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

# **The Follies of the Economic Hitmen — Re-Animating the World's Economy**

by Lyndon H. LaRouche, Jr.

November 24, 2004

In John Perkins' otherwise notably useful *Confessions of an Economic Hit Man*, there are four systemic errors concerning the principles of physical economy, and one, added point of curious unclarity, concerning his references, there and elsewhere, to the meaning of the events of September 11, 2001.

### *Error Number One:*

First, and foremost, he greatly exaggerates the place of the United States of America in the authorship of operations associated with what he identifies as "The Economic Hitmen."

The precedent for, and actual root of the operation which he otherwise describes fairly, is typified by those operations run by that Venetian financier oligarchy's Florentine House of Bardi which led into the so-called New Dark Age of Europe's Fourteenth Century. The notorious Bardi agents nicknamed "Biche" and "Mouche," were the leading Venetian "economic hitmen" of that century.

The organization behind the contemporary operations Perkins describes, is the direct descendent of that same Venetian financier oligarchy, which operates today under its current guise as the Europe-based, international, Anglo-Dutch Liberal financier oligarchical system, of which today's United States, like today's second-generation economic hitman, Arnold Schwarzenegger controller George Shultz, is merely a leading subsidiary instrument.

The U.S.A. has certainly played the most conspicuous role in operations associated with what Perkins identified as the Economic Hitmen, but there is a grave error of assumption in arguing, or even implying that the motive for this role by the U.S. was authored from within the bounds of the U.S.A. itself. Unfortunately, only those who were adults during World War II, are likely, without assistance, to recall the relevant ways in which the world has changed since author Perkins was born; it is typical of Perkins' generation to miss the crucial point here.

The U.S. which had been led in recovery by President Franklin Roosevelt, had emerged from the war as the world's only stable economic power, and as the head of the world system which emerged from the aftermath of that conflict. Therefore, if anyone wished to do something important against the world at large after 1945, that someone had to find a way of gaining controlling influence over the power embodied in the post-World War II U.S.A.

Over the interval since the death of Roosevelt, a series of breaking developments has taken down the U.S. policy-structures by which Roosevelt had led in saving the U.S.A., and Roosevelt's U.S.A. had saved the world. These changes in control over U.S. policy, came chiefly in discrete increments of destructive shifts in policies. This includes, notably, the processes unfolding following the terrifying events of 1962-63 and the 1964, fraudulent launching of the official U.S. war in Indo-China, and with the developments of 1971-81 under the leadership of National Security Advisors Henry A. Kissinger and Zbigniew Brzezinski. The George Shultz whom Perkins justly fingers as a very bad man of his story, was a key figure, if, like George's father, often somewhat behind the scenes, in the relevant dirty doings throughout that period and following.

Under the changes unleashed beginning the middle of the 1960s, the U.S. was put through a process of transformation from being the world's leading producer nation, toward a transformation into an internally despoiled "post-industrial utopia," sucking the blood of the world in a fashion recalling the reign of "bread and circuses" in a self-doomed ancient imperial Rome. Thus, the U.S. ceased, more and more, to act in expression of its own national interests, and acted increasingly, instead, as an expendable tool of a new role assigned to it, within a process of so-called "globalization" conducted by a utopian alliance among a concert of international financier-oligarchical forces.

These forces were, in the main, the same network of international financier-oligarchical entities, once known as the Synarchist International, which had created modern fascism in the image of Alessandro Cagliostro's and Count Joseph de Maistre's Napoleon Bonaparte, and had swallowed up the nations of western and central continental Europe into the Nazi system over the interval from banker Volpi di Misurata's Mussolini coup of 1922, through the close of the war in Europe.

In the course of a show-trial-like, exemplary treatment of some Nazis, we of the allied powers never uprooted the higher level of that financier-oligarchical cabal which, itself, had been behind the creation and direction of 1922-1945 fascist power which Hitler came to direct in Europe, as in control over Mexico's Synarchists, and elsewhere. Under U.S. President Truman and later, we absorbed them, with much of their ill-gained financial holdings intact, into the post-war system. They are back, in force, today, with figures such as George Shultz and his Vice-President Dick Cheney now performing relevant services to that same pack of financial rats.

It is that international financier oligarchical entity which has used the U.S. as the obvious keystone, and even often a virtual puppet, of a concert of international forces which have used, and still use the U.S.A. as a leading chess-piece on the global board of play. Thus, the U.S. today is, itself, more often more played by a global financier oligarchy from above, than the player. To maintain that arrangement between chessboard and player, it is convenient to accuse the Queen, who is being used on the board, of being the one to be considered as the actual player.

Today's popularized name for this process of destruction, and absorption of the U.S.A. and other nations, is "globalization," otherwise known by such names as the European "stability pact," a murderous pact ruinously inserted into the Maastricht agreements. On this world chessboard of today, there are enumerably numerous players, including even heads of governments, who, in reality, show little more actual free will than the mere chess pieces which are being played from behind the table-top.

## **Latest From LaRouche**

### **MR. BUSH, WHY NOT GIVE ME CONDI RICE'S JOB — AND LET ME GUIDE YOU THROUGH THE NEXT FOUR YEARS?**

*Lyndon LaRouche was interviewed Nov. 16 by the Internet radio network Louisiana "Live," which is then picked up by*

*many broadcast stations throughout Louisiana. His host was Don Grady.*

DON GRADY: Now, we're going to turn our conversation to the world of politics and Lyndon LaRouche. First time I've ever had a chance to speak with Lyndon LaRouche. How are you, sir?

LAROUCHE: Pretty good for an old geezer.

GRADY: "For an old geezer"! My golly. You've run eight times for President, and that's probably the way most people can recognize you.

LAROUCHE: Well, I suppose it depends. Some people recognize me in a completely different way, for example, the author of SDI, and for several other things I've been involved in, rather than just running for President.

GRADY: Why did you always do that? You've run eight times, and quite honestly, twixt you and me, you knew you weren't going to win.

LAROUCHE: No, not necessarily so.

The problem is this: The reason I ran in the first place, was because of Brzezinski. I knew Brzezinski, with his Trilateral Commission, and what his program was, were trying to take over what they proposed to be the Carter Administration. And, it was terrible. And, from that point on, the Democratic Party itself, as well as the Republican Party in a similar, parallel way, moved in a direction which had transformed this country from the world's leading producer society into a post-industrial, bread-and-circuses society, somewhat like Rome: We've lost our industry, we lost our agriculture, we lost about everything. And now, we've come to the end of what I've been fighting about all these years.

I ran for one reason: To restore this country, back to the tradition which Roosevelt had bequeathed to us, at the time of his death. I thought that was the way to go. And I thought the Democratic Party—one time, Kennedy for example, in January of 1995, said, the country does not need two Republican Parties. And now, I would say, we need a *real* Republican Party and a *real* Democratic Party, as opposed to what we're looking at, by and large, right now.

So, that's what I've been running about.

And, I've always been right. The record shows I've been right on all these issues. Now the time has come, again, when I've sort of exhausted my running potential, but I'm still capable of giving some direction to the way my survivors, shall we say, shall go.

GRADY: Why can't we have an active third party? A viable third party? Are the two biggies squeezing out the third one?

LAROUCHE: No. The problem is very simple. First of all, we've had changes in political parties in the United States many times. The Federalist Party failed under John Adams. The Republican Democratic Party, under Jefferson and under Madison was a complete failure. We later went to a number of parties, including the Whig Party, which was a good party. We had the intervention of the Liberty Party, which was a terrible party, which wrecked the Whig Party. We had the emergence of the Republican Party, which was a very good party when it started, with some problems in it. It degenerated. And then, we had both the Democratic and Republican Party had pretty much degenerated at the beginning of the last century.

Then, we had a crisis, and we got Roosevelt, and Roosevelt changed the character of the Democratic Party, transformed it absolutely. We continued to roll on on that legacy more or less, at least in the roots of the party, up through the middle of the 1960s. Then, after Nixon, we got Nixon out of there, but then *we*, under the leadership of Brzezinski and Co., went in the very same direction of the worst of what Nixon was doing to us.

So, what we've had is, with the creation of so-called "Crisis in Democracy"/Project Democracy project, we've had a management system, run out of Washington, which *manages* the parties, in such a way, that really, the expression of the opinion, the interest, of the typical American, the lower 80% of family-income brackets, *really has no voice*.

So, we have, actually, two parties. But, in a sense, we have no parties. We came close, with Kerry, in the last two months of the election campaign, to actually reviving the Democratic Party as a viable instrument. Now, it's possible that may come about despite the so-called defeat in the election. On the other hand, you have Republicans, who've had more than enough, of the reign of the neo-conservatives. So, we're in a very unstable period, where we might get a new party combination. You might get the best of the Democrats and the best of the Republicans, in the immediately coming period, beginning to come together, and forming a new Democratic-Republican coalition.

GRADY: Wow, that would be interesting.

[station break]

Lyndon LaRouche is our guest, a man of many talents. Most people know that he ran eight times for the Presidency. Now has a political action committee. And what is the purpose of your PAC?

LAROUCHE: Well, the purpose was essentially—I planned to launch it at the time of the certification of the candidacy of Kerry was announced at the convention. I did it just then, the day afterward.

The point is, it's a long-term prospect for rebuilding the political process in the United States. That's the purpose. We're now dealing with the aftermath of an inconclusive election: The final word has not been written on that. Even if Bush is confirmed, as is probable, at least, we don't know what kind of a government his second administration would be. It's still very much up for grabs. So, that's where we lie.

We're also dealing with the fact that the greatest financial collapse in modern history is now onrushing. This requires some changes in policy. It requires, also, new standards of cooperation between the United States and our friends in Western Europe and elsewhere. That, I'm a specialist in. We're working on that, too.

So, there are many things, that a Democratic Party intelligentsia should be doing. We're doing it. We're doing it in cooperation with a number of Democrats. We're also in discussion with many Republicans, on the same kind of question: about what are the policies—the action policies, not the long-term policies alone, but the current action policies, in questions like the Middle East, and so forth.

GRADY: Yeah. You've been keeping a watchful eye on Iraq, and you don't necessarily like what you see.

LAROUCHE: Oh, this is Dien Bien Phu. It's not exactly the same in detail. But, the decision was the same one. Here, we have a lost situation, that's been bungled to the nth degree. We're getting people killed for an ego-trip in that state, for no reason. We're going to get a situation, which is *uncontrollable*. We can blow up, as I think—.

Strangely enough, James Baker III probably agrees with me, at this point! Both of us have endorsed the idea of

[Palestinian leader Marwan] Barghouti being released from [an Israeli] prison, so we'd have somebody to negotiate with on the Israeli side, for the Palestinians, in order to finally make a move for peace again. If this blows up—

Look, we're losing petroleum around the world. The North Sea oil may run out in a couple of years. Russian oil is very expensive. It may run out in 10, 12, 15 years—who knows? Gulf oil, or the Gulf region oil, costs about 75 cents a barrel to produce! And that thing will be there, from my survey with experts, for about 80 years or more to come.

If we start, and continue this nonsense, in this region of the world—I think that's where the Carlyle Group around George Bush I and so forth are looking—if we blow that up, what are we going to do? We've made ourselves *dependent* upon petroleum as a fuel! Our reliable source of petroleum *is* from the Gulf region. We want to spread warfare, in that region, *now*? When we're looking at \$50 a barrel oil, right now. We're looking at least, at \$100 a barrel if this kind of thing continues. Where are we going, when it comes wintertime, and we have to get heating oil for our homes, and we have to try to keep those buggies on the road?

So, we're in a period of insanity, which requires some immediate action, from a concert of forces in the United States—not just Democrats, but we hope, sane Republicans.

GRADY: Also, the dollar is concerning you. The value of the dollar. I just saw a front-page story, I guess it was yesterday—it just keeps sliding.

LAROCHE: Well, the dollar was supposed to be nominally equivalent to 1 euro. And now a euro is worth \$1.30—and that's highly artificial. They're fighting out in the streets virtually, to try to keep the dollar from going below that price. It certainly will. We're looking at the potentiality of \$2 a euro.

GRADY: Wow!

LAROCHE: So, we are looking, also—remember, look at our Federal debt. We're coming up, immediately, with a Federal debt crisis. We can not continue to balance the budget, or that is, within the debt limit, on this basis.

We're faced with a major collapse of the mortgage-based securities market, in England, and a much more serious threat here. We're faced with raw materials prices, are zooming, as a result of a vast speculation in raw materials, which includes petroleum, but zinc, tin, nickel, and so forth—the rest of the lot.

So, we're in a crisis, beyond belief. We're actually, contrary to all this talk about growth, unemployment is *increasing*—it's the only thing that really is increasing. We did this survey in Ohio: All jobs have been lost—remember, Ohio is one of the most prosperous agricultural/industrial states in the Union. Now, it's lost that in the past 14 years. And the jobs are no longer high-grade steel, or technology jobs, or high-grade agriculture: The jobs are the lowest-paid hotel and restaurant workers.

