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This Week You Need To Know

Schroeder in a Bind:

THE WORLD MONETARY SYSTEM HAS CRACKED IN GERMANY TODAY!

by Lyndon H. LaRouche, Jr.

August 18, 2004

The address delivered today in Berlin by Germany's Chancellor Gerhard Schroeder, marks the actual beginning of the collapse of the rotten-ripe world monetary-financial system. This began, a few weeks ago, with seemingly small, easily overlooked events, beginning in a way which is ironically comparable to the way in which the issue of freedom to travel for vacations abroad, triggered the series of events leading quickly to the already inevitable 1989 collapse of the (East) German Democratic Republic (DDR). That irony aside, it is the biggest, most dangerous global monetary-financial crisis in modern world history. It is not something about to happen; it is something already under way, a crisis which can not be stopped unless certain emergency measures which I have prescribed are taken immediately.

The key to the issues posed afresh in Berlin today, is that this is not a Germany crisis. It is a world crisis which chose to erupt, as a world crisis, in Germany today. It is an already erupting world crisis of not only the European and U.S. economies, but a general breakdown crisis of the world's present monetary-financial system. The present IMF-centered system, the floating-exchange-rate system, will not survive the ricocheting global effects of this presently onrushing crisis pouring out of Germany. No part of the world, China included, will escape the fury of this global storm. Thus, what is happening in Berlin today, is predetermining the choice of fate already presented to the U.S.A. now.

Unless the relevant present rules of the European Union, and the system of "globalization," are taken down immediately, nothing will be able to stop the worldwide avalanche which began four weeks ago, in the German state of Saxony.

I explain.

Technically, the remedies available to the government of Germany were clear. The precedents for the required action by the government were broadly the same specified at a 1931 Berlin meeting of the Friedrich List Gesellschaft by the eminent Dr. Wilhelm Lautenbach. Had Lautenbach's proposal been enacted, Adolf Hitler would not have happened. The measures proposed by Lautenbach then, were broadly identical with the actions taken against the policies of the "American Bruening," President Hoover, by incoming President Franklin Roosevelt. What is happening to Germany today, is most nearly comparable, strategically, to what happened to Germany then.

The problems standing in the way of Chancellor Schroeder's appropriate action, were chiefly three. 1) Globalization, which must be repealed in a sweeping way, if not only Germany, but each and all among the nations of Western and Central Europe are to survive the presently onrushing crisis. 2) Those clinically insane policies of the European Union, which stand

in the way of the only possible recovery programs which could be launched by any German government at this time. 3) The blackmail of Germany by not only Standard & Poor's threats, but the backing of that blackmail by a concert of international financier oligarchs of the same character and disposition as that Synarchist International which established each and all of the fascist regimes in continental Europe during the interval 1922-45.

Notably, the de facto current U.S. government of Prime Minister Tony Blair-confederate Vice President Dick Cheney, represents a set of ideologies and financier interests which is essentially a carbon-copy of the Synarchist International of the 1922-45 interval, including the Nazi-controlled, U.S.-hating Synarchist party of Mexico's haters of that nation's own President Lazaro Cardenas. The perpetual, nuclear-enhanced "preventive" war policies of Bush puppet-master Cheney represent currently the cutting political-strategic edge of the fascist threat to nations of continental Europe, as well as the internal affairs of the U.S.A. today.

Against the background of those superseding realities, the tragic feature of today's address by Chancellor Schroeder is that he takes upon himself the moral responsibility for the outrageous conditions which a concert of international financier-oligarchical interests have imposed upon his German government and nation. The danger of that is, that the Chancellor will draw upon himself the hatred which, in fact, Germany's current oppressors should receive. There is presently no visible, viable alternative to Chancellor Schroeder in Germany. There lies the element of a potential German tragedy now.

Under saner world political conditions, the leading nations of the world would have responded by calling an international, emergency monetary-financial conference, at which they would have combined their authorities and influence to impose a remedy upon the reluctant present world monetary-financial system. For, if Germany goes down into the status of a "failed nation-state," as it might, under these present trends, no part of the world will escape the terrible chain-reaction effects that would bring about.

A collapse of Germany is the unleashing of a chain-reaction which would quickly be the end of stable government in all continental Western and Central Europe, and that, in turn, is the trigger of an immediate unleashing of a chain-reaction collapse of the entire present world monetary-financial system. The category of "failed states" must therefore be applied, now, to those nations, other than Germany, which allowed the inevitable consequences of the relevant European Union decisions to be unleashed, and to the incompetence of the present Presidency of the U.S.A., in continuing to push global policies which will bring down the highly charged, acutely vulnerable world system now.

The immediately needed decisions are essentially elementary ones. 1) End the tyrannical and destructive European Union rulings, and permit member-states to resume their sovereign right to create long-term capital loans to launch a general recovery of production and employment sufficient to bring Germany, among others, to a state of balance on current accounts of income and expense, as distinct from long-term capital formation. 2) Use this mechanism of state credit to negotiate long-term trade agreements among, especially, the nations of the Eurasian continent. 3) Use the fact of a general breakdown crisis to override all globalization; restore "fair trade" policies, by treaty agreements among nations which take cognizance of the prolonged emergency conditions of the world today; launch large-scale modernized basic economic infrastructure as a leading stimulant of national economy, and give special emphasis on promotion of what is known as the "Mittelstand" in Germany.

There must also be immediate steps toward reaching permanent long-term agreements establishing a return to the principles of the original fixed-exchange-rate Bretton Woods system. There must be overriding recognition, that without a fixed-exchange-rate system, it were impossible to sustain long-term credit at rates of between 1-2% simple interest.

The transition needed will be a politically difficult one, but if we recognize the danger of not taking such measures, then we will find the way to reach the understandings which lead to the kinds of agreements we must make. If we fail to do so, as many of our descendants as manage to survive our generation's great folly, will curse us, as much for what we have failed

to, as for what we have done.

If we do not pull Germany out of this, the whole world system will go down in perhaps an increasingly uncontrolled, perhaps uncontrollable fashion. The German government must be afforded the latitude and support to make the changes which will prevent the now threatened disintegration of that crucial nation of the entire world system.

As for the ongoing U.S. general election process, the current events in Germany now, change everything. Unless either the Kerry campaign blows its chances, or the Cheney regime and its puppet Bush resort to orchestrating a fascist takeover through managed terror or related incidents, the Bush Administration's skein will have now run out. That is the problem hotly to be watched, in the reverberations coming out of Berlin today.

MANIFESTO FOR THE MONDAY DEMONSTRATIONS

by Helga Zepp-LaRouche

August 17, 2001

Today, only 15 short years after the historic Monday demonstrations of 1989 which ushered in the end of the German Democratic Republic, demonstrations are once again taking place in many cities across Germany. The immediate trigger has been a protest against extreme injustices mandated by the Hartz IV law, a law which would plunge millions of so-called long-term unemployed into outright poverty. But Hartz IV was merely the proverbial last straw. As the Econometric Institute in Halle once again confirmed in August, actual unemployment in Germany is at least 8.6 million, if we include entire categories of people who are not even counted in the official unemployment statistics. That's over 2 million more unemployed than in 1933.

The men and women who suddenly poured onto the streets in many cities in Germany's new eastern states—but also in the west—are doing so because they have perceived something monstrous lurking behind our red-green administration's desperate austerity policy. Exactly what could be driving the Social Democracy, with its deep historical identity as the party of social welfare, to break with its own tradition, and to carry out a destruction of Germany's social-welfare system so brutal, that its local representatives in the current and upcoming elections could never, not in a million years, shove it down the throats of their constituencies? And which is going to result in the SPD's election results plummeting into the single digits, inevitably leading to splits, and the party's total destruction. What can account for this suicidal behavior?

The answer is simple, though not immediately apparent: The SPD leadership, and also the boards of directors of the banks and insurance companies, who only discuss it openly behind closed boardroom doors, know full well that the global financial system is hopelessly bankrupt, and that all endeavors to prevent it from collapsing at least until after the U.S. elections, are a highly risky proposition. But instead of drawing the proper conclusions from this—namely, deciding to put the reorganization of the world financial system, in the tradition of Roosevelt's original Bretton Woods system, at the top of the agenda—the Schröder administration is attempting to solve the budget deficit by imitating Brüning's austerity policies, doing so at the expense of society's most defenseless members. And despite this, Oskar Lafontaine is completely on the wrong track with his demand that Chancellor Schröder resign, because the opposition's austerity policy is a good deal more brutal than what we have now. So, the watchword today isn't "Schröder out," but rather: "Schröder must change his policy."

And that means nothing less than this: Schröder must be made to understand that the changes which we need, are far more fundamental than simple-minded austerity measures. Because the crisis now confronting this administration is not simply one of high unemployment. That's merely a symptom of the fact that what we're dealing with, is a collapse of the entire global financial system—not just the system in Germany, but the entire European Union system, and beyond that, the entire

system which is connected with today's globalized economy.

The people who took to the streets in Monday demonstrations, first in Saxony and then in many other parts of Germany, against the horrors of Hartz IV, sensed that something much bigger is at stake than what is being admitted in public. But the behavior of politicians from all parties currently represented in the parliament, speaks volumes about the fact that none of them understands, or will admit, that we're looking at a crisis of the entire European Union system. All their attempts to trivialize the specific problems erupting to the surface with Hartz IV, simply prove the point. Regardless of whether Economics Minister Clement insists that the protests must finally stop; others maintain that the protests are legitimate, but should not occur on Mondays; while yet others vituperate that to speak about Hartz IV during the state election campaign, is simply a campaign trick; or, they say that participation in the demonstrations can be wished away by pronouncing the right political incantations—all these arguments merely highlight a horrific lack of understanding of the reality now confronting us.

There are historical parallels between today's great economic and financial crisis, and the Great Depression of the 1930s. At that time, there were two alternatives: There was the path which led from Brüning's austerity policy, through von Papen, to Hjalmar Schacht and Hitler, which is what we took in Germany, unfortunately. In America, on the other hand, Franklin Delano Roosevelt countered Hoover, who was likewise following a Brüning-style austerity policy, with his New Deal policy, and led the United States successfully out of the Depression.

Those latter impulses existed in Germany as well: Dr. Wilhelm Lautenbach, the Economics Ministry's chief economist, at a conference of the Friedrich List Society in 1931, proposed his Lautenbach Plan for how the unemployment problem could be conquered through state credit creation for well-defined projects serving the general welfare. And this form of credit generation would not be inflationary, because these productive investments would be creating real capital value, and would also significantly increase tax revenues.

That same impulse was also present within Germany's trade union movement, in the form of the Woytinsky-Tarnow-Baade Plan, which went so far as to propose a reconstruction program on an international scale, and which had the support of the General German Trade Union Alliance (Allgemeine Deutsche Gewerkschaftsbund). Had these plans been implemented in 1931, unemployment would have been eliminated, and the social conditions in 1993 that made Hitler's seizure of power possible, would not have existed. Similarly, the problem with Hartz IV today, is that the Schröder administration is repeating the Brüning administration's mistakes, which, unless reversed, will lead to similar results—or worse.

And just like back then, out of the dynamic of a world economic crisis, the threat is now emerging of a new world war—although this time, it is the imperial policies of the United States and Great Britain in Southwest Asia, which threaten to spark the outbreak of worldwide asymmetrical warfare. And for this reason as well, Schröder should not be toppled, because he took the correct stand against German participation in the Iraq war, whereas his opposition, with a naïveté verging on lunacy, swallowed whole the lies and manipulated threat analyses being fed to them by the neo-conservatives. Indeed, there are very real grounds to fear that a future CDU-led administration would practice that same hasty and blind obedience to the war party in the United States—not to mention the fact that the Herzog Commission has made it clear that under Frau Merkel, we could expect an even more brutal and more incompetent austerity policy than we have now.

The global financial system is currently in the final throes of a systemic collapse. It is just as unsalvageably bankrupt as the G.D.R. system was in October 1989. And just as the reasons for the collapse of the communist planned economy lay within the system itself—for example, the mechanism of primitive accumulation as described by the Soviet economist Preobrazhensky—so, too, it is with the collapse of the unfettered, neo-liberal free-market economy, and of so-called globalization.

The reasons for this collapse are not to be found in some sort of cyclical boom-and-bust scenario, but rather in the paradigm

shift which has taken place within the G-7 countries over approximately the past 40 years. Beginning in the mid-1960s, the industrialized countries of the West have undergone a systematic transformation, away from a society of producers, into one of consumers. Economic growth, based on scientific and technological progress, has been increasingly supplanted by speculation; in the place of real economics, monetarism has taken over. If we equate the real economy with a person in good health, and speculation with a cancerous growth, then we can say that in the meantime, the world economy is a patient whose body has been almost completely taken over by the cancer. The real economy has increasingly fallen victim to the speculative bubble—and that bubble must continue to grow, or else it will burst.

What developed in Germany's new states following the collapse of communism, first with the bludgeon of privatization as wielded by the Treuhand under the direction of Birgit Breuel, was the idea that the new god was: profit, profit, and more profit. This was the end-product of an ideology that took root in the Western G-7 countries beginning in the mid-1960s. The crucial turning-point away from production, and toward speculation, was President Richard Nixon's abandonment of the fixed exchange-rate system on Aug. 15, 1971. With his action, Nixon ended the old Bretton Woods system, by releasing the dollar from its gold-reserve backing, thereby opening the door for the creation of the so-called eurodollar market. The wave of globalization following the collapse of the Soviet Union was only the final step in this process of ever-expanding destruction of production, and transformation into purely money-based economics.

During the Federal Republic's post-war reconstruction period, it was a point of honor and identity for the entrepreneur of the small to medium-sized industrial firm (*Mittelstand*), to produce products of the best possible quality, and only to take out as much profit as was necessary for sustaining the owner's family, while investing all the rest into innovation and expansion, so that the firm would remain competitive for generations to come, while at the same time, the firm was contributing to improving the general welfare. But now that attitude has changed into its opposite.

Today, one's identity lies not in the production process, but rather in the consumption of the greatest number of products at the lowest price. Our new coin is not highly qualified, well-paying jobs in the domestic market, but rather sweatshop production in the countries of the South, whereby the fact that most of this cheap production is based on sweatshop and child-labor working conditions, is not considered to be relevant. The transformation into a shareholder-value society means the extraction of the maximum of profit—now, immediately, without any consideration given to the long haul. Anyone who still believes that he has to make a living through honest labor or investment into real production, is dismissed as old-fashioned and an idiot; stock trades, speculation in stocks, or in even riskier financial derivatives—"money makes money"—that's the "in" thing nowadays.

This neo-liberal paradigm shift, which we have only briefly sketched here, also has a cultural component. The combination of the ideology of the '60s generation, when the students of the Frankfurt School were all too ready to throw the Classical humanist tradition into the trash, rendered this generation receptive to the rock-drug-sex counterculture. The Brandt educational reforms, which boasted that they had finally succeeded in dumping the educational dead weight of 2,500 years of European cultural achievement, did the rest of the work to help ready the soil for the catastrophic findings of the Pisa Study. And along with ever-dwindling rationality, and ever-shrinking knowledge in the domain of physical science, there also grew a receptiveness for mysticism, and for ideas borrowed from the pre-Christian cult of Gaia. Oligarchical campaigns, deliberately rigged by the Club of Rome and similar institutes, over the ostensible limits to growth, and the danger of overpopulation, did their part in promoting a gradual "greening" of the *Zeitgeist*.

Why is it of life-or-death importance that we understand the effects of this paradigm shift on popular consciousness in Germany? Because that is the only way we will be able to answer the question we put to you at the outset, namely, why the SPD is committing political suicide. Because there is only one way that Chancellor Schröder can get out of his predicament: He must reach back to the SPD's social-democratic tradition; he must use the Kreditanstalt für Wiederaufbau [Reconstruction Finance Agency] as a de facto national bank, to make approximately 200 billion euros in government credit available annually; and, by absolute support for scientific and technological progress, he must see to it, that Germany's economy takes its place once again among the top producers on the world market. If the SPD fails to act

decisively to reverse the slide into neo-liberalism and ecologism, then it will be doomed to continue along its course into political suicide, until it has destroyed itself entirely.

The reality is that very soon, the worldwide financial system is going to be rocked by immense shocks, which will make the bankruptcy of the pyramid firms in Albania in 1997 seem like child's play in comparison. You might recall that these firms, which the government had encouraged the population to invest their savings into, on promises of double-digit interest earnings, suddenly announced that they were bankrupt. The banks closed their doors, and the population, who saw themselves tricked out of their life savings, began to riot, plundering grocery stores, but also arms depots; and the police and the army plundered right along with them. It was a long time before the country got back to normal, with the assistance of the Italian Army.

Just how close we are to just such an explosion, on a far, far greater scale, is indicated by the price of oil, which has been climbing, more or less continuously, for the past six months, such that today the price is twice as high as its equilibrium price should be, even from the standpoint of today's economy. The Deutsche Bank's global energy strategist Adam Sieminski has warned repeatedly, that the oil price could easily go up to \$100 a barrel—which, unfortunately, is already on the immediate horizon, given the increasing military tensions in Southwest Asia, and the prospect of an expansion of military operations against Iran. Even an oil price of \$50 to \$60 could well be the detonator for exploding the entire world financial system.

In the pressure of the moment, during such an "Albanian" shock, everything will depend upon whether the government is ready to stand behind the motto "People first!" The government must see to it, that salaries, pensions, and social-support benefits are paid, that small personal savings accounts are protected, that hospitals and old-age homes receive their supplies, and so forth. And at that moment of acute financial collapse, it is only the government which can coordinate those functions.

Such an emergency intervention, whereby the people's needs are set above all other considerations, is the diametric opposite of the kind of emergency measures under which a policy in the tradition of Hjalmar Schacht is implemented, in the interests of saving the international financial system. Under a Schachtian policy, the goal is to drastically reduce the population's standard of living, in order, somehow, to maintain the nominal value of the banks' financial paper. Whereas with our opposite policy, in the interests of the people, emergency measures are merely temporary, urgent measures, to be immediately replaced by a comprehensive reconstruction program, on the model of Roosevelt's New Deal, and of the post-1945 Kreditanstalt für Wiederaufbau.

American Versus English System

In 1990, I warned in a series of leaflets and talks, that within only a few years, there would be a much more serious collapse, if the communist economic system were simply painted over with the equally bankrupt free-market economy system. I argued that it was necessary to apply the principles of physical economy, as developed by Leibniz, via America's first Treasury Secretary Alexander Hamilton, by Friedrich List, by Mathew Carey and his son Henry, Lincoln's advisor, by Count Witte, and by Lyndon LaRouche. The study of the principles of physical economy is indeed one of the most important tasks for anyone who wants to make a serious contribution to solving the economic crisis.

In his treatise on American political economy, the German national-economist Friedrich List—who, among other things, founded the Tariff Union (Zollverein), but who also built the railway line running between Leipzig and Dresden, spent many years in the United States, and in 1933, became American Consul in Leipzig—drew the fundamental distinction between the American system (physical economy) and the English system (free trade). Since the economic systems of both the United States and Great Britain today are totally on the side of globalization, and what List described as the English system, and since this distinction is not easy to see nowadays, let us quote from List himself:

"American national-economy and English national-economy are, in keeping with the different situations of those two nations, utterly distinct from one another. The aim of English national-economy is to manufacture for the entire world, to monopolize all manufacturing—even at the expense of the lives of the [English] citizen—around the world, and especially to keep its own colonies in a state of perpetual childhood and slavery, through political-control measures, and through the superiority of English capital, English experts, and the English fleet. The aim of American national-economy, is to bring the three branches of economy into harmonious union, since without this, no national economy can attain completeness. Its goal is to meet its own needs with the aid of its own raw materials and its own industry, to populate an unsettled country, to attract foreign immigrants, foreign capital, and foreign skills, as well as to increase its power and its means of self-defense, in order to secure its independence and the nation's future growth. Its ultimate goal is to be free, independent, and powerful, and to enjoy every other freedom, power, and prosperity as it pleases.

"English national-economy seeks to *dominate*; American national-economy strives only to become *independent*. Since there is no similarity between the two systems, there is likewise no similarity between the results arising from these systems."

Even if the specific relationship between America and England during List's time is different than today, the basic distinction which List makes between the American system of physical economy, and the English system of unfettered free-market economy, is quite applicable to the current situation in the new Federal states. Because the policy of privatization at any price, as it has been practiced by the Treuhand ever since the murder of Rohwedder, has in fact resulted in these states being kept in a state of perpetual infancy, slavery, and domination. The only intent behind this economic denuding of the eastern states, has been to dominate all the former Comecon countries, through a system of globalization—or, put another way, to incorporate them into the Anglo-American neo-liberal ;empire.

