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This Week You Need To Know

LaRouche: Stop Brzezinski's Meddling in Ukraine

Lyndon LaRouche issued a statement on Nov. 29, warning President George Bush that, unless he wants to see the current crisis in Ukraine trigger the final collapse of the dollar system, he had better use his position to keep Zbigniew Brzezinski, Madeleine Albright, and Richard Holbrooke as far out of the picture as possible. The gang that made a mess out of the Balkan situation during the 1990s—Brzezinski and his protégés—is now meddling in Ukraine.

LaRouche emphasized that the U.S. government is going to have to work with European nations and with Russian President Putin, to avert the total destabilization of Ukraine or, even worse, its break-up. From the standpoint of Western Europe, Ukraine's descent into chaos would disrupt nearly one-third of its natural gas and oil supply, which is delivered from Russia through pipelines that cross Ukraine. From the standpoint of U.S. interests, it doesn't take a genius, LaRouche emphasized, to realize that an eruption of chaos in Ukraine at the moment that the global, dollar-denominated financial system is disintegrating, must be avoided at all costs. This, LaRouche added, means reining in Brzezinski.

Ultimately, LaRouche continued, Ukrainians must come up with their own solution to the unfolding crisis. Their primary allies in this effort are going to have to be the European Union and Russia. But the real decisions have to be made by internal forces within Ukraine.

LaRouche said that, as a leading world figure, with many friends in Ukraine, in Russia, and in Europe, he sees it as his responsibility to speak out now, to address President Bush and call on him to make sure that the Brzezinski menace factor is removed from the equation. American-Russian relations have already suffered from Brzezinski's interference in the North Caucasus, notably Chechnya. The United States and the countries of the European Union have a shared vital interest in the stability of the entire territory of the former Soviet Union, in which Ukraine is of particular significance, as the energy crossroads between Russia and Europe.

LaRouche reminded the world about Madeleine Albright's now infamous boasting, at a New York City conference of the Institute of International Education, where she described herself, proudly, as a "Wellsian democrat," a reference to H.G. Wells's *Open Conspiracy*, promoting an Anglo-American-led one-world government. Albright's "Wellsian democracy," and Brzezinski's obsessive-compulsive behavior against Russia typifies the Democratic Party side of a problem that has infected the American political scene since Samuel Huntington's 1975 *Crisis of Democracy* launched Project Democracy. This crowd poses a major danger to the vital security interests of the United States and Europe, as the dollar is nose-diving, LaRouche said.

LaRouche emphasized that Ukrainians must, ultimately, sort out their own problems on the basis of their national interest and national purpose. They must create a national mission, which aims to establish a durable nation, which seeks to benefit all of its people and all of its regions. They must create an environment of opportunity, and we must aid them in whatever way we can, he said.

Latest From LaRouche

The Great Crash of 2004-2005 Is Here!

by Lyndon H. LaRouche, Jr.

November 28, 2004

It is time to speak, in the spirit of Aeschylus, Shakespeare, and Schiller, of the Great American Tragedy of 2004.

Some featured cartoons in the weekend British and U.S.A. press, among other relevant sources, have announced that the world's present, great monetary-financial crisis is now accelerating into its phase as a general collapse.

Typical of this lunatic situation is the rising chorus of voices heard from Asia and Europe, which propose an immediate withdrawal from the collapsing U.S. dollar now, while, they propose, something of value must still be salvaged by pulling away from the dollar, "in time." Contrary to their delusions, the trend toward a "basket of currencies," as an alternative to the dollar, will merely accelerate the already onrushing world-wide depression.

Such a proposed solution is something clearly designed by "basket-cases," a scheme under which those nations act to accelerate the collapse of the dollar, thus pulling the whole, dollar-based world monetary-system down around their own ears, all the quicker.

So much for that world-wide assortment of liars and gullible fools who had insisted, up through November 2nd, that the actually collapsing U.S. economy, the economy now under the wonderful statesmanship of the world's worst idiot, President George W. Bush, Jr., was already on the way to a triumphant parade. So, Bush, like the famous Emperor of Hans Christian Andersen's tale, was seen by credulous true believers, as wonderfully clothed, and, so garbed, and garbling, moving outward and onward through the coming pages of history into the chilling nightmare just beyond the outskirts of his, and credulous admirers' delusions....

LOOKING AHEAD TOWARD STRATEGIC PERSPECTIVES FOR REORGANIZATION OF A PLANET IN DANGER

Lyndon LaRouche addressed the Seattle cadre school on Dec. 4 2004, for about 45 minutes, and then took questions for another 20 minutes.

LYNDON LAROUCHE: Hello? Here I am.

HARLEY SCHLANGER: All right, go ahead.

LAROUCHE: Okay. Well, there are three things, in a short time I'll mention today. First of all, is the aftermath of the so-called election of Nov. 2. And there will be hearings this coming week, in the Congress called by Conyers, on that subject. So, that should be quite interesting. We'll be attending it, of course. And you'll have more on that.

The second thing of course, is the financial crash and the economic situation.

And thirdly, I'm currently writing a paper, which is in preparation, for something which is to happen in February! So, we are looking a bit ahead, not just at the past, or today.

Well, I'll take these three things in a row. First of all, as you can get from today's briefing, which gives you a more up-to-date view of the matter, we are mobilizing the American people, as you would mobilize in a war. Now, in a war, you don't just go out and fight. You have to pick the places you choose to do battle. And you don't choose the place to do battle, because you "like that spot." You choose, because you can see in that choice, you can start a process of motion, in a war, which will lead toward victory in the war. So, you don't react to a situation, by simply reacting, on the basis of a short-term reaction: You look at the long-term consequences of the pathway you have chosen, to win a war.

Now, we have a case, in which we have a President, who is, as you have seen (I think, if you watched), this President is becoming more insane by the day. He has now got himself whipped up into a real "God complex." Now earlier, we had talked about President Bush, George W. Bush, being a mental case, who is largely controlled by people such as Condoleezza Rice, and is dominated, in terms of policy, strategic policy, by the Vice President, Dick Cheney. And we've mentioned people behind Cheney. We have focussed in particular on George Shultz, who is the one who sort of created Condoleezza Rice out of mud, and got Cheney out of a garbage pail. Such is our advisors.

Now, the President has gone through a change. The recent election has caused him to believe, that he is virtually God. And what has happened, is, he has now moved in to take over a number of issues, directly from the White House. These are not things that he dreamed up, but they're things that he has adopted as the things he's going to do, and he's done them in his typically stupid way.

For example: His created economic team. Remember, that if you followed the so-called debates on television, that he denied, emphatically, and said it was a lie to accuse him of planning to privatize Social Security. One of the things he's doing: He's pushing the privatization of Social Security, in the White House! And things like that.

Things on issues on strategic issues. He's flip-flopping, but he's pushing things, as if he were God: "I'm now the President. I can move the universe. I will repeal whatever laws of the universe I choose to repeal—because I'm God." This the way we stand right now.

So therefore, we are headed for a real crisis. Even in the political processes alone. But, when you consider the economic and financial situation, you begin to get the full impact of the insanity radiating from the White House, at present.

I'll give you an example of insanity: It is the history, since the Second World War, the history of development of covert operations, which happened beginning with the Office of Special Services, OSS, during the war. Now, OSS operations overseas were run by the State Department, not by the Defense Department. For example, we had a friend of ours who became the chief of field operations for OSS in Italy, up until the time that Roosevelt died. And he was working under the direction of the State Department.

In the post-war period, we were very careful in creating the security system, to separate the CIA and related institutions, from the military. We had one cross-over point, which was difficult: That was the National Security Agency. The National Security Agency was a spin-off in large part of the intelligence services or the communications services, of the military. We were very careful to keep special operations, *out of the military*, as much as possible. Even if they were military in character, we shifted them over to the CIA for covert operations, in order to avoid a situation, in which an act of intelligence operations in peacetime, would be construed as an act of war, or something tantamount to that, in dealing with another country.

Now, what Bush is pushing, with Goss's attack, from the White House, on the CIA—especially on the covert

operations—is to *shut down*—it's not really getting revenge against some CIA people. This is an attempt to shut down, institutionally, a capability of the Central Intelligence Agency, and to transfer those functions to the military, to the Defense Department. Not to the military properly, but the Defense Department means military properly.

So therefore, that means, that intelligence operations of a type, the covert type, which used to be considered as diplomatic operations—if there was any complication as a result of them—it would flop back against the State Department—are now tantamount to a potential act of war, an act of aggression.

And that is what is going on from the White House.

You have, similarly, with the case of Gonzales being pushed. Gonzales is the guy who wrote the paper, on which the crimes perpetrated at Abu Ghraib and similar things, were done. The President is pushing *that*.

So, we have a dangerous idiot in the White House, operating with a God complex, who makes everything that's bad about this administration, makes it worse. And he believes that he has been given a mandate from Heaven, to do this. And he's not going to pay attention to *anyone*—in his own government, or outside—who has any expression of disagreement, who even blinks at him the wrong way!

Hah—you want to talk about Hitler? Well, this guy's not Hitler, because he's more stupid than Hitler. But otherwise, that's what we've got.

So, that is a major problem.

Now therefore, what're we going to do: Sit back for four years, and wait for the next election? Are we going to sit, and let the country go to Hell, and do nothing? Are we going to try to "get along," and "be nice," with this situation? We're not doing anything wrong! The President's wrong! And he's bad! He's violating our Constitution; he's violating everything. Including principles of good judgment. *He's threatening this country!* He's threatening the future of this country! He's as bad as an enemy spy, in the White House!

How do we deal with that? Without destroying the constitutional structure of our country? Because, we can not go out and act as rogues, against our own government, against our own Constitution. We have to operate *within* our constitutional framework, and what is *understood* as our constitutional framework, of legality.

Where does our attack go? Our attack goes to the political scene, again. We go at questions of law, legality, to defend legality, as kept within a constitutional framework. Where do you do that? Electoral issues! The most obvious thing: Human rights issues, electoral issues, things like that. But, especially electoral issues, that go directly to the question of government. And to the question of a bad election, which is what we have reported, as of now.

So therefore, we picked a place to start our *battle*. And we don't go out to lose battles. We don't pick battles to lose them; or where we might lose them; or where we're at a great disadvantage. We find a place, we can *win* a battle: A battle which is worth winning; a battle which has a moral justification; and a battle which is pertinent to our objective. In this case, human rights.

In the recent election process, the Republican Party in particular, especially the led by Cheney and by the President's advisor Karl Rove, went out to conduct a campaign, to try to discourage, or ban, voters who might vote Democratic, from the polls. This is called "voter suppression." Which is a violation of law, under Federal law. And is a violation of the Constitution. That is, the attempt to suppress the vote, of a category of people, for the purposes of determining the outcome

of an election, is a crime on two counts: First of all, it's a crime against the Constitution, because otherwise the electoral process doesn't mean anything; and if you destroy the electoral process by which we compose our government, you are, now, violating the Constitution. So, it's an attack on the Constitution. It also is an attack on the rights of our citizens, the rights of our people. And therefore, it is a crime.

So therefore, in the recent election, what the Republicans did—and they did it conspicuously, including initiatives from Ashcroft, the Attorney General, in support of this effect—went out to suppress, by various means, many of them overt and well-known and done in public—to suppress the voting rights of intended voters, or categories of people, who they thought might swing the vote tally to the Democratic side over the Republican side.

Now, we've got them dead to rights: Because, in any instance of two cases, confirmed cases, of someone interfering with an election, to attempt to suppress the right to vote, of citizens, *that is an offense* under Federal law.

That is where we've chosen, to start the battle, to save the constitutional character of the U.S. government. And to attempt to save this nation, from the consequences of an administration, which has presently gone wild. Gone in the Adolf Hitler direction, quite literally. The man's nuts! And we said so, during the campaign: We were *right*. Those who said we were wrong, were wrong: This man is *nuts*.

And you've got a nut in the White House, looking for wars, looking for violations of human rights, against our own citizens as well as people abroad: That's a *dangerous nut*. It has to be controlled.

So, the fight for constitutionality has to begin with the choice of battle. Now, some people said, "Let's go out and fight for the vote recount." Well, that's not wrong to demand a recount. But, it doesn't *win* you the battle! And if you put all your forces into that, you're going to lose it! The way MoveOn and Howard Dean are trying to do—it's a mistake. You lose the battle from the start, and therefore you are going to discourage and demoralize—and lose the war!—for our Constitution's system.

Therefore, pick a battle we can win. And, the battle that the enemy can not afford to take away from us: Because, if the enemy wins that battle, by defeating us on this question of vote suppression, the U.S. government declares to the world that it is no longer a constitutional government. It has gone outside the realm of constitutionality, absolutely, in terms of the composition of government; in terms of the *credibility of elections*.

You want to talk about issues of election credibility in Ukraine? In which the United States is doing the greatest amount to cause that crisis there—by similar methods? You want to come back and say the United States has got the right to do that? Hah-hah-hah! Doesn't work: The world turns against you. And it has many *grievances* against the United States. The world has many grievances against *this* government of the United States, which are built up, especially, over the past period. Grievances, which also date from the way the Balkan Wars were run, under U.S. influence, together with the British.

And if the world, which is beginning to hate and fear the United States, finds the United States no longer has *legitimacy at home*, because of voter-rights suppression, and things like that, then the influence of the United States collapses. And we're in trouble.

All right, now, at the same time, as we warned you, the international monetary-financial system is disintegrating. The economy is disintegrating. But, knowing this, those behind the scenes, in the United States and Europe agreed to do certain tricks to postpone the general financial collapse of the system, until after the Nov. 2 election in the United States. That agreement was made earlier in this past year. It was one of the reasons why the electoral campaigns of the Democratic Party, in the primaries, were so screwy: Because they were impelled not to raise certain issues, the issue of the economy. And being impelled *not* to raise the issue of the economy, they had virtually nothing to talk about. And they were out there,

impotent, stomping around, assuming the economy's all right. And therefore lying to the American people, when the American people are suffering, as a result of the economic developments.

Now, the ability to postpone that has ended. And the ability to negotiate agreements to deal with that, has collapsed because of the putative election, or re-election, of George W. Bush: That agreements that could have been reached, between the United States and European countries, on trying to *handle* the inevitable crisis that's coming on now, those agreements are not possible. And therefore, the breakdown—which is not caused by Europeans; it's caused by the Bush Administration—the breakdown in international relations on this issue, caused by the Bush Administration, and by the insanity of the President himself, has brought on the already-onrushing, temporarily delayed financial crisis, *with a vengeance*.

And so, we're now in the process of breakdown. That means, that between now and Jan. 20, when the so-called inauguration is to occur—who knows what we're inaugurating? a chimpanzee?—that all kinds of things can happen, and are likely to happen.

The international monetary-financial system is now in a breakdown collapse. This fluctuation, recently, this past week, in the price of petroleum: Somebody has dumped large holdings, based on financial derivatives—large holdings, in petroleum futures, on the market. We don't know exactly who has done it. We have this "China Aviation Oil" company, which is the subject of this. But, we don't know, because of the complexity of derivatives operations, we don't know exactly where the problem lies. Though many people suspect that it's British Petroleum, which dumped a lot of its holdings, its financial-derivatives-based holdings in petroleum, on the market to try to bail itself out of a crisis. Maybe it wasn't British Petroleum, but they're involved in it. Somebody did it.

Now, this collapse in the petroleum price, at the same time that the dollar is collapsing, as it collapsed again another notch yesterday, at the same time that other collapses are occurring, signify the extreme turbulence in the international monetary system. And we must expect a big hole in your Christmas stocking. So that, by Jan. 20, no one knows what the condition of the world will be. But we do know, that the way it's going now, whatever that hole is going to be, it's going to be horrible.