So, we are destroying the United States. And some people are not looking at the clock.

So, somebody's got to do something about it. There are solutions. But they mean rather drastic policy changes.

GRADY: Right.

[station break]

Right now, Lyndon LaRouche, continuing our conversation with the eight-time candidate for the Presidency. Mr. LaRouche, right before the break, I said, if you had one minute with George Bush, what advice would you give him?

LAROUCHE: I would tell him, first of all, let's get rid of Cheney. He's probably guilty, but he's also got a health problem; let's get him out of there, just for your safety. And, in the meantime, what I suggest either, is that you take it easy: Give me Condoleezza Rice's job, let me guide you through the next four years, and you'll get the best deal you possibly could get—and the American people, too!

GRADY: And the odds of him taking your advice would be?

LAROUCHE: I have *not* the slightest idea in the world. This guy is, what he is: So, he might take it. He probably wouldn't. But, at least I'd make the offer.

GRADY: That's right. Have you ever had access, or a chance to talk to him at all?

LAROUCHE: To him? No. Well, I don't think he's quite reachable; he doesn't like me very much, you know.

Cheney *really* hates me. But, George Bush! I don't know exactly what he thinks about me, but I don't think he likes me. But, that's all right. I'm a generous person. I can take care of him.

GRADY: Huh! It's probably something you said.

LAROUCHE: *Could be!*

GRADY: You know, somewhere along the way! Ohh!

Who is in politics now, that you admire, and that you would say is virtually a shining star.

LAROUCHE: I don't think we have any. I've looked around Europe. I've looked around the United States. We don't have any.

As I've said repeatedly, I have the mental qualities of a commander-in-chief. We used to have a number of these guys around who could do that. We have Kerry, who is probably a good colonel in command of troops. But, when it comes to leading the battle into war, as, say the case of Douglas MacArthur at Inchon, in Korea: There's a commander-in-chief, who took a maximum risk—where the risk of the United States, the risk of his forces, are totally at stake—he took the risk.

We don't have that kind of politician. We have "maybe" politicians: "Maybe I'll do this." "Maybe I'll do that." We really don't have a person who is—. We have good people. People I like. People I think would make a great contribution, many of them. But I don't think we have a potential commander-in-chief apart from me, anywhere in the sight right now.

GRADY: Okay. Can we do this again, sometime soon?

LAROUCHE: Why sure.

GRADY: I'd appreciate it so much. Lyndon LaRouche, thanks for your time. Oh—you have a website for your PAC?

LAROUCHE: Yes, larouchepac.com.

GRADY: larouchepac.com, all right. Thank you much, sir.

LAROUCHE: Good day.

# InDepth Coverage

## Feature:

### LaRouche Launches Attack On Shultz's Fascist Vulcans

by Jeffrey Steinberg

The publication and initial widespread circulation of a book, Confessions of an Economic Hit Man, by John Perkins, has prompted Lyndon LaRouche to launch a major new international flanking attack against George Shultz's fascist 'Vulcan' apparatus, an attack which could catapult the Perkins book to the top of the international best-seller lists, and drive the would-be controllers of the Bush-Cheney 'Halliburton Regime' into new, greater-than-ever fits of wildeyed rage.

### The Follies of the Economic Hitmen:

### Re-Animating the World's Economy

by Lyndon H. LaRouche, Jr.

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In John Perkins' otherwise notably useful Confessions of an Economic HitMan, there are four systemic errors concerning the principles of physical economy, and one, added point of curious unclarity, concerning his references, there and elsewhere, to the meaning of the events of September 11, 2001.

### Nuclear Club of Wall Street 'Hit Men' vs. LaRouche's Fusion Energy Foundation

by Paul Gallagher

A critical case in recent U.S. history, of a vicious attack by what insider-author Perkins calls 'economic hit men' against the potential economic and scientific progress of nations, was the 1978-86 war of Wall Street investment banks and their agents against the Fusion Energy Foundation (FEF) of Lyndon LaRouche.

### LaRouche to Youth in Denmark:

### Perkins' Exposé Shows Free Trade Enslavement

Lyndon H. LaRouche, Jr. addressed the Denmark LaRouche Youth Movement (LYM) weekend training seminar by telephone on Nov. 20, 2004. Besides Danes, the group included Swedes, Germans, Africans, and Russians. The transcript of his opening remarks follows.

## National:

### Schwarzenegger Savages California, Aims at Presidency

by Harley Schlanger

'I admired Hitler . . . because he came from being a little man with almost no formal education, up to power. And I admire him for being such a

good public speaker and for his way of getting to the people and so on. . . .'  
—Arnold Schwarzenegger, in a 1977 interview with George Butler

## **Rep. Waxman Demands Halliburton Hearings**

The letter excerpted below was sent on Nov. 10 to Rep. Tom Davis (Va.), Republican Chairman of the House Committee on Government Reform, by the ranking Democrat on the Committee, Rep. Henry Waxman (Calif.). So far, there has been no response—and little-to-no coverage in the media of this initiative. Although it is unsaid in the letter, the Halliburton contract issue goes directly to the corruption of Vice President Dick Cheney, the former CEO of that company, among others.

## **Congress Passes a War And Austerity Budget**

**by Carl Osgood**

For the eighth time in ten years, the U.S. Congress has wrapped up the annual appropriations process with an omnibus spending bill written behind closed doors, and completed in the middle of the night. As has become the custom, the process guaranteed that members of the House and Senate were confronted with a bill that all but a few of them had had little chance to read; that had provisions removed which had been passed by both the House and the Senate; and other provisions added that had never been considered by either House. Nor were members, in spite of all of the unconsidered changes, able to offer amendments.

# **International:**

## **Huge Potential in China's Ibero-American Initiatives**

**by Cynthia R. Rush**

Coincident with the Nov. 20-21 convening of the Asia Pacific Economic Cooperation (APEC) summit in Santiago, Chile, Chinese President Hu Jintao made an unprecedented two-week diplomatic and trade foray into South America, with high-profile state visits to Brazil, Argentina, Chile, and Cuba. Speaking before the Brazilian Congress on Nov. 12, Hu announced that China is prepared to invest \$100 billion in Ibero-America over the next ten years, and would double the current level of business over the next three.

## **LaRouche to Ibero-American Youth: Argentina's Enemies Are The Synarchist Bankers**

U.S. political leader Lyndon H. LaRouche, Jr. held a webcast video-conference with youth in Argentina and Peru on Nov. 11, 2004. The introductions and questions have been translated from Spanish.

## **Austerity, Fear Basis For Blair Re-Election**

**by Mary Burdman**

The Queen of England laid out Prime Minister Tony Blair's electoral program in her official speech for the Opening of Parliament Nov. 23. The New Labour election mantras are 'security' and 'opportunity,' euphemisms for the politics of fear, and austerity. Blair has publicly committed himself to early national elections—most likely in May 2005—in his bid for a full third term.

## **Conference Report**

### **Eurasian Youth Initiative' in Moscow**

**by Andrei Andryushkov**

A Eurasian Youth Initiative conference took place Oct. 8 in Moscow. Sponsored by the Moscow Academy for Culture and Educational Development (MAKRO), the Science Dialogue Center for Continuing Education, and the Schiller Institute, the event was attended by Moscow high school and university students, as well as representatives from the State Duma (lower house of Parliament), the Kremlin staff, and Russian and Chinese scientific circles.

## **Ivory Coast**

### **West Behind Rebels in Raw Materials Grab**

**by Uwe Friesecke**

The rebel movements in Sierra Leone illegally marketed diamonds; in Liberia, diamonds, rubber, and timber. In Ivory Coast, the source of wealth



is predominantly cocoa, of which the country is still the largest producer in the world. Here, both sides—the rebels, called the New Forces, led by Guillaume Soro, and the government of Laurent Gbagbo and its militias—are involved in these illegal schemes. Suddenly, Burkina Faso has become an exporter of cocoa, even though it does not produce it. The Ivorian rebels are the source of it, but also, the Gbagbo government uses proceeds from the sale of cocoa to buy weapons through illegal business channels to supply the network of government-sponsored militias.

# Economics:

## **Dangers of Cartel Monoculture Threaten Nations' Food Supplies: Interview with Dr. William Heffernan**

**by Marcia Merry Baker**

For three decades, Dr. William Heffernan has led research into documenting the increasing degree of concentration of control over U.S. farm and food sectors by a small number of firms. In January 1999, the National Farmers Union released a 20-page report, 'Concentration of Agricultural Markets,' by Heffernan and colleagues Dr. Mary Hendrickson and Dr. Robert Gronski, at the University of Missouri, Department of Rural Sociology.

## **Sharon, Netanyahu Are Making Israel Poorer**

**by Dean Andromidas**

The economic collapse in Israel has reached new depths. According to an Israeli government report, poverty increased by more than 10% between 2002 and 2003, exposing the fact that 22.4% of the Israeli population is now living below the poverty line.

## **Bush FDA Protects Profit Rather Than Health**

**by Mary Jane Freeman**

At Congressional hearings held Nov. 17 and 18, documentary evidence was released showing President Bush and his Administration's culpability for the avoidable deaths of Americans due to the gross negligence of his Food and Drug Administration (FDA). These hearings inquired into, first, this and previous years' increasingly drastic flu shot shortages; and second, how it is that the arthritis drug Vioxx was ever allowed onto the market for use. Both hearings showed that the FDA failed to do its job: safeguard the public's health.

## **Report From Germany: Poverty Is Increasing Dramatically**

**by Rainer Apel**

*Welfare and other care organizations report a dramatic increase in hunger, homelessness, and unemployment.*

In recent weeks, headline reports are putting into doubt Germany's status as being among the 'rich nations' of the world. New official statistics and private welfare organizations report a marked increase in poverty. One official estimate is that more than 200,000 Germans are without health insurance—these are not citizens on social welfare, because the system still provides a minimum of health care to welfare recipients.

# Science and Technology:

## **Nuclear Power: The Litmus Test for Space Exploration**

*Marsha Freeman reviews James A. Dewar's book on the history of the U.S. nuclear rocket program. Without nuclear propulsion, a visionary manned space program is simply impossible....*

Since the dawn of the space age, nearly 50 years ago, it has been well understood that using nuclear energy was the prerequisite to accomplish the goal of exploring the Solar System. Therefore, the fight over the nuclear rocket program, as James Dewar states in the Preface to *To the End of the Solar System: The Story of the Nuclear Rocket*, was not just a fight over a specific technology, but 'a proxy: [the fight] was really over the future of the space program.'

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

## **Top Banker: U.S. on Brink of Financial Armageddon**

Stephen Roach, chief economist at Morgan Stanley investment bank, met a select group of fund managers in downtown Manhattan in mid-November, and, according to a participant at the meeting who leaked this information to the *Boston Herald*, where it appeared Nov. 23, Roach said that America has no better than a 10% chance of avoiding economic "Armageddon." Roach said that he sees a 30% chance for a slump/crash soon, and a 60% chance that "we'll muddle through for a while and delay this eventual Armageddon."

Among the problems that Roach reportedly cited: The U.S. requires the inflow of \$2.6 billion per day in foreign financial flows to finance its current account deficit, and that sum represents 80% of the world's entire net savings. This is said within the context of the dollar's fall. A meeting participant said that a "spectacular wave of bankruptcies" is possible.

## **Army Corps Closing Locks and Dams in Minnesota**

Reflecting the growing urgency to launch Lyndon LaRouche's FDR-style approach to rebuild and upgrade our nation's rotted infrastructure, the U.S. Army Corps of Engineers announced it will close Lock and Dam 2 in Hastings, Minn., plus Lock and Dam 5 in Minnesota City on Nov. 30, in order to replace bulkhead slots.

Meanwhile, at the 600-foot Kentucky Lock, the busiest of 13 locks on the Ohio River system, workers must separate most barge tows in sections small enough to fit through the undersized lock—a dangerous process causing delays of from four to five hours, at a huge cost of about \$1,800 per tow. Plans by the Army Corps to build a new 1,200-foot lock that would allow barges to pass through in a mere 30 minutes, hinge on getting Federal money. "Kentucky Lock is a bottleneck right now," warned Don Getty, Kentucky Lock project manager for the Army Corps in Nashville, Tenn. The 60-year-old lock, which handles about 39 million tons of products annually, is "the weak link in the chain," he added.

Ongoing pre-construction is threatened by the Bush-Cheney budget that contains only \$25 million—\$10 million short of the amount needed to complete the preparatory work. That level of funding also jeopardizes awarding contracts early next year for road and rail bridge superstructures, Getty cautioned. The bridges must be built before the old structures across Kentucky Dam are shut down to begin work on the new lock.

## **Move To Shut Down Amtrak's National Rail Routes**

Kenneth Mead, Inspector General of the Department of Transportation, has released a report which calls for Amtrak to "restructure operations" and eliminate its long-distance routes: Amtrak should "focus on developing short-distance corridors" (routes with end-to-end distances of less than 500 miles). This would leave Amtrak as a balkanized patch-work of disconnected rail corridors.