One of the excuses most widely bandied about to explain away the economic misery of the eastern states, was that people had no experience in how to transform a formerly communist country into a market-oriented one. But that is a barefaced lie, because in reality, the Kohl administration utterly capitulated to geopolitical pressure from the circles of George Bush, Sr., Margaret Thatcher, and François Mitterrand, who, among other things, wanted to use an over-hasty currency union to prevent the emergence of a unified and economically powerful Germany.

There did indeed exist one idea back then, about how the east could be built up and modernized with a kind of Marshall Plan, by bringing in and upgrading whatever industrial capacity was already available in the east. That was the program developed by my husband, Lyndon LaRouche, and proposed by me, for a Paris-Berlin-Vienna Productive Triangle, which envisioned economically developing the east of Germany, and of Europe, with modern infrastructure and "development corridors." This program was based on the principles of physical economy, otherwise known as the American System. It is the program which, after 15 years of so-called free market economy, still today represents the solution to how the east can, and must, be developed.

The Source of Social Wealth

A society's wealth comes neither from the ownership of land and raw materials, nor from the right to buy cheap and to sell dear.

Rather, its source lies exclusively in man's cognitive nature, which distinguishes him from all other living creatures. It is man's capacity to repeatedly generate hypotheses concerning the laws of the physical universe—hypotheses which, if they are adequate, lead to technological progress. If these qualitative breakthroughs are then forged into new technologies and applied to the process of production, the result is an increase in the productivity of labor, and in industrial capacity, and the creation of surplus value.

This cognitive nature of man is the reason why, uniquely among all living creatures, man can improve the physical basis of his own existence, and can repeatedly increase his species' relative potential population density. Scientific and technological progress, however, is not optional; it is necessary, because at every stage of man's development, his resources are relatively limited, and unless those resources are defined anew by higher levels of technology, there would be an ecological and demographic collapse—as has, in fact, frequently occurred in the course of human history, as we can study this in museums displaying the remains of collapsed cultures and civilizations which failed to produce the required qualitative progress before it was too late. It is this cognitive faculty of man, which is responsible for the fact that over the past 20,000 years, our species' population potential has increased from approximately 10 million, to about 6 billion living souls today.

Once it is understood that this creative feature of human reason is the sole source of social wealth, then it is incumbent upon governments which are committed to the general welfare, to do everything to develop this cognitive faculty of all of their citizens, in the best possible way. That is the litmus test.

If, on the other hand, one maintains that man's potential is limited by a combination of genetic material and educational influences from infancy until puberty, and that therefore, there's no need to invest much in education, since everything is predetermined anyway—as Angela Merkel's favorite birthday speaker and crooner, Wolf Singer, likes to remarkel*—then this is the mark of an extremely oligarchical mind-set, if not something still worse. Flashbacks to the Nazis' eugenics policy come to mind.

If our free will is predetermined by neurological processes taking place long before the conscious part of our mind swings into action, then man would in fact be a slave to some sort of arbitrary, materialist laws—call it Calvin, or dialectical materialism, or what you will—and thus, man would be incapable of changing either himself, or his world. And for whom, we must ask, would such an idea be most useful? Why, naturally, for those who currently hold the reins of power, and who have no interest in changing anything—and I'm *not* talking here about governments.

Every human being has a potentially unlimited potential, and whether he can develop at least an approximation of that full potential, depends not least on whether, as a child or a young person, he or she was fortunate enough to have met other people who ignited their spark of creativity within—be it an elder family member, a teacher, or a friend. It also depends on whether the person has the opportunity to acquire a good education in the Humboldt sense—i.e., being able to relive the qualitative discoveries of others, in science and in art. And the more that a person can develop in this way, the better able he is to live a fulfilling live, and the more productive he can be, and the more he contributes to social wealth.

For this reason, too, Hartz IV is based on an axiomatic fallacy. Because the whole idea that an unemployed person must accept any and every job offer, regardless of whether he is over-qualified or qualified in a different field—that alone means a lowering of his productivity, not to mention the fact that this legislation is in violation of the right to freely choose one's profession, and the right to personal freedom. The solution is not job creation at any cost, and reduction in the employee's productivity; rather, the solution is to create new, and ever more productive jobs.

* Barely translatable pun on Merkel's name: *bemerken* (to remark) is altered to read: *bemerkeln*.

Necessity for a National Debate

Because the global economic and financial crisis will certainly come to a dramatic head in the short term, it is urgently necessary that representatives of different organizations and institutions, who are participating in the protest against Hartz IV, come to an understanding as quickly as possible about the principles of a positive alternative to the austerity policy. This could occur in the form of a round-table discussion. Here are only some of the aforementioned indispensable principles, about which clarity must be established as quickly as possible.

1. The aim of the demonstrations is not to overthrow the government, but rather, to fundamentally alter its economic policy.
2. Since the strategic context of the Hartz IV policy is the total breakdown crisis of the global world financial system, a solution within the system of flexible exchange rates is not possible, and a return to a fixed exchange rate is indispensable.
3. Any Federal budget-driven austerity policy in the tradition of Brüning only makes the problem worse, because the real problem of creation of full, productive employment is not being addressed.
4. In the event of a dramatic collapse of the international financial system, which is to be expected, certain emergency measures must be taken by the government, based on the principle that the people's interests must come first. Therefore adequate time must be allowed so that the necessary negotiations for a New Bretton Woods System can be conducted on an international level.
5. Based on the real world situation, everything conceivable must be undertaken to influence the U.S.A. so that it return to a system of fixed exchange rates, and to a policy in the tradition of Franklin D. Roosevelt. With our European neighbors we must adhere to the idea of a common Europe, yet of a Europe of nations which are sovereign republics.
6. In Germany we need the immediate creation of 200 billion euros in productive credit per year through the Kreditanstalt für Wiederaufbau, in order to invest in modern infrastructure, such as the development of Transrapid lines as part of the Eurasian Land-Bridge. At the same time, the new industrialization of the new Federal states, whose industrial potential after 1990-91 has been dismantled through the policy of reckless, sweeping privatization, must be a priority, so that these states can satisfy their function as bridgeheads in the development of the Eurasian Land-Bridge.
7. We must be connected with the great tradition of our Classical culture, to the music of Bach, Haydn, Mozart, Beethoven, and Schubert, to the works of Lessing, Mendelssohn, and Schiller, to the scientific tradition of Leibniz, Kästner, Gauss, Riemann, and Cantor, and to the theoretical ideas of statecraft of vom Stein, von Humboldt, and List, to name only some. Only thus can we mobilize in ourselves, and in the population, the moral greatness and sublimity of thought, which we need to overcome this crisis.

Feature

German Monday Demonstrations Expand

From Our European Bureau

Aug. 18 (EIRNS)—The Monday night demonstrations against the German government's austerity program, and for more jobs, dramatically expanded on Aug. 16, increasing from about 34 cities and 40,000 people a week before, to an estimated 150 cities and more than 100,000 people. Unless the government decides to withdraw its "Hartz IV" program of social service cuts, some rally leaders are promising that *millions* will march against the murderous "reform" in Berlin on Oct. 3, German Reunification Day.

This rapid expansion testifies to the farsightedness of Helga Zepp LaRouche and the international LaRouche Youth Movement, who set off this process by calling for Monday rallies in a mass leaflet more than a month ago.

Zepp LaRouche, who heads the BueSo Party, has now issued a Manifesto for the rallies, to spur debate among participants

and Germany as a whole on a positive alternative to the Hartz IV program. She lays out seven principles for discussion, stating that the aim of the demonstrations is not to overthrow the government, but "to change its economic policies fundamentally," focussing on economic recovery based on credit creation, for modern infrastructure and for "reindustrialization," to be accomplished by replacing the collapsed world monetary system with one based on the New Bretton Woods proposal of her husband, Lyndon LaRouche.

In building the demonstrations, Zepp LaRouche concentrated the efforts of the youth in Leipzig, the historic center of the Monday demonstrations which brought down the government of communist East Germany, but the numbers of rallies, and their numbers, are now mushrooming.

"We are the People, We Want Jobs," many of the picket signs read, in this new wave of demonstrations. The rallies are drawing both unemployed (mostly in the East), and political parties, all of whom are focussed on getting rid of the government "reform" that will crush the unemployed, in particular, but will create not a single job. Only the BueSo, however, is putting forward a program for state job creation in the area of badly needed infrastructure development, a program explicitly modelled on what Franklin Delano Roosevelt did in the United States to overcome the Depression of the 1930s.

Zepp LaRouche is laying it on the line, to a population which is currently suffering over 10% unemployment, much of it long-term, and lacks hope. Don't make the same mistake we Germans made back in the 1930s, she warns, and let fascism come into being. Back the FDR solution which her BueSo party, and her husband Lyndon LaRouche in the United States, are putting forward. - Taking to the Streets -

With more than 100,000 Germans taking to the streets, the turnout more than doubled, from last Monday's events. And in several cities, notably in Leipzig, two rallies were held at the same time.

By far the biggest rallies took place in Magdeburg (15,000), Leipzig (15-20,000) and Berlin (15,000), but there were numerous cities with a participation of about 3,000-5,000: Dessau, Halle, Schwerin, Chemnitz, Rostock, Gera. These cities are all in the East, and have very high unemployment rates.

An interesting pattern is also the number of small cities in which some people took a spontaneous initiative and pulled several hundred protesters on a short notice. These included Oranienburg (400), Pritzwalk (300), and Burgstaedt (150).

In various places, non-Monday rallies are also being planned. A Tuesday rally will take place in Frankfurt/Oder and another in Goerlitz (organized by the BueSo) on Aug. 18; on Thursday, Aug. 20, rallies will be held in Erfurt, Greifswald, Stralsund, and Neubrandenburg. - Hartz IV the Issue -

This explosion of activity has taken the German government by surprise. Two days after the Aug. 9 rallies, German Chancellor Gerhard Schroeder pulled together an emergency cabinet meeting in order to discuss what to do about the popular uproar. At the conclusion of the two-hour meeting, Finance Minister Wolfgang Clement, who had arrogantly attacked the Monday demonstrations days before, announced concessions on the Hartz IV package, although the core of the package was left untouched. The government clearly hoped this would calm things down.

But they were wrong. Leading organizers of Monday rallies in several cities responded with critical remarks, saying that the concessions were totally insufficient. Andreas Ehrholdt, the initiator of the Magdeburg Monday rally movement, which mobilized about 12,000 citizens on Aug. 9, said on Aug. 12 that the protests would continue until Hartz IV was replaced by a policy that created new jobs. Protesting citizens did not want the government "to just throw a bone in front of them, like placating a beaten-up dog," Ehrholdt said. As can be seen by the huge turnout of 15,000 in Magdeburg Aug. 16, Ehrholdt delivered.

The pastor of the Nikolaikirche in Leipzig, Christian Fuehrer, also a veteran of the 1989 movement, said that the unemployed cannot be treated this way, and that the demonstrations will continue until Hartz IV is cancelled. In Leipzig, at least 20,000 citizens marched and demonstrated on Aug. 16.

Another former East German civil rights leader, Wolfgang Templin, came out in an interview with the Berliner Zeitung on Aug. 16, predicting that, come this autumn, "protests will become stronger and spread all throughout Germany," and that broader layers of the population would join. "Bread crumbs tossed out to the people" will not stop the ferment, he said. The protests will not be "normal protests against a normal reform. We have an emergency situation." - The BueSo Role -

Every political leader in Germany is well aware that this burgeoning movement was catalyzed by Helga Zepp LaRouche and the LaRouche Youth Movement, who continue to massively circulate leaflets for an alternative to Hartz IV, under the slogan "In Saxony, the economy must grow!," and to hold demonstrations in Leipzig and some other cities. Some of the nation's press, especially the Establishment paper Frankfurter Allgemeine Zeitung, have decided to attack Zepp LaRouche by name, others by reference to the slanderous "rightwing" label.

But on the street, the *idea* which LaRouche and the BueSo are putting forward is catching fire. Particularly notable to many is the fact that the LaRouche Youth Movement is an international group, bringing French, Germans, Swiss, Danes, Poles, and Americans to Saxony for the state's election campaign (the election is Sept. 19), and the anti-Hartz IV fight. Second, the LaRouche Youth readily capture the imagination of the population through their singing of Classical music (Bach, Beethoven), and of the Negro Spirituals associated with the U.S. civil rights movement.

For example, the LaRouche Youth report that on Aug. 16, demonstrators, wandering off from the larger "funeral procession" (the "official" demonstration), were dumbfounded by the contrast with the singing and the constant flow of ideas which characterized the BueSo demonstration, and many found it odd that the two demonstrations were separate—thanks to the intervention of local political forces.

As the much-expected "Hot Autumn" approaches, such containment cannot be relied on.

Schroeder Sticks to Austerity Plan

Special to New Federalist

Aug. 19 (EIRNS)—In his semi-annual report to the nation, given Aug. 18, German Chancellor Gerhard Schroeder announced that the "Hartz IV" package of so-called economic reforms, which has been the object of growing mass demonstrations in recent weeks, will be pushed through "without any changes." Schroeder claimed that the "reforms," which amount to drastic cuts in payments to the unemployed, especially the long-term unemployed, are necessary "to keep the social welfare state intact for future generations."

Adding insult to injury, Schroeder attacked the ongoing Monday demonstrations for, in effect, equating his government with "a dictatorial regime."

Currently, if a German loses his or her job, 50-60% of the last average income earned will be paid as jobless support by the state. This may be 700, 800, or even more than 1,000 euros per month. After 12 months (for Germans under age 55) or after 18 months (for those above 55), one enters the category of long-term unemployed citizens, who receive only around 50% or less. And after another 24 months, one becomes a social welfare recipient who will receive, at most, 650 euros per month, but in most cases, substantially less.

With the Hartz IV package, the new standard pay for all long-term unemployed (12 months or more out of work) and welfare recipients will be only 345 euros a month for citizens in Germany's capital of Berlin, and her 10 western states; citizens in the five eastern states will receive only 331 euros. This will be the *maximum*, depending on the following conditions: 1) the citizen must first live on proceeds from the sale of any property above a level of 26,000 euros (cars, home, other real estate, life and other insurance); only after spending that money, will a citizen receive pay under the Hartz IV system; 2) any job offered through the state and private job agencies must be accepted, regardless of low pay, qualifications, or distance from the worker's residence; 3) in case of failure to get a new job, a citizen has to prove that the failure is not her or his fault.

Besides shredding the safety net for Germany's millions of long-term unemployed (the country has an institutional unemployment level of almost 10%), Hartz IV does not create a single job. Yet it is conservatively estimated that there are at least 8.6 million unemployed in the nation.

The Hartz measures represent a step down the road of killing austerity like that of Germany's infamous "Hunger Chancellor" Heinrich Brüning in the early 1930s, imposed to try to help shore up the bankrupt world monetary system, and later of Hjalmar Schacht, Hitler's Economics Minister, who sacrificed the living standards of the population to fund Hitler's war machine. Today, by clinging to such measures, which are being demanded by the central bankers of Europe and the International Monetary Fund to maintain the present bankrupt monetary system, Schröder is signing his own political death warrant, unless he comes to his senses in the very near term.

INTERNATIONAL

The Fight in Al-Najaf Can Blow the Whole Region

by Hussein Askary

Aug. 19 (EIRNS)—As the Islamic tradition states, "all acts are effects of intention"; the Cheney-Bush Administration's intended war-policy in Southwest Asia is the source of the ongoing, bloody asymmetric warfare in Iraq. The illegal invasion of Iraq aside, the post-invasion policy of stripping the nation of Iraq of all its national military, security, economic, and cultural institutions has led to the chaos raging in Iraq today. The rise of religious forces in Iraq to assuming a controlling political-military status was a result of that policy.

The intention of the current fighting in the holy city of Al-Najaf is, obviously, to spread the Iraq war into the neighboring countries, especially Iran, and not least Saudi Arabia, by using Iraq as bait for sectarian strife in the region. Al-Najaf is the holiest city for Shia Muslims around the world, after Mecca and Al-Madina in Saudi Arabia, and the Al-Aqsa Mosque in Jerusalem. The existence of Al-Najaf as a city is tied to the Shrine of Imam Ali, cousin of the prophet Mohammed and one of the most revered historic Muslim leaders and thinkers. It is the destination to which Shia pilgrims from all over the world travel. That mosque, now, has become the base of young cleric Muqtada Al-Sadr's militia, his Mahdi Army. Inevitably, it is developing into a symbol of resistance against the U.S.-British occupation forces in Iraq.

Shia Muslims are a majority in all southern Iraq and the capital Baghdad, and are a minority in northern Iraq. Iran is almost exclusively of the Shia sect. There are Shia minorities in Saudi Arabia, Bahrain, Kuwait, the United Arab Emirates, Lebanon, Yemen, and all the way to Pakistan, India, Afghanistan, and Central Asia. Four of these nations are close U.S. allies. - Not a Shia Problem -

However, this is not an exclusively Shia affair. Sunni Muslims, who constitute the majority of the world's 1 billion

Muslims, revere and respect Imam Ali. Many Sunni groups have explicitly given support to Muqtada Al-Sadr's position. The leading Sunni authority in Iraq issued a fatwa prohibiting Iraqis from fighting side by side with the U.S. troops in Al-Najaf. If the Imam Ali mosque were stormed, whether by Iraqi government troops or, worse, by American troops, a bloodbath would be a fact, and the idea of religious war could become a reality.

This concern has prompted Iranian leaders to issue signals that they would not be able to control the Shia population in Iran if something that grave happens in Najaf, and they might be forced to intervene. At that point, Iran itself would become a target of military action by the U.S.-British coalition and its puppet Iraqi regime of Prime Minister Iyad Allawi.

The Allawi government has already resorted to Saddam Hussein-era propaganda methods and other shenanigans. As Saddam's regime did in 1979-80, to contribute to fomenting the war with Iran, Iraqi officials today, such as Defense Minister Hazem Al-Shaalan and Interior Minister Falah Al-Naqib, have accused the Iranians of playing a key role in the destabilization of Iraq. Since the outbreak of the latest fighting in Al-Najaf Aug. 3, the Iraqi government has allegedly produced evidence of Iranian involvement in the fighting, with both weapons and personnel.

It has to be noted that the fighting broke out Aug. 3 in Al-Najaf after Iraqi police forces, supported by U.S. troops, approached the residence of Muqtada Al-Sadr. Al-Sadr's guards took combat positions, believing that the U.S. troops were intending to storm the residence and arrest Al-Sadr. Then cross-shooting took place. This provocation was all it took to start this latest armed uprising in Al-Najaf, Baghdad's Al-Sadr slum city, and all the cities and towns of southern Iraq. This disrupted a ceasefire reached in June. Different attempts at a truce were sabotaged.

The latest one occurred last Saturday, Aug. 14, when the Iraqi government's National Security Adviser Mwaffaq Al-Rubaie (a longtime asset of the Bush-Blair war party) suddenly interrupted his negotiations with Al-Sadr representatives without any clear reason, and stated that armed actions against Al-Sadr's militia would be resumed. - The Iraqi National Congress -

This took place on the eve of the convention of the Iraqi National Congress, which is expected to vote-select the next provisional 100-member "parliament" from among representatives of the Iraq's different political, religious, and tribal forces. The Parliament is supposed to monitor the performance of the provisional government and prepare for the next elections. The Iraqi government's insistence on a military solution, or a humiliating political settlement with Al-Sadr—which he will never accept—was interpreted by the independent Iraqi National Congress members as an attempt by the U.S.-controlled government to sabotage the Congress and delay the political process and elections indefinitely. It is known that fair elections would oust all the political forces which came into Iraq with the invading forces.

Therefore, many participants in the conference in Baghdad, boycotted it and demanded that a delegation be sent to Al-Najaf to find a political, peaceful settlement to the conflict. Such a delegation was formed Aug. 17, and arrived at Al-Najaf's Imam Ali Mosque Aug. 18. The delegation, headed by Sayid Hussein Al-Sadr, a relative of Muqtada and chairman of the Iraqi National Congress, presented three demands to Al-Sadr's representatives: leave the shrine peacefully; disarm the militia; and turn the Al-Mahdi militia into a political movement.

