

EIR

Executive Intelligence Review

December 14, 2001 Vol. 28 No. 48 www.larouche.com \$10.00

White House Must Stop Making Excuses For Sharon
LaRouche Campaign Defeated Enron, To Stop Deregulation
Adult Stem Cells: The Real Promise For Therapy

**To Stop Terrorism, Stop
These Drug-Money Launderers**



LA ROUCHE

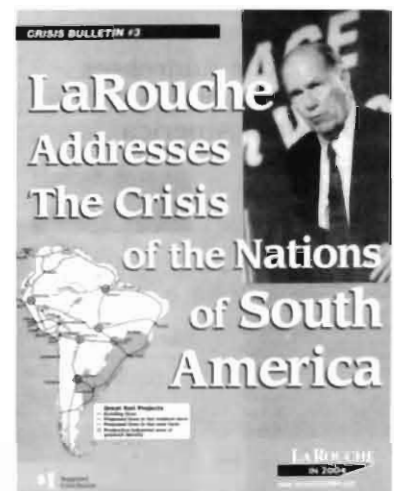
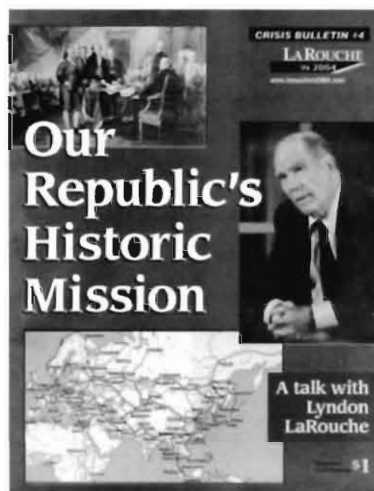
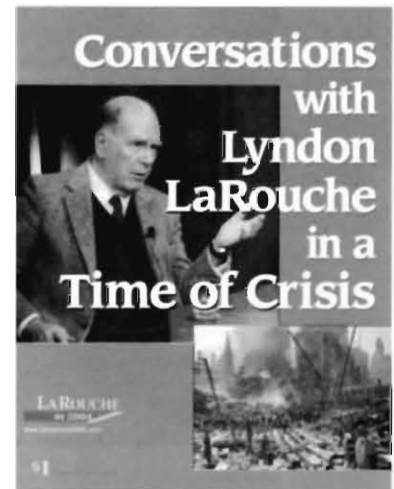
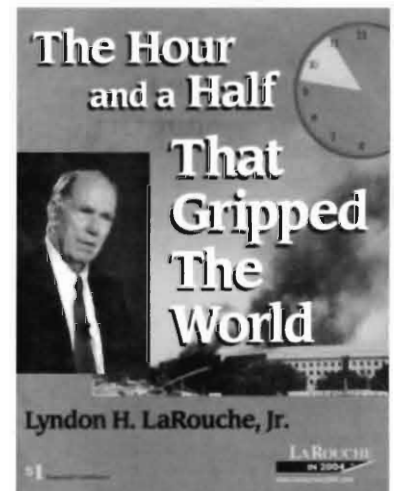
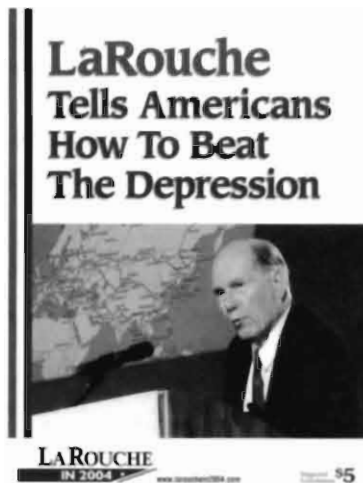
IN 2004 ★

www.larouchein2004.com

In the Midst of This National Crisis

Read and circulate these Crisis
Bulletins put out by Lyndon
LaRouche's Presidential
campaign committee

- ★ ***LaRouche Tells Americans How To Beat the Depression***
- ★ ***Crisis Bulletin 1. The Hour and a Half That Grippped the World***
- ★ ***Crisis Bulletin 2. Conversations with Lyndon LaRouche in a Time of Crisis***
- ★ ***Crisis Bulletin 3. LaRouche Addresses the Crisis of the Nations of South America***
- ★ ***Crisis Bulletin 4. Our Republic's Historic Mission***



Suggested contribution:

\$1 per pamphlet

Call toll free:

1-800-929-7566

WRITE:

LaRouche in 2004

P.O. Box 730 Leesburg, VA 20178

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editorial Board: *Lyndon H. LaRouche, Jr., Muriel Mirak-Weissbach, Antony Papert, Gerald Rose, Dennis Small, Edward Spannaus, Nancy Spannaus, Jeffrey Steinberg, William Wertz*
Editor: *Paul Gallagher*

Associate Editors: *Ronald Kokinda, Susan Welsh*
Managing Editor: *John Sigerson*
Science Editor: *Marjorie Mazel Hecht*
Special Projects: *Mark Burdman*
Book Editor: *Katherine Notley*
Photo Editor: *Stuart Lewis*
Circulation Manager: *Stanley Ezrol*

INTELLIGENCE DIRECTORS:

Counterintelligence: *Jeffrey Steinberg, Michele Steinberg*

Economics: *Marcia Merry Baker, Lothar Komp*

History: *Anton Chaitkin*

Ibero-America: *Dennis Small*

Law: *Edward Spannaus*

Russia and Eastern Europe:

Rachel Douglas

United States: *Debra Freeman, Suzanne Rose*

INTERNATIONAL BUREAUS:

Bogotá: *Javier Almaro*

Berlin: *Rainer Apel*

Buenos Aires: *Gerardo Terán*

Caracas: *David Ramonet*

Copenhagen: *Poul Rasmussen*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Melbourne: *Robert Barwick*

Mexico City: *Marivilia Carrasco, Rubén Cota Meza*

Milan: *Leonardo Servadio*

New Delhi: *Susan Maitra*

Paris: *Christine Bierre*

Rio de Janeiro: *Silvia Palacios*

Stockholm: *Michael Ericson*

United Nations, N.Y.C.: *Leni Rubinstein*

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July and the last week of December, by EIR News Service Inc., 317 Pennsylvania Ave., S.E., 3rd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451, or toll-free, 888-EIR-3258.

*World Wide Web site: <http://www.larouchepub.com>
e-mail: eirns@larouchepub.com*

European Headquarters: Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, D-65013 Wiesbaden, Bahnstrasse 9-A, D-65205, Wiesbaden, Federal Republic of Germany
Tel: 49-611-73650. Homepage: <http://www.eirma.com>
E-mail: eirma@eirma.com Executive Directors: Anno Hellenbroich, Michael Liebig

In Denmark: EIR, Post Box 2613, 2100 Copenhagen ØE, Tel. 35-43 60 40

In Mexico: EIR, Serapio Rendón No. 70 Int. 28, Col. San Rafael, Del. Cuauhtémoc. México, DF 06470. Tels: 55-66-0963, 55-46-2597, 55-46-0931, 55-46-0933 y 55-46-2400.

Japan subscription sales: O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 3208-7821.

Copyright © 2001 EIR News Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited. Periodicals postage paid at Washington D.C., and at an additional mailing offices.

Domestic subscriptions: 3 months—\$125, 6 months—\$225, 1 year—\$396, Single issue—\$10

Postmaster: Send all address changes to *EIR*, P.O. Box 17390, Washington, D.C. 20041-0390.

From the Associate Editor

As we go to press, the international recognition has never been greater, that Lyndon LaRouche has been right in his analysis of the crisis the world faces and what must be done about it:

- During the first week of December, LaRouche and his wife Helga visited India, where they were received by President K.R. Narayanan, and met with representatives of many national institutions.

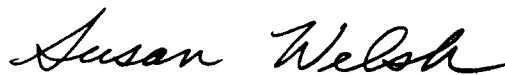
- On Dec. 7, the famous La Scala Theater in Milan ended the celebration of the Verdi Year (the 100th anniversary of the death of the great composer), with a performance of the opera *Otello* at the “Verdi tuning” of A=436, instead of the nowadays fashionable A=442. This is a victory for LaRouche and the Schiller Institute, who have insisted on the scientific and cultural importance of this tuning — against the Romantic “music mafia” and those who capitulate to it.

- Also in Italy, the renowned former prosecutor Ferdinando Imposimato, who investigated the assassination of Aldo Moro and the assassination attempt against the Pope, invoked LaRouche’s analysis of the Sept. 11 events, in a speech at Rome University. “To ignore what *EIR* has reported, which is facts, would be absurd,” he said.

We’ll have coverage of these late-breaking events in future issues. This week, we highlight two areas in which, once again, LaRouche was right.

First, is the war on drugs and terrorism. LaRouche’s 2004 Presidential campaign will soon release a special report, titled “To Stop Terrorism, Shut Down Dope, Inc.” We publish LaRouche’s preface to that report, and an article by Jeffrey Steinberg showing that world illegal drug production now exceeds \$600 billion per year — and that, finally, some government agencies are beginning to understand what LaRouche has been telling them: that the only way to fight a war on drugs, is to go after the “legal” financial superstructure that launders the money for the drug mafias.

Second, the collapse of Enron cannot be understood except as a result of the chain-reaction of events set off by LaRouche’s call for *re-regulation* of the energy industry, this time last year. Enron’s demise is a harbinger of what is at hand for the economy as a whole, if LaRouche’s solutions are not implemented — fast.



EIR Contents

Cover This Week

A money-laundering meeting between New York Stock Exchange President Richard Grasso and the narco-terrorist Revolutionary Armed Forces of Colombia, in the jungles of Colombia.



26 To Stop Terrorism, Shut Down Dope, Inc.

Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr. pinpoints the necessity of shutting down money-laundering, if the war on terrorism is to be won. This is a preface for a special report his campaign committee will be issuing in mid-December, titled “To Stop Terrorism, Shut Down Dope, Inc.”

26 Dope, Inc. Is \$600 Billion And Growing

Photo and graphics credits: Cover, page 27, ANCOL/Fernando Ruiz. Page 6, EIRNS/Joe Jennings. Pages 7, 8, 17, 21 (map), 29, EIRNS. Page 12, World Health Organization. Page 14, ASEAN website; East Asia Vision Group. Page 22, EIRNS/Javier Almario. Pages 23, 55, EIRNS/Stuart Lewis. Page 33, DoD photo by R.D. Ward. Page 35, Government of Israel Press Office. Page 42, EIRNS/Christopher Lewis. Page 45, Bundesbildstelle. Pages 49, 50, 52, 59, www.arttoday.com. Page 61, Stan Barouh. Page 68, NIH website.

Economics

4 LaRouche Campaign Defeated Enron, To Win Re-Regulation

With the deflationary collapse of energy-gambling giant Enron Corp., battle lines are clearly drawn between continued energy and industry deregulation, and economic recovery of the United States.

9 Argentina: ‘A People Cannot Die To Pay The Debt’

11 Doha WTO Meet: A Few Gains, But More Worries For Developing Nations

13 East Asian Community Plan Requires A Broader, ‘Eurasian,’ Conception

16 Japan: IMF’s Shock Therapy ‘Just Not Functioning’

18 Taiwan Is At Economic, Political Crossroad

20 Campo Grande Conference Advances Brazilian-Argentine Integration

24 Business Briefs

International

32 **Bush Cannot Make Excuses For Sharon's Suicidal War**

Lyndon LaRouche is warning that the Bush Administration must not make any excuses for what Israeli Prime Minister Ariel Sharon is doing in attacking Palestinians. "Sharon and the IDF are determined to kill Arafat and to destroy the Palestinian Authority. We will not tolerate this," said LaRouche.

34 **Leading Saudi Daily Covers EIR vs. Kissinger**

34 **Lebanon Legacy: Sharon Is Out To Murder Arafat**

37 **The Other Crimes Of Ariel Sharon**

39 **Egyptian Minister Lauds Powell Speech, Warns Against Clash Of Civilizations**

41 **We Must Win The War Vs. The Coup Plotters**

An interview with Tatyana Koryagina.

44 **Afghanistan Factions To Form New Government**

46 **Frictions Weaken German Government**

47 **International Intelligence**

Dialogue Of Civilizations

48 **Raymond Llull: A Great Voice In The Dialogue Of Religions**

The year 2001 has been designated by the UN as the Year of the Dialogue Among Civilizations; in this same year, forces of the geopolitical school, have redoubled their efforts to launch generalized warfare, in the form of religious war. The work of Raymond Llull, the 13th-Century Catalan Christian thinker, is an important antidote to such warfare.

58 **Plato's Ghost As A Scapegoat For The 'War Of Civilizations'**

60 **The Parable Of Rings Of 'Nathan The Wise'**

Interviews

41 **Tatyana Koryagina**

Professor Koryagina, an Academician of the Russian Academy of Natural Sciences, is Senior Scientist of the Institute for Macroeconomic Research at the Ministry of Economics and Trade Development of the Russian Federation.

Departments

72 **Editorial**

The Hope Of Great Music Reawakened.

National

62 **Backlash Even In Government To Ashcroft Emergency Decrees**

Senators, especially Democrats, who refused to block Ashcroft's confirmation, are now beginning to realize what a Frankenstein's monster they have unleashed.

64 **DOJ's Tribunal Plan Draws Military Fire**

65 **Philadelphia: Fight vs. Edison School Takeover Gets Victories**

66 **FDR's First Hundred Days vs. Today's Fraudulent 'Economic Stimulus'**

68 **Adult Stem Cells Are Therapy's Real Future**

69 **Is The 'First Human Clone' A Hoax?**

70 **Congressional Closeup**

Correction: In our Nov. 30 issue, the author of the lead article in *National* was Lynne Speed.

LaRouche Campaign Defeated Enron, To Win Re-Regulation

by John Hoefle

With the deflationary collapse of energy-gambling giant Enron Corp., battle lines are clearly drawn between continued energy and industry deregulation, and economic recovery of the United States.

On the sane side are the forces led by Lyndon LaRouche, who has been proven right in his policy statements against the disaster of deregulation, while on the insane side are the deregulation addicts, still including leading Democrats, who blindly insist that we must jump off the deregulation cliff, rather than merely careen down its slippery slope.

LaRouche's mobilization for a national solution to the "California crisis"—organized around his Presidential campaign pamphlet issued in February 2001—set off the national policy-impulse toward *re-regulation* which led to the current collapse of Enron (see "The LaRouche Factor In Enron's Demise," *EIR*, Dec. 7, 2001).

So the sinking of the pirate-ship Enron punctuates an obvious point, if the economy is not to drown completely. LaRouche's recovery policies, and his leadership as a whole, should now be backed, by those other leading figures who've been clearly deluded or misled about the causes of the economic collapse, including deregulation.

Yet, Senate Majority Leader Tom Daschle (D-S.D.) and Senate Energy and Natural Resources Committee Chairman Jeff Bingaman (D-N.M.) are at this moment pushing Federal legislation for *further energy deregulation*. Senator Daschle in particular will be of worse than no use to a U.S. economic recovery, until he publicly acknowledges his mistakes—as Rep. Maxine Waters (D-Calif.) has done—in opposing LaRouche's fight for the general welfare in both public health and industrial policy.

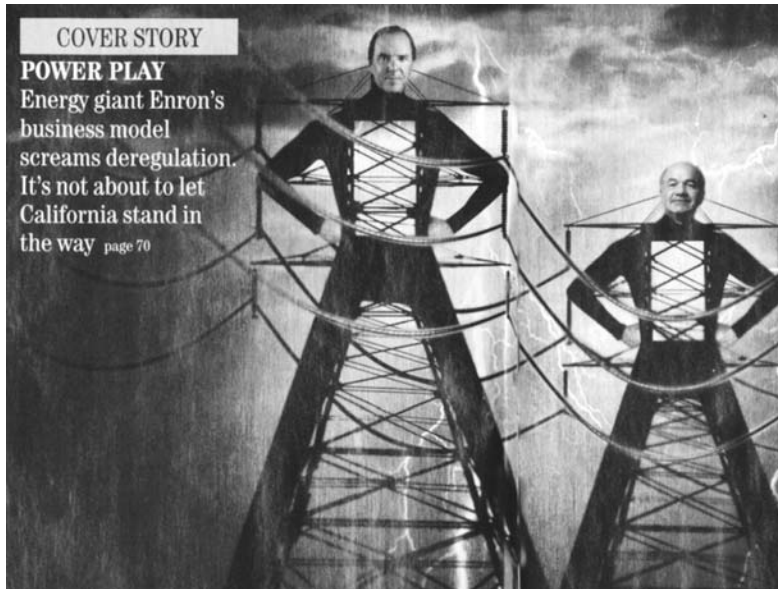
Enron was a creature of the global casino, which applied the techniques of the derivatives markets to the electricity and

natural gas markets. Enron's rapid rise was made possible by the "Wall of Money" that the Federal Reserve and its partners in crime have pumped into the global system since the cardiac arrest which seized that system in Autumn 1998, in the wake of the Russian GKO default and the collapse of the Long-Term Capital Management (LTCM) hedge fund. Similarly, Enron's fall can be attributed to the failure of that "Wall of Money" policy, which hyperinflated monetary aggregates while sharp deflation hit the financial assets supposed to be rescued by that wall of money.

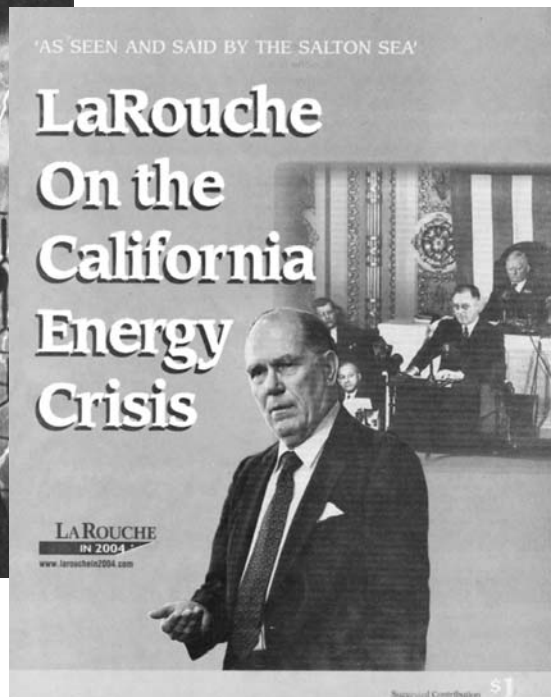
'New Economy' Model Went Down With The Bubble

During its meteoric rise, Enron was touted as the model of the new-economy energy business, a money machine which would eliminate the inefficiencies of the old-fashioned utilities and bring the benefits of low energy costs to all Americans. As it turned out, LaRouche was right that none of those promises were true. Not only was deregulation the fast track to disaster, with the California debacle vividly exposing the dangers of allowing unbridled greed to set energy prices; but even Enron's glowing success was a fraud. Enron was not a solid company which failed because it played too many accounting games; it was a house of cards whose accounting tricks gave it the appearance of success. As such, it is not an anomaly, but a classic bubble baby. Enron's deflationary death spiral is not an exception; it is merely an example in the small, of the process which is under way in the global financial system as a whole.

As LaRouche wryly noted on Dec. 6, after Enron's bankruptcy, "Respecting the last phase, during which the Erinnyes descended, as if to rend Enron into shrivelled shreds, that is typical of the way in which the other buzzards react to signs



BusinessWeek's Feb. 12, 2001 cover story made Enron's purpose clear; Lyndon LaRouche had just launched a national campaign to defeat that purpose, and set in motion the chain-reaction that led to Enron's current collapse. This campaign pamphlet was central to LaRouche's mobilization.



of morbidity in one of their own.”

LaRouche and *EIR* have been virtually alone in warning that electricity deregulation is a scam, designed to allow the financial oligarchy to inflate an asset bubble on the income stream from consumer electrical bills. To do this, they had to find a way to insert financial middlemen between the producers of electricity and the consumers of that electricity. Since regulated electric utilities both generate and distribute their own electricity, and bill their customers directly, the oligarchs had to break up the utilities and impose the casino model. They sought to replace the stability of long-term fuel contracts and pricing based on cost-of-production-plus-profit pricing, with a highly manipulable spot-market model, in which electricity could be bought where it was cheapest, and sold where it was the most expensive, at whatever price the market would bear.

The spin-doctors wrapped a sugary coating around their poison pill, one tailored to appeal to America's fixation on personal financial matters and woeful lack of understanding of physical-economic principles. That poison pill, wrapped in its sugar coating and stamped “Save *you* money,” was eagerly swallowed by millions of Americans, washed down with many millions of dollars of slick advertising campaigns, glowing promises, high-pressure lobbying, and political contributions.

Pumping More Poison

The collapse of Enron, a suspiciously public event where even LCTM's huge 1998 blowout was kept behind closed

doors, has spurred panicky new proposals designed to “correct structural flaws” in the energy-trading market and get deregulation “back on track.” These proposals have come from Wall Street, and from the Democratic leadership in the Senate.

In the wake of their defeats by LaRouche's campaign on California and Enron, the financial oligarchs still push their poison, now claiming that it is the failure to completely deregulate that is the source of the problem. The current system, they insist, is a hybrid of the old and the new systems. Since we obviously cannot “put the toothpaste back in the tube,” they claim (without ever stating why — as LaRouche pointed out, competent people put toothpaste in tubes all the time), our only choice is to go forward. The poison pill is stuck in our throat, and we must swallow it instead of coughing it up.

The refusal to face the truth about the nature of deregulation, and an unseemly willingness to accept the “largesse” of the deregulation pushers, led many states to adopt deregulation, though many of those states have backed off since the LaRouche campaign's mobilization began. The White House showed signs *before* Sept. 11, of realizing the collapsing economy needed more state intervention, but Federal policy remains up for grabs. The Federal Energy Regulatory Commission (FERC), while imposing some price controls to curb the more egregious excesses, continues to push for moving the electricity transmission grids out of the hands of the regulated utilities, and into the hands of regional transmission organizations.

Two reasons are cited for such foolishness. The first is

that the utilities' transmission grids were built mainly to move power from the generating plants to the customers within the utilities' service areas, as opposed to designing grids for the purpose of moving electricity from one grid to another; there were interconnections between grids, but the focus was on delivering power to the customer, with the interconnections part of the backup safety net. The second reason is that the regulated utilities are reluctant to open their transmission grids so the new-wave energy pirates can steal their customers.

The fools' "solution" to these problems is to rip the transmission grids out of the clutches of the utilities, and put them into the hands of independent regional operators, who can beef up the interconnections and make it possible for electricity to flow where it will bring the highest price—the "California" poison. The expansion of the grids will be paid for by charges which show up on the bills of the electricity consumers, but what the heck, it's a small price to pay for increasing the ability of the pirates to rip you off.

The new Democratic majority in the Senate is not now showing the combination of wisdom and courage to roll back deregulation. Senate Majority Leader Daschle has thrown his support behind a bill by Senate Energy and Natural Resources Committee Chairman Jeff Bingaman (D-N.M.) backing the FERC's push for regional transmission organizations. Bingaman has endorsed the repeal of Franklin Delano Roosevelt's successful Public Utility Holding Company Act of 1935, and its replacement with a new bill, described in his own words as containing the "text of the Public Utility Holding Company Act of 2001, as reported by the Senate Committee on Banking."

The Banks Move In

In a February 2001 interview with *BusinessWeek*, then-Enron President Jeffrey Skilling suggested that the most logical owners of the power plants and transmission grids were the big financial institutions, because of their access to cheap capital. The banks would own the power, and sell it to the highest bidder through intermediaries like Enron, using a complex mix of forwards, futures, swaps, and other derivatives to jack up the prices and spread the money around.

Skilling's comment was a public confirmation of *EIR*'s assertion that the secret goal of deregulation was to direct a larger portion of the electricity industry's income stream into the hands of major banks and financial institutions.

In the short term, that income stream would be used to prop up the big commercial banks, investment banks and brokerages, and insurance companies, some of whose financial conditions and accounting practices might make even Enron blush. Suffering from the demise of the technology/Internet segment of the bubble, the decline of the stock markets and the mergers and acquisition business, and the near-death of the once-lucrative Initial Public Offerings market, the big financial institutions find themselves in dire need of new income flows to keep their pyramid scheme going just a



LaRouche organizers drove home the significance of the demise of Enron at a Dec. 4 rally at the bankrupt firm's Houston headquarters.

bit longer.

In the longer term, deregulation is part of the financial oligarchy's post-crash strategy: Once the \$400 trillion global financial bubble has come to the end of its deflationary death spiral, that oligarchy is counting on its control over raw materials, precious metals, energy supplies, and the like to maintain its power over the world. Those who can afford the necessities of life will have them, if they can pay, and if those necessities are available; if not, then, too bad, you don't make the cut.

Some of the big Wall Street firms, such as Goldman Sachs, Morgan Stanley, and Merrill Lynch, are already active in the energy trading business, and they intend to use the fall of Enron as an excuse to increase their hold over the business. That intention was signalled, as such things often are, in the pages of the *New York Times* and *Wall Street Journal*.

In a Nov. 29 article, *Times* columnist Floyd Norris stated that the market that Enron helped create, would continue in a new form, either in a regulated form through new clearing systems, or in an unregulated form with a different set of players. "If the markets continue to be unregulated," he wrote, "Enron's collapse makes it more likely that the big players in those markets will be companies that are already regulated enough to assure customers that they are secure—companies like major banks and brokerage houses."

The *Wall Street Journal* reported on Dec. 3, that "although financial-services firms are on the hook for billions owed to them by Enron Corp., there also are some winners among Wall Street firms that stand to pick up market share in the energy trading markets that Enron dominated." After Enron filed for bankruptcy on Dec. 2, it reached a deal with its two major creditors, J.P. Morgan Chase & Co. and Citigroup, for \$1.5 billion in debtor-in-possession loans, loans which sit at

the top of the bankruptcy pay-back heap.

Additionally, according to the Dec. 4 *Journal*, “Enron has been negotiating with three money-center banks—J.P. Morgan, Citigroup’s Salomon Smith Barney unit, and UBS AG—for a separate deal to pump capital into its trading operations through a joint venture that would likely result in one of the banks controlling a new trading company, according to people involved in the matter.”

One thing is clear: Enron will no longer be the 600-pound gorilla of energy trading. If it survives at all, it will be at best a chimpanzee, or, perhaps, an organ-grinder’s monkey.

Death Of A Speculator

Arrogance was a way of life at Enron. In the lobby of its Houston headquarters, Enron hung a sign which stated its intent to be the “The World’s Greatest Company,” and by all indications it believed its own hype.

In the same February 2001 interview with *BusinessWeek*, Enron’s Skilling described Enron in megalomaniacal terms.

“If you walk around the halls here, people have a mission,” he said. “The mission is, we’re on the side of angels. We’re taking on the entrenched monopolies. In every business we’ve been in, we’re the good guys. That’s why they don’t like us. Customers love us, but the incumbents don’t like us. We’re bringing the benefits of choice and free markets to the world.”

While it started life as a gas pipeline company, under Chairman Ken Lay and Skilling it transformed itself into what was basically an investment bank. In its filings with the Securities and Exchange Commission (SEC), Enron identified itself as a securities broker and dealer, the same classification used by Goldman Sachs and other Wall Street firms. London’s *Economist* aptly described the company as “a hedge fund with a gas pipeline on the side.”

With the help of a regulatory blind-eye from former Commodity Futures Trading Commission Chairman Wendy Gramm, the wife of Sen. Phil Gramm (R-Tex.), Enron helped create an over-the-counter derivatives market in energy contracts (Gramm then joined the Enron board when her term as CFTC Chairman ended). Enron’s Mark Haedicke holds a spot on the board of the International Swaps and Derivatives Association, a major derivatives trade group, and testified before Congress on derivatives matters on behalf of Enron and the ISDA.

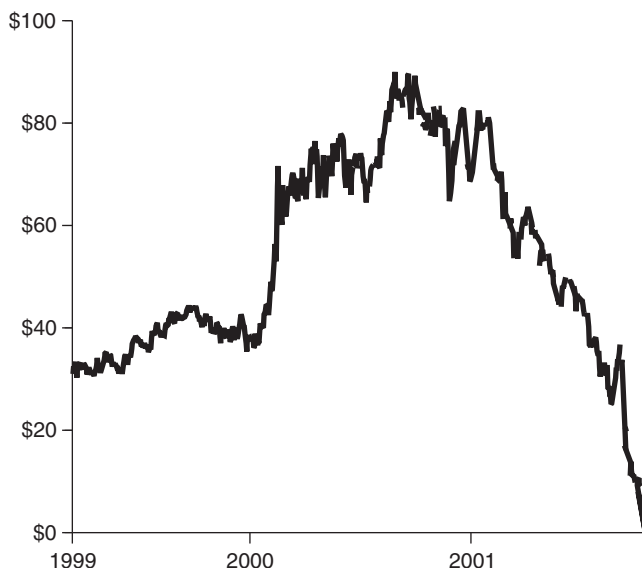
Along the way, Enron became a major derivatives dealer and player; at the end of 2000, according to *Swaps Monitor*, the firm had \$201 billion in derivatives bets outstanding. While that pales in comparison to J.P. Morgan Chase’s \$25 trillion for the same period, it would have been sufficient, were Enron a commercial bank, to rank it among that sector’s top ten derivatives holders.

The beginning of the end for Enron came on Oct. 16, the day it announced that it had lost \$618 million in the third quarter, due to write-offs of just over \$1 billion, and what it described as the “early termination during the third quarter

FIGURE 1

Enron’s Stock Value Vaporizes: Daily Close, 1999 To Date

(\$ Per Share)



of certain structured finance arrangements with a previously disclosed entity.” In a conference call that day announcing the results, Enron’s Ken Lay made a passing reference to a \$1.2 billion write-down in the company’s equity capital.

Enron was already in trouble. Its stock value had peaked at \$90 a share in August 2000, and had been falling sharply ever since (Figure 1). In August 2001, Skilling, who had taken over the chief executive’s job from chairman Lay in February 2001, abruptly resigned, citing the proverbial “personal reasons.” Skilling said he could not “stress enough that this has nothing to do with Enron.” By Oct. 15, the day before the fateful earnings announcement and conference call, Enron’s stock had dropped to \$33.17 a share, a drop of 63% from its peak.

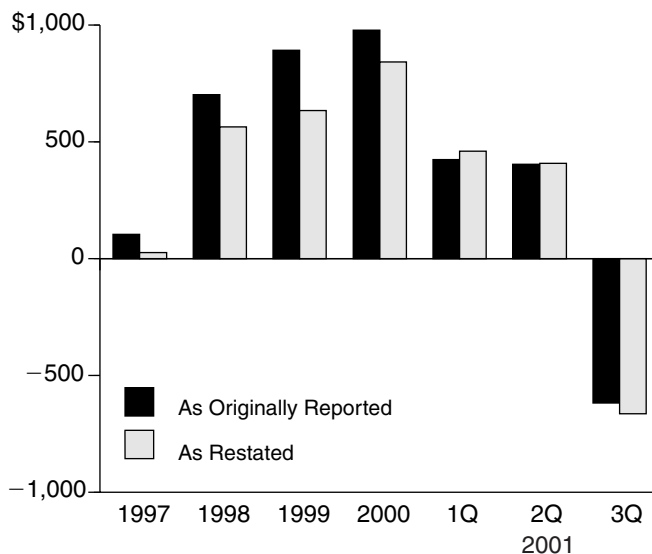
Beginning Oct. 17, the press, led by the *Wall Street Journal*, began hammering at Enron every day, with articles questioning the company’s bookkeeping and charging that the company’s actions raised “vexing conflict-of-interest questions” in its relationship to some of the partnerships it created. With the spotlight turned on, the SEC began an informal inquiry into the matter, later upgraded into a formal investigation. With all the bad publicity, Enron’s stock went into a free fall, hitting \$0.26 a share on Nov. 30, down 99.7% from its peak, and cutting its once \$66.5 billion market capitalization to just \$193 million. For all practical purposes, Enron had vaporized. On Dec. 2, it filed for bankruptcy.

The investigations of its books provided further embarrassment for the company. Enron was forced to move some

FIGURE 2

Enron's Disappearing Income

(Millions \$)



Source: Enron Corp.

of its off-balance-sheet activities back onto its balance sheet, causing the company to restate its earnings back to 1997 (Figure 2). The company restated its third-quarter earnings twice, first upping the \$618 million loss to \$635 million, and then to \$664 million.

Hidden Iceberg Of Debts

In its bankruptcy filing, Enron listed \$49.8 billion in assets, enough to make it the largest-ever U.S. bankruptcy (for the year through November, a record 224 publicly traded companies, with more than \$180 billion in assets, have filed for bankruptcy in the United States). Enron listed its debts at \$31.2 billion, but analysts say the company has another \$27 billion in off-balance-sheet debts, pushing its debt figure to nearly \$60 billion (with some claiming it is actually closer to \$80 billion).