The report starts off, accurately enough, by asserting that there are "increasing levels of deferred infrastructure and fleet investment.... Continued deferral brings Amtrak closer to a major point of failure on the system, but no one knows where or when such a failure will occur."

Then the report unfolds its major argument: that Amtrak has been running "unsustainably large operating losses," which it blames on long-distance routes, such as New York to Chicago, etc. It asserts that Amtrak exists from passenger-ticket revenues, and from a Federal subsidy, but notes that the 1997 Amtrak Reform and Accountability Act (ARAA) stipulates the elimination of Federal subsidies from 2002 forward (although so far, this has not been implemented). Therefore, according to Inspector General Mead's loony logic, since Amtrak runs losses each year, were the Federal subsidy to be eliminated, the only way Amtrak could scrape together enough money to make capital improvements on part of its system,

is to shut down entire sections of "money-losing" long-distance routes.

Newt Gingrich and Trent Lott rammed through the ARAA in 1997, and they set up an Amtrak Reform Council of overseers. The vice chairman of the Reform Council is Paul Weyrich, who heads the Free Congress Foundation. During the last few years, the *Wall Street Journal* has spearheaded the call for putting Amtrak out to pasture.

For fiscal 2005, Congress has allocated Amtrak a mere \$1.2 billion, although in September, a majority of Senators, including some Republicans, signed a letter calling for Amtrak to receive \$1.79 billion. The emptiness of the Inspector General's report is shown by the fact, that after initially pointing to the deferral of infrastructure, there is not one word on what infrastructure investment should be made to upgrade the railroad. Meanwhile, this year, Amtrak's routes to Akron, Youngstown, and Fostoria, Ohio, have been shut down.

## **Union Pacific Rail Cars Derail Near San Antonio**

Six Union Pacific rail cars went off the track near San Antonio, Texas Nov. 21; fortunately no one was injured. However, during 2004, Union Pacific has created a nightmare in and around San Antonio: Starting on May 6, UP trains have caused six major accidents in this area. On June 27, two trains collided, derailling 40 cars, and sending plumes of chlorine gas and ammonium chloride into the air; four people were killed. As recently as Nov. 10, a Union Pacific train crashed into a building, trapping and killing a worker inside.

*San Antonio News-Express* reporter Ken Rodriguez wrote on Nov. 11, "Someone dies in a Union Pacific train accident about every day and a half."

UP is America's largest railroad, carrying one-third of America's rail freight traffic, and 12% of all U.S. freight traffic by any mode of transport. Starting in 1995, Dick Cheney played a key role in turning UP into the asset-stripping behemoth that it is today. As CEO of Halliburton, Cheney was placed on Union Pacific's board of directors, becoming fast friends with and the hunting buddy of UP's CEO Richard "Dick" Davidson. In 1996, Cheney and Davidson engineered Union Pacific's takeover of Southern Pacific, making the merged railroad the largest in America. In or around this time, Lynne Cheney joined the board of UP's subsidiary, Union Pacific Energy.

To pay for the cost of the Union Pacific-Southern Pacific merger and, more generally, to increase shareholder value, the Cheney-Davidson duo cut the workforce, rolling stock, and maintenance to the bone, which ripped up the rail grid. After Cheney became Bush's Vice President, this policy continued. UP regularly fails to improve track, and has repeatedly been found to overwork its workforce in violation of rules. The Federal Railroad Administration (FRA), which oversees rail safety, has documented Union the company's intimidation of workers not to report railroad deficiencies and accidents. A rail expert told *EIR* that Cheney extends a protective arm over UP inside the Bush Administration. During the 2004 election, CEO Davidson became a "Ranger," packaging \$200,000 in contributions to the Bush-Cheney campaign.

## **Major Media Lying About New Immigration Report**

All that appears on the *Washington Post* front page is not what it seems. Major U.S. media on Nov. 23 carried reports on the same Center for Immigration Studies (CIS) document which is covered, with other reports, in *EIR*'s Economics article on slave labor and the Bush White House ([\*EIR\* Nov. 26; EIR Online InDepth #47](#)). The *Post*'s coverage went on at length about the increase in the flow of immigrants to the U.S. since 2000 (some 4.3 million immigrants, approximately, in those four years), what states have gotten the most immigration, the growth in English-language courses, and other human interest details. But one would not guess, reading the article, that the CIS report is about jobs—new immigrants getting them, employed workers losing them. Its main revelation is that of those 4.3 million new immigrants, 2.9 million are now

employed, although the net new job creation of the U.S. economy during those four years was zero. See the EIR for the story.

## World Economic News

### ***Economist* Announces Coming Dollar Crash**

An article in the *Economist's* Buttonwood column Nov. 23, entitled "The dollar's demise: Is the dollar's role as the world's reserve currency drawing to a close?," begins with the question: "Who believes in a strong dollar?" Then, answering the question, it continues, "Robert Rubin, Bill Clinton's Treasury Secretary, most certainly did. John Snow, his successor but two, says he does but nobody believes him, if only because he wants other countries' currencies, in particular the Chinese yuan, to go up. Mr. Snow's boss, President George Bush, in one of his mercifully rare forays into economics last week, also said he wants a muscular currency: My nation is committed to a strong dollar. Again, it would be fair to say that this was not taken as a ringing endorsement. 'Bush's strong-dollar policy is, in practical terms, to maintain a pool of fools to buy it all the way down,' a fund manager was quoted by Bloomberg news agency as saying. It does not help when the chairman of your central bank, Alan Greenspan, whose utterances on the economy are taken rather more seriously than Mr. Bush's, has said the day before that the dollar seems likely to fall: 'Given the size of the current-account deficit, a diminished appetite for adding to dollar balances must occur at some point,' were his exact words. The foreign-exchange market immediately decided that it was sated, and the dollar fell to another record low against the euro."

Furthermore: "Mr. Greenspan's words were significant because he was tacitly admitting what right-thinking economists the world over have long believed: that the emperor has no clothes." Pointing to a "deeper significance" of Mr. Greenspan's admission, the article says, it is "that the game that has been played since the collapse of the Bretton Woods system in the early 1970s is drawing to a close. The dollar's status as the world's reserve currency—its preferred store of value, if you will—is gradually coming to an end. And, ironically, the fact that it has become so popular in recent years will only hasten its demise."

The article explains how central banks, especially in Asia, have held massive dollar assets, but adds that this is changing. The reason they have kept dollars, it goes on, is "to stop their currencies rising against the dollar and so keep their exports competitive. In effect, they are trying to peg their currencies; China's peg is explicit. Huge foreign-exchange reserves are the result."

"Some pundits have dubbed this arrangement the new Bretton Woods. The Bretton Woods arrangement (a post-Second World War agreement that tied the dollar to gold and other currencies to the dollar) collapsed in 1971. The present arrangement seems similarly doomed to failure. The big question is whether the world will suffer similarly ill effects when it collapses."

The dilemma for big investors is laid out: "At the heart of the central banks' calculations is a trade-off: intervening to keep your currency down can be costly, but it is good for exports. Though the costs of intervention are hard to quantify, they are potentially big. Because the domestic money supply is expanded—those dollars must be paid for with something—it can cause inflation (though this can be neutralised through sterilisation, i.e., bond sales). But the big potential cost is in amassing a huge stash of dollars with precious little exit strategy. Quite simply, Asian central banks now own too many of them to exit *en masse*, for their exit would cause the dollar to crash and American interest rates to soar, which would cause huge losses on their holdings of Treasuries."

And, banks could lose massively due to the dollar's decline. However, the tendency is in the direction of disinvesting. "The incentives to flee the Asian cartel (to give it its proper name) thus increase the bigger the game becomes. Why take the risk

that another central bank will leave you carrying the can? Better to get out early. Because the game is thus so unstable it will come to an end, and probably a messy one. And what will then happen to the dollar? It is hard to imagine its hegemony remaining unchallenged when so many will have lost so much. And doubly so given that America has abused the dollar's reserve-currency role so egregiously that its finances now look more like those of a banana republic than an economic superpower."

## **Dollar Hits New Low as Banks Forecast Crisis**

The dollar hit a new low of \$1.328 to the euro, and 102.57 yen Nov. 25, as leading banks forecast a further fall and crisis. UBS, JP Morgan Chase, Merrill Lynch, and Deutsche Bank have all reduced their forecasts for the dollar, Bloomberg reported Nov. 25. The four, which account for 34% of the currency market, according to *Euromoney* magazine, say the record U.S. current account deficit will drive more flight from the dollar. Former Fed Chairman Paul Volcker told PBS on Nov. 24 that the increasing dependence on foreign capital can not be sustained, adding, "When something happens, it tends to go further than you expected, and that's the history of financial crises."

## **Central Bankers Moot Shift Out of Dollars**

At the same time that the dollar hit new lows this month, gold for December delivery closed up \$1.40 at \$449.30 an ounce on the New York Mercantile Exchange. That's the highest settlement price since June 1988.

The report by Russian first deputy chairman Alexei Ulyukayev, hinting that Russia could shift a portion of its \$113.1 billion foreign reserves out of dollars into euros (see below) is roiling currency markets. Derek Halfpenny, senior currency economist at Bank of Tokyo-Mitsubishi said that if various nations' central banks increased the percent of their foreign reserve holdings from 30% euros to 40% euros, this would represent a significant shift: in fact, several hundred billions of dollars would shift out of dollars into euros. Referencing this, Neil Mellor, currency strategist at the Bank of New York raised the "domino effect," saying that talk of central banks readjusting their reserves to encompass a greater euro weighting has been rife in the currency markets for quite some time, along with speculation that OPEC members may shift to euro-denominated oil sales. "A dam can only take so much pressure," he said.

Ray Dalio, of Bridgewater Associates, which manages \$92 billion for pensions, endowments, foundations, and governments, warned, "The big collapse in the dollar is likely close, and speculators are starting to see the blood in the water."

## **Russian Central Banker: Dollar Is a Real Problem**

"Most of our reserves are in dollars, and that's a cause for concern. It's a real problem," said Alexei Ulyukayev, first deputy chairman of the Russian central bank Nov. 23, adding, "Looking at the dynamics of the euro/dollar rate, we are discussing the possibility to change the reserve structure," the *Financial Times* reported Nov. 24.

The previous week, Konstantin Korishtshenko, another deputy governor of the Russian central bank, announced plans to reduce the share of dollars in the Russian foreign exchange reserves (totalling \$113 billion) from the current 60% to just 30%. These statements contributed to another downfall of the dollar. It's not only feared that Russia could soon dump about \$40 billion in dollar assets on the markets, but that the Russian central bank could thereby set a precedent for other central banks in the world.

## **United States News Digest**

## Intelligence Reform Bill Dies a Second Death

On Nov. 20, the Speaker of the House of Representatives Dennis Hastert pulled the "compromise" intelligence reform bill off the House floor, so that it could not be voted on—and the House then recessed. *EIR's* assessment is that the hype that the intelligence bill was going to pass was a myth, even though cheerleaders like Republican-in-Democratic-clothing Sen. Joe Lieberman of Connecticut and other "insiders" were promising it had bipartisan support. Senate Majority Leader Bill Frist explained that "there is not general agreement" between the White House and Pentagon—an understatement!

A very senior intelligence source told *EIR* that there is an *open* fight between Dick Cheney and Donald Rumsfeld. Rumsfeld absolutely opposes the centralization of budget authority under a National Director of Intelligence, where the Pentagon would give up sole control of *billions* of dollars for intelligence agencies like the NSA, etc. But Cheney unexpectedly stabbed Rumsfeld in the back at a Cabinet meeting, and backed putting the budget control under the NDI.

Democrat Jane Harman (Calif), ranking member of the House Select Committee on Intelligence, was frustrated over the failure of the bill, and even tried to overcome the opposition from the Republican pro-Rumsfeld die-hards like Rep. Duncan Hunter (R-Calif), by telling them that the language about budget control had been "drafted by the counsel to the Vice President of the United States"!

*EIR's* source questioned whether this Cheney-Rummy rift was a sign that Rumsfeld is on his way out.

## The Uncounted Wounded from Iraq

The official casualty counts from the war in Iraq that are provided on a daily basis by the Pentagon, tell only a small part of the story. As of Nov. 24, the count stood at 1,230 dead and more than 9,326 wounded. However, the count of wounded only includes those wounded as a result of hostile action. Not reported are the thousands more who are injured or become ill as a result of disease or accident or stress. CBS's "60 Minutes" reported, on Nov. 21, that the Defense Department told them that that number amounts to 15,000 total evacuations for non-combat reasons. Most go to the Army hospital in Landstuhl, Germany, but only 20% ever return to their units in Iraq. "Among the 80% who don't return, are GIs who suffered crushing bone fractures; scores of spinal injuries; heart problems by the hundreds; and a slew of psychiatric cases," said "60 Minutes."