Spokesmen for the Iraqi government preempted these negotiations by stating that Al-Sadr refused these terms, and the Defense Minister announced from Al-Najaf that his troops would launch "a massive and decisive attack" in the city. Al-Sadr's spokesman Sheikh Mahmoud al-Sudani told Reuters late Aug. 18, "Yes, Sayyed Muqtada has agreed to the demands" of the Iraqi interim government.

"We have just received a letter from Muqtada Sadr's office in Baghdad that confirms 'in the name of God,' Muqtada Sadr's acceptance of the conditions imposed by the conference," said Safia al-Shair, a spokesman for the Iraqi National Congress. He later told AFP: "Today, Muqtada Sadr accepted the three points to put an end to Iraqis' bloodletting and demonstrated his desire to take an active role in the new Iraq." - Approaching the Mosque -

In spite of that, as of midday of Aug. 19, U.S. troops and Iraqi National Guard forces were approaching the Imam Ali Mosque in Al-Najaf's Old City. During the night, U.S. tanks had invaded Al-Sadr city in Baghdad, leaving 40 Iraqis dead in the clashes with militiamen.

Al-Sadr's obvious demands are that a truce should be reached and that the terms he agreed to be implemented after the withdrawal of U.S. troops from Al-Najaf and other Iraqi cities. He further demands that the Shrine be put under the control of the Shia religious authority of which he is a part, rather than the Iraqi police or security forces.

The true nature of this conflict, as cited above, is not related to one Iraqi faction or another. The issue is that Iraq today is under occupation by foreign military powers. The country has no sovereignty, and its government has no legitimacy. Iraqis cannot trust decisions made by the government, because they know that the real power behind it is the U.S. occupation and the Blair-Bush governments, which have agendas in the region that reach beyond the borders of Iraq.

The current Iraqi government will certainly disintegrate if the current policies are pursued, and Iraq will descend deeper into anarchy and chaos. Utopian military solutions will not work. Even if Al-Sadr is not the most popular Iraqi religious or political leader, he becomes one by default, when Iraqis see American-British boots trampling on their sanctuaries and symbols. - The Only Solution -

Approaches like Lyndon LaRouche's "LaRouche Doctrine: U.S. Interest in South West Asia" plan, are the only solution. An immediate shift in U.S. policy in the whole region, and the engagement of nations neighboring Iraq, including Iran, Saudi Arabia, Syria, Egypt, and Turkey by the U.S. to define a wider solution for the whole region, including the Palestinian-Israeli conflict, is the way out of this impending disaster.

Venezuela On Course for Civil War, Despite Referendum

by Gretchen Small

Aug. 19 (EIRNS)—A great moment has found a very little people indeed, in Venezuela. The fact that the national referendum to recall President Hugo Chavez has failed to stop the plunge toward civil war, exemplifies the horrors lack of national leadership can bring upon a country—and a continent—under conditions of global breakdown.

On Aug. 15, millions of Venezuelan voters stood doggedly in line for up to ten hours, to vote on whether Chavez should be booted out immediately, or finish his term. Chavez, who has support among many of Venezuela's desperate poor because of his radical promises, was put in power by the same London financiers, and the Rockefeller family's favorite Venezuela billionaire Gustavo Cisneros, who today also back the opposition. Declaring he will rule until 2021, Chavez had the Constitution rewritten in 1999 to justify mob rule, calling on legal arguments used by Nazi Crown jurist Carl Schmitt to justify Adolf Hitler's dictatorship.

In five years in office, Chavez's rule has so polarized the country that Venezuelans saw the referendum as a last chance to head off civil war. Opposition forces had tried to oust him by mass protests and military coup in 2002, and by a devastating two-month national strike in 2003.

The lines at the polls were so long Aug. 15, that poll closing was twice postponed, until midnight. Former U.S. President Jimmy Carter, heading a delegation of international observers, said he had seen nothing like it in 50 countries whose elections his team had observed.

At 4:00 a.m. Aug. 16, despite protests of irregularities by two opposition members of the National Electoral Council, its head—a Chavez supporter—announced that, with 94% of the vote counted, Chavez had defeated the attempt to recall him, 58% to 42%. By midday, Carter and his fellow observers endorsed the election results; 24 hours later, so did the U.S. State Department.

Opposition leaders cry fraud, targetting the electronic voting machines used. They are demanding a manual recount of the verification papers voters received, and an examination of the software and memory of those machines. Patterns of potential fraud cited include reports that in over 500 polling stations in one state, exactly the same number of "yes" votes were recorded, suggesting machines were programmed to impose a ceiling. - And the Nation? -

Everyone is focussed on democracy, but the issue is not the numbers, U.S. statesman Lyndon LaRouche commented. The real issue is: Did the vote produce results under which the country can survive? He warned, also, to watch out for what the Bush Administration may do. President Bush is psychotic, crazy—and that's the best side of him.

Demoralization, fear, and anger are setting in among those who voted to get the Chavez beast-man regime out, only to discover what they refused to see, and act on, in time: the failure of the opposition to develop leadership concerned with the nation as a whole.

Whether or not Chavez won fairly, the referendum proved the bankruptcy of the opposition "leadership": a group of squabbling politicians and "social" activists of differing ideologies, united only by what they were against: Chavez. More than 50% of all Venezuelans have only "informal" work (selling imported gizmos on the street, working off-the-books), yet no one offered a shadow of an idea of how to rebuild the country, much less a vision for the future. Despite fighting for a year to hold the referendum, the opposition could not even agree on a candidate to replace Chavez, in case the referendum succeeded in calling new elections.

Rightwing neo-conservatives seeking the final takedown of the Venezuelan state, tended to dominate the opposition leadership, promising Dick Cheney and his boys would help install them in power. Most dangerous now, is that a group of outright Nazis (with links to Cuban extremists in Miami) stand ready to recruit demoralized radicals to the armed insurgency they have been building up. - God ... and the Bankers -

Chavez, a certifiable lunatic (he claims he's the reincarnation of Simon Bolivar), had announced in advance that a defeat of his recall would be "Christ's vote against imperialism." After winning, he told a pre-dawn rally that "the Venezuelan people have spoken, and the people's voice is the voice of God.... Venezuela has changed forever. There is no turning back."

Whether or not Chavez has the direct channel to God he claims, he does have the backing of international financiers. Holland's giant ABN Amro bank, London's Standard Asset Management, and various multinational oil interests were among the voices before the vote urging a Chavez victory, because, as one banker put it, "he has shown a commitment to paying interest on the nation's \$22-billion foreign debt."

Chavez has promised to quickly clean out any opposition from the judiciary, and replace all state and municipal police with a national police force.

With reason, Venezuelans are fearful of what comes next. The streets of the capital have been unusually quiet since the vote, although a confrontation between extremists on both sides the day after the election left eight wounded and one dead.

Financial Predators Seek New War of the Pacific

by Cynthia R. Rush

Aug. 18 (EIRNS)—The nation of Chile is arming itself to the teeth, and on Aug. 4, engaged in provocative war games against Bolivia and Peru. Venezuela's Jacobin President Hugo Chavez continues to say how much he'd like to swim at a "Bolivian beach," a reference to Bolivia's demand that Chile return the strip of territory on South America's Pacific coast that Chile seized during the British-orchestrated 1879-81 War of the Pacific, which left Bolivia landlocked.

Peru's unstable President Alejandro Toledo, whose tenure in office remains uncertain, used the occasion of his Independence Day speech July 28 to warn Chile that it had 60 days to begin negotiations of its maritime border with Peru. Second Vice President David Waisman then lied that Peru was "technically and morally prepared" to confront any war threat from Chile. Defense Minister Roberto Chiabra made similar statements.

A band of foolish sabre rattlers? Yes—but it goes beyond foolishness. This South American region is rife with unresolved border conflicts and land claims stemming from the 1879-81 war, which London-based synarchist financial predators launched, using their front man Chile, to defend their looting rights. Desperate today to hang onto the power that is threatened by the crumbling world economy, these same usurers are prepared to unleash another such conflict. Their left- and right-wing assets in the region are deployed accordingly.

Chavez and his Jacobin allies in Bolivia are playing to the hilt the issue of that country's demand for access to the sea. Fearing for his government's stability, President Carlos Mesa unwisely initially linked any possibility of exporting natural gas abroad through Chile to resolution of the issue. On Aug. 5, Toledo fuelled tensions further, suggesting that Peru might favor modifying the 1929 treaty that codified Bolivia's borders, post-War of the Pacific.

In the context of global financial breakdown, fighting over territorial claims will inevitably lead to disaster, as statesman Lyndon LaRouche has repeatedly warned. It is notable that Brazilian President Lula da Silva, who has obediently applied the International Monetary Fund's austerity dictates domestically, has recently acted to shift the regional debate instead to the issue of infrastructure development and South America's physical integration.

On Aug. 11, Lula met with Toledo and Mesa in the Amazonian city of Cobija, Bolivia, to inaugurate the binational "Friendship" bridge that now connects Cobija with the Brazilian town of Brasileia. Brazil financed the bridge, to the tune of \$2 million, and the South American Regional Infrastructure Initiative (IIRSA), whose goal is to connect the South American continent from ocean to ocean by 2010, is promoting these activities. A second bridge is planned to connect Brazil's Vila Asis with the Peruvian city of Inapari and the Bolivian town of Bolprea, in the nearby tri-border region. With their Foreign Ministers, Lula, Toledo, and Mesa also discussed the feasibility of building a petrochemical complex and power plants in that undeveloped region of the Amazon.

Lula located the Presidents' efforts as part of the broader vision of "the construction of a great South American nation, which proceeds through its physical integration.... I want to end my life seeing South America transformed into a true single nation." In the final communiqué issued Aug. 12, the Presidents expressed interest in a "South American Infrastructure Authority," whose creation will be discussed during the October meeting of South American Finance Ministers in Lima.

Terrorism in India: Alive and Well

by Ramtanu Maitra

While the world has long been attuned to the militancy and terrorism in the Islamic countries, terrorism in India's northeast,

bordering Myanmar, Bhutan, Nepal, and Bangladesh, had remained mostly unreported. That changed on Aug. 15, India's 58th Independence Day, when 16 schoolchildren were killed, and 40 injured, in Assam's Dhemaji district. Based on what the authorities claimed, and looking at the modus operandi itself, there is little doubt that the suspects—the militants of the banned United Liberation Front of Asom (ULFA)—triggered the killer blast.

A day earlier, the same group of terrorist-suspects blew up a crude-oil installation belonging to the state-owned Oil and Natural Gas Corporation near Kunwarpur, 223 miles east of the capital Guwahati in the restive northeastern state of Assam. ULFA is one of a half-dozen medium-size to large militant groups who have been fighting against New Delhi for decades. Their demands range from attaining ethnic supremacy, to separatism and secessionism. Although none of these militant groups is in a position to wrest from New Delhi what they demand, their ability to wreak havoc and loss of lives cannot be underestimated. - Unrest All Over -

Another northeastern state, Manipur, southeast of Assam and bordering Myanmar, appears to be heading toward another phase of political instability. Locked in an ethnic battle between the tribal Nagas and Meitais, the state has been devastated by narcotics moving in from Myanmar and by an indifferent administration. Since independence in 1947, New Delhi has paid little attention to the requirements of these northeastern states, which enjoyed virtual autonomy during the almost 100 years of British rule.

The northeastern states, sandwiched between two vastly underdeveloped nations, Bangladesh and Myanmar, have very little physical infrastructure. Here, agriculture is weak and industry even weaker. As a result, secessionist and separatist movements have cropped up, kept alive by huge opium production in Myanmar, and to some extent in Arunachal Pradesh, India's easternmost state, and by the abundance of small and medium weapons in Southeast Asia. In other words, due to inadequate efforts by New Delhi, the area is highly dangerous.

Besides the secessionist movements, which have for a long time been degenerating into terrorism, the threat of drug addiction and the rampant spread of AIDS in the region are very real. Mizzima News Group recently conducted a survey of areas in Arunachal Pradesh, Manipur, Nagaland, and Assam (four of India's seven northeastern states), as well as Namphalong in Myanmar, and published a report on cultivation, production, trafficking, and consumption of drugs. The old linkage—drug money generated by the militants to procure weapons—could not have been clearer. - Huge Drug Problems -

In Arunachal Pradesh, opium has traditionally been cultivated in the hilly areas of Tirap, Changlang, Lohit, and Upper Siang districts; almost all areas dominated by militants. Some 90% of Lohit's population is involved in opium cultivation, making it the biggest producer of these districts.

Manipur shares 300 km of porous border with Myanmar, and suffers the twin scourges of terrorist-type violence and AIDS spread through heroin addicts' needles. A number of violent groups are based in the region, and according to India's Narcotics Control Bureau, at least two—People's Liberation Army and United National Liberation Front—have been closely associated with drug trafficking.

Adjoining Manipur is the state of Nagaland, which reportedly has the second-highest number of drug addicts in India. Opium comes from Myanmar through Moreh and finds its way to the state capital Kohima—now a major transit point for heroin-trafficking.

NATIONAL

The Stench of Watergate Haunts Dick Cheney

by Jeffrey Steinberg

Aug. 19 (EIRNS)—Approximately eight weeks ago, faced with mounting pressure from traditional Republican activists for his removal from the 2004 GOP ticket, Vice President Dick Cheney—along with his wife Lynne—launched a full-court counterattack, aimed at bullying, cajoling, and blackmailing his party rivals into abandoning the fight.

One of the key events that triggered the Cheney effort was the June 21 nationwide publication of an open letter to the Veep by James Gannon, the editor-in-chief of the Midwest Republican "newspaper of record," the Des Moines Register, calling on Cheney to resign from the ticket, for the good of the party and the country. The open letter appeared in the pages of USA Today and scores of other GOP-linked dailies.

On July 11, Jude Wanniski, one of the gurus of the Reaganite "supply side economics" crowd, circulated an open memo to Karl Rove, demanding Cheney's ouster and his replacement by Homeland Security Secretary Tom Ridge. Wanniski wrote, "Now that President Bush looks like a loser in November, because all of you ignored my counsel, I can only say your only chance of winning reelection is if you replace Cheney with Tom Ridge.... Mr. Bush should have picked him in the first place." Wanniski said Ridge "would never have fed the President the 'disinformation' that Cheney served up to him daily, as prepared by the neo-con kitchen cooks, Cheney's old pals: Perle, Wolfie, Rummy, Gaffney, ad nauseam."

One of the first signs of the Cheney thug efforts was the op ed in the Washington Times in late July by former Reagan Housing Secretary Jack Kemp, a longtime Wanniski ally who had earlier made no secret about his angst over Cheney's place on the GOP ticket.

Cheney's counterattack, to save his job—regardless of the consequences for the Republicans in November—gained a boost from elements in the Democratic National Committee, who argued that Cheney's presence on the ticket shaved two to three percentage points off the Bush vote in a number of swing states. Between that DNC foolishness, and the failure of the Democratic Convention in Boston to forcefully target Cheney for his role in the Iraq war fiasco and every other Bush policy debacle, thus angering some core Democratic voters, Cheney's fortunes momentarily turned.

Going into the Republican Convention in New York City on Aug. 30, Cheney is reportedly feeling more secure that his position on the ticket has been reconsolidated.

However, Republican activists who have a broader interest than salvaging Dick Cheney's presence on the ticket, are growing increasingly alarmed that Cheney carries the "stigmata" of Watergate on his forehead. They worry that the mounting Federal probes into Cheney's activities as CEO of Halliburton, and, later, as Veep, may blow up after the Convention, and they worry even more that they could blow up following a Bush reelection. Watergate, they recall, brought down Richard Nixon *after* his November 1972 reelection. - The Crimes of Dick -

First among the worries about Dick "Watergate" Cheney is the ongoing Federal grand jury probe into the leak of the identity of a CIA undercover officer to columnist Robert Novak in July 2003. Novak outed Valerie Plame, the wife of former U.S. Ambassador Joseph Wilson, after Wilson penned a New York Times op ed exposing the lies behind the Bush-Cheney claims that Iraq was seeking uranium in Niger. Those false charges found their way into President Bush's January 2003 State of the Union address (the famous "16 words"), and formed a core feature of the Administration argument for invading Iraq. In March 2003, prior to the Iraq invasion, IAEA head Dr. Mohammed ElBaradei revealed that the Niger government documents, on which the Iraq nuclear bomb allegations were based, were shoddy forgeries. Cheney denounced ElBaradei, and reiterated that Saddam was close to building a nuclear bomb.

Last October, under massive pressure, the Justice Department appointed an independent counsel, to probe the source of the Plame leak. The grand jury investigation has increasingly centered around Lewis I. "Scooter" Libby, Dick Cheney's chief of

staff and chief national security advisor. One former White House official described Libby as Cheney's alter ego. Libby was the former private-sector attorney for international swindler and suspected Israeli intelligence front-man Marc Rich. This newspaper was first to report that the "Get Joe Wilson" effort was launched in Cheney's office in March 2003—days after the ElBaradei revelations about the Niger forgeries.

In recent weeks, a string of prominent journalists, as well as Secretary of State Colin Powell, have been called to testify before the grand jury probing the Plame leak.

A source close to the probe described Libby as only an "interim target" of the probe, indicating that independent counsel Patrick Fitzgerald is looking to highers-up in the White House, perhaps Libby's boss. "The prosecutors know what happened, and they are now zeroing in to get corroborating witnesses," the source said.

The Plame affair is but one ticking time-bomb, set to detonate in Cheney's lap—whether before the GOP Convention, before the November elections, or later in the year.

Cheney's five years as CEO of Halliburton, and Halliburton's \$7 billion in no-bid contracts for Iraq war and occupation-related operations, are the subject of a string of Federal criminal probes, a Securities and Exchange Commission investigation, and at least three foreign criminal probes, in France, Switzerland, and England.

There are parallel investigations in Europe and the United States into \$180 million in bribes, shelled out by a Halliburton-led consortium, to obtain a monopoly on natural gas production in Nigeria. The French probe into those bribes is now focussed on millions of dollars siphoned out of the bribe fund, and may have been routed into the GOP for the 2000 Presidential elections. - Politics and the Law -

In both the Plame probe and the multiple Halliburton investigations, there are also percolating reports that prosecutors are looking into obstruction-of-justice charges.

In the legal community, there is a groundswell of concern that the judicial process could be contaminated, if political pressures lead to a postponement of action against Cheney until after the election.

One attorney who knows the Watergate affair from the inside, John Dean, is the author of a 2004 book, "The Secret Presidency of George W. Bush," which trashes the Bush Administration in general, and Dick Cheney in particular, as far more corrupt than the Watergate bunglers. Events are catching up with Cheney. The question is whether the Republican Party will wake up in time, and perform the proper surgery before November.

Is McGreevey Scandal an Ashcroft Sting Operation?

by Edward Spannaus

Aug. 19 (EIRNS)—Shortly before New Jersey Governor James McGreevey's Aug. 15 press conference announcing his resignation, he filed a complaint with the FBI charging his former Homeland Security advisor Golan Cipel with extortion. In so doing, McGreevey may have short-circuited an entrapment operation being run against him by John Ashcroft's Justice Department and the local U.S. Attorney.

Ashcroft's Justice Department has become notorious for its targetting of Democratic elected officials, the most notable example of which was the pre-election targetting of Philadelphia Mayor John Street last year. (That operation was stymied

by the intervention of the LaRouche Youth Movement, which made Ashcroft the issue in the election, so that Street was reelected.)

The U.S. Attorney for New Jersey, Christopher Christie, took office in December 2001, and serves on a number of Ashcroft's advisory committees. He has been going after McGreevey's top fundraisers, and it was an open secret that these were stepping stones toward a hoped-for prosecution of the Governor himself.

Last month Christie indicted two of McGreevey's top contributors, one of whom was Charles Kushner, who controls a billion-dollar real estate empire. Yesterday, Kushner pleaded guilty to charges of witness-tampering, and violations of tax laws and campaign financial laws, and is expected to get an extraordinarily light sentence of 18-24 months. U.S. Attorney Christie and Kushner's attorney went to great lengths to assert that Kushner was not cooperating with Federal authorities, and that he had no involvement in the McGreevey case.

That remains to be seen.

Kushner in fact was central in many aspects of what looks like an attempted frame-up of McGreevey.

* It was Kushner who sponsored the work visa for Israeli Golan Cipel, who returned to the U.S. in 2001 to do outreach to the Jewish community for McGreevey's gubernatorial campaign. Cipel had spent 1995-99 working for Israeli Consulate in New York. In 2001, Kushner also gave Cipel a \$30,000/year part-time job as a public relations advisor.

