced hopes that a really sovereign Iraqi government would be able to rebuild the army. Mubarak emphasized the importance of Iraq's having its own army, police forces, and justice system, as any coalition armies would be rejected. He said the disbanding of the army, police, and ruling Ba'ath Party had accelerated the current collapse of the state structure in Iraq. However, he cautioned against an immediate withdrawal, as that could pave the way to chaos.

## **EU Supports Russia on International Iraq Conference**

The May 21 European Union-Russia summit in Moscow devoted attention to global crisis spots, especially Iraq and Palestine-Israel. EU Commission President Romano Prodi met with Russian President Vladimir Putin, and EU Commissioner for Foreign Affairs Christopher Patten met with Russian Foreign Minister Sergei Lavrov and Defense Minister Sergei Ivanov. They all agreed on the need for an international peace and reconstruction conference on Iraq, similar to the earlier Berlin peace conference on Afghanistan. They also emphasized the importance of continuing the "Road Map" for peace in Palestine, organized by the Quartet (UN, U.S., EU, Russia)

Asia also came with the scope of the Russia-EU talks, as, a few days before the summit, the Russian Foreign Ministry briefed the Irish Ambassador, who represents the EU Presidency this semester—on Russia's recent diplomatic initiatives with China and the Shanghai Cooperation Organization.

On May 13, the EU and the Russian government held a transport seminar in Moscow, on the further development perspectives for the Grand East-West Corridor (Asia-Europe via Trans-Siberian Railway) and the North-South Corridor.

## **New Russia-Azerbaijan-Iran Rail Consortium To Form**

An international consortium will be established to build railway links among Russia, Azerbaijan, and Iran, railway officials from the three countries announced on May 19. The railway line will link Qazvin, 100 km from Tehran, with the Azerbaijani city of Astara, on the Caspian Sea. Azerbaijan has ample railway links to Russia. Russian Railways company head Gennady Fedeyev, announced that final plans would be made at a future meeting in Baku. He said the links would "strengthen Russia's economic and geostrategic positions and its ties with [Persian] Gulf countries and the Indian Ocean"—the zone of the North-South Eurasian Transport Corridor from India to northwestern Russia.

## **Two Sino-Russian Summits Are Coming Up**

Chinese President Hu Jintao will meet Russia President Vladimir Putin at the Shanghai Cooperation Organization summit in June in Tashkent, and again in October, when Putin makes an official visit to China. The two summits were discussed May 26 by Putin and the leader of the Chinese National Peoples Congress, Wu Bangguo, who is making a seven-day visit to Russia. Wu said that China regards Russia as its main strategic partner and their bilateral relations as a strategic priority of Chinese foreign policy.

Wu's visit is focussed on economic ties. He visited Khabarovsk and Irkutsk in eastern Russia, and will also go to St.

Petersburg. Wu said China supports Russia's bid to enter the WTO. (At the Russia-EU summit, an endorsement of Russia's joining the WTO was signed, but it's an open question whether the WTO still exists, after the breakdown of talks at its last two summits.) Wu made five proposals for trade with Russia, including for enhanced government "macro-guidance and coordination," more cooperation on major projects between large firms and in high-tech fields, expanding local cooperation between China and Russia, and regional economic cooperation, particularly in the framework of the Shanghai Cooperation Organization.

Wu told the Forum on Border and Inter-Regional Cooperation between China and Russia that, while Chinese-Russian trade is growing, too much of it is in raw materials and labor-intensive, low-value-added products. Also, over 22% of trade was border trade—mostly consumer products. Wu called for more and better joint direct investments in energy and resources exploitation, infrastructure construction and hi-tech development. He said that Chinese companies should participate in projects in Russian Far East and Siberia, and Russian enterprises invest in northeast and western China.

## **Putin Hits NGOs That Serve 'Dubious Interests'**

Near the end of his Message to the Federal Assembly, after a brief section on foreign policy, Vladimir Putin took up questions of the Russian political and social systems. Here, he blasted foreign-tied NGOs: "There are thousands of public associations and unions that work constructively. But not all of them are oriented towards standing up for people's real interests. For some of these organizations, the priority is to receive financing from influential foreign foundations. Others serve dubious group and commercial interests. And the most serious problems of the country and its citizens remain unnoticed."

This swipe against foreign-funded "open society" projects of the George Soros type grabbed headlines in the U.S. media, as showing Putin's turn away from "democratization."

## **Southwest Asia News Digest**

### **'Clean Break' Author Perle Named in Multi-Million-Dollar RICO Suit**

Richard Perle, the neo-conservative warmonger and former adviser to Defense Secretary Donald Rumsfeld, has recently been doing his utmost to defend his old friend, and operative, Iraqi National Congress's Ahmed Chalabi following the May 20 raid upon Chalabi's home office in Baghdad. But, Perle himself is in deeper and deeper financial difficulty. The May 24 Business section of the Washington Post devotes two pages to an article called "The Ultimate Insider: Perle Exemplifies Washington's Revolving Door" which contains extremely important details about the Racketeering Influenced and Corrupt Organizations (RICO) suit that has been filed against Perle's boss at Hollinger, Inc., Lord Conrad Black, and his cronies on the Board of Directors, for fraud.