Enron's list of unsecured creditors is 54 pages long, and reads like a who's who of the financial and energy worlds. Financial institutions on the list include: J.P. Morgan Chase; Citigroup; the Bank of New York; Bank of America; Merrill Lynch; Goldman Sachs; Morgan Stanley; Lehman Brothers; UBS; Crédit Suisse First Boston; Barclays Bank; NatWest; Société Générale; Royal Bank of Canada; Bank of Montreal; Canadian Imperial Bank of Commerce; Bank of Montreal; Toronto-Dominion; Westdeutsche Landesbank; Christiana Bank; General Re; and Swiss Re, among others. Energy companies on the list include most of the major oil companies (e.g., ExxonMobil, BP, Shell, ChevronTexaco); most of the

other energy pirates (e.g., Dynegy, Duke, Williams, El Paso, Mirant, Reliant); a number of electric utilities (e.g., Southern, American Electric Power, Consolidated Edison, San Diego Gas & Electric); a number of law firms (e.g., Vinson & Elkins, Sullivan & Cromwell, Bracewell & Patterson, LeBoeuf Lamb); some accountants (including Enron's accountant Arthur Andersen); a number of states (e.g., California, Colorado, Georgia, Florida, Nevada and Massachusetts); and some cities (e.g., Dallas, San Antonio, and Austin, Texas; Glendale and Pasadena, California; and De Funiak Springs and Lakeland, Florida). Enron also owes the U.S. government money, including the IRS and the Department of the Interior.

According to the filings and various company statements and press reports, the institutions most exposed to Enron are Citigroup, with \$3 billion in loans to the company, followed by the Bank of New York with \$2.4 billion in exposure, and J.P. Morgan Chase with \$2.1 billion. These figures are misleading, however, because typically banks which originate big loans, sell pieces of those loans to other banks, spreading the exposure.

Given the nature of today's financial markets, just figuring out the various exposures to Enron is a difficult and tricky process. For example, Enron's market value has all but disappeared, and one can presume that the major institutional holders of its stock, such as Alliance Capital, Janus, Putnam, Barclays, Fidelity, and Citigroup, have booked significant losses.

An example of the domino effect of Enron's collapse can be seen in Japan, where wires reported that four money-management funds, holding some \$850 million in Enron bonds, were hit with what amounted to "runs on the bank"; Enron's news triggered customer redemptions an order of magnitude larger than the funds' holdings of Enron bonds, dropping the value of the funds below face value. Three Japanese banks revealed an exposure to Enron in excess of \$485 million. To stem liquidity problems connected to the Enron collapse, the Bank of Japan pumped \$200 billion into its banking system, an amount equal to between two and four times Enron's estimated debt.

The question of exposure gets even murkier when it gets to the off-balance-sheet debt and over-the-counter derivatives games. Enron, for example, is a major player in the credit derivatives market, where derivatives are sold to protect holders of financial assets against default. Enron buys and sells these derivatives as part of its own business. Standard & Poor's reports that Enron was a counterparty on \$3.3 billion of credit derivatives rated by the agency so far this year, representing 12% of the \$23 billion in such ratings, but rated derivatives are just a small part of the market. In addition to the credit derivatives featuring Enron as a counterparty, other companies which hold Enron's obligations also bought credit derivatives to protect themselves against an Enron default. Credit derivatives, or at least credit insurance, offers some protection when dealing with isolated defaults in an otherwise healthy system, but when the system

itself collapses, so does the protection. One cannot buy securities which offer protection against the collapse of the securities market itself.

Preliminary estimates put the cost to the insurance sector at between \$2 billion and \$3 billion, mainly through directors and officers liability insurance provided to Enron, and perhaps Dynegy; professional liability coverage to Enron's auditor, Arthur Andersen; and any financial guarantees on Enron's projects. In addition, the insurers which hold Enron stock or debt will have to write down the values of those assets.

The whole mess is reminiscent of the blowout of Lloyd's of London a few years ago. Lloyd's, facing huge asbestos losses, recruited thousands of "colonials" to join its prestigious ranks, sticking them in those syndicates which were facing the losses. Each syndicate would buy reinsurance from another syndicate, to protect itself from losses. However, when the losses hit, it turned out that, in effect, Syndicate A had reinsured itself with Syndicate B, which reinsured itself with Syndicate C, which reinsured itself with Syndicate A. When they went to collect, the syndicates fell like dominoes, each protected on paper but not in reality.

It Gets Worse

While it is virtually impossible to calculate the size of the hole blown in the financial system by Enron's collapse, such a calculation is not necessary. It is not Enron's collapse which jeopardizes the markets, but rather the collapse of the markets which destroyed Enron. The process of global collapse, the deflation of assets and the decline of productive economic activity, created the condition in which Enron's speculative pillaging became unsustainable, and the company simply disintegrated. If, as it appears, Enron was set up for the kill by Wall Street, that is just another layer peeled from the same onion: Wall Street killing Enron in a desperate attempt to save itself. Faced with the vaporization of the bubble, the more powerful parasites are turning on the weaker ones, fighting to live another day. Yesterday's feared predator, Enron, became today's lunch. Tomorrow, it's someone else's turn. Shed no tears for Enron, but its demise solves nothing.

All sorts of investigations of the Enron debacle are either under way or planned, including the SEC investigations, Congressional hearings, and likely even criminal prosecutions. More than a dozen suits have been filed against Enron and its officers and directors. While not without merit, none of these investigations or suits will mean a thing unless leading institutions drop their attempts to save the bubble, and turn to the policies and leadership of Lyndon LaRouche.

Instead of passing more laws to speed deregulation, Congress must admit that deregulation was a boneheaded idea, a poison pill destroying a vital segment of our infrastructure and opening the nation up to new and dangerous forms of looting. They must stand up, at long last, and admit what *EIR* readers have long known: Deregulation was wrong, and LaRouche was right. Senator Daschle, are you listening?

Argentina

'A People Cannot Die To Pay The Debt'

by Cynthia R. Rush

On Dec. 5, the International Monetary Fund informed Argentina that it was ineligible to receive the \$1.26 billion payment scheduled to be disbursed this month as part of the IMF's most recent \$8 billion bailout package, and demanded the devastated country impose more budget cuts. Denying rumors that the Fund favored a currency devaluation, spokesman Thomas Dawson drily reported that because Argentina had failed to meet agreed-upon fiscal targets for the fourth quarter, the Fund would have to withdraw the team which had been auditing government books since late November, without whose completion no funds could be released.

The desperate Buenos Aires government was depending on the disbursement to cover interest payments on the debt due this month. It must pay about \$2 billion monthly between now and April 2002, with \$1 billion in Treasury bills, or Letes, due on Dec. 14. But Dawson said the auditing team would only return to Buenos Aires when the government of President Fernando de la Rúa could offer "more elaboration" of its fiscal plans, and show how it intends to comply with Finance Minister Domingo Cavallo's murderous "zero deficit" plan in 2002. The IMF official also made clear that, even without eliminating its 2001 budget deficit, Argentina could still make more budget cuts *right now*, as a sign of its commitment to the Fund's "fiscal responsibility."

The IMF's decision is tantamount to the murder, which Argentina's Catholic bishops warned against in a pastoral letter released on Nov. 17, following a week of deliberation in the city of San Miguel. "A people cannot die to pay the debt," Archbishop of Rosario Msgr. Eduardo Mirás warned. Argentina's government and economy are disintegrating, and its people are suffering from unprecedented levels of poverty and unemployment. The savage austerity imposed through Cavallo's "zero deficit" program, whose only priority is to guarantee foreign debt payment, threatens to unleash nationwide social upheaval. Every austerity measure imposed since Cavallo took office last March, has deepened Argentina's depression by shutting down productive economic activity and shrinking the tax base. Unemployment now stands at 18.2% or 2.5 million people, not counting another 2.4 million who are underemployed.

A country that could once boast of advanced technological and scientific infrastructure, and the ability to feed itself

and the world, has been degraded and humiliated. Several rating agencies already consider that Argentina has defaulted on its \$212 billion foreign debt, because of the debt restructuring plan Cavallo put into motion in early November. In the face of this crisis, Monsignor Mirás said, “it would be unthinkable for anyone who thinks with humanity” to demand more sacrifice of this devastated nation.

But the IMF isn’t known for its humanity. It is more like a vulture picking over a carcass in search of something more to devour. In this case, it’s the lives of Argentine citizens, and what little remains of a once-vibrant economy.

The same kind of moral insanity was reflected in the statements of former Argentine Finance Minister Roberto Alemann, for years a representative of Swiss banking interests, and whose outlook is close to that of the fascist Mont Pelerin Society. Responding to the IMF’s withholding of the \$1.26 billion, Alemann said the government could find the necessary funds to pay the debt by “postponing other payments the state must make, such as bonuses, and maybe wages . . . postponing payments to suppliers, and pensions.” Cavallo has already savagely cut state-sector wages, pensions, and social programs to help the poor.

Wall Street Journal columnist Mary Anastasia O’Grady echoed Alemann in her Nov. 23 article, arguing that Argentina hasn’t yet suffered enough of “a full-blown financial and economic crisis” to force through necessary neo-liberal reform. Nostalgic for the days when Argentina resembled a British colony, with “stately buildings” like those found in “the English countryside,” O’Grady demanded more “misery” to force Argentina’s political class to cut government expenditures even more, dollarize, and fully deregulate.

A Global Battle

This policy brawl over what to do isn’t something peculiar to Argentina, the assertions of Anglo-American media and Wall Street fund managers notwithstanding. It rather reflects the battle being fought out *globally*, over how to deal with the crash of the world financial system. That crashing system is what brought down the erstwhile powerful Enron Corp., which operated more like a Wall Street hedge fund than a productive energy company (see p. 4). It is bringing down Argentina, and will bring down every other country still clinging to the rules set by the now-desperate international financial oligarchy.

Various schemes, like the “sovereign debt-restructuring mechanism” recently put forward by IMF Deputy Managing Director Anne Krueger, are panicked efforts to exercise control over an increasingly uncontrollable world financial situation (see *EIR*, Dec. 7, 2001). They ignore the reality that the financial system is dead and cannot be revived. Only U.S. 2004 Democratic Presidential pre-candidate Lyndon LaRouche has addressed that fact with his call to create a New Bretton Woods monetary system, and launch a world development program through the building of a Eurasian

Land-Bridge.

Against the backdrop of domestic financial chaos and social unrest, Cavallo’s vow that, with or without IMF funding, “Argentina’s debt will be paid,” is both psychotic and criminal. On Dec. 6, after learning of the IMF’s Executive Board vote to withhold the \$1.26 billion payment, Cavallo went into action, showing his willingness to violate even the free-market rules he learned at Harvard University for the “greater good” of paying the foreign debt. He announced measures authorizing the government to seize private pension funds, foreign exchange, and bank funds to get the necessary funds.

The measures force private pension funds to transfer their deposits out of private banks, and put them into the state-owned Banco de la Nación. This gives the government access to another \$3.1 billion with which to pay the debt. Banks can now only hold 3% of their exchange abroad in their correspondent banks; any sum above that must be repatriated. If a bank has less than that percentage abroad, too bad; it can’t send more now.

The government also prohibits exporters from receiving payments of foreign exchange outside of the country, forcing them instead to deposit them into the Argentine banking system. Businessmen and bankers who need to make payments abroad for anything other than imports, have to get approval from the Central Bank, before the funds will be released.

So, the irony now, is that Argentina, at one time the IMF’s free-market poster boy, has returned to exchange controls—not for the type of economic reorganization it would need to launch a real development program, but *to pay the debt*.

Highway Robbery

The measures announced by Cavallo on Dec. 6 followed an earlier package announced on Dec. 1 (a Saturday), partially freezing bank deposits, and imposing limited exchange controls.

Because of the tremendous uncertainty created by the unravelling of the economy and growing unemployment, terrified citizens have increasingly pulled their savings out of the banks, fearing a currency devaluation or freeze on deposit withdrawals. Since February, \$15 billion has left the banking system, with \$1.3 billion withdrawn on Nov. 30 alone. Overnight lending rates topped 1,000%, and the “country risk” premium (the rate Argentina pays over U.S. Treasury notes, when it borrows abroad) shot up to 40%.

Knowing that this run on the banks would bring down the banking system when banks opened on Monday, Dec. 3, Cavallo announced a package of emergency measures on Dec. 1, limiting the amount of cash that individuals could withdraw, and imposing partial exchange controls. People could withdraw only \$250 a week in cash, for a total of \$1,000 monthly, and access the rest of their funds through the use of

checks or credit or debit cards.

The measures provoked rage and panic. As one economist put it, "Without doubt, the economic implosion will now accelerate." Hundreds of thousands of angry citizens lined up at banks on Dec. 3 and 4, opening accounts, and applying for debit cards. Over the same two-day period, retail sales plummeted by 50% compared to the same two days of the previous week, as people had no access to cash. In some cities in the interior, the decline was close to 70%, and some businesses didn't even open.

Of particular concern was the impact of these measures on the 38% of the workforce which has been driven into the informal economy by the economic depression. Many small and medium-sized businesses have survived so far, only by employing people off the books, and not paying payroll and other taxes. Should they now be forced to accept fixed costs, such as payroll taxes, they will cease to exist or will opt to fire their employees, rather than assume fixed costs they cannot pay. Demand and consumption will also drop, since there will be less cash circulating. Currently, one-third of all tax revenues come from taxes on consumption, such as the value-added tax (VAT) or the fuel tax. In November, overall tax revenues dropped for the sixth consecutive month, by 11.6%, including an incredible 30% decline in the VAT tax.

The alternative to complying with these regulations is to resort to the use of provincial bonds and other forms of pseudo-currency which provincial governments have created on their own to pay workers' wages and pensions, because of the scarcity of pesos and dollars. These bonds, such as Buenos Aires province's Patacon, are not subject to the emergency measures, and have already begun to proliferate. Buenos Aires Gov. Carlos Ruckauf has loudly proclaimed that he will permit "unlimited" use of the Patacon.

On Dec. 6, at the same time that he announced strict exchange controls, Cavallo relaxed some of the cash withdrawal regulations, allowing workers to access their wages, as much as \$1,000 at a time, and permitting people travelling abroad to take as much as \$10,000 out of the country at a time. But, as the daily *Clarín* pointed out the same day, the initial partial freeze on deposits imposed over the Dec. 1-2 weekend, allowed the government to secure the reserves it needed for its purposes; it then proceeded with the Dec. 5 measures to secure control over the flow of reserves into the country. Whether this seizure of funds succeeds in keeping the game going a week or two longer, remains to be seen.

**To reach us on the Web:
www.larouche.com**

Doha WTO Meet: A Few Gains, But More Worries For Developing Nations

by Ramtanu Maitra

Developing nations made a few gains at the World Trade Organization's (WTO) fourth ministerial meeting in Doha, India, on Nov. 9-14; but they were left with much to worry about in the future. Developing nations, led by India, retreated on the issues of the environment, investment and competition policy, trade facilitation, and transparency in government procurement. All these will be taken up in 2003, at the fifth ministerial meeting. The developing nations' demand for an early elimination of the quotas on imports of textiles and garments imposed by the United States, was rejected out of hand.

The biggest gains for the Third World were on Trade Related Aspects of Intellectual Property Rights (TRIPS) and public health.

Life-Saving Medicines

The WTO conceded to the developing nations' demand that their governments will be able to invoke the so-called "compulsory licensing" rules that allow them to ask non-patent-holding drug manufacturers to produce patented drugs. The agreement says that the governments can ask the multinational patent holder of a life-saving medicine to lower its price, failing which, the government can ask generic drug manufacturers to produce the drug. It will also enable countries to shop around for drugs in markets where prices are the lowest, under the parallel import clause. This concession will help such nations as India, Brazil, Thailand, and China, which have the ability to produce generics cheaply. Developing nations met the strongest opposition on the issue from Switzerland and the United States.

Another area of gain was in agriculture. The ministerial declaration says that the mandated negotiations would aim at "substantial improvements in market access; reduction of all forms of export subsidies; and substantial reductions in trade-distorting domestic support." When the export subsidies, of which the European Union (EU) is the major beneficiary, are phased out, the door will be open for developing countries to increase agricultural exports. The Indian Commerce Ministry claims that "this so far has been tough to achieve because of the high level of export subsidies given by the EU." According to its estimates, despite fulfilling subsidy reduction commitments, total support to the agricultural sector in member coun-



One concession won by developing nations, is that if a multinational patent holder of a life-saving medicine refuses to lower its price, the government can ask generic drug manufacturers to produce the drug. Here, research workers in Thailand train in a new medical test.

tries of the Organization for Economic Cooperation and Development (OECD) has increased from \$308 billion in 1988 to \$361 billion in 1999.

Developing nations, and India in particular, went to Doha strongly opposed to negotiations on the so-called “new issues” under the WTO. The reason given was that the new issues do not relate to trade. India’s Commerce and Industry Minister Murasoli Maran — who was quickly identified by the OECD countries as the toughest nut to crack — has repeatedly stated that investment and competition policies are matters of a country’s domestic policies, on which no multilateral negotiation is possible. On the other hand, WTO officials, backed by the OECD representatives, identified them as policies to prevent abuse of the free market. The OECD nations applied the same logic in pushing for future negotiations on two other contentious issues — transparency in government purchases, and trade facilitation.

Arm-Twisting By The Gang Of Four

The Indian resistance came under serious attack by the foursome of U.S. Trade Representative Robert Zoellick, EU Trade Commissioner Pascal Lamy, WTO Director General Mike Moore, and Qatari Finance and Trade Minister Youssef Hussein Kamal. All four focussed in on India — but India initially refused to budge, and the draft declaration was delayed.

According to *Business Standard* correspondent Sidharth, Indian Commerce and Industry Minister Maran was then called in at 11 p.m. on the final day for a meeting with the four. When Maran still refused to budge, Zoellick threatened that President George Bush would speak to Indian Prime Minister Atal Behari Vajpayee. The EU’s Lamy told Maran that

he had the mandate of the Europeans to push ahead on all the contentious issues. Maran, disgusted by the arm-twisting, retorted that he has the mandate of 1 billion people, which Europe could not match.

Negotiations stopped at 1 a.m. on Nov. 14. When Maran joined the 25-odd dissenting countries for another set of discussions with the foursome, the Indian delegation realized that India was alone in opposing proposals put forward in the draft. But, at 6:30 a.m., Maran returned to his hotel, still holding out.

At 7:00 a.m., half an hour after his return, Maran reportedly received a call from Qatari Trade Minister Kamal for a one-on-one meeting. Although the details of that meeting were not divulged, it led to India finally consenting.

The Indian delegation, however, believes that the issue of whether negotiations on the contentious issues will be held, will not be decided until the fifth ministerial

meeting in 2003. However, analysts contend that the wording of the declaration suggests that negotiations are a *fait accompli*. It is the *modus operandi* that will be decided at the next meeting. The declaration says, “We agree that negotiations will take place after the fifth session of the ministerial conference on the basis of decisions to be taken, by explicit consensus, at that session on the modalities of negotiations.”

In an interview, Maran explained why India relented. He said that if India had held out, other countries would have been affected on implementation issues; the declaration on TRIPs, for example, and other developing country waivers, could have gone. Our blocking would have been mistaken by the least developing countries, the ACP (Africa, Caribbean and Pacific Rim nations) group, and the Latin Americans — we cannot declare war on all these countries. Then it would be really isolationist. We averted it by bargaining. We were eyeball to eyeball and India did not blink.”

While the Indian minister’s points are valid, it is evident that, having been deserted in varying degrees by countries across Asia, Africa, and Ibero-America, India resorted to damage control. Some analysts point out that it is not clear whether India succeeded even on that. The environment issue, which one analyst characterized as “the sharp edge of the wedge,” may turn out to be a monster for the developing nations, the same way that the TRIPs turned out to be. At the beginning, the TRIPs were interpreted as a tool to fight counterfeit products. Soon enough, the developing nations came to know how much more damage the TRIPs could do; e.g., by depriving them of life-saving medicines. It is likely that the environment standards will be used later by the OECD to impose restrictions against developing countries’ exports.

East Asian Community Plan Requires A Broader, 'Eurasian,' Conception

by Kathy Wolfe

Behind closed doors, a policy debate by heads of state, their personal advisers, and whole ministries is mounting across East Asia, as to how and how fast the 13 countries of the Association of Southeast Asian Nations, China, Korea, and Japan (ASEAN+3) might form an "East Asian Community" or similar regional bloc. A 58-page report commissioned by these governments and issued Oct. 31 to the heads of state for their ASEAN+3 Summit in Brunei Nov. 6, concludes that the group should "move from a region of nations, to a bona fide regional community," with its own clout on the world stage.

"Towards An East Asian Community: Region Of Peace, Prosperity, And Progress," the East Asia Vision Group Report, begins with a direct "quote" from the American Declaration of Independence: "We, the people of East Asia, aspire to create an East Asian Community of peace, prosperity, and progress, based on the full development of all peoples in the region" to "make a positive contribution to the rest of the world," and advance the "general welfare" of the entire population.

"The Vision Group envisions the progressive integration of the East Asian economy, leading to:

- "an East Asian Free Trade Area" before 2020;
- "an East Asian Investment Area";
- "an East Asian Monetary Fund" as a "lender of last resort," with its own local conditions;
- An end to floating exchange rates via "a better exchange rate coordination mechanism consistent with financial stability and economic development";
- "Regional Energy Security" via "joint development of new sources and supplies of energy" including "nuclear fusion" and "regional nuclear cooperation";
- "Evolution of the annual summit meetings of ASEAN+3 to create a permanent organization."

Unfortunately, however, this proposal, visionary when it was first advanced by South Korean President Kim Dae-jung in November 1998 at the Hanoi ASEAN+3 summit, during the so-called "Asia Crisis," comes today as too little, too late. In 1998, creating an East Asian power center with an Asian Monetary Fund (AMF) and walking out of the International Monetary Fund (IMF), could have changed the world. But three years later, it does not match the magnitude of today's *global* breakdown crisis. It also contains a "fatal flaw," the influence of the example of the European Union's Maastricht

Treaty, which writes IMF austerity poison into the Asian Community objective.

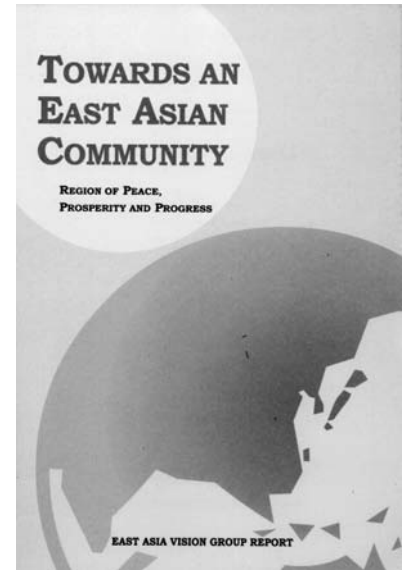
End of 'Washington Consensus'

Asian leaders certainly are aware that the IMF system and the "Washington Consensus," the assumption that London and Wall Street's free-trade prejudices are gospel truth, do not work. They expect nothing from the IMF global system but more financial crises in the immediate future. "East Asia . . . may be on the brink of an historical evolution. Having suffered such a costly and painful crisis, the East Asian countries are prepared to set aside their differences and develop a region-wide defense mechanism," said economist Dr. Park Yung-Chul of Korea University, one architect of the Asian Community, in a May 8 speech to an Asian Development Bank meeting. "The G-7 [Group of Seven] has been too slow with international reform. Proposals we put forward are not taken up. We see no way the global system will defend us, and so there is no reason why the ASEAN+3 should not create its own mechanisms for self-defense."

Dr. Park and a colleague wrote in a UN report, "Most of the problems that beset the international financial system are likely to remain unchanged. This arouses deep concern in developing countries (DCs), lest they remain vulnerable to future financial crises, even if faithfully carrying out the reforms recommended by the IMF and World Bank. Given this reality, DCs may have to develop a defense mechanism of their own."¹

Leaders at the Nov. 6 ASEAN+3 summit spoke in public for the first time ever, of the need to reduce Asia's dependence on the U.S. market. Chinese Prime Minister Zhu Rongji urged the group "to rely on itself to withstand the negative impact" of the U.S. crash, while Malaysian Prime Minister Mahathir bin Mohamad said flatly that there was "too much dependence on the United States." Lyndon LaRouche's article "Demise Of The Importer Of Last Resort" has been widely circulated in the region (see *EIR*, Nov. 16, 2000).

1. "Reform Of The International Financial System And Institutions In Light Of The Asian Financial Crisis," UNCTAD G-24 Discussion Paper No. 12, July 2001; Dr. Park Yung-Chul, Korea University Department of Economics, and Dr. Wang Yun-jong, Korea Institute for International Economic Policy (KIEP); United Nations, NY/Geneva.



The summit meetings of ASEAN+3 bring together the heads of state and government of the ten Southeast Asian nations, and the East Asian nations of China, Japan, and South Korea. At their Brunei summit on Nov. 5, they discussed plans for a permanent secretariat and an East Asian Community, to restart economic progress in midst of global financial crisis.

South Korean President Kim Dae-jung, in his Nov. 6 opening speech, proposed that “the ASEAN+3 should be transformed into an East Asia Summit, to remove the distinctions between the Southeast Asian nations and the three Northeast Asian nations, Korea, Japan, and China.” As his website reports, Kim “proposed the creation of an East Asia Free Trade Area and an East Asia Forum to chart the future of Asia.”

The EAFTA, in Kim’s vision at least, is not an Asian NAFTA, say his advisers. It is to be a protective trading area like Friedrich List’s Customs Union which unified Germany in the 19th Century, designed as such by Koreans who know List’s work. It is “to benefit all member economies and give preferential treatment for the least developed countries in the region,” creating a rapid development zone and protecting it from Wall Street buyouts, said one adviser to Kim. “The WTO is about to fall apart. If the world economy falls into a depression, such a regional initiative is one of the only ways out for us.”

There is even talk of an Asian Organization of Petroleum Exporting Countries (OPEC). Each Asian nation has been forced to build up enormous foreign exchange reserves, Dr. Park points out, from 15% to 35% of GDP, since the speculators can strike at any time. South Korea holds \$100 billion, over 20% of its GDP; Japan almost \$400 billion; China \$200 billion—over \$900 billion together. In his May 8 speech at the ADB, Dr. Park had noted that “Among the arguments against Asian regional cooperation, the most important is the political problems among countries in the region.” These are indeed severe. “But here,” he said, “it is best to remember OPEC. OPEC was able—even when its members were at war with each other—to wield joint eco-

nomie measures effectively in self-defense. Nothing anyone can do, can stop this.”

It is fine talk, but the relevant actions should have been taken at least a year ago. Now, Asia is staring at a crisis of a different order of magnitude, which can not be overcome by mere organizational or financial structures. What good is an AMF with even \$1 trillion in dollar reserves to defend Asian currencies now, when the physical U.S. market for Asian goods has finally evaporated? As U.S. production and consumption spiral into deflation, the Federal Reserve is hyperinflating dollar-based paper assets. By the same methods, Japan’s yen and the euro can also be turned into toilet paper.

The focus must turn from financial paper to physical economic substance, as Founding Editor Lyndon LaRouche has emphasized in *EIR*’s 300-page 1997 report, *The Eurasian Land-Bridge: The ‘New Silk Road’—Locomotive For Worldwide Economic Development*. Asian leaders need to take action now in the real world, to physically replace the U.S. market with a new Eurasian market for exports, as fast as physically possible. New rail corridors from Seoul to Moscow, from Lianyungang to Istanbul, from Jakarta to Beijing should be centered on 21st-Century magnetic levitation and other high-speed rail technology. Modern transmission grids, powered by high-temperature gas-cooled reactors or other nuclear plants, should be run along these corridors. The rights-of-way should become *development corridors*, along which new cities and agro-industrial projects grow. If the export fleets now leaving Asian ports are not to stop dead, everything else must take a back seat to this high-technology infrastructure investment.

No one in East Asia had trouble thinking this way after

World War II and after the Korean War, when precisely this was done to rebuild Japan, Korea, and the Asian rim from rubble. Put aside the papers on next year's summit niceties, currency theory, and trade treaty legalisms, and there is a gaping hole where the real plans ought to be. Asia's true requirement is physical blueprints and hard scientific designs to get the export plants retooled, away from Pokémon, to transport control displays; to get the right kind of goods produced and moving into place in large new high-tech capital projects across the entire Eurasian land-mass.

EIR's Eurasian Land-Bridge/New Silk Road report, circulating in the region since 1997, is the handbook for this "sea change." Its more than 40 detailed maps show the rail, energy, and water projects required to bring the entire Eurasian land-mass, the Mideast, Africa, and the Americas into the 21st Century. The industrial design for magnetic levitation trains, high-temperature nuclear reactors, and other energy-intensive new technologies is graphically depicted and explained. It features the "development corridor" concept, and projects to solve the threat of dust storms to all of Northeast Asia from the drying up of the Yellow River, by moving water across China, are shown, and similar projects to green Central Asia and the Mideast.

Once the exports are on the move through Eurasia, mechanisms to settle trade credits and trade can be addressed, as LaRouche has detailed in "Towards A Basket Of Hard Commodities: Trade Without Currency" (*EIR*, Aug. 4, 2000).

Russia And The 'Eurasian Consensus'

The major stumbling block to any Asian Community is trust. There is failure to acknowledge wartime errors, petty infighting, and cultural chauvinism on all sides. Anglo-American intelligence agencies, well aware of this, run many operations to fan the flames of hatred, under the time-honored British Empire tactic of "let's you and him fight." Since Japanese Prime Minister Junichiro Koizumi took office last Spring, there has been an intense round of such scandals as the distortion of World War II in textbooks. It turns out that the Japanese authors of the offending texts have worked for the Pentagon for decades.

"All thirteen countries of the ASEAN+3 are now in full agreement to the economic principles of an Asian Monetary Fund and other integration, but the big problem is trust," said one adviser. "After Koizumi's initial administration, the trust is just not there now."

But however uncomfortable many East Asians are with each other, even more leadership is demanded now. Today's crisis can not be addressed only on the "Asian family" level, LaRouche noted recently.

To dump the "Washington Consensus," what is required is nothing less than a new "Eurasian Consensus." East Asian leaders require the vision to broaden their immediate cooperation to include Russia, India, and Europe, to achieve the political weight necessary to implement the physical economy programs.

Russia, "the Eurasian nation," is one of only three cultures on the planet, LaRouche notes, which views itself as qualified to shape world affairs, something which Asian cultures have not yet stood up to do. The other two with such a global view, the British Empire and the United States, in recent years are running Asia into the ground. Asia needs a Russian alliance to survive.

More important, Russia has an embedded scientific and cultural excellence from which Asia has a good deal to learn. The Russian science base is accustomed to producing entirely new discoveries in science, such as Japan, for example, has not done. From the time of the St. Petersburg Academy in the 18th Century, Russia has absorbed great European Classical literature, poetry, music and other cultural achievements, made gigantic new contributions such as those of Pushkin or Vernadsky, and reproduced this in ways a "Pokémon culture" can not imagine.

"There is clearly a need to create a venue within Northeast Asia for intra-regional discussions that also include Russia, North Korea, and Mongolia," Japan's staid *Mainichi Shimbun* editorialized Nov. 6, in an unusual report on the Brunei summit. Southeast Asia has ASEAN, they write, "but Northeast Asia still does not have a venue" for talks with Russia.

Maastricht Trojan Horse

The negative influence of the European Union's IMF-style Maastricht Treaty on any Asian Community, finally, should be understood and rooted out. Close cooperation between Asian leaders and French, German, and other Western European patriots and industrialists generally, is central to building the Eurasian Land-Bridge. But a peculiarly nasty circle of Maastricht theorists at the French and German finance ministries, and their advisers such as Prof. Robert Mundell, are to be avoided.

The Maastricht mafia have convinced many architects of the Asian Community plan that to appear "legitimate" at the IMF/WTO bargaining table, it's best to argue that a regional community will work in Asia just as it does in Europe. For years Mundell, a monetarist trained in Milton Friedman's Chicago School, has urged Asians to build tight money, budget cuts, deregulation, privatization, and other neo-liberal insanities at the core of Maastricht, into any Asian Community plan. The East Asian Community report repeats much of the Maastricht mantra.

EIR has reported at length on secret documents disclosed last year by an angry former German Chancellor Helmut Kohl, showing that the Maastricht Treaty was imposed on Germany by French President François Mitterrand, under the influence of Britain's Margaret Thatcher. His government, he said, was forced to give up German national sovereignty and accept the euro and its IMF program, under the blackmail threat that France and Britain would never otherwise agree to German reunification. By Thatcherite design, the reunified Germany has never been able to rebuild its full industrial base (see *EIR*, Aug. 14, 1998).

IMF's Shock Therapy 'Just Not Functioning'

by Kathy Wolfe

According to official statistics just released, Japan is now in its worst economic crisis since the 1971 break of the dollar from gold and the 1974 "oil shock." A flat loss of 1.03 million jobs, net, in the 12 months to October 31, has brought unemployment to a record high of 5.4%. It was the first loss of 1 million jobs in a year since 1974, dwarfing anything during the 1997-99 "Asia Crisis." Most layoffs were in basic industries such as manufacturing, transportation, communications, and construction.

Another 2 million jobs, net, are slated to go by Spring.

The Nikkei Commodity Index hit a record post-war low on Nov. 30, of 99.2% on the scale of 1970=100; wholesale prices of physical goods used in production, such as steel, chemicals, and refined fuels, are actually lower than in December 1970, before Nixon pulled the plug on the dollar in 1971 and almost doubled the yen's value. Consumers, fearing layoffs, have slashed buying. Businesses, fearing that banks will call in loans, are cutting outlays and prices.