So that, in this time, the policies of the U.S. government, are going to undergo *shocking* changes: both for the worse; and also, in the sense that the willingness to fight, or the sense of the *need* to fight, will increase.

Now, the problem is, that, outside the Democratic Party presently, and outside the circle with which we are cooperating, there is no effective resistance against this developing situation. The hearings which are called by Representative Conyers, for the Congress for this coming week, are a rallying point. He's put out a whole series of things which are all very substantial, very carefully researched, very carefully prepared. They're right: to start the fight, to open—on the floor of the Congress—to open the battle, the choice of first battle, *in the beginning of a war*, a war which we intend to win.

And while various people are running around like chickens with their heads cut off, such as Howard Dean's MoveOn, we are moving with deliberation, and with care, to choose a course of battle, or series of battles, which leads in the directions of an opportunity for victory.

We're also doing something else: *If we do not launch this war, now, in this way*, when we reach the point of crisis where people are ready to admit a change is needed, there won't be an army in the field. So, our mobilization is to keep the army in the field. To keep the process of mobilizing, around these battles, the correct choice of battles. To keep the army in the field, just as the American Revolution was fought, under George Washington: Keep the army in the field, as when going across the River Delaware, to attack the Hessians, or the long battle at Valley Forge. This kind of approach to warfare, as like MacArthur, for example, in the Pacific war, starting from Australia to win the war against Japan.

We're in that kind of war, politically. We've chosen the first scene of battle, in what will be a series of battles, to win a war. Now, when you've got to your eye on the relationship between the battle and the war, you don't say, "Are we going to win this battle?" Well, we say, "We're going to choose a battle we don't intend to lose. Or, that if we have to retreat from this battle, we will retreat having *gained* strength for the next battle."

And that's the way it'll go.

Now. Then, the third question: The question of what we plan for February. On Jan. 12, we will be having the first of a series of international seminars, among select representatives from various countries, on the subject of Strategic Perspectives for Reorganization of a Planet in Danger. The first will occur, as I said, in Europe; where people from Russia, the United States, and so forth, will be meeting, with some others, for a high-level discussion among people who are influential representatives of currents in their own countries.

We intend to go beyond that, to a second meeting for which the preparation will be made in the first. The second meeting is presently tentatively scheduled for February: And this will involve, the question of the global relations between European civilization, as such—that is, the United States and the Americas, Europe and the Americas—and Asia. And the paper that I'm producing now, from a *U.S.* standpoint, is focussed on both of these, but especially on the second: on the February target conference.

The question we have, is this: We in the United States, whether it's clear in your heads, yet or not, we in the United States are the only viable form of constitutional republic on the planet today. Now, we violate our Constitution, and we've violated it terribly, in the recent period. But our Constitution is still the only Constitution, which is a model for a modern nation-state, sovereign nation-state.

This was shown in the last great war, under Roosevelt. Remember, *all* of Continental Europe west of the Soviet borders, was taken over by fascism, beginning by the British-led operation under a Venetian banker, Volpi di Misurata, which put Mussolini into power in 1922. And Volpi di Misurata, more than Mussolini, was the actual *designer* of that Fascist regime, and that policy of fascist regimes.

This was done by a group of international bankers, in which Italy, under Volpi di Misurata, was the first blow. This went on, to actually get the Hitler dictatorship and the other fascist dictatorships, which had taken over all of Europe, west of the Soviet borders, during this period; during the period from 1922 through 1945, through May-June 1945.

Now, the United States under Franklin Roosevelt, prevented the United States from going into fascism. And the role of the United States under Roosevelt, not only stopped fascism from coming here, but it actually was a key factor, without which the world, *as a whole*, would have gone under fascism, and under, in fact, the Nazi world domination.

So, this is typical of a special quality in the United States, which is lacking in Europe, and which is lacking also, in a different way, in a more general way, throughout countries outside European civilization—Asian countries for example, China, India, so forth.

So therefore, today, we in the United States have in our constitutional form of government (as opposed to what Bush is doing, for example), we are the only nation on this planet, which is capable of mobilizing other nations into a concert of forces, to deal with the present threat. The reason is simple: The world is dominated, and has been dominated increasingly since 1783—since Feb. 10, 1763, in a treaty at Paris, under which the British East India Company became an empire. Not the British monarchy, that came later, but, the British East India Company.

Now, the British East India Company was known in that century as the "Venetian Party." That is, that in a process of succession, what had been for a long time the power of Venice, a Venice then allied earlier with the Norman chivalry, had dominated medieval Europe, from about 1000 A.D. until the end of the 14th Century; had dominated Europe with what was called an "ultramontane" system, or the medieval system. There had been, in this period, from the time of Charlemagne on, attempts to establish modern nation-states, based on the principle of the common good, starting with Charlemagne. But, the Venetian influence, as a successor to the power of Byzantium earlier, had moved to crush the attempt, from Charlemagne's time on, to create a nation-state.

The struggle continued. The case of Abelard of Paris; the case of Dante Alighieri; the case of Frederick II Hohenstauffen, for example, were examples of this: of the fight to establish a nation-state against the so-called ultramontane interests, which was actually simply a Venetian financier-oligarchy, working in partnership with the Norman chivalry. The crowd that ran the Crusades, for example.

So, the first modern nation-state was established on the heels of a great financial collapse of the Venetian system, temporarily, in the so-called 15th-Century Renaissance: where the foundations of the first modern nation-state were established, which gave us the first modern nation-states, in France under Louis XI, and in England, following Louis XI, under Henry VII.

But then, the Venetians, with the taking of Constantinople (which they organized) by the Ottoman conquest of Constantinople, organized by the Venetians, the Venetians came back in power. The Venetians ran, from 1492, essentially, beginning with the expulsion of the Jews from Spain, by this Nazi, the Grand Inquisitor Tomas de Torquemada, ran religious warfare in Europe, up through 1648, through the Treaty of Westphalia, in the attempt to exterminate the modern nation-state, which had emerged around the Council of Florence, the idea around the Council of Florence, and around Louis XI's France and Henry VII's England.

Out of that, there was a new attempt to establish the modern nation-state, which centered around Cardinal Mazarin, who had been the chief architect of the peace Treaty of Westphalia, in 1648, and his designated successor, Jean-Baptiste Colbert of France. But, as a result of the Fronde-based corruption of Louis XIV, who played into the hands of an Anglo-Dutch Liberal crowd—the Anglo-Dutch Liberal crowd was nothing but the Venetians, speaking Dutch and English. So, the Anglo-Dutch Liberal crowd orchestrated a series of wars, concluding with the so-called Seven Years' War, which established the British East India Company, on Feb. 10, 1763, as the dominant power on the planet, and imperial power.

And this party, this Liberal party, this Anglo-Dutch Liberal party, was then called—and *called itself*—the "Venetian Party" because it was a continuation of, and reincarnation of, in English-speaking form, of the Venetian party of yore.

So, as a result of that, we fought, with support from Europe, to establish a republic in this country, which would be *independent* of the imperial power, centered then in Britain, of the British East India Company: That was the issue of the American Revolution, from 1763 on. And by 1766, it had become clear to the Americans, led by Benjamin Franklin, that a break with England was now inevitable, because Britain was an empire which would not tolerate the existence of sovereign nation-states in the world. And so therefore, we fought for our independence, with support from Europe, to establish on our shores, the first, true modern nation-state, constitutional nation-state.

And our Constitution, echoing the Leibnizian principle of our Declaration of Independence, is, to this day, the only state on this planet, which has a Constitution, a constitutional principle, which is consistent with the requirements of a true modern nation-state.

And, the fact that Franklin Roosevelt was able to invoke that legacy, as Abraham Lincoln had earlier, enabled the United States to lead in the resistance, uniquely, of the successful defeat of Nazism in that period.

But, the threat of Nazism, came from the Venetian Party. That is, from a syndicate of international financier-oligarchical families, which control the central banking systems, the so-called "independent central banking systems," of Europe, and which attempt to control, similarly, the United States. These are the same interests, which have taken over, in 1971-72, *taken over*—entirely, top down—the IMF, the World Bank and so forth.

So, we are in a situation, now, in which, we are now faced with a new threat of fascism, a threat of fascism, which comes from the same international financier-oligarchy, that brought us the Hitler threat of the 1920s—for the same motive. We are now the only nation on this planet, which constitutionally, is free of control by a so-called "independent central banking system": which is nothing but a gangster syndicate, of Venetian-style financier-oligarchical interests.

Our job, now, as under Roosevelt, is to move to save the world from what would otherwise be an almost inevitable plunge into global chaos, a Dark Age: by mobilizing the United States to play the same kind of role, now, that it played under Franklin Roosevelt, during the 1933-1945 interval. In this process, our task is, today, as Roosevelt envisaged it before he died, that to win the war against fascism, by moving quickly to free the planet from the last vestiges of colonialism, i.e., British-led, British-style imperialism. This was the intention. This would have meant countries such as India, others, would have immediately had independence, with U.S. backing, and we would have cooperated with them for developing, in their own countries, forms of government consistent with our own principle, according to their taste; but consistent with our own principle.

That was stopped, the minute Roosevelt died. Because Truman, who was an agent of the enemy, that is, of these enemy forces, went over with Churchill and company, to *impose* several things: First of all, *Truman stopped the peace treaty*, or the surrender of Japan, with the Emperor of Japan. It was under the Truman Administration. The negotiation had already been made. The minute that the United States said it would sign a peace treaty with the Emperor of Japan, and acknowledge his authority as Emperor, the Japanese were ready to surrender. Truman, or the Truman Administration, prevented that from happening, because the Truman Administration *intended to use the nuclear bombs*, that it could not use on Germany any more (it had intended to bomb Germany with the nuclear weapons: Berlin). It could not do that. Therefore, they wanted to do it, someplace else. And they did it, in Hiroshima and Nagasaki.

There was no military reason, for dumping those nuclear weapons on Hiroshima and Nagasaki. It was done for geopolitical reasons, to establish a principle of conflict, under the Truman Administration. This policy of Truman was partly halted, when the news came, in the middle of the Korean War, that the Soviet Union had developed the first operational *thermonuclear* weapon. At that point, the Truman policy of preventive nuclear war, the same policy we have from Cheney today, was stopped. And the world shifted to what was called "thermonuclear detente." This was a process over the course of the 1950s, leading into the agreement of 1962, with Kennedy, and so forth—negotiated by the author of preventive nuclear warfare: Bertrand Russell.

So now, we came into a system, beginning with Truman's change, reversal of the policies under Roosevelt, we're now back at the same point: We're at the verge of a fascist takeover of Europe, and elsewhere, which would lead to dictatorship. And once again, the United States is called by destiny, to lead the fight to prevent the takeover of the world by a form of Nazism, worse than that which Hitler represented, back in the 1930s and 1940s.

Only our Constitution provides the basis in *constitutional law*, for the kind of leadership which we must now provide. And therefore, our Constitution is what we must rally around, and fight for, to restore it to its true authority in principle, as specified by the Preamble of the Constitution in particular; and to mobilize and encourage the forces around the world to join with us, to avert this terrible thing which is about to descend upon the planet as a whole.

In this process, we face unfinished business. In European civilization, that is, Western Europe, Europe in general, the

Americas, and some other spots around the world, there's a clear understanding of the principles, or the general characteristics of a sovereign nation-state. You have to understand, that in most of the world—in Asian countries, for example—the idea of a sovereign nation-state *does not exist*. There are a few cases where it does—but in general, no.

So that, when you're talking about trying to create a world order, of peaceful cooperation, of principle, among a system of sovereign nation-states—as opposed to this fascism, called "globalization"—you find that on the other side of the fence, in the Asian countries, there is no clarity about what a sovereign nation-state actually is. There's a certain sense of trying to imitate, as you see in China, as you see in India and so forth, a sense to imitate what looks from the outside like the good features of a sovereign nation-state of a European type. But, there's no understanding of principle of that.

For example: Take the case of India. You have, out of over a billion people now in India, you have about 300 million who are living in, shall we say, acceptable conditions of life—wealthy to acceptable. But, you have about 700 million people who are extremely poor. Who are living under a nation, like India, virtually as human cattle.

You find, in China, a parallel condition; different but parallel. China has a population of over 1.3 billion people. But, again, in a country which has some people who are well-off, productive, skilled, well-educated, you have a larger part of the population is poor, extremely poor, and deprived of those conditions of life, which we would consider acceptable for citizens.

We have, still, therefore, in Asia, acceptance of the idea—a long-suffering acceptance, that *some people are destined to live the life of endangered human cattle*.

Now, the difference of European civilization is, since the Renaissance in particular, has been the constitutional sense that we must not subject whole categories of people to the conditions of life of enslaved, or other human cattle: That all people have the right to exist as human beings, and as citizens of republics. That idea is not clearly established, functionally, in Asian countries. Yes, we've taken steps backward in our own country. *But*: We, in European civilization, either understand, or have a conditioning to, the idea of a true nation-state, in which every *person* in that state has inherent human rights *to be human*, not to be human cattle.

In Asia, this is not established. It is regretted. The respect for humanity is there; sympathy for human beings is there. But, the idea of a system of government which assures that as a right, an efficient right, does not exist.

So therefore, if we're going to establish on this planet, what must be established—largely because of conditions of warfare, technology, whatnot—a system of sovereign nation-states, as a community, a cooperating community, then we have the challenge of entering into a principled agreement among nation-states, a treaty agreement among nation-states, to that effect: Which means that nations of Asian background must understand what many of them do not yet understand: How Europe developed, among all parts of the world, Europe developed the first, and only, clear conception of a system of government which guaranteed the *human rights* of all persons. We may not have lived up to that, but we adopted the principle. In Asia, generally, that principle is not clearly adopted.

So therefore, our problem in bringing the world together, for something like the Treaty of Westphalia, a treaty of agreement, long-term agreement among nation-states, *like* the Treaty of Westphalia, depends upon our winning the people of Asia and elsewhere to an understanding of this principle, of the sovereign nation-state. And thus, we have to enter into, not a negotiation on differences—that's nonsense, it won't work. It'll be just another piece of minestrone, a stupid soup. We have to win them to an understanding, an insight, into what the principle of the modern nation-state is, as distinct from the habits of Asia—and some of the habits which persist in European parts of the world.

So, that's what we're doing. If we're going to come out of this, we must pull the world out of the greatest financial crisis, the

world has ever known, which is now onrushing. We have to bring agreement among states, which are part of the European heritage, the modern European civilization's heritage. But we have, at the same time, to deal with the reality of the growing population of Asia, and other countries outside the European system: We must establish a global agreement, in the form of a treaty agreement, like the Treaty of Westphalia among nations.

But, in order to do that, we must also have a comprehension, of what the principle of that agreement must be. And that is a responsibility, which at the present time, is rather unique to me, personally, because of my position in our organization and so forth.

So therefore, that's what that's about. Okay. That's what I had to say.

InDepth Coverage

Links to articles from [Executive Intelligence Review](#):

[*Requires Adobe Reader®.](#)

Feature:

[Unmasking the Secret War By the 'Economic Hit Men'](#)

[by Helga Zepp-LaRouche](#)

The book is a thunderbolt: John Perkins, scion of a well-known family of the American East Coast Establishment, tells the secrets, in his just-published Confessions of an Economic Hit Man, of the 'tool-box' of the international financial oligarchy—how above all, the developing countries are kept under the diktat of the International Monetary Fund (IMF), World Bank, and private financial interests, through an entire repertoire of economic blackmail, the use of murder-for-hire, and finally, war.