After being elected Governor in 2001, McGreevey gave Cipel the position of his homeland security advisor, but Cipel was soon forced to step down from that post, after a public outcry over his lack of qualifications, and the fact that his Israeli citizenship barred him from obtaining the security clearance necessary to permit him to be briefed by the FBI and other Federal security agencies.

Cipel remained on the state payroll as an advisor to McGreevey, and then took various private-sector jobs in public relations. - The Set-Up -

On July 23, 2004, McGreevey got a phone message from an Allen Lowy, a lawyer representing Cipel, who threatened to file a lawsuit charging McGreevey with sexual harassment and homosexual assault, and demanded a payment of \$50 million to "settle" the matter without going public. Over the next few weeks, Cipel and his lawyers reduced their "hush money" demands to \$5 million, and then, reportedly, to \$2 million in cash.

In a lengthy account of the case published on Aug. 15, the New York Times reported that the vehemence of Cipel's accusations against McGreevey, had the Governor's advisors wondering if somebody else were behind the demands and the negotiations. "The Governor's inner circle," the Times reported, "thought it was possible that Mr. Cipel and Mr. Lowy might be cooperating with Federal investigators as part of some sting operation involving Mr. McGreevey."

At the very last minute before McGreevey's scheduled press conference on Aug. 12, a new lawyer entered the picture with another demand: that Gov. McGreevey obtain approval for Touro College, a Jewish school based in New York, to build a medical school in New Jersey. Kushner is a major contributor to Touro College, sits on its advisory board, and was a key promoter of the medical school project. Reportedly, he wants to have the medical school named after his mother.

Touro officials claim no knowledge of the demand, and say they've had no contact with Cipel "for an extended period of time."

The New York Jewish newspaper Forward, noting that Kushner is a leading supporter of Touro College, wrote: "Reports of the Touro link and Cipel's stint as a consultant to the college fueled speculation that Cipel had been acting in tandem with or under the direction of a secret advisor."

The Newark Star-Ledger and other outlets report that the FBI has now expanded its investigation to include the Touro College allegations. But the ultimate decision on any prosecution will come from U.S. Attorney Christie and U.S. Attorney General John Ashcroft.

In public statements, Christie has refused to say whom and what he is investigating, leaving open the possibility that he could end up indicting the victim of the plot, McGreevey.

Cipel's lawyers gave non-stop interviews over the weekend after McGreevey's press conference, claiming that Cipel was not a homosexual, and that McGreevey had assaulted Cipel and then offered him money to keep him quiet—which could be twisted into a criminal offense or a conspiracy by an unscrupulous Federal prosecutor.

Then, on Monday, Aug. 17, Cipel surfaced in Israel, making the same claims that McGreevey had assaulted him, that he was the innocent victim of sexual harassment, and that after he left the Governor's employ he was threatened, to try to make him leave the United States.

Still to be determined, is whether Cipel was a plant from the beginning, or whether the Justice Department simply took advantage of a target of opportunity to go after McGreevey.

U.S. Sending Medically Unfit Soldiers to Iraq

by Carl Osgood

WASHINGTON, Aug. 16 (EIRNS)—The Defense Department has gone to great lengths in recent weeks, to deny any story that the U.S. military, the Army in particular, is stretched far beyond its capacity to handle the missions it is being called upon to carry out. While threatening vetoes of any Congressional measure to increase end strength, the Army has resorted to such measures as mobilizing soldiers out of the Individual Ready Reserves, instituting stop-loss to keep soldiers in the Army up to 18 months beyond the end of their obligations and even recruiting personnel recently separated from the Navy and the Air Force to join the Army.

The Pentagon has also resorted to sending certain specialized Air Force and Navy personnel, including security, logistics, and medical specialists, to supplement Army and Marine forces on the ground in Iraq.

Perhaps the most telling indication that something is seriously wrong, is that being medically unfit may not prevent a soldier from being deployed to Iraq. Last March 30, First Sergeant Gerry Mosely, who had just retired from the Army Reserve following a deployment to Iraq, testified to the House National Security Subcommittee that pre-deployment health screenings of soldiers were wholly inadequate, and that many were deployed with known medical conditions that would be worsened by deployment. He said he personally knew of soldiers who were deployed with conditions including hearing loss, insulin-dependent diabetes, Tourette's syndrome, serious allergies requiring refrigerated medicines, and unrepaired hernia.

One case that has just come to the attention of this news service concerns Sgt. Tony Lampin, a mechanic with the 115th Field Hospital, which deployed to Iraq on July 25 from Fort Polk, La. After Lampin underwent two knee surgeries, extensive therapy, and medications over a two-year period, his doctor concluded that he is non-deployable and should be

medically discharged from the Army. In an open letter asking for help, his wife wrote that the commander of the 115th overrode the doctor's recommendations and put him on the deployment anyway. Brandie Lampin wrote, in an open letter asking for help, that she knew of at least two other medically unfit soldiers in the same unit who were deployed, one of whom was on crutches with a broken foot!

These are not isolated cases. "It's happening all over," said Steve Robinson, in a discussion with EIR on Aug. 12. He reported that he was working with an infantry soldier who was wounded by a roadside bomb in Iraq. He had to have a corneal transplant because of a shrapnel eye wound, his profile says he can't carry a weapon, and yet, the Army is trying to send him back to Iraq. Robinson attributed this situation to the pressures of Iraq deployments. "Commanders, in order to meet deployment goals required by the military when they're called up ... they're just taking everybody," Robinson said; "the sick, the lame, the crippled, the psychologically injured." He reported that he even has cases where soldiers had previous diagnoses of psychological conditions which should have prevented them from deploying, "and they got deployed anyway."

Robinson was unable to quantify the effect that deploying medically unfit soldiers to Iraq has on casualty and medical evacuation rates. "My gut felling is this," he said. "If you ship somebody with a pre-existing condition to war ... I bet you ... that these people exacerbate the condition that they already had and are suddenly having to be evacuated out of theater." As of Aug. 16, the Pentagon was reporting that 937 Americans had died in Iraq and another 6,276 have been wounded. Not reported is the total number of medically evacuations, which Robinson said exceeds 22,000. How many of those 22,000 people had pre-existing medical conditions, and should not have deployed in the first place?

Latest From LaRouche

Lyndon LaRouche wrote this Foreword for the about-to-be released Children of Satan book:

The Doom of the Would-Be Gods of Babylon

by Lyndon H. LaRouche, Jr. — August 14, 2004

Already, with the ugly impasse which erupted around the abortive U.S. Presidential election of November 7, 2000, there was the smell of an ominous sickness in not only the U.S.A., but a sickness of the U.S.A. as the capstone of a self-doomed world monetary-financial system. Now, nearly four years since that mis-election, the words I spoke shortly prior to the actual January 2001 inauguration of President George W. Bush, Jr. must seem prophetic to all whose memories are sufficiently lucid to remind them of my words.

Unless we mend our ways, unless our republic ceases doing what it has been mostly doing during the recent four years, we are indeed at the very edge of a chasm of ruin and despair such as has been unknown to today's globally extended European civilization since the great New Dark Age which wiped out half the parishes of Europe, and one-third of the level of its population, during the middle of the Fourteenth Century.

You, the citizen, are not faced with a choice between candidates; you are faced with a choice of plunging into doom under the incumbent administration, and the possibility that we might not merely survive, but might actually do well under the incumbent's prompt replacement. The choice of the current administration, is unthinkable for thinking men and women.

Especially in times of crisis, such as these, the task of a scientist-statesman, which I am, is not to dazzle with mystification, as our all-too-numerous, self-important academic asses are wont to do, but to educate the constituency and leaders of the

nation, to show them their folly, to induce them to mend their sorry ways. It is to be the stern teacher, to make clear to those who must learn to survive, that which they now, urgently, need to know.

Therefore, my duty, formerly as a Presidential pre-candidate, and now as one working to bring a new Presidential administration into being, is to make clear to as many of our citizens as are prepared to listen to reason, to come to understand how we, the greatest nation yet to exist on this planet, could have brought about our own destruction, in the way we have done, during, especially, the recent forty years since the assassination of President John F. Kennedy and the lunacy of the launching of the official U.S. war in Indo-China.

Many citizens, both of my generation and the generation presently occupying most leading positions in private and public life, recognize the folly of having entered that former war. The problem has been, that even they have rarely understood, exactly what it was, which we as a nation did to ourselves, to bring us into the gruesome mess of our nation and its international relations today.

So, I created the series of widely circulated reports, on the subject of "The Beast Men," "The Children of Satan," crafted and issued during the course of the 2004 Presidential primary campaigns.

How did we change, from being greatest producer-nation of the world, to becoming something like the decadent Roman Empire, a nation of "bread and circuses" subsisting on the cheap labor of foreign nations, especially the poorest, while destroying the great productive power we used to represent forty years ago?

Who caused us to do this to our nation, and to ourselves? How did it happen? Why, under the present administration, do we lurch from bad to worse, even, now, to the brink of a self-inflicted doom? What must we understand, if we are now to pull back from the brink, before it becomes already too late for all of our presently living generations today?

The greatest danger today, is that sheer stubbornness of people, which causes them to blame a few leaders for the mistaken opinions for which the people in general either voted, or did not bother to vote against. We are a democracy, for whatever that means in fact. We have the power to vote, unless that power is taken away from us, by computer-voting fraud, or other means, between now and the November election.

The way in which we use, or neglect that power decides our fate as a nation. The first step toward sanity and morality for our citizens today, is to blame themselves for the choices of policy which they have either made or tolerated. It was the votes, combined with the non-votes of the morally irresponsible professional underlings known as abstainers, which expressed, chiefly, those wrong ideas about policy which made possible the recent forty years' transformation of the world's greatest and wealthiest productive power into the tattered ruin we are today. Unless the people are willing to reconsider their habituated prejudices now, the chances for our nation's survival, even in the short term, are little or none. We have now come to the end of the road, to the edge of the chasm, where the road ends for all but our legendary lemmings.

So, I have chosen to "kick against the pricks," to tell the unpopular truths about the way in which the majority of public opinion, as more or less than lack of truly competent leaders, has led our nation into the present catastrophe. Unless the majority of our people are willing to change their political behavior on that account, there is little chance for a happy future for this nation. A nation in which so many people would tolerate the ideas of a New Gingrich for as long as ours did, could not be considered either moral, or entirely sane.

The following pages, which some should read again, and many for the first time, point the way to understanding what must be understood if we as a nation are to pull back from the brink toward which we are lurching, in time to save not only ourselves, but generations yet to come.

BOOK REVIEW

Lacey Baldwin Smith; *Henry VIII: The Mask of Royalty*; (Boston: Houghton Mifflin, 1971, 328 pages, hardcover) (out of print); \$17.95

Even a Bad Book Is Useful—Sometimes

by Lyndon H. LaRouche, Jr.

The sum of the parts, is sometimes worse than the whole. More than thirty years ago, a certain Professor Lacey Baldwin Smith wrote a book about the mind of England's lunatic King Henry VIII; the author left out the part about history. The trouble was, Professor Smith obviously had overdosed on an intellectually fatal dose of empiricism. The result of this labor of his was not worth much except as an object-lesson which contemporary critics and politicians need very much, even, today, desperately, to learn.

That case typifies a common source of incompetence in the closely related fields of history and political and scientific intelligence.

For this present report of mine on the case of that book, you may blame one of my German physicians, who advised me: "Ausklinken," break my intense and sustained work-routine from time to time. So, from time to time. I pick up and read a book which is selected because it promises to be an entertaining, and, hopefully, enriching diversion from my customary work. So, on this account, I laid hands on Professor Baldwin's 1971 book. Now, "ausklinken" or no, I shall not rest from my work-a-day habits until I have unburdened myself of the relevant, important observation which my work-a-day clientele requires of me.

Like his Spanish predecessor, Tomas de Torquemada, England's Henry VIII was a beast-man, and deserving, on that account, of the special quality of admiration of the spiritual great-grandfather of Adolf Hitler, Count Joseph de Maistre, as also meriting the burning hatred of the Grand Inquisitor by Fyodor Dostoyevsky. Henry was a monstrous fanatic in the same mold as such among our contemporary brutes as the incumbent U.S. Attorney-General Ashcroft, Vice-President Cheney, and President Dubya. Intellectually, of course, Henry VIII, although also a lunatic, was, as Professor Smith insisted, an intellectual giant among lunatics, when compared to the trivial talents of any among the latter three; but, as might be said comparable of man-eating tigers, as beast-man is a beast-man, even if he has but three claws, and two eye-teeth remaining, whatever his notable relevant intelligent quotient.

That author's failure, in composing that book as a whole, is a systemic fallacy of a type associated with what I have frequently identified as the "fishbowl syndrome." By "fishbowl syndrome," I mean the adoption of an implied set of implicitly self-evident definitions, axioms, and postulates, a set of assumptions which locates his opinions and actions outside the real universe in which the determining action of the process is actually located. He adopts implicitly, a set of axiomatic-like assumptions about his subject-area, and then seeks to pose explanations of developments within that "fishbowl," by excluding those actually determining features of Sixteenth-Century European history which he has systemically excluded from his study. His choice of area is comparable to discussing the behavior among species of fish without taking into account the existence of water.

First of all, Professor Smith ignores the crucial category of European civilization, which is to say the environment within which the interactions between Henry VIII and his times are situated. Second, he, in effect, attempts to refine his notion of

the nature of Sixteenth-Century Europeans from the transactions involving Henry VIII, rather than the actions within immediately preceding and contemporary European civilization upon the person and social environment of Henry. Third, he leaves out the principal, efficient actors within the scene he describes, the Venetian party which was the continuing principal influence on the history of England since the time of the Norman Conquest; that is a portion of world history without which no competent assessment of the principal developments of Sixteenth-Century England were possible.

Thus, he misses the essential clue to the most notable of the specific traits of Henry's defective character, his role as an echo of the worst beast-man of the immediately preceding two generations of European history, the Grand Inquisitor Tomas de Torquemada. He misses the surge of religious warfare out of the effects of Torquemada's bestiality, a bestiality which was a model for the pandemic of religious warfare dominating all of Europe, including Henry VIII's and his successors' England, over the interval which some historians have classed as "a little new dark age," from 1511 until the 1648 Peace of Westphalia. It was a form of religious warfare epitomized in the role of certifiable, mass-murderous, religious lunatics, including the President, his Attorney-General, and his Vice-President, in the current U.S. Cheney-Bush administration (that is, to put the name of the ventriloquist, properly, before the name of his dummy).

Since the contrast between the democratic policies of Solon of Athens and those of Lycurgan Spartan slave-society, since the pre-Aristotelean science of Thales, the Pythagoreans, and Plato, until today, the characteristic feature of globally extended European civilization has been the resistance against forms of society, such as slavery, in which some people degrade other people to the condition of herded or hunted human cattle. Since the tragic doom of ancient Athens which launched an imperial Peloponnesian War, to the present day, the struggle to free people from the imposed conditions of herded or hunted cattle, has been a conflict between empires and constitutional republics premised on the natural-law principle of the supremacy of the general welfare.

To make the point clearer, state it in another way.

What Is Human?

The essential difference between man and beast, is that mankind is capable of willful increase of his species' potential relative population-density, an increase effected through the application of the discovery of pre-existing, but previously unknown, experimentally validated universal physical, or equivalent principles. Those changes, through which the potential relative population-density of our species is increased, have the effect of the upward evolution of the human species without aid of any change in biological specificity.

Through these hypothesis-driven upgradings of the specific power of the human individual and his species, man acts in a specifically human way upon the universe. It is those changes in the expressed specific quality of man in society, which constitute the elementary notion of a specifically human quality of action, as distinct from that of any lower species.

The history of society, and of human societies, is defined in a meaningful functional sense, by the way in which societies promote, or fail to promote such improvements in the potential relative population-density of the members of our species. In the history of European civilization, the most characteristic issue is the struggle of the human spirit to throw off the burden of arrangements under which some people subject a greater number of the people to the status of herded or hunted human cattle.

Typical of the modern argument in favor of such degradation of the majority of mankind, is the Physiocratic dogma of Dr. Francois Quesnay, a dogma which the plagiarist Adam Smith plundered for his own 1776 attack on the U.S. Declaration of Independence, in Smith's so-called **The Wealth of Nations**. Quesnay, like Adam Smith after him, and the pro-Satanist Bernard Mandeville before that Smith, insisted that the physical profit (gain) of the estate was the miraculous fruit of the landlord's patent claim on an aristocratic title, and that the farmers and the like who worked the estate were no different, in

economic and social function, than a human form of cattle.

In the long sweep of European history, from the Peloponnesian War until the founding of the modern form of sovereign nation-state republic, during the Fifteenth-Century Renaissance, the great majority of humanity was kept in the status of human cattle, to be herded or hunted as the Roman Empire, and the feudal system of Venice's partnership with the Norman chivalry characterized most of the history of all parts of Europe during the nearly half-millennium preceding the Renaissance. The struggle for the replacement of ultramontane social systems, such as the Roman empires and the Venetian-Norman ultramontane system, was the great struggle for humanity which led into the birth of the modern nation-state, as prescribed by those targets of Venetian usurer's hatred, Dante Alighieri in **De Monarchia** and, more perfectly, by Nicholas of Cusa in his **Concordancia Catholica**.

The sovereign nation-state, as pioneered in practice by France's Louis XI and England's Henry VII, is the typification of the liberation of the majority of mankind from the juridical and social-economic condition of mere human cattle. Evil, then as now, is typified by the yearning for some or another form of "globalization" as a replacement for the institution of the sovereign nation-state as best typified today, by the Declaration of Independence and Federal Constitution of the U.S.A. Only that form of political society differentiates human beings with actual souls from what are functionally quasi-human beasts.

This is the key to understanding the history of England from approximately the accession of Henry VIII until the 1648 Peace of Westphalia. This is the key for understanding the unique genius of the creation of the U.S. republic up to the present day.

The self-inflicted downfall of the Venetian-Norman system, in the financial-economic collapse expressed as the Fourteenth-Century New Dark Age, weakened the power of the ultramontane form of imperial faction to the degree that the Fifteenth-Century Renaissance became possible. It was the development of European civilization, from the beginning of that Renaissance through that 1648 Treaty of Westphalia which launched a civilized set of relations among the nations and peoples of Europe, which has been the greatest known achievement, in all known history so far, in the improvement of the conditions of mankind on this planet. The essential feature of this revolution otherwise known as *modern European civilization*, is the systemic effort to elevate all persons to that practical condition of life above that of human cattle which is referenced by the usually misleading, trivializing, term of "individual equality."

That is key for any competent grasp of the role, and stark insanity of beast-man Henry VIII.

The rise of the power, from approximately 1480, of the beast-man Torquemada, as the Grand Inquisitor, corresponds to a resurgence of the ultramontane power of the Venetian-Norman-chivalric system, in a revived Venice's efforts to return Europe to feudal conditions of imperial organization. The sundry schisms, and related religious warfare, of that period, 1480-1648, were the weapon deployed by Venetian agents, such as Cardinal Pole, Thomas Cromwell, and Francesco Zorzi (the king's marriage-counsellor), to bring about the chaos intended to drown Renaissance Europe in its own blood.

The detailed transactions among Henry VIII and his contemporaries are merely a reflection of the principled characteristic of that 1480-1648 interval of globally extended European history: the struggle between the just-emerged modern sovereign nation-state, and the counterrevolutionary efforts of the Venice-orchestrated feudal faction seeking a return to the bestiality of the medieval ultramontane order.

The key figures of Professor Smith's account, are merely actors on the stage of a drama so composed.

Physical Geometry As Science

In modern physical geometry, as typified by the work of Bernard Riemann, no a-priori definitions, axioms, and postulates, or their like, are tolerated. Only experimentally validated hypotheses (universal physical principles, or their like) are allowed to define the determining parameters of action within the corresponding domain. In such a configuration, it is changes in the domain (e.g., change in Heracleitus and Plato's sense) which determine the characteristic form of action with a domain-in-transition, rather than a simply fixed domain.

The collision between Cusa's **Concordantia Catholica** and founding of modern experimental science, **De Docta Ignorantia**, on the one side, and the evil typified by the influence of Venice's Cusa-hating Venetian marriage counsellor to Henry VIII, Francesco Zorzi, typifies the determining axiomatic features of both the entirety of the Sixteenth-Century histories of Spain and the Netherlands (among others), and the specific characteristics of the role of Henry VIII in his society of that time.