This *deflation* of the physical-goods sector has accelerated, with both wholesale and consumer prices falling at increasing rates for the past seven months, despite extreme central bank monetary hyperinflation.

Standard & Poor's, London Fitch Ltd., and Moody's Nov. 28-Dec. 4 reports downgraded Japan Government Bonds (JGBs) a third time, from AA+ to AA, putting the nation's credit at the bottom of the Group of Seven industrialized nations, after it began 2001 at the AAA top notch. S&P cited "deep-seated economic woes."

The International Monetary Fund (IMF) meanwhile sent its fourth high-level delegation to Tokyo this year on Dec. 6, to check on "serious problems" at Japan's banks, a source close to IMF senior adviser Stanley Fischer said.

'Put People On The Streets'

The IMF has been privately demanding mass layoffs in Japan for months. "Officials in Japan are too reluctant to see people on the streets," the IMF's Japan Desk officer said in June, as *EIR* reported. "There's not enough pressure by the Japanese government on banks to act to close companies! Banks are sustaining their corporate customers at low rates by just rolling their loans over, and the regulators let this proceed. We want the regulators to get tough on the banks. If they do, the banks will be forced to get tough on the borrowers.

That would lead to many more bankruptcies — and that's what they need. That may mean a lot of unemployed forced onto the streets, but this is what is needed." (See *EIR*, June 15, 2001.)

After "annual consultations" on Japan's economy in Tokyo in August, the IMF stepped up pressure on the Financial Services Agency (FSA), Japan's key regulator. In a 66-page assessment of the economy on Aug. 10 which the media ignored, the IMF on paper endorsed the views of Wall Street "private analysts" such as those at Goldman Sachs and Morgan Bank, who are calling for layoffs.

The outright bankruptcy of major Tokyo retailer Mycal Corp. on Sept. 17, indicated new FSA concessions to the IMF, the Japan Research Institute said. Mycal's bank Mizuho Holdings called in both "at-risk" (i.e., "bad") loans and also "loans requiring caution," a.k.a. "grey zone loans," not usually considered bad. The FSA officially totals \$343 billion in loans as "bad," but classifies three times that much as "grey," meaning that forced bankruptcies could triple if this standard were generally applied. The FSA then launched a new round of "special examinations" in mid-November, combing over banks' books to spotlight the status of loans to all large corporate borrowers. Lo and behold, in the last week of November, Tokyo's 13 major banks wrote off a record \$52 billion in bad loans, 3.4 times the amount projected for the quarter.

IMF Is 'Way Out Of Line'

Behind the scenes, Tokyo and Washington officials say, a showdown is brewing: between the IMF, which is demanding that Japan adopt the 1997-99 IMF program which destroyed South Korea, and Japan's technocrats, who say that the IMF free-market model is "simply is not functioning."

U.S. diplomat Steven Bosworth told Nikkei on Nov. 23, that Japan's government interference in the credit system is "very similar to South Korea's before 1997." So, the IMF's deregulation of Korea, during which Bosworth was ambassador to Seoul, "should be a model for Japan."

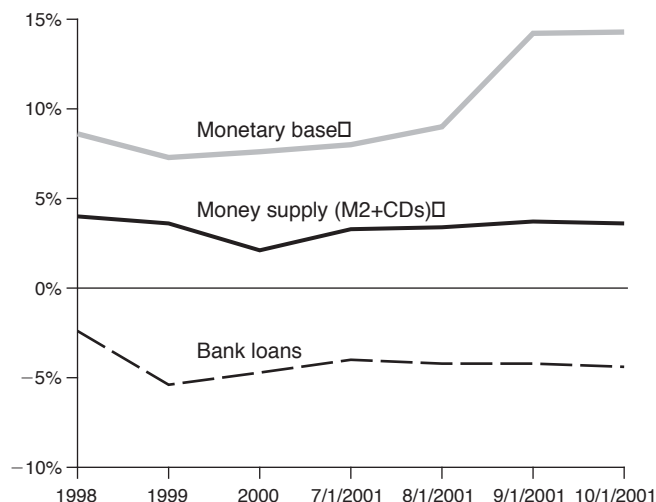
The IMF is only chartered to make short-term cash loans to countries such as Japan and Korea, which have trade and payments surpluses. Asian analysts charge that it overstepped its bounds in Korea, by demanding that hundreds of banks and industrial companies be simply shut down or sold to the highest foreign bidder. Twice in November 2000, the IMF issued "recommendations" that Seoul "liquidate" a dozen U.S.-based Daewoo subsidiaries, or 50 medium-size companies in Korea. "The IMF was way out of line, but it was profitable for Wall Street buyers," said one source.

The IMF's Aug. 10 "assessment" of Japan was just as "out of line," stating that "unviable financial institutions should be encouraged to exit." Where a bank is deemed viable but the government has to give it a capital transfusion, the banks' loans require "strong restructuring plans involving debt workouts and satisfactory returns on equity"—i.e., a lot of corporate borrowers have to be shut down like Mycal was—or else "it will be critical for the government to take appropriate action" and close the bank. "Directors emphasized that suc-

FIGURE 1□

The More Japan Prints Money, The Less Banks Loan To The Economy□

(Percent Change)



Source: Bank of Japan.□

cess of the program to accelerate bad loan disposal depends on achieving the restructuring of distressed firms and the prompt exit of nonviable entities.”

With this deflation, the IMF is simultaneously promoting hyperinflation. Their August assessment noted that the Bank of Japan (BOJ) has raised its target for the monetary base—current deposits of cash available to banks at the BOJ at the end of each day—from 4 trillion yen at the start of 2001, to 5 trillion yen in March, but demanded that “the BOJ should not delay in raising its quantitative target.” The BOJ then raised the monetary base to 8.6 trillion yen (\$72 billion) by the end of November. Now the IMF and Washington are demanding the BOJ go beyond its “zero interest rate” policy to “inflation targetting,” in which the BOJ would agree to add “whatever it takes” to the monetary base to stop prices from falling.

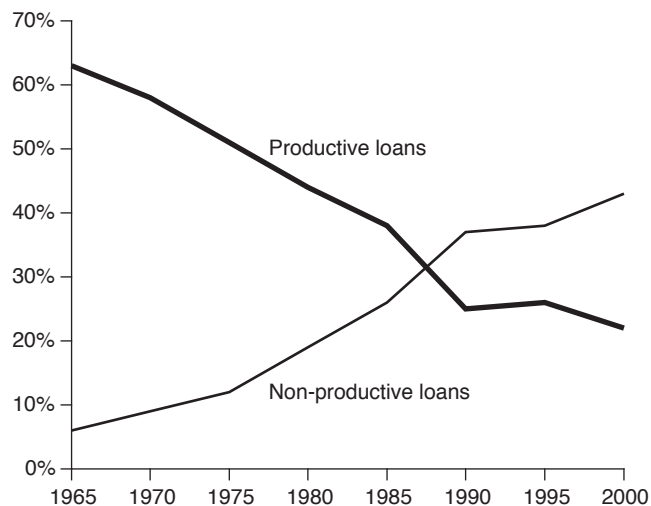
Tokyo sources say this is insane. The BOJ, itself alarmed enough to take any measure available to stop the physical commodity deflation, simply has no mechanism to do so. No matter how much cash it forces into the banking system, consumers and corporate borrowers are cutting back activity and repaying loans: “No one wants to borrow any money,” as one official put it, “and the banks are being told to cut their loan portfolios, so no one wants to lend any. The banking system is entirely dead.”

The rate of growth of the BOJ’s monetary base (Figure 1) has gone up drastically lately, to 14.3% in October. But money supply growth—the total amount of cash and bank certificates of deposit which consumers and businesses are actually putting into circulation by doing business—continues at a flat 3-4% rate, no matter what the BOJ does. And bank lending is responding *in opposition*: The more the BOJ

FIGURE 2□

Japan Banks’ Domestic Loans To Productive And Non-Productive Economic Sectors□

(Percent Of Total Loans)□



Source: Bank of Japan Economic Statistics Annual.□

prints, the more the banks cut back their loans. The IMF keeps talking about the market, “but the market simply is not functioning any more,” he stated.

After downgrading Japan’s government debt on Nov. 28, Standard & Poor’s also warned that it may soon cut its ratings on 12 major Japanese banks, including the largest and second-largest banks in the world. S&P said it had placed on “credit watch,” with negative implications, the Bank of Tokyo-Mitsubishi, Dai-Ichi Kangyo Bank, Fuji Bank, the Industrial Bank of Japan, Yasuda Trust, and others. “There is a high risk that the financial condition of corporate borrowers will continue to deteriorate and at a faster pace,” said S&P.

Most of the loans to Tokyo’s 1980s real estate speculation “bubble” have been written off. The problem now, officials agree, is basic commercial and industrial loans, loans to manufacturing *across the board*, going bad. “What sectors the borrowers are in for the non-performing loans, is highly confidential,” one official says, “but if you just look at the published figures for where Japanese banks are making their total loans, sector by sector, you can figure it out.”

As *EIR* showed in a 1995 study, until 1965 over 63% of loans by the top 150 banks went to the productive activity—manufacturing, agriculture, construction, utilities, transport, and communications. Little of this was to production of Pokémon-style consumer opiates. Only 6% of loans went to physically non-productive sectors such as finance, insurance, real estate, and other services (Figure 2). By 2000, non-productive loans had taken over. Now Japan will have to choose between the Pokémon economy, and the challenge of building something new.

Taiwan Is At Economic, Political Crossroad

by Mary Burdman

In the wake of the parliamentary elections in Taiwan on Dec. 2, President Chen Shui-bian is left trying to form a “National Stabilization Alliance” in order to govern. While relations with the Chinese mainland are certainly an issue in Taiwan politics, this and other questions are secondary to what is on the minds of the population, the business community, and any serious politician: the crash of the economy. Since the end of 2000, Taiwan’s exports—which account for half of the economy—have been collapsing at record rates, while unemployment and factory closings have soared. Taiwan, undergoing the first full-year of economic contraction in a half-century, is now in its worst economic crisis. The Asian Development Bank warned on Nov. 9, that Taiwan’s economy will contract by 2.1% this year.

Indeed, as is widely appreciated on the Chinese mainland, only its rapidly growing economic relations across the Taiwan Strait has saved Taiwan from an even worse disaster.

Taiwan is in the same condition as just about every other nation in Asia, except for China and India: dangerously dependent upon exports of computer technology, especially to the United States. Taiwan, like the other “Asian Tigers,” became enmeshed in the “Washington Consensus-New Economy” world empire—different from the historic one-product colonial economic model mainly in that it lasted only a fraction of the time.

Taiwan is now at a crossroads. Since President Chen Shui-bian, of the Democratic Progressive Party (DPP), was elected in March 2000, both opposition leaders and his administration have made efforts to improve economic relations across the Taiwan Strait. The efforts by the opposition, especially the formerly ruling Guomindang (better known in the West as the KMT), and the much smaller New Party, were much stronger.

The DPP is officially in favor of some form of Taiwan independence, but Chen himself has been very low-key on this question. He even gave support to the proposal, made by former KMT Prime Minister Vincent Siew, to form a “cross-strait common market.” Siew and other opposition leaders, such as James Soong, have visited the mainland to discuss such policies during the past year.

Pressure from the Taiwan business community prompted Taipei on Nov. 7, to finally lift its 50-year-long ban on direct trade, financial, and investment links with the mainland. While clearly an important development, especially after the

extreme anti-mainland posture imposed by the former President—the Dale Carnegie-style “democrat” Lee Teng-hui of the KMT—the rapidly growing integration of the “greater China” economies, by itself, is not an answer to the current world crisis.

The Direction Of The Economy Must Change

The *direction* of the Taiwan economy must change. Its valuable capabilities—in such advanced technologies as nuclear energy and high-speed railroads; in its potentially very capable *Mittelstand*-style industrial structure of advanced and flexible small and medium-size firms; in its financial resources (Taiwan has some \$109 billion in foreign exchange reserves, the third-largest accumulation in the world)—must be applied to cooperation not only with mainland China, but with Southeast Asia, where Taiwan also has many links.

Like Japan, Taiwan has followed an unwise economic path in recent years. It has become ever more dependent upon production of computer chips and other information technology (IT) products, as more and more factories located *outside* of Taiwan. While Taiwan has the world’s two largest computer-chip makers, in 2000 (according to the official Institute for Information Industry), almost 50% of Taiwanese IT production took place in overseas factories. While an important motivation for the exodus of Taiwan IT producers to the mainland is the 20% cheaper labor there, other costs of production, such as transport, are not so favorable. At the same time, this process is leading, as it is in Japan, to the danger of a “hollowed out” and greatly weakened domestic Taiwan economy.

Amid these economic trends, the political situation in Taipei is hardly firm. Before the December elections, the 225-member Parliament had been dominated by the KMT, which had ruled in Taiwan since fleeing from the mainland in 1949. This time, the KMT, which had already lost MPs to the new People First Party, led by former Presidential candidate James Soong, lost its 110-seat majority, winning only 68 seats. The DPP itself won 87 seats, up from 66, and now must form a coalition. The KMT has bowed out of the “National Stabilization Alliance,” although there have been a number of MPs defecting from the KMT. Potential coalition partners are either—in the worst case—Lee Teng-hui’s radical anti-China party, the Taiwan Solidarity Union, with 13 seats; or, in a far better case, the People First Party, which won 46 seats. Soong’s policies are generally in favor of improving economic relations with the mainland.

Economic Crash

Economic gloom has been gathering fast in Taiwan this year. Real estate and stock market contractions from the 1990s have left the banking system with more than 11% of its loans gone bad. Taipei has been attempting to implement a Japan-style bank “reorganization”—merging its 50 banks into ten or so institutions—with Japan-style lack of success. A NT\$500 billion (\$15 billion) “national stabilization fund”



Taiwan President Chen Shui-bian is trying to form a "National Stabilization Alliance," as Taiwan's economy crashes.

had been put together to bail out the falling stock market last year, and proceeded, as the *Taipei Times* wrote, to "lose its shirt in the futures market" in 2000.

By May 2001, as the "New Economy" imploded, the economy had fallen to its lowest level since 1975. Relentlessly, with month-by-month declines, Taiwan's overseas trade has contracted by half.

By the end of the third quarter, the economy had contracted by 4.2% year-on-year. Unemployment has been rising since October 2000. By October 2001, the unemployment rate had hit a record high of 5.33%, up from 5.26% in September. Already, 4,200 Taiwanese factories have closed this year, and the government forecasts that the number of closures will rise to 6,000, in addition to 5,000 factory closings in 2000.

Taipei plans to cut 15,000 civil service jobs next year, including in state-run manufacturing. Over the next four years, civil service jobs will be cut by an average of 1%, or 6,000 jobs per year.

In September, Taiwan was hit by the worst drop in exports it had ever experienced. Exports fell 42.5% compared to last year, while imports went down 40.4%, and the trade surplus, 64%. Worst hit were the electronics and telecom sectors—more than one-third of exports—which were down 50-58%.

Industrial output, which has been contracting, often at a double-digit rate, since February, fell 14.1% in September and another 6.7% in October. Worse, export orders are crashing. Orders fell 20% in June from a year before, and then a record 27% in September. The process continued in October, with orders down 12.3%. Overall, according to the Ministry of Economic Affairs, exports are expected to contract by at least 17% this year. The United States buys about one-fifth of Taiwan's exports.

Even more serious has been the growing influence of the anti-nuclear-power lobby in Taiwan. The "green" lobby is strong within the DPP. Last December, the government decided to stop the proposed construction of a fourth nuclear power plant, and the project remains in jeopardy, even though the Supreme Court had overturned the government decision

and the former parliament had passed a resolution by a vote of 135-70 to support the plant. The KMT had strongly supported the pro-nuclear resolution.

Growing Integration

In August, Taipei's 120-member Presidential Economic Advisory Council called for increasing transport, trade, investment, and commercial links with the mainland. On Nov. 7, Taiwan's Mainland Affairs Council chairwoman Tsai Ing-wen announced that Taiwanese can now invest directly in the mainland Chinese economy. The Taiwanese cabinet approved a proposal ending the \$50 million limit on individual investments in China, and ending the ban on direct investment. In addition, offshore units (in this case, "onshore" on the mainland) of Taiwan banks will be able to remit money to and from Taiwan. "Political problems take more time to resolve so we try to resolve economic problems first. This is a move in a good direction. It can't be bad," Tsai Ing-wen said.

Despite the earlier restrictions, there are already some 50,000 Taiwanese investors in China, including 24,000 of Taiwan's 80,000 manufacturers. Taiwanese businesses have already invested some \$60-70 billion in China since relations improved beginning in the late 1980s. Until now, they have had to conduct trade or investment through companies incorporated in places such as Hong Kong. In late November, both sides also announced easier visa rules.

Of real interest, is the potential for increased financial cooperation in these times of looming crisis for the dangerously overvalued U.S. dollar. China has announced it is already diversifying its holdings into euros. While the virtues of the current Maastricht Treaty-defined euro are limited, the decision indicates the concern about the strength of the U.S. dollar. Even more notable, have been ongoing background discussions about the potential for gold-backed euros, Russian rubles, or Chinese yuan, as sounder alternatives to the dollar. China, with some \$209 billion in reserves, is officially second to Japan, and Hong Kong holds some \$107 billion in foreign reserves, only slightly less than Taiwan.

It must be stated, that financial cooperation is *not* on the agenda now; China is doing its all to ensure the internal strength of the yuan, and remains very cautious about any potential external financial links. For Taiwan, the issue is also extremely sensitive, because it is heavily dependent upon the United States for exports and military supplies. Any move even toward the euro, would not be acceptable in Washington.

In September, proposals were being made by the Taipei Finance Ministry, to allow foreign banks to buy controlling interests in Taiwan banks. This idea was not welcomed in Beijing—in contrast to its response to the decision to allow much easier financial and investment ties between the two sides. That, Lu Nanping, deputy director general of China's State Administration of Foreign Exchange, said on Nov. 7, is "a very good thing. . . . As long as Taiwanese authorities act, banks on both sides will benefit. Otherwise, third parties—like Citibank—will earn the money."

Campo Grande Conference Advances Brazilian-Argentine Integration

by Silvia Palacios

On Nov. 8 and 9, the third in the series of seminars entitled “Brazil-Argentina: The Moment Of Truth,” took place in the city of Campo Grande, the capital of the state of Mato Grosso do Sul, in the heart of Brazil. The meeting advanced the discussions begun in the first of these seminars, in June 2001, regarding the consequences for Brazil, and for all of Ibero-America, of the accelerating world financial collapse, but now in the new world geometry emerging in the aftermath of the Sept. 11 attacks on the United States.

The concept behind the conferences, is to build a movement promoting the integration of Brazil and Argentina, as a lever for unifying the sovereign nations of the whole continent. Regional integration is the only option which these nations have, to escape from the chaos which the world financial collapse has already brought upon them.

The integration of South America is a hot issue in the region, given that Argentina is disintegrating in its national bankruptcy, and that the severity of the economic crisis of Brazil and other Ibero-American nations is close behind. The interest in integration is shown by the fact that regional dailies ran various articles inviting people to attend the “Moment Of Truth” conference, and in the public support the conference received from city authorities. At the conference itself, there were 200 individuals in attendance, including representatives from some of the state’s most important institutions, nearly double the number at the June conference.

The conferences, which are becoming an institution in the area, are a joint initiative of the Ibero-American Solidarity Movement (MSIA), the political organization in Ibero-America of 2004 Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr., and of the Movement for National Identity and Ibero-American Integration (MINEII), inspired by the Argentine patriot, Col. Mohamed Alí Seineldín. On Nov. 23, Seineldín intervened forcefully into his nation’s crisis, by demanding his immediate release from prison, in order to lead a national resistance movement to Argentina’s further destruction (see “Seineldín: ‘Freedom Now! For The Resistance,’ ” *EIR*, Dec. 7, 2001).

Support From Brazilian Leaders

Prof. João Pereira da Rosa, of the Association of Superior War College Graduates in Brazil, one of the organizers of the conference, wrote an article in the newspaper *Correio do*

Estado on Nov. 6, entitled “Attention Brazilians, Ibero-American Solidarity.” He invited everyone to attend the seminar, where, he said, “various aspects of the American System of political economy” would be studied.

“The economic policies of the liberal mold, such as those currently dominating Brazil and Argentina, never provided full development for any nation,” Professor Pereira da Rosa wrote. “All the modern industrial nations were built upon dirigistic principles whose historic origin goes back to the work and initiatives of Gottfried Leibniz, Jean Baptiste Colbert, Alexander Hamilton, Friedrich List, Matthew Carey, and others, today nearly forgotten or slandered by the propagandists of the free market.”

After the conference, on Nov. 12, Campo Grande City Council President Nelsinho Trad sent the conference organizers a communiqué, reporting: “I am honored to inform you that the City Council of Campo Grande, in their Nov. 9 session, approved a verbal notification which I authored, giving their vote of support for the realization of the ‘Third Brazil-Argentina Seminar: In The Moment Of Truth.’ ”

An Ideal Setting

The city of Campo Grande was an ideal setting for deliberating on plans for the physical integration of the continent, because it is located within the Brazilian Cerrado (see **Figure 1**), a region with one of the largest potentials for agricultural expansion on the planet, and a potential breadbasket for the world. At the same time, Campo Grande is a center of environmentalist and indigenist irregular warfare operations, run through a network of well-financed non-governmental organizations (NGOs), such as the World Wide Fund for Nature (WWF), and their local allies, against waterway and other infrastructure projects in the Cerrado region. These networks are the face of the Anglo-American enemy, which seeks to prevent the region from flourishing, politically and economically.

For this reason, the recent study by Lyndon LaRouche, known as “The Cerrado Syndrome” (see “LaRouche On ‘The Future Of Brazil’s Agriculture,’ ” *EIR*, Oct. 26, 2001), distributed to all participants at the Campo Grande seminar, had a big impact. In that paper, LaRouche locates the importance of this area for all of Brazil:

“The ongoing collapse of the global system which the

FIGURE 1

Brazil's Cerrado Region



Anglo-American monetarist faction has imposed since the late 1960s, is to be understood, in its most essential features, as a plunge toward a planetary new dark age, a plunge caused chiefly by the trends in ecological policy of the recent thirty-odd years. The possibility of avoiding the new dark age looming before the world today, requires a prudent approach to reversing the disastrous ecological trends of these recent thirty-odd years. For Brazil, the potential of the Amazon riparian region and the so-called ‘Cerrado,’ typifies the area of decision-making in which the choice between greatness and doom will be made.”

Sovereignty And Development

The president of the Agriculture Federation of Mato Grosso do Sul, Leoncio Brito, welcomed the guests at the conference’s opening. “We are fighting to preserve sovereignty throughout the whole world, and in particular, that of South America,” he told them. “And this responsibility will not be ended after this third meeting is over. We must give Mercosur [the Common Market of the South which unites Argentina, Brazil, Paraguay, and Uruguay] the destiny which it deserves: committed to production and defending our natural resources.”

Deputy Luis Carlos Heinze, president of the Agriculture Committee of Brazil’s federal Chamber of Deputies, opened the seminar’s official proceedings. He was also the host of the first Brazil-Argentina “Moment Of Truth” conference, held in his home town of São Borja, in Rio Grande do Sul, on June

1, 2001. He spoke on Brazil’s agricultural potential, and how the weight of the usurious foreign debt blocks its development, asphixiating the possibilities for increasing national wealth.

“Hearing the national anthems [of both Argentina and Brazil] made us reflect upon what the future of our continent and its potentialities will be,” Congressman Heinze said. “In 1980, Brazil produced 58 million tons of grains. Today we produce 98 million tons, and 2 million tons of pork. We have an enormous potential to produce fish; currently, we are only the 26th-largest producer. In the Cerrado, we have 90 million hectares ready to be exploited. The sky is the only limit of what we could produce! Argentina has similar possibilities. Uruguay, also. We in Brazil and Argentina, together, can be the breadbasket for the world.”



Deputy Luis Carlos Heinze

Heinze added, “However, globalization and the ecologists are holding us back to such a degree, that we have waterways, ports, and hydroelectric projects paralyzed over false ‘Indian problems.’ This is happening in various parts of Brazil. We know that these are movements orchestrated from abroad.”

The Congressman presented an X-ray of the cancer of usury. “One and half billion reals [Brazil’s currency] of the national budget in the year 2000, went to science and technology; 3 billion to education, and between 5 and 6 million to the environment, compared to the fact, that in the same period, Brazil channeled 82 billion reals for payment abroad, on the foreign debt,” he said.

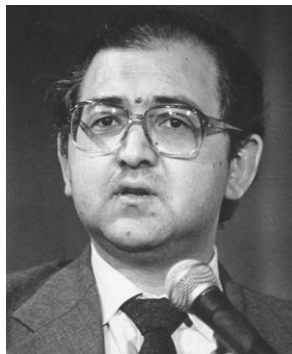
Congressman Heinze concluded, “The world witnessed, dumbfounded, the terrorist attacks of Sept. 11. But, here in Brazil, we also have some terrorists, known as the Landless Movement. We have witnessed with astonishment the latest actions [of this group, which now] carries out indiscriminate invasions as if they were true acts of terror.” His remarks drew heavy applause.

Maj. Adrián Romero Mundani, representing the MINEII, brought fraternal greetings from Colonel Seineldín, and gave a passionate speech on the contribution which Argentina could make to increasing the scientific and technological capabilities of South America. He reviewed the excellence which his country had reached in the areas of atomic energy and aerospace. These achievements, he said, have been lost under the hand of globalization. The last neo-liberal regimes, he added, destroyed the armed forces, privatized everything—industries, minerals, energy, food production—and then they “told us that that was not sufficient to pay the foreign debt. Now they want territory and resources. For this reason, the ecologists created by the British Crown feel they have the right to give us orders, dictating to us what we have to do

with Brazil's Amazon or Argentina's Patagonia. According to them, these immense natural resources should be the patrimony of some obscure 'humanity.' "

The Common People's Moment Has Come

The inaugural session concluded with a presentation by Lorenzo Carrasco, from the MSIA Executive Committee, in which he laid out the world strategic picture after the events of Sept. 11. Those attacks, he explained, were run by a desperate Anglo-American group which refuses to accept that their imperial domination, through globalization and financial speculation, could end. "This is the message which Lyndon LaRouche sent to the participants of this seminar. The financial crash is inevitable; this insanity which has dominated the financial system since August 1971, when the Bretton Woods system was ended by decree, is coming to its end. It was, in the first place, only made possible by the elimination of those leaders who opposed the Anglo-American imperial model, such as President John F. Kennedy, France's President Charles de Gaulle, the Prime Ministers [of Germany Konrad] Adenauer and [of Italy Antonio] de Gaspari."



Lorenzo Carrasco

"Sept. 11 effectively ended an era," Carrasco continued. "The enemy showed his face. Now we are fighting in an open field: Either humanity rushes headlong into a new dark age, through a 'clash of civilizations' such as that which the perpetrators of Sept. 11 intend to provoke, or humanity must launch a new Renaissance, a necessary but insufficient precondition for which is the creation of a new world financial system which guarantees the means of economic reproduction for the nations of the world and their peoples. It is insufficient, because it will also be necessary to reestablish in this system, conditions of morality in society, through the development of Classical culture and education."

"What we require," Carrasco said, "is a New Deal, on a world scale. Just as U.S. President Franklin Delano Roosevelt laid the basis for economic recovery after the financial collapse of 1929-1931, through projects like the Tennessee Valley Authority, today Lyndon LaRouche proposes the construction of a Eurasian Land-Bridge, as the locomotive for world economic development, capable of producing a similar effect, but on a planetary scale. This idea is being rapidly implemented by the leaders of the Eurasian nations, especially China, Russia, India, and Iran. LaRouche and his international movement, of which the MSIA is a part, are acting as a kind of conductor for an orchestra made up of creative initiatives moving in the direction of the Eurasian Land-Bridge."

"It is from this global perspective that Ibero-American

patriots must begin to act to the benefit of their own nations. Eurasian development, over the next 25 years, will produce a demographic effect never before experienced in the history of humanity. In Asia, where two-thirds of the human race lives, the population will grow from its 3.5 billion inhabitants today, to 4.5 billion, a growth to which we must add the effect of the raising of the living standards of the Asian population, particularly in the interior of China. Brazil alone has 19% of all the arable land of the world, and more than one-third of lands not yet cultivated worldwide. This means that Brazil, together with Argentina and the rest of the nations of South America, have more than half of the world's agricultural frontier. Our mission is to use what LaRouche calls the 'Cerrado Syndrome,' to develop the capabilities to feed the world, at the same time that we rid our countries of the oligarchical system which keeps a great part of our people in misery and hunger."

Carrasco concluded, "The time has come in which common people, such as those of us meeting in these seminars, take responsibility for organizing society around this mission. Never before have we been so close to helping shape universal history."

Infrastructure Projects

Another session of the conference was an animated panel on the region's great infrastructure projects, and their contribution to the physical integration of, especially, Argentina, Bolivia, and Peru. Nilder Costa, editor of *EIR's Alerta Científico e Ambiental*, presented LaRouche's ideas of development corridors, and their significance in fomenting technological revolutions, such as that brought about by the development of nuclear energy. "It is necessary," he said, "for humanity to master the process of nuclear fusion over the course of the next two or three generations, to avoid entering into a population decline. Thus, for Brazil and for South America as a whole, it is critical that new cities along these development corridors be planned and built."

Engineer Michel Chaim, director of the navigation company Cinco Bacias, gave a presentation on the Paraguay-Paraná waterway, which is in the Cerrado region. Chaim used maps and transparencies to give the audience an historic overview of how the waterway has been used since the end of the 19th Century, and stressed its strategic importance for the integration of Bolivia, Brazil, Paraguay, Argentina, and Uruguay—that is, for the Mercosur member-nations.

Chaim showed how the campaigns of the environmentalist NGOs against implementation of the waterway on the Brazilian side, including in the giant Pantanal region, are totally unfounded, given that there already are new boats adapted for use in the river. He showed a videotape of these boats, constructed in Brazil with Brazilian technology, turning 360° on their own axis, and showed how navigation in the waterway can be carried out with great precision.

A representative of Expresso Araçatuba presented a pioneering study by his company on plans to open up new high-

ways between Brazil and the Pacific ports of Peru, that would pass through Bolivia. The most viable so far is one originating in Cáceres, Mato Grosso, Brazil, which passes through San Vicente, Concepción, Santa Cruz, Cochabamba, and La Paz in Bolivia, and on to Moquegua, Matarani, Nasca, and Lima, in Peru. He showed a video made during the inaugural trip of this route from São Paulo, Brazil, to the port of Callao, in Lima.

'The Other Face Of Globalization'

This was the title of the presentation given by Silvia Palacios, *EIR*'s correspondent in Brazil, on a new study on the World Social Forum. The information comprises a chapter in the new Portuguese-language book entitled *Terror Against The Nation-State*, whose main author is LaRouche, and which *EIR* will soon publish also in Spanish, for distribution across the continent.



Silvia Palacios

"The title of this presentation is very appropriate, because in the bloodiest phase of globalization, the masterminds of Anglo-American geopolitics are already trying out new forms of world government, in order to bury the sovereign nation-state," stated Palacios. "Even before the terrorist attacks of Sept. 11, the assault against the sovereign nations was intense; afterwards, it took on an even greater life in those wild minds. For example, former U.S. Secretary of State Henry Kissinger, in his latest book, wrote an obituary for the Treaty of Westphalia, under which sovereign nation-states were created in Europe."

Palacios said, "Recently, Robert Cooper, adviser to British Prime Minister Tony Blair, stated that the world needs a 'new imperialism,' and that Perfidious Albion is ready and waiting to occupy that role. But Kissinger and Cooper, who have already been dubbed the 'prophets of the new imperialism,' are by no means alone. They have an interlocutor on the left. He is Antonio Negri, guru of the Italian terrorist group the Red Brigades, accused of being the intellectual author of the assassination of former Italian Prime Minister Aldo Moro. Negri, in his book *Empire*—which is considered the guide of the so-called anti-globalization movement—agrees with Kissinger in viewing the system of sovereignties created in Westphalia, as finished. Further, in a recent interview, the Britisher Cooper explicitly, and respectfully, cites *Empire*. The ideas of Negri, an ideologue of the World Social Forum, stem from the false premise that the main conflict in the world today, is between the Empire and oppressed groups or countries. The reality is that the fight is between the sovereign nation-state and forms of world government that globalism has imposed on the world."

Palacios concluded, "The creation and activities of the World Social Forum must be understood from the standpoint that it is an instrument of the Anglo-American oligarchy, to give the *coup de gras* to modern nation-states. That is why it is sponsored by well-known members of the elite, such as the financier of British geopolitics, George Soros, and the Anglo-French magnate Teddy Goldsmith. The World Social Forum came out of the networks of new international terrorism which LaRouche and *EIR* have been documenting since 1995. It is no coincidence that Goldsmith has played a starring role among the so-called 'anti-globalists,' given that his family was one of the promoters of the Afghani fundamentalist movement during the Afghanistan war" of the 1980s.