John Pike, of the website Globalsecurity.org, thinks the actual number may be higher. "You have to say that the total number of casualties due to wounds, injury, [and] disease would have to be somewhere in the ball park of over 20, maybe 30,000," he said. The Pentagon doesn't include them in casualty counts because accidents and illness occur regardless of military operations. But in these cases, one would have to think that medical problems have to be more frequent under the conditions in Iraq. "Soldiers and Marines are going to get sick. They're going to get into accidents. But there's going to be more disease, more accidents, more psychiatric stress in Iraq than if they were back here," said Pike.

The individuals on whom "60 Minutes" focussed tend to support that view. One was a truck driver in Iraq who lost a leg in a convoy accident; another is a combat veteran who was not physically wounded but has been psychologically wounded by what he saw and did; and the third is a soldier who was paralyzed when the road collapsed under the Bradley armored vehicle he was riding in, and it tumbled into the Tigris River. None of these three soldiers is classed as a combat casualty, but their lives have been irrevocably changed, nonetheless.

## GAO Launches Investigation of Election Irregularities

Democratic members of the House Judiciary Committee announced on Nov. 23 that the Government Accountability Office

(GAO) "has reviewed the concerns expressed in our letters and has found them of sufficient merit to warrant further investigation." The referenced letters, sent on Nov. 5 and 8, called for the GAO to investigate voting technology and irregularities in the Nov. 2 elections, including tens of thousands of voter complaints logged on Election Day.

"On its own authority," the Democrats say, "the GAO will examine the security and accuracy of voting technologies, distribution and allocation of voting machines, and the counting of provisional ballots." They add that they will provide to the GAO, copies of more than 57,000 complaints of Election Day incidents reported to the Judiciary Committee.

However, despite the positive spin put on the GAO's action in the press release, a source close to the Committee said that they had been "stiffed" by the GAO, probably as a result of heavy political pressure from the Republicans. The source called this a "private label" investigation, referring to the fact that the GAO will do an investigation "on its own authority." This means that the investigation is not in response to the specifics as spelled out in the Nov. 5 and 8 letters. The significance of this, is that, first, the GAO is not required to have a series of consultations with the Judiciary Committee Democrats, as would be the case if this were in response to the letter; and second, it also narrows the scope, and allows the GAO to maintain complete control of the process.

### **Senate GOP Gives Frist More Power Over Committee Slots**

The Senate Republican conference changed its rules on Nov. 17, to give Majority Leader Bill Frist (R-Tenn) greater power, according to *The Hill* Nov. 23. Under the new rule, passed by secret ballot by a vote of only 27 to 26, Frist will be able to fill half of all vacancies on "A" committees. The 12 "A" committees include those most sought after, such as Agriculture, Armed Services, Appropriations, Finance, and Judiciary. The other half will be chosen by seniority, the traditional way Republicans award committee slots. Senators Chuck Hagel of Nebraska, John McCain of Arizona, Kay Bailey Hutchison of Texas, and Rick Santorum of Pennsylvania openly fought the change, which was proposed by the former Republican leader, Trent Lott of Mississippi.

The rules of the Senate Democratic Caucus already allow its leadership to make all committee assignments.

### **Defense Department Wants To Take Over Covert Ops**

President Bush has requested that the CIA and the Defense Department come up with a plan, within 90 days, to hand over CIA covert and paramilitary operations to the DOD, as was recommended by the 9/11 Commission, according to the *New York Times* Nov. 23. The *Times* cites unnamed officials as saying that civilians in the Pentagon, including Undersecretary of Defense for Intelligence Stephen Cambone, are pushing this.

Meanwhile, the *Wall Street Journal* reported Nov. 24 that the Pentagon has drafted an order, which has not yet been adopted, telling the military's Special Operations Forces (SOF) to be prepared to conduct clandestine operations against terrorist organizations in the Middle East and Asia; this is described as part of the push by Rumsfeld and his aides to give the SOF more involvement in missions traditionally carried out by CIA.

As *EIR* has reported many times, Rumsfeld created special operations "hunter-killer" teams after 9/11, within the military, to capture or kill suspected terrorists, all the while claiming that the CIA was not sufficiently aggressive to carry out these missions.

### **Auditor Says Withhold 15% from Halliburton**

Stuart Bowen, Special Inspector General for Iraq reconstruction, insisted in a memorandum to Army auditors and



commanders that he believed U.S. contract laws that require a 15% withholding if certain conditions are not met, should be invoked against Halliburton unit Kellogg Brown and Root. Based on their "limited audit work," Bowen said he supported military auditors' recommendations made last August for the Army to implement the withholding, which documented that KBR had not substantiated billings of \$1.82 billion out of \$4.3 billion—a whopping 42%—for logistical work in Iraq. "We agree with U.S. Army Materiel Command and DCAA [Defense Contract Audit Agency] positions [on the withholding issue]," said Bowen in the memo. If implemented, the withholding could cost Halliburton an estimated \$60 million per month.

Senator Frank Lautenberg (D-NJ) demanded Congress halt Halliburton's rip-off scheme: "When will the Republican Congress stop covering up Halliburton's wrongdoing and end this abuse of taxpayer dollars?," he said in statement.

## **Gitmo Prisoner Asks for Ruling on Military Tribunals**

Federal Judge James Robertson blocked the trial of Guantanamo detainee Salim Ahmed Hamdan, ruling on Nov. 8 that President Bush did not have the power to bypass the Congressionally created military courts and create military tribunals (or commissions) to try suspected terrorists. All such trials are now on hold. Hamdan's lawyers are asking the U.S. Supreme Court to intervene immediately, to decide the legality of the trials being conducted by military commissions.

The Bush Administration has argued that the President has virtually unlimited power, using his inherent Commander-in-Chief powers in time of war, to declare prisoners to be enemy combatants, to create tribunals, and even to order torture and to ignore treaty obligations. But Judge Robertson noted that when Franklin Roosevelt created a military tribunal to try Nazi saboteurs during World War II, he did this based upon a Congressional Declaration of War, and on the Congressionally established Articles of War—the predecessor of today's Uniform Code of Military Justice.

The government has appealed Robertson's ruling to the D.C. Circuit Court of Appeals, but Hamdan's lawyers, led by Navy Commander Charles Swift, are seeking to bypass the Appeals Court and to go directly to the Supreme Court, saying that it is the proper court to decide a question of this gravity. "Our country has a pressing need to know that those implicated in [the war on terrorism] are being treated in the way that Constitution, our statutes, and the laws of war demand," Hamdan's lawyers wrote.

## **Miller Gets Desk Job at the Pentagon**

Major General Geoffrey Miller, who ran the Guantanamo Bay prison for captives from Afghanistan from October 2002 through March 2004, was deployed to Abu Ghraib outside Baghdad in August 2003, with orders to implement the "successful" torture techniques he had used at Guantanamo, following guidelines from the Cheney/Gonzales/Addington et al. team. The filmed torture at Abu Ghraib followed, mostly in October and November, but Miller was never charged, and was even given full-time control over the Iraqi prisons in March 2004.

Miller is now to be the Army's assistant chief of staff for installation management, overseeing housing and support for Army bases. This seems harmless enough, but it is not yet clear if Miller is being promoted, or "kicked upstairs."

## **Ibero-American News Digest**

### **Rumsfeld 'Regional Army' Scheme Shot Down Again in Quito**

U.S. Defense Secretary Donald Rumsfeld marched into the Defense Ministerial of the Americas meeting, in Quito,



Ecuador Nov. 17-19, with a renewed push for his "Rumsfeld Corollary" to the Cheney doctrine of preventive war: A regional army is needed to intervene in "ungovernable" areas in Ibero-America. The U.S. aid-dependent Colombian government fronted for Rumsfeld's proposal, when Colombian Defense Minister Jorge Uribe asserted that "sooner or later, we in the Americas will have to form a group made up of different countries to defend ourselves from narco-terrorism, and to fight it mutually." This force, he explained, will be "made up of military personnel from different countries, who want to collaborate" in what he called "globalized security."

Various regional sources consulted confirm press reports that the proposal was sharply rejected. Rumsfeld's statement that "terrorists, drug traffickers, hostage takers and criminal gangs form an anti-social combination that increasingly seeks to destabilize civil societies," and "these enemies often find shelter in border regions and areas beyond the effective reach of governments," met with the reply: These problems are best fought by fighting the poverty which generates ungovernability.

Brazil's newly named Defense Minister (and Vice President) Jose Alencar told an interviewer, "The only way to fight terrorism is to increase democracy. The cause of terrorism is not just fundamentalism but misery and hunger. Developed countries must help less-developed countries." Chile's Defense Minister Jaime Ravinet said the United Nations "is the only forum with international legitimacy to act globally on security issues." Argentine Defense Minister Jose Pampurro insisted that his country's police and military would only cooperate in intelligence-sharing against terrorism, within the limits imposed by his country's laws.

The joint U.S.-Colombian proposal is part of an offensive that has been ongoing since at least 1995, at the first Defense Ministerial of the Americas in Williamsburg, Va., where the Ibero-American nations at the time proved reluctant to provide a consensus for the U.S. Defense Department's drive for a South American NATO. Lyndon LaRouche addressed this in his October 1995 paper entitled "The Blunder in U.S. National Security Policy," in which he warned that "the United States is presently in the process of shooting itself in the foot all over Central and South America."

## **Financial Predators Fail Again To Break Argentina**

In a crass move to get more money for the financiers, the Bank of New York, which had been hired by Argentina's Kirchner government to manage the U.S. side of the official restructuring operation that was scheduled to begin on Nov. 29, suddenly withdrew on Nov. 19, supposedly for "technical" reasons. Simultaneously, Italy's Milan-based securities commission CONSOB announced it would delay the bond swap in that country as well, until some future, unspecified date. In response to this news, the Buenos Aires stock market, Merval, plunged by 4.9% on Nov. 22.

This threw the restructuring process into chaos, and disrupted the government's timetable to complete the operation before having to restart negotiations with the IMF in January. While scrambling to find a replacement for the Bank of New York, the government says it will proceed as planned. "We will continue negotiating the debt without giving an inch," Kirchner said on Nov. 23.

Finance Minister Roberto Lavagna has been very clear on one point: Behind this sabotage stand the vulture funds, which accuse Argentina of "cheating" by not offering to pay them more money. On Nov. 20, Lavagna warned that those who reject Argentina's debt restructuring "could find themselves in a default situation perhaps indefinitely." He named Charles Dallara of the Institute of International Finance (IIF), Citicorp's William Rhodes (also IIF Vice Chairman), and former IMF Managing Director Jacques De LaRosiere, as leading figures in the blatant attempt to force Argentina to pay more. The IIF is reportedly circulating a confidential memo among its 300 member banks, saying that Argentina really has a very large surplus, and could easily afford to pay more to bondholders.

The Argentine government opted instead to increase payments to its poor and retired. On Nov. 23, Cabinet Chief of Staff

Alberto Fernandez announced that the government will give 3.3 million Argentine retirees a one-time, extra 200-peso bonus before Christmas, in addition to their regular pensions and half-year bonus. Another 2 million recipients of family subsidies for the poor and unemployed will receive an additional 75-peso payment at the same time, he said, while the government will increase by 50%, retroactive to Oct. 1, the subsidy granted to poor families for each child, including prenatal care and grants for disabled children.

"Argentina's behavior is setting dangerous precedents for future default situations," raved London's *Financial Times* in a Nov. 24 editorial. The country's "tough" stance has "succeeded in showing the world that sovereign borrowers are far from powerless in their dealings with private creditors.... Threatening indefinite default on debt owned by holdouts is unacceptable." The IMF must cut off Argentina should they not make a better offer, the *Times* demanded; if that leads to Argentina defaulting on its debt to the IMF next year, "so be it.... Emerging markets which play by the rules ... must see that their behavior does not put them at a disadvantage compared with the likes of Argentina."

## **Brazil Nuclear Enrichment Program To Commence in December**

A joint statement issued by the Brazilian Ministries of Foreign Relations and Science and Technology announced on Nov. 24 that the International Atomic Energy Agency (IAEA) has finally given its official approval that Brazil's plant in Resende, Rio de Janeiro, meets required international safeguards, and can go into operation.

The plant was ready to begin operations last April, but IAEA disputes with Brazil over conditions for inspection of their nationally developed enrichment technology, fed by the anti-nuclear lobby's international campaign against Brazil's independent program, held up production. The dispute ended, after the National Nuclear Energy Commission issued the final security license for the plant, expected by mid-December, when uranium gas will be pumped into the centrifuges, and enrichment will get underway, opening a new era of technological independence for Brazil. When fully operational, the plant will supply 60% of Brazil's enriched uranium needs.

## **Russian-Brazilian Space Accord Caps Putin Visit**

"We are opening new horizons in our relations," Brazilian President Lula da Silva declared, at the conclusion of Russian President Vladimir Putin's Nov. 22 visit to Brazil, the first-ever by a Russian head of state. Talks between the two Presidents were called "frank and friendly" by the Foreign Ministry. The two governments share a "convergence of views" on international matters, most particularly that of Middle East peace, and each extended the other support for particular issues: Brazil's drive to join the UN Security Council; Russia's to join the World Trade Organization.