In contrast, Professor Lacey Smith's book is an all too typical attempt, among modern so-called historians and political doctrinaires, to locate history as percussive interactions of individuals on a flatland surface, outside the real universe.

As Kepler's uniquely original discovery of universal gravitation illustrates the relevant methodological issue of science: who moves what, and how?

It is only actions which change the physical geometry of the interactions within society, which allow us to situate competently the meaning of the role of interactions among persons in shaping the course of history of and among nations. It is the titanic struggles for change within cultures, within our universe, and the role of the individual as an actor of relevance to those universal features of the struggles, which are the permissible points of reference for the attempt to understand any part of human history, such as the imperilled U.S.A. today.

Henry VIII was thoroughly mad, and essentially an evil person, a beast-man in the same sense of the leading founder of modern fascism, Count Joseph de Maistre adored the beast-man Torquemada. To understand the history of Sixteenth-Century England from the accession of Spain's Charles I, through the accession of William of Orange, the actors must be situated on a stage in which the great civilizing forces of the Fifteenth-Century, Platonic Renaissance, and the pro-ultramontane Aristotelian-empiricist forces of unrepentant imperialism, were either moving the players on the chessboard, or, like Shakespeare and Kepler, working to change the design of the great game,

Professor Lacey Smith's vicious error, of concealing the Venetian factor, is the most important systemic feature of his book, the systemic error which vitiates his efforts at reaching conclusions and related inferences.

Professor Smith's folly is not unique. I have had to combat the same mechanistic blundering even among some notable cases of my own associates, the fact which makes the Professor's blunder notable, more than thirty years later.

LYM Cadre School

LaRouche Youth Discover Their Role in History

by Jessica Tremblay

LaRouche Youth Movement

Aug. 17 (EIRNS)—Two weeks after the historic intervention of the LaRouche Youth Movement into the Democratic Party Convention in Boston, the East Coast branch of the LYM gathered in rural Pennsylvania Aug. 14-15 for our summer cadre school. About 100 youth used the opportunity of a full weekend of discovery and discussion, to understand more in-depth

what it means to be a citizen of a republic.

We opened the weekend, on Friday evening, with the now-famous "Think" canon by Mozart, who composed the "*Trinkkanon*" over 200 years ago, to words which made fun of a silly blueblood, whom Mozart went after with great humor. It was sung with words which give the canon a new political meaning: "Dubious is the convention, if LaRouche you fail to mention." This set the stage for a political skit on our ground work in Boston, performed by Randy Kim and Merv Fansler.

The high point of the evening was a dramatic reading of the Ruetli Oath scene from Friedrich Schiller's play "William Tell." Why a reading of "William Tell"? Because, as in the period of the conspiracy of the citizens of the Swiss Cantons against the tyranny of the Hapsburgian oligarchs in the 13th Century, we, today, are in a period where people's minds are more open to embrace great and profound ideas. 'This Planet Will Never Forget Me'

Lyndon LaRouche opened the Saturday morning panel of the cadre school, and our friends from Seattle were able to join us via telephone hookup. All I can say, is, that LaRouche's speech was amazing. He put the work of the LYM in complete perspective, addressing, from the first sentence, the question of our historical mission. How do you address a group of well over 150 young people, who just got a sense of their political power, through their intervention into the Convention in Boston, and get them to ever better understand the force that they represent?

LaRouche described how he, personally, changed history. He gave us an overview of how he created his first youth movement in the early 1970s, and then intervened to stop the U.S. policy, under Zbigniew Brzezinski, of nuclear confrontation with the Soviet Union. The third idea he developed was: What is the method by which we must understand historical processes? He said, "My point is, to get you to understand, how *you* can look at *your* life, and how *you* should look at *your* motives, for the kinds of effects you're going to produce by your actions, individually, and as a layer of the population, with a certain kind of patience, of concentrating on the *long-term* effects of what you do, as much more important, more significant, than the short-term effects." - Doubling the Cube and the Economy -

Now, how many people have you led through the discovery of how to double the cube? Have you ever asked yourself why those LaRouche Youth always insist on working through the construction of doubling the volume of a cube by construction? Did you know that the Greek mathematician, musician, and politician Archytas, who made the hypothesis that two geometrical means are needed to double the volume of any cube, was a political ally of Plato, and even saved Plato's life? And, what does all this geometry have to do with the economic crisis worldwide?

On Saturday afternoon, we broke up into groups of 15 to 20, and worked through pedagogical exercises, written by Bruce Director, on Archytas's construction of how to find the length of the side of a cube, whose volume will be twice the volume of an original cube.

In the evening, Director was invited to give a class on Riemannian economics. Some people might have expected a discussion on financial particulars of the world monetary system; well, guess again!

How do we expect to learn to revive our once-functioning economy? By changing GDP figures? Micro- or macro-economic tricks? How about increasing interest rates? Well, don't attend Harvard, and accept those answers which many students give us in Boston, as to what economics is. Instead, Bruce went through what kind of growth in intellectual developments would be necessary, for future generations, to create the means to sustain a population of over 6 billions or more. When a culture is oriented toward the development of the mind, in discovering the laws of the universe, not in immediate gratification, this enables the human race to increase our power, and population density, on this planet. We can, then, increase our density of ideas and master the laws of the universe to a greater degree. As for our predecessors, like Leibniz, Hamilton, and others, economy is the increase of productivity of nations in all branches of industry, agriculture

and science. - The Magic of Music -

Picking up on the work of the new youth local in Boston, the Sunday morning panel gave some insight into the singing of the Motet "Jesu meine Freude" by J.S. Bach. LaRouche had given the marching orders, at the closing of the Democratic Convention, to create marching choruses in Boston, Detroit, and the Mississippi River basin. Now, for any member of the LYM, that means taking up the challenge of investigating what is this "magic of music" that LaRouche described in his press conference in Boston.

A group of about 20 LYM members had gone back to Boston to continue the work begun during the DNC. There, we practiced choral singing, every morning, for two hours. We took up the challenge of learning the whole motet "Jesu meine Freude" by the end of August. The challenge is, how to master singing, in a beautiful way, and at the same time, train our ears to be able to sing in tune, in the most efficient and scientific way. That is the first step, but how do we go about rediscovering Bach's method, so that, at some time in the near future, we can start composing great music? And how do we make sure that our discoveries are known by as many people as possible?

Michelle Lerner opened the panel by showing the evil of the present culture, referring to the CCF. Megan Beets then asked everyone, "What is Classical culture?" and described the music work going on in Boston. Jenny Kreingold presented the scientific method of singing with polyphonic solfège. Jessica Tremblay presented an experiment that we had hypothesized, which would show that pitch and tuning are not a fixed thing. We recorded two soprano voices singing the first measures of the "Gute Nacht" piece individually, and then pasted them together with an audio program. We then compared that with the two voices singing the lines of music together as in a normal chorus. You can listen to the results on the website. Then a five-voice chorus sang through the choral "Trotz," and Jean-Sébastien Tremblay walked people through the musical development of the piece, by indicating the role of dissonances that lead to harmony. Finally, Mathew Ogden summed up the idea of how to learn to listen to music. At first, all the "sounds" are just sense-perception, but then slowly, as when a baby first starts to go beyond sense perception, these "sounds" become, more and more, musical ideas. We can then discover an ordering principle behind the notes. - The Continuation of Boston -

Sunday afternoon, for the last panel, Helga Zepp LaRouche, together with three members of the European LYM, called in from Germany. She laid out the process that led to her intervention of reviving the famous Leipzig demonstrations. This history is fascinating, because it is so alive. We are shaping these historical events in Germany! And in Dresden they are using the "magic of music," singing "*Oh, Freedom*" and "*Die Gedanken sind Frei*" to intervene into a very downtrodden population.

The LaRouche Youth Movement is now challenged to take all these great ideas and intervene on the population of the USA. We have to make sure that Democrats win in November. How is that possible? The best way to achieve that is the growth of the Youth Movement worldwide!

I close with the last part of an answer by LaRouche to a question from a LYM member deployed into Louisville. He described the purpose of the LYM again, and then said: "So, the individual is going to find that fighting for the election result on November is going to be the best university education that was ever offered in the United States for those that participate."

LYM Pulls Back Curtain, To Expose Arnie's Oven

by Sky Jason Shields and Cody Jones
LaRouche Youth Movement

LOS ANGELES, Aug. 17 (EIRNS)—The first of five "*Das Volk*" hearings, set up by Austrian beauty-queen Arnie Schwarzenegger, saw the bloom of a new White Rose. Five members of the LaRouche Youth Movement, determined not to

allow California to be the burning forest where from the West winds blow fascism, navigated their way past a few layers of incompetent security, into what was to be an invite-only, controlled hearing, on the Governor's plan to slash the budget, and "streamline" government into a dictatorship.

As reported in the Aug. 9 issue of New Federalist, the California Performance Review (CPR), a 275-member team assembled by "Enron" Arnie, claims it will be able to save California \$32 billion over five years, primarily by privatizing certain key services, such as Medi-Cal (a health-care program which serves over 6.7 million low-income Californians)—in other words, prescribing more of the same poison which killed us in the first place. Coupled with his proposal to virtually eliminate the checks and balances provided by the State Legislature, by forcing lawmakers into part-time status, this move constitutes a virtual fascist coup in California state government, and a precedent for similar beast-man-type "crisis management" moves nationwide. - An Illegitimate Meeting -

Hence, as things settled in the room, and the first moment of silence settled on the assembled mass, LYM member Sky Shields stepped into the aisle, and in a *bel canto*-trained voice, projected clearly through the auditorium, announced, "I'd like to make a point to open this meeting: This is an illegitimate meeting, on an illegitimate topic. This is a dictatorial power grab on the part of Arnie, who intends to loot the population and put control of essential social and economic services into the hands of the same private interests that looted California in the first place, with himself (Arnie) as the sole controller of it all. We don't need the CPR to tell us what's wrong with California. We *know* what's wrong with California: *We were looted by the exact same special interests who are sponsoring this review.* If this board is really serious about solving California's problems, they'd prosecute Enron and their friends, who Lyndon LaRouche correctly identified as having looted California in the first place."

Sky was interrupted only once by a panel speaker, whom he shushed, and the cops sauntered toward him, biding their time, possibly because the controllers of the steroid-shrivelled beast-man Arnie, have targetted police and fire departments for the same kind of lunatic cuts as they have planned for health care and foster care programs in the state. With the cops gently dragging the organizer out, another LYM member, Trevis Sims, rose to his feet proclaiming, "You *know* this is an austerity policy! Arnie is trying to form a fascist parliamentary system, with no real deliberation!" Both Sky and Trevis were met with applause and vocal agreement by many in the audience.

Outside, Sky had already begun organizing those still waiting to get in, recruiting to LaRouche's resistance—after the intervention, the doors had been shut by the "fire marshalls," much to the irritation of the long line of attendees—when Trevis was dragged out in handcuffs. Sky then used the scene to polemicize on the nature of the dissent-free one-man "democracy" that the Terminator intends, leading to much agreement and good discussion with otherwise impotent attendees, mostly unionists, and others with ample reason to oppose the cuts; only the LaRouche Youth were willing to represent active, potent leadership against the austerity policies. The police as well were interested in what we had to say, even congratulating us and saying, "I hope you got to say all you needed to." - The Freak-Show Begins -

Back inside, movement member Cody Jones lay in wait for the Hollywood circus freak himself. It was announced that the real freak-show was to begin, and Arnie approached the podium under a banner, eerily reminiscent of Carl Schmitt, "For The People [*Das Volk*], For A Change" (emblazoned in Terminator-movie-style, across a golden relief of the state of California). As Arnie paused after his initial politico small talk, Cody, now standing alone in the middle of the room, faced the hallowed make-up mannequin, and charged, "Arnold, you are a wanna-be dictator, acting in the image of your mentor Adolf Hitler! Your budget cuts are killing people, this is a fascist austerity policy, as Lyndon LaRouche has pointed out, modelled on what Schacht did in Nazi Germany!"

As the cops dragged Cody out, with Arnie still stunned in silence, Cody broke into a solo of the signature LYM song, "*Oh, Freedom.*"

Those who weren't asked to leave the premises (i.e., Jacqueline Smith-Sharp and Aaron Halevy) continued to get out lit and organize, getting a very good response, though none of the non-LaRouche Movement attendees who entered would take up Jacqueline's suggestion to intervene, demonstrating once again, that good intentions without intelligent leadership, lay the basis for the acceptance of fascism. There was one woman, however, running for State Assembly, who was getting out a leaflet with a picture the LYM had once used—a freakishly raisin-rippled Arnie in Speedos and a Nazi salute—and the same Arnie quote we had used during the Recall, where the mad groper stated his open adoration of Adolf Hitler. She told us, earnestly, "I don't think what they're doing in there is legal."

U.S. Economic/Financial News

EIR Profile Documents Devastation of Industrial Heartland

A profile of the physical economy of Pennsylvania, presented in a briefing book prepared by the *EIR* Economics staff, shows both the world-class build up of infrastructure, industry, agriculture, and output potential in this state—and the entire Great Lakes/Ohio Valley industrial belt (Ohio, Kentucky, Michigan, etc.)—and then the destructuring over the past 40 years, now to the point of collapse. A few items:

Population: dislocated; impoverished. The state population is barely growing; the prevailing pattern is that formerly highly organized towns and counties of the industrial/transportation corridors are massively losing population—either out of state, or ex-urban, and the poverty rates of those remaining are increasing (e.g. Philadelphia and Pittsburgh have overall poverty levels of 20% officially, i.e., by understated standards).

1970 to 2000: Population Declined

- * Pittsburgh—down 36% (from 520,000 to 335,000)
- * Philadelphia—down 22% (from 1,950,000 to 1,520,000)
- * Erie—down 20% (from 129,000 to 104,000)
- * Johnstown—down 44% (from 42,000 to 24,000)
- * Allentown-Bethlehem—down 3% (from 110,000 to 107,000)

Industry: A leader from colonial times in iron output and machining, Pennsylvania's annual raw-steel output rose from some 7 million tons in 1900, up to 33 million tons in 1973, and since then has fallen back to 6 million tons in 2003! Other industries have fallen accordingly.

1970 to 2000: Manufacturing Workforce Declined

- * Pittsburgh—down 72% (from 37,612 to 10,374)
- * Philadelphia—down 70% (from 192,071 to 56,763)
- * Erie—down 48% (from 18,694 to 9,694)

* Johnstown—down 84% (from 5,656 to 897)

* Allentown-Bethlehem—down 48% (from 17,842 to 9,354)

Infrastructure:

* Health Care: only 1 of 67 counties is at Hill-Burton standard of 4.5 beds per 1,000 population, as of 2002 (Montour County), whereas, in 1980, the statewide average was 4.78 beds/1,000. (Montour, a sparsely populated rural area, happens to be home to the large Geisinger Medical Center—originating from an industrialist's endowment—and now serving a multi-county area, requiring very long drive-times for medical care).

Five Veterans Hospitals are targetted for closure or downsizing. Pennsylvania, Texas, and Mississippi are the states most targetted for closing facilities in the Veterans Administration medical system, under the Cheney-Bush Administration.

Pittsburgh: VA Highland Drive Hospital (180 beds, currently one of the treatment centers for returnees from Enduring Freedom and Iraqi Freedom Operations), is slated for shutdown.

Erie: phase out inpatient surgery and acute care beds.

Butler: eliminate acute care services.

Altoona: close out acute care beds.

Transportation:

* Rail decrepit: The state's former world-class dense network, is now down to a barely functional few main lines, e.g., one Amtrak passenger train a day from Pittsburgh to Washington, D.C.; one unit coal train every two days, to central Pennsylvania thermal plants (and no other freight on this line!).

* Waterways aged: The Ohio River System and its tributaries, the Monongahela and Allegheny, have aged locks and dams, and are now having severe staff cuts in the Army Corps of Engineers Pittsburgh District. (On Aug. 9, the entire system went out of service, while the Louisville, Ky. 40-year-old lock gate was repaired—to be done by Aug. 22.) Proceeding downriver from Pittsburgh, the first three lock and dam installations, out of 20 on the whole system from Pittsburgh to the Mississippi River, are old and outdated: Emsworth (1921); Dashiels (1929), and Montgomery Island (1936).

Water Management: Dozens of "high-hazard" dams, aged sewage systems, and other outmoded water infrastructure.

Most flood-prone state in the nation. It has 83,161 miles of rivers and streams, second only to Alaska. It has the second largest state Dam Safety program, only California's is larger.

The state has 3,100 non-federally owned or operated dams. The Pennsylvania Department of Environmental Protection (DEP), which monitors these regulated dams, put out a statement on July 27 that it considers 44 of the state's "high-hazard" dams "unsafe." The state has 749 high-hazard dams out of the 3,100 it monitors. (A high-hazard dam designation refers to those with significant downstream populations at risk were the dam to fail.)

[Note on the famous 1889 Johnstown Flood which killed 2,200 people. The catastrophe was a direct result of the refusal to maintain a dam, and lake, by its private owners—the Hunting and Fishing Club, of which Andrew Mellon and associates from Pittsburgh were leading members. The Club decreed repairs were not needed, and would spoil their lake amenities].

Pennsylvania ranks top in the USA, for number of sewage overflows per year. The state had 1,671 in 2002; Ohio was next with 1,507. Southwest Pennsylvania has by far the most in the state, with 414 alone in Allegheny County—a single county outranking all 44 states in numbers of sewage overflows! This is a direct result of aging, broken, outmoded water systems.

Wal-Mart Slave Wages Cost America Billions of Dollars

Wal-Mart has caused the loss of millions of jobs and the destruction of communities, according to a new study, "Hidden Cost of Wal-Mart Jobs," by two researchers at the University of California (Berkeley) Labor Center, released Aug. 2. The UCB study focusses on one further cost that often escapes public view: that Wal-Mart workers, on the whole, are paid such low wages, that they end up having to rely on public safety net programs, such as food stamps, Medicaid, Medicare, subsidized housing, to survive.

The researchers looked at the situation in California, where Wal-Mart employs 44,000 workers (7% of the national total of Wal-Mart workers), but where Wal-Mart has developed business plans for a major expansion, which has met with growing opposition in the state. Using 2001 data, the researchers found that in California, on average, Wal-Mart workers earned \$9.70 per hour, which is 31% less than workers earned at large retail stores in California (\$14.01 per hour), and substantially less than what a production worker earns. As well, less than half of Wal-Mart workers had health coverage provided by the company.

The researchers estimated that as a result of the low wages, each California Wal-Mart worker required \$1,952 in public assistance, even while working at Wal-Mart, which comes to \$86 million for all 44,000 California Wal-Mart workers. And these Wal-Mart workers only received bare-bones assistance. The researchers say that the cost to taxpayers for public assistance to Wal-Mart workers nationally could reach \$2 billion. Now consider the additional hidden cost to state, local, and Federal governments, when Wal-Martization of America causes millions of more workers to be employed in the same wage conditions.

Michigan Lost One-Fourth Factory Jobs Last Five Years

Michigan has lost 206,000 factory jobs—23% of its manufacturing workforce—during the past five years, according to a Michigan Dept. of Labor study, reported in the *Detroit News* Aug. 19. The state lost 25,000 more jobs in July, with nearly two-thirds of the job losses—16,000—in manufacturing, according to a report by the Michigan Department of Labor & Economic Growth. The losses left Michigan with 686,000 manufacturing jobs, down from 892,000 in July 1999.

Michigan State AFL-CIO President Mark Gaffney and U.S. Rep. Sander Levin (D), in a telephone conference call arranged by the Kerry presidential campaign, denounced Bush's tax cuts as a failure.

Gaffney also cited the alarming proportion of long-term joblessness in manufacturing. He said that two union locals—electrical workers in Detroit and ironworkers statewide—report more than 20% of their members have not worked since Fall 2002.

Food-Stamp Caseloads Soar Since July 2000

Food-stamp caseloads have soared by 7.1 million people—a whopping 42%—since July 2000, according to the Center on

Budget and Policy Priorities Aug. 16. The number of Americans depending on food stamps has been rising for nearly four years, hitting 23.9 million people—the highest level since November 1996—in May 2004, the last month for which data are available. One of the biggest reasons is the rising number of long-term jobless workers who have run out of regular, state-funded unemployment benefits but have not found a job. Food stamp caseloads have increased in 48 states and the District of Columbia between May 2003 and May 2004, rising in 11 of the last 12 months, even during the summer, when they usually drop. In the past two years, caseloads shot up by more than 35% in six states: Texas, 43.8%; Delaware, 41.5%; Massachusetts, 37.7%; Utah, 36.4%; Colorado, 35.9%; Missouri, 35.8%.