Perle is one of the major drivers behind the lies and fabrications that led to the Iraq war; it was the fulfillment of a plan that he co-authored for then-Israeli Prime Minister Benjamin Netanyahu, called "Clean Break: A New Strategy for Security the Realm." In "Clean Break," Perle called for total war against the Palestinian Authority, and regime change in Iraq, Syria, and Iran.

In the lawsuit, some \$3.1 million in bonuses paid to Perle, who is the chief of Hollinger Digital, is part of the money that the stockholders of Hollinger International Inc. are trying to recover from Black and his cronies.

In reporting on the suit, the *Post* provides timeline of Perle's activities; highlights of that timeline include:

- \* 1987. Perle leaves the Defense Department where he had served as Assistant Secretary of Defense for International Security since 1981, and he joins the Defense Policy Board (DPB), a DoD advisory body.
- \* 1989. Perle becomes a highly paid consultant to International Advisers, Inc., "to assist the efforts for the appropriation of U.S. military and economic assistance to the Republic of Turkey"—the firm's sole client. His boss is Douglas J. Feith, now Undersecretary of Defense for Policy, who had previously served under Perle at the Pentagon. During roughly the same period, Perle lobbies Turkish Prime Minister Turgut Ozal on behalf of FMC Corp. in a \$1.1 billion deal to sell armored personnel carriers.
- \* 1994. Perle joins the board of Hollinger's predecessor company American Publishing. He later became a member of Hollinger, Inc.'s International (HII) Board of Advisers, and when that was terminated, joined the triumvirate executive committee with Conrad Black and F. David Radler. Both Black and Radler—but not Perle — are defendants named in the HII RICO suit that seeks payment and damages of \$1.25 billion.
- \* 1998. Perle becomes chief of Hollinger Digital LLC, which is named in the RICO suit for having received investments and other disputed funds decided on by Black and Radler.
- \* 2001. Hollinger Digital invests in Cambridge Display Technology via an investment fund led by Gerald Paul Hillman. The investment fund, Trireme Partners LP, has both Perle and Hillman on its board, and includes Black and Henry Kissinger on its advisory board.
- \* 2001. Perle is made chairman of the Defense Policy Board, in a neo-conservative takeover of the Pentagon, and he recommends Hollinger crony, Gerald Paul Hillman to be appointed to the Board.
- \* 2002. Trireme, citing Perle's and Hillman's positions on the DPB, solicits major aerospace defense contractor, Boeing, which commits to invest \$20 million in Trireme; at the same time, there is a controversial plan to lease Boeing tanker aircraft to the Air Force; Perle later supports the tanker plan in an op-ed in the *Wall Street Journal*.
- \* 2003. Hollinger, as part of a larger investment commitment, invests \$2.5 million in Trireme Associates LLC, general partner of Trieme Partners LP.

Perle receives \$3.1 million in bonuses from Hollinger from May 2000 to January 2001, the RICO complaint reveals. Although he had been a member of the Defense Policy Board for 17 years, he resigns as chairman in March 2003, after the *New York Times* and *New Yorker* magazine reveal his role as a consultant to Loral Space and Communications Ltd. and Global Crossing Ltd., on matters pending before the government. In February 2004, he resigned from the board altogether, claiming that he did not want his strong views on terrorism and Iraq to become a factor in the Presidential campaign.

Although he denies that these and other deals involved influence peddling, Perle told the *Post*, "Was that a result of my influence? Yeah, it was. It was a result of the fact that they, the people I went to, knew me so they took my phone call."

## **Is Cover-Up Under Way of Rumsfeld-Cambone Role in Torture?**

Reviewing the various military investigations underway into the Abu Ghraib prisoner-abuse and torture scandal, the May 27 *Washington Post* notes the gaps and limitations of the various probes, and it notes that none of the inquiries is designed to provide a complete picture, and notes—for the first time—that the probes will not address "the suspicions of a top-secret intelligence-gathering operation that may have helped to set the stage for the misconduct."

The *Post* adds that "some defense experts suspect that the Pentagon may be trying to prevent investigations from exposing the possible existence of a secret intelligence-gathering effort that either overlapped with some of the publicized abuses or operated in the same combat zones." The *Post specifically* cites the Seymour Hersh article in a recent *New Yorker*, which described a "special access program" for capturing and interrogating "high-value" targets in the war on terrorism.

The *Post* quotes former Deputy Defense Secretary John Hamre as saying that he can't tell whether the strategy of the Pentagon investigations is "to have lots of activity going on around the center of this thing, without probing the center itself." Later, in the context of the Hersh article, Hamre says: "Every intelligence operation has a breakaway point, where you try to protect the organization with a cover story.... What some people are saying, is that the Pentagon is still trying to keep the breakaway line at the rogue-soldier level."