Palacios detailed who the members of the World Social Forum are, and how its relations with Soros and Goldsmith are interwoven. She also documented new interventions being carried out by these groups, which reflect Negri's influence. This is the case with the Landless Movement of Brazil, which has begun intervening into nations bordering Brazil, including Bolivia and Argentina. "Negri mentions that the new global citizenry is so-called because it can intervene without borders or passports," she stated. To create and encourage the mobilization of "the masses"—the new Jacobin mobs—is the idea expressed by Negri in his book, she said, and this is precisely what the World Social Forum has been carrying out since it was created in Pôrto Alegre, Brazil in January 2001.

The Science of Christian Economy

And other prison writings by Lyndon H. LaRouche, Jr.

Includes *In Defense of Common Sense*, *Project A*, and *The Science of Christian Economy*

three ground-breaking essays written by LaRouche after he became a political prisoner of the Bush administration on Jan. 27, 1989.

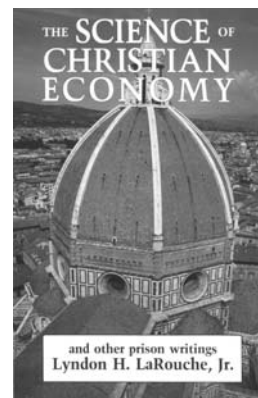
Order from:

Ben Franklin Booksellers, Inc.

P.O. Box 1707 Leesburg, VA 20177

Toll free (800) 453-4108 (703) 777-3661 fax (703) 777-3661

Shipping and handling: Add \$4 for the first book and \$.50 for each additional book in the order. Virginia residents add 4.5% sales tax. We accept MasterCard, Visa, American Express, and Discover.



\$15

Business Briefs

Infrastructure

Austria Stymied By Maastricht Treaty

Building infrastructure will not be a topic at government-level talks about a stimulus package for the Austrian economy, according to Transportation Minister Monika Forstinger, the daily *Die Presse* reported on Nov. 27. The reason is, that there are no plans for any infrastructure projects ready to go. Under the Maastricht Treaty rules, not only infrastructure building fell victim to budget austerity, but also infrastructure planning.

Because of the complicated administrative processes (not the least because of environmental protection laws, and because of legally mandated "free market" tender procedures, etc.) which have to be followed before construction on such projects can begin, it will take years before such projects will have any measurable effect on the economy. Among such projects, which will be stalled for years to come, are key sections of *EIR*'s proposed "Productive Triangle," connecting Vienna to Prague, Czech Republic, and Bratislava, Slovakia. Construction to improve key sections of the Vienna-Munich rail line will start at the end of 2002, at the earliest.

Unfortunately, because the desperate "free marketeers" are looking at infrastructure construction projects only in terms of short-term "stimulation" of the economy, and not as something necessary for long-term viability of the economy, they apparently intend to forgo such investments.

Nuclear Energy

Green Light Given For Brazil's Third Plant

After long battles, tantrums by environmentalists, stalling by the Ministry of the Environment, and deliberate bureaucratic sabotage, rationality appears to have won out, and on Nov. 27, Brazil's National Council of Energy Policy gave the go-ahead, with certain conditions to be met, for construction of the Angra III nuclear power plant. The last ob-

stacle was overcome on Nov. 14, when the National Environmental Council failed to bring another reason to block the completion of Brazil's third nuclear plant (into which almost \$2 billion of investment has already been made), and gave its approval.

When completed, Angra III will generate 1,360 megawatts of electricity—an especially critical contribution, given Brazil's energy crisis, which has forced a 20% cut in national consumption since June 2001. Angra I and II already provide about 40% of the electricity used in the state of Rio de Janeiro, and 6% of national consumption.

This is a big victory against the World Wide Fund for Nature and its shocktroops, who thought in the early 1990s they could shut down Brazil's nuclear program entirely. *21st Century Science & Technology* magazine published the story of "How Brazil's Nuclear Association Defeated Greenpeace" in its Spring 2001 issue, in an interview with one of the people who led the battle. Brazilian Nuclear Energy Association director Guilherme Camargo.

Asked in October 2000 about the prospects for Angra III, Camargo told *21st Century*: "We will build it for sure—with the Germans, without the Germans, with the French, with the Japanese, or without them. And if there is nobody who wants to participate in this great business, then we will build it by our own means. . . . And here is a special message for the Greens . . . : No matter what you say, no matter what unilateral conditions you are trying to impose on our nation, you have lost this battle. Angra III is already a reality. . . . There is enough space for a fourth nuclear plant at the same site! . . . I think that the fourth power plant is already also guaranteed."

Rice

Exporting Nations Seek To Halt Market Manipulation

Six of the seven major rice exporting nations (all but the United States) are about to form a global "pool," the Dec. 1 *Bangkok Post* reported. The six account for 70% of the world's rice trade. These are, in order of size

of exports: Thailand, Vietnam, China, Pakistan, India, and Myanmar. Last year they exported 16.32 million tons of rice, out of the global total of 23.26 million. The United States is the fourth-largest exporter.

Thai Commerce Minister Adisai Bodharamik said that the countries had agreed in principle to form a cartel to strengthen their roles and stabilize world rice prices. Dr. Adisai acknowledged that the Organization of the Petroleum Exporting Countries is a model, but said: "The pool does not mean to have one export price from all countries or create market manipulation. The main objective is to have fairer rice prices with fewer fluctuations, in order to benefit local farmers." In other words, the point is to prevent the manipulation of the market by the derivatives speculators.

When Thailand and Vietnam agreed on such cooperation earlier this year, their rice export prices began to show more stability, he said.

Bangkok is expected to be the site of the pool's first meeting, early in 2002.

Thai Prime Minister Thaksin Shinawatra plans to discuss rice when he visits the United States in December, according to Wattana Muangsuk, a deputy secretary to the Prime Minister. Thaksin is not likely to directly address the manipulations by the market controllers. Rather, Wattana said, he "would likely ask the U.S. to reduce its farm subsidies, since they have a great impact on world rice prices."

Health

AIDS Plague Worsens In Africa, East Europe, Asia

Sub-Saharan Africa is by far the region worst affected by AIDS, according to a BBC report which quoted from the latest World Health Organization survey released preparatory to World AIDS Day (Dec. 1).

There were 3.4 million new HIV infections in Africa in 2001, which is almost 70% of the global total. This brings the number of Africans now living with HIV/AIDS to 28.1 million. In Botswana, Malawi, Mozambique, and Swaziland, average life expect-

THE U.S. ECONOMIC collapse is accelerating. Third-quarter GDP dropped at an annual rate of 1.1% compared to the second quarter, the worst since 1991, with the goods portion falling 4.6%, the Commerce Department said on Nov. 30. Exports plunged 17.7%, compared to an 11.9% decrease in the second quarter; imports fell 12.9%, compared to 8.4% in the second quarter. Non-residential fixed investment declined by 9.3%.

THE CONSOLIDATION of the global energy industry took another big step on Nov. 19, when Conoco, Inc. and Phillips Petroleum Co. announced that they have agreed to a merger of equals into a new company, ConocoPhillips. It will be the world's sixth-largest oil company in terms of both oil and gas reserves and annual production (after ExxonMobil, Royal Dutch/Shell, BP, ChevronTexaco, and France's TotalFinaElf).

THE DANUBE River has been cleared of debris from the Kosovo war, and shipping resumed on Dec. 1. Since the bombings, Europe has lost about \$1 million per day, because of increased shipping costs. Ship traffic is restricted to only seven hours a day, two days a week, until a pontoon bridge at Novi Sad, Yugoslavia is replaced with a permanent structure.

ASIAWEEK, started in 1975 and revamped in May 2001, is being shut down by AOL Time Warner, Reuters reported on Nov. 29. *AsiaWeek* has 120,000 subscribers. Its major rivals, the *Far Eastern Economic Review* and the *Asian Wall Street Journal* (both owned by Dow Jones), merged and downsized earlier this year. The collapse of advertising revenue is cited as the main cause.

PHILIPPINES manufacturing output fell 7.3% in September, for the sixth month of decline. The slowdown was led by the double-digit decline in the production of tobacco, paper and paper products, and wood products. Electrical machinery and textiles were also hit hard.

tancy has dropped to below 40 years. A survey of 15 firms in Ethiopia found that over a five-year period, 53% of staff illness was AIDS-related.

In Burkina-Faso, 20% of rural families have cut back their farming activities because of AIDS. In Swaziland, school enrollment has dropped 36%, largely due to girls being taken out of classrooms to care for sick relatives. In 1999, at least 860,000 African children lost their teachers to AIDS.

The UNAIDS organization, in its report for 2001, called attention to developments in Russia, Ukraine, and Eastern Europe. In Russia, 75,000 new AIDS infections have been reported to date in 2001, and the rate of infection has increased 15 times since 1998. An average of 3,000 Russians are now infected every week, bringing the total number of infections to 200,000.

In Ukraine, 1% of the population is infected. An alarming development throughout Eastern Europe, is that young people are especially affected, largely because the spread of hard drug consumption.

In Thailand, the annual number of new HIV cases reported has dropped from 140,000 a decade ago to 30,000 today, but it is now the country's leading cause of death, with about 1 in 60 Thais infected with HIV. Dr. Tim Brown, coordinator of the joint UN program on HIV/AIDS, said that about 50% of the Kingdom's new infections are occurring among married couples. Commercial sex workers account for only 10% to 15% of new infections.

Southeast Asia

New Highway Given Construction Go-Ahead

Thailand, Laos, and Vietnam have agreed to build a highway linking the three nations to boost economic cooperation. Foreign ministers of the three met in Bangkok on Nov. 22 to discuss closer ties made possible by the planned Thai-Lao international bridge, the second bridge across the Mekong River that will connect Thailand's northeast and Savannakhet, Laos. In attendance was Japan's parliamentary secretary for foreign affairs,

Tamei Yamuguchi. Japan is helping to finance the project.

The project is part of the Greater Mekong Subregion's East-West Economic Corridor linking the South China Sea and the Indian Ocean. Goods could be transported through Laos from central Vietnam's port city of Danang, through Mae Sot on Thailand's western border, and on to Moulmein, Myanmar. It is hoped the project will be completed in four years.

Thai Foreign Minister Surakiart Sathirathai said trade and investment would be promoted at Lao Bao, on the border between Laos and Vietnam, and a special economic zone between the Thai province of Mukdahan and Savannakhet would serve as a production base. Joint marketing campaigns, improved tourism infrastructure, and closer ties among their private sectors are also planned.

Mining

Basic Metals Output Is Dropping Drastically

As metal-working and manufacturing activity contracts, prices and output of basic metals are contracting.

Zinc: Used to galvanize steel, zinc prices recently hit a 14-year low, falling 23% for the year on the London Metal Exchange (LME), while inventories have more than doubled. The average price is \$885 a ton, at which some 40% of all Western output is unprofitable, according to a November report by Sydney-based AME Mineral Economics. World output this year will exceed demand by 200,000 tons, and demand is down at least 2.3%.

Lead: Output is dropping, and mining potential is shrinking. The November AME report stated, "Low levels of investment in lead capacity in recent years . . . may cause a supply shortfall to develop." Lead prices have risen 1% this year, in contrast to the rest of the LME, after producers cut back output in response to weakening consumption.

Copper: While futures rose a bit in November, up about 1.3%, or \$47, to \$1,562 a ton on the LME, its price decline for the year is still 15%.

To Stop Terrorism, Shut Down Dope, Inc.

What follows is a preface written by 2004 Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr., for a special report his campaign committee will be issuing in mid-December. The report, titled "To Stop Terrorism, Shut Down Dope, Inc.," includes four chapters from the third edition of the underground bestselling book Dope, Inc.

Whatever the world really thinks about that culprit known as Osama bin Laden, the real threat to civilization is chiefly a product of the way in which leading and other governments, including the government of the U.S.A., promoted and used terrorism, political assassinations, and other expressions of "special" or "irregular" warfare during the age of nuclear weapons. The importance of shutting down international money-laundering can be summed up in three points, as follows.

1. The ability to deploy, but deny the relevant government's role in deploying such methods of special warfare, has depended to an increasing degree, on various forms of "money-laundering." A major role has been played by trafficking in drugs, such as marijuana, cocaine, and opium, and in the proceeds of illegal or quasi-legal weapons-trafficking.

2. The launching of such forms of state-directed irregular warfare, by Zbigniew Brzezinski, during the late 1970s, is an outstanding example of large-scale warfare fought with emphasis on funding through drug/weapons-trafficking. The softness of elements of the U.S. government toward operations such as those of "drug legalizer" George Soros, has been a crucial part of the support given to international terrorism through use of dirty-money channels.

3. The third essential element in the logistics of international terrorism, is the use of exotic financial channels, such as the notorious Cayman Islands conduit, junk-bond and related sorts of corporate takeovers and mergers, and the biggest money-laundering channel of them all, the international financial-derivatives racket.

If all three of those type of operations are shut down, the

ability to deploy forms of irregular warfare such as international terrorism, will be greatly crippled. Without shutting down all three of these types of channels, no effective blocking of international terrorism were possible.

This report summarizes both our investigations of this side of the money-laundering racket over recent decades, and important updates on recent developments which you should be taking into account in our effort to shut this thing down.

Lyndon H. LaRouche, Jr.
November 26, 2001

Dope, Inc. Is \$600 Billion And Growing

by Jeffrey Steinberg

In the Summer of 1996, *EIR* conducted an exhaustive study of the worldwide illegal drug trade, "Britain's Dope, Inc. Grows To A \$521 Billion Business" (*EIR*, July 26, 1996). That study was, in part, provoked by an Autumn 1995 *EIR* profile of the "new international terrorism," which highlighted the very Afghansi mujahideen and Ibero-American narco-terrorist organizations that have waged war against every nation-state on this planet for the past decade, culminating in the irregular warfare assaults of Sept. 11, 2001.

What linked those two *EIR* reports was the fact that the global \$1 trillion per year underground economy of guns and drugs represents the logistical heart of the new international terrorism. From the opium fields of Afghanistan to the coca plantations of Colombia, the legions of modern irregular warfare combatants, deployed top-down by factions of the Anglo-American oligarchy (with generous assistance from elements



Richard Grasso, chairman of the New York Stock Exchange, embraces Colombian narco-terrorist Raúl Reyes, head of the FARC, during a June 1999 visit to the jungles of Colombia. Wall Street banks launder hundreds of billions of dollars in illegal drug money every year—and now, they want to make it legal.

within the Israeli military and intelligence structures), survive or fall, on the strength of the “logistics in depth” of the underground economy of illegal weapons and drugs.

To defeat international terrorism today, governments of the world, led by the United States and Russia, must undertake a no-holds-barred assault on the underground economy of illegal drugs and weapons—what *EIR* first labeled “Dope, Inc.” back in 1979. The black market in guns and drugs is the “Achilles’ heel” of the modern irregular warfare apparatus. Take out that infrastructure, and the capacity of this network to conduct their warfare is destabilized, decisively.

This means, above all else, that the “Grasso Factor” can no longer be tolerated, if the world is to survive the drive for a global “clash of civilizations” aimed at spreading war and chaos across the entire Eurasian land-mass. The “Grasso Factor” refers to the infamous visit that the chairman of the New York Stock Exchange, Richard Grasso, paid to the Colombian jungles, in June 1999, where he embraced a top leader of the Revolutionary Armed Forces of Colombia (FARC), Raúl Reyes, and pronounced one of the world’s leading narco-terrorists “a man Wall Street can do business with.”

Since the Grasso visit, new damning evidence has surfaced about the FARC’s far-flung drug operations, including a multibillion-dollar-a-year guns-for-drugs alliance with the Mexican Arellano Félix drug cartel, the biggest and most murderous drug gang in that country.

It is now an open secret that the major Wall Street and City of London commercial banks launder hundreds of billions of dollars in illegal drug money every year *as a matter of policy*. U.S. intelligence officials privately acknowledge that all of

the major New York commercial banks have emissaries in Colombia, Peru, Paraguay, and the other targets of Dope, Inc., soliciting the narco-traffickers’ business. There is a fierce competition for narco-dollars—one of the biggest sources of cash flow in the world today, at a moment when the global financial system is on the verge of total collapse.

The pace at which the global financial and irregular warfare crises are unfolding, did not permit the *EIR* team to undertake the same painstaking study of the present world illegal drug trade that we conducted in 1996. However, *EIR* editors have reviewed some of the critical data, and have interviewed senior anti-drug officials from the United States and several Ibero-American nations. The report that follows represents a highly accurate summary profile of the status of Dope, Inc. at the dawn of the new millennium.

A Paradox

The 1996 *EIR* study concluded that Dope, Inc. had grown to a \$521 billion a year illegal business—nearly doubling from the \$259 billion annual revenue of 1985. The recent *EIR* review of U.S. government data, including the “National Drug Threat Assessment 2001” report, produced in October 2000 by the National Drug Intelligence Center (NDIC), confirms that Dope, Inc. now represents an annual cash flow of well over \$600 billion. This is an extremely conservative estimate. More precise figures, which we are not prepared to state at this time, are likely significantly higher.

At the same time, it is important to report a significant, seemingly paradoxical phenomenon. According to the March 2000 “International Narcotics Control Strategy Report,” the annual State Department study of the world underground narcotics economy, both opium and coca production *declined* during 1995-99. The declines were very specific: Bolivia and Peru carried out intensive campaigns to eradicate coca production. Over that five-year period, Bolivian coca production fell by a staggering 71%, and Peru, under the Presidency of Alberto Fujimori, cut coca production by 62%.

During the same time frame, as the FARC was supplanting the Medellín and Cali cartels as the country’s leading cocaine-trafficking organization, Colombia’s coca production shot up by 126%. Colombia also emerged as an opium-producing and heroin-processing country, which now provides a substantial portion of the high-grade heroin sold on the streets of North America. Colombian anti-narcotics officials who recently visited Washington reported, during a behind-closed-doors briefing, that the opium fields and heroin labora-

tories were established in Colombia, with the assistance of Afghani and Pakistani agricultural specialists and chemists, leading to suspicions about a possible narco-link between the FARC and Afghani and Pakistani drug lords, who, after 1996, had worked out a drug tax-for-protection arrangement with the Taliban.

Afghan opium production increased between 1995 and 1999 by 34%, but at the same time, the government of Myanmar launched a successful crackdown against opium growers, reducing output by 53%.

What is the significance of these opposing trends over the past half-decade? While overall drug production has been on the rise, countries that showed a determination to crack down on the production of cocaine and opium were not only successful, but their efforts reduced global production figures for cocaine and opium by 18% and 26%, respectively, from 1995 to 1999.

So much for the drug legalizers' arguments that Dope, Inc. is "too big" to defeat. A global, concerted effort, that may now be politically possible, in the wake of the Sept. 11 attacks, *can succeed*. The trillion-dollar question is: Will the Bush Administration, the Putin government in Russia, and allied governments in Europe and other parts of the world, at long last, launch the kind of coordinated effort that aims to win?

Putin Takes A Stand

Russian President Putin called for precisely such an effort to wipe out the underground narcotics economy, as a means of defeating international terrorism. At the Sept. 28 session of the Russian Security Council, Putin described the "acute" drug abuse crisis in Russia. "This problem is extremely acute today, and not only in and of itself," he told his top security aides. "It is directly connected with the success of the struggle against crime . . . and of course, it is very closely interwoven with topic number one in the world, the struggle against terrorism. The narco-business is one of the main sources of financing for terrorist groups and irregular military units."

He elaborated: "Terrorism and narcotics are absolutely kindred phenomena. They have common roots and a similar destructive force. Terrorism, like the drug trade, has a highly ramified international network, and is transnational. . . . This illegal business produces superprofits, and 'dirty' monies are spent for 'dirty' purposes."

He concluded: "We must put an effective barrier to all forms of penetration of narcotics into illegal circulation, destroy the infrastructure of the narco-networks, and eliminate demand. . . . Therefore our objective is to close off all channels for the proliferation of narcotics, both external and domestic. . . . An important subset of tasks has to do with eliminating the financial channels for the narco-business, which can be done not only by a fight against criminal elements, but also with an entire system of special measures. These include combatting the legalization of criminal incomes."

If the opportunity posed by the post-Sept. 11 Russian-

American cooperation is lost, then the other side of the picture—the continuing overall growth of Dope, Inc.—will dominate and destroy.

The Global Picture

The local success stories in Bolivia, Peru, and Myanmar hardly offset the fact that Dope, Inc. continued to grow, albeit at a slower pace, over the 1995-99 interval. *EIR*'s comparative review of core data—the estimated volumes of production of cocaine, heroin, marijuana, and synthetic drugs; and the changes in retail prices and street-level purity (normally among the most accurate data assembled by national law enforcement agencies)—points to certain conclusions:

First, the dramatic increase in production and use of marijuana and ever-more-sophisticated and addictive synthetic drugs, more than offset the decline in raw opium and coca production over the five-year period. This is confirmed by both statistical data assembled by the NDIC and the State Department, and by anecdotal reports, largely featured in the NDIC's "Threat Assessment 2001." In fact, even in the cases of heroin and cocaine, the NDIC study suggested that pre-existing stockpiles of previous-year production meant that retail use in the United States continued to increase, even as new production declined, as the result of the targeted efforts of Bolivia, Peru, and Myanmar.

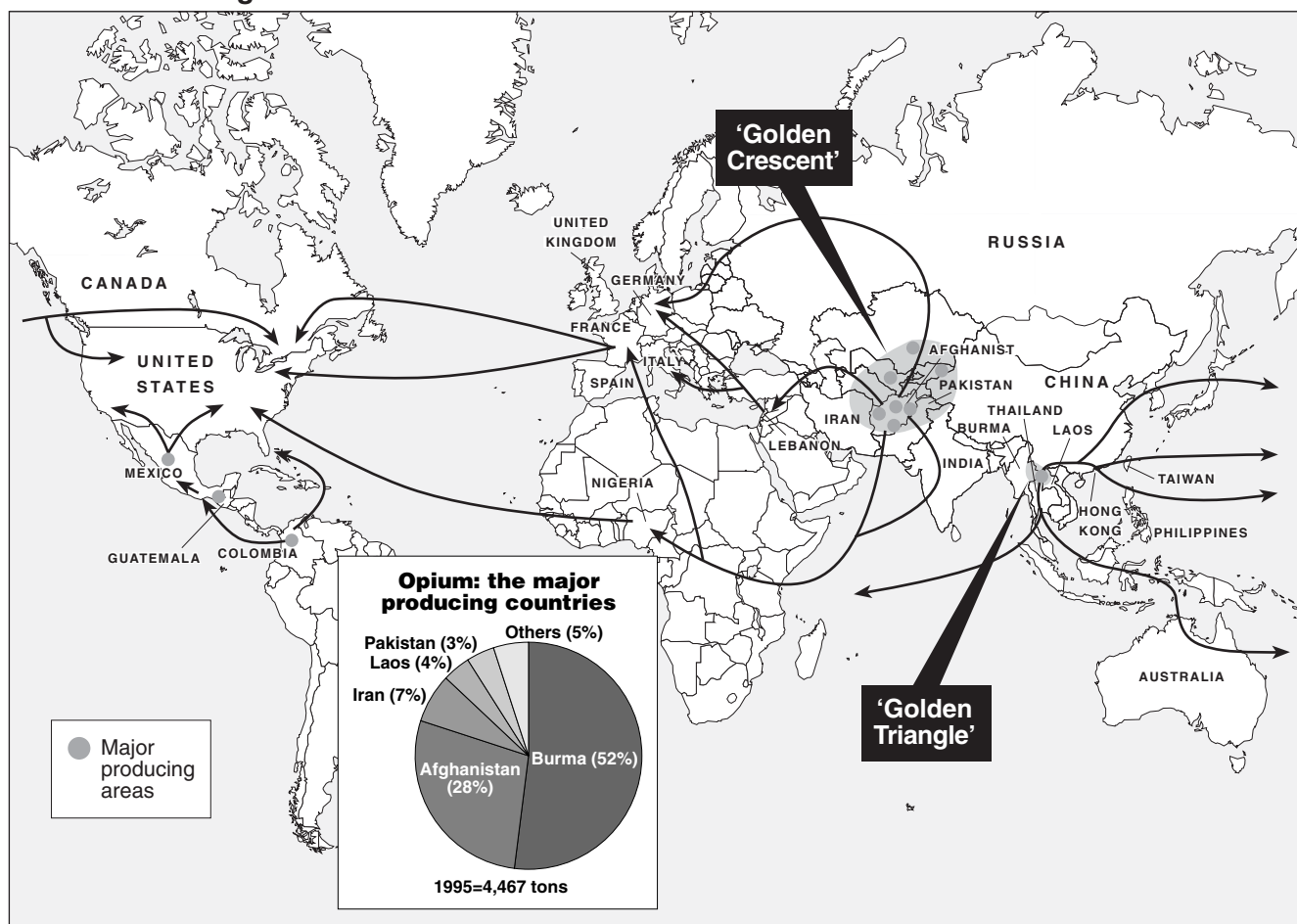
By the year 2000, the proceeds from the illegal drug trade had certainly passed \$600 billion per annum, given the continuing growth trends in the United States, Central Europe, Russia, and in many of the producer-countries that, in the past, had been immune to large-scale drug abuse, because crops were largely exported to the industrialized countries.

Among the findings of the NDIC was that cocaine use continued to grow after 1997, but at a slower rate; and heroin use stabilized after 1997, but after having doubled between 1993 and 1997. Additionally, the spread of the "rave" culture has increased adolescent abuse of "designer" drugs, including combinations of heroin and MDMA. The NDIC warned, "The rave culture and the criminal activity that surrounds it pose a major threat to America's youth." In addition to the widespread presence of smokeable and inhalable heroin at rave concerts, the report warned of a big increase in heroin, MDMA, LSD, and boutique designer drugs on college campuses, "in visually appealing and easy to administer forms."

The reports also noted an explosion in the illegal manufacture and distribution of methamphetamines. In 1999 alone, more than 7,200 clandestine methamphetamine labs were shut down by police in the United States alone! Canada, since 1996, has emerged as a major supply point for precursor chemicals, required for the manufacture of methamphetamines. Overall, Canada has become a hub of drug abuse and of illegal drug flows into the United States. This may be called "the NAFTA effect," as the North American Free Trade Agreement has opened the borders.

While methamphetamine and "club drugs" like MDMA,

FIGURE 1
Heroin-Trafficking Routes



Source: NNICC; EIR.

This map is from EIR's 1996 report. Today, the world illegal drug trade is at least \$100 billion bigger than it was then—despite the fact that certain countries were successful in cracking down on drug production.

ecstasy, and XTC were identified by the NDIC as the biggest expansion threats, marijuana abuse also continued to increase, with new and far more potent strains of the drug being produced in sophisticated indoor hydroponic “pot farms.” Canada, again, has become a major production center.

There are no figures available from the U.S. government on domestic marijuana production, which makes any precise estimate of worldwide crop size or cash value impossible. In many U.S. states, marijuana remains the number-one cash crop.

The second issue that the recent U.S. government drug surveys highlighted, was that the links between the illegal drugs and weapons economy and terrorism have become more and more evident. Whereas, in the past, the argument was often made, in official U.S. government publications,

that the narco-terror links were tenuous and opportunistic, the 2001 NDIC study stated, bluntly, that “traffickers used laundered drug proceeds to . . . fund insurgency and terrorist organizations.”

Indeed, while the case of the FARC in Colombia represents perhaps the most clear-cut example of the narco-terrorist phenomenon, other cases, with profound implications for Presidents Bush and Putin’s “war on terrorism,” can be found on every continent. In South and Central Asia, the Taliban case has already been cited.

But in the heart of Europe, the ethnic Albanian Kosovo Liberation Army (KLA), with its offshoots operating inside Macedonia, has been exposed as one more narco-terrorist gang. One feature of the links between the KLA and the Egyptian Islamic Jihad (the core component of the so-called Osama

bin Laden organization, al-Qaeda) is that the KLA smuggles Afghan heroin and hashish into Russia and Western and Central Europe.

Money Laundering: Follow The Hedge Funds

Newly elected U.S. Sen. Joe Corzine (D-N.J.) has recently emphasized that major money laundering can be carried out far more securely and efficiently through hedge funds, whose activities are subject to virtually no government scrutiny, than through the commercial banks. Corzine should know. Until his election to the U.S. Senate, he was chairman of the board of Goldman Sachs, one of the biggest Wall Street brokerage houses.

With combined cash flows surpassing \$1 trillion, Dope, Inc. requires enormous access to the global financial system, and its access is from the top down, as evidenced by the Grasso visit to the FARC jungle. A recent Senate Permanent Investigations Subcommittee study by the Democratic staffers, commissioned by Sen. Carl Levin (D-Mich.), revealed that the private banking units of most of the major New York commercial banks maintained a strict “see no evil” attitude toward their wealthy clientele. And the same banks engaged in the worst kinds of criminal collusion through their corresponding banking relationships with offshore British Commonwealth banks and branches, that operate totally outside the law.

The pivotal role of international financial institutions in the laundering of drug money was underscored by a report released by the United Nations Office for Drug Control and Crime Prevention on May 29, 1998, titled “Financial Havens, Banking Secrecy, And Money-Laundering.” The authors were four leading experts on money laundering: Jack Blum, Michael Levi, R.T. Naylor, and Phil Williams. Blum is particularly well-known for his work as Special Counsel to the Senate Foreign Relations Committee’s Kerry Commission, which exposed the role of U.S. intelligence agencies in the 1980s in a global guns-for-drugs operation, associated with the Iran-Contra Affair and the Afghan mujahideen program, and which revealed the role of the Bank of Credit and Commerce International (BCCI) in laundering the proceeds of Golden Crescent opium and heroin trafficking to finance the war against the Soviet Army in Afghanistan.

That 1998 United Nations report shed light on the role of offshore banks, the Euro-market, hedge funds, and other commodity traders, in laundering the proceeds of the underground economy of drugs and weapons, facilitating tax evasion, and other criminal activity. The study also endorsed the financial estimates, published two years earlier by *EIR*, to a great extent. The UN report estimated that, in 1997, the proceeds from illegal drug sales were more than \$400 billion, and the total revenues of the criminal underground were above \$1 trillion.

The report identified four factors, as contributing to the vast expansion of drug-money laundering in recent years.

First, the global black market has been dollarized. The report noted: “Although most illegal transactions at the retail level are conducted in the currency of the country where they occur, around the world there has been a steadily growing appetite for United States high-denomination bank notes as a vehicle for conducting covert wholesale transactions, for hiding international financial transfers, and for holding underground savings. This applies to the full spectrum of illicit and underground activity, but it also has direct implications for the proceeds of serious crimes, including drug trafficking. A foreign currency black market exchanging local currency for United States \$100 bills is going to be equally accommodating to cigarette smugglers and tax evaders, dealers in banned wildlife, or traffickers in heroin. The more popular the use of the United States dollar, the more easily someone can bring United States currency to parallel money markets, convert it to local currency, deposit the local currency in a financial institution and wire it anywhere else, while attracting considerably less attention than the direct deposit of the United States currency would attract.” The report added that the dollars also are frequently used to purchase hard commodities, which are then resold, creating the impression that the narcodollars are actually the proceeds of legitimate commerce. Dollarization, the report concluded, poses a grave challenge to international law enforcement and crime control.

As of the writing of the UN study, \$400 billion in United States currency notes were in circulation, with \$300 billion of those dollars circulating outside the United States. This global circulation of U.S. currency is officially supported by the Federal Reserve Bank, which annually prints \$16 billion in new currency, for shipment abroad — at a near 100% profit. So long as those bills never return to the United States, they constitute an interest-free loan with no terms of repayment. At the height of the growth of the Russian mafia during the Boris Yeltsin Presidency, the New York Federal Reserve Bank was shipping planeloads of \$100 bills to mafia-run Russian banks on a daily basis.

Second, the report highlighted the “trend towards financial deregulation” as a thorn in the side of efforts to stop drug-money laundering. The UN team emphasized that, domestically, deregulation has created the new phenomenon of “financial service supermarkets,” which provide their large clients with a full range of financial services, including banking, commodity brokerage, insurance, and fiduciary services, “along with departments skilled in creating foreign shell corporations and offshore trusts.” The report highlighted the tremendous growth of “private banking,” once the exclusive domain of a handful of Geneva banks that catered to very wealthy clients. Today, every major commercial bank in the industrialized sector competes for this high-profit business, and all standards of due diligence have been abandoned.

The case of Citibank and its role in laundering drug money for Raúl Salinas, the brother of former Mexican President Carlos Salinas de Gortari, is but the most notorious of the

recent cases of private banking, under deregulation, facilitating the laundering of drug money.

In addition to the domestic implications of deregulation, the UN study highlighted the global dimensions, particularly the complete breakdown of exchange controls and currency controls. As the result of this, flight capital has become a source of grave instability, as highlighted in the 1997-98 hedge-fund assault on the “Asian Tiger” economies. To counter the devastating consequences of unbridled capital mobility, many countries have been forced to facilitate the inflow of drug money as a means of offsetting the losses. In a discussion in 2000 with this author, Blum observed that, while the Colombian economy has been in a state of collapse for years, Colombia is the one country in South America that has never gone to the International Monetary Fund for a bailout. Colombian governments have facilitated the repatriation of narco-profits, going so far as to contract out management of the national lottery to a company in a Caribbean hot-money haven.