World Economic News

'Super-Inflation' Feared by Some in Financial Establishment

Money printed by central bankers is fueling oil prices and causing "super-inflation" for other commodities as well, fears a certain faction of the financial establishment, according to a feature in London's *Financial Times* Aug. 18. The *Times* refers to a "small but influential" group of people, that contrary to the majority of economists, who are fixated on supply-and-demand questions, "blames loose monetary policy in particular for the current high level of oil prices." As an example, new Bank of England Governor Mervyn King has "conceded that aggressive rate cutting may have contributed to the rise in commodity prices, including oil."

The previous week, King said: "I think there has been an expansion of money and liquidity around, that does lead in general to an increase in asset prices, of which commodities prices are one." Eric Barthalon, chief economist at Allianz Dresdner Asset Management is being quoted, saying: "We are in a situation where the U.S. current account deficit is not financed by foreign private savings but by global money creation—money is being created out of thin air. The markets that are most likely to react the fastest are commodity markets." In respect to metal markets, some people are now spreading the term "super-inflation."

Since the beginning of this year, oil future prices have risen by 45%. Since the low in 1999, oil prices have more than quadrupled. Nickel prices have doubled within two years, steel prices are up 60% in the same time period. Prices for hot-rolled coil have increased 87% just since the start of the year. Industrial producers—such as in the automobile and construction sectors, chemistry, glass and paper manufacturers—are reporting the worst rise in material costs in 40 years.

Meanwhile, both in the U.S. and Europe, hundreds of statistics experts, supported by incredibly sophisticated computer programs, for calculating all sorts of "adjustments," have concluded that price inflation now is close to zero, or even negative. On Aug. 18, the European Central Bank claimed that consumer price inflation in the euro-zone slowed to an annualized rate of 2.3% in July. One day earlier, the U.S. Labor Department reported that its official consumer price index (CPI), including food and energy, has fallen by 0.1% during July, that is consumers are allegedly enjoying negative price inflation.

United States News Digest

Kerry Charges Swift Boat Group Doing Bush's Dirty Work

Speaking Aug. 19 before the International Association of Fire Fighters' 47th Biennial Convention in Boston, Democratic Presidential candidate John Kerry lambasted the television ad put out by the Swift Boat Veterans for Truth, which claims he lied about his war record in Vietnam. More than 30 years ago, Kerry said, "I learned an important lesson—when you're under attack, the best thing to do is turn your boat into the attacker. That's what I intend to do today."

The Swift Boat Veterans group aren't telling the truth, he said. "They're not interested in the truth. They didn't even exist until I won the nomination for President." Who are they? "They're funded by hundreds of thousands of dollars from a Republican contributor out of Texas. They're a front for the Bush campaign. And the fact that the President won't denounce what they're up to tells you everything you need to know—he wants them to do his dirty work." Kerry asserted that official Navy reports documented his service in Vietnam 30 years ago, for which he was awarded the Silver Star, the Bronze Star, and three Purple Hearts. "Thirty years ago, this was the plain truth. It still is. And I still carry the shrapnel in my leg from a wound in Vietnam." Challenging Bush directly, Kerry said, "If [Bush] wants to have a debate about our service in Vietnam, here is my answer: 'Bring it on.'"

During the same speech, Kerry stated that "the situation in Iraq is a mess. That is the President's responsibility, and he owes the American people an answer." He also told the firefighters that should he be elected President, "I will work my heart out for you, and I will never let you down."

'Corrective Action' Recommended Against Boykin

A Defense Department Inspector General's report recommends that "appropriate corrective action be taken with regard to Army Lt. Gen. Jerry Boykin. Boykin, who figures prominently in the Abu Ghraib torture scandal, and serves as military assistant to neo-con Steve Cambone, had said in speeches at 23 religious-oriented events since January of 2002, that George Bush was placed in the Presidency by God; that radical Muslims hate America because it "will never abandon Israel," and that the war on terrorism was an "enduring battle" against Satan. He charged that a "demonic presence" lay behind the actions of radical Muslims.

The report has not yet been officially released by the Pentagon, although it is dated Aug. 5. It states that Boykin violated three internal regulations: failing to obtain clearance for his remarks; failing to clarify that his remarks were personal rather than official; failing to report that a religious group sponsoring him had reimbursed him for his travel costs. According to the *Washington Post* Aug. 19, the report doesn't comment on Boykin's inclusion of religion as part of his explanation of military counterterrorism efforts.

Acting Army Secretary Les Brownlee has not yet made a decision on how to act on the report's recommendations. The Senate Armed Services Committee led by Sen. John Warner (R-Va) has a copy of the report, and plans to review it this week. Earlier this year, both Warner and Michigan Sen. Carl Levin (D) had called for Boykin to step down while the inquiry into his activities proceeded.

Fay Report on Abu Ghraib Torture Whitewashes Higher-Ups

A soon-to-be-released report by Maj. Gen. George Fay on prisoner abuse at Iraq's Abu Ghraib prison charges that there was improper conduct among the soldiers of the 205th Military Intelligence Brigade and civilian contractors and CIA officers. According to a leak published in the *New York Times* and *USA Today* Aug. 19, military medical personnel who saw or heard of the abuses while giving treatment to the detainees, and didn't report it, were also cited. But, the Fay report states that no one above the rank of colonel was culpable in this case.

An unnamed Pentagon official said however, that the report cites the role of Justice Department officials, and recommends further investigation of their actions. But the source didn't say who these officials were or what they did.

Other inquiries are ongoing, such as that by former Defense Secretary James Schlesinger, which is expected to examine whether high-ranking Pentagon officials set clear interrogation rules for Iraq. Another investigation led by the Navy Inspector General will look at the handling of prisoners and interrogations throughout the military.

House Republican Slams Iraq War as Unjustified

Rep. Doug Bereuter (R-Neb), a senior member of the House International Relations Committee, slammed the Iraq war as "not justified" and said the situation in Iraq has deteriorated into "a dangerous, costly mess," the Lincoln (Neb.) *Journal Star* reported Aug. 18. Bereuter, who, in 2002, had supported the House resolution authorizing President Bush to go to war against Iraq, broke with the Administration: "I've reached the conclusion, retrospectively, now that the inadequate intelligence and faulty conclusions are being revealed, ... it was a mistake to launch that military action," Bereuter wrote in a letter to constituents.

"I believe that launching the pre-emptive military action was not justified," he added, because it was premised on "tenuous or insufficiently corroborated intelligence used to conclude that Saddam maintained a substantial WMD arsenal."

Bereuter is retiring from Congress, effective Sept. 1.

Kerry Hits Bush Administration on Veterans' Health Care

In an Aug. 18 speech to the Veterans of Foreign Wars convention in Cincinnati, Democratic Presidential candidate John Kerry delivered a strong attack on the Bush-Cheney Administration's gouging of veterans' health-care programs. Referring to Bush's speech two days ago, Kerry said that "in recent days, you have heard from some who claimed that the job is getting done for veterans. Well, just saying that the job is getting done doesn't make it so. The job will be done when 500,000 veterans are not excluded from the VA [Veterans Administration] health-care system," Kerry said. "The job will be done when we're not closing VA hospitals, so that veterans have difficulty reaching the very care that they need. The job will be done when veterans are not asked for increasing co-payments, enrollment fees, and other charges that shift the burden of care to other veterans and drive more than a million veterans out of the system. The job will be done when 400,000 military retirees get real concurrent receipts [referring to efforts to deduct veterans' disability payments from military pensions]. The job will be done when there are no homeless veterans on the streets of America."

Kerry also criticized Bush's plan for redeploying U.S. troops abroad, by attacking in particular the plan to reduce troop strength in South Korea, at a time "when North Korea has probably never been more dangerous at any time since the end of the Korean War."

Goss Would Allow CIA in Domestic Covert Operations

Rep. Porter Goss (R-Fla), President Bush's nominee to become Director of Central Intelligence, introduced legislation on June 16 that would give the President authority to order the CIA to conduct domestic operations, overturning the 1947 ban on CIA operations inside the United States.

A former CIA General Counsel, Jeffrey Smith, described Goss's proposed legislation as a "dramatic" change in the guidelines that have governed the CIA for over half a century. "This language on its face would have allowed President Nixon to authorize the CIA to bug the Democratic National Committee headquarters," Smith said. "I can't imagine what Porter had in mind." No one at the CIA or at the White House admitted to any knowledge of Goss's proposal, *Newsweek* said, in a story posted on its website Aug. 11.

The *Newsweek* story also reports that some Congressional staffers speculate that if Congress creates a new position of Director of National Intelligence, Goss has an understanding with the administration that he will be moved into that position.

Baltimore Sun Blasts Police-State Measures

"J. Edgar Hoover would be pleased," that FBI agents are monitoring and interrogating suspected individuals, who might be protesters at the New York City Republican National Convention, and infiltrating their organizations, said the *Baltimore Sun*, in its lead editorial Aug. 17. This policy has been developing since Sept. 11, 2001, since Ashcroft has won new powers from Congress, the paper said.

Senate Hearings on Abu Ghraib To Resume

At the opening of an Aug. 17 hearing of the Senate Armed Services Committee on the 9/11 recommendations, Committee Chairman John Warner (R-Va) announced that the panel will hold a hearing on Sept. 9, on the prisoner-abuse scandal in Iraq. The hearing is to cover two Pentagon reports which, Warner said, he expects to be completed by that time: the "Fay-Jones" investigation into the role of military intelligence, and the report of the Schlesinger-Brown Commission, appointed by Defense Secretary Rumsfeld.

In response to a query from Warner, Rumsfeld said he expects the two reports to be finished by that date.

Ibero-American News Digest

LYM Leaders Hold 'Tricontinental Dialogue' on Argentine Radio

LaRouche Youth Movement (LYM) leaders in Leipzig and Los Angeles gave Radio Nacional of Cordoba's wide audience in that Argentine state, a first-hand report on how the LaRouche movement is mobilizing to defeat the international financial oligarchy, in two crucial industrialized countries: the United States and Germany.

The leading news discussion show on Radio Nacional invited a 27-year-old Cordoba state legislator and another young official with the municipal government into their studio on Aug. 19 to interview LYM members Alexandre Pusch and Liz Rubio Sopkovich. At the end of the live interview, which lasted more than half an hour, the radio host promised this "tricontinental dialogue" would be continued, because "we understand each other."

The news of the Leipzig demos finally had broken into the local papers this week. Alexandre, in telling of the LYM campaign to ensure those demonstrations are more than protests, reported that last March, the LYM had held a European-wide Day of Action in support of Argentine President Nestor Kirchner's battle against the IMF, and that he, personally, at that time, had confronted German Economics Minister Clement, the official responsible for the Hartz IV austerity program against which Germany is now rebelling. Alexandre asked Clement directly: If he would not support Argentina, would he not also sell out our own people to the international financial oligarchy, too?

People in Germany who thought they would always be fine, are learning that they, too, are being hit. The fight against the international financial oligarchy is not a local one; people must understand it is the system which is collapsing, Alexandre stressed.

Liz provoked a discussion on how the LaRouche Youth Movement is fighting to change the United States, to ensure not only the defeat of Bush-Cheney, but that John Kerry's Presidency is not a "Bush-Lite" regime which continues an imperial policy. If that happens, it would be World War III. One of the Argentines, at first viewing this as a strategy of trying to control a "lesser evil," asked what alternative exists within the U.S. population, to fight the international financial oligarchy, should our Kerry strategy fail. The answer lies in our Constitutional laws, Liz explained. The LYM is deploying around the country to mobilize the lower 80% of income brackets, and gain control of Congress.

Both Alexandre and Liz repeatedly emphasized that our struggle in Ibero-America, in Europe, in the United States, is one struggle, to create a geometry in which governments can only do the Good; to launch a renaissance—what Lyndon LaRouche has done for his whole life.

We want to send a message to all the youth of Cordoba and Argentina, that as long as the youth do not lose hope that the IMF system can be changed, we will make it happen, together, Liz emphasized.

That provoked one of the Argentine youth to ask if the two thought it were possible to develop justice and peace, against these financial powers?

Peace must be based on a policy of developing the physical economy, through a New Bretton Woods, as LaRouche has proposed, Liz replied. And Alexandre, having the final word, explained what it is like to bring an *international* movement—with Africans, Ibero-Americans, people from other countries in Europe—into a part of Germany which had been cut off from the rest of the world for 40 years. Imagine the questions from these people, who see youth from the *whole* world, singing songs of Bach, who is from their city of Leipzig. In this century, humanity can form a community of principle, he concluded.

Lula Government Goes All Out To Defend Central Banker

Brazilian President Lula da Silva issued a decree in the wee hours of Aug. 16, elevating besieged Central Bank president Henrique Meirelles to the rank of a cabinet minister, at the urging of monetarist Finance Minister Antonio Palocci. Meirelles, head of global operations of Fleet-First Boston Bank prior to being named to his current post, is an architect and enforcer of the government's disastrous economic policy. He now finds himself under investigation for tax evasion and other financial "irregularities."

The decree provoked an outcry from legislators—including some in the government's camp—as an illegal and unconstitutional attempt to protect Meirelles from prosecution. A cabinet minister accused of a crime can only be tried by the Supreme Federal Tribunal (Brazil's Supreme Court), not in ordinary courts.

Palocci's Finance Ministry released a statement late on Aug. 16, admitting that it had requested that Lula issue the decree, given that the Central Bank "has in recent years ... taken on strategic importance, given the complexity of its responsibilities." Several media charged that Palocci had requested the action, to prevent Meirelles from resigning as a result of the charges against him. After the decree was issued, a special edition of the daily official government newspaper was rushed to print for circulation on Aug. 17.

In order to go into effect, the decree must be approved by both Brazil's Senate and House within 45 days. Legislators from various parties have already announced they will take legal action against the decree.

South American Infrastructure Authority Discussed

Three Presidents—Bolivia's Carlos Mesa, Peru's Alejandro Toledo, and Brazil's Lula da Silva—discussed establishing a "South American Infrastructure Authority," when they met Aug. 11 in the Brazilian state of Acre to inaugurate cross-border bridges (see last week's Iberoamerican EIW Digest). The final communique issued from their meeting underscored the importance of the upcoming October meeting of South American Finance Ministers in Lima, which will discuss progress toward setting up such a new structure, whose specific purpose would be to finance projects for the continent's physical integration.

The communique also emphasized the necessity of promoting infrastructure development in border regions, which is of particular importance, given Synarchist efforts to revive conflict along the lines of the 19th-Century, British-orchestrated War of the Pacific (1879-1881). It was suggested that "Border Committees" be set up to involve representatives and authorities of communities in those regions in discussion about needed infrastructure development. Physical integration and infrastructural development will also be key agenda items at the South American Presidents' conference scheduled to take in Lima on Dec. 8-9 of this year.

Bolivian Peasants Seize Oil Fields

On Aug. 16 and 17, more than 800 peasants seized three oil fields in the state of Santa Cruz, Bolivia, run by the Chaco oil firm in which British Petroleum (BP) has 50% participation. They had no use for the oil, but sought to use it to pressure for land titles and government credits. Chaco immediately ceased production of the 2,000 bpd it normally produces in the region, which threatened to create shortages of liquefied petroleum gas and natural gas both for the domestic market and for export to Brazil.

The government resolved that crisis within two days, by promising to deal with those problems, but the "tactic" is being adopted by others. In the same days, in Villamontes, in the state of Tarija, another group of protesters blocked off access to the region, demanding that the Mesa government provide financing for construction of a highway to Paraguay. The strikers prevented trucks from getting through for more than a week, and significant quantities of perishable foods have rotted in the vehicles that remain stopped on the road. Although the government announced Aug. 17 that it had obtained financing from the Banco do Brasil for the highway to Paraguay, peasants had already turned off valves to the pipelines which transport natural gas to Argentina and Brazil. The crisis continues.

These actions reflect the desperate state of Bolivia's population, often manipulated by radical Jacobins whose only goal is to sow chaos. Private sector and government officials are meanwhile hysterically charging that seizure of oil fields and other protest actions will damage Bolivia's ability to get foreign investment—there is no "juridical security" they say—and that they come at a sensitive time, when the government is in negotiations with foreign bankers to obtain new credits.

'Indigenous' Synarchists Promise More Murders in Peru, Bolivia

"Ethno-nationalist" fascist Antauro Humala showed up at the Aug. 9-11 "First Aymara Congress" (of the Aymara indians), held in the town of Ilave, in Peru's Puno province, site of the mob lynching last April of Mayor Cirilo Robles. Humala not only showed up with leaders of Ilave implicated in Robles' murder, but whipped up the 300 people in the audience with a demagogic speech, praising the town for its "courage" in lynching the Mayor, whose murder, he said, was fully justified. The implication was that many more "Ilaves" are on the agenda, and not just in Peru.

EIW published an exclusive expose of the Nazi-loving, white, oligarchic networks backing Humala's purported "indigenous" movement, in our July 9 issue (#27). (See "The Friends of Blas Pinar Send the Andes Up in Flames.")

In Bolivia, Humala's allies in the Landless Movement (MST) and among the peasant federation run by madman Felipe Quispe, mobilized across the country on Aug. 16 to protest the arrest of MST leader Gabriel Pinto, who is implicated in the June 14 lynching of Mayor Benjamin Altamirano, of the town of Ayo Ayo. MST president Angel Duran has declared "total war" against the government of Bolivian President Carlos Mesa, warning that the war will be waged "not only with ideas, but with clubs and rocks." With the backing of the Bolivian Labor Confederation (COB), peasant organizations were marching on the capital of La Paz from different points around the country with the goal of surrounding it and cutting it off from the rest of the country.

Western European News Digest

Lord Butler To 'Correct' Blair's Spin on Iraq Intelligence

In September, Lord Butler will address the House of Lords on his report on the government's Iraq intelligence, to "correct" the spin Prime Minister Tony Blair tried to put on it. Blair had twisted the findings of the Butler Report to make it appear uncritical of the Blair government. "He is no friend of Labour—far from it," one of Lord Butler's colleagues said.

Blair's allies are taking no chances, and are preparing more spin. They have invited Iraq's interim Prime Minister Iyad Allawi to address the Labour Party conference in September, so he can say how great it was to overthrow Saddam Hussein.

Former Officer May Complicate MI6 Chief's Job

The case of former MI6 agent Richard Tomlinson has resurfaced, in a way that could put Tony Blair's new MI6 chief John Scarlett on the spot. Tomlinson left MI6 at the end of the 1990s, after which he gave the spy agency a spot of trouble, including an attack on Britain's foreign intelligence agency, which led to his conviction for allegedly revealing "official secrets." He served part of a sentence, and then left Britain. He now lives in the south of France. The case has been dormant for several years.

It was reported over the weekend of Aug. 14-15, that Britain's Special Branch interrogated three Israeli journalists, Guy Leshem and Ronen Bergman of the daily *Yediot Ahronoth*, and Yossi Melman, concerning information Tomlinson gave them on an MI6 investigation of an Israeli named Nahum Manbar, who was convicted in Israel for selling forbidden goods to Iran. Tomlinson was involved in Manbar's defense, and claimed that Manbar was working for the Israeli Mossad.

According to the *Sunday Times*, Tomlinson thinks that the British are reopening the Manbar case, as a way of putting pressure on the former spy not to testify at the Metropolitan Police inquiry into the Aug. 31, 1997 death of Princess Diana. Tomlinson claims that her death was an assassination, modelled after a proposed MI6 hit plan against Serbian President Slobodan Milosevic. Tomlinson also claims that Henri Paul, the driver of the car Diana and Dodi Fayed were riding in, was an MI6 agent. Tomlinson was quoted saying, "It seems strange that senior police officers should be flown out to Israel at public expense to question journalists about matters I have covered in detail in my book. I can only think this has something to do with my meeting detectives shortly to give a statement on intelligence matters related to Diana's death. Perhaps someone wants to stop me testifying."

The *Sunday Times* Aug. 16 also comments that the reopening of the case could put new MI6 director John Scarlett on the spot because of his role in "sexing up" pre-war Iraq intelligence reports. According to this report, Scarlett will have to decide whether to release information on the two points Tomlinson will address at the inquest into Princess Diana's death. In 1997, Scarlett testified for the state at Tomlinson's trial for violating the Official Secrets Act.

The *Sunday Times* also locates this latest action against Tomlinson as part of a pattern of going after whistleblowers in the intelligence establishment. They mention John Morrison, investigator for the House of Commons' intelligence security committee, who was fired because he criticized the Blair government over the flawed Iraq intelligence.