One investigative track would involve the still-classified debriefing of Col. Thomas Pappas, the military intelligence chief at Abu Ghraib, who said that the commanding generals in charge of the prison interrogations approved using unmuzzled dogs and other torture methods against prisoners. Pappas's interview with Gen. Antonio Taguba, who investigated the abuses for the U.S. Army, is reported in the *Washington Post* of May 26, where Pappas says that he had met personally with Gen. Geoffrey Miller (visiting from Guantanamo in August 2003), and had discussed the "technique" of using dogs without muzzles as "effective in setting the atmosphere" for interrogations. There was at least one case in which a dog bit a detainee. Miller was tasked to go to Abu Ghraib from Guantanamo by Under Secretary of Defense Cambone's deputy, Christian fundamentalist Islam-hater, Gen. William Boykin.

## **British Troops Tortured, Killed Iraqi Detainees**

Charges that torture of prisoners in British custody in Iraq was carried out by a number of British soldiers will go before the High Court in Britain, reported the London *Independent* May 23. Five Iraqis arrested with a Basra man who died in detention after three days of beatings at the hands of British soldiers have given detailed witness statements, which were leaked to the *Independent* and Amnesty International. Amnesty says that the beatings were done in the presence of officers, "and in some cases officers actually took part." British officials have acknowledged that three other possible murders are also under investigation.

## **Turkish PM: No Difference Between Israel's Actions and Terrorists**

Turkish Prime Minister Tayyip Erdogan told visiting Israeli Infrastructure Minister Yosef Peritzky, that although Turkey also suffered from terrorism and was fighting it, he did not see a difference between what terrorists were doing, and Israel's demolition of homes, and attacks on civilians, in its bloody operation in Rafah, Gaza. The statement was reported in the Israeli newspaper, *Haaretz* on May 26. Peritzky said that Erdogan also criticized Israel's assassination of two Hamas leaders, Sheikh Ahmed Yassin, in March, Abdel Aziz Rantisi in April of this year.

"The Prime Minister was very unhappy, to say the least," said Peritsky; "he claimed that the activities of the state of Israel do not promote peace ... [but] he was willing to offer his services to mediate, negotiate, and bring peace to the area."

Then, on May 26, Turkey moved to recall its ambassador to Israel for consultations, given its objections to Israel's brutal anti-Palestinian operations. Foreign Minister Abdullah Gul told reporters, "We are interested in the peace process and are following it closely in order to try and revive it.... In order to make a proper assessment, we may recall our ambassador for several days for consultation, after which he will return."

Turkish sources were quoted saying that the government might upgrade its diplomatic links to the Palestinian National Authority.

Israel has also come under severe criticism in the Turkish Parliament with Speaker Bulent Arinc accusing the Israeli Defense Forces of perpetrating a massacre in Rafah. Arinc also led the opposition to the Iraq war. There are demands within the ruling Justice and Development Party for the government to take measures against Israel, because of opposition to Israeli Prime Minister Ariel Sharon's policies.

## **Israeli Pilots Try To Block Top General's Promotion**

Ten Israeli air force pilots, who had signed a letter refusing to serve in the occupied territories, are mobilizing against the appointment of Air Force Commander Gen. Dan Halutz, one of Ariel Sharon's coterie of generals, to become Deputy Chief of the General Staff of the Israeli army *Ha'aretz* reported May 24. Halutz is responsible for having a one-ton bomb dropped on a Gaza house, in order to kill Hamas leader Salah Shehadeh. The bombing killed 14 other people, most of them children. Halutz cold-bloodedly told *Ha'aretz* afterward that the only thing he would have felt, had he been the pilot, about dropping a one-ton bomb on a residence ... is a slight jerk of his F16 when the bomb was released. He also said he had no regrets about the outcome.

The petition to the Supreme Court was filed because of Halutz's role in the bombing and states, "Halutz is responsible for one of the most grave acts in the history of the Israeli Defense Forces." It further calls for a criminal investigation into the bombing, before Halutz's appointment comes up for approval. Should Halutz, the most extremist general in the high command, become Deputy Chief of Staff, he is likely to become Chief of Staff next year.

Other petition signers are former Minister Shulamit Aloni, former Attorney General Michael Ben-Yair, and Hebrew University professors Ze'ev Sternhell and Yaron Ezrahi, and other leading academic and literary figures who are members of the Yesh Gvul anti-war group.

## **Clinton Denounces Unilateralism as 21st Century Policy**

Speaking in Brazil at the inauguration of an institute sponsored by former Brazilian President Cardoso, former President Bill Clinton said that George W. Bush should have allowed the United Nations inspections in Iraq to continue, rather than go to war without UN support, and added: "I don't think Iraq was about oil and imperialism, but it was about unilateralism over co-operation as a way to shape the world in the 21st Century."

## **Asia News Digest**

### **ASEAN-China Prepare for World's Largest Trade Accord**

Negotiations for a China-ASEAN Free Trade Area (FTA) are set to be completed ahead of schedule in June, after the parties reached a basic consensus to create the world's biggest trade zone, *China Daily* reported May 21, quoting sources close to the talks. Agriculture, information, and communication technologies, human resource development, investment, and the development of the Mekong River were identified as priorities for cooperation.