[Development Projects vs. The IMF Hit Men, 1971-91](#)

During the 20-year period of 1971-91, there was a global drive for great development projects and for debt moratoria in the developing sector, which was met by intensive, dirty 'Hit Man' operations to sabotage these efforts. Some significant efforts—exemplified by the Eurasian Land-Bridge campaign—continued after this time, but with the 'missed opportunity' around the fall of the Berlin Wall in 1989, and the collapse of the Soviet Union in 1991, the financial oligarchy had succeeded in blunting the global drive for development. The following timeline presents key events in this process. It was compiled by **Edward Spannaus** and the editors of EIR.

[George Pratt Shultz: Profile of a Hit Man](#)

[by Scott Thompson and Nancy Spannaus](#)

If there is any one figure who stands out as a consistent, evil representative of the philosophy of the Economic Hit Man over the last 35 years, it is George Pratt Shultz. Shultz is a second-generation operative for the international synarchist banking network; he operates largely behind the scenes, but decisively toward carrying out the global fascist agenda of those international bankers.

[Book Review](#)

['Washington Consensus' Indicted for Genocide](#)

[by Jeffrey Steinberg](#)

Confessions of an Economic Hit Man: How the U.S. Uses Globalization To Cheat Poor Countries Out of Trillions

by John Perkins

San Francisco: Berrett-Koehler, 2004

264 pages, hardbound, \$24.95

The great European republican philosopher and scientist Gottfried Wilhelm Leibniz wrote that this is the best of all possible worlds. Those thoughts came to my mind several weeks back when a colleague, John Hoefle, while using the Internet for research, came upon an interview that author John Perkins had given to 'Democracy Now's' Amy Goodman. The interview text and audio-voice stream were shared with Lyndon LaRouche, who immediately concluded that the remarks by Perkins were of remarkable strategic significance— particularly in the wake of the events of Nov. 2-3, 2004, pointing towards the prospect of four more years of the Bush-Cheney abomination in the White House.

- **Interview: John Perkins**

There's a 'Tremendous Opportunity for Change'

EIR: I want to start by asking you about the response to the book.

Perkins: The response has been incredible. It's been amazing to me, and also gratifying. The book hasn't received what we might call 'mainstream' press coverage. In fact, I was supposed to be on one of the major networks a couple weeks ago, flew to New York to be on it: Two hours before I was supposed to be on, they pulled me, and said that one of the major producers had decided that the political ramifications were too dire, to have me on.

Strategic Studies:

A Time for Some Real Leadership: Is Fallujah a New Dien Bien Phu?

by Lyndon H. LaRouche, Jr.

November 14, 2004

At this moment of the most deadly turning-point in world history, most of the people who should be thinking as commanders- in-chief, are acting, instead, like a pack of whimpering job-applicants who just received news that they had, probably, lost the job. I see in them men and women who prefer, to whimper, like poorly trained actors who had just failed at try-outs for the part of Hamlet. We need better leadership, political leadership like that which General Douglas MacArthur showed at Inchon, for example.

'Victory' in Fallujah:

A Political Disaster

by Carl Osgood

During a Nov. 16 interview on Philippines radio (EIR, Nov. 26), EIR founder Lyndon LaRouche reported that the U.S. military assault on Fallujah, launched on Nov. 9, one week after U.S. Election Day, has settled nothing in Iraq. 'You have an impossible situation, and an impossible war,' LaRouche said, 'We have a general destabilization of the entire area of Southwest Asia. We have chain reaction effects around the world.' A few days later, he commented, 'They have made all of Iraq, greater Fallujah.'

The Battle of Dien Bien Phu: The French Empire Dies in Vietnam

by Gail G. Billington

This article is reprinted from the New Federalist newspaper, May 3, 2004.

Fifty years ago, for 55 days, from March 13 to May 8, 1954, a small town in Northeast Vietnam was the scene of a battle between the forces of the French colonial occupying power and those of the pro-independence Viet Minh, led by Ho Chi Minh and his senior general, Vo Nguyen Giap.

The Issue of Effective Leadership: General MacArthur's Inchon Flank

by Steve Douglas

In the days after the Nov. 2 Presidential election, Lyndon LaRouche spoke of the special qualities of leadership that a great commander in chief represents, and how that type of leadership—which LaRouche uniquely embodies—is what is desperately needed in the United States today. He cited Gen. Douglas MacArthur's design and conduct of the Battle of Inchon in the Korean War as exemplary of this quality. This summary of that brilliant flanking operation by MacArthur is provided for historical background.

Economics:

The Great Crash of 2004-2005 Is Here!

by Lyndon H. LaRouche, Jr.

November 28, 2004

It is time to speak, in the spirit of Aeschylus, Shakespeare, and Schiller, of the Great American Tragedy of 2004. Some featured cartoons in the weekend British and U.S.A. press, among other relevant sources, have announced that the world's present, great monetary-financial crisis is now accelerating into its phase as a general collapse.

Argentina: Center of Global Economic Battle

by Cynthia R. Rush

Argentina is once again in the center of the strategic battle for the continued survival of sovereign nation-states. As the dollar's downward spiral accelerates along with the disintegration of the global monetary system, London and Wall Street-based financial oligarchs fear that President Néstor Kirchner's resistance to the insane demands of the International Monetary Fund (IMF) and its vulture fund allies, could inspire other debtors to act similarly and bring down the whole rotten mess.

Hans Tietmeyer's 'New Social Market-Economy Initiative'—Cui Bono?

by Elke Fimmen

In the present world financial crisis and the depression in the real economy, the simple question is: What comes first—the financial interests of the oligarchy, who want to overcome the crisis at the expense of the population, or the principle of the General Welfare, which obligates sovereign governments to care for the human beings entrusted to them?

International:

Flattened by IMF, Ukraine In Geopolitical Crosshairs

by Rachel Douglas

Economic globalization and geopolitics have come together in Ukraine, with deadly results for the people of that nation and danger for the rest of the world. The political strife that gripped Ukraine during this year's Presidential election and has paralyzed Kiev since the inconclusive run-off vote of Nov. 21 (which is unresolved at this writing), is not the clash of 'Western, Europe-oriented' Ukraine vs. 'Eastern, Russia-oriented' Ukraine, as depicted in the mass media.

LaRouche: Stop Brzezinski's Meddling in Ukraine

Lyndon LaRouche issued a statement on Nov. 29, warning President George Bush that, unless he wants to see the current crisis in Ukraine trigger the final collapse of the dollar system, he had better use his position to keep Zbigniew Brzezinski, Madeleine Albright, and Richard Holbrooke as far out of the picture as possible.

LaRouche Warns: Bush Is on Autopilot for Korea Conflict

by Kathy Wolfe

South Korean President Roh Moo-hyun and Chinese President Hu Jintao have just warned George Bush and Dick Cheney, in strong terms, not to start a war in Korea. But Bush is almost on 'auto-pilot' for military confrontations worldwide, American Democratic leader Lyndon LaRouche said Dec. 1.

National:

The Vanishing American Pension Foretells Bush Social Security Gameplan

by Anita Gallagher

Today, only 50% of America's private-sector workforce is covered by any kind of savings or pension plan. And the number of private employers who offer 'defined benefit' pension plans—the 'Cadillac' type which guarantees a monthly benefit from retirement to the end of the retiree's life—has fallen from 112,000 in the mid-1980s, to only 31,000 today; none has been established for at least a decade.

Leading Democrats Take Up Vote-Suppression Fight

by Edward Spannaus

'What happened on Nov. 2 was not an election, but a not-so-cold coup d'état against the United States Constitution,' former Democratic presidential pre-candidate Lyndon LaRouche declared in a Nov. 9 international webcast. And those in the Bush-Cheney campaign and the Republican Party who engaged in a widespread campaign of vote-suppression are guilty of violating the 1965 Voting Rights Act and the Constitution, LaRouche charged. 'The kinds of frauds which were perpetrated by the Republicans alone in this election, were sufficient to send these guys to jail, if not to un-elect them,' LaRouche stated.

From the Congress

Democrats Denounce GOP Omnibus Funding Bill

The Democrats on the House Appropriations committee, headed by Rep. Dave Obey (Wisc.), issued this press release on Nov. 22, titled 'Obey: 'This Bill Is a Poster Child for Institutional Failure.' '

U.S. Economic/Financial News

Has Somebody in Washington Noticed the Elephant in the Room?

The possibility of a near-term dollar crash dominated discussion at a Nov. 29 Brookings Institution forum on the Bush Administration's domestic policy. The subject was broached by Bruce Bartlett, a columnist and senior fellow with the National Center for Policy Analysis who noted that if the Chinese, the Japanese, and other foreign investors were to stop buying dollar-denominated U.S. Treasury debt, "we could have a very significant market crash." No one disagreed with Bartlett, and former OMB director Alice Rivlin (infamous for forcing the shutdown of D.C. General Hospital in 2001) went so far as to talk about the possibility of a "dollar meltdown." They all see the problem, however, as stemming largely from the huge budget deficits that have been racked up by the Bush Administration over the last four years, and therefore the market reaction will be to put pressure on the White House to be more fiscally responsible (in other words, vicious austerity, though this was not said in quite that way). For Bartlett, this means instituting a value-added tax which, he claimed, could be imposed at only a small cost to the economy, yet provide another source of revenue for the Treasury.

At one point a questioner noted that up to that point, only foreign investors bailing out of the dollar had been considered. She wanted to know what would happen to the financial markets if American investors also began bailing out. William Niskanen, chairman of the Libertarian Cato Institute said, if that were to happen, "we could have a significant reduction in the foreign exchange value of the dollar," which could, among other things, bring an end to the housing bubble. Rivlin added that what is happening now is a reaction in the currency markets. "If people get the idea that the dollar is going down, people are going to bail out of dollar securities, including Americans." She added, in response to the next question, that a crisis would provoke a more rapid increase in interest rates, something the Federal Reserve has already started doing. "It's about all they can do," she said.

'Sell, Sell, Sell! Avoid the U.S. Depression!'

Bloomberg and Morgan Stanley advise Asians to dump their U.S. Treasury bills. "Asian central banks should ... sell some of their massive holdings in U.S. Treasuries," writes Bloomberg Asian correspondent William Pesek, in an Nov. 28 article titled, "Time Asia Pulled the Plug on U.S. Treasuries." He warns that the U.S. bond market is about to blow apart anyway, which will cost Asian economies a fortune on the \$1.1 trillion they hold in T-bills. "U.S. Treasury Secretary John Snow recently pledged that the U.S. would get its imbalances under control," Pesek writes, "yet it is hard to keep a straight face when Snow's boss, U.S. President Bush, seems set on further cuts in U.S. taxes."

He adds: "Dumping U.S. debt might serve as a wake up call for the Bush Administration, which seems to think it can devalue the world's reserve currency to boost U.S. jobs without suffering the side effect of rising debt yields." He quotes Morgan Stanley's head Asian economist Andy Xie saying that Washington's allowing the slide in the dollar is "simply another way to get foreigners to subsidize U.S. spending," and "if Asian central banks sold Treasuries now, it would bring the issue to a head."

***New Yorker*: U.S. Dollar 'Going Down'**

Damned if you do (dump dollars), damned if you don't, is the message in the *New Yorker* magazine's Dec. 6 "Talk of the Town" column, by John Cassidy. It situates the strength of the dollar as having come into existence "Near the end of" World War II, with the "Bretton Woods" conference "setting up a system of fixed exchange rates that survived for almost 30 years, and ushering in an age of unprecedented international prosperity."

Then it argues the depreciation of the dollar is due to "intractable, and related, problems" which are 1) the trade balance due to shifting our manufacturing and production out of the country, and 2) that we've become the "world's biggest debtor." To deal with these "would probably require a recession. The only other option is to devalue the currency, which makes imports more expensive and exports cheaper." But, "debasing the dollar is a high-risk strategy. Currency movements tend to be self-reinforcing. If traders come to see the dollar as a one-way bet, its slide could turn into a rout." As examples of what can happen if foreign investors rush to get their money out of the stricken countries, Cassidy cites the Mexico, Russia, Brazil financial crises over the last decade. If such a rush out "were to occur here, the Federal Reserve would be forced to raise interest rates in order to stop the panic selling, which, in turn, would torpedo the stock and the real-estate markets. The economy would be plunged into a deep recession."

The column concludes with a swipe at Bush and his Administration's folly as likely leading to no relief.

U.S. Textile Jobs Shredded by Corporate Culture

Under Bush, the U.S. textile industry is being sucked back to Hoover, as corporate vulture Wilbur Ross breaks up the textile industry front for import limitation; mass layoffs are come. Forecasts of textile job losses after international quotas expire at the end of this month, range up to half a million of the 700,000 jobs still existing in the United States (textiles employment was 2.5 million 20 years ago). China's textile exports are universally blamed, but the actions of billionaire Ross show the actual process. Ross, who bought up bankrupt steel companies just before President Bush imposed steel quotas in 2001, has since bought bankrupt coal companies, and recently, bought the textile industry's large and failing companies, Burlington Industries and Cone Mills, eliminated their pension plans and cut their work forces by 33%. Pushing this as "the competitive way to go in textiles," Ross, with the backing of Wall Street "industry analysts," is calling on Bush to allow complete free trade, and use no import limits at all. Ross plans to relocate the production facilities—both textile and apparel-making—of his new "Burlington Worldwide" in Guatemala, India, China, and elsewhere, while the U.S. workforce melts away.

Durable Goods Orders Decline in October

Orders for durable goods, including autos and construction machinery, declined in October, despite the fact that orders to U.S. factories rose by 0.5%, AP reported Dec. 2. The improvement was allegedly in such non-durable goods as food and chemicals. The rise will undoubtedly also not be durable. At the same time the Labor Department reported that new filings for unemployment insurance increased by a seasonally adjusted 25,000, to 349,000 for the week ending Nov. 27.

GM To Shut Historic N.J. Assembly Plant as Sales Slide

General Motors, the world's largest auto-maker has told employees that it is ceasing production at its SUV plant in Linden, N.J., earlier than expected because of falling sales, the *Detroit News* reported Nov. 30. Production will end some time between February and June, instead of during the summer, resulting in the layoff of some 900-950 hourly employees, and 110 salaried workers. The Linden plant, which opened in 1937, was converted during World War II into an airplane assembly plant.

GM announced that its domestic sales plunged 16.7% in November, compared to a year earlier; prompting the car maker to cut first-quarter production by 7%. GM is closing five plants for at least one week in early January.

Meanwhile, Ford said its U.S. sales fell 7.3% in November—with a 14% decline for cars. Production levels, as a result, will be cut by 7.7% in the first quarter of 2005.

Social Security Privatization Is Bonanza for Wall Street

Dr. Austan Goolsbee of the University of Chicago Graduate Business School released a study in September that shows the enormous amount of money that Wall Street would scoop up in fee income alone, were the Bush Administration's proposed privatization of Social Security to be adopted. Goolsbee used as his starting point, the report, "Strengthening Social Security and Creating Personal Wealth for All Americans," which was issued in December 2001 by the "President's Commission on Social Security," co-chaired by Richard Parsons, the head of AOL, and by former Senator and British Empire worshiper Daniel Patrick Moynihan (now deceased).