The third trend highlighted in the UN study was the expansion of the Euro-market, which coincided with the expansion of offshore banking centers that specialize in handling financial transactions of non-citizens. In these offshore banking centers, wealthy individuals hide their taxable earnings, multinational corporations dodge securities regulations by hiding their profits and dodging tax obligations, and criminals launder their profits. According to the UN report, these offshore banking centers house \$5 trillion in assets: \$1 trillion in bank deposits and \$4 trillion in stocks, bonds, real estate, and commodities. The \$1 trillion in annual revenues from the black market in narcotics, weapons, gold, diamonds, etc. is, thus, commingled with other money, much of which originates in the legal economy, further adding to the challenge posed to criminal investigators. So long as the system of globalization exists, the hot-money flows will make the task of shutting down drug-money laundering a most daunting challenge.

The fourth trend noted by the UN report was the proliferation of offshore centers that offer the protection of bank secrecy.

Another feature of globalization that the study identified was the growing role of “megabyte money” in the world economy, another factor that blurs the distinction between legitimate global commerce and the drugs-for-weapons trade. Today, most of the world cash flow is electronic, not the physical transfer of currency. The study noted: “The massive growth of electronic payments has been made possible by the development of the electronic transfer mechanisms operated by the Society for Worldwide Interbank Financial Telecommunications System (SWIFT), the Federal Reserve (Fedwire), and the Clearinghouse Interbank Payments System (CHIPS). The volume and value of the transactions that move through these mechanisms are staggering.”

The UN study cited estimates of \$2 trillion in daily electronic financial transfers by Fedwire and CHIPS alone, in-

volving approximately 465,000 separate transactions. SWIFT conducts an estimated 220,000 transfer messages a day (dollar figures were not available). The U.S. Office of Technology Assessments, now defunct, estimated in 1997 that 0.05-0.1% of the daily transactions involve laundered funds, for a daily estimate of at least \$300 million. Compared to the \$2-3 trillion a day in total electronic movements of money, the \$300 million is a small component, easily buried—unless the drugs-for-weapons trade is tackled in a top-down, comprehensive fashion.

Regional drug cartels have established global alliances, to take full advantage of the offshore and related money-laundering facilities at their disposal. Russian crime money, in one intricate set of transactions, was recently traced to Israel, on to Antwerp, to Gibraltar, to Spain, eventually winding up in a London commercial real estate purchase. The Russian, Colombian, and Italian syndicates conduct joint operations. Poland has become a hub for drug-money and other criminal laundering. As of the time the UN study was published, Poland had a population of 39 million people—and 49 million bank accounts! Poland has become the Liechtenstein of Central Europe, with strong ties to the continent’s most notorious bank-secrecy havens.

Furthermore, every major commercial bank in the world today has a branch in one or more of the offshore and bank-secrecy havens. Offshore banks have accounts at the big American, European, and Japanese commercial banks, enabling them to transfer funds from all of their clients to on-shore banks, through corresponding relations that constitute one more big loophole in the system—encouraged from the top down.

The UN report concluded with a ringing endorsement of the findings of the authors of *EIR*’s *Dope, Inc.* more than 20 years ago: “The time has come to connect the dots. The common denominator in all of these problems is the enabling machinery that has been created in the financial havens. The effectiveness of these centers in helping people and companies hide assets is not the result of any single device. Changing bank-secrecy rules alone will not help. Rather, the centers have created a tool kit composed of new corporate instruments, foundations, trusts, trust companies, banks, and bank accounts. The tools are mixed and matched with jurisdictions that have made a point of non-cooperation with the rest of the international community in criminal and tax investigations.

“What started as a business to service the needs of a privileged few has become an enormous hole in the international legal and fiscal system. It is estimated that there are now more than a million anonymous corporations. Consultants for the offshore banking centers say that the centers are home to more than \$5,000 billion in assets. . . .

“If the international community is to develop a rule of law to match the globalization of trade and the global movement of people, the issues raised by this hole will have to be addressed. The approach will have to be systemic.”

Bush Cannot Make Excuses For Sharon's Suicidal War

by Michele Steinberg

Lyndon H. LaRouche, Jr., Democratic Presidential pre-candidate for 2004, is warning that the Bush Administration must not make any excuses for what Israeli Prime Minister Ariel Sharon is doing in the Dec. 2-8 attacks on Palestinians. "Sharon and the IDF [Israeli Defense Forces] are determined to kill Arafat and to destroy the Palestinian Authority. We will not tolerate this," said LaRouche.

On Dec. 7, LaRouche further asserted that the present government in Israel represents currents inside Israel and abroad that must be judged as clinically insane. Even after the intervention by the late Prime Minister Yitzhak Rabin—who warned that unless there was a fundamental change in Israeli policy, the nation would soon cease to exist—those same suicidal policies were continued, and were, in fact, the driving factor behind Rabin's assassination. LaRouche emphasized that a government that pursues suicidal policies cannot be treated as sane. If Israel persists in its current policies, somewhere down the line, the result will be the destruction of Israel, and its vilification as a Hitler-like state.

LaRouche demanded that the Bush Administration tell Sharon: Stop this Nazi-like policy toward the Palestinians, or the United States will come at you full force and crush you; such unequivocal action could stop Sharon's madness.

Killing The Palestinian Negotiators

At about 3:30 a.m. on Dec. 7, in defiance of appeals from Pope John Paul II and other leaders in the world community, Prime Minister Sharon escalated his attacks on the Palestinian Authority, ordering Israeli F-16s to bomb the police station and police academy of the Palestinian National Authority in the Gaza Strip. At the same time, in a show of Hitler-style

insanity, Sharon demanded the same Palestinian police crack down on terrorism, while he is bombing their headquarters, stations, and prisons.

The new attacks came on Pearl Harbor day, just hours after Sharon's government had told U.S. envoy Gen. Anthony Zinni (ret.) that Israeli security officials would meet with their Palestinian security counterparts to *begin* discussing how to end the violence. The deceit is an exact replica of Sharon's behavior, then as Defense Minister, in Lebanon in 1982. The Israeli Prime Minister not only is pursuing an agenda for war: He also has a clear ulterior purpose in mind—a continuing vendetta to kill Palestinian National Authority President Yasser Arafat, which dates back 20 years.

LaRouche emphasized that the Bush Administration and other leaders in the United States must have the courage to tell the truth, despite the U.S. mid-term elections next November and all the pressures from the right-wing Zionist lobby that go with them.

Sharon's actions, LaRouche said, are creating a Thirty Years War-type of situation, and the administration must not make apologies for Sharon and his IDF murder machine. The Israelis today are doing things that only the Nazis have done, and are violating every international resolution passed by the United Nations regarding Israel.

The Israeli people and institutions themselves must be told, said LaRouche, that "these madmen," Sharon and fellow Likud party leader, former Prime Minister Benjamin Netanyahu, are leading them and the nation of Israel to destruction. LaRouche compared the situation to that of Count Wallenstein in the middle of the Thirty Years War (1618-48), as described by the great poet Friedrich Schiller in his play of that name. Wallenstein, commander of Imperial ("Catholic")



Israeli Prime Minister Ariel Sharon (center) at the Pentagon March 19 with Defense Secretary Donald Rumsfeld. Sharon orchestrated his Washington meetings by provoking Hamas bombings with clockwork predictability, in order to bully the Bush White House.

forces, was assassinated for his “unauthorized” search for peace with the Protestant alliance—guaranteeing nearly two decades more of war, and the absolute devastation of much of Europe.

LaRouche referred to the importance of the treaty that did end that war. “The Peace of Westphalia policy is what must be applied, now,” LaRouche said. “It is the only policy which can rescue the situation.”

Sharon ‘Alliance With Hamas’ Exposed

Inside Israel itself, evidence of opposition to Sharon’s actions is showing up in the press. In fact, some are exposing that Sharon has a secret deal with Hamas, reporting that a stormy Cabinet meeting followed Sharon’s return from the United States after meeting with President Bush, Secretary of State Colin Powell, and National Security Adviser Condoleezza Rice. In the Cabinet session, members of Sharon’s inner circle were pounding the table and telling Foreign Minister Shimon Peres that they *intend* to bring the deadly Hamas group that claimed credit for the suicide terrorist acts, into power to replace Arafat. At that point, led by Peres, Labor Party members of the governing coalition walked out of the meeting, and are now debating whether to bring down the Sharon government.

This Faustian pact with Hamas was detailed in a Dec. 4 *Ha’aretz* article by senior commentator Akiva Eldar, who revealed that at a Cabinet meeting, Minister Silvan Shalom blasted Peres for advocating “negotiations” with Arafat. Shalom stated, “Between Hamas and Arafat, I prefer Hamas,” adding that Arafat is a “terrorist in a diplomat’s suit, while Hamas can be hit unmercifully . . . there won’t be any interna-

tional protests.” The *London Times*, owned by Rupert Murdoch, one of Sharon’s biggest backers, also reported that Sharon’s Cabinet wants Hamas to replace Arafat.

Those familiar with the 30-years-long mode of operation of Israel’s “Terror Against Terror” hit teams, dismiss the standard “preventive retaliation” explanation as calculated double-talk: The assassinations are pre-calculated to provoke revenge strikes from Hamas or other terrorists, which in turn unleash the IDF generals.

Bully The White House

These events in the Middle East should shock no one who has heard LaRouche’s warnings that the region was being used to ignite a global religious war, by forces in the United States and Britain seeking such a “clash of civilizations.” The World Trade Center and Pentagon attacks had this purpose, and were an attempted coup d’état against President Bush. But already on July 20, LaRouche warned that the “Guns of August” were being readied, and that a faction inside the IDF command even more rabid than Sharon, might consider assassinating him, to blame Palestinians and justify launching a general Mideast war. Then on Oct. 21, LaRouche identified how the phony terrorism is used in detail. “Who benefitted from the assassination of [Tourism Minister Rehavam] Ze’evi?” wrote LaRouche. “None other than that section of the Israeli military command which is determined to bully the Bush Administration into allowing, or even conducting full-scale attacks on Syria and Iraq.”

And “bully the Administration” is what Sharon is doing, using the assets in Congress of the “billionaires club” of Jewish donors who call themselves “Mega.”

Leading Saudi Daily Covers EIR vs. Kissinger

On Dec. 3, the leading Saudi and international Arabic-language daily *Asharq Al-Awsat*, published an article by *EIR* authors Michele Steinberg and Hussein Al-Nadeem under the title: “Who Is Behind The Attack On Saudi Arabia And Egypt . . . And Why?” The subtitle answered the question: “An American Coup d’État, Aiming To Impose The ‘Clash Of Civilization’ Policies, And Creating A New Roman Empire.” The article is largely an Arabic translation of Steinberg’s article in the Nov. 30 *EIR*. The editors of *Asharq Al-Awsat* reported on what they characterized as “American politician and economist Lyndon LaRouche’s analysis of the Sept. 11 events and what followed, as a coup d’État.”

The same issue contained the Arabic translation of a recent op-ed by former U.S. Secretary of State Henry Kissinger, under the title “How The Sept. 11 Attacks Will Shape The World Order In The 21st Century.” Kissinger’s article confirms many of the suspicions raised by *EIR* about the intentions of the “transatlantic” power elite for forming a New World Order modelled on the Roman Empire, and for fomenting a “clash of civilizations” with Islam.

Also published in the same issue of *Asharq Al-Awsat* were several articles by prominent Saudi businessmen—such as Dr. Abdurrahman Azzamil—and Saudi lawyers, who were replying frankly to the slander campaign being waged against Saudi Arabia and Egypt by major Anglo-American mass media organs.

Asharq Al-Awsat, both in print and on the Internet, is the leading Saudi business daily, with the largest international readership among Arabic newspapers, a daily circulation of 236,500. It is published by the London-based Saudi Research and Marketing Ltd., and distributed in most Arab Gulf countries, North Africa, and all major cities in Europe and the United States.

Sharon claimed he got a “green light” from Bush to give Arafat and the Palestinian Authority “the Taliban treatment.” But Israeli sources expose this as a lie. On Dec. 5, *Ha’aretz* correspondent Zev Schiff wrote that, in their meeting, Bush laid out a series of “red lines”—not “green lights”—to Sharon, warning him not to harm Arafat, nor topple the PA, which is the U.S.-recognized partner in the peace negotiations. Sharon is ignoring Bush and counting on Mega’s political clout.

To further the Sharon/Mega aims, a resolution sponsored by Henry Hyde (R-Ill.) and Tom Lantos (D-Calif.), two of Sharon’s biggest backers, was rammed through the House of Representatives by a vote of 384-11, to pressure Bush to crush Arafat in the name of a “war on terrorism.” At the same time, ten members of Congress, including Senators John McCain (R-Ariz.), Joe Lieberman (D-Conn.), Jesse Helms (R-N.C.), and Trent Lott (R-Miss.) sent a letter to Bush, demanding Iraq be made the next war target in the “war on terrorism.”

Despite the broad margin, however, there is some clear-minded opposition, reflected in the warning by Rep. John Dingell (D-Mich.), that this resolution pushes a policy for Israel and the United States that leads to world war.

Lebanon Legacy: Sharon Is Out To Murder Arafat

by Dean Andromidas

The bloody escalation of events in the Mideast of late November-early December has been orchestrated by Israeli Prime Minister Ariel Sharon, and his Israeli Defense Force (IDF) generals, in collusion with their supporters in the United States among the “Mega” group of billionaires and the “Wolfowitz cabal,” named after Deputy Secretary of Defense Paul Wolfowitz, who are attempting to foment an all-out religious war. Sharon’s aims are clear: sabotage the peace mission of Gen. Anthony Zinni (ret.), U.S. Secretary of State Colin Powell’s special envoy; overthrow the Palestinian Authority; and eliminate Palestinian Authority President Yasser Arafat from the scene forever.

Sharon’s bloody provocation would not be possible unless he got a “green light” from his friends in Washington. This does not refer to President George Bush or Secretary of State Powell, but to the circle of war-mongers who have decided to unleash their breakaway ally, Sharon, because the Bush Administration, despite the ravings of Wolfowitz and his cronies, refuses to launch war against Iraq, Syria, and Iran. Allowing Sharon to eliminate Arafat and overthrow the Palestinian Authority, would throw the region into a conflagration within which Sharon’s generals could unilaterally launch attacks on Iraq, Syria, or other Arab countries. This in turn, would drag the United States into a war with the Arab world and the “clash of civilizations,” which has been the intent of those behind the ongoing military coup initiated by the attacks on the United States on Sept. 11.

On Nov. 19, Powell gave his speech committing the Bush Administration to implementation of the Mitchell Commission plan—a report on steps necessary for Mideast peace by

a commission headed by former U.S. Sen. George Mitchell—and the cease-fire developed by CIA head George Tenet. His initiative, backed by the President, crippled two ongoing policy plans that would amount to a coup d'état against Bush's policies. In Israel, Sharon and his generals were about to make the decision to assassinate Arafat and topple the Palestinian Authority; in Washington, the Wolfowitz cabal continued to spearhead an international campaign for war on Iraq, as "Phase II" of the international war on terror.

In response, Sharon and his "friends" in the Anglo-American "clash of civilizations" cabal acted to implement the "breakaway ally."

The Plot Against Arafat

By the time Powell announced General Zinni's mission, the plot against Arafat was far advanced. On Nov. 14, in the Israeli daily *Ha'aretz*, senior military correspondent Ze'ev Schiff blew the lid off the plan to kill Arafat, saying, "Israel should exercise the utmost caution—and this is also the position of military intelligence—to avoid becoming a factor that removes the Palestinian Authority Chairman from the political arena by force."

Schiff reminded readers that almost two decades earlier, during the Lebanon war, "Menachem Begin rejected the proposal that Arafat be assassinated . . . [as] Defense Minister, Sharon wanted Arafat liquidated." Schiff revealed, "In one instance [in 1982], which has not been recounted to this day, after the siege of Beirut, Arafat escaped death because someone hesitated to pull the trigger." He added that, if it were up to Sharon, "he would order Arafat's removal from the political arena. . . . Sharon would no doubt prefer to remove Arafat from the territories." Schiff says Arafat now uses Jordanian military helicopters to ensure his safety when he travels.

Others also warned about Sharon. On Nov. 13, in the *Jerusalem Post*, Gen. Shlomo Gazit, former head of Israeli military intelligence, appealed to Bush to intervene, because war could break out "in the next weeks or months."

One has to understand the fanaticism of Sharon, who is replaying his own orchestration of the 1982 Lebanon War, in which, as Defense Minister, he drafted "Operation Pines," claiming falsely that it was to be a limited security operation to eliminate "terrorism" along the Lebanese border. In fact, Sharon launched a full-scale invasion of Lebanon to establish a so-called "Christian" Phalangist state, with its capital in



"In his meetings with foreign leaders, Sharon often talks at length about his open account with Arafat going back to the . . . seige of Beirut." Here, Beirut destroyed in 1982. "Sharon," says another commentator, "is now trying to complete [what] he didn't manage militarily 20 years ago."

Beirut, ethnically cleansed of all Palestinian refugees. In that criminal war, despite a U.S. intervention, Sharon massacred thousands of defenseless Palestinian refugees in the Sabra and Chatila camps in Lebanon, for which he now stands accused in a Belgian court.

Another parallel to 1982 is the fact that the Reagan Administration, prior to the Israeli invasion of Lebanon, had opened a secret channel with Arafat and the Palestine Liberation Organization (PLO). The Reagan initiative included putting pressure on Israel to implement the "annexes" to the Camp David Treaty between Egypt and Israel, which called for setting up a Palestinian National Authority. The intention was that the PNA would eventually become the basis of a Palestinian state.

Powell Initiative Is Target Now

This was why Sharon was determined to kill Arafat in 1982, and why he is moving swiftly now to kill the Powell initiative. All the more so, because General Zinni had a copy of Peace Now's latest report on the illegal expansion of Jewish settlements in the West Bank and Gaza Strip in his briefcase, on his arrival in Israel. The ending of the settlements is one of the agreed points of the Mitchell Commission plan.

Within hours of Powell's Nov. 19 speech, Sharon initiated

massive bloodshed in the Palestinian territories. On Nov. 20, IDF tanks dug in in the West Bank “Area A” that is supposed to be under Palestinian administration, provoking more riots and deaths. On Nov. 22, five Palestinian boys were killed by an Israeli booby-trap bomb, which had been placed in an area agreed to be off-limits for such weapons. Then, while the funerals for the children were going on, on Nov. 24, the IDF assassinated Hamas leader Mahmoud Abud Hanoud, killing him in a fiery blast when five missiles fired from a helicopter hit his car.

At the same time, Sharon implemented psychological warfare, by designating a “negotiating team” to meet Zinni, made up of the architects of the policy of “targetted hits.” To lead it, he named Deputy Chief of Staff Gen. Moshe Ya’alon, one of the hard-liners on the General Staff and the man who had just ordered the “targetted hit” against Hanoud on the eve of Zinni’s arrival.

The negotiating team also included Sharon’s terrorism adviser, Maj. Gen. Meir Dagan (ret.), said to be “to the right of Dracula.” Dagan served as terrorism adviser to former Prime Minister Benjamin Netanyahu. Dagan is said to have ordered the botched 1997 assassination attempt on the Jordanian-based Hamas leader Khaled Mashal. If this attempt had been successful, it could have triggered the overthrow of King

Hussein. A killer in the same mold as Sharon, Dagan organized the “Rimon” assassination squads in the 1970s that liquidated PLO militants in the Gaza refugee camps.

Sharon also put on the team, Dore Gold, Sharon’s foreign policy adviser. The American-born Gold is a well-known hard-liner close to Netanyahu and to the right wing of the American Israeli lobby. He has also just been named by Sharon to become Ambassador to Washington.

Sharon Goes To ‘Mega’

On Nov. 29, despite the fact that Hamas formally announced that it would launch a bloody revenge attack for the Hanoud killing, Sharon left on his trip to Washington via New York, a trip that he had cancelled before because of *far less serious* security concerns. The trip was obviously timed so that he would be in the United States when the Hamas revenge attack took place, allowing him to maximize the propaganda power of “Mega,” the billionaires’ club that is backing the “clash of civilizations” policy against President Bush.

The reader may ask the question: Is it possible that Sharon is such a fanatic that he would orchestrate the massacre of Israelis? Well, some people in Israel think so.

The Hamas revenge attacks were so predictable that *Ha’aretz* commentator Akiva Elder wrote, “Washington and Brussels both expected the Hamas to react quickly to the assassination of Abu Hanoud. . . . Is it possible that Sharon didn’t expect what the EU’s [European Union] Javier Solana expected?” Eldar added, “Here’s some food for thought: In his meetings with foreign leaders, Sharon often talks at length about his open account with Arafat going back to the days of the siege of Beirut.”

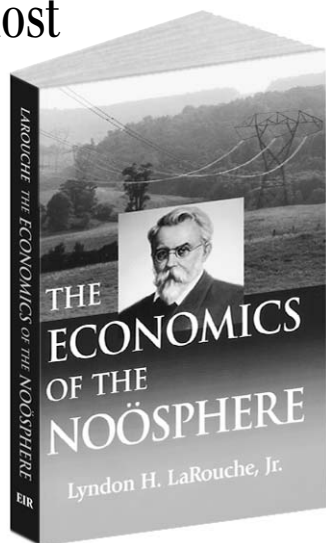
Sharon Pressures Bush

After the second suicide bombing, the Haifa bus attack, Sharon moved swiftly to catch Bush by surprise, announcing that he had to return to Israel, and wanted an immediate meeting on Sunday, Dec. 2.

But instead of a “green light” to finish off the Palestinian Authority, by giving them, and Arafat, “the Taliban treatment,” the Bush meeting did not go to Sharon’s liking. He did not get the “private audience” he wanted; instead, he had to face Powell, who had just denounced Israel’s policy of “occupation” of Palestinian territories. According to *Ha’aretz* correspondent Ze’ev Schiff, Sharon got “red lines,” not a green light. The order from President Bush was explicit: Do not harm Arafat.

While promising Bush that he would not kill Arafat, Sharon proceeded, upon his return to Israel, to launch operations that have only one purpose: targeting Arafat. First, the IDF attacked Gaza Airport, destroying Arafat’s personal helicopter fleet and the runways of the airport. The IDF then attacked offices with which Arafat is associated personally throughout the West Bank. The IDF even entered Ramallah,

Why Lyndon LaRouche is
the world’s most
successful
economic
forecaster of
the past four
decades.



Order from:

**Ben Franklin
Booksellers**

P.O. Box 1707
Leesburg, VA 20177

Or call, toll-free, **1-800-453-4108**

Or 1-703-777-3661

\$20

plus shipping
and handling:

Shipping and handling: \$4 for first book, \$.50 for each additional book.

deploying tanks a few dozen meters from Arafat's main office, while he was in it. In a speech on Dec. 3, Sharon announced "war" against Arafat and the Palestinian Authority, and later rammed a resolution through the Knesset (parliament) declaring the Palestinian Authority to be a "terrorist-sponsoring" entity, a legalistic term to justify the "Taliban treatment."

When asked if Israel planned to oust him, Arafat told the press, "Not only me — me and the Palestinian Authority."

A senior Israeli military source, in comments to *EIR*, put it just as strongly. "Sharon has decided that Arafat is not relevant for the process, that Arafat is no partner. Sharon is systematically attacking all of Arafat's symbols," the source said. "Sharon did not even give him two days to round up terrorists." Asked if Sharon will kill Arafat, he replied, "He doesn't have to, since he is embarrassing him, making it impossible for him to move and refusing to deal with him."

The source warned that Sharon and his generals are making all the decisions and not telling even the senior ministers of their plans. Even Foreign Minister Shimon Peres is being kept in the dark. Although this is "normal" in the Israeli system, this source has never seen operational modes as extreme as they are now. He warned that such behavior is presenting a great danger.

A similar view was expressed by General Gazit in the Dec. 4 *Jerusalem Post*. "The main message of Sharon's short speech was a declaration of war on Arafat and the Palestinian Authority. While he refrained from openly declaring Arafat to be an enemy . . . his message was clear: Arafat is responsible for all that has happened and is happening," Gazit wrote. After the attacks on Gaza Airport, Gazit said, "there is no chance that Arafat will work against the terrorists, arrest their members and leaders, or work seriously toward a cease-fire. The recent actions by the IDF were meant to hurt Arafat symbolically, to damage his standing in the eyes of his people. One thing is clear: Only a Palestinian collaborator would work to suppress terror after the insulting blows that Arafat and the PA have incurred."

Pointing to the parallel between the current situation and Sharon's role in launching the 1982 Lebanon War, Israeli commentator Gideon Samet wrote in *Ha'aretz* on Dec. 5, that the decision to declare the Palestinian Authority a terrorist entity, "which the U.S. has refused to do, . . . looks like the start of a new [Operation] Pines plan, albeit a different version than the one Sharon concocted for Lebanon in 1982. But it's not unfamiliar. Sharon is pushing for the de-legitimization of Arafat and his demise. Just as back then—but now as prime minister . . . Sharon is surging ahead." Samet warned that "Sharon is now trying to complete the political work that he didn't manage militarily 20 years ago."

There is great concern in Israel and the United States, that another Sharon-inspired atrocity, along the lines of the massacre of Palestinian refugees in the Sabra and Chatila

camps in Lebanon, will again bury any chance for peace.

The additional danger now, is that there is even less opposition to Sharon's insane plans than in 1982. A senior leader of the Israeli peace movement warned, "Sharon has always thought he made two mistakes in 1982. The first was that in 1982 he did not have enough popular support for launching the war. The second was that the government coalition of Menachem Begin was too narrow. Now he thinks he has overcome both those mistakes."

Despite the international diplomatic mobilization, the situation remains grave. Egyptian Foreign Minister Ahmed Maher El Sayed was dispatched to Israel on Dec. 6, to deliver a warning from Egyptian President Hosni Mubarak not to harm Arafat. But on his return to Egypt, Foreign Minister Maher said that his mission had failed.

A moment of truth has arrived. U.S. 2004 Presidential pre-candidate Lyndon LaRouche warned in a statement published on June 23, that "Israel would now lose a new Middle East war." No one inside Israel is capable of coming forward to stop Sharon. Only the United States, in concert with Europe, Russia in particular, can stop him. Will they act?

The Other Crimes Of Ariel Sharon

by Dean Andromidas

Israeli Prime Minister Ariel Sharon stands accused of being one of the worst war criminals of the last half-century for his role as Defense Minister in the massacre of thousands of Palestinian refugees during the 1982 Lebanese War. But even if the Belgian court—where 23 Palestinians have filed charges of war crimes against Sharon—were to convict him tomorrow, he would still be Prime Minister of Israel and free to drag the Middle East into another war. Yet, there are still other crimes for which Sharon stands accused in Israel—corruption, bribery, and electoral fraud—which, although not as bloody as those before the Belgian court, if pursued with vigor, are enough to put him in jail.

This possibility was raised on Dec. 2 in the Israeli daily *Ha'aretz*, which reported that a secret tape is believed to exist of a 1997 meeting between then-Infrastructure Minister Sharon, and Rem Viakirev, the chief executive of the giant Russian gas company Gazprom. If such tapes were to become public, they would revive an earlier investigation into bribery charges against Sharon. That investigation was completed by the Israeli police in 1999; their report recommended that Sharon be indicted for bribing a witness. At the time, the accusation ended Sharon's bid for leadership of the Likud

party and the Prime Ministership of Israel. But, Sharon was saved politically by Attorney General Elyakim Rubinstein, who rejected the police recommendation. This is the same Attorney General who twice overruled police recommendations in respect to criminal investigations against Sharon's Likud rival, former Prime Minister Benjamin "Bibi" Netanyahu.

'Operation Pines'

This case goes back to an earlier attempt by Sharon to rewrite history, in order to cover up his bloody role in the 1982 Lebanon War. In 1997, Sharon sued *Ha'aretz* for libel, for accusing him of conspiring with the Israeli military high command in 1982 to mislead Prime Minister Menachem Begin and the Israeli cabinet, concerning "Operation Pines," which Sharon claimed would be a limited military-security operation along the Israeli-Lebanon border; it ended up becoming the full-scale invasion of Lebanon. Some even say that Sharon's true intention was to eventually march on to Damascus, Syria, and even on to the oil fields of the Persian Gulf. In this Lebanon War, Sharon now stands accused of ordering the massacre of thousands of Palestinian refugees in the Sabra and Chatila refugee camps outside Beirut.

In its defense, *Ha'aretz* asked Maj. Gen. Avigdor Ben-Gal (ret.) to testify. Ben-Gal was asked simply to repeat what he had said in a lecture at Tel Aviv University in 1987. In that lecture, Ben-Gal, who had been a senior commander in 1982, had revealed the existence during the Lebanon War, of a "secret, unapproved plan of the Defense Minister [Sharon] and the Chief of Staff." But, when Ben-Gal took the stand in 1997, he totally reversed himself, saying that his Tel Aviv University remarks were all a lie that he had made up because he was angry at Sharon at the time.

Then, in 1999, evidence came to light that, just prior to his testimony, Ben-Gal had been taken on an all-expenses-paid junket to Moscow accompanied by then-Infrastructure Minister Sharon. The junket was paid for by shadowy Russian tycoon Vladimir Gusinsky. Since Ben-Gal was a director at both Israel Aircraft Industries, and the engineering consultancy Tahal, the trip was seen as Sharon bribing Ben-Gal to change his testimony.

The 1999 police investigation into these allegations of yet another corruption case, plagued the government of Netanyahu, and helped to bring it down.

The court ruled in *Ha'aretz*' favor in the 1997 libel action.

Now, writes *Ha'aretz*, "According to new information received by police, senior Russian sources told their Israeli business partners they had heard that the conversations between Sharon and [Gazprom's] Viakirev had been recorded and could pose a problem for Sharon if publicized." They also write that such a recording "could be used by Russian intelligence agencies or Russian organized crime to blackmail the prime minister."

Although the police say that these new allegations are not

sufficient to reopen the case, nonetheless, if the tapes fall into their hands, they will be obliged to reopen the investigation.

Election Law Violations

Sharon is currently under criminal investigation for breaking the election financing law. An investigation was completed earlier this year by State Comptroller Eliezer Goldberg, into the 1999 funding of Sharon's campaign for the chairmanship of the Likud party. Contrary to the law that forbids foreign political donations, Sharon's campaign was financed entirely from abroad. The money, close to \$3 million, was funnelled through a fictitious company called Annex Research. The directors of the company were four residents of the United States, whose names have not been released. Nonetheless, Goldberg determined that the company was controlled by Sharon's son Omri, and its chief executive was an Israeli businessman, Gabriel Manor. The company was allegedly formed with the help of Dov Weissglass, who was Sharon's lawyer in the 1997 *Ha'aretz* libel case, and is currently Sharon's lawyer in the war crimes case in Belgium.

According to press reports, under questioning by Goldberg, Sharon denied that he had anything to do with the funding arrangements for his campaign. He was immediately exposed as a liar, when Goldberg confronted him with the copy of a check with his signature on it, for 100,000 Israeli shekels. Known for his nerves of steel, Sharon did not flinch. "Yes, that's my signature," he conceded, adding, "On all matters concerning the finances, you have to ask my son, Omri."

According to Goldberg, Omri Sharon and Annex Research's Gabriel Manor "declined to answer my questions because they were concerned about self-incrimination. They chose to remain silent." Goldberg also said that Omri Sharon refused to answer questions "to avoid harming others."

Goldberg presented his report to the Attorney General's office, and, on Oct. 1, State Attorney Edna Arbel recommended that a criminal investigation be conducted. The final decision awaits the approval of Attorney General Rubinstein.

In the meantime, Sharon has announced that he has returned the money to the donors, reportedly by taking out a commercial loan using his Negev ranch as collateral.

It is still not known who the foreign donors were. Nonetheless, it is well known that Sharon's financial benefactors include the same financiers of the most fanatical right-wing groups in Israel, the settlers movement, and the Temple Mount madmen, who want to destroy the Islamic holy sites on Jerusalem's Al-Haram Al-Sharif, and to rebuild Solomon's Temple. The most important of these financiers, is the so-called "Mega Group," which includes such billionaires as Charles and Edgar Bronfman, of the Canadian whiskey empire; Max Fisher, the moneybags of the Republican Party, who amassed a fortune as bagman for the "Purple Gang" which smuggled Bronfman's Canadian whiskey into the United States during Prohibition; and hedge-fund king Michael Steinhart.

Egyptian Minister Lauds Powell Speech, Warns Against Clash Of Civilizations

by William Jones

Speaking at an event organized by the Brookings Institution on Nov. 28, Egyptian Foreign Minister Ahmed Maher El Sayed gave high praise to the Nov. 19 speech of U.S. Secretary of State Colin Powell at the University of Louisville, in which Powell enunciated the Bush Administration's policy on the Middle East.

Foreign Minister Maher is no stranger to the Washington scene. Having served as Egypt's ambassador to the United States (1992-99), he is well acquainted with the *dramatis personae* in the Bush Administration. He is therefore keenly aware of that group in the Administration, led by neo-conservative ideologue Richard Perle and Deputy Secretary of Defense Paul Wolfowitz, who are closely allied to the right wing of the Israeli political scene, and intent on bringing the United States into a new "clash of civilizations" against the Muslim world.