However, in the initial stages, ASEAN and China will mainly focus on "freer" trade in goods, covering some 3,000 product items, rather than investment and services. Freer trade on goods will cover the elimination of both tariff and non-tariff barriers, a Thai source close to the process reported.

The pact with the 10-member ASEAN envisions full free trade by 2010, covering 1.7 billion consumers with a combined GDP of \$2 trillion. China's trade with ASEAN last year hit a record \$78.25 billion, up 42.8% from 2002. China's imports from ASEAN jumped 51.7% for \$47.33 billion, for a trade deficit of \$16.4 billion.



## **Manila Prepares To Redeploy Civilian Workers in Iraq**

Gen. Roy Cimatu, head of a special Philippines diplomatic team in Iraq, said May 21 that he recommended to Manila to allow Filipino civilian workers to be redeployed in Iraq, but only in select areas where security could be guaranteed, according to the *Manila Times* May 22. Manila had stopped deployment of civilian workers in Iraq after a Filipino truck driver was killed in a roadside bombing in April, and a worker in Camp Anaconda was killed in an insurgent mortar attack earlier in May. Cimatu called for the lifting of a ban on deployment of Filipino workers in Iraq, and to allow Filipinos to work in the three biggest U.S. military camps, provided that U.S. authorities agree to improve security. They would be redeployed to Camp Victory in Baghdad. Camp Anaconda in Balad and Camp Taji, located between the latter two cities, Cimatu said.

## **Philippines Archbishop Warns of Dangerous Times Ahead**

Manila Archbishop Oscar Cruz, the outspoken former president of the Catholic Bishops Conference of the Philippines (CBCP) told the May 24 *Philippines Inquirer* that "it will be very, very difficult days ahead of us." Referring to the Presidential elections, Cruz said, "If she [President Gloria Macapagal-Arroyo] wins and, most probably she will, she'll find it hard to govern because there will always be questions on the credibility of elections."

Asked about allegations of cheating hurled by opposition and administration camps against each other, Cruz said: "Nobody is beyond suspicion."

The government reacted immediately to the Archbishop's statement: "It would be better for people to help the government forge unity, rather than heap more coal into the fire," President Macapagal-Arroyo's campaign spokesman Michael Defensor said.

## **Thai Paper Invites U.S. Marines into the Straits of Malacca**

Just days after receiving a pre-print copy of an article in the May 29 issue of *EIR*, warning that the terrorist outbreak in southern Thailand may be used by the neo-cons in Washington to push forward their intention to place U.S. military forces in the strategic Straits of Malacca, the editor of the Bangkok daily *The Nation*, Kavi Chongkittavorn published an apparent response. The editorial calls for Thailand to invite the U.S. Marines to come into both the Andaman Sea, just north of the Straits, and to the Gulf of Thailand on eastern side of the Isthmus of Kra. Kavi, one of Thailand's leading spokesman for the Wall Street interests (*The Nation* is part-owned by Dow Jones), has had more than one run-in with *EIR* over his service to the bankers.

Says Kavi: "Given the growing concern over maritime terrorism that can disturb sea lanes in the region, the U.S. government wants to deepen its cooperation with Thailand as part of a broader regional maritime plan, ... having U.S. vessels floating in either the Gulf of Thailand or the Andaman Sea to monitor maritime movement. The U.S. marines would be on hand to fight against potential terrorists who want to use tankers as bombs."

Kavi also takes the opportunity to denounce Thailand's southern neighbors, who have defended their sovereignty. "Last month, Malaysia and Indonesia rejected a U.S. plan to deploy U.S. patrols in the Malacca Straits as part of the counter-terrorism efforts in the region, while Singapore and Thailand favored the idea. Malaysia fumed at the proposition, suggesting that it did not need U.S. help to safeguard the narrow waterway which separates Malaysia and Singapore from the Indonesian island of Sumatra. Thailand as a non-NATO ally, is eager to contribute to U.S. regional maritime security, following a series of harsh criticisms by U.S. lawmakers against the country's constant violation of human rights and its pro-

Burmese junta policy."

## **Bangkok Post Recalls Negroponte's Ugly Past**

Thailand's *Bangkok Post* reminded its readers on May 23, in the context of reflecting on the torture scandal at the Abu Ghraib prison, that John Negroponte, soon to be the U.S. Ambassador to Iraq, served as a political officer at the U.S. Embassy in Vietnam from 1964-68 when the infamous "Tiger Force," a unit of the 101st Airborne Division, operated and carried out extrajudicial killings, and rampant human rights abuses.

Negroponte later served from 1971-73 as Kissinger's officer-in-charge for Vietnam in the Kissinger-led National Security Council and advised him on the Paris Peace Talks.