Goolsbee's study punctures the myth surrounding Bush's call to privatize Social Security: "Rather than using money to close the Social Security gap, the plan would transfer this money to private financial managers and mutual fund companies." Goolsbee considers three "administrative-management fee" levels that Wall Street firms would charge, to manage workers' individual Social Security accounts, which replace traditional Social Security under the Bush plan: 0.3%; 0.8%, and 1.1%. Were Wall Street money managers to charge annual fees of only 0.3%, then between 2004 and 2079, Wall Street would earn \$424 billion in fees. Were Wall Street to charge an 0.8% fee—which Goolsbee considers most likely—they would rip off \$940 billion in fee income during those 75 years. A 1.1% fee would earn \$1.16 trillion in fee income during the same period.

Dr. Goolsbee compares the fee income to various standards, to show how large it is:

First, the upper two levels of fee income (\$940 billion and \$1.16 trillion), would consume between 20% and 26% of the worker's earnings in his individual Social Security account. Put another way, the worker's Social Security payments would be cut between 20% and 26% just to pay for Wall Street's fees.

Second, Goolsbee implicitly shows how the fees are designed to make up for Wall Street's losses when the IT bubble collapsed. He states that between 2000 and 2002, the IT bubble collapse "reduced [Wall Street's] revenues by \$117 billion. The increase in revenue from the individual [Social Security] accounts would have a positive net present value more than

eight times larger than this collapse."

Third, Goolsbee calculates the amount that Wall Street would stand to earn in administrative-management fees from "normal" business (other than Social Security privatization) over the next 75 years. He concludes, "The fees generated from individual [Social Security] accounts under Model II of the Commission for Strengthening Social Security would be worth something like one quarter of all the revenue expected in the financial sector over the next 75 years."

But this is just the start. In addition to the fee bonanza, Wall Street plans to divert trillions of dollars from the Social Security Trust Fund into the stock market, to prop up the market, and make further profits by speculating in stocks.

Would You Trust This Man to Invest Your Social Security?

A campaign fund controlled by Senate Majority leader Bill Frist (R-Tenn) has lost almost \$460,000 in stock market investments since 2000, and now does not have enough money to cover a sizeable bank loan, according to both Federal Election records and the manager of the Frist campaign. Frist, a close friend of Bush, strongly supports Social Security privatization.

The obvious point was not lost on Todd Webster, spokesman for outgoing Senate Minority Leader Tom Daschle (D-SD)—whom Frist helped defeat by personally campaigning against Daschle in South Dakota—who issued an e-mail stating that Frist's losses raised questions about Republican plans to invest Social Security funds in the stock market. Webster states about Frist's embarrassment, "[Frist] still thinks we should put seniors' Social Security funds in the stock market?"

No Recovery Here: Michigan Food Pantries Swamped

The Food Bank Council of Michigan reports there's been a 20% increase, over last year, in people seeking food assistance, according to the *Detroit News* Nov. 28. At the same time, with the downturn in the real economy, the charities attempting to provide food and supplies to the pantries have experienced a 10% drop in donations. One of the biggest factors in the increased need is the continuing job layoffs in the state.

The 2005 outlook is bleak, too. Michigan is expecting to have another \$1 billion budget shortfall, and this assessment comes after less than five weeks into the state's new budget year which began Oct. 1. The state's budget director reports that income and business tax receipts have fallen 20% since 2000—something not too hard to figure out why, if one recalls that the state lost more than 300,000 jobs, nearly half of them high-wage manufacturing jobs, over the last four years. As more people joined the ranks of unemployed, the state's Medicaid program grew by 323,000 in the same period. If the state's legislative leaders opt for more austerity, and more programs and services are cut, more and more families will be lining up at the already-overstretched food banks.

Aging Water Infrastructure Collapse Ruins Thanksgiving

In Ann Arbor, Mich. where over 75% of the city's water system was installed prior to 1960, a water-main break just weeks before Thanksgiving brought raw sewage spewing into the home of one resident, resulting in \$40,000 in damages and a \$24,000 cleaning bill. Cleaning, in this case, meant stripping down the house to its bare shell, ripping out drywall, carpets, etc. The city paid the cleaning bill, but is not liable under the law for the damages.

Ann Arbor has 450 miles of underground pipes, of which 250 miles are 50 years old or older. The Utilities Department estimates it will cost \$200 million to replace just these 250 miles. The director Sue McCormick, who took over in 2001, said that from the sparse records she could find, the pipes went unchecked for decades, and that very little investment had

been made. In 2002, alone, the city had 118 water-main breaks, double the previous year. Overall, she said, the city has averaged 88 water-main breaks a year since 2001.

World Economic News

Japan, Eurozone Consider Joint Forex Interventions

Japanese and Eurozone authorities are considering joint foreign exchange interventions to prevent their currencies from rising too fast against the U.S. dollar, stated "a senior Japanese finance ministry official" according to London's *Financial Times* Dec. 2. The official, "speaking to reporters on condition of anonymity," said that such interventions have been discussed and would start if the dollar weakens further. The front-page *FT* feature adds: "Although he declined to comment on his European counterparts' response, he said a common eurozone view had emerged that the euro had reached levels that were harming Europe's economy." The official further expressed rage against Fed chairman Alan Greenspan, who on Nov. 19, intensified the slump of the dollar by describing the U.S. current account deficit as "untenable" and inflaming speculation in the markets that Asian central banks are about to dump U.S. assets.

In an interview to *Reuters* Dec. 1, Japanese Vice Finance Minister for International Affairs Hiroshi Watanabe noted: "Conditions are in place for Japan and Europe to be able to take harmonized action. It is natural for Japan and Europe to act when the dollar alone is falling." He then added: "If the [dollar's] movement affects the European economy and the Japanese economy, we should defend ourselves." Concerning criticism from the U.S. side, which insists that foreign exchange rates should be determined by markets only, Watanabe reacted with unusually harsh words: "We don't care what America says. We will defend ourselves." He then criticized U.S. pressure on China to float its currency, and said it made "no sense" to blame China for the U.S. current account deficit.

While these statements reflect growing desperation in Europe and Asia on the repercussions of the dollar crash, currency interventions—whether "harmonized" or not—do not pose any solution to the ongoing systemic crisis. In the fiscal year ending in March 2004, Japan spent the yen equivalent of \$320 billion for currency interventions, by far the biggest such action in history. The net result of this giant operation is that the Japanese now own a huge pile of funny paper, which is rapidly losing value.

The last joint currency intervention took place in 2000, at that time to support the euro. When Japanese Finance Minister Sadakazu Tanigaki on Dec. 2 commented in a *Bloomberg* interview that Japan and Europe are not yet ready for joint actions, the dollar fell to a new all-time low against the euro (\$1.34) and plunged below 102 yen for the first time since January 2000. On Dec. 1, the dollar hit a 12-year low against the British pound, which itself was falling in recent weeks against the other major currencies. The gold price on Dec. 1 shot up to \$458.70, the highest level since June 1988. Earlier this week, the overall commodity price index of the Commodity Research Bureau (CRB), comprising everything from gold and oil to industrial metals and agricultural products, reached the highest level in 23 years.

Economist Warns vs. Chinese 'Plaza Accord'

China would be forced into a Japan-style "bubble" economy if it upvalues the renminbi/yuan to the dollar, warned Morgan Stanley Asia economist Andy Xie on Dec. 1, according to the *Peoples Daily*. Xie's warning against a Chinese "Plaza Accord" is not new: Many Chinese economists have warned this year of exactly that danger, should China yield to U.S., Japanese, and EU pressure to abandon its dollar peg.

If the renminbi appreciates under international pressure, Xie was cited by China Radio International, this will trap China, with low growth, low interest rates, and low inflation, but a strong currency. Xie said that the macroeconomic situation in

China now, is like that of Japan when it was pressured to revalue the yen in 1985. This, Xie said, caused domestic enterprises to move out of Japan and into Southeast Asian nations. The low-interest-rate policy which followed this, created an economic "bubble," with over-investment in the stock market and real estate, from which Japan has yet to recover.

United States News Digest

Rumsfeld, Others, Charged with War Crimes

The U.S. Center for Constitutional Rights (CCR) and four former Iraqi prisoners from Abu Ghraib brought charges in German court on Nov. 30 against Donald Rumsfeld, George Tenet, and other "mid-level" U.S. officials. The criminal complaint was brought under the German Code of Crimes against International Law (CCIL), and seeks an investigation into war crimes allegedly carried out by high-ranking U.S. civilian and military officials, including the incidents which occurred in Iraq. The charges include violations of the German Code, War Crimes against Persons, which outlaws killing, torture, cruel and inhumane treatment, sexual coercion, and forcible transfers. Reflecting the Nuremberg Trial statutes under which the Nazis were tried at the end of World War II, these make criminally responsible not only those who carry out the above acts, but also those who induce, condone, or order them. They make liable commanders, whether civilian or military, who fail to prevent their subordinates from committing such acts.

"We view Germany as a court of last resort," said CCR vice president Peter Weiss. "We file these cases here because there is simply no other place to go. It is clear that the U.S. government is not willing to open an investigation into these allegations against these officials."

The CCR press release also pointed out that Congress has failed to seriously investigate the abuses, and that neither the various commissions appointed by the military nor the Bush Administration have been willing to look "unflinchingly" up the chain of command for responsibility. CCR president Michael Ratner, who flew to Berlin to file the complaint, said, "the existence of torture memos drafted by Administration officials, and the authorization of techniques that violated humanitarian law by Secretary Rumsfeld, Lt. Gen. Sanchez, and others, make clear that responsibility for Abu Ghraib and other violations of law reaches all the way to the top." Weiss added, "we are doing what is necessary and expected when other systems of justice have failed: We are asking the German prosecutors, who have available one of the most advanced universal jurisdiction laws in the world, to begin an investigation that is required under its law."

The U.S. officials charged include Secretary of Defense Donald Rumsfeld, Former CIA Director George Tenet, Undersecretary of Defense for Intelligence Dr. Stephen Cambone, Lt. Gen. Ricardo Sanchez, Maj. Gen. Walter Wojdakowski, Maj. Gen. Geoffrey Miller, Brig. Gen. Janis L. Karpinski, Lt. Col. Jerry L. Phillabaum, Col. Thomas Pappas, and Lt. Col. Stephen L. Jordan.

So far, the only coverage noted was on Al-Jazeera TV.

Ohio Republican Shoots Down Bush's Bunker-Buster Bombs

One of the few decent provisions in the omnibus budget bill passed by the House and Senate on Nov. 27, was the removal of \$27 million in funding for a study of nuclear bunker-buster bombs. Representative David Hobson (R-Ohio), chairman of the House Energy and Water Appropriations subcommittee, removed the funding for that program from the subcommittee's bill last June, and successfully held it off in the conference committee, even though the Senate had fully funded the program. "We cannot advocate for nuclear proliferation around the globe and pursue more nuclear weapons options here at home," he had said in a speech to the National Academy of Sciences, last August.

The *Cleveland Plain Dealer* Nov. 29 called Hobson's action "a gutsy, principled stand of the sort that too few of his fellow Republicans in Congress take anymore, and the world may be a safer place for it." The *Plain Dealer* also reports that Hobson argued that the great danger is that the development of such "small" nuclear weapons almost guarantees that they will be used, if not by us, then by someone else.

Rice, Other Confirmations Held Till January

Senator Richard Lugar (R-Ind), the chairman of the Senate Foreign Relations Committee, indicated to Fox News Sunday's Chris Wallace Nov. 28, that confirmation hearings for Condoleezza Rice as Secretary of State would not likely take place until January. Asked if U.S. foreign policy were likely to change under Rice, Lugar concluded, "Well, I don't see that for the moment, but, you know, this is an evolving situation. This Administration is going to have to think through Iran ... a lot of thinking about Iraq, and certainly Ukraine and Russia."

Istook Makes Amtrak Cuts Issue of GOP Party Loyalty

Earlier this year, when the Amtrak budget was being debated, 21 Republicans broke ranks and signed a letter to House Transportation Committee chairman Ernest Istook (R-Okla), asking for a \$1.8-billion funding level. Now, buried in the pages of the omnibus spending bill just passed, these lawmakers are finding out one way the Bush Administration intends to enforce party loyalty. It has been discovered that Istook "drastically reduced, or entirely excised, the transportation earmarks that those lawmakers were expecting to receive," according to *The Hill* Nov. 24.

Several of these members were said to be "vulnerable," including "centrists" Rob Simmons (Conn) and Jim Gerlach (Pa), both of whom had just won tight races. A GOP "leadership aide" expressed shock, not at the method, but that Istook had included "the vulnerables." Reportedly, Reps. John McHugh and Sherwood Boehlert, both of New York, visited Istook's office and, "according to some accounts," McHugh came close to physical blows with Istook. Istook's office was unapologetic, saying, "last year, they had 32 members sign the letter, and this year it was only 21, so some people got the message," adding that they expect "even fewer public supporters for Amtrak funding in next year's process."

Civil Rights Groups Challenge Gonzales Nomination

A total of 30 civil rights groups, including the NAACP, Human Rights Watch, and the ACLU, have co-signed a letter to Senators Orrin Hatch (R-Utah) and Patrick Leahy (D-Vt), chairman and ranking member, respectively, of the Senate Judiciary Committee, calling for "close scrutiny" of the record of Bush's nominee for Attorney General, Alberto Gonzales. Stopping just short of opposing the nomination, the signees expressed "concern" about Gonzales' activities as White House counsel, specifically highlighting the role he played in setting the policy for Guantanamo prisoner detention and interrogation. "Changes made as a result, to long-established U.S. policy and practice, paved the way for the horrific torture at Abu Ghraib," the letter said. "We strongly urge that you engage in a searching and thorough review of Mr. Gonzales' record, his positions, and his future plans for the Justice Department." It also urged the Committee to determine whether Gonzales will continue the "troubling record of outgoing Attorney General John Ashcroft."

For his part, Leahy said he has already warned Gonzales that the subject of the 2002 memo will be raised extensively in the confirmation hearings and that he must respond to the questions. "I think it's important for his own credibility" and the credibility of the Department of Justice, he said.

Buchanan Warns Against Neo-Con War Plans for Iran

Conservative columnist and one-time Presidential candidate Pat Buchanan, in a piece posted on the antiwar.com website

Dec. 1, joined former Bush 41 National Security Advisor Brent Scowcroft and others in pointing out the insanity of a strike on Iran. "U.S. strikes would likely unite the Iranians behind the regime, and retaliation might come in the form of 'volunteers' for a Shia uprising in Iraq and attacks on U.S. interests across the Middle East," while oil prices would skyrocket, the statement said. Buchanan also notes that Iran is making big concessions to avoid such a war, and that Iran has generally welcomed the ouster of the Taliban in Afghanistan and Saddam Hussein in Iraq.

To achieve coexistence, Buchanan writes, the U.S. should: "return to Iran the billions she is owed by the U.S., end U.S. sanctions, and invite them to join the WTO." Iran should restrain Hezbollah, and cooperate on Iraq. "As for the neocons' insistence on 'regime change' in Iran," writes Buchanan, "it is a deal breaker, which is why Israel and the neocons have made it their non-negotiable demand. They don't want a deal. They want a war."

U.S. Military Recruiters Under Pressure

U.S. military recruiters are under pressure to identify some 180,000 new volunteers as casualty counts in Iraq and Afghanistan approach 1,300 dead and 10,000 wounded. A *Boston Globe* inquiry, published Nov. 29, compares recruitment tactics at two schools: working-class McDonough High School in Maryland; and upscale Langley High School in Virginia, near CIA headquarters.

At McDonough, the approach includes recruiters chaperoning dances, student ROTC classes where they lead drills from a retired sergeant major in uniform, and every prospect gets called at least six times by the Army alone, as well as receiving key chains, mugs, and military brochures in the lunchroom. At Langley, however, recruiters are required to adhere to a strict quota of visits, lining up behind dozens of college brochures.