The most exciting outcome of the trip, by far, was the space cooperation accord, which Lula said gave Brazil "renewed optimism and determination" to pursue its national space plans. The accord establishes "the joint development, on the basis of Russian and Brazilian technologies, of a new family of launch vehicles" for geo-stationary satellites. Russia is also to help develop a more advanced variant of Brazil's VLS-1 launch vehicle, using liquid propellant. The VLS suffered a serious accident last year, and Russia provided help in investigating the accident. Russia will now provide Brazilian space personnel training, also, and each are to gain access to the other's respective land-based space facilities.

The final communiqué spoke of the cooperation in high-technology areas which the two countries should develop in other areas also. Discussions are ongoing on financing mechanisms for joint industrial development projects, and on developing joint ventures in oil and gas exploration and exploitation. In this line, Russia's National Oil Agency and the University of Sao Paulo have reached an agreement for the transfer of Russian technology in aerospace mapping of geological structures for potential new natural resource deposits in Brazil.

Putin's personal plug for Russia's offer to sell ten Sukhoi fighter jets to Brazil, however, met with the reply that no decision would be made this year. Nor did Russia lift the embargo on importing Brazilian beef imposed last October, due to hoof-and-mouth disease in the Amazon. Russia bought 17% of Brazil's beef exports this year before the embargo was imposed. There was talk that the two coveted contracts—jets and beef—were linked.

## **Civilization Is Breaking Down in the Americas**

The spreading collapse of civilization in the Americas is seen in the simultaneous reports of mob lynchings occurring in the capitals of Peru and Mexico, and mass hysteria along the Mexican-Guatemalan border and in the Dominican Republic over out-of-control crimes by the "maras," the criminal gangs spawned from Los Angeles.

Mob justice has become a daily occurrence in the poor neighborhoods of Lima, Peru, as people, abandoned by their government, have taken to catching and killing criminals themselves, if authorities do not intervene in time. There have been 1,993 attempted lynchings in Peru so far this year, leading to 19 deaths; 695 of the attempts took place in the capital, Lima.

Similarly, on Nov. 23, in a poor, outlying area of Mexico City, undercover policemen taking pictures of a school for a drug investigation were grabbed by angry parents believing them to be criminals, beaten for hours, then tied to a pole, and burnt to death. The day before, stores and 200 schools in the city of Tapachula, Chiapas, on the border with Guatemala, shut down tight after rumors that the bestial Mara Salvatrucha gang planned a mass attack upon the schools were broadcast by a radio station.

At the same time, Cardinal Lopez Rodriguez of the Dominican Republic, led a "March for Peace" in Santo Domingo, in an attempt to restore calm, as people panicked over the out-of-control crime wave hitting the country. Leading the crime wave are gangs formed by 24,000 criminals deported back to the Dominican Republic from the U.S. over the last six years—exactly the phenomenon which created the "maras" (see *Indepth*, Nov. 22, 2004 *EIR* On-Line). The "maras" are reported directly involved in trafficking Dominican prostitutes into Europe.

## **Venezuelan Prosecutor Assassinated**

Venezuelan Prosecutor Danilo Anderson was blown up in his SUV Nov. 18, when two bombs attached to the vehicle exploded. This is the first assassination of a major Chavez government officer in a terrorist attack. A spokesman announced that President Hugo Chavez was cancelling his trip to Costa Rica, where he was to attend the annual Ibero-American Summit of heads of state, due the domestic situation. Anderson was the prosecutor in charge of investigating the 48-hour coup of April 2002, and was about to indict a number of people who signed the decree by which the briefly named President Carmona Estanga cancelled the Bolivarian Constitution.

## **Right-Wing Mexican Cardinal Disagrees with Vatican**

In clear disagreement with the Vatican's recently elaborated policy on morality, defined as economic development and the furtherance of the common good, and opposition to war (see Nov. 22 *EIR* Online), Mexico's Cardinal Juan Sandoval Iniguez, who also serves as Archbishop of Guadalajara, applauded the re-election of President George W. Bush and the defeat of John Kerry. According to a Nov. 4 note in Mexico's *El Sol*, Sandoval said on a visit to the city of Aguascalientes: "I prefer Bush, because the other man [Kerry] is a partisan of immorality, a partisan of abortion, and of other similar things, and that's not good for anybody."

## **Western European News Digest**

## **Schroeder Emphasizes Strategic Partnership with Russia**

In a Nov. 23 interview with German ARD TV, Chancellor Gerhard Schroeder was very clear about his priorities concerning foreign policy, when he was asked about his relationship with Russian President Vladimir Putin. Schroeder referred to Putin as a "very close friend of mine." Putin, together with members of his Cabinet, participated last week in the EU/Russia summit in The Hague, and will, in December, meet Schroeder and French President Jacques Chirac for a tripartite summit in Luebeck.

Schroeder stated that the German-Russian relationship is not only based on mutual strategic interests, but that there is also a close human dimension to it. Schroeder spoke of Russia-Germany relations as a "core" element of his policy, saying that he will concentrate on deepening the strategic partnership with Russia—a policy outlook which also is essential for Europe as a whole. He adamantly rejected the media hype against Putin, as having nothing to do with reality. If one wishes to understand Russia, he said, one has to understand the history and culture of the country, which also includes the bitter history of the wars of the 20th century, and particularly the last 75 years of Soviet history. Even if there is sometimes a difference of opinion, Schroeder said, the mutual interest to work and cooperate together in various fields remains predominant.

## **French Truckers March Against High Diesel Fuel Prices**

Drawing the consequences from government inaction against the rising prices of diesel fuel, truckers from various regions of France launched a "March on Paris" Nov. 22, approaching the city from all sides.

In so doing, traffic was blocked to a great extent on crucial highways and interstate roads, because the protesting drivers are driving slowly. The government has threatened police intervention.

## **Dock Workers Across Europe Stage Strikes vs. Deregulation**

Dock workers in several European countries are protesting against European Commission plans for deregulation. On Nov. 19 dock workers in Germany, Denmark, the Netherlands, Britain, France, and Greece staged coordinated warning strikes for several hours, in protest against the Bolkestein Guidelines. The guidelines, named after past Competition Commissioner Frits Bolkestein, call for abandoning the existing guidelines for loading/unloading at ports, which include strict rules as to what is acceptable to dock workers and what isn't.

The Guidelines seek to authorize crews of ships to do the unloading and loading on their own. But crews on many, if not most, freight ships, are not trained to operate cranes which unload containers at a port. On Nov. 22, representatives of dock workers from all of Europe met in Brussels, to map out more protest and strike actions.

Bolkestein, who is from the Netherlands, is also a Samuel Huntington-type racist: Speaking about the recent instances of "clash of religions" in the Netherlands, he called all Moroccans "killers."

## **Queen Promotes New Labour's 'Politics of Fear'**

Queen Elizabeth II of England presented New Labour's program for national elections in Britain at the formal opening of Parliament Nov. 22. Her speech focussed on "security" and "opportunity," according to British press reports.

A well-informed British observer said that the whole New Labour project is focussed on "the politics of fear" for the elections, scheduled for May 2005. There will be many terror "threats," real or orchestrated, as occurred Nov. 23 when it was claimed that an al-Qaeda plot to attack Canary Wharf in London had been foiled.

In her speech the Queen said: "My government recognizes that we live in a time of global uncertainty with an increased threat from international terrorism and organized crime. Measures to extend opportunity will be accompanied by legislation to increase security for all."

The Queen promised "economic stability," and to "reform the public services"—meaning eliminating the welfare state, a key Blair policy. Among controversial "security" measures will be introduction of "identity cards" for British citizens by 2007. These would be compulsory national "biometric" ID cards, which Home Secretary David Blunkett claims will help "fight terrorism."

She also announced that legislation will be introduced to set up the Serious Organized Crime Agency, an FBI-style agency, which will take officers from existing police agencies and concentrate them in a "super" national force. SOCA chairman Sir Stephen Lander favors permitting phone taps to be allowed as evidence in British courts. It will also include a "radical overhaul" of police officers' powers. Among other things under consideration, are measures making every offense "arrestable."

"My government will continue to work with partners around the world to prevent terrorism and the proliferation of nuclear, chemical, and biological weapons and the problems of drug smuggling and international crime," the Queen said. A proposed counter-terrorism bill could include no-jury trials for terrorism suspects.

### **'Foiled Terrorist Attack' in London 'Too Good To Be True'**

News of a "foiled terrorist attack" on Canary Wharf in London added spice to Queen Elizabeth II's speech at the opening of Parliament.

Noted commentator Iain MacWhirrter, writing in the Nov. 23 *Glasgow Herald*, recalled the "tanks that appeared at Heathrow [airport] a couple of years back just as the government was trying to persuade Parliament about the dangers posed by Iraq. It was just too good to be true....

"What could be better guaranteed to frighten the life out of us than the thought of a 9/11 happening in central London? As G.W. Bush demonstrated, fear works."

There is a lot of "theater" in the whole New Labour propaganda operation, including leaks about all kinds of extreme anti-terror measures such as suspending jury trials, allowing phone-tap evidence in court, and extending imprisonment without trial. These did not materialize in the Queen's speech, but the atmosphere for these measures is being created.

### **Italian Monthly Quotes LaRouche on Synarchist-Fascist Threat**

*La Voce della Campania* (The Voice of Campania), a left-wing investigative monthly published in Naples, published a lengthy article in its November issue, which combined material taken from *EIR* and a telephone interview with *EIR* correspondent Claudio Celani, together with their own research on the synarchist networks protecting right-wing fascist organizations such as the political party of Alessandra Mussolini (granddaughter of "Il Duce") and Roberto Fiore. The article is likely to provoke shockwaves, as it is published in Mussolini's home town—where her party got 9% in the recent by-elections—by a magazine well known for its articles and dossiers against the establishment.

"A new neo-con soul," writes author Andrea Cinquegrani, "is getting ready to conquer the country, in perfect harmony with the analogous political movement and movement of thought already solidly rooted in the United States, referring to old and new supporters of Bush's party, and emerging in various parts of Europe. Underlying the neo-con network—many neo-cons 'converted' after 9/11, the alliance is growing among extreme right-wing forces in Europe, unified under the common Euronat flag, whose members are, besides the Italian Forza Nuova group, the Nationalist Slovakian Party, the Belgian Vlaas Block, the Hellenic Front, and the Spanish Democracia Nacional."

Cinquegrani reports on the election results of the right-wing DVU and NPD in Saxony, Germany, and then quotes *EIR's* Celani: "This is the signal that there is a major danger on the Old Continent: in Germany, for instance ... the former giants SPD and CDU risk being slowly eroded by this mounting brown tide. The last electoral round, under this profile, has been extremely indicative. I smell the stench of Strategy of Tension, which takes me back to those dark Italian days."

Cinquegrani then writes: "Let us reconstruct, together with Celani, the brown map that "threatens to pollute the source of democratic roots."

The article reviews the timetable of the international Falangist meetings, starting November 2002 in Madrid, listing all participants, including the Argentinian delegation, and Franco protégé Blas Pinar. Then, in December 2003, the unification of three neofascist groups in Italy, with the "marriage" between Fiore and Mussolini. Again, Celani is quoted, saying: "The implications of such a regrouping, at the international and national level, are greatly worrisome, especially regarding the aspect of the terrorist threat. As Lyndon LaRouche warned before the March 11 bombs [in Madrid], here we are dealing with professionals, veterans of the Strategy of Tension, currently controlled by 'synarchist' factions which are connected to military and intelligence circles. Moreover, what happened in the United States in March 2003 is significant, as a neo-Nazi, Samuel Huntington, in an article, advocated a real civil war for the Americas between the Anglo-Protestant culture and the Hispanics."

## **Ledeen: Netherlands Events Herald Clash of Civilizations**

If anyone had doubts about the threat to world civilization stemming from such recent scenarios as in the Netherlands involving the circulation of the provocative anti-Islam film *Submission*, and the murder of trash film-maker Theo van Gogh, one glance at a column on the subject by Michael Ledeen should put such doubts to rest.

In a Nov. 10 article in the *National Review*, Ledeen, a self-professed "universal fascist" with long ties to terrorists in Europe, and an Iran-Contra past, proclaims with Bush-like sanctimoniousness, a clash of civilizations, à la Samuel Huntington, and, in particular, reads the riot act to Europeans for being too tolerant, and for failing to recognize their "natural friends—like the United States and Israel, and ... embracing enemies such as the radical Islamist regimes and elevating Yasser Arafat to near beatific stature."

The Europeans, he says, have "opted for a soulless materialism ... [and] Now they deride us because of our presumed archaic faith. They even equate American religion with the fundamentalism that now menaces them inside their model cities and threatens their enormously self-satisfied secular utopia."