## **Indian Minister: Relations with China Are 'Problem Free'**

China-India relations are "problem free," except for the boundary question, India's new External Affairs Minister, K. Natwar Singh, said May 25, and a mechanism has been set up to resolve this. Singh said the new Congress-led government, the United Progressive Alliance (UPA), would seek to intensify bilateral ties, and that relations between the two countries date back over 2,000 years. Now, bilateral ties are based on "*panchsheel*," the five principles of peaceful existence, and India looks forward to intensifying relations with China.

As then-Minister of State for External Affairs, Natwar Singh had accompanied Indian Prime Minister Rajiv Gandhi on his breakthrough visit to China in 1988.

On the Chinese side, Foreign Ministry spokesman Liu Jianchao said there are opportunities for the two governments to forge a "constructive cooperative relationship" between the two nations.

"We attach importance to friendly relations and cooperation between China and India, and we maintain that bilateral relations between the two countries have entered a new phase of improvement and development," Liu Jianchao said at a regular press conference. "The relationship is also faced with new opportunities for development."

"We appreciate the positive remarks made by Foreign Minister Singh on assuming office," Liu said. "India and China are important neighbors. We hope that the governments of the two countries will make joint efforts to maintain the good momentum of development of bilateral relations and to promote new progress in the building of a constructive cooperative partnership between the two countries. We are willing to work with the Indian government in this regard."

## **General To Investigate U.S. Jails in Afghanistan**

The commander of U.S. forces in Afghanistan has instructed a fellow general to carry out a "top to bottom" review of American holding facilities across Afghanistan, said U.S. military spokesman in Afghanistan, Lt. Col. Tucker Mansager, the *Khaleej Times* in Kabul reported May 26. In an effort to fend off growing allegations of prisoner abuse, Gen. Charles Jaccobi has been named to handle the investigation into American military jails in Afghanistan, which the U.S. Army has called for.

The appointed general would visit each of the 29 American prisons across the country and report to the Commander, Lt. Gen. David Barno, by mid-June. Portions of the report will be made public, Lt. Col. Mansager said.

## **Japan Arrests Five Al-Qaeda Suspects**

Following raids on 10 homes, five Muslims—three Bangladeshis, one Indian, and one from Mali—were arrested by Japanese police as al-Qaeda suspects setting up a cell in Japan. The raids followed reports that Lionel Dumont, a Frenchman of Algerian descent, and allegedly linked to the al-Qaeda network, had entered Japan a number of times over the last year holding a false passport. Dumont was arrested in Germany last December, and had been extradited to France earlier this month.

Local media reports indicate that Dumont had lived in Niigata prefecture with his German wife from July 2002 until September 2003. During this period, he had travelled extensively to Malaysia and Germany. Dumont and his Pakistani colleagues sold used cars to Russia and North Korea; he was in contact with the five suspects arrested in Japan, the English-language daily *Asahi Shimbun* said May 26.

## **UN Envoy Will Seek China's Assistance for Myanmar**

UN Special Envoy to Myanmar, Razali Ismail, said May 26 that he would seek China's support to break the political deadlock in the country over the Constitutional Convention, which was boycotted by the opposition National League for Democracy (NLD). Razali was in Myanmar for a visit beginning May 27, as part of the entourage of Malaysian Prime Minister Abdullah Ahmed Badawi, the PM's first state visit since becoming Malaysia's head of state.

Razali, a senior Malaysian diplomat, told AFP: "I am going to China to appeal to them to do more than what they have done. I have a feeling the new government of India will be able to help me more. We have to find ways to move forward." Razali played a crucial role in the talks between the ruling military junta and the NLD in October 2000; the talks collapsed after an attack was mounted against NLD chairman Aung San Suu Kyi's entourage during a political tour to the northern town of Depayin in May 2003, in which her vehicle was attacked and a number of people were reported injured or killed. Subsequently she was returned to house arrest at her lakeside residence in Yangon.

In a late-breaking development May 27, online Myanmar website Irrawaddy.org reported that Prime Minister Gen. Khin Nyunt will take an official visit to Kuala Lumpur, Malaysia on June 1, where he will meet the Malaysian Prime Minister Abdullah Ahmed Badawi, and then travel to Bangkok on June 4 for talks with Thai Premier Thaksin Shinawatra.

## **Singapore's Naval Base Spotlights Green Ideology**

Singapore's state of the art Changi naval base, strategically located in relation to the Malacca Straits and the South China Sea, opened officially on May 21, is built entirely on reclaimed land, the *Straits Times* reported May 22. It makes extensive use of information technology and automation in its operations, training, security, and support, said Chief of Navy Rear Admiral Ronnie Tay, and is designed to make the best use of scarce resources, such as land, energy and water. Among the "green friendly" innovations are wind turbines to power lights, rainwater for flushing toilets, use of seawater in air-conditioning systems.