Nearly all efforts are aimed at impending or recent high school graduates, but Kurt Gilroy, who directs recruiting policy for the Office of the Secretary of Defense, admits that the concentration is "on places most likely to maximize return on the recruiting dollar [because] the advertising and marketing research people tell us to go where the low-hanging fruit is, in other words, we fish where the fish are."

Some 15 out of 322 seniors at McDonough had enlisted by graduation, while Langley, which had no recent statistics, indicated that only three to seven out of a class of 400 signed up.

Congressman Charles Rangel (D-NY) says society places what should be a shared burden of defense only on those poor enough to be induced to risk their lives for a chance at college or a signing bonus. Those who sign up with the infantry for five years get \$12,000 in cash or a smaller bonus, as well as up to \$70,000 in college aid. Rangel argues that these youth are not "volunteers"; they need the money.

Pentagon's Office of Strategic Influence Still in Business

In 2002, the Pentagon allegedly shuttered its controversial Office of Strategic Influence (OSI), which was opened shortly after the Sept. 11 attacks, after reports that the office intended to plant false news stories in the international media. But officials say that much of OSI's mission—using information as a tool of war—has been assumed by other offices throughout the U.S. government, according to the *Los Angeles Times* of Dec. 1.

A case in point: On the evening of Oct. 14, a young Marine spokesman near Fallujah appeared on CNN, which had been alerted ahead of time, and delivered the dramatic announcement: "Troops crossed the line of departure," signalling the start of a major campaign.

In fact, the Fallujah offensive was kicked off three weeks later, and the pre-emptive announcement was meant to test the reactions of insurgents if they believed U.S. troops were entering the city. Subsequently, Pentagon officials made clear that this was anything but an isolated feint.

Bush Administration Defies Supreme Court

Despite the Supreme Court's 8-1 ruling last June, that prisoners being held at Guantanamo have the right to challenge their detention in the U.S. court system, the Pentagon and the Justice Department continue to claim that they can hold foreigners indefinitely as "enemy combatants," without giving them any access to the courts. Under aggressive questioning by Federal Judge Joyce Hens Green in a hearing Nov. 29, government lawyers claimed that they could hold foreigners indefinitely, even if they aided terrorists unintentionally, and never fought against the United States. And such detainees "have no constitutional rights enforceable in this court," the Justice Department said.

The judge asked: "If a little old lady in Switzerland writes checks to what she thinks is an orphanage in Afghanistan, but it's really supporting ... al-Qaeda, is she an enemy combatant?"

The government answered that she might be. "It would be up to the military to decide," the DOJ lawyer answered.

The DOJ and DOD are asking the court to dismiss the habeas corpus petitions brought by various Guantanamo prisoners, which have all been consolidated in the federal court in Washington, D.C.

"The Bush Administration's utter lack of respect for a ruling of the United States Supreme Court is shocking," said an official of the Center for Constitutional Rights. "How can we light the way to democracy for other countries, when our Executive Branch officials themselves flout the law?"

Ibero-American News Digest

Free-Trade Pact Threatens D.R. Rice Production

Rice production in the Dominican Republic and Central American will be devastated by the signing of CAFTA-D.R. (Central American Free Trade Agreement-D.R.) with the United States, *El Nacional* reported Nov. 28. A study produced by Oxfam International warns that millions of local producers in these countries could be wiped out, seriously threatening food security and exacerbating poverty in the region.

A similar phenomenon occurred with Haiti some years ago, when free trade wiped out local producers of rice in that desperately poor country. There are currently about 80,000 rice producers in Central America and the Dominican Republic, on whom 1.5 million jobs depend. Along with corn and beans, rice is a crucial staple in the regional diet. In the Dominican Republic, 75% of rice producers are small farmers based in poor areas, with little access to credit or technology. They would have no way of competing with rice imports that would flood the country under

LaRouche's Ideas Challenge Formalists in Cali, Colombia

On Nov. 24, more than 100 people, among them mathematics students and professors at the University of Valle, in Cali, Colombia, participated in a presentation on Gaussian mathematics and the LaRouche Youth Movement (LYM), delivered by videoteleconference by Bruce Director, a leader of the Schiller Institute and a scientific researcher associated with U.S. statesman Lyndon LaRouche.

The presentation by Director was part of a special program offered by the Second Latin American School of the History and Epistemology of Mathematics (ELHEM2) from Nov. 23-26. At the same event, Maximiliano Londono, president of the Lyndon LaRouche Association of Colombia, also delivered a speech on "Construction of Polyhedra, The Principle of Least Action and Riemannian Geometry." The Pedagogical Science Museum of the LaRouche Association was on display at the University of Valle, where a LYM squad engaged with hundreds of college professors and students.

The polemical interventions of the LaRouche epistemological current generated an intense debate, which provoked great happiness and optimism among the majority, and the outraged reaction of several "world celebrities" attending the event. Most hysterical was Marco Panza, the conference's keynote speaker. A formalist from the REHSEIS team from the University of Paris, Panza spoke on the theme: "Is a philosophy of mathematics without history possible?," while his daily workshop was on "The geometry of Euclid."

Director's presentation charged that formalists, financed by the Venetian oligarchy, have elaborated various instruments of mental enslavement which act directly against the human species. "They are fascists, just as Napoleon was, and the International Monetary Fund is now," Director insisted, while demonstrating that the real theme for discussion was the distinction between human beings and animals, a distinction that the oligarchy will not admit. Director established the "analysis situs" of the current strategic, economic, financial, political, and cultural crisis; he stressed the role of the LaRouche Youth Movement in leading the world through and beyond this crossroad, in which the financial cartel that rules the world seeks to perpetuate itself in power through the fascist policies of Bush and Cheney.

A professor from the University of Ibagué, in Tolima, took the microphone to ask Director a question on the complex domain, and to express his profound appreciation for the richness of thought that Director had presented in his address. Professors from Tulua, Palmira, and Pasto, among others, invited organizers to bring the Pedagogical Museum and LaRouche's ideas to their students back home.

Panza did not dare to take the microphone to express his disagreements with Director directly, but afterwards, spread the line that Director's presentation was "a mix of imprecision, lies, and slanders," which could not be considered "an academic presentation," since it did not meet the conventional parameters of the "logical formal deductive development of an argument," because it "arbitrarily" mixed economic, philosophical, political, scientific, and even religious issues. Appealing to his supposed "world-renowned academic authority," Panza demanded (unsuccessfully) that conference organizers expel the LaRouche organizers, because "the good faith of the ELHEM2 organizers had been assaulted," by tolerating the participation of the non-formalist current of thought led worldwide by LaRouche.

China/Bolivia Project To Industrialize Gas Production

Chinese and Bolivian businessmen have agreed on a project to build a urea plant to industrialize gas production, located in Puerto Suarez on Bolivia's border with Brazil. Urea is used in the production of fertilizers, animal feed, and some synthetics. The Chinese consortium involved in the project is Energy Press, whose members are the Litianhua Group, one of China's 500 largest companies, and Chengda. It will invest \$126 million, or 70% of the \$180 million total required, with the remaining \$54 million to come from two Bolivian firms, TumPar and Iberoamericana. Brazil's Petrobras will also be involved in selling the gas, once the project gets off the ground.

Bolivian project manager Edmundo Roca reports that financing from China's Eximbank is guaranteed, and 100 Chinese technicians are prepared to come to the country for three years, to train Bolivian personnel in all phases of the production and marketing of urea. Initially, the plant would produce 1,000 tons of urea daily, or 330,000 tons annually, for the 330 days a year the plant is open. The big hitch in the plans is the fact that Bolivia does not yet have a Hydrocarbons Law, which must define and regulate foreign companies operating in the hydrocarbons sector. And it's unclear when it will have one, given the controversy over its contents and more than one version currently circulating in the Congress.

Ex-BNDES Chief: Anti-National Elites Behind My Ouster

Carlos Lessa, the ousted president of Brazil's Economic and Social Development Bank (BNDES), accused "the elites" of having ordered his removal, noting that these elites also created "the Brazilian oligarchy," which prides itself on speaking English, is ashamed of speaking Portuguese, and wants nothing to do with the Brazilian people. In an emotional address to a crowd of friends and supporters that had gathered in front of the bank on Nov. 19, nationalist Lessa, generously, didn't blame President Lula da Silva for having removed him, or for having adopted wrong economic policies, arguing instead that Lula himself was "being fooled" by these same, anti-national elites. They, he said, are responsible for the disastrous economic policy which has produced 12 million unemployed.

Lessa, who had repeatedly attacked the monetarist Central Bank President Henrique Meirelles in public, even as head of the bank, told his supporters: "I had to become an economic historian to better learn the role of the national elites who attained independence, but kept slavery. They abolished slavery in the most miserable way possible, without agrarian reform, without public education, without worker rights." Moreover, he said, they were so successful at smashing any attempt at creating a counter-elite, that they "were capable of driving a [nationalist] President Getulio Vargas to suicide.... under the rubric of authoritarian or democrat, they use the State in the most despicable form to defend their own interests."

Some have floated the idea that Lessa could run for public office in the future.

Argentina, Vietnam Strike Nuclear Energy Agreement

Vietnamese President Tran Duc Luong and Argentine President Nestor Kirchner agreed to strengthen bilateral cooperation on a number of areas, including generation of nuclear energy for peaceful purposes, during the Vietnamese head of state's visit to the South American country following the meeting of the Forum for Asian-Pacific Economic Cooperation (APEC) held Nov. 21-22 in Santiago, Chile. Vietnam has special interest in nuclear energy, said Tran Duc Luong, given concerns that his country's hydroelectric resources will be insufficient to meet the country's development needs in the medium term.

Brazil To Decide on Completion of Third Nuke Plant

Five days after winning its fight with the IAEA over operating its uranium enrichment plant and producing its own nuclear fuel, Brazil's Minister of Mines and Energy announced that Brazil's National Energy Council will decide later this month on completing the stalled Angra III nuclear plant. Angra III, which is 30% complete, has been mothballed for more than 15 years, as Brazil's IMF-created debt and financial crises prevented the completion of the plant.

Originally part of the 1975 Brazil-West Germany nuclear agreement, which included the construction of up to eight nuclear plants, almost \$2 billion has already been spent on Angra III, and 70% of the hardware from Germany has been shipped, costing Brazil \$20 million per year to store. It is estimated that \$1.7 billion is needed to finish it.

On Nov. 29, the Brazilian government announced that it will decide this month whether to complete the Angra III reactor. The French state-run nuclear engineering company Framatome, which merged with Germany's KWU, is likely to complete the construction. Wagner Victor, energy secretary of the state of Rio de Janeiro, stated in mid-November, that financing could come in part from Brazil's National Development Bank BNDES.

Western European News Digest

London Source: Huge Derivatives Blow-Out Feared

There is a potential mega-disaster in the derivatives market, a City of London source warned, in a discussion with this news service Dec. 3. The source said that a derivatives disaster of potentially systemic dimensions cannot be ruled out.

The recent China Aviation Oil (CAO) bankruptcy in Singapore, due to derivatives losses of \$550 million, is a very serious matter, the source said. Comparisons to the Barings case (the Barings Bank collapse in February 1995 was caused by out-of-control derivatives speculation) are not an exaggeration, as we do not have a clear picture of all counterparties, do not know what the financial condition of the counterparties is, nor what their leverage position is, he worried. We do not even know what the second circle around CAO is, not to speak even of the third, fourth, etc., circles. In particular, we do not know if CAO is but a small aspect only of something much, much bigger, and that is connected to the question: Why did the oil price go down by \$5 in the past two days?

There are rumors that a really big player, much bigger than CAO, is also in serious derivatives troubles, which need not necessarily be directly connected to CAO.

There are rumors that British Petroleum, one of the biggest derivatives traders, has large derivatives contracts that have gone awry, and that it is forced to sell off large quantities of oil in order to get cash quickly. The idea that reports on U.S. oil inventory figures would depress oil prices by \$5 in two days, is ludicrous, the source said. For sure, we know that someone big is in distress and is making large distress sales.

Regarding CAO, the source noted statements by Chinese central bank deputy head Li Ruo Guo, who had mentioned two weeks ago that China has little experience with derivatives. The source said that the Chinese will now be even more cautious and careful on the issue of flexibility of the renminbi.

Tietmeyer Blamed for German Budget-Cutting Insanity

Former Deutsche Bank president Hans Tietmeyer is to blame for the introduction of the budget-cutting insanity of the 1980s, according to Albrecht Mueller, former head of the planning staff under Chancellor Helmut Schmidt, who left office in 1982. At a seminar of the Green Party's Heinrich-Boell Stiftung Nov. 27, Mueller lambasted the German obsession with budget-cutting as "insanity.... We're cutting ourselves to death."

Instead of doing what the French have been doing to a certain extent—namely, increasing public spending in some select areas to stimulate production growth and consumption—the red-green German government from the era of Chancellor Helmut Kohl, from October 1982 on, has made one budget cut after another, each making things worse.

Asked by a LaRouche representative during the discussion period, why relevant legislation from the last big crisis, that of the mid-1960s Stability Law, which would enable the government to intervene, is not being used instead of the Maastricht "Stability" pact, Mueller said the Social Democrats as well as the Greens are followers of neo-liberalism; they don't like such laws, which for them represent the Keynesian enemy of the free-market ideology. He added that Hans Tietmeyer was a key figure in the change of belief systems in Germany, during the 1980s and 1990s, and that Tietmeyer's leading position in the Initiative for a New Social Market Economy propaganda machine reflects that role.

Mueller later added that the 1996 open letter that former Chancellor Helmut Schmidt wrote, attacking Tietmeyer for repeating the mistakes of the late Weimar Republic's central bank officials, was right on the mark, as recent developments have shown. Albrecht Mueller is the author of a best-selling book, *The Reform Lie*, which attacks 40 flaws and false axioms of present budget-cutting policies. (For more on this, see "Hans Tietmeyer's 'New Social Market-Economy Initiative'—Cui

Bono?," by Elke Fimmen, in this week's InDepth.)

Former CDU Party Manager Blasts Merkel's 'Thatcherism'

In a guest column published in the German edition of the *Financial Times* Dec. 2, CDU party manager Heiner Geissler excoriated party chairwoman Angela "Anglo-Dutch" Merkel, for her heartless "Thatcherism." Geissler wrote that "protecting the dignity of man" and morality is one of the basic values of any human society that deserves the name.

Geissler added that "In England, citizens older than age 80 get no bypass operation, no artificial hip, and they are turned off from the dialysis machine. The exception is if they have enough money to finance it privately. This selection according to age and income has also advanced in Germany, and is a moral disaster.

"Poverty is increasing on a world scale: 2.6 billion human beings have less to live on, than Europeans and Americans spend for dog food. At the same time, according to the World Bank, 225 individuals have managed to accumulate private property of \$1 trillion, which is the equivalent of the annual income of 3 billion human beings—half of mankind, that is."

The principle of social market economy has been driven back by shareholder value, but it must be restored, Geissler wrote, in what should be read as a warning to the CDU national convention now underway in Duesseldorf.

German 'Job Creation Miracle' a Hoax

The German government's "job creation miracle" is a hoax. In order to distract public attention from the fact that at least 8.5 million jobs are needed in the German economy, the government presents its own statistics saying that since April 2003, more than 8 million "mini"-jobs, i.e., part-time, temporary jobs, etc., with a maximum income of 400 euros per month, have been created.