## **Nazi Schacht Praised for Post-War Economic Miracle**

Berlin Humboldt University Professor of Economic History Albrecht Ritschl, holds forth on his website, that contrary to the myth that the German postwar economic and monetary order was created by social market economists (Ritschl leaves out any mention of the Bretton Woods system and Marshall Plan), it was Reichsbank governor Hjalmar Schacht, the man who designed the Nazis' economic policies in 1934-37, who shaped the economic thinking of post-war Germany. By introducing a series of regulations, the "Third Reich shaped the economic order of the German Federal Republic and

dominated it," wrote Ritschl. "It was not Ludwig Erhard and the fathers of the social market economy who overcame the legacy of National Socialism, but the liberalization policy debate which began in the '80s, which has shaped today's reform debate.... Beginning with the reform debate today, Germany finally steps out from behind the long shadow of the Third Reich."

Ritschl is a sophist, who consciously turns history upside down, distorting the true origins of Germany's postwar economic development, by equating a successful, dirigist Roosevelt-type of state participation in the economic process, with Nazi economics.

## Russia and the CIS News Digest

### Brzezinski Elaborates His New 'Domino Theory'

The American Enterprise Institute held a hastily planned morning seminar Nov. 25 on the situation in Ukraine. AEI'S Pole-in-residence, Radek Sikorski, moderated. Also attending was the political counselor at the Ukrainian embassy, one of the members of Ukraine's diplomatic corps who has protested the Ukrainian Central Election Commission's awarding of victory to Prime Minister Victor Yanukovich in the Nov. 21 Presidential election run-off.

In the audience was the bizarre former U.S. National Security Advisor (under President Jimmy Carter) Zbigniew Brzezinski, who during the question-and-answer period spoke even more bluntly than did Daniel Fried, senior director for Europe at the National Security Council. "We are at a historic moment," Brzezinski said. "We see now a combination of Ukrainian nationalism with Ukrainian democracy. We must give our support to President-elect [opposition leader Victor] Yushchenko. The scale of the fraud indicates that he is the victor." Brzezinski went on to say that "Clarity is essential, especially clarity about the consequences of possible action by the Ukrainian government. But we should have both negative and positive options both vis-a-vis Ukraine and Russia."

"We can't exclude Russia from the equation," Brzezinski said. "If democracy succeeds in Ukraine, then Russia must move toward the West." He called for offering inducements to [outgoing President Leonid] Kuchma, including providing safety for him and his family and for their financial holdings! "We must make clear that the 'Lukashenka choice' is not open to him, he said, in reference to the President of Belarus, who won an electoral referendum allowing him to stand for a third term. Brzezinski also wanted to warn Kuchma that if he didn't agree to Western demands, he faced the danger of a revolt on the model of Michael Saakashvili's "rose revolution" in Georgia last year, or even the fate of Romania's Nicolae Ceausescu, who was executed. The inducements were necessary, Brzezinski went on, because just putting pressure on Kuchma might simply push Ukraine more tightly in the Russian camp.

But the warnings must also be issued to Russia. "Any reprisals against Ukraine must also have consequences for U.S.-Russia relations. "If Ukraine chooses the 'Lukashenka model,' we cannot let Russia off the hook," Brzezinski growled.

Brzezinski's son Ian, Assistant Secretary of Defense responsible for NATO affairs (since 2001), was very active in earlier attempts to convince Ukraine to join NATO, an offer which Kuchma chose to ignore.

In a Nov. 26 interview with the German business daily *Handelsblatt*, Zbigniew Brzezinski called on Europe to freeze its relations with Russia, consider throwing the Russians out of the Group of Eight, and support freezing Ukrainian bank accounts abroad—all in order to force Yushchenko into office in Kiev. If Europe were to do this, it would slash its oil and natural gas supplies by 30% and 25%, respectively. About 85% of natural gas deliveries from Russia to Western Europe is delivered by pipelines that cross Ukraine.

## **LaRouche: No Foreign Intervention in Ukraine!**

Foreign powers should not now be intervening in Ukraine, warned former U.S. Presidential candidate Lyndon LaRouche, in a discussion with colleagues on Nov. 25. LaRouche pointed out that the internal crisis, unfolding in Ukraine, was quite predictable. But it's not something that anybody from the outside should be meddling in. Ukraine has a very complicated history, noted LaRouche, in view of which the latest posturing of Zbigniew Brzezinski reveals the latter to be "a typical gibbering idiot, who, if he knows anything about the region, is lying."

Historically, LaRouche said, "the Ukrainian issue is in part the Polish issue. I guess Brzezinski never heard of Taras Bulba!"—the Ukrainian Cossack leader, famous from Nikolai Gogol's novella *Taras Bulba*, who was known for brutally destroying the forces, settlements, and persons of the Polish *szlachta* (aristocracy) that ruled what is now western Ukraine, in the 16th-17th centuries.

Some people, said LaRouche, are trying to distract and divert from the collapse of the U.S. dollar, by talking about a Ukraine crisis.

## **Huge Demonstrations May Force Ukraine Re-Run of Elections**

Tens of thousands of supporters of Ukrainian opposition candidate Victor Yushchenko, the former Prime Minister and Central Bank chief, took to the streets of Kiev in a pre-planned action on Nov. 22, the day after his Presidential election run-off with Prime Minister Victor Yanukovich produced very close results. The preliminary tally was confirmed as final by the Central Election Commission on Nov. 24: 49.6% for Yanukovich to 46.6% for Yushchenko. Yanukovich claimed victory, but was unable to stop the demonstrations or Yushchenko's challenge to the results. Yushchenko claims that up to 3 million Yanukovich votes were fabricated.

Yushchenko's supporters had been primed for action by the early circulation of results of exit polls, conducted by foreign NGO-trained activists, showing Yushchenko ahead. Late on Nov. 23, with some 200,000 people backing Yushchenko in Kiev's Independence Square, outgoing President Leonid Kuchma called for roundtable talks on the crisis. That morning, Speaker of the Supreme Rada (Parliament) Volodymyr Lytvyn had taken the chair to preside over a session of the Rada, but there lacked a quorum. With only the deputies from Yushchenko's "Our Ukraine" party and its allies present, Lytvyn declared there could not be a session and left the hall. Yushchenko then came to the rostrum, put his hand on a Bible and recited the Presidential oath. Addressing the crowd outside, Yushchenko then announced he would form a Council for the Defense of the Constitution, and called on all government agencies, including law enforcement and the armed forces, to support him as President.

On Nov. 24, Yushchenko said that the only negotiations he would enter into, would be on the subject of a transfer of power to himself, or re-running the second round of the election with tighter anti-fraud monitoring. He announced the creation of a Committee for National Salvation and the beginning of a political strike to force annulment of the first election results. Socialist Party leader Alexander Moroz, who had endorsed Yushchenko in the second round, said that the strike aimed to stop transport, and close factories and schools.

On Nov. 25, Ukraine's Supreme Court barred publication of the disputed election returns as final, pending its review of Yushchenko's formal complaints, on Nov. 29. A number of Ukrainian institutions, including a large part of the diplomatic corps and two members of the CEC, expressed support for Yushchenko's challenge.

On Nov. 24, Kuchma invoked the image of the brutal Soviet Civil War of 1917-1921, after the Bolshevik Revolution, saying that something like that "could well become a reality at the present time." He also condemned "world community"



interference in Ukrainian affairs. On Nov. 26, however, Kuchma chaired talks between Yanukovych and Yushchenko, with the participation of a large number of foreign mediators, invited by Kuchma: European Union foreign policy and security official Javier Solana, OSCE Secretary General Jan Kubis, Speaker of the Russian Duma Boris Gryzlov, Polish President Kwasniewski, and Lithuanian President Adamkus. After the first day of those talks, and as of a Nov. 27 Supreme Rada non-binding vote of no confidence in the CEC, agreement on holding the second round a second time appeared closer.

Media coverage of these events has been highly tendentious, one way or the other. Pro-Yushchenko reporting in the West portrays a "Chestnut Revolution," about to sweep Ukraine "into Europe" and "uphold democracy." Many of the 5,000 foreign official observers, including Sen. Richard Lugar (R-Ind) and numerous Europeans, were swift to declare the elections fraud-ridden. Meanwhile, most Russian media portray Yushchenko and his supporters as irresponsible radicals who are trying to overturn the election and/or split the country.

Besides this "Yushchenko = western democracy/Yanukovych = Russian stooge" caricature of the array of forces, what is ominous in the post-election situation in Ukraine is the East/West divide. Yanukovych won overwhelmingly in Russian-speaking eastern Ukraine. Yushchenko carried the westernmost cities, as well as Kiev. By Nov. 24, six city councils in western Ukraine, plus the capital city Kiev, had passed resolutions in which they refused to recognize a Yanukovych victory. The regional assembly in Lviv voted a motion of defiance against the Kiev-appointed governor of the region, and designated in his place a member of the opposition. From the other end of the country, a report circulated on Nov. 26, that the legislature in Lugansk Region had resolved to form a Southeast Ukrainian Autonomous Republic. Oleg Sidorenko, head of this legislative assembly, denied this was the case, but confirmed that the body had set up a working group to create tax, payments, banking, and financial agencies in Ukraine's southeast regions, in case the central government remained blockaded by the Yushchenko forces.

The passions on both sides run high under the often desperate conditions of life in a Ukraine that today suffers terribly from the devastation inflicted by the International Monetary Fund and related foreign financiers during the first wave of "liberal reforms" after the Soviet Union broke up. The industrial economy was shattered, its remains left under the control of criminalized clans. Ukraine has the highest rates of HIV infection and human trafficking, of all the countries in the region.

## **EU, Russia Disagree on Ukraine; Both Call for Non-Violence**

At the Nov. 25 EU-Russia summit in The Hague, differences were visible in the assessment of the situation in Ukraine. Current EU chairman, Dutch Prime Minister Jan Balkenende, said that the EU cannot accept the ruling of the Ukrainian Central Election Commission, which declared Prime Minister Victor Yanukovych the winner of the Presidential election.

Russian President Vladimir Putin said that it was the sovereign right of Ukrainian institutions to determine whether elections were unfair or not, and that the matter should be in the hands of the Ukrainian President and Supreme Court alone. Putin agreed with the Europeans, that whichever format for the solution of the crisis were chosen now, it should be based on strict non-violence.

## **Southwest Asia News Digest**

### **Sharon Wants War with Iran Now**

An Israeli military expert long familiar to *EIRNS* has claimed there is a concerted push underway by Israeli Prime Minister Ariel Sharon and his war cabinet to move for war on Iran in the very near term, in order to *stop* U.S. collaboration with

Egypt, and to derail even the slightest hint of restarting peace talks between the Israelis and the Palestinians. To achieve this, Sharon, who is reported to be "delighted" with the Nov. 2 U.S. election results, and with the resignation of Secretary of State Colin Powell, wants to come to Washington to meet with President Bush in the next few weeks, the source said.

To this end, Israeli secret services have put a number of things in motion, including the planting of the "new evidence" cited by Powell, that Iran is developing long-range missiles for the delivery of nuclear weapons—a statement that Powell made, somewhat "out of the blue," on Nov. 18, while en route to Chile for the Asia-Pacific economic summit meeting. Powell pointed to Iran's desire to have a "nuclear weapon that has utility" by pairing it with a delivery system, "not just something that sits there."

Powell's statement stood in direct contradiction to the impression given by Bush, with an assurance to British Prime Minister Tony Blair, when he was in Washington, that the U.S. would go along with the Nov. 15 diplomatic agreement between Iran and the European Union. But, since Bush's statement was not a "formal" acceptance, immediately after the EU deal was announced, the neo-con "dezinformatsiya" machine moved in.

For the Israeli Sharonists, and U.S. Vice President Dick Cheney and his Pentagon neo-cons, the EU compromise is unacceptable, because they reject the notion that Iran should have nuclear power plants. To them, economic development of an Arab or Muslim country, through the use of nuclear energy, is never to be allowed; their view is that the 1981 Israeli airstrike that destroyed the Osirak nuclear reactor in Iraq, is the *only* way to deal with Iran.

Therefore, the sudden appearance of a "walk-in" with more than 1,000 pages of information about Iran's missile system, is reported to be a hoax, *directly* aimed at preventing a consolidation of the EU-Iran deal, with U.S. backing for it.

*EIR's* Israeli sources report that the unsolicited "walk-in" who delivered the new "evidence" on Iran was actually an Israeli intelligence asset, who passed through Britain to get to U.S. intelligence circles. That is the exact route that was used repeatedly by the neo-cons between 2001 and 2003 to build up the fake intelligence that led to the Iraq war.

U.S. columnist Paul Craig Roberts flatly blames the new report on the neo-cons, and their asset, the Iranian exile group the Mujahedin-e-Khalq, a group designated as terrorist by the State Department. Roberts wrote on Nov. 23, "The source for this effort to spread hysteria ... [m]ost likely ... is a member of an Iranian exile group given the assignment by Richard Perle and John Bolton."