While diplomatic protocol would not permit him to name names, Foreign Minister Maher demonstrated a clear understanding of the war going on within the Bush Administration over the direction of U.S. Mideast policy — where currently the initiative is held by a moderate Republican grouping led by Secretary of State Powell. "Early on, there was an attempt to confuse the problem of terrorism with other problems," Maher said. "There was this idea propagated that this was an Islamic crime attributed to Islam, or to the Muslims, or to the Arabs. There was this attempt by — again, at every turn, we encountered the Israeli government — the Israeli government to equate — and I remember statements by high officials in Israel that Arafat is bin Laden and the Palestinian Authority is the Taliban.

"This was an attempt to create the very clash of religions and civilizations that we wanted to avoid," Maher continued. "And here, I must pay tribute to the attitude of President [George] Bush and the administration in the very early days, when they took steps to avoid turning this tragedy into another tragedy that would harm the very tissue of the American society; when they took steps to indicate that there was no clash of civilization; that this is not a crime that is attributable to the Arabs or Muslims as such, but to certain individuals who have committed these crimes."

While President Bush, during his first months in office, had not decided which of the disparate voices in his administration he would heed on foreign policy, there was a de facto

"hands off" policy toward the Israeli-Palestinian conflict, at least as far as direct high-level U.S. involvement was concerned. For Israeli Prime Minister Ariel Sharon, who didn't want the United States "mucking about" in what he considered an Israeli issue, that was just dandy. The increasingly heavy-handed military operations by the Israeli Defense Forces also precluded any major engagement by the United States. Former Senate Majority Leader George Mitchell, who had helped mediate the Northern Ireland peace agreements, was, however, sent to the region by President Bush to map out a strategy for getting the parties back to the negotiating table. CIA Director George Tenet was also sent to the region to work out security arrangements which would preclude major Israeli operations in the West Bank or Gaza.

Although Tenet and Mitchell both came up with concrete proposals pointing the way back to the negotiating table, Sharon insisted that there must be seven days without any violence before he would even discuss them, a condition which guaranteed that the talks would never begin. Unprepared to play hard-ball with the Israeli leader, the administration bided its time, quietly mulling over its own policy proposals.

Praise For Powell's 'Vision'

And then, on Sept. 11, the attacks on the World Trade Center towers occurred, disrupting everybody's game plan, demonstrating that a veritable coup against the President was in process, and presenting the danger that Bush would launch a flight-forward move toward war on many fronts, as the "clash of civilization" fanatics were urging. The call of Russian President Vladimir Putin to Bush, saying that he would not put his forces on alert, effectively threw a monkey wrench into the Perle-Wolfowitz crowd's plans. The Sept. 11 events served to bring the brutal Israeli crackdown on the Palestinians into stark relief. Bringing Arab nations on board a coalition against terrorism would be a Sisyphean task while Palestinians were being slaughtered by Israeli military forces, using some of the most heavy-duty U.S. weaponry.

After the first meeting of the Bush cabinet following the destruction of the World Trade Center, Secretary Powell briefed reporters that the Administration considered progress on Mideast peace to be part and parcel of its newly announced

“war on terrorism.” Speaking to reporters at the State Department on Sept. 12, Powell said, “I might mention that in the context of my discussions this morning with [Israeli Foreign Minister] Shimon Peres and [Palestinian Authority President Yasser] Chairman Arafat, and also Prime Minister Sharon, I encouraged all sides to do everything they can to get this process of meetings started that we have all been waiting for, for Mr. Arafat and Mr. Peres to find an opportunity in the very near future to meet and not have protracted discussions about where to meet,” Powell said.

On Nov. 10, nearly two months later than scheduled, President Bush delivered a speech to the UN General Assembly, in which he rallied the nations of the world to his “war on terrorism,” and also gave his unequivocal endorsement to the creation of a Palestinian state. The Powell speech on Nov. 19 filled out a program only hinted at by the President. “The vision expressed by Secretary Powell is a vision that we can share, that the Palestinians can share, that the Israelis can share,” Foreign Minister Maher said. “Despite some recrimination and some resistance, I believe that there’s a consensus around the general ideas of the speech in which Secretary Powell expressed the vision of the United States, which is a continuation of other visions, but it took them a few steps farther.”

In Louisville, Powell had said, “We have a vision of a region where Israelis and Arabs can live together in peace, security, and dignity. We have a vision of a region where two states, Israel and Palestine, live side by side within secure and recognized borders. We have a vision of a region where all people have jobs that let them put bread on their tables, provide a roof over their heads and offer a decent education to their children. We have a vision of a region where all people worship God in a spirit of tolerance and understanding. And we have a vision of a region where respect for the sanctity of the individual, the rule of law, and the politics of participation grow stronger day by day.”

Of particular importance, the Egyptian Foreign Minister stressed, was the fact that Powell had begun to refer to the Israeli “occupation” of the West Bank and Gaza in his speech. “For the first time, in my memory at least, the United States has officially put the finger on the source of the problem we are facing, and that is occupation,” Maher said. “For the first time since a very, very long time, the United States has used the word of ‘occupied territories,’ of ‘occupation of territories.’ This is, in my opinion, the most positive element in this speech.”

Powell also announced that he was sending Marine Corps Gen. Anthony Zinni (ret.) to the Middle East as his envoy, to beef up the State Department team already in place there under Assistant Secretary of State William Burns.

Warnings Against Moves On Iraq

Foreign Minister Maher was also intent, in his meetings with Secretary Powell, on underlining the importance of not



Egyptian Foreign Minister Ahmed Maher El Sayed. “For the first time, in my memory at least, the United States has officially put the finger on the source of the problem we are facing, and that is occupation.”

allowing the “war on terrorism” to metamorphose into an expanded war against Iraq or some other Arab state, which the Perle-Wolfowitz crowd has been calling for. “It would be a mistake in this moment for any use of force against Iraq or any other Arab nation,” Maher told his listeners at Brookings. “We must deal with the problem of terrorism itself. It is important not to break ranks with those who are now acting in solidarity on that issue.” He confidently added, “And I can tell you it won’t happen.”

At a joint press conference with Secretary Powell the next day, that confidence seemed to be justified. In response to a question on Iraq, Powell said, “There is no difficulty in reconciling our two positions; they are the same. . . . Both the United States and Egypt support the United Nations resolutions that require Iraq to give up weapons of mass destruction and to allow inspectors in. . . . Both of us have a common understanding of the nature of that regime and what a danger that regime presents to the region and to the world. And we all want to keep Iraq contained. But at the moment, there is nothing for us to disagree about, in my humble judgment. We will stay in close touch in consultations with our Egyptian friends and our other friends in the region as we go forward.”

“I think we have made our position very clear,” Foreign Minister Maher said. “Among friends, we had frank discussions about this matter. As the Secretary said, friends and allies of the United States are advising caution, and I think he has heard us, we have been heard. And this has been under discussion and we will continue to discuss this matter.”

Dialogue Of Cultures?

In addition to the Mideast initiatives, there are also significant moves afoot to counter the “clash of civilizations” desired by such types as Harvard Prof. Samuel Huntington and Carter National Security Adviser Zbigniew Brzezinski, at an even more elevated level.

During the question and answer period at Brookings, For-

eign Minister Maher was asked by *EIR* whether Egypt would not take the initiative in mobilizing forces worldwide around a conference calling for a “dialogue of cultures.” This is being initiated by Iran’s President Seyyed Mohammad Khatami in an attempt to bring together intellectuals from Muslim, Christian, and Jewish cultures to discuss the nature of man, made in the image of God, which unites these different religious beliefs.

EIR’s correspondent asked, “I know there is today a conference in Egypt on this topic. But would it not be an important initiative to counter the effects of the ‘clash of civilizations’ propaganda, and given such widespread propaganda in the mass media, to organize an international conference on the ‘dialogue of cultures’? There would undoubtedly be a positive response to such an initiative from the Vatican, and an invitation might be sent to the appropriate people in Israel, to engage them in such a dialogue concomitant with the political efforts to bring about negotiations on the Middle East.”

Foreign Minister Maher replied, “I think this is an excellent idea that should be taken up, and I promise you that we will look into it, because I think it would be a very, very good thing to have people from different religions, different civilizations, sit and talk to each other.” He added, “Already there have been some efforts at this. I think there has been a call for some conferences in different parts of the world, regionally, and I think they will be helpful. But an international conference should be also very helpful.”

Indeed, a call was issued on Oct. 15 by Helga Zepp-LaRouche, president of the Schiller Institute in Germany, urging just such an international conference for a “Dialogue Of Cultures” (see *EIR*, Oct. 26, 2001).

The bombs set off in Jerusalem and Haifa just prior to Prime Minister Sharon’s planned meeting with President Bush on Dec. 10, have, conveniently for Sharon, effectively postponed a major push by the Bush Administration to get the recalcitrant Israeli leader back to the negotiating table. The meeting, in which, according to all preliminary reports, President Bush would have begun exerting the appropriate pressure to get Sharon to cooperate with General Zinni’s mission, was, at Sharon’s request, significantly curtailed, allegedly to allow him to return quickly to Israel to decide on retaliatory measures to the bombings. In the conditions created by the bombing, however, Powell and Bush were able to do little more than caution Sharon against taking any radical measures which would effectively foreclose peace possibilities.

But, given the personal propensities of Ariel Sharon, who would sooner plunge the entire region into war than negotiate with Arafat and the Palestinian Authority, more than cautionary words will be needed. The Bush Administration will have to start exerting a lot more muscle in order to thwart the present plunge toward a new conflagration in the Middle East.

Interview: Tatyana Koryagina

We Must Win The War Vs. The Coup Plotters

Prof. Tatyana Koryagina, an Academician of the Russian Academy of Natural Sciences, is Senior Scientist of the Institute for Macroeconomic Research at the Ministry of Economics and Trade Development of the Russian Federation. Her investigations into Russian (and international) organized crime, especially, have made her widely known beyond Russia’s borders. She was one of the speakers at the EIR conference, “What To Do When The Economic-Financial Meltdown Hits,” in Berlin, on Nov. 5 (see EIR, Nov. 16, for her speech). She spoke with Hartmut Cramer on Nov. 8:

EIR: How do you see the situation in Russia, both economically and politically, after Sept. 11?

Koryagina: Of course, the situation in Russia is a highly unusual one. On the one side, we have very good, visible results in the economy: a rather high growth of the GDP, of industrial products, and less unemployment. This year, we created many jobs in different branches of industry, and we therefore experienced growth in many branches of our industry; the same goes for Russia’s agricultural sector. Also, investments in these sectors are quite good; but all of this, of course, has to be seen *relative to last year*.

We have many problems in the social sphere, practically in everything which is connected to the so-called “social infrastructure.” The budgets of our provinces are not sufficient to repair, or even maintain, for example, the infrastructure to deliver hot water, or to pay for the electricity, which the objects of “social infrastructure,” such as hospitals, schools, etc., urgently need. The debts of our municipal powers are really huge: debts owed especially to the central energy conglomerate headed by [ultra-liberal Anatoli] Chubais, which created many difficulties between local powers and the central government. At some point, even the Army had to intervene, to prevent Chubais’ company [UES] from cutting off the electricity from the people. Last year this happened several times; this Autumn, so far, only once.

It is clear, that in such a situation, a social explosion can very easily erupt. If President [Vladimir] Putin cannot solve these problems, which clearly are the results of the process of “liberalization” of the economy, then he will be in trouble. If this Winter is as hard as last year, then Putin will face a very serious situation. The situation is so complex, that you can see in Putin’s policy so many different tendencies.



Dr. Koryagina, at the Nov. 5 seminar in Berlin. "My real wish is, that we win the war against the ugly international coup plotters. They are powerful and dangerous, but they are not invincible; for the sake of humanity, we have to win this war against them."

EIR: You said at the Berlin seminar, that "there are many Putins," not just one. Can you please explain this?

Koryagina: We see one President Putin, when he goes to the simple people; we feel that he really cares for them. But then we see another Putin, who looks to the West, in particular to [President George] Bush, not so much with an "open mouth" full of astonishment, like [former President Mikhail] Gorbachov did, but nevertheless, he looks to the West. And especially our intellectuals, but also our simple people fear, that Putin might be influenced too much by Western politicians, that he will even capitulate to them. Then there is a third Putin, the one of the oligarchs, who managed to push through their tax reform. But, right now, this particular picture is changing, because we might see a new phase, where Putin goes against the oligarchs: He seriously starts to fight corruption, and he even moves against [Boris] Berezovsky, who, on behalf of Putin, is being sought by Interpol.

After Sept. 11, we saw still another Putin, who first allowed the United States to fly its planes with humanitarian cargo over our territory, and then even supported [Uzbekistan President Islam] Karimov, to permit the Americans to use his military bases. So, some people are asking: "What will Putin do next?" They are suspiciously looking at Putin's visit to Bush's ranch in Texas, because they still remember Gorbachov selling out to Bush's father. Maybe the upcoming U.S. visit of Putin will turn out to be good for Russia, but we Russians are very suspicious, after two of our leaders, Gorbachov and [former President Boris] Yeltsin, betrayed our national interest.

EIR: You mentioned at the seminar still another surprising facet of President Putin: that he recently repaid some debts to the International Monetary Fund, or the World Bank, earlier

than necessary. Why do you think he did it?

Koryagina: This was a very strange move, looked at from a very simple economic standpoint. Usually, nobody would pay back his debt earlier than necessary, if he still has enough time to do so. Especially, if one has so many problems in the domestic economy, as we do. And even if not, one would rather invest this money in some productive endeavor, or into the improvement of infrastructure, rather than paying back a debt which is not yet due. So, it *is* strange.

But, maybe, and that is what I think, this step is connected with very unusual new events ahead of us. Sept. 11 was a very unusual event.

EIR: Just to be clear: When exactly did Putin repay this debt to the World Bank, before or after Sept. 11?

Koryagina: After Sept. 11, just recently, end of October; and he did it very suddenly, to the great surprise of all the people around him. It was not a very big sum, just some payment to the World Bank. It was more of a clear political signal by Russia. Something like: "We have no problems in paying back our debt; we are a fully sovereign country."

EIR: What, do you think, is President Putin's strategy in the current situation?

Koryagina: Of course, I speak for myself, here. I am sure, there *is* a coup ongoing, not simply in, and against, the United States of America, but against *all* countries. This coup is being run by a very powerful neo-Malthusian faction, which operates globally; it is a secret society, which at the same time is also a criminal society. These forces wanted to prevent the blowout of the global financial system with "a terrorist knife," so to speak. The attack on Sept. 11 in the U.S. was their first step. Their second step was the beginning of the war in Afghanistan, which, in my view, brings with it the danger that it could turn into the second terrorist war against Russia, through countries such as Afghanistan, Uzbekistan, etc. The first one, the terrorist war in Chechnya, was directed against the territory of Russia directly. This one would indirectly target Russia, by staging major terrorist activities in the territory of the former Soviet Union.

What to do, for Russia, for President Putin? In order to defeat the terrorist forces, you have to be very strong. That is the reason why, in my opinion, Putin decided to cooperate with other states, especially with the U.S., to fight international terrorism. But what happens, if the United States in the future decides to again support these terrorist forces? After all, Washington *did* support the Taliban in the past. And who had financed the Taliban? Their friends were [former U.S. Secretary of State Henry] Kissinger and [Carter National Security Adviser Zbigniew] Brzezinski, who are now claiming, that they are against the Taliban. But tomorrow, these people can change their policy again, and become friends of international terrorists such as the Taliban. I think it is necessary, to take a close look at these persons and their political circles in

Great Britain and the U.S.A.

EIR: Someone who is on the record attacking these forces very strongly, is U.S. 2004 Democratic Presidential pre-candidate Lyndon LaRouche. Can you describe his influence in Moscow, especially since he appeared before the State Duma [lower house of parliament] at end of June at hearings concerning financial and economic policy?

Koryagina: LaRouche's influence in Russia is growing more and more, above all among scientists; but also among politicians and people in our government. Circles in our government were especially impressed by LaRouche's forecast and analysis of the severe energy crisis hitting California, because we Russians understand these problems very, very well.

Now, another dimension to his credibility was added with his analysis of the coup attempt of Sept. 11 in the U.S. In Russia, only very few people believe that these attacks were carried out by Osama bin Laden. Almost everybody in our elite thinks it was a coup. The only thing which is not clear, is, *what kind of a coup*. I happened to be the first Russian to speak about the danger of a coup in the United States, at parliamentary hearings which were held at the Ministry of External Affairs at the end of April, where I pointed to the fact, that because of the grave financial crisis, this danger could arise, so that with one blow, in one day, everything would change.

EIR: Coming back to the Duma hearing in June: It centered around the global financial and economic crisis, and what to do about it?

Koryagina: Yes, the real problems of the world economy, and the imminence, and unavoidability of a financial crash were presented for the first time publicly in Russia; there even were some journalists present, who wrote about it. Seminars had already been held in March and April, but these were confined only to some people, some specialists. But the Duma hearing at the end of June was an open tribune, so to speak. There, Lyndon LaRouche described the global financial crisis, forecasting it would hit very soon, and detailed what measures Russia and other countries would have to take in such a situation. I even gave a concrete date, Aug. 19, of the coming financial crash, because I foresaw severe financial problems in the U.S. at that time.

These statements created a lot of interest, which resulted in many interviews and articles about this topic in the Russian press. The connection between my own forecast and LaRouche's analysis was always made very clear, also in our mass media. Because of this, LaRouche's credibility in Russia has increased tremendously, and it ranks now very high.

EIR: What perspective do you see for Russia right now? What, do you think, will President Putin do?

Koryagina: For sure, President Putin wants to link up with the West. He wants closer political and economic relations

with your countries. In this situation, there is another dimension to it: The economic and financial crisis goes on despite Sept. 11; it even gets worse and worse. Therefore, the political and economic problems among Europe, Asia, and the U.S. threaten to deteriorate as well. What is to be done in such a situation? If you understand, that there is a coup ongoing against the whole world, then you tend to think about these problems in a different way; you tend to look closely at those persons, who are behind this coup. It is necessary to show, that these forces are very dangerous, that their policy is very

I am sure, there is a coup ongoing, not simply in, and against, the United States of America, but against all countries. This coup is being run by a very powerful neo-Malthusian faction, which operates globally.

dangerous, but that the right combination of nations can destroy them.

I think, that Europe, with the official introduction of the euro on Jan. 1, will be in a good position. It can distance itself in some way from a weak dollar. Also, the euro could be combined with the Russian [gold-backed] chervonets, which on Jan. 1, will become official currency in Russia. Our Finance Ministry doesn't talk much about it, but everything is being prepared in this respect, so that, starting Jan. 1, our people can exchange, for example, their U.S. dollars—of which there are many flying around today in Russia—into gold-backed chervonets.

EIR: Is this a defensive measure, or an offensive one, i.e., a first step in the direction of a new gold-backed monetary system? Or, is it both?

Koryagina: I think, it's both. It is impossible for Russia to act alone in this field. Of course, drastic changes in the whole worldwide monetary system are necessary now, and this measure is not sufficient in this respect; but it is an important step. As well as the fact, that our Central Bank in the last period increased the amount of euros in our reserves, from 11%, to 25% right now.

EIR: Professor Koryagina, do you have a final message for our readers?

Koryagina: My real wish is, that we win the war against the ugly international coup plotters. They are powerful and dangerous, but they are not invincible; for the sake of humanity, we *have to win* this war against them.

Afghanistan Factions To Form New Government

by Muriel Mirak-Weissbach

Amid great fanfare, it was announced in Bonn, Germany on Dec. 5, that a new provisional government had been put together, for the beleaguered nation of Afghanistan. Under the authority of the United Nations, represented by special representative Lakhdar Brahimi, and the German government of Chancellor Gerhard Schröder, the agreement was reached after nine days of discussions among four Afghan political and ethnic factions: the Northern Alliance, the government of President Burhanuddin Rabbani, seated at the UN, but ousted by the insurgent Taliban in 1996; the Peshawar group, representing a large Pashtun opposition movement, based in exile in neighboring Pakistan; the Rome group, consisting of delegates of the former King Zahir Shah, who has been in exile in the Italian capital since 1973; and the Cyprus group, also an exile opposition formation, associated with warlord Gulbuddin Hekmatyar.

The agreement establishes an interim administration, which is composed of an interim government, a special commission to convene a *Loya Jirga* (tribal assembly), and a supreme court. The *Loya Jirga*, which is to be convened within six months of the government's installation (foreseen for Dec. 22), will be opened by the former King. Its task will be to select an interim government which will rule until orderly elections can be held, within two years. Eighteen months after the installment of the interim administration, a second *Loya Jirga* is planned, to work out a new constitution for the country.

Future Dictated From Outside

Television cameras broadcast pictures of poverty-stricken Afghans listening to the news over dilapidated transistor radios, and interviewed young and old alike, expressing joy at the prospect of a government. But as some non-Western journalists returning from Afghanistan have reported privately, what is broadcast in the media has nothing to do with Afghan reality. People shown celebrating the news from Bonn, are doing so, in the mistaken belief that this means the war is over. Others, not chosen to be interviewed by CNN, are furious at the fact that the future of their country—once again—is being decided outside the country, and by forces who represent little or nothing inside the country.

Of the four groups present in Bonn, only one has been in Afghanistan over the recent years of the Taliban regime's rule, and that is the Northern Alliance, or United Front. The others have been living in exile for 5, 10, or (in the case of the former king) 30 years. During these years, the country was the battleground for a vicious war, first between the Soviets and the mujahideen (backed by the United States, Britain, Israel, and others); and then, after the Soviet withdrawal, by the mujahideen warlords among themselves; until the Taliban insurgency, backed by the United States, Britain, Israel, Pakistan, and others, imposed its brutal hegemony by capturing the capital in 1996. The credibility of those living in comfortable exile, during such bloody years that cost hundreds of thousands of lives, is not great.

As for the Northern Alliance, it represents a motley, pragmatic alliance among mutually hostile groups, who banded together against the Taliban. Made up ethnically of Uzbeks, Tajiks, and Hasaras, the Northern Alliance cannot be considered representative, given that the largest ethnic group in Afghanistan is Pashtun.

In the Bonn conference, great care was taken to establish "ethnic balance" in the interim arrangement. Of the 29 proposed ministers, five are Pashtuns, two are Hasaras, five are Tajiks, and three are Uzbeks. Three are listed as Shi'ites, designating their religious faction, and the rest are not ethnically identified. The designated President, Seyed Hamid Karzai, is a Pashtun, of the Durrani clan, which ruled Afghanistan for 250 years. His grandfather was head of the national assembly under the King. Karzai himself spent the 1980s in exile, and returned after the Soviet withdrawal, to become deputy foreign minister, until 1992. He was with the Taliban until 1996, and again went into exile.

As for the "political balance," the Northern Alliance reportedly received the lion's share of the posts: It will maintain control over the foreign, defense, and interior ministries, and will also head up ministries for planning, water and electricity, trade, mining and industry, artisans, telecommunications, labor and social affairs, martyrs and handicapped, higher education, rural development, urban development, refugees, agriculture, and justice.

The Rome group will control ministries for women, finances, information and culture, education, public works, reconstruction, airlines and tourism, and border issues. Two ministries, for pilgrimages and public health, will be held by independents. Two others, transportation and irrigation, are held by persons whose political affiliation is not given. Two of the ministers are women.

Disagreements Already Abound

On paper, the arrangement might seem to satisfy demands for power-sharing along the lines of ethnic and political balance, but this is not the way it is seen in Afghanistan. No sooner had the news of the Bonn agreement been made public, than three leading Afghan personalities registered their dis-



Representatives of four Afghan political and ethnic factions meet to hammer out a new provisional government, in Bonn on Dec. 5.

agreement: warlord Hekmatyar, Peshawar group leader Pir Gailani, and Uzbek warlord General Dostum, who announced he would boycott the transitional administration's work. Given that Dostum is a major military factor in the Northern Alliance, who controls the city of Mazar-i-Sharif, this does not bode well.

The reactions of other groups in Afghanistan, which were not represented in Bonn, have not yet been made known. On Dec. 22, when the Rabbani government is scheduled to hand over power to the new administration, the world will see what chances the new government has of surviving.

Meanwhile, the war is far from over. Although the Northern Alliance and its allies, especially the United States, have "control" over the north of the country, there are continuing reliable reports, mainly from UN agencies, of widespread fighting. In Mazar-i-Sharif, fighting has broken out among rival factions within the Northern Alliance. A UN spokesman in Kabul said, "We have observed fighting in the city, but don't know who is fighting whom." Due to the lack of security there, the UN has suspended transport of aid to the city. A UNHCR spokesman reported rising public sentiment in the tribal areas, to avenge the killing of Taliban fighters in the prison there on Nov. 25.

In the south, U.S. aircraft have continued to bomb the Kandahar airport and targets in the mountains, as well as Jalalabad and Tora Bora, nearby. UN workers report that refugees arriving from Kandahar say the city has been almost deserted. Latest reports were that Taliban leader Mullah Omar was prepared to hand over control of Kandahar to other

Pashtun tribal leaders. Among the Pashtun tribes which populate the southern part of the country, and straddle the border with Pakistan, infighting has also broken out.

In neighboring Pakistan, the massive influx of refugees, about 2,000 a day from Kandahar in the last weeks alone, threatens to exacerbate an already explosive political situation. Well-informed Pakistani sources, such as former Army Chief of Staff Gen. Mirza Aslam Beg, have stressed, that just as Afghanistan has been de facto divided along tribal, ethnic, and religious lines by the war, now the danger is that Pakistan will also be split, as Pashtun tribes on both sides of the border, join to carve out a Pashtunistan.

The Pakistani government has taken extraordinary measures to establish law and order, including massing troops to patrol the borders, but it would have to deploy its entire army to seal its 1,400 kilometer border. In Afghanistan, it is

difficult to imagine how the force of 200 peacekeepers, which the Bonn conference discussed be deployed in the capital, is expected to establish security in the country.

In short, as Lyndon LaRouche had forewarned before the first bombs started falling on Afghanistan, the entire adventure has led to a mess. Now, going into the third month of the war, whatever was left of the major cities has been subjected to massive bombardment, and the refugee flows have reached historic proportions. Winter has arrived, women and children are exposed to freezing temperatures at night, without shelter, and the lack of security makes humanitarian aid deliveries precarious. Tensions have arisen between the aid organizations, eager to deploy forces to make humanitarian aid possible before disaster strikes, and the U.S. command, which maintains that the war effort takes priority.

Osama bin Laden, the ostensible war objective, has not been eliminated. Even the cover story put out, that bin Laden was responsible for the events of Sept. 11, thus justifying the war in the first place, has crumbled. The circulation of LaRouche's analysis, that those events constituted an attempted coup d'état against the U.S. government, organized from within the United States, has become hegemonic, and not only in the Arab and Islamic world. Some U.S. embassies have gone so far as to send dossiers—to personalities who have echoed LaRouche's analysis in major national media—purportedly "proving" the claim that "bin Laden did it." The dossiers in question turned out to be nothing but a speech by British Prime Minister Tony Blair, asserting bin Laden's guilt.

Frictions Weaken German Government

by Rainer Apel

The collapse on Dec. 4 of talks on the formation of a new city-state government for Berlin, among the Social Democrats, Free Democrats, and Greens, underlined once again that the national Social Democratic-Green coalition government of Chancellor Gerhard Schröder is skating on thin ice. The slim majority of two votes above the minimum required during the parliamentary no-confidence vote on Nov. 16, already showed that, and that majority had been achieved only by massive blackmail of dissidents, as everybody in Germany knows. The future is looking grim for the “red-green” government, which is entering the last 11 months of its term, facing national elections in September 2002, at the latest.

Members and voters of the Greens, in particular, are jumping ship. The party has lost up to one-third of its previous vote in all 16 state and municipal elections since it joined Schröder’s government in October 1998. The Green party leadership’s decision to support the Anglo-American war on Afghanistan has enraged many among the party base who consider themselves “peaceniks.”

At the national party convention of the Greens in Rostock on Nov. 24-25, 40% of the convention delegates rejected the party executive’s resolution in support of the Afghan war and of the national coalition government.

The party base will take revenge for what they consider a sellout of the leadership’s anti-war positions. For example, in the state of North Rhine-Westphalia, the biggest state section of the Green party, numerous districts have announced that they will not campaign at all for the national elections in 2002—i.e., they will boycott their own candidates. Some districts even want to halt financial transfers to the state and national sections of the party.

In the southwest of Germany, the decision of Walter Hasenclever and Willi Hoss to quit their longtime party membership over the Afghanistan issue, caused a big shock, because the two were among the founders of the party, in the mid-1970s. Already during the Rostock party convention, enraged delegates quit the party and left the convention, after the vote on the pro-intervention resolution on the first convention day. As the convention began its second day, 80 members of the Greens in Berlin announced their decision to leave the party—in the biggest single exit to date.

It comes as no big surprise, therefore, that the Greens of Berlin were politically too weak to continue the talks on the

formation of a city-state coalition government. For fear of the party membership, the Green negotiators could not make any more concessions to the austerity-minded Social Democrats, and even made panicked attempts to withdraw concessions made at an earlier stage of the coalition talks.

This is a process that will be seen also on the national level, soon, when the pressure created by a disappointed party base will compel Green legislators and government members to retreat from earlier positions. It is not very likely that this red-green government will survive the last 11 months of its regular term.

No Economic Policy

The bigger problem for the Social Democratic Party (SPD) of Chancellor and party chairman Schröder, is the deepening economic depression. He and his government are helpless against the economic collapse, and after months of denial, they have begun to admit that in public. During the SPD’s national party convention in Nuremberg on Nov. 19-21, Finance Minister Hans Eichel, while propagating his austerity course as allegedly “without any alternative,” suddenly said that “it makes no sense denying that unemployment will be above 4 million this Winter.” A few days later, the same Eichel already spoke of “4.2 million unemployed,” a figure which he corrected another few days later to “4.3 million”—more than 10% of the workforce—during a parliamentary session on the budget for FY 2002. That is almost the jobless level of Winter 1998 that turned the tide against Christian Democratic Chancellor Helmut Kohl, whose party suffered a smashing defeat in the elections of September that same year.

And, as many Germans also recall, Gerhard Schröder, who took over the Chancellor’s office after those 1998 elections, made the bold promise to “bring down unemployment by one-half” during his four-year term, among his first public announcements. The fact that he is so obviously lacking in ideas about how to deal with the situation, is beginning to make his party base doubt the budget-balancing “wisdom” of Schröder and Eichel.

During the SPD party convention in Nuremberg, several motions were presented (and voted down) that called for financial incentives for job-creating ventures and public sector projects, and for re-regulation of the capital market. Whereas most of these initiatives are still flirting with the inappropriate and limited idea of a transaction tax, modelled on the Tobin tax proposal, the interest in capital controls indicates that the Social Democratic part of the red-green coalition has begun to erode also in terms of fiscal and monetary policy.

The next parliamentary vote on an economic or social issue may, therefore, reveal more Social Democratic dissidents than the one SPD legislator who voted against Schröder in the no-confidence vote on Nov. 16. If the Greens fail to bring the government down, the job could still be done by the Social Democrats themselves.

International Intelligence

Thailand, India Affirm Strong Bilateral Ties

Thai Prime Minister Thaksin Shinawatra and Indian Prime Minister Atal Bihari Vajpayee released a joint statement on Nov. 29, at the end of Thaksin's visit to India, which "affirmed their commitment to building a strong bilateral relationship." They called for the continuation of high-level contacts, and agreed to set up a joint working group to study Thaksin's proposal for a bilateral free trade arrangement. They also agreed to consider establishing a joint-venture center in India to aid investment links between Thai and Indian companies in the areas of road building, tourism, and food processing.

The two leaders also agreed that the Thailand-India Colloquium, which last met in 1996, would be revived to advance relations among young people, intellectuals, and the academic and business communities.

The two sides agreed to intensify bilateral cooperation in advanced technology, study the idea of a bilateral free-trade arrangement, and explore the prospect for a land corridor between the two countries through Myanmar and to Vietnam's deep-sea ports.

Thaksin also spoke to Indian leaders on his government's plan for an Asian Cooperation Dialogue. He called for setting up a core group of countries from Asia to promote the concept.

Thaksin extended an invitation to Prime Minister Vajpayee to participate in the first Association of Southeast Asian Nations-Plus-India summit in Cambodia next year.

Brazil's Military Back Freedom For Seineldín

Ombro a Ombro, the magazine of Brazil's retired military officers, published another call for freeing Argentina's Col. Mohamed Ali Seineldín, in its November issue. As *EIR* reported last week, Seineldín, a political prisoner, demanded his own freedom, in order to defend Argentina against further disintegration, after former President Saúl Menem was released from prison and

announced that he will run for President again. As President, Menem abetted the International Monetary Fund destruction of Argentina, while Seineldín was jailed in 1990 for resisting it.

The article in *Ombro a Ombro* was written by Vice-Adm. Sergio Tasso (ret.), a leader of the "Brazilian Committee For The Freedom Of Col. Mohamed Ali Seineldín." Tasso said that the Brazilian patriots who formed this committee did so, because by fighting for Seineldín's freedom, "we are also defending Brazil, its sovereignty, and its national dignity," against the "immense oligarchical system" which neo-liberal globalization would impose upon the world.

"Colonel Seineldín is a patriot, a brave soldier," Tasso said. "In addition, he is a friend of Brazil and the Brazilians, and it is very clear that Latin America, with its enormous potential, which could make it one of the poles of the world's peace, justice, security, and development, will only have its day when Brasilia and Buenos Aires cement . . . an unbreakable union of ideals and aims, to the benefit of peace and harmony among all peoples."