The Essen-based RWI, in a survey, found that of those 8 million "mini"-jobs, approximately 25% were citizens who had a full-time job previously, and that 60% were citizens in the category of mini-jobs before—students, housewives, retirees. Only 15% had been jobless before. That means the entire mini-job program failed (if it was intended) to re-employ the jobless.

The most negative aspect of the mini-job expansion is that more Germans work without stable social and health insurance (which one does not have to pay if one earns less than 400 euros per month), and that more Germans work at two or more jobs instead of the one full-time job they had before.

Jaguar Workers Propose Conversion to Useful Vehicles

About 2,000 workers and supporters of the luxury-class car producer Jaguar marched through the streets of Coventry, England on Nov. 28, protesting management plans to shut down most of the production there, and to fire up to 1,500 workers. Auto workers from Birmingham also took part in the protest march.

As a solution for the current sales crisis for luxury-class cars like Jaguar, workers in Coventry propose to reduce to a minimum the production of such cars, and shift to production of high-quality vehicles for common use purposes, such as firefighting cars, rescue cars for the medical sector, and care services. Workers also propose transforming the firm into a public-sector venture, run by the municipality and the state, probably also with co-ownership by the workers themselves.

Italian General Strike Brings Out Millions of Workers

A general strike mobilized several million workers for protests against the Italian government's austerity policies Nov. 30. In approximately 80 cities, workers and employees, predominantly of the transport sector, but also medical personnel, law enforcement personnel, teachers, and auto workers, took to the streets for periods between four and eight hours.

The general strike has been the culminating action of a combination of some 30 strikes, mostly nationwide, in different sectors, through the month of November.

The protest against the government is not limited just to the labor unions.

The three biggest national labor federations—UIL, CGIL, CSI—organized the Nov. 30 strike, while the industry association Confindustria signed onto an open letter of the three federations to the government.

OPEL Workers Threaten New Strikes; Belgian Medical Sector May Strike

Following several weeks of the hardline position of management in the ongoing talks on the future of 10,000 GM-Opel autoworkers jobs, the metal workers union has warned that it "will think of some kind of action," to put pressure on the management, again.

In Ruesselsheim, the main Opel site in Germany, 40,000 signatures in defense of autoworkers' jobs have been collected, as well as those of many workers and citizens who are not employed at the Opel plant. Furthermore, a solidarity committee was formed Nov. 30, involving churches and numerous other social groups, in support of the jobs.

In Belgium, government plans for budget cuts and downsizing in the medical sector have alerted labor unions in that sector, and warning strikes and other protest actions are not to be ruled out, even before Christmas, in protest against austerity plans.

Growing Scandal Threatens UK's Neo-Con Home Secretary

For days, British press have been full of accounts of scandals surrounding British Home Secretary David Blunkett, who is the key promoter of police-state "anti-terror" operations in Britain.

The scandals focus on Blunkett's relations with his married ex-lover, two of whose children he claims are his. There is also a "nanny-gate" dimension. The twist is that the ex-lover herself leaked an e-mail implicating Blunkett as having sped up a visa application for her Filipino nanny.

British Prime Minister Tony Blair has gotten into this soap opera by supporting Blunkett, but the newspapers are full of speculation that his ministerial career could be over very soon. A government review of Blunkett's conduct is now underway.

Blunkett's ex-lover Kimberly Quinn is the publisher of *The Spectator* magazine, which current cover story is "Blunkett's Police State."

What is clear is that "somebody is doing something to someone," because Blunkett is the champion of ID cards and other police-state measures which Blair is promoting as part of the "war on terror." That this scandal is coming down on

Blunkett's head right now, is certainly suggestive.

Russia and the CIS News Digest

Russian Weekly Quotes LaRouche on Dollar Crash

The Dec. 3 issue of the Russian weekly *Rodnaya Gazeta*, which is published for circulation in several cities of south and central Russia and Siberia, had a front-page headline, "The dollar is falling because the USA is bankrupt." The article was based on an interview Lyndon LaRouche gave to the paper's correspondent on Nov. 26. It included some direct quotations, along with the correspondent's own restatement of how he understood LaRouche's replies. The points that came through include: the global nature of the dollar crash; the desire of some international financiers to create a world empire and grab raw materials, especially in Russia; and the great danger created by people like Zbigniew Brzezinski meddling in the North Caucasus, and now Ukraine.

Russians See Foreign Hand in Beslan Attack

Russian investigators continue to look into the role of foreign secret services in the Sept. 1 school hostage-taking and massacre in Beslan, North Ossetia. Alexander Torshin, deputy speaker of the Federation Council (upper house of the Federal Assembly) and head of a commission investigating the tragedy, stated Nov. 27 that foreign secret services were likely involved. "So far, we have indirect evidence of such involvement," he said, "so I consider it premature to name which secret service it is. But when we have collected sufficient, convincing evidence, we will not keep this a secret." Torshin said he expected the investigation to continue at least until February.

Putin in India: No to 'Dictatorship' in World Affairs

In a written interview with *The Hindu*, published on the eve of his state visit to India, which began Dec. 2, President Vladimir Putin denounced "double standards" on terrorism. He chastised the United States for giving safe haven to Chechen separatist representative Ilyas Akhmadov, and pointed to the freedom to travel across Europe granted to Chechen separatist leader Akhmed Zakayev. "May I remind you," Putin said, "that according to UN decisions, states are obliged to verify, when providing asylum, that the person in question is not related to terrorism."

The Russian President also warned strongly about the situation in Iraq. While warmly praising President Bush, he issued a criticism of U.S. unilateralism, and described Iraq as an 'incubator' for militants. Said Putin, "I will be frank: In my talks with many foreign leaders I used to hear the following question: 'If global affairs are to be dealt with according to the Iraqi model, how can we guarantee our countries' security and sovereignty?'"

In a Dec. 3 speech at the Jawaharlal Nehru Memorial Foundation, Putin again took up the themes of his *The Hindu* interview, in even sharper language. He said that "globalization" should mean "unprecedented opportunities for economic and scientific progress, the mutual enrichment of the world's cultures, and the creation of decent conditions of human life."

"At the same time," Putin said, "it seems extremely dangerous to attempt to reshape God-created, multi-faceted, diverse modern civilization according to the barracks principles of a unipolar world. And the more insistent the authors and advocates of this idea are, the more mankind will confront dangerous imbalances in economic and social development."

Enumerating terrorism, organized crime, the narcotics trade, and WMD proliferation, Putin then continued, "Numerous regional conflicts will burst to the surface. All of these threats will grow, because ultimately they are based on political and economic injustice. And dictatorship, especially dictatorship in international affairs, does not solve and has never solved

such problems, even if that dictatorship is packaged in the pretty wrapping of pseudo-democratic phraseology; even then, it will be unable to solve systemic problems. On the contrary, it will only aggravate them."

Putin expressed "extreme concern" about the intensification of the fighting in Iraq and the possibility that elections will not be able to be held there in January.

India and Russia Cite 'Strategic Triangle'

India and Russia took the "unusual step" of referring to the "strategic triangle" Russia-India-China, in a Dec. 3 joint declaration signed during President Putin's visit. Indian Prime Minister Manmohan Singh and Putin signed the declaration, which included the statement, "The sides note with satisfaction that trilateral meetings at the Foreign Ministers' level, of India, China, and Russia, have been taking place regularly. These meetings have been useful in promoting understanding and exploring areas of possible cooperation at a trilateral and at an international level. The trilateral meetings have also reflected a strong concern against terrorism anywhere and in any form. The sides expressed their conviction in favor of a progressive increase in trilateral cooperation, which could also result in social and economic development amongst the three countries."

According to the Indian newspaper *The Pioneer*, the Prime Ministers of the three nations will meet in the first half of 2005 at Lake Baikal in Russia. Dr. Singh this week has met both Chinese Prime Minister Wen Jiabao, who will be in India in March, and Putin.

Putin also highlighted the China-India-Russia relationship in his speech at the Nehru Foundation. He explored not only the security aspects of international cooperation in Asia, but also went into North-South relations, the special role of Russia and India in relations with the Islamic world, and Eurasian infrastructure development—"major regional infrastructure projects for building pipelines, roads and railroads." In his interview with *The Hindu*, Putin said that he was "looking forward to new, major progress in Russian-Indian cooperation" in energy, oil, and natural gas projects, among others. He said Russia could help India, which imports 73% of its oil.

'Repeat Vote' Set in Ukraine

The Supreme Court of Ukraine ruled Dec. 3 that the Nov. 21 second round of Presidential elections was invalid, due to vote fraud. It set a "repeat vote" for Dec. 26. This means a repeat of the second round only, which is the option demanded by opposition candidate Victor Yushchenko, and strongly opposed by President Leonid Kuchma and Russian President Vladimir Putin, in a televised dialogue the previous day.

Kuchma flew to Moscow Dec. 2 for brief talks with Putin at the airport, before the latter's departure for India. In a lengthy opening dialogue broadcast on Russian TV, Putin put heavy emphasis on the danger of Ukraine's splitting, and talked about the extensive close interconnection of the Russian and Ukrainian populations. Kuchma made somewhat rambling and defensive remarks, during which Putin interjected to support Kuchma's vision of entirely new elections. The Russian President denounced the idea of rerunning just the second round, suggesting that such a vote might have to be held "three, four, or 25 times," until the desired result were achieved. Putin concluded by saying that Russia was ready to help mediate, but that "neither Russia, nor the EU, nor even the most authoritative international organizations" can resolve the situation, which is the Ukrainian people's to decide.

Acceleration of Ukraine 'Democracy' Propaganda by Neo-Cons, Brzezinski

Under the aegis of the New Atlantic Initiative, an operation set up in Prague in May 1996, by Margaret Thatcher, George

Shultz, Henry Kissinger, and others, an all-day seminar will be held Dec. 10 at the American Enterprise Institute in Washington, on Ukraine. Speakers include Paul Wolfowitz; Paula Dobriansky, Undersecretary of State for Global Affairs and the daughter of Lev Dobriansky, a leading Ukrainian emigre involved in the 1950s "captive nations" movement; Zbigniew Brzezinski; and Thomas Dine, the former head of the America-Israeli Political Action Committee (AIPAC), now with Radio Free Europe-Radio Liberty. The forum also includes leading Ukrainian government figures: Oleh Shamshur, Deputy Minister of Foreign Affairs, Valeri Pyatnyskyi, First Deputy Minister of Economy and European Integration, and Igor Kozii, the head of the general staff of the Ukrainian armed forces. Among the topics are "Ukraine's Economy: Converging with the European Union or with the Common Economic Space?," and "Ukraine's Armed Forces: On the Way to Join NATO?" (For complete coverage of the crisis in Ukraine, see [**"Flattened by IMF, Ukraine in Geopolitical Crosshairs,"**](#) by Rachel Douglas, in this week's InDepth.)

Southwest Asia News Digest

LaRouche Youth Movement Delegation in Yemen

Yemen Independence Day, Nov. 30, was celebrated this year with speeches by President Saleh, notables and distinguished guests, before a National Youth Congress in the capital, Sanaa. Muriel Mirak-Weissbach, an *EIR* Editorial Board member and representative of LaRouche, who had come to Yemen with a delegation of the LaRouche Youth Movement, was asked to address the congress. She sketched the fight of LaRouche and the LYM to create a new leadership, for a New Bretton Woods as the exit from the crisis, and said that LaRouche's strategy is for a dialogue of civilizations. President Saleh shook her hand and complimented her on her remarks before addressing the assembly. LaRouche's intervention is very prominently featured in the Yemen media.

Israeli Peace Pioneer Addresses Washington Event On 'Israel After Arafat'

On Dec. 3, at a well-attended event in Washington, D.C., Maxim Ghilan, the founder of the International Jewish Peace Union, and publisher of *Israel and Palestine Strategic Update*, laid out his analysis of the situation in Israel and Palestine.

First, Ghilan reiterated, as he has said in several meetings in the nation's capital, including a dialogue with *EIR*, that the intention of Ariel Sharon *is not*, nor has it ever been, to withdraw from the Gaza Strip. Instead, Sharon's view is to withdraw the settlers, and leave the army in place, even if it is technically outside the borders of Gaza, but well within striking distance to reoccupy the area.

Ghilan welcomed the candidacy of West Bank Fatah leader Marwan Barghouti to replace Yasser Arafat as President of the Palestinian Authority. Barghouti, he says, should be freed from his Israeli prison immediately. Barghouti is the one leader who has the political following and the fortitude to represent the Palestinian people. He is what Ghilan calls the Palestinian Nelson Mandela, and is the most able person to be the first President after Arafat. If Sharon is smart, he will release Barghouti, but precisely for that reason, Ghilan said, he did not expect Sharon to do it.

There are also leaders in the Palestinian camp who oppose Barghouti's release, he added, because they have been planning their own rise to power for a long time. People like Abu Mazen and Mohammed Dahlan are not acting out of malice. They just believe they have the right vision to lead a Palestinian state now that Arafat is gone. Ghilan assesses the situation in Palestine as very fragile, despite public assurances from the Palestinian Authority leadership that Palestinians are united.

Ghilan stressed that Israel is also very unstable. Sharon has two Likud "successors" breathing down his neck—ultra-rightwingers Benjamin Netanyahu and Defense Minister Shaul Mofaz, a brutal militarist. Sharon is ruling with a minority coalition—at this point, no more than 40 out of 120 members. Ghilan's assessment is that there will be a political

realignment, with both Likud and Labor splitting apart and new parties or blocs coming into being. One bloc will combine the elements of both parties who support a peace agreement and a two-state solution with the Palestinians, along with an economic program that addresses the general welfare, which is in a state of breakdown inside Israel.

The other bloc will be a new Israeli hawk party combining the anti-peace crazies who refuse to give up the Jewish settlements and who reject a Palestinian state. This bloc also supports the austerity measures that Netanyahu has been implementing as Finance Minister, which include drastic cuts in child support for single mothers with children, cuts in pensions, and throwing elderly Alzheimers patients out of institutions with no home care—what Ghilan labelled as euthanasia.

Ghilan's forecast for the immediate period is that the region is a powderkeg, and the United States must come to its senses, and stabilize the situation.

First of all, the U.S. should back a Palestinian state immediately, says Ghilan, and make it viable through steps that include the following two crucial measures: provide for a military force (UN or multinational) that enforces the border between Israel and Palestine, and secondly, convert the massive U.S. military handouts to Israel, to economic aid, that will begin to solve the Israeli economic breakdown, and also provide the basis for real peace that will inevitably have to take the form of regional projects.

Among those attending the event were U.S. foreign service officers, diplomatic personnel, and Arab and U.S. representatives of think tanks and universities.

Marwan Barghouti Is Candidate for Palestinian Presidency

Imprisoned Palestinian leader Marwan Barghouti has decided to submit papers for his candidacy for the Jan. 9 election to choose the Palestinian Authority's President and successor to Yasser Arafat.

The decision came as a surprise, because on Nov. 27, it was reported that Barghouti, the leader of the West Bank Fatah Party, the largest group in the Palestine Liberation Organization (PLO), had endorsed Mahmoud Abbas (Abu Mazen) as Fatah's candidate for President.

The papers for Barghouti's candidacy will be filed by his wife, who visited him on Dec. 1 in his Israeli jail. Palestinian officials had earlier said Barghouti was a candidate, but later, apparently under pressure, said he was not going to run.

Israeli troops arrested Barghouti in 2002, and he was sentenced to five consecutive life terms last June, after being convicted of attacks that killed five Israeli citizens. He denied involvement. So far, Israel has stonewalled all appeals to release Barghouti.