But, the plan appears to be larger, and more immediate. The motivation for Sharon's timetable for the green light to launch the Iran action, said the source, is to prevent the consolidation of the EU/Iran agreement of Nov. 15, but also to break off discussions between Egypt and the U.S., to consolidate closer relations, including having Egypt help the U.S. militarily, in Iraq. The U.S. is doing everything possible to persuade Egypt to play this role—including promising to pay Egypt's international debts and provide it with large amounts of money. What is driving the U.S. to do this is simple *desperation*, because the U.S. is being bankrupted by the Iraq war—and Bush has not even made his pitch for an additional \$70-\$100 billion for Iraq yet. Sharon and his generals do not want the U.S. to put any increased importance on Egypt.

Sharon's other consideration is to make it impossible for anyone to demand that Israel negotiate with the Palestinians after the death of Arafat.

## **Iran Suspends Uranium Enrichment Program**

As agreed with the governments of Germany, France, and Britain, on Nov. 15, Iran suspended its uranium enrichment program on Nov. 22, the Iranian Foreign Ministry stated.

Regarding reports that Iran was continuing to produce the uranium feedstock that is the first step in the enrichment process, an Iranian spokesman for the Foreign Ministry was quoted in the Iranian news agency IRNA, saying: "The news about the production of UF<sub>6</sub> [uranium hexafluoride] ahead of the suspension is just a part of the propaganda to weaken relations between Iran and the [International Atomic Energy] Agency and the work of building trust with the Europeans." He added, "What we have been doing over the past few days conforms with the Paris Accord and has been carried out under the supervision of the Agency."

However, tensions rose on Nov. 27, when it was reported that negotiators from Germany, Britain, and France, representing the European Union, had told the Iranians that they must also give up the program on 20 centrifuges that Iran was claiming were exempt from the Nov. 15 agreement.

## **Israelis, Neo-Cons Target 350 Iranian Locations**

Since the Sharon government and its friends in the Dick Cheney camp in the U.S. *reject* the idea of allowing nuclear power for Iran, they have floated the idea that 350 locations in Iran should be hit with airstrikes in order to take out Iranian nuclear capabilities. This plan appeared in the Likud/Mossad mouthpiece Debkafile, in a Nov. 19 article. Debkafile.com has links to the neo-conservative Pentagon circle run by Paul Wolfowitz and Douglas Feith in the Pentagon.

Debkafile is often an outlet for the worst ravings of Sharon's war cabinet, and it says that it has been briefed on the latest Pentagon "war gaming" plan that maps out 350 locations to be hit in Iran, beginning with an assault on the Revolutionary Guard. The Pentagon also has plans for regime change in Iran, as part of the process. Debkafile fully endorses this approach, and also plays up Colin Powell's Nov. 18 statement that "new evidence" shows Iran's expanded nuclear program.

## **Egypt: Withdraw All Foreign Troops from Iraq**

Egyptian Foreign Minister Ahmed Abul-Gheit called for the withdrawal of all foreign troops from Iraq, during a meeting of foreign ministers in Sharm al Sheikh, Egypt Nov. 23, which was held immediately preceding the international conference on the future of Iraq.

Abul-Gheit called for applying United Nations Security Council resolution No. 1546, which was passed in 2003, following the U.S. invasion of Iraq and the toppling of Saddam Hussein. Resolution 1546 calls for ending the mandate of foreign troops, and the restoration by Iraq of its sovereignty after the establishment of a constitutionally elected government by December 2005. This section of Resolution 1546 was ignored by the final declaration of the conference (see below).

The future of Iraq conference, which was called before the 2004 U.S. elections, was colored by the sudden post-election resignation of U.S. Secretary of State Colin Powell, U.S. intelligence sources reported. Powell attended the conference, and held a "side meeting" with the other members of the "Quartet"—Russia, the European Union, and the United Nations—which had authored the "Road Map." But while Middle East governments were polite, there was nothing substantial to discuss with Powell since he has no power in the Bush Administration to make or communicate policy.

## **Cairo Conference Final Declaration Supports Iraq Elections**

The Nov. 22-23 international conference in Cairo on the future of Iraq, ended with a declaration of support for elections on Jan. 30, 2005. Interim Iraqi Foreign Minister Hoshyar Zebari said the elections would be held on time, whatever the situation. UN Secretary General Kofi Annan said the elections were critical for ending the violence.

The declaration essentially confirms the occupation, and sets no timetable for the withdrawal of U.S., British, and other troops from Iraq, despite the wishes of France and some Arab nations. Egypt called for the withdrawal of all foreign troops, as did Iran. Some Arab delegates, including Egyptian Foreign Minister Ahmed Abul Gheit, made it clear they want to see a withdrawal of coalition troops by the end of next year.

The joint declaration also:

- \* condemns "all acts of terrorism in Iraq," as well as kidnappings and assassinations;
- \* calls on the interim Iraqi government to deal "resolutely" with terrorism;
- \* calls on all parties to avoid excessive force and exercise restraint to avoid hurting civilians; and,
- \* highlights the "leading role" of the UN in helping Iraq prepare for elections and build consensus to write a new constitution.

A meeting of representatives of the Quartet was held on the sidelines of the meeting. As Abul Gheit said, the two conflicts were tightly linked. "Efforts to achieve stability in Iraq cannot be separated from strenuous efforts to achieve peace in the Middle East," he said, calling for a quick resolution of "the Palestine question."

On the question of Iraq's border security, U.S. Secretary of State Colin Powell said he had held talks with Syrian Foreign Minister Farouk al-Sharaa in which he pressed Syria to do more to prevent fighters and money from entering Iraq. "The Syrians have taken some steps recently but we think there is a lot more they can do," Powell told a news conference. "We discussed ... our desire to see more done on the border, to prevent the flow of terrorists and weapons and finances across the border. We discussed that rather directly."

### **Syria Ready To Hold Peace Talks with Israel**

In talks with UN special Middle East envoy Terje Roed-Larsen, Syrian President Bashar al-Assad said he was ready to hold peace negotiations with Israel, despite the fact that Israeli Prime Minister Ariel Sharon refuses, reported the Israeli newspaper *Ha'aretz* on Nov. 24.

"President Assad has reiterated to me today that he has an outstretched hand to his Israeli counterparts, and that he is willing to go to the table without conditions," Roed-Larsen told a news conference, following talks with Assad and Syrian Foreign Minister Farouk al-Sharaa. "This is also very encouraging because the United Nations does not believe that there will be a lasting peace unless there is a comprehensive peace. We have to address all the tracks of the Middle East peace process."

In response to this news, Israeli President Moshe Katsev called on the Israeli government to take very seriously the offer of the Syrian government, reported *Ma'ariv*, another Israeli daily, Nov. 25.

"In my opinion it is important to carefully examine Assad's intentions, whether he really wants peace or only wishes to improve his international image," Katsev told *Ma'ariv*. "Since 1958, we have always declared that any Arab leader who would come to Israel to hold peace talks is welcome. I think the same response should be given to Assad's proposal." Sharon has never made this proposal, because Assad just might take him up on it, as Egyptian President Anwar Sadat did in 1977.

On the question of Sharon's "Berlin Wall" on the West Bank, Katsev said, "If the Palestinians ceased the path of terrorism, Israel should stop building the security fence. The fence costs us a lot of money, creates international pressure and difficult legal problems. If they stopped terror, we would have no need to build the barrier." This is also a departure from Sharon's line.

## Asia News Digest

### Central Economic Reality for China: 1.3 Billion People

The central issue for China is stability for its 1.3 billion people, a commentary in the *China Daily* emphasized on Nov. 23. With all the international focus on China's economic boom, "economic growth alone cannot clearly show the real picture of a country's development," the commentary states. "China has a population of 1.3 billion. Any small difficulty in its economic and social development, multiplied by this figure, could become a huge problem. Any considerable amount of financial and material resources, divided by the 1.3 billion also makes only a tiny handful in per capita terms."

Despite its great economic growth, China's economy per capita "is still a low-income developing country, ranking 100th in the world. Its impact on the world economy is still limited.

### China Seeks 'More Rational and Fair' World Economy

Chinese Foreign Minister Jin Renqing called for a "more rational and fair" world economic order, in a speech to the G20 summit in Berlin on Nov. 21. This included a call for "reform" of the Bretton Woods system. China will assume presidency of the G20 next year.

So far, there is no indication that this call goes in any way beyond the general discussion of "IMF reform," etc. which has been (uselessly) circulating for some years. "Discussions will focus on reform of the Bretton Woods system, the reform of trade and development, and discussions of new international financing development mechanisms," Jin said of China's G20 presidency. He said the group would seek "ways to achieve the orderly development of the world economy," and discussion would focus on the "inherent laws" that govern the global economy.

### Chinese Official Urges U.S. To Stop Dollar Collapse

A senior Chinese Foreign Ministry official, Wang Xiaolong, urged the U.S. Nov. 20 to take action to stop the collapse of the dollar. Wang said this before Chinese President Hu Jintao met George Bush at the APEC summit that day.

China maintains its policy of keeping its currency, the yuan, pegged to the dollar, despite U.S. pressure that China should up-value the currency. The real issue, of course, is that the collapse of the dollar has affected the yuan's value against other currencies; it has been held steady against the dollar by Chinese financial interventions.

Beijing has said it will "gradually loosen the peg in the short term," but not abandon it.

People's Bank of China Governor Zhou Xiaochuan said at the G20 meeting in Berlin, that China is still in the "preparation stage" for its financial institutions to take on foreign-exchange reform. While China is under pressure to up-value the yuan to "correct global imbalances," Zhou said that China will take both the global economic balance and its own economic needs into account in its foreign exchange policy.

## **India To Restore Rail Link with Pakistan**

Indian External Affairs Minister K. Natwar Singh announced Nov. 25 that India will restore the Sindh-Rajasthan rail link between India and Pakistan as of Oct. 2, 2005. The link has been suspended since 1965. Singh said that the rail link restoration would not be deflected by "transient" developments in bilateral ties.

Singh said at a press conference that India's "reactive policy" with Pakistan has been put in the past. "We are engaged in a sustained and comprehensive dialogue process from which we will not be deflected by transient developments and often contradictory pronouncements," Singh said.

## **Myanmar's 'Road to Democracy' Convention Delayed**

Myanmar's State Peace and Development Council announced Nov. 24 that a national convention to initiate the first of seven steps in its "Road Map to Democracy" would restart later than its expected February date.

A senior junta member, Lt-Gen. Thein Sein, told state media that ethnic armed groups which had signed ceasefire agreements with the regime would attend the convention, which is to draft a new constitution.

The timing of the restart was thrown into doubt by the ouster of the road map's chief architect, Gen. Khin Nyunt, who was sacked as Premier in October, and placed under house arrest for alleged corruption.

The convention was expected to resume in October, but Gen. Thein Sein, who is also chairman of the National Convention Convening Commission, said after the upheaval last month, that it would restart next year.

The reform plan, which is supposed to conclude with multi-party elections, has been dismissed as a sham by critics including the United States and Europe.

## **India-China Summit at Vientiane**

Brisk preparations are underway for the first meeting between Indian Prime Minister Manmohan Singh and Chinese Prime Minister Wen Jiabao, who are to meet at Vientiane, where the ASEAN conference will be held on Nov. 29-30.

The objective of the meeting is to foster friendship, says Indian Foreign Ministry spokesman Navtej Sarma, but analysts in India claim that one of the objectives of the meeting will be to make efforts to put the ongoing border negotiations between India's National Security Advisor J.N. Dixit and China's Foreign Affairs Vice Minister Dai Bingguo on the fast track. The two held talks in mid-November in Beijing. The first reports on the talks said simply: It was good.

Analysts quoted in the *Khaleej Times* Nov. 24 point out that the Manmohan Singh government is more security conscious than the one that preceded it. One Indian diplomat is quoted as saying Manmohan Singh is "ready to walk the extra mile for peace but without compromising India's strategic or economic interests."

## **U.S. Supplies Philippines Navy with Anti-Terror Materiel**

The U.S. is funding the Philippines Navy to the tune of \$2.7 million, the *Manila Times* reported Nov. 24. The materiel supplied includes weapons, patrol boats, radios, ammunition, and medical equipment, which were turned over on Nov. 23,

as part of a counterterrorism package that includes training for elite units. The equipment and supplies were delivered at a naval air base near Manila.

The package includes an 11-month naval special operations training module, which aims to enhance the capability of the Philippine Navy's Special Warfare Group. Training started already on Nov. 21 at different Marine bases.

Navy chief Vice Adm. Ernesto de Leon, said the U.S. equipment and supplies were vital for fighting local insurgencies-communist rebels, Muslim separatists, and al-Qaeda-linked Abu Sayyaf extremists.

## **Philippines Mission in Iraq Is Pulling Out**

On orders of the Philippines Department of Foreign Affairs, Philippine embassy officials and staff in Iraq have packed up their bags and closed down the embassy, and are headed to Jordan, due to deteriorating wartime conditions in Baghdad, which, the Department said Nov. 23, had reached the highest-level alert, "code red."

Only four embassy officials have opted to stay at the Filipino embassy in Iraq. They are making preparations to evacuate some 6,000 Filipino workers still in Iraq to Jordan.