East Timor Leader Seeks Peace With Indonesia

Xanana Gusmao, the former Fretelin rebel leader who is widely expected to become the first President of East Timor, visited West Timor, Indonesia, in late November, meeting with former militia leaders accused of the destruction and killing after the East Timor independence referendum in August 1999, Agence France Presse reported on Nov. 27. Militia leader João Tavares, after meeting with Gusmao, said, "Both sides no longer wish to continue enmity, and we agree to live in peace side by side. We want to hand down peace to our children." Gusmao said that he would propose a policy of amnesty to the international community, as the basis for East Timor's relations with Indonesia.

However, so far, the U.S. response has not been favorable to the forgiveness approach. At the same time that Gusmao was in West Timor, U.S. Commander in Chief, Pacific Command, Adm. Dennis Blair, dur-

ing a visit to Indonesia, said, "We are ready to resume the full range of bilateral cooperation," but only with the "completion of the actions regarding accountability for the action of the TNI [the Indonesian Army] in East Timor following the referendum in 1999."

Israeli Group Accuses Arafat Of War Crimes

A day before a hearing in Brussels, Belgium on new war crimes charges against Israeli Prime Minister Ariel Sharon, a complaint was filed in Brussels charging Palestinian Authority President Yasser Arafat and other Palestinians with "crimes against humanity," the Nov. 27 Israeli daily *Ha'aretz* reported.

The complaint, filed by the Terror Victims Association (TVA) on behalf of about 30 Israelis, charges Arafat, Tanzim militia chief Marwan Barghouti — whom the Israeli Defense Forces (IDF) is trying to assassinate — Palestinian preventive security heads Jibril Rajoub and Mohammed Dahlan, and several Palestinian organizations, with "murder, crimes against humanity, and genocide," for attacks dating back to 1974. Lawyers for the plaintiffs are Yves Oshinsky of the TVA, founded by IDF Lt. Col. Meir Indor in 1986; William Goldnadel, head of the French group "Lawyers Without Borders"; and Jakov Rubin. The TVA is headed by a veteran of IDF death squads.

The World Committee for Justice and Peace, part of the United Jewish Communities, a project of the "Mega" group of billionaires fanatically opposed to a Mideast peace, headed by Charles Bronfman, plans to file a similar complaint in Brussels against Arafat, Islamic Jihad, and Hamas, on behalf of 20 Israeli claimants.

Israeli officials charged that the suit against Sharon, which the Belgian state prosecutor has allowed to proceed, is an act of the Intifada, and "part of the Palestinian struggle against the state of Israel." An unnamed official of the Foreign and Justice Ministries' delegation to the Belgian court said, "In Israel they [Palestinians] carry out terrorist attacks, and here they are making manipulative use of Belgian law in order to attack Israel."

Raymond Llull: A Great Voice In The Dialogue Of Religions

by Muriel Mirak-Weissbach

Introduction

The year 2001 has been designated by the United Nations as the Year of the Dialogue Among Civilizations; precisely in this same year, forces of the geopolitical school, have redoubled their efforts to launch generalized warfare, in the form of religious war. In September 2000, Israeli leader Ariel Sharon, then in the opposition, sparked an escalation of tensions between Muslims and Jews, by demonstratively treading on Muslim holy ground, at East Jerusalem's al-Haram al-Sharif. The plan of Sharon and co-thinkers in the United States and Britain was, and remains, to trigger a holy war around Jerusalem, whose reverberations—due to the fact the city is sacred to the three Abrahamic religions—were to be felt immediately throughout the Islamic world, from North Africa, across the Middle East and Central Asia, into Asia.

In the rush of events since an attempted coup d'état was triggered on Sept. 11 against the U.S. government, and against its collaboration with Russia and other governments to stop the Mideast war-fighting, the cries for a clash of civilizations—Christianity against Islam—could be heard throughout the corridors of power and the establishment press. The “war against terrorism” launched then against the Taliban regime and al-Qaeda networks in Afghanistan, was envisioned by the clash of civilizations lobby, as the spark that would ignite the general fire.

A clash of civilizations force, from Bernard Lewis and Samuel Huntington, to geopolitical madman Zbigniew Brzezinski, to Henry Kissinger, and the clique of confrontationists in and around the administration—like Richard Perle, Paul Wolfowitz, and Richard Armitage—has raised the banner of religious warfare. They have claimed that “jihad” is the ancient religious tradition of Islam, and that “crusade” is the religious tradition of Christianity. The alternative, dialogue

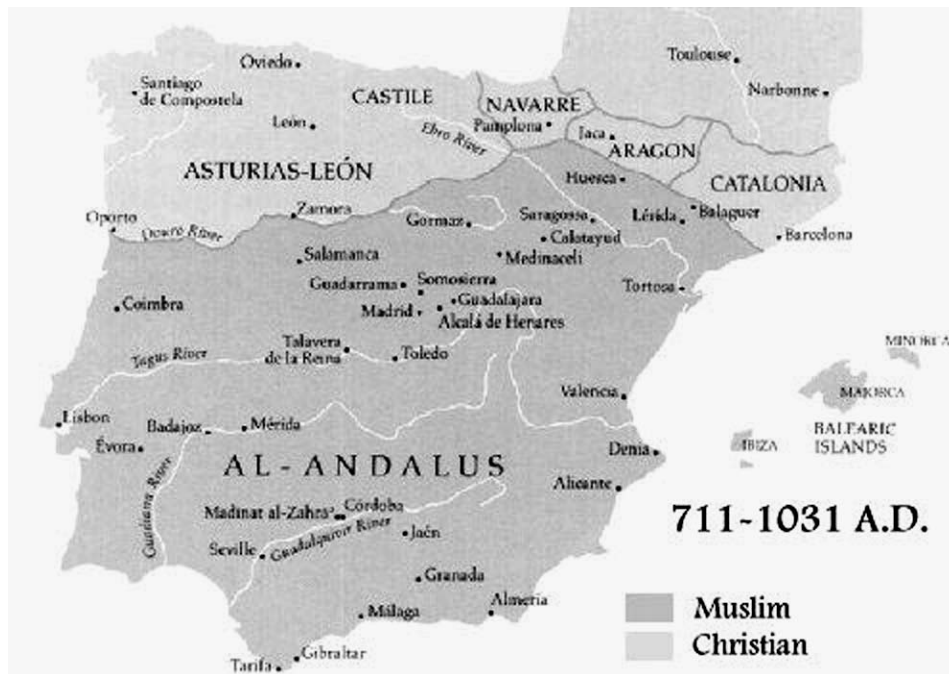
among religions and civilizations, must now really be grasped, not as a platitude, but as history.

This idea, first introduced as a political flank by Iranian President Seyyed Mohammed Khatami in 1998 to the UN General Assembly, has been warmly embraced by Pope John Paul II, who has worked indefatigably for an ecumenical dialogue among religions. In his Jan. 1, 2001 speech on the World Day of Peace, the Pontiff called for such a dialogue, and recently, on Nov. 18, dedicated his Angelus to invite leaders of the world's religions, to convene in St. Francis' city of Assisi, for peace.

It is important that the actual history of the relations among the religions be understood, and that we recall the highest points in those relations, without which human civilization could not have advanced. Thus it is fitting, to look back in history, to earlier great thinkers, both in the Christian and Islamic cultural traditions, to trace the process of this dialogue.

The path to the 15th-Century Renaissance, and to modern civilization, passed through a society in which the greatest intellectuals and artists of Islam, Judaism, and Christianity worked together—Spain of the 8th-11th Centuries. There, in Andalusia, the greatest development of learning, urban life, and public works was produced, in a collaboration of the three monotheistic faiths; the foundation of the great cathedral-building achievements which followed in the rest of Europe, was laid.

The history of science and art in the Andalusian kingdom was described in “Andalusia: Gateway To The Golden Renaissance,” *New Federalist*, Nov. 19, 2001. This article rediscovers one of the greatest philosophical heirs of those achievements, Raymond Llull (Raymundus Llullus), the 13th-Century Catalan Christian thinker whose life influenced



Raymond Llull, a Christian thinker of great influence within Christianity on the “dialogue of civilizations,” was educated in Catalonia and on the island of Majorca in the 13th Century, in the Arabic Renaissance tradition of the great Islamic kingdom of Andalusia (711-1031 A.D.).

Nicolaus of Cusa and other great ecumenicists of Christianity.

The Andalusian Roots Of Ecumenicism

Cardinal Nicolaus of Cusa is rightly recognized as the architect of the ecumenical alliance among religions, as conceptualized in his *De Pace Fidei (On the Peace of Faith)* and forged, largely through his efforts, between the Eastern Orthodox and Western Roman Church during the watershed Council of Florence in 1439. Although Cusa’s work constituted a historic breakthrough, laying the groundwork for successive efforts by the Roman Church to establish a dialogue with other religions, which has culminated in the efforts of Pope John Paul II, the quest for inter-religious understanding had its origins with Raymundus Llullus, a 13th-Century thinker, whose work had a most profound impact on Cusa. (The largest single collection of Llull’s manuscripts is kept, in fact, in Cusa’s library at Bernkastel Kues, Germany.) Aside from the historical value of Llull’s contribution to Cusa’s thought, it is his unique approach to the Christian-Islamic dialogue which makes Llull so vitally important today.

Llull was born in Majorca sometime between 1232 and 1235, just a few years after the island had been reconquered by Christian Catalan forces from the Arabs. Thus, although he was a Catalan Christian by birth, he grew up in an environment, at the court of Jacob II of Aragon and Catalonia, which was imbued with the culture of the Arabs, who had settled in Andalusia (Spain) in 711.

Andalusia was a remarkable chapter in European history. Indeed, it was the Golden Age for the Arabs, too, culminating in the period of Al Rahman III’s reign (912-961) which saw

the rapid development of an urban culture centered around learning. Andalusia, with its 30 million inhabitants (compared to Spain’s 16 million today), contained hundreds of cities, which were centers of manufactures, particularly textiles, trade, and education.

Translation centers, like the famous one at Seville, arose on the model of the center at Baghdad under Harun al Rashid and al Mamun, who had established the House of Wisdom; all known works of science were translated into Arabic, engaging the talents of Christians, Jews, and Arabs. Education was not only a privilege of the elites, as public schools existed, and scholarships were available for studies at the universities, which were attached to the mosques.

The arts flourished. Principal among them was architecture, due to the ambitious city-building and public works projects of the Rahmans, but music and poetry also excelled. Ishaq, the most famous musician at Baghdad, had migrated to Andalusia, establishing a school which provided the impulse for the emergence of the troubadours and Minnesänger, in the new vernaculars of Europe.

The Idea Of Conversion By Reason

Llull grew up, therefore, in what was the most advanced general culture in Europe at the time, a fact which had a profound effect on shaping his outlook. Although slated to hold public office, as his father had done, Llull underwent a personal crisis in about his 30th year, his “conversion,” which led him to abandon family and belongings, in pursuit of a life as a missionary.

Having determined to dedicate his life to converting the Muslims to Christianity, Llull appealed to the Dominican



Among Andalusia's glories was the Great Mosque of Córdoba, started in 785 by Abd al-Rahman I, which was also a center of learning and translation of Classics.

Raymond de Peñafort in Barcelona in 1265, who, he thought, would recommend Paris to him for theological studies at the Sorbonne (founded in 1253). Instead, Peñafort dissuaded Lull from the project, telling him that Paris could not provide him the knowledge he required for the task. (Lull did later go to Paris, as well as to Montpellier and Pisa, but only after he had developed his "Art," or philosophical method.)

Peñafort's advice was on the mark, and would prove to be of crucial significance. Paris was nothing but a nest of scholastics, a hub of Aristotelianism; conflicting philosophical "schools" differed essentially only in their particular reading of Aristotle. Of the Arab Muslim philosophers, Averroës reigned supreme. Averroës (Ibn Rushd) had profiled himself as the one who rescued philosophy from the ravages of al-Ghazzali, the ultra-orthodox religious tyrant of Baghdad who had declared the "destruction of philosophy," supposedly replaced by the sole authority of revelation (the Koran).

Averroës, however, in countering al-Ghazzali's approach, equally condemned "certain philosophers" whom he held to be pernicious; these were the great Platonists al-Farabi and Ibn Sina, against whom he argued in his major works by name. Thus, Averroës came to represent official Aristotelianism for the Islamic tradition. Hence, his meteoric career in Paris.

On Peñafort's prompting, Lull took up his studies in Majorca, tutored by an Arab freed slave. For ten years, Lull secluded himself with his teacher, and immersed himself in study of everything he could access through Arabic, the language he mastered as a prerequisite. What Lull studied is either identified or inferred from his own later contributions. In addition to the Greek philosophers, particularly Plato, he had the neo-Platonists, both from the Christian and Muslim traditions. Most important among the latter were al-Farabi and Ibn Sina, but he also read the works of the Andalusian

mystics, like Ibn-Hazm of Cordova.

Lull translated several terms directly from Ibn-Hazm, among them "necessary proof," which referred to the Islamic theologian's notion that truth—as revealed in the Koran—could be proved, independent of the Koran's authority, through reason. The two means of proof, one by tradition, the other by reason, were known among Arabs in Lull's time as "positive science" (which Lull translated into "positive theology," or "positive science through faith"), and "science of philosophy through reason," which he refers to as "necessary reason" or "demonstrative science by intellect."

Although thoroughly steeped in the teachings of the Church fathers, Lull placed special emphasis on acquiring Islamic science, which he deemed necessary to the task he had set for himself: to convert the Muslims. In an anecdote related several times in different works by Lull, he tells the story of the Sultan of Tunis, who was being asked to convert to Christianity. The Sultan asked the learned Christian who had introduced him to the faith, why he should believe in Christianity rather than in Islam. When the Christian replied, that it was a question of "faith," the Sultan retorted: "Why should I give up my belief for another, on grounds of faith—*credere pro credere?* No," he said, "I shall believe only that which Reason tells me—*credere pro vero intelligere.*"

Faith As Knowledge

Lull relates the anecdote time and again, as it embodies his own approach, rejecting outright any notion of forced conversion. He started from the assumption that the individual human mind endowed with reason could and would—upon being presented intelligibly with what he was sure was the superiority of Christian teaching—through an act of love, make the sovereign decision to embrace the faith.

Thus he sought out and addressed the most learned among

the Muslims, as his interlocutors. His way of bringing them the Christian message was to argue it philosophically, without reference to “authorities,” as opposed to the scholastics. He argued according to what he termed “necessary reason” or “right reason,” developed *in terms of the cultural matrix of his listener*. The reason why he believed mastery of Arabic and the Muslim philosophers to be crucial, was that he intended to make his God intelligible to Muslims by adopting the philosophical method which they acknowledged to be the means of seeking truth. Only in so proceeding, he thought, would a convert be a true believer.

That Llull failed in the task as he had defined it, that he did not convert masses to Christianity despite his repeated missions to Tunis and to other Muslim lands (he was imprisoned there in 1307), does not detract from the magnitude of his accomplishment. For, by seeking to supersede Islamic thinking from a Platonic Christian standpoint—so to speak, “from within” the matrix of the most advanced contributions made by the Arabs—he succeeded in elaborating a new philosophical method which was to bear its fruits in Cusa and, later, in Gottfried Wilhelm Leibniz.¹

Dialogue, in Llull’s experience, was not the exchange of positions and the ascertainment of similarities and differences; it was the process of epistemological confrontation, through which epoch-making progress in knowledge is achieved.

Through the 18th Century, when the great and seminal role of Leibniz was still universally acknowledged, histories of philosophy, like Brucker’s *Historia critica philosophiae*, stated as a matter of fact, that it had been Llull’s work which had ushered in the new epoch leading to Leibniz.

Llull And Al-Farabi’s Allah

The central question occupying Llull’s energies throughout his missionary writings was the Christian Trinity, and, immediately related to it, the incarnation (the conception of Jesus Christ in Mary). How to communicate this profound concept to Muslims, who see it as a violation of the unity of God?

Llull seems to have understood the point that Lyndon LaRouche has made, that “if the concept of God is correctly understood, then the concept of the Trinity is also understood.”

Among the Arab philosophers whose writings Llull had worked through, the one who explored this question most rigorously was al-Farabi (died 950). Himself steeped in Plato, the neo-Platonists, and most certainly Augustine, al-Farabi shared the conviction of the earliest Islamic philosophical school—the 9th Century Mu’tazilites in the time of the Baghdad Caliphate—that everything which is revealed in the Koran, is accessible to human reason.

The concept embedded therein—that in the mind of man, reason is coherent with the laws of the Divine, rendering it capable of grasping those laws—is what al-Farabi proved in his concept of God as the Necessary Existent.

In his “Main Questions,”² al-Farabi distinguished two categories of existence, that of possible existence and that of necessary existence. “If we posit that what is possible existence, is not existent, we are not therefore saying something absurd, since it cannot do without a cause; . . . If one, however, posits the necessary being as non-existent, then this is necessarily absurd; because the being of the same, has no cause, and it cannot have its being through something else. It is much more the first cause for the being of things, and necessarily its being must be the first being. One must think of it as free from any lack. Its being is therefore complete. Also, its being must be the most perfect, and free from matter, form, creation, and the final aim.”

The characteristic of the Necessary Existent is that it is One, whose being comes from no other, and cannot be divided. “It is also One in the sense that its being never stems from anything outside itself, for, then, it would have its existence come from them.”

Al-Farabi’s Necessary Existent is “the pure good, the pure thinking, pure thought, and pure act of thinking. *All three of these are, in it, One*. It is wise, and knowing, living, almighty and willing. It has the most perfect beauty, perfection, and grace. It has the greatest joy in its own being and is therefore the first loving and the beloved. The existence of all things stems from it, and in such a manner, that it so impresses its being on things, that they thereby come into being.”

Llull seized on this concept of the Necessary Existent as developed by al-Farabi, to present his proof of the Trinity. Llull began, as always, with the assertion of common principles: “Let us agree on one point.” The foundation for agreement was the “attributes,” or “dignities,” of God.

Language Roots In Arabic

Here Llull has recourse to a particular characteristic of the Arabic language, which is built, like Sanskrit, on tri-consonantal verbal roots. Every verbal action, like “to think,” or “to do good,” is expressed through a cluster of three consonants, which, modulated through vowels, immediately yields corresponding forms of speech. Llull takes the 100 names of God, as enumerated by the Islamic philosophers, and develops the implications of this fact embedded in the Arabic language (and therefore in the mind). That is, that the *names* given to God, themselves—adjectives or nouns—are generated from their verbal roots where they are *actions*.

In his autobiography, he writes that the names or dignities of God stand for a trinity of actions; therefore, the Trinity:

1. The works developing Llull’s method are *Ars compendiosa inveniendi veritatem* (1273-75); *Ars demonstrativa* (1275-81); *Ars inventiva* (1289-90); *Tabula generalis* (1293); *Ars brevis*, *Ars generalis ultima* (1308).

2. All references to al-Farabi are from *Al-Farabi’s Philosophical Treatises*, translated from Arabic by Dr. Friedrich Dieterici of Leyden in 1892, and from German into English by the author. The works quoted here are *The Intellect*, *The Preparation of Philosophy*, and *The First Questions*.



Llull, who took up the mission of converting Muslims by the power of Reason alone, was himself steeped in the philosophical works of Islam's great neo-Platonic scholars, such as Al-farabi and Ibn Sina.

"You do not understand, you Saracens, faithful to the faith of Mohammed, that the actions which are appropriate to divine dignities . . . are intrinsic to God and eternal. Without these actions, the dignities themselves would have been superfluous for all eternity. The actions, I say, of Goodness, are to be able to cause goodness; to be able to become Good; and to render Good; in the same way, the actions of greatness are to be able to cause greatness; to be able to become great; and to render great. And so on for all the divine dignities. . . . If we accept, as is appropriate, that the essential actions of the divine dignities or attributes are, in their equality and concordance, intrinsic and eternal, the Christians demonstrate with evidence that there exists a Trinity of persons, the Father, the Son, and the Holy Ghost, in one sole and unique essence and divine nature" (Llull's *Vita coaetanea*, 26).

Llull had to create new words in his native Catalan and in Latin, to express this idea (something Dante Alighieri was to imitate in forging the Italian language). But his is no linguistic ruse. What Llull discovered to be proper to human language,

he recognized as corresponding to the characteristic of a universal language, reflecting universal laws, those of God. He was later to develop this further, in his theory of a universal language.

Socratic Dialogue

Like other great thinkers in the philosophical tradition of Plato, Llull used the method of Socratic dialogue to reason out fundamental Christian belief. He wrote the *Liber de Sancto Spiritu* (*Book of the Holy Spirit*) in 1273-75, which dramatizes the discussion of a Latin and a Greek scholar in the presence of a Muslim; the *Liber Tartari et Christiani* (*Book of the Tartar and the Christian*) of 1282/85; the *Disputatio fidelis et infidelis* (*Dialogue of a Believer and an Unbeliever*) of 1287-89; the *Liber de quinque sapientibus* (*Book of the Five Sages*) of 1294, which is a dialogue among a Latin, a Greek, a Nestorian, a Jacobite, and a Saracen; and the *Disputatio Raimundi et Homeni Saraceni* (*Dialogue of Raymond and a Saracen Man*), of 1308.

In his dialogue on *The Three Sages and the Pagan* (1274-76), one of his most beautiful ecumenical works, Llull develops his proof of the Trinity. Taking, again, the attributes or divine dignities, identified metaphorically in this work as flowers on a tree, his Christian sage argues thus: "In order to prove the existence of the trinity in God, we first pick the flower of Goodness [and] Greatness from the first tree, by which we will prove, according to the conditions of the five trees, that God must necessarily exist in trinity. And by proving the Trinity, we will be proving three articles, namely those of the Father, Son, and Holy Ghost, and we will be proving how these three articles are one essence, one God. . . .

"It is clear that the greater the good, the more strongly it accords with eternity, power, wisdom, love; and the lesser the good, the closer it is to imperfection, which is contrary to perfection. Thus, if in God there exists one begetting good which is infinite goodness, greatness, eternity, power, wisdom, love, perfection; and which begets a good infinite in goodness, greatness, power, wisdom, love, perfection; and if from this begetting good and this begotten good there issues forth a good infinite in goodness, greatness, power, wisdom, love, perfection, then the flower is greater in God, than it would be if the above-mentioned things did not exist in God; . . . And since, according to the conditions of the tree, one should grant God the greatest good, therefore the Trinity, by what we have said, is demonstrable."

Llull's sage puts forward the Trinity on the *evidence of a universal characteristic of language*. God, to be Good, must necessarily be the Creator of Goodness.

The Nature of Man

The Islamic sage al-Farabi's Necessary Existent also is God the Creator, Who creates the universe as a process of self-reflection, and causes His creative power to be active in mankind. The First Intellect, or Heaven, is thus brought into

being, thus introducing multiplicity, and through it, the second, and so on through all the Heavenly spheres, which move in circular motion. Through this process, the highest form of existence, Man, is created, distinguished from all other species by virtue of the fact, “that he has a soul, from which powers emanate. Through them, the soul creates its work with bodily organs. In addition, it has another power, which is, that even without bodily organs, it can create. This power is Reason.”

Al-Farabi’s active or creative intellect “thinks first always [of] the most perfect of existences.” Al-Farabi stressed “that man, in everything that his nature produces, is as close as possible to the active intellect” and that “thinking itself is constantly occupied with what effects the highest perfection, i.e., heavenly life.” In his “Pre-Studies of Philosophy,” al-Farabi identified the purpose of philosophy to be “the knowledge from the sublime Creator. . . . The activity, however, that the philosopher undertakes, is the similarity with the Creator, as far as human capabilities make this possible.” And this is within the capacity of Man, because Man, as evident from the nature of his intellect, is made in the image of God, which al-Farabi, as a Muslim, explicitly states: “For thy soul comes from the being of thy Lord, thy body however from His creation.”

Al-Farabi’s concept of the Necessary Existent, enriched by Ibn Sina, and his treatment of the creative reason, firmly established for the Islamic tradition the philosophical proof of the existence of God, and the nature of man as created in the image of God (*imago viva Dei*). From Llull’s standpoint, this also afforded him the opportunity to make the Trinity and the Incarnation intelligible to the Islamic world.

Ecumenical Dialogue In Search Of The Truth

In his masterpiece, *The Three Sages and the Pagan*, Llull opens with the drama of a pagan who, nearing death, finds himself in existential despair. He wanders from his homeland in search of solace, and ends up in a sumptuous forest, whose beauties cause him to marvel, but also, because he is without faith, to despair.

Meanwhile, three sages, a Jew, a Christian, and a Muslim, set out one day from the city where they all teach, to discourse with one another on fundamental questions. They are driven in their search of truth by a common desire to find the basis for a single religion, convinced that the ordering of states and relations among them can be harmonious only if such a common ground is found. As they enter the magnificent forest, they come upon a beautiful lady seated upon a horse. She identifies herself as Intelligence, and instructs the three sages in Llull’s scientific method of inquiry (his Art). This is laid out in terms of a metaphor having to do with the trees of the forest, their leaves, and flowers.

Then the sages happen upon the old pagan, weeping distraught on the ground. All three rush to provide him succor, inquiring after his pains, and offering him solace in religious

faith—that which he does not have. The pagan, eager to find relief, responds with gratitude to their care, and an extraordinarily poignant drama unfolds.

Each sage is to present, in turn, the articles of his faith to the pagan, resting not on the authority of scripture, but on the “method of the trees” which the lady Intelligence had given them. After much courteous interchange, regarding the order of presentations, it is decided that, respecting the historical process, the Jew should begin, followed by the Christian, and then the Muslim.

The Jew starts, with his proof of the existence of one God, showing, by the concordances required by the flowers of the trees, that God could not be infinite, absolute good, etc. if there were more than one God. He proceeds to articulate the other points of faith, until the Christian follows.

The Christian, noting that the Jew has already provided a sufficient proof of the existence of one God, sees no need to repeat it, and proceeds, rather, to introduce those articles of faith which the Jew does not embrace: most importantly, the Trinity. This he elaborates in the way we described just above.

The pagan responds by posing questions: If God is greater by virtue of His being three in one, why not four, five or more? To which the Christian: “If in God there had been more than one begetter, one begotten, and one issue, then each begetter would not be infinite in goodness, greatness, eternity, power, wisdom, love, perfection; for it would not be sufficient unto itself, as a begetter, to beget a thing sufficient so that an infinite goodness, greatness, power, wisdom, love, perfection could be begotten; nor would each begetter and each begotten be sufficient to bestow infinite goodness, greatness, etc. on an issue from both; . . . for infinite number cannot have perfection, since increase of infinite number and perfection are in disaccord. This being the case, there would, therefore, according to the perfection of the flowers, exist imperfection in God, and the flowers would be contrary to one another, if in God there were infinite begetters, begotten, and issue.”

The pagan, still unconvinced, insists that “if there were three or four or a thousand good things in God, then God’s greatness would be greater than if there were only three.” To which the Christian replies: “If there were more than three, none of the three would be perfect in itself, nor would it have complete goodness, greatness, eternity, etc. For just as it is not fitting for there to exist many Gods, and just as one God is sufficient for the possession of all the goodness, greatness, etc. of all of them together, and could have even more than all of them together could have; so one begetter is sufficient for the possession of all the goodness, greatness, etc., which two or more begetters might have, and even of more than they could have; . . . And the same would be the case with two or more begotten, and two or more issues.”

The pagan, finally satisfied, allows the Christian to proceed in presenting the remaining articles of his faith, including the Incarnation. Again with reference to the pairs of divine dignities or attributes of God which are the flowers of the

trees, the Christian sage introduces the Incarnation. "In order to exemplify goodness as great as God's, it is only right that, by the operation of the Holy Ghost, the Son of God [should] unite human nature with Himself in the womb of our Lady Saint Mary; for to extract a good as noble as Christ's humanity from the human race, which was corrupted by sin, constitutes a greater good than all other created good." The pagan asks, "Why did not all three divine persons become incarnate? Why was the person of the Son the only one to become incarnate? . . . Why the Son and not the Holy Ghost?"

The Christian replies: "Since the Son of God was begotten, and since in taking on human flesh He begat man, therefore, with relation to creature, unity of person is more fitting between the Son of God and son of man than between man and paternity or between man and Holy Ghost, since the act of begetting fits the Son of God and the son of man."

The pagan, apparently satisfied, asks the loaded question: "Please tell me what the Jews and Saracens have to say about this article of Conception."

The Christian replies with astonishing candor: "To our great shame, we Christians are negligent about explaining and demonstrating our belief to unbelievers, and they are stubborn of heart and coarse of intellect when it comes to understanding our religion. We thus do not believe that Incarnation which they think we believe, and our belief in the Incarnation of the Son of God is different from what they imagine, and as a result we cannot agree and are opposed because of differing opinions."

The Muslim Speaks

Here Lull put his finger on his crucial hypothesis: that Christian philosophers had not adequately communicated the universal concept underlying the Incarnation of God in man, such that the "infidels" thought it to be something which it is not, and on that basis rejected it.

When it comes time for the Muslim sage to speak, he too dispenses with the proof of the existence of one God, as it has been adequately presented by the Jew and acknowledged by the Christian. The Muslim would like to present his divergence with Christianity regarding the Trinity, saying that if there were a trinity, then God "would have to be compound, and His goodness, greatness, eternity, power, wisdom, love would have to be contrary to perfection. . . ."

Now it is the pagan who interrupts. Although the Christian tries to offer his reply, the pagan tells him "it was not his turn to speak, and that he himself would

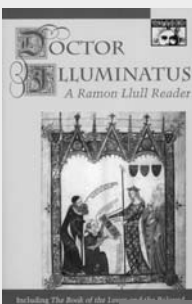
answer the Saracen." His remark is unequivocal: "Surely you remember that I put that same question to the Christian. Now, from what you say and from what I heard the Christian say, I realize that the Christian believes certain things concerning the Trinity of God, which are different from what you think he believes. It therefore seems to me that you cannot agree and live beneath the same faith and belief as the Christian. But let us leave this problem and continue with your articles, for there is no need to discuss this first article any further."

The pagan realizes that on certain doctrinal questions, like that of the Trinity, no agreement can be found—not because there is no common ground for agreement, but because there is disagreement regarding what the concept is. Therefore, says the pagan, do not pursue a line of argument which, based on misconception, will only highlight apparent differences. Rather, seek the common ground of belief.

Following the Muslim's completion of his presentation, the pagan reiterates for all what the process of dialogue has unfolded, much to their amazement and admiration. Finally, the pagan stands up and renders praise, in a prayer, to God, whom he has discovered as a result of the dialogue with the sages. In moving phrases, he heaps thanks upon the three for having given him faith and hope, and kneels, kissing the ground in prayer. He stands up, is about to kneel again, in order to reveal to the three which religion he has embraced— . . . when he spies two persons he knows, pagans like himself, approaching. Although he asks the three to stay, that he may


FOR AN ECUMENICAL RENAISSANCE
Books in the Tradition
of a Dialogue of Civilizations

Ramon Llull: Doctor Illuminatus, A Ramon Llull Reader
 edited by Anthony Bonner
 \$21.95



Toward a New Council of Florence: 'On the Peace of Faith' and Other Works by Nicolaus of Cusa
 edited by William F. Wertz, Jr.
 \$15.00

Ben Franklin Booksellers
 P.O. Box 1707
 Leesburg, VA 20177
 Order toll free: 1-800-453-4108
 Fax: (703) 777-8287



Portable Dante
 includes *The Divine Comedy*
 translated by Mark Musa
 \$15.95

Shipping and handling: \$4.00 for first book, 50¢ each additional book.

ORDER TODAY!

announce his faith in the presence of the two approaching pagans, all three sages decide to take leave of him. With mutual blessings, and courteous greetings, they prepare to leave.

Why, asks the pagan, will they not linger, to hear which religion he has chosen? “The three wise men answered, saying that, in order for each to be free to choose his own religion, they preferred not knowing which religion he would choose.” More fundamentally, they tell him, “And all the more so since this is a question we could discuss among ourselves to see, by force of reason and by means of our intellects, which religion it must be that you will choose. And if, in front of us, you state which religion it is that you prefer, then we would not have such a good subject of discussion nor such satisfaction in discovering the truth.”

Which religion did the Gentile embrace? Llull’s reader must decide. As for the sages, they return slowly to the city, committed more than ever to seek the truth. Although they strive to reach an accord of one religion, so as to eliminate the causes of social discord and strife, yet, their mission is not doctrinal, but ecumenical. Llull, the author, commenting in his conclusion, reiterates that his has been the pursuit to develop a “method for enlightening clouded minds and awakening the great who sleep, and for entering in union with and getting to know strangers and friends, by asking what religion they think the pagan chose in order to find favor with God.”