Israelis who have been involved in peace negotiations with the Palestinians for decades refer to Barghouti as the "Palestinian Mandela."

On Nov. 16, in a radio interview for Louisiana Live, former U.S. Presidential pre-candidate in 2004, Lyndon LaRouche noted that he has endorsed the release of Barghouti from prison, by the Israelis, in order to provide a Palestinian leader with whom the peace negotiations should take place. LaRouche noted that former U.S. Secretary of State James Baker III, had also called for the release of Barghouti.

FBI Searches AIPAC Offices

FBI agents conducted searches Dec. 1 in offices of the American Israel Public Affairs Committee (AIPAC), as part of an espionage investigation over suspicions that senior AIPAC officials received classified information from Pentagon analyst Larry Franklin, who worked in the office of neo-con Doug Feith, and passed the information to the government of Israel. Franklin is part of a small circle of operatives who are believed to be involved in the planning of "regime change" in Iran—an illegal covert operation being run out of the rogue intelligence organization operating within Feith's section of the Defense Department—the Office of the Under Secretary of Defense for Policy.

Beginning in December 2001, Franklin attended secret meetings in Italy, with another top neo-con, Michael Ledeen, who was working as a "consultant" to Feith's Office of Special Plans. The meetings that Franklin attended were with the notorious Iran-Contra connected criminal Monsour Ghorbanifar. Franklin is reported in major Washington newspapers, as having passed a classified draft of a Presidential finding on "regime change" in Iran to AIPAC for the Israelis.

Sources in the Washington intelligence community reported that the FBI conducted the Dec. 1 search of AIPAC with "guns drawn," and were looking for evidence of other classified documents from operatives other than Franklin, that AIPAC may have accumulated. Several AIPAC employees were reportedly given subpoenas to appear before a U.S. grand jury for questioning.

EIR Online will be publishing a major background story updating the Franklin/AIPAC investigation.

Bush Blesses Israeli Right-Wing Refusal To Leave Settlements

An important meeting occurred in the Oval Office on Nov. 11. Natan Sharansky, the former political prisoner of the Soviet Union, who is now an ultra-right Israeli Likud minister in Ariel Sharon's cabinet, was received by President Bush. Sources close to Washington's Middle East policy, say that it is worth investigating how the Sharansky visit played a role in the resignation of Secretary of State Colin Powell. The *Washington Post* indicated that the Sharansky meeting with Bush occurred after Sharansky had been meeting with Cheney's office, for some time.

The meeting with Bush was arranged through a Yale classmate of his—Tom Bernstein, who was also a co-owner with Bush of the Texas Rangers baseball team, and who raised about \$100,000 for the Bush in 2000 campaign, earning the rank of "Pioneer." Bernstein sent Bush a pre-publication copy of Sharansky's upcoming book, *The Case for Democracy*, which is being heavily promoted by the neo-cons of the American Enterprise Institute (AEI), and David Horowitz's *Front Page* magazine, which is close to Lynne Cheney.

It is the first time since issuing his "Road Map," a policy which is known worldwide to have been "dead on arrival," that Bush has openly met with an opponent of Sharon, and one who opposes the withdrawal from Gaza, or from any settlements in the West Bank.

The contents of what Bush said to the Israeli minister is being kept secret. Sharansky reportedly pushed on Bush the idea of extending "land for democracy"—not "land for peace," which was the concept used in the Oslo peace treaty. Sharansky gave a raving speech to AEI two days after meeting Bush, about how the Palestinian Authority is a dictatorship. His vague definition of "democracy" can be used to delay any negotiations with the Palestinians "forever," said an Arab source in Washington.

Sharansky, who is Minister for Jerusalem and Diaspora Affairs, has demonstrated in support of the Gaza settlers, against Sharon's plans to "tear their homes away from them," and has been featured by the neo-cons as a vehicle to bring the model used to break up the Soviet Union, to the Middle East.

Although the Bush-Sharansky meeting took place on the eve of Powell's trip to Israel, Powell was not included. Present were Andrew Card (White House Chief of Staff), Stephen Hadley (the new National Security Advisor), and Elliot Abrams. No one from the State Department was there.

Asia News Digest

WHO: Pandemic Likely if Bird Flu Spreads Among People

Dr. Shigeru Omi, the World Health Organization's Regional Director for Asian and the Pacific, said that if an H5N1 strain of influenza virus should break into a pandemic—which he said is "very, very likely"—then the death toll could reach "20 million or 50 million, or in the worst case 100 million." Previously, the WHO had said that the death toll would be from 2 to 7 million people. Dr. Omi said that, should an H5N1 pandemic strike, then governments should be prepared to close schools, office buildings, and factories, to slow the rate of new infections. They should also work out emergency staffing to prevent breakdowns in basic public services like electricity and transportation.

Dick Thompson, a spokesman for WHO, said, "WHO is trying to raise concern because we're concerned, but WHO is not trying to scare the planet." A top influenza researcher, Dr. Malik Peiris of the University of Hong Kong, said Dr. Omi's range of possible death tolls is realistic.

A 'Henry Ford Principle' for China?

A former World Bank economist with long experience in Asia reported that China is trying to implement the "Henry Ford principle." The economist, who wrote a book in 1995 warning that the "Asian tigers" were a bubble ready to burst, had read Lyndon LaRouche's memo, "The Crash of 2004-2005 Is Here," with great interest, and with some trepidation. He said that the Chinese are aware that they are damned if they do, damned if they don't, as far as dumping their dollar holdings, but are already slowing down on purchases of U.S. debt, "as a bargaining chip with the U.S." He reports that China is trying to do what Henry Ford did, by providing wages adequate for the population to buy the products they are producing—but face a daunting task with 400 million or so unemployed or underemployed workers.

On the China/ASEAN trade pact signed at the 10th Annual summit of the ASEAN countries Nov. 29-30, he is concerned that China may do (in a milder form) what the U.S. has done, using their economic clout to gain control over the region. He is studying LaRouche's New Bretton Woods proposal, but voiced concern that fixed exchange rates would require flexible wages (i.e., falling wages) in deficit countries—reportedly a "classical economic" issue regularly debated within the World Bank, as a "humanitarian" argument against fixed exchange rates.

Chinese PM Calls on U.S. To Stop Dollar Crash

Chinese Prime Minister Wen Jiabao criticized the U.S. for not taking measures to stop the dollar crash, adding that China will not revalue the yuan under speculative pressure, *Xinhua* reported Nov. 29. Wen was speaking at a press conference in Vientiane, Laos on Nov. 28 at the 10th ASEAN heads of state.

Wen responded to journalists' questions on pressure to change the yuan peg to the U.S. dollar, saying, "We have to ask a question. The U.S. dollar is depreciating and it is not managed. What is the reason for that? Shouldn't the relevant parties adopt measures?" Wen pointed out the contrast to China's policy during the Asian financial crisis in 1997-98: "China is a responsible country. In 1997, during the financial crisis, we maintained the basic stability of the yuan and made the kind of contribution that we should.

"Honestly speaking, the more speculation [about a yuan revaluation] there is in society, the more unlikely it is that the necessary measures can be undertaken. You must consider the impact on China's economy and society and also consider the impact on the region and the world.... The most important thing is that we need a stable macro-economic environment, a healthy market mechanism and a healthy financial system."

It is estimated that some \$30 billion in "hot money" has entered China in speculation that the yuan will be upvalued against the dollar.

Wen said that Chinese policymakers must have an appropriate plan to keep the yuan stable at a "reasonable and balanced" level, while allowing the exchange rate to be more flexible.

Danger of Speculation Against China's Yuan

The *Beijing Morning Post* reported Nov. 29 that financial speculators betting on a revaluation of the yuan against the dollar could pose a serious threat to the Chinese economy, although China is not vulnerable in the same way that other Asian economies were in 1997-98, due to exchange controls.

Andy Xie, chief Asia economist for Morgan Stanley in Hong Kong, told the *Beijing Morning Post* that global hedge funds that can allocate \$3-4 trillion would be likely to break down China's \$1.7 trillion economy, as these funds will rush in were there to be a yuan appreciation.

China's State Administration of Foreign Exchange reports that its foreign exchange reserves reached a record high of \$514.5 billion at the end of September, up \$111.3 billion from the beginning of 2004. Estimates are that \$20-\$50 billion of speculative money has entered China. Dr. Yin Jianfeng of the Chinese Academy of Social Sciences blames the speculative influx on inadequate supervision of the current account. This is a cause of inflation in China, since the People's Bank of China has been forced to issue more renminbi to buy foreign currency inflows.

China-India Talks at ASEAN Summit

Chinese Prime Minister Wen Jiabao told Indian Prime Minister Manmohan Singh Nov. 30, following a 40-minute meeting at the ASEAN summit in Vientiane, Laos, that his March 2005 visit to India is "the most important event on my agenda in 2005." Wen said: "I hope this will send a positive signal throughout the world.... The handshake between you and me will catch the attention of the whole world."

Wen said that positive relations between the world's two most populous countries, should be expanded in all spheres. He said that resolving the border problem "is by no means an easy task," but this should not stand in the way of expanding other relations. Already, joint trade reached close to US\$12 billion in 2004, some \$2 billion higher than had been projected.

Dr. Singh agreed with Wen, and said that the four rounds of special representative talks since the breakthrough visit of former Indian Prime Minister Vajpayee to China in June 2003, have done "useful work."

China did not raise the issue of Tibet this time, since India already acknowledged in 2003 that Tibet is part of China. When Dr. Singh asked that China would complete the process of acknowledging Sikkim as part of India, Wen said "a decision has already been taken" and "we will certainly gradually implement the decision."

China-India Group Discuss Free-Trade Agreement

The China-India Joint Study Group on trade and economic cooperation opened its third meeting in Beijing Dec. 1, to discuss the possibility of signing a Free Trade Agreement (FTA) between the two countries. The JSG is working out a five-year plan to expand China-India economic and trade ties. The Group was set up during Vajpayee's 2003 visit.

India-Southeast Asia Road Rally To Forge Links

A road rally will start in northeast India and wind through India and Southeast Asia to Singapore, to forge links and to indicate future road and rail improvements. The rally will begin in Guahati in Assam, through Mandalay in central Myanmar, Chiang Rai in northern Thailand, to Vientiane in Laos, Hue in Vietnam, and down the coast to Ho Chi Minh City, through Cambodia, and back into Bangkok, Thailand, and finally down the Kra Isthmus through Malaysia to Singapore. Portions of this road have only recently been completed for decent passage—although there is much improvement to be done, and a railroad to be built—but it demonstrates the progress since the days of war destroyed connecting routes throughout the region.

Australia Attends First ASEAN Summit; May Not Be Reinvited

Australia attended its first ASEAN summit, in Vientiane, Laos, but is refusing to give up its defense of preemptive war. Malaysia's former Prime Minister, Dr. Mahathir bin Mohamad, historically led opposition to Australia's attendance at ASEAN meetings, but with Mahathir gone, the ASEAN leaders agreed to invite Australia and New Zealand, for this year's event. But it is not permanent, and it is not clear if they will be invited back. Indonesia, in particular, is not keen on making it permanent.

It is thus significant that ASEAN's request for Australia to sign the ASEAN Treaty of Amity and Cooperation, which Russia and Korea signed at the summit, and which India and Pakistan have also signed, has been rejected by Prime Minister John Howard. ASEAN leaders remember that only months ago, Howard talked about the right to invade Indonesia or the Philippines preemptively if he perceived Australia to be at risk. Indonesia's Foreign Ministry spokesman Marty Natalegawa said that the best way for Australia to "dispel fears of its intentions" was to sign the treaty. Thus far, Howard is maintaining his Cheney imitation and standing tough—but nemesis is already at hand....

General Abizaid in Islamabad for Talks

CENTCOM Chief U.S. Gen. John Abizaid arrived in Islamabad, Pakistan for a two-day visit on Dec. 1. Media reports indicate that the visit is part of maintaining regular contact that began with the events of 9/11. Pakistan is an important ally in America's stated war on terrorism.

But intelligence reports indicate that Abizaid is following up on the previous trip to Pakistan by outgoing Deputy Secretary of State Richard Armitage. As *EIR* reported after the Armitage visit, Washington and Islamabad had come to the conclusion that the Kashmir issue and the Israel-Palestine issue are to be considered Islam-related issues, whereas other conflicts which involve Islamic nations, such as Iraq and Afghanistan, are to be considered terrorist-related conflicts. The objective of getting Pakistan to agree to this concept was to clear the ground for Pakistani troops to go to Iraq in time for the planned January elections.

Washington is aware that the Iraq situation calls for more troops on the ground. The preferred troops are Muslim troops and non-Arabs. Pakistan, among a few other nations, meet these criteria very well.

U.S. Building Military Base Near Iran Border

The U.S. is building a military base near Iran's border, according to the Lahore-based English-language *Daily Times*, which reports that the U.S.-led coalition forces are sketching and surveying 300 hectares of land in the Ghorian district of Herat province in Afghanistan, just 45 kilometers from the Iranian border. The *Daily Times* says the Combined Forces' Command in Kabul confirmed that it is indeed building the base, but strongly rejected that it would only be for coalition forces. According to the military commentators quoted, the area is suitable for an air base.

The building of the base so close to the Iranian border by the U.S.-led coalition forces, is of particular significance, since it is taking place at a time when tensions between the United States and Iran are running high. Last month, soon after Afghani President Hamid Karzai won the Presidential election, Herat Governor Ismail Khan was deposed. Ismail Khan is a very powerful warlord and is also very close to Iran. It seems the removal of Ismail Khan became necessary in light of building the base. "Creation of a base in a place completely dominating Iranian airspace could provoke an argument from Iran," said Gen. Nader Azemi, a commander of the Afghan national Army in Herat.

Africa News Digest

Rwanda Invades Eastern Congo Again in New Aggression

Rwanda has again invaded eastern Congo, according to multiple reports. Congolese cabinet minister Mbusa Nyamwisi, from the northeastern city of Beni, reported Nov. 30 that, "We are being attacked by the Rwandan troops." A Western diplomat wishing anonymity told Associated Press Nov. 29 that "it is certain" that thousands of Rwandan troops had crossed into Congo, citing reports to his embassy from its workers, from aid groups, and others. A park ranger at Virunga National Park, who saw 400 Rwandan troops cross into the park Nov. 28, told AP that the well-armed troops appeared to be headed north, toward remote volcanic mountains north of Goma.

According to the Secretary General of the Rally for Congolese Democracy-Liberation Movement (RCD-ML) party, Jean-Louis Kyaviro, reporting from Beni Nov. 30, two brigades of the Rwandan Army entered Congo "several days ago" in the area of Rutshuru and Lubero (North Kivu). "The Rwandan soldiers burned some huts on Sunday," Nov. 28, in nearby villages, and the bodies of 60 villagers have been recovered, he said, according to AFP Nov. 30.

Rwandan President Paul Kagame, the week before, had threatened to invade, complaining of attacks by groups of Rwandan troops of the government he overthrew, operating from Congo. UN Security Council envoys Nov. 25 attempted to talk him out of it, but Kagame boasted that the invasion "will not take long, or may even be occurring now."

Ugandan Defense Minister Amama Mbabazi told AFP Nov. 30 that there are indeed elements ready to attack Rwanda from eastern Congo, but pointed out, after a meeting in Washington, that Rwanda, Uganda, and Congo had signed an agreement for security cooperation, working through a joint Commission for Defense and Security, in October. "We understand the threat to Rwanda," he said, "because we are also threatened by these developments in Congo, but we must attempt to use these mechanisms as far as possible, before seeking other solutions."