# **Africa News Digest**

## **CFR Sees AIDS as a Tool of Liberal Imperial Control**

The May 2004 CFR proposal for expanding the U.S. government's international AIDS program, "Addressing the HIV/AIDS Pandemic: A U.S. Global AIDS Strategy for the Long Term," is defined by what it does *not* say. It does not refer to eliminating HIV/AIDS, instead speaking only of "stemming the tide of the pandemic." It does not propose *any* expansion of fundamental viral and cell research that could lead to immunity and cure—not to mention a crash program

involving optical biophysics.

Instead, it continues to recommend only general health improvement (important as that is), condoms, "safe sex," protecting women and girls from rape, antiretrovirals, and the education and infrastructure that these measures require. This approach is paralleled by its approach to malaria, in which it mentions treated bed nets, but not DDT. (The reintroduction of DDT is being hotly debated in Kenya and Uganda right now.)

The CFR report also rejects the World Health Organization's (WHO) 2001 proposal, "Macroeconomics and Health: Investing in Health for Economic Development." WHO estimates that essential health interventions in the developing world require \$34 per capita per year. The part of that amount that donor countries would have to supply comes to \$27 billion annually by 2007, and \$38 billion by 2015. If the U.S. were to provide a third of that, it would still amount to less than 0.1% of GNP. Some of the rest of it, WHO argues, could come from slashing or cancelling the billions in annual debt service that is still being paid (\$11 billion by Africa alone). WHO claims that the resulting increase in productive activity would be so great, that after 20 years of the program, ongoing health programs would be self-sustaining. (WHO's approach to AIDS prevention and treatment, however, is not different in principle from the CFR approach.)

The CFR report responds, "Despite these potential benefits and the desirability of meeting these important health needs, we are not recommending that the U.S. immediately accept the entire WHO plan" because—it asserts preemptively—Congress won't fund it, and in any case, "much can be done" without going so far. What state of affairs does the CFR propose to achieve in 20 years?

Unlike the program of the William J. Clinton Presidential Foundation, the report does not deal with nutrition as an arm of treatment. The Clinton approach is to provide adequate nutrition for all those under treatment.

Nor is there any mention of the breakthrough in Canada. A bill allowing generic drug manufacturers to manufacture patented anti-AIDS drugs and sell them cheaply for export to Africa became law in Canada May 14. The CFR report does not propose such a measure.

The report reiterates the motivations of the Bush plan: "The disease," it says, "is eroding state capacity in sub-Saharan Africa, an increasingly important front in the war on terror and an increasingly important source of resources and minerals," adding, "There is an additional threat to the United States. As treatment programs are introduced in Africa, concern over mutations of the virus will heighten, especially if treatment is not maintained. The spread of a more virulent virus to the United States—one immune to current treatment—would cause major health problems in the United States."

### **'Peace' Agreements May Break Up Sudan—They May Not Hold**

There is celebration in Navaisha, Kenya, and at the State Department, over the May 26 signing of further protocols between the government of Sudan and the Sudanese People's Liberation Army/Movement (SPLA/M). The protocols provide that in northern Sudan, the government and northern parties will have 70% of the posts, and the SPLA will have 30%, with the percentages reversed in the South, where an interim government will rule for six years before the South holds a vote on secession. In three oil-rich areas under dispute, the North will get 55% of the posts, the South 45%. The government will continue to apply *sharia* (Islamic law) in Khartoum, but with privileges for non-Muslims. The chief negotiator, Lazaros Sombyo of Kenya, said, "This is not the final phase of the peace process, but was one of the big steps."

The U.S. government on May 25 removed Sudan from its blacklist of countries allegedly not cooperating fully with U.S. anti-terrorism policy. Normalization of relations is still made conditional on further steps by the Sudanese government.

Referring to the broader agreement, of which these protocols are a part, former Prime Minister Sadiq al-Mahdi, leader of the Umma party, told the *Financial Times* on May 27, "The agreement as it stands gives priority to secession.... It may be that in the short term this will stop the fighting. But in it is also the potential for many other fights to start down the road." The *FT* says it may be hard for the government to sell the agreement to the Sudanese.

Writing in *The Nation*, a leading Kenyan newspaper, May 28, Henry Owuor underscored the same points. The agreement, he wrote, "is so loaded it could lead to the creation of a new country," adding, "the signs are that the wall to peace in the Sudan is yet to be broken. Showing the mistrust [at the May 26 signing], the two delegations sat on different sides of the tent. Even after signing the accord, the delegation leaders did not agree to a request to pose with the final document."

The *FT* adds that the bloody uprising in Darfur in the west, that began only 15 months ago, might not be occurring if Khartoum had not conceded to the South a conditional right to secede. The Darfur rebels are making demands that are impossible for Khartoum to meet, while the international media are up in arms only over the humanitarian crisis there—which is very real.

### **Private Sector Ignores Its Part of the NEPAD Bargain**

Three years after the New Partnership for Africa's Development (NEPAD) opened up its 20 top-priority infrastructure projects to the private sector, not a single company has invested in these projects. NEPAD was created as an alliance between African nations and the advanced sector, to foster African development, with rules for good behavior on Africa's part.