## **Myanmar Opposition Party Greet Release of Detainees**

The leading opposition party in Myanmar, the National League for Democracy, has acknowledged and welcomed the military government's release of detainees, which began in November. Although cautious, the NLD statement, the first of its kind, acknowledged the need "to realize in appropriate and correct manner as an honor for the country and, therefore, we welcome the move. It is a sign of positive engagement." The statement added, "We believe that the government would release all prisoners without any discrimination among them, including prisoners of conscience."

## **Thai Leader Charges Foreign Militants Foment Unrest**

Thailand Supreme Commander Chaisit Shinawatra charged that militants from neighboring countries had a hand in fomenting unrest in the South, but declined to say where they were based, according to the *Bangkok Post* Nov. 22. Chaisit, a relative of Prime Minister Thaksin Shinawatra, said there had been reports of infiltration but solid evidence was still lacking.

In her recent public statement on the violence in the South, Queen Sirikit expressed the view that the instigators were not Thai Muslims.

General Sirichai Tunyasiri, director of the Southern Border Provinces Peace-building Command, confirmed that core instigators of southern violence included elements from outside the country, especially "religious outcasts" who twisted Islamic teachings to enlist a coalition of insurgents.

There are reports that covert links existed between local separatists and regional Islamic militants, especially the Kampulan Mujahideen Malaysia (KMM), said to be active across the southern border, but which has been largely suppressed by Malaysia. Other suspects include remnants of the Pattani United Liberation Organization (PULO), and there are indications of Pulo links to the Free Aceh Movement in Indonesia. General Sirichai said some foreign militants had been known to provide arms training including sending Thai youth to Aceh, but also admitted, "We won't pay attention to hearsay which only generates confusion."

A source in Fourth Army headquarters said many people in Yala, Pattani and Narathiwat had fraternal ties with those in Malaysia, Indonesia, and Aceh.

## **Bush Blusters to North Korea: 'Get Rid of Nukes'**

President Bush "issued a direct challenge to North Korea that echoed President Reagan's demand in 1987 for dismantling the Berlin Wall," as the *New York Times* put it, in his closing speech to APEC Nov. 21. In back-to-back meetings with the leaders of China, Japan, and South Korea there Nov. 20, Bush urged each to demand that North Korea return, without any reason, to the Six-Power Talks, where the U.S. side has refused to offer any guarantee that the North will not be given the "Iraq treatment." After the meetings, Bush told the group, "I can report to you today that, having visited with the other nations involved in this collaborative effort, that the will is strong, that the effort is united, and the message is clear to Mr. Kim Jong Il: 'Get rid of your nuclear weapons programs.'"

The usual anonymous senior American official told reporters that any security guarantee could only be given after North Korea returned to the negotiating table. "The North Korean strategy of running out the clock didn't work," this official said, referring to the speculation that the North thought Bush would be defeated on Election Day. Pressure was especially harsh on the South Koreans, he added.

## **Philippines General To Chair APEC Counterterrorism Task Force**

Former Philippines Armed Forces Chief of Staff Gen. Benjamin Defensor will chair the counterterrorism task force (CTTF) of the Asia Pacific Economic Cooperation (APEC), whose purpose is to ensure coordinated action in removing terrorism as a threat to regional trade, the *Inquirer* reported Nov. 21. Press Secretary Ignacio Bunye made the announcement on Nov. 21 at a press briefing following a bilateral meeting between Philippines President Gloria Macapagal-Arroyo and Chilean President Ricardo Lagos Escobar. Defensor will succeed Dr. Makarim Wibisono, the first chairman of the task force, and the director general for Asia-Pacific and Africa of Indonesia's Department of Foreign Affairs.

# **Africa News Digest**

## **Rebels in Darfur Mount New Offensive After UN Meeting**

A press release from the embassy of Sudan in Washington states that the security protocol signed in Abuja, Nigeria, Nov. 9, has been violated by the insurgents 19 times, six in North Darfur State, 12 in South Darfur State, and one in West Darfur. These attacks have been especially concentrated in the period since the UN Security Council met in Kenya Nov. 18-19 to address Sudan issues.

The most serious of these breaches was the attack on and taking of the town of Al-Tawila, west of El-Fasher Nov. 22. Khartoum says it was done by the Justice and Equality Movement; all other sources say it was done by the Sudanese Liberation Army (SLA). The government reacted with bombing raids. Alpha Konare of the African Union harshly criticized the SLA and the French Foreign Ministry condemned the attack, in which 30 police officers and six civilians, including a doctor, were killed and seven police trucks were seized.

The *New York Times* Nov. 27 absolved the Anglo-American governments of any responsibility, quoting weasel words from Jan Pronk, the top UN envoy for Sudan: "There is little that any outside authority, including the UN Security Council, can do to influence an insurgency group. 'There's not much leverage,' Pronk said in an earlier interview. The



Council has threatened economic sanctions against Khartoum for its part in the civil war."

The Sudan embassy's press release explained the motivation of the insurrectionists by quoting Alan J. Kuperman of the Johns Hopkins School of Advanced International Studies (*Washington Post* op-ed Sept. 28): "They coldly calculate that the longer they fight and provoke government retaliation against their civilians, the more the international intervention on their behalf will be."

A statement from the World Food Program Nov. 26 said that the high level of fighting in Darfur has cut 300,000 people off from food aid, and the food supplies and aid workers are bottled up in El-Fasher.

## **South African Evidence Piles Up Against Sir Mark Thatcher**

South African telephone records and taped discussions show Sir Mark Thatcher and British businessman Greg Wales discussing financial coup arrangements for Equatorial Guinea, South African authorities have revealed.

Meanwhile, the Equatorial Guinea government has now officially added Thatcher's name to those being charged in the coup attempt. Other names added include David Hart, former top adviser to Sir Mark's mother, Margaret Thatcher, and consultant for Boeing Corp.; Lord Jeffrey Archer, former Conservative Party chairman; Tim Spicer, head of Aegis Defense Systems, which now has the largest private security contract in Iraq, and former Executive Outcomes mercenary; Tony Buckingham, the financier and founder of Executive Outcomes; David Tremain and Eli Calil, two businessmen; Greg Wales; and Severo Moto, whom the coup was meant to install in power in Equatorial Guinea.

Thatcher has announced he will make an appeal to the British government to prevent his extradition to Equatorial Guinea, for fear he might be tortured and not survive the harsh conditions of the nation's prisons.

"I will never be able to do business again. Who will deal with me?" Thatcher told the British-oriented U.S. magazine *Vanity Fair*. "Thank God my father is not alive to see this." He went on to say that he felt "like a corpse that's going down the Colorado River and there is nothing I can do about it."

Thatcher appeared in a South African court Nov. 26 in his first hearing on charges of breaking South Africa's anti-mercenary laws. Although he was able to have his South African trial postponed to April 2005, he will have to face questioning from prosecutors from Equatorial Guinea, who will be coming to South Africa for that purpose.

## **This Week in History**

### **FDR Opens Inter-American Peace Conference**

**Nov. 29 - Dec. 5, 1936**

On Dec. 1, 1936, President Franklin Roosevelt gave the keynote address at the opening of a major pan-American conference in Buenos Aires, Argentina. The world situation was grim, with fascism already in power in Italy and Germany, and threatening to take over Spain, through the conflict known as the Spanish Civil War. Because of this looming threat to the Americas, and because a bitter war between Bolivia and Paraguay had raged between 1932 and 1935, Roosevelt focussed on encouraging pan-American unity and mechanisms for arbitrating disputes.

He also wanted to make it clear that he was available for mediating between the warring parties in Spain. He wrote, after his South American tour, that he was "still most pessimistic about events in Europe, and there seems to be no step we can take to improve the situation. Therefore until there is something I can hang my hat on, I must keep away from anything that might result in a rebuff of an offer to help." For that reason, he kept America neutral in the conflict.

Even before he had been elected to a second term, Roosevelt's eyes had been on the American republics to the south. He had sent his wife Eleanor on a trip to the Caribbean to scout out conditions there, and she returned with accounts of widespread grinding poverty. Then, on a trip through the Panama Canal to America's west coast, Roosevelt stopped at Haiti and in Panama itself.

After that, preparations began for a meeting with the nations of South America. On Jan. 30, 1936, Roosevelt formally proposed to the 21 Latin American nations that they send representatives to "an extraordinary inter-American conference ... to assemble at any early date, at Buenos Aires ... to determine how the maintenance of peace among the American Republics may be best safeguarded...."

Roosevelt laid out his general policy toward Latin America in a speech at Chautauqua, N.Y. on Aug. 14. "The American Republics to the south of us have been ready always to cooperate with the United States on a basis of equality and mutual respect, but before we inaugurated the good-neighbor policy there were among them resentment and fear, because certain Administrations in Washington had slighted their national pride and their sovereign rights.

"In pursuance of the good-neighbor policy, and because in my younger days I had learned many lessons in the hard school of experience, I stated that the United States was opposed definitely to armed intervention.

"We have negotiated a Pan-American convention embodying the principle of non-intervention. We have abandoned the Platt Amendment which gave us the right to intervene in the internal affairs of the Republic of Cuba. We have withdrawn American Marines from Haiti. We have signed a new treaty which places our relations with Panama on a mutually satisfactory basis. We have undertaken a series of trade agreements with other American countries to our mutual commercial profit. At the request of two neighboring Republics, I hope to give assistance in the final settlement of the last serious boundary dispute between any of the American Nations."

The conference was scheduled to begin on Dec. 1, so on Nov. 18, President Roosevelt and his staff boarded the USS Indianapolis at Charleston, S.C. and embarked for the South Atlantic. The ship entered the harbor of Rio de Janeiro on Nov. 27, and Roosevelt's open-car cavalcade through the city was greeted with loud shouts of "Viva la democracia! Viva Roosevelt!" When the President addressed Brazil's Congress, he told them that when he was a little boy, his "first introduction to Brazil" came when his parents took him to Europe and they met, strolling in a park, Emperor Dom Pedro II and his Empress. Dom Pedro and President Ulysses Grant had opened America's Centennial Exhibition in Philadelphia, and Dom Pedro had enthusiastically participated in Alexander Graham Bell's demonstration of the first telephone.

Roosevelt then explained that although he was going to address the conference in Argentina, he had felt he had to tender his respects to Brazil, "with which for more than a century we have maintained a tradition of good understanding, mutual regard, and cooperation, which is rare in history." He continued by saying that "if in the generations to come we can live without war, democratic government throughout the Americas will prove its complete ability to raise the standards of life for those millions who cry for opportunity today. The motto of war is: 'Let the strong survive; let the weak die.' The motto of peace is: 'Let the strong help the weak to survive.'"

On Nov. 30, the Presidential party landed in Buenos Aires, where 2 million Argentines greeted him enthusiastically and showered him with flowers as he passed. Roosevelt wrote to his wife that, "the moral effect of the Good Neighbor policy is making itself definitely felt." The next morning, the President Roosevelt formally opened the Inter-American conference

and called upon the delegates to develop "mechanisms of peace" which would make any war between American nations impossible, and would enable the American nations to help Europe "avert its impending catastrophe of war."

In his keynote address, Roosevelt stated that, "In this Western Hemisphere the night of fear has been dispelled. Many of the intolerable burdens of economic depression have been lightened and, due in no small part to our common efforts, every Nation of this Hemisphere is today at peace with its neighbors.

"This is no conference to form alliances, to divide the spoils of war, to partition countries, to deal with human beings as though they were pawns in a game of chance. Our purpose, under happy auspices, is to assure the continuance of the blessings of peace....

"Can we, the Republics of the New World, help the Old World to avert the catastrophe which impends? Yes; I am confident that we can. First, it is our duty by every honorable means to prevent any future war among ourselves.... Secondly, and in addition to the perfecting of the mechanism of peace, we can strive even more strongly than in the past to prevent the creation of those conditions which give rise to war. Lack of social or political justice within the borders of any Nation is always cause for concern. Through democratic processes we can strive to achieve for the Americas the highest possible standard of living conditions for all our people. Men and women blessed with political freedom, willing to work and able to find work, rich enough to maintain their families and to educate their children, contented with their lot in life and on terms of friendship with their neighbors, will defend themselves to the utmost, but will never consent to take up arms for a war of conquest....

"Three centuries of history sowed the seeds which grew into our Nations; the fourth century saw those Nations become equal and free and brought us to a common system of constitutional government; the fifth century is giving to us a common meeting ground of mutual help and understanding. Our Hemisphere has at last come of age. We are here assembled to show its unity to the world. We took from our ancestors a great dream. We here offer it back as a great unified reality....

"The faith of the Americas, therefore, lies in the spirit. The system, the sisterhood, of the Americas is impregnable so long as her Nations maintain that spirit. In that faith and spirit we will have peace over the Western World. In that faith and spirit we will all watch and guard our Hemisphere. In that faith and spirit may we also, with God's help, offer hope to our brethren overseas."

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