Congo's President Joseph Kabila announced Nov. 29 that he would send 10,000 more troops to North Kivu Province within two weeks.

There are "20,000 Rwandan soldiers and some 20 tanks positioned along Rwanda's border with Congo" from Bukavu to Kamanyola (about 30 km apart) the Kinshasa daily *La Référence Plus* reported Nov. 30, citing "a generally well informed source in the security service in Bukavu."

Thousands of people are reported to be fleeing their homes, the UN Office for the Coordination of Humanitarian affairs

says, according to BBC Nov. 30. Bukavu residents are reportedly gathering rocks to fight off the Rwandans.

The real reason for Kagame's invasion is that Kabila is moving steadily to regain control of North and South Kivu, and kick out illegal mining operations run from Rwanda that are flying out ores by the planeload. Kagame has used the revenue from these operations to maintain his well-equipped army. Two Belgian dailies, *Le Soir* and *La Libre Belgique*, revealed Nov. 29 that Kabila intends to recall to Kinshasa the governor of North Kivu, Eugene Serufuli, and the military commander of the 8th military region, Gen. Obedi Ruibasira, because they were "facilitating the infiltration of the Rwandan army into the Congo and the plundering of its resources." Both papers say that Kagame "is furious" and intends to "make that part of the country unruly so that Kabila would not move the two Rwandan accomplices." The Belgian papers are quoted by the Congolese daily, *Le Phare*, Nov. 30.

Kabila, through Vice President Bemba, also announced Nov. 1 the spending of \$27.5 million to rebuild the infrastructure of North Kivu's capital, Goma, and repair the Kisangani-Beni road, thereby improving local confidence in the central government.

Ambassadors in Kinshasa Denounce Rwandan Aggression, U.S. Sends Envoy

The International Committee to Accompany the Transition (CIAT)—a kind of Congo users' group of foreign ambassadors in Kinshasa, the Congolese capital—denounced as "aggression" Rwanda's latest invasion of Congo, after meeting in extraordinary session Dec. 1, AFP reported.

The U.S. State Department expressed "profound concern" over reports of an invasion Dec. 3. Deputy Assistant Secretary of State for Africa Donald Yamamoto was to arrive in Kinshasa Dec. 4 and go on to Kigali, the capital of Rwanda, from there.

A British Foreign Office spokesman said the British government is "very concerned over the news that Rwanda is contemplating an incursion" in Congo, and that Secretary of State for International Development Hilary Benn has spoken with Kagame. "Any military incursion ... could have serious repercussions for all implicated parties," he said. Britain and the U.S. are so far making no statements saying that Rwanda has actually invaded Congo.

Obasanjo has 'Wonderful Meeting' with Bush on African Oil

Nigerian President Olusegun Obasanjo met with President George Bush in the Oval Office Dec. 2, and called it a "wonderful meeting." Obasanjo said they had, in the paraphrase of a State Department news release Dec. 2, "discussed ways of enhancing the flow of resources and assistance to Africa, as well as increasing the availability, security, and stability of oil exports from the Gulf of Guinea."

On other matters, Obasanjo said, "Nigeria is leading in the area of solving the problems of ... Ivory Coast, Liberia, Sudan. And we are satisfied. And we are keeping the U.S. government briefed. And we are getting support from the U.S. government.... We are working together."

Before the meeting, Bush thanked Obasanjo for Nigeria's contributions to the peacekeeping forces of the African Union.

Obasanjo was scheduled to meet later with U.S. Secretary of State Colin Powell.

In a CNN interview a few hours after meeting with Bush, Obasanjo was asked whether he agreed with the U.S. government's assertion of genocide in Sudan. He replied, "Now, what I know of Sudan, it does not fit in all respects to that definition.... The government of Sudan can be condemned, but it's not ... genocide." "The real issue of Darfur," he said, "is

governance. It is a political problem which mushroomed into a military [one] when the rebels took up arms."

Chirac Meets with Al-Bashir at Francophone Summit

French President Jacques Chirac met with Sudanese President Omar Al-Bashir on the sidelines of the Francophone summit in Ouagadougou, Burkina Faso, Nov. 26. Sudanese Foreign Minister Mustafa Osman Isma'il told SUNA that Bashir reiterated Sudan's commitment to a negotiated peace with the South and in Darfur. Chirac, he said, affirmed that France will play an important role in the rebuilding and development of Sudan and the removal of Sudan's debts. Isma'il said France has confirmed its support for Sudan's application for observer member status of the International Organization of Francophone Countries (OIF). Bashir invited Chirac to visit Sudan.

Chirac Behind Call To Implement Ivorian Peace Accords at Francophone Summit, but Gbagbo Intransigent

French President Jacques Chirac mobilized the tenth Francophone summit in Ouagadougou, Burkina Faso, around strengthening the peace process in Côte d'Ivoire (Ivory Coast), according to Agence France Presse Nov. 27. Chirac himself delivered what he called a "firm and friendly" message to the contending Ivorian parties. The summit adopted a resolution Nov. 27 that said the accords of "Marcoussis and Accra III are the sole path for lasting reconciliation in Côte d'Ivoire," and the Francophone leaders "demand their strict application." (The accords would almost certainly put the Northern forces in power.) Côte d'Ivoire became the main focus of speeches at the Nov. 26-27 summit, which drew about 40 heads of state and government, 27 of them African.

Côte d'Ivoire's President Laurent Gbagbo is not cooperating, however. He boycotted the summit and sent a minister, who brought boxes of an anti-French pamphlet titled, "France's War in Côte d'Ivoire." When the Burkinabe police sought to confiscate them, he went home in a huff. Earlier, Gbagbo replaced his moderate Army Chief of Staff with Col. Philippe Mangou, who supervised the attack on Bouaké that broke 18 months of truce.

No one speaks of the IMF as the source of the conflict.

Sudan: Garang Quiets Militantly Secessionist Faction

Reports of a split between John Garang, chairman of the Sudan People's Liberation Movement (SPLM), and deputy chairman Salva Kiir, who is also Chief of the Staff of the Army, the SPLA, emerged after the middle of November. Kiir has been characterized as a southern secessionist averse to even a temporary union with the North.

In a press conference in Nairobi, Kenya, Dec. 2, Garang said that disquiet within the movement and the army—he referred to "a political virus"—had been resolved at the three-day meeting of 200 delegates in Rumbek, southern Sudan, that ended Dec. 1. He said that all SPLA soldiers "without exception" would be given jobs under the new dispensation after agreement with the government of Sudan. With Sudan in the grip of IMF policies, Garang is likely to find that he cannot keep this promise, and the secession of the South will follow.

An article on the SPLM/A's website, "Rally in Rumbek," says the conference voted "to pursue and sign the final peace agreement by the end of December 2004." Accompanying pictures, dated Dec. 1, show Garang and Kiir smiling, next to each other in the leadership line-up, in which all hands are joined and raised. Reports follow.

'Southern Source' Claims Kiir May Replace Garang

"Differences between SPLA/M Chairman Dr. John Garang and his deputy, Salva Kiir, have now escalated beyond the point

of no return," the London-based daily *Asharq al-Awsat* reported Nov. 23. Kiir is reportedly much more committed to southern secession, while Garang is said to dream of ruling a united "New Sudan." Garang denied the existence of any dispute within the SPLA Nov. 21, "however, a southern Sudanese source told *Asharq al-Awsat* that Salva Kiir is 'preparing shortly ... to declare the removal of Dr. Garang from the leadership of the SPLA/M, this coming after Salva Kiir had apparently gained the support of the majority of the commanders and soldiers, and also of the political base,' " according to the daily.

SPLA Source Confirms Factional Struggle

SPLA leader John Garang and more than 100 field commanders began meeting in the southern town of Rumbek Nov. 28, according to an AFP wire that includes this:

"One senior SPLM/A delegate, who did not want to be named, told AFP that the Rumbek meeting, which is due to close Dec. 1, will also address growing divisions in the movement.

"'There has been a growing dissent from the Kiir team,' one rebel official, who declined to be named, said in reference to SPLM/A deputy leader Salva Kiir.

" 'It appears they are not happy with the way Garang is pursuing the peace talks and, of course, the Garang team is fighting back,' the official added."

Sudan's Ruling Party Expresses Support for Garang

The Leadership Office of the ruling National Congress (NC) party, with President Omar al-Bashir presiding, "underlined the keenness of the NC on the unity of the SPLM led by John Garang," because it wishes to complete the peace process, the Sudan News Agency (SUNA) reported Nov. 29. NC Secretary General Ibrahim Omar told the press that the NC supported Garang unanimously, Deutsche Presse Agentur reported.

High-level talks between Garang and First Vice President Ali Osman Taha are to begin Dec. 6 in Kenya.

This Week in History

December 6-12, 1863

President Lincoln Reports to Congress — On the State of the Union

On Dec. 8, 1863, President Abraham Lincoln sent to Congress both his Annual Message, and an appended Proclamation of Amnesty and Reconstruction. Coming as it did in the midst of a raging battle for the Union, the message was remarkable for the breadth of the domestic and foreign issues which it discussed. As Lincoln's secretary John Hay had written in August of that year, "The Tycoon is in fine whack. I have rarely seen him more serene and busy. He is managing this war, the draft, foreign relations, and planning a reconstruction of the Union, all at once...."

After citing the "improved condition of our national affairs," Lincoln's first focus in his Congressional message was the very important statement that, "We remain in peace and friendship with foreign powers." The fact that the European powers, especially Great Britain and France, were supporting the Confederacy and providing it with war materiel was well

known. The Confederates themselves, and many of their radical Republican ideological allies, pushed any situation which could embroil the Union in controversies with Britain, hoping that the Union would have to fight two wars simultaneously. But, as Lincoln wisely said, when faced with almost intolerable incitements to resort to military measures, "One war at a time."

The possibility of foreign interference at the end of 1863 had lessened, however, partly due to the Emancipation Proclamation, and partly to Union victories. As Lincoln said in his message: "The efforts of disloyal citizens of the United States to involve us in foreign wars, to aid an inexcusable insurrection, have been unavailing. Her Britannic Majesty's government, as was justly expected, have exercised their authority to prevent the departure of new hostile expeditions from British ports. The Emperor of France has, by a like proceeding, promptly vindicated the neutrality which he proclaimed at the beginning of the contest."

What Lincoln diplomatically did not say, was that in early September, two ramming ships destined for the Confederate Navy were nearing completion at Birkenhead, Britain. Many such ships had been built already at Liverpool and other ports and had crossed the Atlantic to make up the bulk of the Confederate navy. This time, however, after the Union victories at Gettysburg and Vicksburg, Charles Francis Adams, the U.S. Minister to Great Britain, informed British Foreign Minister Lord Russell, that if the ships at Birkenhead were allowed to sail, "it would be superfluous for me to point out to your Lordship that this is war." The ships did not sail.

As for Napoleon III of France, he had withdrawn from more overt support of the Confederacy, but he would, in the coming year, install Duke Maximilian of Austria as Emperor of Mexico on the southern flank of the United States. But any plans that France and Great Britain were hatching to engage in open war with the Union were quickly put aside when the Czar of Russia sent both his Atlantic and Pacific fleets for a goodwill visit to the United States in the late fall, thus sending an unmistakable message that Russia would not allow any interference by the European powers. On Dec. 19, soon after Lincoln had sent his message to Congress, seamen from the Russian Atlantic Squadron were received by the President at an afternoon reception at the White House.

In the same message, Lincoln stated that "Satisfactory arrangements have been made with the Emperor of Russia, which, it is believed, will result in effecting a continuous line of telegraph through that empire from our Pacific coast. I recommend to your favorable consideration the subject of an international telegraph across the Atlantic ocean; and also of a telegraph between this capital and the national forts along the Atlantic seaboard and the Gulf of Mexico." President Lincoln had a very strong dedication to the development of science and technology, and took every occasion to support inventors whose work might help the nation. He himself in his earlier days had designed a river boat with "buoyant chambers" and "sliding spars." And in 1863, while travelling to confer with General Hooker, Lincoln wrote down his idea for the design of a fast, strong "steam-ram" which could guard a harbor, "as a Bull-dog guards his master's door." Joseph Henry, the nation's leading scientist and head of the Smithsonian Institution, said that "the most far-seeing head in this land is on the shoulders of that awkward rail-splitter from Illinois."

In another part of his message to Congress, Lincoln dealt with the slave trade: "The supplemental treaty between the United States and Great Britain for the suppression of the African slave trade, made on the 17th day of February last, has been duly ratified, and carried into execution. It is believed that, so far as American ports and American citizens are concerned, that inhuman and odious traffic has been brought to an end." On Jan. 1 of 1863, Lincoln had signed the final version of the Emancipation Proclamation. He told Secretary of State William Seward that, "If my name ever goes into history it will be for this act, and my whole soul is in it."

The Proclamation freed only slaves in the territory controlled by the Confederacy, but it also stated that Negroes "will be received into the armed services of the United States." During that year, Lincoln promoted the recruitment of black troops, and when the Confederates declared that captured Northern black soldiers would be put to death, the President issued a warning on July 30 that "the government of the United States will give the same protection to all its soldiers."

Lincoln's American System economic policy was highlighted by his annual report's section on the disposition of public lands, which demonstrated the President's grasp of what constitutes real economic value. "It has long been a cherished opinion of some of our wisest statesmen that the people of the United States had a higher and more enduring interest in the early settlement and substantial cultivation of the public lands than in the amount of direct revenue to be derived from the sale of them. This opinion has had a controlling influence in shaping legislation upon the subject of our national domain. I may cite, as evidence of this, the liberal measures adopted in reference to actual settlers; the grant to the States of the overflowed lands within their limits in order to their being reclaimed and rendered fit for cultivation; the grants to railway companies of alternate sections of land upon the contemplated lines of their roads which, when completed, will so largely multiply the facilities for reaching our distant possessions. This policy has received its most signal and beneficent illustration in the recent enactment granting homesteads to actual settlers."

In the Proclamation of Amnesty and Reconstruction which Lincoln appended to his report to Congress, he proposed to grant full pardons to people taking part in the rebellion, excepting civil or diplomatic officers of the Confederate government, military, or naval officers above a certain rank, all who left the U.S. government or service to aid the rebellion, or those who "engaged in any way in treating colored persons or white persons ... otherwise than lawfully as prisoners of war." Those who wished to return to being citizens of the United States had only to swear an oath of loyalty to the Constitution, and swear to support the Emancipation Proclamation and all acts of Congress dealing with slaves.

The President further declared that "whenever, in any of the States of Arkansas, Texas, Louisiana, Mississippi, Tennessee, Alabama, Georgia, Florida, South Carolina, and North Carolina, a number of persons, not less than one-tenth in number of the votes cast in such State at the Presidential election" of 1860, re-establish a democratic government, that government "shall be recognized as the true government of the State" and would receive Federal protection against invasion and against domestic violence. John Hay declared that "I never have seen such an effect produced by a public document. Men acted as if the millennium had come.... Lovejoy ... said it was glorious. 'I shall live,' he said, 'to see slavery ended in America....'"

However, the Radical Republicans were not pleased by Lincoln's intention to bring the Southern states back into the Union as quickly as possible, as long as their citizens agreed to support the Constitution and the Emancipation Proclamation. The radicals, and newspaperman Horace Greeley in particular, did everything they could to defeat Lincoln's renomination in 1864, fortunately to no avail. But Lincoln felt the ferocity of his supposed allies' attacks: "To be wounded in the house of one's friends," said Lincoln, "is perhaps the most grievous affliction that can befall a man."

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