NEPAD secretariat chief economist Dr. Mohammed Jahed said in Cape Town May 28 that the private sector had been unwilling to invest in any of NEPAD's 20 top-priority infrastructure projects aimed at improving Africa's road network, its weak energy transmission network, poor water and sanitation facilities and low levels of communications infrastructure. Johannesburg's *Business Day* reported Jahed's comments May 28, without identifying the forum.

In July 2002, 187 individuals and firms, including Anglo American, BHP Billiton, Absa and Microsoft signed a declaration pledging their commitment to NEPAD and the actions needed to ensure its success.

Jahed reached the highly doubtful conclusion that fault also lies partly with NEPAD's brains trust, "who had not marketed these projects as viable investments."

### **Brit Ambassador to Nigeria: Follow 'Reforms' Till You Drop**

In an exclusive interview with Nigeria's *This Day* May 28, outgoing British High Commissioner to Nigeria, Sir Philip Thomas, said that Britain is impressed by the current economic reforms of President Olusegun Obasanjo. He said the British government will consider helping Nigeria if the country sustains the present IMF-oriented reforms, adding that the reforms may only begin to yield results in the next 10 to 20 years. He said the only possible way Nigeria can get relief from its heavy debt burden is if it consistently maintains the current economic reform package. Sir Thomas continued: "We've been very impressed by the Finance Minister and her team and we want to help mobilize support for Nigeria in the international community so that she and her team can drive forward that process." Sir Thomas said, however, that bringing back the level of prosperity enjoyed in the 1980s, is going to be "an extremely lengthy process of recovery."

### **Ghana Accused of Planning Water Privatization**

In Ghana, the National Campaign Against Privatization of Water (NCAP) charged, in a press conference in Accra May 27,

that the government was advancing an agenda of water privatization. NCAP's coordinator, Rudolf Amenga-Etego, said that while the government had presented a draft document aimed at developing a national water policy, it was advancing another document on privatization ahead of it. NCAP includes Ghana's Trades Union Congress and the leftwing Third World Network Africa.

NCAP charged that the government is engaged behind closed doors in discussions on water privatization with Veolia of France, Biwater of Britain, and Rand Water of South Africa.

Amenga-Etego described water issues as a global security problem, and therefore, he said, privatizing Ghana's water would mean opening "our security boundaries for investor exploitation." In Ghana, 70% of all disease is water related.

In 2001, the Ghanaian government raised water prices by 95% to help pay off its World Bank and IMF debt. Many Ghanaians can no longer afford the cost of clean drinking water. Now, the World Bank and IMF have offered to loan Ghana more money to rebuild its publicly owned and controlled water system. But the \$400 million loan requires the government to stop subsidizing water for poor communities; it must be sold at full market rates.

Amenga-Etego noted: "The World Bank policy is aimed at creating markets for multinational corporations dealing in water."

## **Zambian Presidents Attack IMF on Africa Freedom Day**

In Africa Freedom Day messages, Zambian President Levy Mwanawasa and former President Kenneth Kaunda attacked the IMF and World Bank for depriving Africa of its economic independence, *The Post* of Lusaka reported May 26. Zambia celebrated Africa Freedom Day on May 26.

Kaunda said that Africa has never enjoyed her economic freedom in the 41 years since the declaration of Africa Freedom Day. "The rich countries are using the IMF, World Bank, and World Trade Organization as their weapons to deprive Africa of its economic freedom," he said, adding that Africans should use the day to reflect on how to remove themselves from bondage to the rich countries.

President Mwanawasa, speaking to journalists after a wreath-laying ceremony at the Freedom Statue in Lusaka May 25, said, "We will not be free unless we are economically free." He noted that most raw materials come from Africa and go to the industrialized world and return as finished goods that people buy at exorbitant prices. "I want to see a situation where we add value to our raw materials. By so doing, we will be creating employment and generating enough income for ourselves," he said.

Inter Press Service datelined Johannesburg May 24 reports on a study, "Zambia: Condemned to Debt," by Zambian economists Jack Jones Zulu and Lishala C. Situmbeko that details the destruction of Zambia by the IMF and World Bank. Published by the World Development Movement, a London-based NGO, it notes:

—From more than 140 textile manufacturing firms in 1991, the number had fallen to just eight by 2002. Employment in this sector fell from 34,000 to just 4,000.

—Between the early '70s and the late '80s, Zambia's external debt rose from \$814 million to \$6.9 billion. By the start of last year, Zambia had received only 5% of the debt-service reduction committed to it under the HIPC initiative. This initiative is being used as "another lever with which the IMF and World Bank can wield influence over Zambia's economy."

—President Mwanawasa said last year that the IMF privatization program has "been of no significant benefit to the country and that privatization of crucial state enterprises has led to poverty, asset stripping and job losses."

The report was published by the World Development Movement, a London-based NGO.

## This Week in History

### May 31 - June 6, 1945

The 60th anniversary of D-Day, the launching of the Allied Armies' liberation of France, is being widely celebrated this year. Coming as it does, with the opening of the World War II Memorial in Washington, D.C., this celebration turns our attention both to that war, and to the leadership which brought it to a successful conclusion.