Bomb Defused Near Italian Prime Minister's Residence

Italian police defused a bomb outside Italian Prime Minister Silvio Berlusconi's Sardinian residence on Aug. 18, shortly after a visit there by British Prime Minister Tony Blair and his family.

Italian police continued to search the area for a possible second bomb after a local left-wing group claimed to have planted two explosive devices, but no second bomb was found. The caller had phoned the local paper, *L'Unione Sarda*, claiming to represent the Proletarian Nuclei for Communism (NPC).

The leading Italian daily *Corriere della Sera* described the NPC as an "anarcho-separatist group," which has carried out 20 attacks in the past four years, including small-scale bombings of government party headquarters in Sardinia. *Corriere* added that the group had given the location of one bomb, in a large bin near the center of tourist town Porto Rotondo, less than a mile from Berlusconi's Villa Certosa. Police found the bomb 10 minutes later. The device had been set to explode at 2 a.m.

Austerity Push Leads To Hungarian PM's Resignation

Prime Minister Peter Medgyessy resigned on Aug. 19 as result of a major dispute within his own party, the Socialist MSZP, and its coalition partner, the liberal Free Democrats. The ouster of Medgyessy by the Socialist Party Presidium followed Medgyessy's attempt on Aug. 18 to dismiss Economics Minister Istvan Csillag, who had been nominated by the Free Democrats, which has four ministries and 20 seats in the 386-seat parliament).

While a successor to Medgyessy will be announced in the next days, Medgyessy's government had been in crisis for weeks, during Hungary's "adjustment" to membership in the expanded 25-nation European Union. Since Hungary joined the EU in May, disagreements have erupted over which areas the government should prioritize in the midst of a budget deficit that is among the EU's largest, and growing, thanks to high oil prices.

The resignation of Medgyessy is the third in Eastern Europe in the last three months, following that of Polish Prime Minister Leszek Miller (SLD), and of Czech Prime Minister Vladimir Spidla—all three of them being Socialist Party members who were trying to adapt to the policy of globalization, and to bring the deficit under control with draconian fiscal austerity. With rigorous austerity measures in Hungary (in particular cuts in health and education, as well as state subsidies) the Socialist coalition government under Medgyessy wanted to create the conditions for Hungary to fulfill the Maastricht "deficit criteria," join the EU zone, and prevent the devaluation of the currency, the Forint, as well as lowering horrendously high interest rates.

Even the gnomes at the leading Swiss daily, the *Neue Zuercher Zeitung*, had to admit that this policy "found applause in the financial markets but not among the people," who dealt the government a heavy blow in the European elections. Now the left wing of the Hungarian Socialist Party is demanding a correction in policy, but it remains an open question whether the Free Democrats will accept a change in economic policy.

Did USA Pre-Select New EU Commission Members?

France's *Le Canard Enchaîné* charges in its Aug. 19 edition that all of the new European Union commissioners appointed by Commission President Jose Manuel Durao Barroso were "pre-approved" by the U.S., according to two confidential memos from the Quai d'Orsay (French Foreign Ministry).

The intelligence leak sheet confirms previous reports that Barroso worked to weaken the influence of France and Germany in the EU Commission, by giving all powerful economic portfolios—trade, competition, internal markets, economic and monetary affairs—to Britain or to countries in the Anglo-American sphere of influence.

Tony Blair's guru Peter Mandelson became Trade Commissioner, Spain's Joaquin Almunia will be Economics and Monetary Affairs Commissioner, while former Irish Finance Minister Charlie McCreevy got the Internal Market and Services, and Holland's Neelie Kores got the much-feared post of Competition.

Even though France and Germany are among the five vice presidencies, Barroso indicated already that the principal Vice President is Margot Wallstroem from Sweden, a new member. France had lobbied to get the Competition or Internal Markets, and Germany wanted a kind of economics "super ministry."

Le Canard says that what characterizes all the new commissioners in the key posts, is that they are all "liberal hardliners" (in economics, not politics) and "pro-American." The new commission has a strong flavor of an Anglo-American manipulated "New Europe," against the Franco-German-dominated old Europe. French officialdom is letting it be known that it will regain influence via the Council of Ministers. Clearly however, if it maintains the present policies, the EU will be heading rapidly towards its doom.

Halliburton Links Come Back To Haunt Dick Cheney

Scotland's *Glasgow Herald* of Aug. 15 asks, in effect: Where is the money that the U.S. government has paid to Halliburton since the March 2003 invasion of Iraq: "An audit by the [U.S.] Defense Contract Auditing Agency found that Halliburton could not properly account for the work, and the watchdog is demanding answers within 45 days over the company's pricing of the contracts." It continues, "The usual procedure is that estimates run some way behind the actual costs, so that the U.S. government does not have to pay money back from a company. To date, Halliburton has charged the government \$4.3 billion under the contract—42% of which the auditors are not happy with." (emphasis added)

The *Herald* reviews some of Halliburton's legal troubles, and warns: "There is more to Halliburton than a bit of political mudslinging and much more to come on the issue. One of the key aspects in the unravelling of many a scandal is the decision by key figures to cooperate with the authorities. This practice often has the added advantage for those involved that it cuts down the jail time."

Russia and the CIS News Digest

South Ossetia Clashes Escalate

Georgian Cabinet Ministers reported the deaths of four Georgian soldiers in gun battles with South Ossetian forces during the night of Aug. 15-16, with another killed the following night. Georgian Defense Minister Giorgi Baramidze blamed South Ossetia—an autonomous district within Georgia, bordering on Russia in the North Caucasus—for violating the latest ceasefire between their forces, a charge the South Ossetians disputed. Speaking on Aug. 18, Russian First Deputy Foreign Minister Valeri Loshchinin accused Georgia of violating the ceasefire. There were gun battles again on Aug. 19, along the road into Tskhinvali, the South Ossetian capital. Russian TV reported that unspecified Georgian units marched on Tskhinvale and were cut off by Russian peacekeepers.

There is intense debate about an alleged "third force," provoking the clashes. Russian state TV's Vesti program showed Russian commander Gen. Svyatoslav Nabzdorov saying, "You can call it a third force; I call it the Georgian Ministry of Internal Affairs." In Tbilisi, meanwhile, Georgian officials have started saying that the "third force" is comprised of mercenaries from the Russian North Caucasus, including Cossack units. *Izvestia* ran a front-page feature on the Cossack factor, quoting a Cossack leader from the Russian border region, who promised to come to the aid of his Ossetian brothers. *Izvestia's* headline was, "Russia being dragged into a new Caucasus war." Other Russian media have covered the situation as looking "less like sporadic conflicts, and more like full-scale war."

A complicating element is that thousands of inhabitants of both South Ossetia and the autonomous region of Abkhazia—both Russian ethnics and those from other ethnic groups—have applied for and been granted Russian citizenship in recent months. Now, Defense Minister Sergei Ivanov and other Russian officials cite the need to defend

Russian citizens, even though Georgia does not recognize these people's Russian citizenship.

Georgian President Michael Saakashvili laid out his latest position in an op-ed in the Aug. 17 *Wall Street Journal*. He called for the United States, the European Union, and the Organization for Security and Cooperation in Europe (OSCE) to mediate talks between Georgia and South Ossetia on three issues: demilitarization of South Ossetia, followed by the deployment to the former conflict zone of an international peacekeeping force; expansion of the mandate of the OSCE observer mission in South Ossetia; and establishment of joint Russian-Georgian border and customs posts to block smuggling through the Roki tunnel between South Ossetia and Russia.

On Aug. 16, Georgian Prime Minister Zurab Zhvania said that Saakashvili intends to call for an international conference to discuss South Ossetia, a proposal rejected by Moscow. In accordance with Saakashvili's demand for increased OSCE (as opposed to Russian) mediation of the crisis, the OSCE announced Aug. 19 that it would send a fact-finding delegation to South Ossetia in early September.

Russian President Vladimir Putin, now on a working vacation in Sochi (not far from Abkhazia), stressed Aug. 18 that Russia continues to desire to play the role of mediator in the conflict, saying that the conflict "cannot be" a Russia-Georgia confrontation. Putin traced the crisis to the late Georgian President Zviad Gamsakhurdia's "mistake" in cancelling the autonomy of Abkhazia and South Ossetia in the early 1990s.

Rumsfeld, Ivanov Confer in St. Petersburg

The U.S. and Russian navies will conduct joint exercises this September in the Norwegian Sea, Russian Defense Minister Sergei Ivanov announced Aug. 14, after meeting with U.S. Defense Secretary Donald Rumsfeld in St. Petersburg. Ivanov said they had also discussed the possibility of Russian cooperation with the U.S. in missile defense.

The current fighting in Georgia was high on the defense ministers' agenda, according to reports. Rumsfeld also briefed Ivanov on U.S. plans to reconfigure its global military forces. Ivanov expressed Russia's ongoing dissatisfaction with the build-up of NATO activity, particularly in the Baltic countries. He warned that NATO planes, flying patrols over Estonia, Latvia, and Lithuania, increase the risk of incidents. Referring to the squadron of NATO fighter jets used in the overflights, Ivanov said at the Aug. 14 press conference in St. Petersburg, "We cannot understand how these four planes can intercept al-Qaeda, the Taliban, or anything else. The only thing they can intercept is a mythical Soviet threat."

Russia To Increase Military Spending

President Putin has announced an increase in Russian military spending for next year, telling an Aug. 12 meeting of Russian military, law-enforcement and financial agencies that the hike will be by 40% above 2004 spending. Finance Minister Alexei Kudrin said this meant an increase of nearly 70 billion rubles (\$2.4 billion).

Besides tasks on the international defense front, which Putin described as "difficult," Kudrin noted that 55,000 officers are slated to receive cash payments to enable them to acquire home mortgages, and that overall monetary payments to military personnel will increase in a range from 50-120%. Those payments are in compensation for the abolition of free rides on public transport, recently passed by the State Duma.

Defense Minister Sergei Ivanov said that the number of Russian soldiers working on contract, as opposed to conscripts, will increase to 50,000 by 2005. "We intend to speed up the program of staffing the Russian armed forces with contract soldiers next year," he said. "We are transferring two divisions with a total strength of 25,000-27,000 men, to a contract basis."

U.S. Pontificates on 'Rule Of Law' in Yukos Case

The U.S. State Department issued a statement Aug. 13 on the trial of former Yukos Oil executives Mikhail Khodorkovsky and Platon Lebedev, advising Russia that "all parties need to arrive at a solution that resolves this case in accordance with the rule of law and due process." Department spokesman Adam Ereli said that the Russian legal system should not be influenced by what he called "political considerations," adding that the U.S. and "the international business community" were especially concerned about a "threat to private property rights." The statement came as crude oil prices soared towards \$50/barrel and uncertainty continued about the ability of Yukos, which produces 2% of world oil output, to keep up deliveries. Yukos Chief Financial Officer Bruce Misamore, an American, said Aug. 15 that the company is likely to seek bankruptcy protection, as Russian authorities continue to confiscate its cash and other assets to settle back tax bills.

British Troops Hold Maneuvers in Kazakhstan

Around 150 British troops arrived in Kazakhstan Aug. 17 for a 10-day training exercise with Kazakh troops, near the country's commercial center and former capital, Almaty, *The News of Pakistan* reported. It the second British-Kazak exercise of its kind, involving air mobile infantry. This exercise, however, takes place at a time when there is growing realization that Western countries, including the United States, are moving forward to strengthen Kazakhstan's military amid their "concerns" about the vulnerability of Kazakh oil installations. Kazakhstan borders China and has invited Beijing to participate in its oilfield development.

On Aug. 13, Chairman of the U.S. Joint Chiefs of Staff Gen. Richard Myers met with Kazakh military officials to discuss strengthening military ties. Myers was also in Uzbekistan, where the United States has a military base. About the same time, U.S. Defense Secretary Donald Rumsfeld visited Georgia, with which the U.S. is developing a strong military relationship, and Azerbaijan.

Southwest Asia News Digest

Knesset Member: Israel Immoral, Undemocratic

Israeli Knesset member Michael Melchior, commenting on Israel's economic policy which has caused tremendous impoverishment, declared: "Israel, which defines itself as 'a Jewish Democratic state,' has become one of the most immoral states in the Western world. In one field, Israel could win a gold medal, although not in Athens. It is the income gaps between society's top tier and the lower tiers. These gaps compromise human dignity, and cast grave doubt on our right to be called a Jewish democratic society."

Melchior was the leader of the Meimad Party, which was a pro-peace religious party which is now part of the Labor Party. In his commentary, which appeared in *Ha'aretz* Aug. 20, he detailed the fact that 1.25 million Israelis—almost 25% of the population—live in poverty, while 40% of these actually work. "This is a society that abandons 366,000 of its children-at-risk and throws them into the street; a society that treats its foreign workers like animals; a society that despises its elderly and sends them to rummage through the garbage.... It is a society among the leaders in the world in trafficking in women. Such a society is neither Jewish nor democratic."

The Knesset member goes on to denounce privatization, making the point that Israel has become a "beggar state" calling on rich philanthropists to fund social programs that should be financed by the government. He writes, "True, charity has always been the main concern of the Jewish community. But this is not what the State of Israel was meant to be. The Jewish state is supposed to, and ought to take care of all its citizens.... [I]nstead of a rule of justice, a rule of charity is being established, based on alms collection and mutual back scratching."

He concludes by denouncing Netanyahu's tax break for the rich: "Instead of reducing taxes, the government would have done better to direct those NIS 2.5 billion to health services, the single mothers, and the children at risk. Had it done so, perhaps the old couple who 'thanked' Netanyahu before committing suicide due to their economic distress could have thanked him in person. Had it done so, the government could have boasted that it was heading a Jewish, democratic state."

Leading American Jew: Sharon Betrays Israel's Founders

Henry Siegman, former President of the American Jewish Congress, warned that Ariel Sharon is turning Israel into a racist apartheid state. Writing in the Aug. 20 *International Herald Tribune*, Siegman denounces Sharon's so-called disengagement plan as a fraud, saying, "The difference between Sharon and his rightist Israeli critics is largely in packaging, not in the substance of their positions. They differ over whether Palestinians should be allowed to call an apartheid-like arrangement of disconnected and isolated cantons a state. Sharon insists they should be, for otherwise the arrangement would be rejected by the United States."

Siegman goes on, "Sharon and Israel's right wing represent a radical departure from the dominant sensibility of the founders of the Zionist movement, such as Theodor Herzl, Max Nordau, Chaim Weizman, and others. These founders were animated by progressive Western democratic concepts and could not have conceived of a Jewish state that would rule over a permanently disenfranchised people.

"It is one of the ironies of history that the Jewish people, who were disproportionately involved in struggles for universal human rights and civil liberties all over the world—and believed the Jewish national return to Palestine to be consistent with those values—should now be supporting policies of a rightist Israeli government that are in danger of changing the Jewish state into a racist enterprise. For if Sharon—with the support of Israelis, world Jewry and the United States—leverages his promised withdrawal from Gaza into an Israeli presence in the West Bank that is impossible to dislodge, a racist enterprise is surely what his policies will produce."

Siegman writes that "it is not true that Palestinian violence represents an existential threat to the state of Israel," and states that it can perfectly defend itself from within the 1967 borders. He concludes, "for its political leaders, and for many Israelis, real estate has become more important than justice, or peace, or the founding principles of Zionism."

Shin Beth Torture of Palestinian Exposed

Lawyers representing Hussam Atef Badran, a prisoner who is allegedly a Hamas operative, showed documents from the Shin Beth itself describing how the prisoner was tortured during interrogation, *Ha'aretz* reported Aug. 19.

The document, an after action report by the interrogator, read, "Due to the urgency of obtaining information in order to foil a mass terror attack, ... the following measures were taken in [Badran's] interrogation on May 6, 2002, between 10:45 and 18:45: three slaps, three 'hatayat gav' (the first for 10 minutes, the second for 30 minutes and the third 22 minutes).

A slap is a slap, but a "Hatayat gav" is a very painful torture technique in which the prisoner is seated on a stool, with his arms passing under the stool from behind and tied to the stool's front legs. His legs are also tied to the stool's front legs. An interrogator standing behind him then grabs his shoulders and pushes down, forcing the prisoner to bend backward and remain in that painful position for many minutes. This is done several times during the interrogation.

In 1999, the Israeli Supreme Court ruled out torture except in the case of the so-called "ticking bomb" after which "moderate physical pressure" or "necessary defense" could be used. The torturer only has to define his victim as a "ticking bomb," just as every Palestinian killed in the occupied territories is a "terrorist," or "on his way to conduct a terror attack in

Israel."

The document was obtained accidentally by attorney Laviv Haviv, who represents Badran. He passed it on to the Public Committee Against Torture in Israel, whose director general, Hannah Friedman, asked the Attorney General to open an investigation.

Peres Calls for Early Elections After Likud Votes vs. Sharon

Israeli Labor Party Chairman Shimon Peres is calling for early elections in Israel, reported *Ha'aretz* on Aug. 20. This followed Israeli Prime Minister Ariel Sharon's political defeat at his Likud Party's central committee meeting, where party members voted down Sharon's resolution to approve his forming a unity government with the Labor Party. Sharon nonetheless said he would ignore the popular vote, taken on Aug. 19, since a majority of Likud members in the Knesset *would* support his plan for a unity government.

Another Likud leader, Uzi Landau, who is a minister in Sharon's minority government, had introduced a resolution barring a coalition with the Labor Party, which supports an Israeli withdrawal from the Palestinian occupied lands, beginning with the Gaza Strip. Landau's resolution, which called for rejecting a unity government, passed overwhelmingly in the Likud by 843 to 612.

Labor chairman Peres said, "What happened in the Likud is not a simple thing. We cannot entrust the fate of Israel in the hands of 800 to 900 people, when we see that a majority of the country unequivocally supports the disengagement plan, a withdrawal from the Gaza Strip, and dismantling the settlements. Therefore, in the current situation, the proper thing to do is return to the nation and request a renewed mandate for peace and unity."

Despite these strong words, Peres said that if Sharon reopens negotiations with the Labor party for a unity government, he would accept. "We did not negotiate with the Likud central committee, we negotiated with the Prime Minister. If there is another invitation from him, we will discuss it within the party."

Labor Member of the Knesset Dalia Itzik called on her party to hold talks with the Shinui Party, one of the parties in Sharon's government, to discuss the possibility of holding early elections.

Even though Sharon is choosing to ignore the popular vote of his own Likud, the vote represents a certain instability in Sharon's government that could eventually lead to new elections. This would, of course, would postpone the disengagement (i.e., withdrawal from Gaza) even more.

Sharon's failure to live up to any commitment to withdrawal complicates matters for U.S. President George W. Bush, who vitally needs Sharon to keep up a credible front that there is some kind of withdrawal from the settlements—as agreed to—on the books.

Asia News Digest

Feuding Warlords of Western Afghanistan Have Agreed To Truce

A truce among the feuding warlords of western Afghanistan, brokered by the U.S. military commander in the area, was reached on Aug. 18. Earlier, U.S. warplanes attacked the troops of Amanullah Khan, a Pushtun warlord, whose troops had taken over the Shindand district in Herat province, and were moving into the city of Herat to oust the powerful governor,

Ismail Khan, a Tajik-Afghan.

Once the fighting started again in mid-August, it became evident that Afghan interim President Hamid Karzai would not like Ismail Khan deposed by a fellow Pushtun. "The attack on Ismail Khan is being considered as an attack on central government," said Karzai's spokesman, Hamid Elmi.

It is widely acknowledged that Ismail Khan is close to Iran, and Tehran has made public its uneasiness on the developments in Herat. Ismail Khan's outright defeat would drag Iran fully into the Afghan cauldron, some analysts fear. It is likely that President Karzai, who is close to India, does not want Iran as his enemy. Iran's official IRNA news agency quoted Afghan foreign ministry spokesman Hamid Reza-Assifi saying, "such incidents violate the security and peace of people in Herat and will leave negative impacts on the trend of province's reconstruction."

On the other hand, undermining of a fellow Pushtun by President Karzai hurt his chances in the Oct. 9 Presidential elections, where he will be challenged by his education minister, Younis Qanooni.