World War II was the last *just* war which this nation fought. In it, we were pitted against a plan for Nazi world domination, which could indeed have resulted in the destruction of freedom worldwide, had it not been the leadership of the United States President, Franklin Delano Roosevelt. It was the deliberate action of that President which, first, prevented the U.S. from falling under a Schachtian economic "solution" to the Depression; second, built up the "arsenal for democracy" which provided the superior logistics that actually permitted the war to be won; and three, made the crucial decisions that led to military success.

FDR was, of course, constrained within the partnership with British Prime Minister Winston Churchill, and Soviet leader Josef Stalin in actually implementing a war-winning plan. But his own vision was clear, in insisting that this war was intended to free the world, not only of Nazi-style militarism, but also of the oppression of all kinds of colonialism, which left people in misery. It was this vision, which FDR had conveyed throughout his Presidency, as he fought to defeat the Depression at home, as well as to forge cooperative alliances abroad, that infused the U.S. Military as it was sent into battle.

Much rhetoric will be spilled this coming week, in the attempt to compare the motivation behind the current mis-named U.S. "war on terror"—actually a war for imperial world domination—with the legendary battles of World War II. It will ring hollow, as it should. The horrible irony is that the philosophical heirs of the Nazis today, the Beast-men, inhabit the centers of power in Washington, D.C., and certain associated financial centers—not Baghdad. The continuation of Roosevelt's good fight would not lead us to escalating our efforts to kill, kill, kill in Iraq and other Muslim nations around the world, à la Dick Cheney and Donald Rumsfeld, but would call for the forming of alliances with the leaderships of the nations of Southwest Asia, in the manner Lyndon LaRouche has proposed.

A sense of this reality is evident when one reads the announcement which FDR made on June 5, 1944—the very eve of D-Day—about the liberation of Rome. In a Fireside Chat given that day, President Roosevelt described the historic significance of Italy, and declared that we had liberated the Italian people from slavery. However, unlike our postwar strategy today, FDR's first commitment to the Italian population was to collaborate with local governments, and provide them with the resources to feed and govern their people. The President did not talk about punishing the evil, and reshaping the society, but rather in using the wonderful productive capacity of the American economy to provide a better life for these people, regardless of the cost.

We conclude this remembrance with Roosevelt's D-Day prayer, which he broadcast to the American people on that very day:

My Fellow Americans: Last night, when I spoke with you about the fall of Rome, I knew at that moment that troops of the

United States and our allies were crossing the Channel in another and greater operation. It has come to pass with success thus far.

And so, in this poignant hour, I ask you to join with me in prayer.

Almighty God: Our sons, pride of our nation, this day we have set upon a mighty endeavor, a struggle to preserve our Republic, our religion, and our civilization, and to set free a suffering humanity.

Lead them straight, and true; give strength to their arms, stoutness to their hearts, steadfastness in their faith.

They will need Thy blessings. Their road will be long and hard. For the enemy is strong. He may hurl back our forces. Success may not come with rushing speed, but we shall return again and again; and we know that by Thy grace, and by the righteousness of our cause, our sons will triumph.

They will be sore tried, by night and by day, without rest—until the victory is won. The darkness will be rent by noise and flame. Men's souls will be shaken with the violences of war.

For these men are lately drawn from the ways of peace. They fight not for the lust of conquest. They fight to end conquest. They fight to liberate. They fight to let justice arise, and tolerance and goodwill among all Thy people. They yearn but for the end of battle, for their return to the haven of home.

Some will never return. Embrace these, Father, and receive them, Thy heroic servants, into Thy kingdom.

And for us at home—fathers, mothers, children, wives, sisters, and brothers of brave men overseas, whose thoughts are prayers are ever with them—help us, Almighty God, to rededicate ourselves in renewed faith in Thee in this hour of great sacrifice.

Many people have urged that I call the nation into a single day of special prayer. But because the road is long and the desire is great, I ask that our people devote themselves in a continuance of prayer. As we rise to each new day, and again when each day is spent, let words of prayer be on our lips, invoking Thy help to our efforts.

Give us strength, too—strength in our daily tasks, to redouble the contributions we make in the physical and the material support of our armed forces.

And let our hearts be stout, to wait out the long travail, to bear sorrows that may come, to impart our courage until our sons wheresoever they may be.

And, O Lord, give us faith. Give us faith in Thee; faith in our sons; faith in each other; faith in our united crusade. let not the keenness of our spirit ever be dulled. Let not the impacts of temporary events, of temporal matters of but fleeting moment—let not these deter us in our unconquerable purpose.

With Thy blessing, we shall prevail over the unholy forces of our enemy. Help us to conquer the apostles of greed and racial arrogancies. Lead us to the saving of our country, and with our sister nations into a world unity that will spell a sure peace—a peace invulnerable to the schemings of unworthy men. And a peace that will let all of men live in freedom, reaping the just rewards of their honest toil.



They will be done, Almighty God.

Amen.

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