Australia Plays China Card Over Taiwan Issue

Australian Foreign Minister Alexander Downer played the pro-China card, declaring there will be no automatic Australian support for the U.S. in a war over Taiwan, according to Australian press Aug. 18. In China on Aug. 17 as part of a trip which includes a stop on Aug. 18 in North Korea, Downer surprised one and all by the announcement, adding: "The ANZUS (Australia, New Zealand, U.S.) treaty is invoked in the event of one of our two countries, Australia or the United States, being attacked, so some other military activity elsewhere in the world, be it in Iraq or anywhere else for that matter, doesn't automatically invoke the ANZUS treaty." These comments are at odds with Washington's stated view of the alliance. U.S. Deputy Secretary of State Richard Armitage has described the alliance as an "obligation, if necessary, to fight and die for each other." In visits to Canberra in 1999 and 2001, Armitage said the U.S. would expect Australia to join it if it was drawn into conflict with China over Taiwan.

Australia is lobbying for more economic deals with China, in energy and other fields, including an effort to get a free trade pact, and recognizes that China puts high value on the political implications of economic issues.

U.S. Troops Will Not Destroy Afghan Poppy Fields

"At this point in time, U.S. troops will not be involved in counter-drug or counter-narcotics operations at all," in Afghanistan, said Maj. Gen. Eric T. Olson, the commander of Combined Joint Task Force 76 while speaking during an Aug. 14 news conference in Kandahar. His remarks contradict the impression left by Defense Secretary Donald Rumsfeld's statements during his visit to Afghanistan on Aug. 12. While Rumsfeld said that the Pentagon would be working out a "master plan" for dealing with the opium production, Olson indicated that his forces would not be going in to destroy the poppy fields. Rumsfeld "did say that the drug issue is a priority," Olson said. "But poppy eradication may not be the best way to do that." Pointing to the larger problems of any Afghan stabilization, Olson said, "right now the drug trade, sadly, has become the livelihood of some of the Afghan population. Part of the elimination of that particular evil must be providing some replacement. There has to be the substitution that will allow Afghans to make a decent living."

Australian Parliament Cttee Rejects Inquiry of LaRouche, CEC

A call for an investigation of Lyndon LaRouche's Australian associates, the Citizens Electoral Council (CEC), has been rejected by the Australian Parliament's Joint Standing Committee on Electoral Matters. Rabid Jabotinskyite Michael Danby called for the CEC to be investigated by the Committee for its funding, following a CEC advertisement in major papers in June, denouncing the Howard government's fascist anti-terrorism laws. Committee chairman Peter Georgiou wrote to the

CEC on Aug. 10, stating: "I am writing to confirm that the Joint Standing Committee on Electoral Matters is not undertaking an investigation into the CEC, nor is it proposing to do so." This is the second time Danby has been knocked back by the Committee of which he is the vice-chairman.

Nepal Crisis Heading for a Showdown

The Nepali Maoists who now control most of rural western Nepal and have a strong presence in the nation's capital, Kathmandu, have now laid siege on the capital by putting up blockades on all roads leading to the city. Reports indicate the city of 1.5 million people has already begun to experience some food shortages.

The Nepali Maoists, who claimed their inspiration was the Sendero Luminoso terrorists, have adopted a tactic which echoes the tactics of the Peruvian terrorists. The Nepali Maoists also have ties with the Revolutionary International Movement (RIM) based in London and Chicago.

The latest developments worry Nepal's neighbor, India. The Charge d'Affaires of the Indian Embassy in Kathmandu, Ashok Kumar, had meetings with Prime Minister Sher Bahadur Deuba and the Nepalese Army Chief.

In Washington, the U.S. State Department has "strongly condemned" the Maoist action. The Bush Administration, like New Delhi, has provided some security assistance to the Nepalese armed forces last year. It also identified the Nepal Communist Party as a terrorist outfit.

Indonesian President Blames IMF for Nation's Economic Disaster

In her State of the Union address on Aug. 16, while facing a September Presidential election in which she appears far behind in the polls, Indonesian President Megawati Sukarnoputri ripped into the IMF, demanding that they intervene to reschedule—but not write off—even bilateral debt. "A mere admission of mistake is actually not enough, because until now, we still have to bear the consequences of that mistake in recommendation," she said. The IMF recently admitted it had erred in forcing Indonesia to shut down banks and squeeze credit during the crisis, measures which sent the country's economy into a free fall.

Megawati continued: "So far, we have listened to their suggestions and recommendations, and it is now time for them to also listen to our fair and justified complaints and do something to maintain and rehabilitate their reputation in our eyes." She asked the IMF to reschedule all Indonesia's offshore debts to free up funds for development.

FBI Removes Evidence in Afghan Private Jail Case

The trial of three Americans, "Jack" Idema, Edward Carabello and Brent Bennet, for running a private jail in Kabul, Afghanistan, has been stalled for seven days, after the FBI grabbed evidence in the midst of the ongoing trial. Idema told the Afghan court that the FBI has taken 500 pages of documents, 200 videotapes, and at least 400 photos. "Now it is at the U.S. Embassy where no one is ever going to see it," said Idema. Apparently, the FBI has returned some of the evidence. Caballero's lawyer, Michael Skibbie, questioned the Afghan judge's decision to allow the FBI to grab the evidence, saying: "Returning a substantial amount of evidence after a trial has begun constitutes an insult to the Afghan justice system."

Idema does not deny the charges, but claims that the individuals in his jail were "terrorists" and he was coordinating his "work" with U.S. Secretary of Defense Donald Rumsfeld's office. Afghan police found in Idema's possession e-mail and fax addresses of a number of Pentagon officials, including that of Assistant Secretary of Defense for Intelligence Stephen Cambone, a leading Straussian in the Bush Administration neo-con cabal.

It is not clear at this point how the case will evolve. Rumsfeld, while visiting Georgia, Uzbekistan, and Russia in mid-August, stopped over unexpectedly at Kabul, ostensibly to ensure that the preparation for the Afghan Presidential election, scheduled for Oct. 9, was progressing smoothly. It is evident that the Bush Administration would pull all accessible strings to isolate Idema and his associates.

Philippines Should Keep Nuclear Option Open: Perez

Philippines Energy Minister Vincent Perez, speaking before an Economic Corporate Network forum in Manila on Aug. 18, said: "Nuclear power has been a component of countries that are energy-dependent—South Korea, Japan, China, Taiwan, someday Vietnam. So, it should always be an option out there."

The Philippines imports nearly all of its oil requirements and is now getting hit hard by the rising price of oil. The government had built a 600 MW light-water-reactor nuclear-power plant near Manila in the 1970s as it sought to diversify fuel sources, but the plant was never commissioned. The Philippines still pays \$1.5 million a day, on a loan taken to build the power plant. Recently, President Gloria Macapagal-Arroyo broached the idea of converting the Bataan Nuclear Power Plant (BNPP) into one that runs on gas.

Perez's statement indicates a positive shift of opinion among the Philippines authorities. However, Perez also added that "politically, just as in Australia, New Zealand, or Singapore, nuclear power is not yet acceptable to public opinion."

Africa News Digest

Obasanjo to Khartoum: Accept AU Peacekeepers, or Else

Nigerian President Olusegun Obasanjo has warned Khartoum to accept African Union peacekeepers or face 'extra-African pressure that might not be so gentle.' Remi Oyo, spokeswoman for Obasanjo, told AFP Aug. 12 by telephone, "What has to be made clear is that if Sudan will not yield to gentle, African pressure, it will have to succumb to extra-African pressure that might not be so gentle.... Nigeria remains committed to its decision to send troops alongside other African countries in order to keep the peace in Sudan." The government of Sudan informed the African Union (AU) Aug. 7 that it would not accept an AU peacekeeping force.

Rwanda Troops in Darfur Violate Sudan Sovereignty

Rwandan troops began arriving in Darfur Aug. 14 to serve in the African Union (AU) protective force for the AU's observers. Reuters and AP both report that Rwandan President Paul Kagame said Aug. 14, that his troops will also intervene to protect civilians in danger. Khartoum informed the AU Aug. 7 that, while it would accept the observers and a modest protective force for them, it would *not* accept any troops in a peacekeeping role.

Rwanda has sent 155 troops. Nigeria is to send troops Aug. 25. There are 118 AU observers at present.

Will AU and Arab League Join Anglo-American Plans for Sudan?

A *Financial Times* writer sees the African Union and Arab League as potential collaborators in Anglo-American plans for Sudan. In the *FT* Aug. 12, under the headline, "How Darfur could help heal a global divide," Quentin Peel writes, "The merest hint that British soldiers might become peacekeepers in Darfur has brought demonstrators onto the streets and

infuriated much of the Arab press. The U.S. is accused of wanting to grab Sudan's oil.... The only organization that seems capable of providing security is the fledgling African Union. So far it has done very well, persuading Khartoum to allow ceasefire monitors with a protection force [for the monitors] into the region.

"The AU has soldiers but no cash and very little equipment. That is where Europe, the U.S., and perhaps most important of all—the Arab world—can help. A joint AU-Arab League peacekeeping exercise would help heal the very divide that has caused so much misery in Sudan. The U.S. and members of the EU could help with aircraft, helicopters and armored vehicles."

Chinese President Sends Special Envoy to Khartoum

Chinese President Hu Jintao's special envoy, an Assistant Foreign Minister, arrived in Khartoum Aug., 14 with a written message for Sudanese President Umar al-Bashir, according to the Sudan News Agency, SUNA.

India Sending 20,000 Tons of Wheat for Darfur

The Indian government has announced its decision to donate 20,000 tons of wheat for Darfur, while China is sending its second aid shipment. "The Indian government has lauded the steps taken by the Government of Sudan to normalize the situation in Darfur and decided to donate 20,000 tons of wheat as an aid to Darfur. A statement issued by the Indian Foreign Ministry ... said that India and Sudan have remained enjoying traditional close relations," SUNA reported Aug. 18.

China has sent its second shipment of aid, amounting to 5 million yuan (\$600,000). Saudi Arabia and Egypt have also sent plane loads of aid.

Non-Aligned Movement Backs 'African Framework' for Darfur

The Non-Aligned Movement of 115 nations, meeting in Durban, South Africa, Aug. 18-19, affirmed its support for the efforts of the Sudan government to restore security and stability in Darfur, and stressed its conviction that African problems should be solved in an African framework and through African mechanisms, according to SUNA Aug. 19. Thus it appeared implicitly to oppose both intervention and sanctions against Sudan based on UN Security Council approval. It expressed support for the agreement between the UN and the government of Sudan for restoring stability in Darfur, and supported the negotiations in Abuja, Nigeria, under African Union auspices, beginning Aug. 23.

Nigeria Brings U.S. in To Train Troops in Delta

The Nigerian Defense Ministry announced Aug. 12 that Nigeria and the U.S. have agreed to hold "joint military training in the Niger Delta," Reuters reported Aug. 13. The Commander of U.S. Air Forces Europe, Robert Foglesong, visited Nigeria earlier the same week and held "private conversations" with Nigerian Chief of Defense Staff Alexander Ogomudia and other defense officials. Foglesong is the second commander of U.S. forces in Europe to visit Nigeria in the past two months.

The Delta is the location of major oil extraction operations. Reuters recalled Aug. 13 that "Well organized and heavily armed criminal gangs, often with the help of Nigerian officials, steal about 100,000 barrels per day of oil from pipelines. They have used the proceeds to flood the region with sophisticated weapons including machine guns, assault rifles, and RPGs." The abundance of weapons has also made ethnic conflicts much more bloody. Reuters says that "About 1,000 people are killed every year" in the Delta and that the Nigerian government has about 5,000 troops there.

EIR notes that draconian IMF policies, far more than the bad behavior of the oil majors and the Nigerian government, has made the U.S. military intervention possible. In light of the asymmetry of Delta warfare, will the U.S. intervention make the situation worse?

Elsewhere in the Gulf of Guinea, the U.S. funded a feasibility study earlier this year for a deep-water port and new airport in Sao Tome e Principe, as another part of the Bush-Cheney Administration's pursuit of its 1,000-year empire. As in Iraq (and Nigeria), oil is important, but subordinate.

Rwanda, Burundi Threaten To Invade Congo After Massacre

Rwanda and Burundi Aug. 17 threatened to invade Congo, ostensibly to get at the perpetrators of the massacre of 160 Congolese Tutsi in a Burundi refugee camp Aug. 13. The victims in the camp at Gatumba were Congolese Tutsi from Bukavu who had sought refuge in Tutsi-dominated Burundi when Rwandan puppet Gen. Laurent Nkunda (a Tutsi) was forced to give up Bukavu in eastern Congo. The Congolese Tutsi fled for fear of ethnic reprisals. The Burundian Hutu rebel group led by Agathon Rwasa, the National Liberation Forces (FNL), operating in Congo and Burundi, has taken credit for the butchery of mainly women and children. The Congo-Burundi border is only 2 km from the camp; Rwanda, Burundi and the mass media assume the FNL came across from Congo.

Who benefits? Rwandan President Kagame, for one. Despite continuing, intense pressure, Kagame has not given up his dream of making eastern Congo into a Rwandan client state. *Grands-Lacs Confidentiel* newsletter of Aug. 18 proposes that Kagame was, in fact, covertly behind the massacre of his fellow Tutsi, in order to wave the bloody shirt. RCD-Goma, the Rwandan puppet party in Congo, Aug. 15, accused the Congolese army of involvement in the massacre.

But the Katangans of the late Laurent Kabila, in Kinshasa, also want ethnic warfare—to break up the government Joseph Kabila and its transition to inclusive, elected government.

The UN Security Council met in emergency session Aug. 15, to denounce the massacre. Kofi Annan demanded an investigation to identify and apprehend those responsible.

Burundian troops are "reportedly massing on the border" with Congo, according to IRIN Aug. 18

U.S.-Owned Congolese Oppositionist Returns From U.S. to Big Welcome

Etienne ("Tshitshi") Tshisekedi, a U.S.-run Congolese opposition figure, returned from the Democratic Party convention in Boston Aug. 11, and was received in "triumph" at the airport by "a sea of people." The characterizations come from Congolese press not particularly friendly to him. Tshitshi has declared his intention to run for President as the candidate of his Union for Democracy and Social Progress (UDPS, formed 1982) in the elections planned for June 2005.

His welcome was marked by a rock-throwing attack by his supporters on the motorcade of Chairman of Parliament Olivier Kamitatu and his entourage—who happened to be heading for another destination—intersected the crowd welcoming Tshitshi. They smashed his windshield and hurled insults and threat. A few people were injured.

In the 1990s, Tshitshi served twice briefly as Prime Minister under President Mobutu, as a result of Anglo-American pressure.

This Week in History

August 23-29, 1935

FDR & Youth:

FDR Addresses the Young Democratic Clubs of America

On Aug. 24, 1935, President Franklin Roosevelt was scheduled to travel to Milwaukee to address a convention of the Young Democratic Clubs of America. But he was forced to make his speech via radio, because, as he explained, "the closing days of a far-reaching and memorable Session of the Congress of the United States keep me here in Washington." That memorable session had included legislation on Social Security, increased Federal supervision of electrical utilities, and, of special relevance to the Milwaukee convention, the establishment of the National Youth Administration on June 26.

Roosevelt later described why he had launched this initiative: "The young people of the United States who had been caught in the Depression had special problems in addition to those shared with their elders. Their needs were greater and more far-reaching than the immediate demands of food, clothing, and shelter. They were confronted with the problem of an education, a beginning in a trade or a career, and, above all, the prevention of the natural effects of long idleness and continued frustration. Theirs was a spiritual as well as a physical problem...."

"In the spring of 1935 a survey of Depression-youth was made by the Works Progress Administration. It was found that 3 million people between 16 and 25 years of age were on relief, an average of one in seven. Of those on relief in cities, less than 40% had gone beyond the eighth grade, and less than 3% had entered college. Most distressing of all, was the discovery of the large numbers of young people, who, in final desperation, had virtually become hoboes. The transient service of the WPA in a single day in May 1935, counted 54,000 young people registered at its camps and shelters. There was no way of recording the large numbers of unregistered, who had literally become tramps on the highways and on freight trains."

When the State Directors of the National Youth Administration convened in Washington, D.C. on Aug. 20, the President made it very clear what he was expecting from them: "In previous days groups used to come down here to talk about education, child welfare, and various things like that. They had very interesting discussions and they passed very nice resolutions. Later the whole proceedings were bound up and distributed around the country. Everybody went home; and little, if anything, resulted from these efforts.

"Our procedure is different. We have asked you here to start something. We have given you \$50 million. It is the first time the Federal Government has attempted a great national project of this kind. It is an experiment, but we are going to get something more than mere resolutions out of it. We are going to get action."

And the President did get action. The Works Projects Program was set up to furnish part-time employment for out-of-school youth in a wide range of fields, including clerical assistance in public offices, library work, park beautification and landscaping, soil erosion control, and minor construction. The Student Aid Program furnished part-time employment for students so that they could continue in high school or college. School and college officials selected the students and designed and supervised the projects, which included work about the school grounds and buildings, clerical assistance to the faculty, library and laboratory assistance, and educational and recreational work in the local communities.

Finally, the Guidance and Placement Program utilized Junior Employment Counselors to help youthful applicants find jobs, and a Federal Committee on Apprentice Training helped to place them in training programs. By April of 1936, there were 404,749 young people receiving student aid benefits, and 181,279 employed on projects, a total of 586,028.

Four days after Roosevelt called for action from his state directors, the President broadcast his radio address to the Young Democratic Clubs. He began with a wry comment on certain members of the press: "You doubtless know everything that I am going to say to you, because starting as early as last Monday, certain special writers of a few papers have given you a complete outline of my remarks. I have been interested and somewhat amused by these clairvoyants who put on the front page many days ago, this speech, which, because of pressure of time, I could only think out and dictate this very morning."

Roosevelt continued, "Whatever his party affiliations may be, the President of the United States, in addressing the youth of the country—even when speaking to the younger citizens of his own party—should speak as President of the whole people. It is true that the Presidency carries with it, for the time being, the leadership of a political party as well. But the Presidency carries with it a far higher obligation than this—the duty of analyzing and setting forth national needs and ideals which transcend and cut across all lines of party affiliation. Therefore, what I am about to say to you, members of the Young Democratic Clubs, is precisely—word for word—what I would say were I addressing a convention of the youth of the Republican Party....

"The cruel suffering of the recent Depression has taught us unforgettable lessons. We have been compelled by stark necessity to unlearn the too comfortable superstition that the American soil was mystically blessed with every kind of immunity to grave economic maladjustments, and that the American spirit of individualism—all alone and unhelped by the cooperative efforts of Government—could withstand and repel every form of economic disarrangement or crisis. The severity of the recent Depression, toward which we had been heading for a whole generation, has taught us that no economic or social class in the community is so richly endowed and so independent of the general community that it can safeguard its own security, let alone assure security for the general community....

"There was a day when political sages or those who controlled them, took the attitude that anything new, or what they called 'new-fangled,' would lead to dire results, There is nothing new in those prophecies of gloom. I read these lines in a paper the other day—a little poem entitled 'Going to the Dogs':

My grandpa notes the world's worn cogs,

And says we're going to the dogs;

His granddad in his house of logs,

Swore things were going to the dogs;

His dad, among the Flemish bogs,

Vowed things were going to the dogs;

The caveman in his queer skin togs,

Said things were going to the dogs;

But this is what I wish to state—

The dogs have had an awful wait.

"I would be lacking in any sense of responsibility and lacking in elementary courage if I shared in such a hopeless attitude.

"I, for one, am willing to place my trust in the youth of America. If they demand action as well as preachments, I should be ashamed to chill their enthusiasm with the dire prophecy that to change is to destroy. I am unwilling to sneer at the vision of youth merely because vision is sometimes mistaken. But vision does not belong only to the young.

"There are millions of older people who have vision, just as there are some younger men and women who are ready to put a weary, selfish, or greedy hand upon the clock of progress and turn it back.

"We who seek to go forward must ever guard ourselves against a danger which history teaches. More than ever, we cherish the elective form of democratic government, but progress under it can easily be retarded by disagreements that relate to method and to detail rather than to the broad objectives upon which we are agreed. It is as if all of us were united in the pursuit of a common goal, but that each and every one of us were marching along a separate road of our own. If we insist on choosing different roads, most of us will not reach our common destination. The reason that the forces of reaction so often defeat the forces of progress is that the Tories of the world are agreed and united in standing still on the same old spot and, therefore, never run the danger of getting lost on divergent trails....

"Therefore, to the American youth of all parties I submit a message of confidence—Unite and Challenge! Rules are not necessarily sacred; principles are. The methods of the old order are not, as some would have you believe, above the challenge of youth."

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