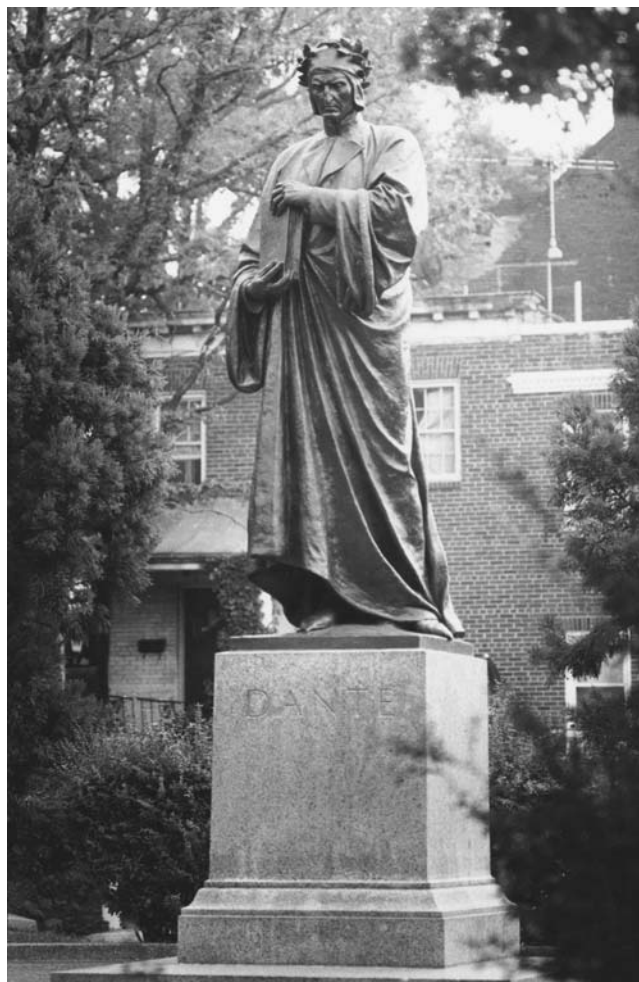
Although Llull was committed, as a missionary, to convert the Saracens, the message which pervades his work is one of ecumenicism, which posits a higher order conception within which the three religions, Judaism as Judaism, Christianity as Christianity, and Islam as Islam, meet.

Llull And The Golden Renaissance

Llull’s influence on ecumenicism was profound. Most immediately, due to his efforts, the Catalan king established a school for the training of missionaries in Majorca, called Miramare, which embodied Llull’s approach. Run under the auspices of the Franciscans and endorsed by Pope John XXI (in the Papal Bull *Laudanda tuorem*, 1276), it was the first school to offer to missionaries, studies in the languages of the other religions, for their “entering into union with and getting to know strangers and friends.” Llull campaigned for other such schools, through petitions to the Popes and to the Vienna Council of 1311; the canons of the council welcomed his proposals, and deliberated to establish five schools: in Rome, Bologna, Paris, Oxford, and Salamanca. These schools were to teach Arabic, Hebrew, Syriac, and Greek.

It was due to such efforts that not only the philosophical works of the Arabs but also the Koran itself were actually read, and eventually translated, so that Christians, as well as Jews, could find out what Islam was.

Just as far-reaching, though not recognized, was Llull’s influence on the development of the modern nation-state in Europe through the development of literate vernacular languages, one of the most fascinating aspects of Llull’s work.



Dante, the greatest influence upon all European Christian language and literature for centuries, lived a generation after Raymond Llull, knew his work, and was also in dialogue with the Islamic philosophical and religious heritage.

Since he immersed himself in Arab studies for a decade, and sought to address a Muslim intelligentsia, he wrote most of his major works in Arabic, some in Catalan and only a very few (mainly translated from Arabic) in Latin. He was the first to compose works in Catalan, thus laying the groundwork for Spanish as a national language.

Llull surely recognized the fact that Islam had been facilitated in its rapid expansion across Arabia, North Africa, and the southern Mediterranean by virtue of the fact that the Koran, the revelation of the word of God for Muslims, was written in poetic Arabic; and, since there is no priesthood in Islam, every believer is expected to know the holy texts directly. Every non-Arab believer had to assimilate the language, and through it, the language culture. This meant that literacy campaigns were an integral part of Moorish social policy, providing millions of illiterates with access to science and culture. This explains, to a large extent, why the population of Andalusia was, relative to Northern Europe in the same period,



The fullest collection of Raymond Lull's works was in the library of the Christian Renaissance founder, Cardinal Nicholas of Cusa (1400-65), who initiated the doctrine of state government based solely upon the common good of mankind. Cusa often cited Lull in his own works.

such a cultured population, with literacy rates above 90%, whereas elsewhere reading and writing were privileges of the clergy.

As a Catalan Christian, Llull recognized the need to forge a Catalan language of the same power as Arabic. He did so largely by using Arabic syntax and morphology to shape the new Catalan-Spanish vernacular as a literary tool.

Enlightened Christian rulers, like Alphonse the Wise in Spain and Llull's contemporary Friedrich II Hohenstaufen in Sicily, continued the process by sponsoring the efforts of philosophers, scientists, poets, and musicians who strove to translate Arab achievements into the vernacular. One of the languages, if not *the* language of the court, whether of Alphonse or of Friedrich, was Arabic, and both were committed to shaping their fledgling vernacular dialects into national tongues, on the model of the Arabic.

The greatest achievement in this regard was Dante's, which changed all of European literature for centuries afterwards, and it came as a direct result of the work done in Alphonse's court in Seville and Friedrich II's in Palermo.

In his *De vulgari eloquentia*, his seminal work on the

vernaculars, Dante lamented the fact that there were other vernaculars superior to Italian; although he does not identify them, the only ones current in Europe were Hebrew and Arabic. In seeking the raw material out of which to shape Italian, he pointed to the Sicilian dialect, and to Friedrich's Palermo, as the birthplace of the Italian language. At the same time, Dante identified the Spanish poets and the Provençal troubadours, their literary relatives, as the couriers of a new poetry and language, which had been shaped on the Arabic poetic models.

Dante's teacher, Brunetto Latini, as the former relates in the *Commedia* (*Divine Comedy*), was the Florentine ambassador to the court of Alphonse, who, after spending two years in the Spanish king's rich library full of Arab works, composed the *Tesoro*, a work that for Dante represented the summation of scientific knowledge.

Influence Of Islam Upon Dante

What was Dante's relationship to Islam? The much-maligned Spanish Christian priest-scholar Miguel Asín Palacios³ did groundbreaking work in the early years of the 20th Century on the influence of Islam, as mediated through Moorish Andalusia, upon Dante. His work provoked turmoil in the ranks of the "Dantisti" in Europe, who slandered it as an attempt to "de-Christianize" Dante, until further serious scholarship finally had to admit that Asín Palacios was right.

Asín Palacios, intent on proving an Arab influence on Dante, has shown incontrovertibly that the *leitmotif* of the *Commedia*, the ascension of man (Dante the pilgrim) to Paradise, springs from an episode in the life of Mohammed, barely sketched in the Koran, which was the subject of several lengthy Arabic poems. The episode in Arabic literature is known as the *Mi'raj*, which relates the ascent of Mohammed from Jerusalem to Paradise, an episode well known in Spain and Italy of the 13th Century. It was retold by Dante's teacher, Brunetto Latini, in his *Tesoro*.

That Dante was conversant with Arab philosophy is amply documented in his own words, whether in the *Convivio* or the *Divine Comedy* itself; Dante's depiction of Mohammed, consigned to the circle of the schismatics, has a wealth of detail regarding the internal factional struggle in early Islam that no one in Europe was otherwise aware of. Furthermore, Dante explicitly acknowledges his debt to great Muslim philosophers like al-Kindi, al-Farabi, Ibn Sina, al-Fragani, Ibn 'Arabi, and many others, in his prose works. It is largely through the Arabs that Dante had access to the Platonic science of Greece.

What is important in Dante's relation to Islam is, however, not the "literary motifs" of "influences," as they might be gleaned for the purposes of "literary criticism." What is im-

3. Miguel Asín Palacios, *Escatología musulmana en la Divina Comedia* (Madrid, 1919, reissued 1961).



Up through the 18th Century, it was acknowledged in works of history, that Raymond Lull inaugurated the era in European philosophy which led to Gottfried Wilhelm Leibniz (1646-1716), both a universal genius and a Christian ecumenicist of Eurasia as a whole.

portant is the approach Dante took to Islamic-Arab culture. His approach was very similar to that of Lull, whose works Dante also knew.

One could view the *Commedia*, in a certain sense, as Dante's dialogical response to Islam. If one thinks of the extent to which Muslim-Arab culture had penetrated Europe in the 13th Century when Dante was writing—whether negatively in the fight around Averroism in Paris, or positively in the enviable achievements of Andalusia and Palermo—it is impossible that a person like Dante would be ignorant or indifferent to its implications. There is every reason to hypothesize that Dante consciously wrote the *Commedia*, not exclusively, but also as a response—like that of Raymond Lull—to Islam.

Here was a culture, a Muslim culture, which had reached extraordinary social and cultural excellence in Spain and Southern Italy, which had been shaped by a religious worldview transmitted through the Koran, a poem in the “high” Arabic vernacular and memorized by most Muslims. Dante, in his *De vulgari eloquentia*, had made clear his intent to compose a poetic masterpiece forging an Italian vernacular national language, which will constitute the epistemological, moral, and religious basis for an Italian nation-state. What better means than to quote a motif from the Koran, elaborated in Muslim literature, depicting Mohammed's ascension, and transform it into the ascension of the Christian pilgrim Dante, to Paradise?

This is Dante's way of demonstrating (as Lull would do in another form) his belief in the greater advancement of the Christian worldview, in terms comprehensible to those shaped by the hegemonic Arab culture.

The central theme of the *Commedia* is the Trinity; not only is the entire poem trinitarian in form, but the process through which the pilgrim Dante (and thus the reader) progresses, from the intellectual-moral parameters of Hell,

through Purgatory into Paradise, is the proof of the Trinity. It is through the pilgrim Dante's self-perfection process, his successive acquiring of the laws of God's universe, that he gains access to the realm of science which is Paradise. It is through this process that man proves the coherence between the mind of man and the divine ordering of creation. Dante's poem is the ultimate proof, in Christian terms, of *imago viva Dei* and of the Trinity, which is the final vision of the last canto.

The Power Of The Individual

Dante's poem had the single greatest impact on the Renaissance prior to Cusa's convening of the Council of Florence. Significantly, his poem furnished the poetical vehicle through which the Italian population not only became literate, but was educated in the fundamental concepts of Christianity. At the time of Dante, the Bible was not accessible to the population at large; yet the *Commedia* became the text which was recited and commented on in the churches of 14th- and 15th-Century Florence—in strikingly similar fashion to the manner in which the Koran was recited and commented on among the Muslims at the same time in other parts of Europe. Brunelleschi had the *Commedia* on his bedside table. Leonardo knew it by heart. Dante's work absorbed the entirety of Arab science (as he himself acknowledges), either directly or through the work of Christian Arabists such as Roger Bacon, Robert Grosseteste, and others, in perspective, physics, poetry, and music. But it did so in such a way as to celebrate the power of Christian man, made in the image of God, to acquire such knowledge.

It is this emphasis on the discrete individual as the particular image of the universal God, which pervades the explosion of creative activity in the Italian Renaissance. Here, too, it is not adventurous to hypothesize that the creative excellence particularly in the figurative arts represented an indirect response to Islam. Although the science of perspective, as Dante among many others attests, was mediated and further developed by the Arabs for Europe, yet it was the Platonic Christian Renaissance which applied that science of perspective to exalt the position of the human being in universal space.

Islam, in rejecting the depiction of the human form in art, lacked the means to make visually sensuous the notion of man in the living image of God. Christian Renaissance art seizes on this capability (which is utterly lacking in previous Byzantine art, even though it formally depicts the human figure), to render the idea of the universal through the individual.

Thus, the process which unfolded from Raymond Lull and Dante Alighieri onwards to the 15th-Century Renaissance, can well be viewed as a grand dialogue, in which the theme of the relationship between man and God was developed in a counterpoint by the Platonists of the European Islamic heritage, and their Christian humanist interlocutors. Such should be the spirit of the ecumenical dialogue today.

Plato's Ghost As A Scapegoat For The 'War Of Civilizations'

by Gabriele Liebig

Man does not consider God as something identifiable, to which, if one has discerned it, one gives a name. Thinking longs much more for the Unknown; but since it cannot comprehend it, it calls this unrecognized the One; wherein the idea is expressed, that it is this One, for which reason longs.

— Nicolaus of Cusa

On Nov. 3, an article appeared in the London *Times*, with the title: "Plato Was Wrong. Searching For Universal Truth Threatens Us All." The author, Jonathan Sacks, writes: "It may seem bizarre to suggest a connection between the tragedy of Sept. 11 and a Greek philosopher who lived almost 2,500 years ago, yet that is what I am going to claim. I call it Plato's ghost, and it has haunted the Western imagination ever since."

Sacks is the Chief Rabbi of the United Hebrew Congregation of the Commonwealth [of Great Britain], but a Kantian empiricist, or an empiricist Kantian, or a representative of some other religious denomination, could just as well have composed his argument. According to Plato, writes Sacks, "Reality is not the chaotic profusion of things we see, feel, and touch: the thousands of different kinds of chairs, houses, or trees. It lies in what is common to each: the form of a chair, house, or tree. Things are particular; truth is universal. That was Plato's profound idea. I believe it to be profoundly wrong."

Sacks' is a creed common to both Aristotle and the empiricists, served up with a bang: They insist the *thing* takes primacy over the *idea*. According to this ideology, there are really only empirical objects and the difference between them; the idea exists only as an arbitrary abstraction, added later.

Denying Universal Human Culture

Out of the denial of the idea, the denial of an existing, increasingly intelligible, recognizable truth necessarily follows. The meaning of "true" is reduced to "free of contradiction" and "verifiable." Thus, truth is something that would operate only in science, Sacks believes, but not in religion, and, only in a very limited sense, in morality. Still, the Rabbi leaves in force a few "true moral universals": "the sanctity of human life, the dignity of the human person, and the freedom we need to be true to ourselves while being a blessing to

others."

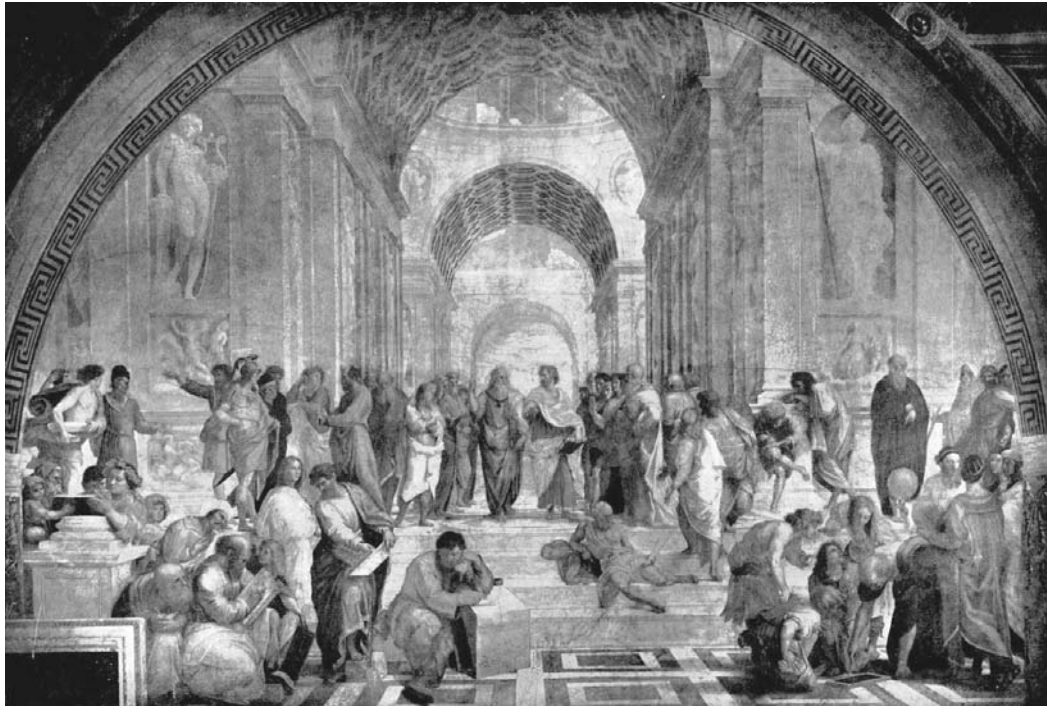
However, Sacks considers the spreading of all "universal cultures," as a negative development, because they were always "imperialistic." He specifies five such cultures: "Ancient Greece, Ancient Rome, Medieval Christianity, Islam, and the Enlightenment." The arrangement is somewhat forced, however, to enable him to dispose of his central argument: "Sept. 11 happened when two universal cultures—each profoundly threatening to the other—met and clashed." Which two cultures he means, he leaves up to the reader, of course, but the stereotype "fanatical Islamists cut down the symbol of Western Enlightenment" is expressive enough. After that, Sacks places the following sentence: "It is time we exorcised Plato's ghost."

Who does not share in the condemnation of religious fanaticism, which insists in every case on the sole possession of truth, and thereby causes great mischief? However, it is totally incomprehensible, why "the search for truth" is supposed to be so dangerous. If Sacks himself still grants, that in most of the many religious tendencies in the world, "if we listen carefully, we will hear the voice of God," why should one then only look at the distinctions among the various religions, and not search for what is common in them?

And when it comes to religious peace for the Rabbi, why is there no reference to Gotthold Ephraim Lessing? The same Lessing with his great Jewish friend, Moses Mendelssohn, his *Nathan the Wise*, his good counsel of the famous "parable of the rings," showing forth the love of mankind which is the common "golden rule" of the three religions—Judaism, Christianity, and Islam? Rabbi Sacks does not mention a word about the Jewish faith in the rest of the article, except for attacking persecution of Jews by "universalist cultures." But that is no substitute for the wealth of ideas of the thoroughly *universal* Mosaic religion.

Plato's Cave

No one has developed the crux of this concept more truthfully than Lessing. He draws the correct conclusions from Plato's famous Allegory of the Cave in the *Republic* dialogue, whereby Plato wants to illustrate the difficulties of human knowledge: Men sit in the dark in a cave, and see on the wall before them only the shadows of things, cast by firelight from behind them. However, if the men realize their position, and



The Renaissance master Raphael, in his The School of Athens, depicted Aristotle and Plato in the entranceway at top: Aristotle with his hand gesturing down, to the finite things of sense; Plato vigorously pointing up, to the ideas of the mind. Now says a London Times column, Plato's search for truth is to blame for Sept. 11!

take into account the limitations of their sense perceptions, they can realize by “thinking behind it,” the truth of what is actually occurring. Thereby, through cognition, they can approach ever nearer to the truth, without ever fully grasping it.

Therefore in Germany, Lessing’s words in his *Rejoinder* have become a familiar quotation: “The truth is not, nor is supposed to be, in the possession of any man; rather, the sincere exertion which he has brought to bear, to come behind the truth, measures the value of a man. For not by possession, but by the search for the truth he expands his powers, wherein all his always-increasing perfection lies. Possession makes one still, lazy, proud. . . .

“If God would keep locked up on his right side, all truth, and on his left side, only the always active drive for truth, though with the addition that this drive forever and always strays; then would say to me, ‘Choose!’ I would fall before him on his left side, and would say, ‘Father, grant this! The pure truth is indeed for you alone!’ ”

Hannah Arendt of the Frankfurt School praised Lessing for this, but it was poisonous praise, because she twisted all around the words from his mouth: “Not only the understanding, that there can be no truth inside the world of men, but the joy, that there is none, and the unending dialogue among men never will cease, as long as men exist, characterizes the great Lessing.”

Lessing says: Man cannot possess or monopolize truth; it desires to be sought, and from that comes all progress. Arendt says: There is no truth, and everything is an endless palaver. That, however, would be the end of searching for truth; be-

cause if there is no truth, there is therefore no reason to seek it.

Rabbi Sacks obviously adheres to the Frankfurt School, and rejects Lessing’s version.

Gods In A Roman-Style Pantheon

“There is a fundamental difference between God and religion,” Sacks writes, and thus far we can agree, for the one God stands manifestly above the different religions. Yet Sacks continues: “We serve God, author of diversity, by respecting diversity.” Why not? For in all diversity, we seek the common, the divine. One suspects that Rabbi Sacks has a notion of no real dialogue of cultures and religions, but a kind of zoo of religions, a “Pantheon,” as Lyndon LaRouche discussed in detail in Rome a short time ago (see “Towards A Dialogue Of Civilizations,” *EIR*, Nov. 9, 2001).

In Sacks’ polemical attack on the Platonic method of thinking, yet another defect becomes apparent, which is typical for all Aristotelians: Real is, for them, only the world of things and of difference. When they discuss God, this God is completely outside this reality, and a pure construct. Between the finiteness of things, and a not really existing infinity (God), there is for them no connection whatsoever.

However, the human spirit moves between the finite and the infinite, whose transfinite quality the mathematician Georg Cantor proved at the end of the 19th Century. Cantor’s general theory of infinite aggregates ran up against the bitter opposition of the Aristotelians, who in no case would accept that infinite aggregates could be expressed by transfinite numbers, and thereby could be handled like other numbers. His adversaries were of the view, that infinite aggregates—such

as the aggregate of the natural numbers 1, 2, 3, 4, and so forth—did not really exist, and, accordingly, could not even be approached in the character of “number.”

Cantor’s transfinite numbers are, however, nothing other than Platonic ideas, which define such an infinite, ordered aggregates through its “principle of generation.” (In the series of numbers mentioned, the principle of generation “plus 1” exists within them, such that it always increases the number by one.)

The “principle of generation” of an infinite aggregate is simply the precise idea of this aggregate, where the *many* different numbers of the aggregate are produced by the concept of *one*. That is the deeper meaning of “The One in the Many”—a concept which is brought forth by Plato in his *Parmenides* dialogue. It is brought forth by many philosophers after him, such as the Islamic Ibn Sina in the 11th Century; the Christian Cardinal Nicolaus of Cusa in the 15th Century; and by Leibniz, Lessing, Goethe, and Schiller. It is proclaimed by Schiller’s aphorism:

Truth: *It is one only, for all, and yet seeth it everyone
different;
That it still one remains, maketh the different true.*

The truth, in and for itself, comes into existence in no “earthly intellect ever revealed,” Schiller also says. But yet it presents itself, and is also recognizable, if also only step-by-step in the course of development of mankind, which, by means of new creative discoveries, is in the position to gradually broaden its common treasure of knowledge.

In the history of cultures there are, however, also regressions; periods of cultural decline. In such periods, previously existing knowledge disappears; ideas understood for a long time are again lost—sometimes through natural catastrophes; often, however, solely through poor education and simple neglect.

Such an almost forgotten idea is the “One in the Many.” Really, it is already very old, but in current thinking it is almost lost, so that people still recognize the words, but no longer know their full meaning.

Thus, many important ideas have already become victims of the collective “Alzheimer’s disease,” which has occurred in our “Western” culture. Even Pope John Paul II, a representative of Platonic Christianity, criticized Western culture in his message for World Peace Day in 2001, for “a progressive impoverishment in human, spiritual, and moral” terms. Therefore, a “Dialogue Among Cultures Toward A Civilization Of Love And Peace” were all the more necessary. In a separate statement on Nov. 9, John Paul had said, “The whole of mankind still stands under the shock of the events of the past Sept. 11. It has been said, we have experienced here a veritable clash of religions. However, as I have already stated on many other occasions: This would be to annihilate the meaning of religion itself.”

The Parable Of Rings Of ‘Nathan The Wise’

In Gotthold Lessing’s play, Nathan the Wise. the Jew Nathan is summoned to the court of Sultan Saladin, in 1292 in Jerusalem, and asked which religion is most true.

Nathan: In days of yore, there dwelt in eastern lands
A man who had a ring of priceless worth
Received from hands beloved. The stone it held,
An opal, shed a hundred colors fair,
And had the magic power that he who wore it,
Trusting its strength, was loved of God and men.
No wonder therefore that this eastern man
Would never cease to wear it; and took pains
To keep it in his household for all time.
He left the ring to that one of his sons
He loved the best; providing that in turn
That son bequeath to his most favorite son
The ring; and thus, regardless of his birth,
The dearest son, by virtue of the ring,
Should be the head, the prince of all his house. . . .
At last this ring, passed on from son to son,
Descended to a father of three sons;
All three of whom were duly dutiful,
All three of whom in consequence he needs
Must love alike. But yet from time to time,
Now this, now that one, now the third—as each
Might be with him alone, the other two
Not sharing then his overflowing heart—
Seemed worthiest of the ring; and so to each
He promised it, in pious frailty.
This lasted while it might.—Then came the time
For dying, and the loving father finds
Himself embarrassed. It’s a grief to him
To wound two of his sons, who have relied
Upon his word.—What’s to be done?—He sends
In secret to a jeweler, of whom
He orders two more rings, in pattern like
His own, and bids him spare nor cost nor toil
To make them in all points identical.
The jeweler succeeds. And when he brings
The rings to him, the sire himself cannot
Distinguish them from the original.
In glee and joy he calls his sons to him,
Each by himself, confers on him his blessing—
His ring as well—and dies.—You hear me, Sultan?
Saladin: I hear you!—Finish now your fable



Nathan (right, in a recent stage adaptation from Lessing's play) is the wise Jew of Jerusalem in the time of the Crusades, who uses rings to make a parable of each religion's different search after universal truth.

Without delay.—I'm waiting!

Nathan: I am done.

For what ensues is wholly obvious.—

Scarce is the father dead when all three sons
Appear, each with his ring, and each would be
The reigning prince. They seek the facts, they quarrel,
Accuse. In vain; the genuine ring was not
Demonstrable;—almost as little as
Today the genuine faith. . . .

Saladin: The rings! Don't trifle with me! I should think
That those religions which I named to you
Might be distinguished readily enough.
Down to their clothing; down to food and drink!

Nathan: In all respects except their basic grounds.—
Are they not grounded all in history,
Or writ or handed down?—But history
Must be accepted wholly upon faith—
Not so? Well then, whose faith are we least like
To doubt? Our people's, surely? Those whose blood
We share? The one who from our childhood gave
Us proofs of love? Who never duped us, but
When it was for our good to be deceived?

How can I trust my fathers less than you
Trust yours? Or turn about.—Can I demand
That to your forebears you should give the lie
That mine be not gainsaid? Or turn about,
The same holds true of Christians. Am I right?

Saladin: (*aside*) By Allah, yes! The man is right. I must
Be still.

Nathan: Let's come back to our rings once more.
As we have said: the sons preferred complaint;
And each swore to the judge, he had received
The ring directly from his father's hand.—
As was the truth! And long before had had

His father's promise, one day to enjoy
The privilege of the ring. No less than truth!
His father, each asserted, could not have
Been false to him; and sooner than suspect
This thing of him, of such a loving father;
He must accuse his brothers—howsoever
Inclined in other things to think the best
Of them—of some false play; and he the traitors
Would promptly ferret out; would take revenge.

Saladin: And then, the judge? I am all ears to hear. . . .

Nathan: Thus said the judge: unless you swiftly bring
Your father here to me, I'll bid you leave
My judgment seat. Think you that I am here
For solving riddles? Would you wait, perhaps,
Until the genuine ring should rise and speak?
But stop! I hear the genuine ring enjoys
The magic power to make its wearer loved,
Beloved of God and men. That must decide!
For spurious rings can surely not do that!
Whom then do two of you love most? Quick, speak!
You're mute? The rings' effect is only backward,
Not outward? Each one loves himself the most?—
O then you are, all three, deceived deceivers!
Your rings are false, all three. The genuine ring
No doubt got lost. To hide the grievous loss,
To make it good, the father caused three rings
To serve for one.

Saladin: O splendid, splendid!

Nathan: So,
The judge went on, if you'll not have my counsel,
Instead of verdict, go! My counsel is:
Accept the matter wholly as it stands.
If each one from his father has his ring,
Then let each one believe his ring to be
The true one.—Possibly the father wished
To tolerate no longer in his house
The tyranny of just one ring! And know:
That you, all three, he loved; and loved alike;
Since two of you he'd not humiliate
To favor one. Well then! Let each aspire
To emulate his father's unbeguiled,
Unprejudiced affection! Let each strive
To match the rest in bringing to the fore
The magic of the opal in his ring!
Assist that power with all humility,
With benefaction, hearty peacefulness,
And with profound submission to God's will!
And when the magic powers of the stones
Reveal themselves in children's children's children,
I bid you, in a thousand thousand years,
To stand again before this seat. For then
A wiser man than I will sit as judge
Upon this bench, and speak. Depart!—So said
The modest judge.

Backlash Even In Government To Ashcroft Emergency Decrees

by Edward Spannaus

Just as Lyndon LaRouche warned at the beginning of the year, Attorney General John Ashcroft has undertaken a sweeping assumption of emergency powers, far in excess of anything most Americans would have imagined possible only a few months ago. Back in January, LaRouche had pointed to the 1933 Nazi “emergency decrees” promulgated under the pretext of the Reichstag Fire, and had warned that, under conditions of economic crisis, Ashcroft would play a similar role in a “crisis-management” structure.

Ashcroft has not only adopted draconian mass-dragnet tactics after Sept. 11; he has launched a drive for still more powers, and for the elimination of restrictions on domestic surveillance which were built up over the past quarter-century. All this is provoking a backlash from many quarters; in addition to widespread criticism and debate in Congress, the media, civil libertarians, and the like, there is also opposition coming from some less likely places, including from some Republican circles, and from within law-enforcement and the intelligence community.

LaRouche’s campaign fought to derail Ashcroft’s Senate confirmation in January. Senators, especially Democrats, who refused to block Ashcroft’s confirmation—even when they had the power to do so—and who then bent over backwards to accommodate his demands for drastic new “anti-terrorism” laws, are now beginning to realize what a Frankenstein’s monster they have unleashed.

Still, most in Congress lack the courage to speak out, not only because of public opinion polls purporting to show broad public support for Attorney General Ashcroft’s “anti-terrorist” measures, but from fear that they will be labelled as “soft on terrorism.” Ashcroft tried to add to this intimidation in his Dec. 6 appearance before the Senate Judiciary Committee, when he declared that anyone who criticizes his

methods is aiding terrorists.

Opposition to Ashcroft has emerged in many areas, including the following:

- His dragnets and mass detentions against Middle Easterners in which over 1,000 people have been arrested and detained, most on the flimsiest of charges and evidence;
- His proposals to alter the Justice Department’s guidelines for FBI domestic security investigations—guidelines adopted in the wake of Congressional investigations of the FBI’s notorious “Cointelpro” abuses from the 1960s and ’70s;
- The Justice Department-initiated proposal to by-pass the Federal courts by using military tribunals to try suspected terrorists—which has even angered many in the military itself (see following article).

Ashcroft’s Palmer Raids

The response to Ashcroft’s policy of mass round-ups and detentions has clearly not been as intense as it might have been, had not the overwhelming majority of those picked up been of Middle Eastern origin. Over 1,000 individuals were rounded up, and over 600 were still detained as of Dec. 1, most on minor immigration charges. At recent Senate hearings, Department of Justice (DOJ) officials lied that all of those arrested were able to contact their families and a lawyer; although there have been numerous accounts, and sworn testimony was presented to the Senate Judiciary Committee on Dec. 4, that individuals were held incommunicado for a long period of time, with no one knowing where they were, or what had happened to them.

It was in this context that *Wall Street Journal* columnist Alfred Hunt proposed that Ashcroft might look to Attorney General Mitchell Palmer (of the 1919-20 “Palmer Raids”

fame) as a better analogy for what he is now doing, rather than citing Robert Kennedy's efforts against gangsters in the 1960s.

The most unexpected display of opposition to Ashcroft's dragnet tactics came from a group of former high-ranking FBI officials, who gave on-the-record statements to the *Washington Post*, published on Nov. 28, criticizing the Justice Department's current tactics.

The ex-FBI officials say that the Ashcroft policy of arrests and disruptions will force the FBI to shut down anti-terrorism investigations prematurely. Former FBI Director William Webster said that Ashcroft's policy of preemptive arrests and detentions "carries a lot of risk. . . . You may interrupt something, but you may not be able to bring it down. You may not be able to stop what is going on."

Webster and others say that the FBI prevented many terrorist attacks in recent years. "We used good investigative techniques and lawful techniques," Webster says (ignoring the Bureau's record of sustained fraud and misconduct in the LaRouche case). "We did it all without the suggestions that we are going to jump all over the people's private lives, if that is what the current Attorney General wants to do. I don't think we need to go that direction."

Some say that the DOJ is resurrecting the tactics which were rejected in the late 1970s. "Ashcroft is essentially trying to dismantle the Bureau," former FBI Executive Assistant Director Oliver "Buck" Revell (another leader of the 1980s "Get LaRouche" Task Force) was quoted. "They don't know their history, and they are not listening to people who do." (Revell later complained to the *Post* that he was quoted out of context.)

It is not just that these ex-FBI officials have suddenly seen the light. A number of sources and commentators have suggested that the FBI also is anxious to preserve its bureaucratic prerogatives in the face of Ashcroft's attempts to exert control over it—which no Attorney General has ever been able to do.

Anti-Terrorism Law Unnecessary

Opposition is not only coming from the FBI. Speaking at an American Bar Association conference on national security law on Nov. 30, officials of both the Central Intelligence Agency (CIA) and National Security Agency (NSA) said that changes in the laws and regulations governing U.S. intelligence agencies would not have made any difference with respect to the Sept. 11 attacks—thereby refuting the arguments made by the Justice Department to ram through the new anti-terrorism law.

CIA Acting General Counsel John Rizzo said that it would not have mattered, had there been different laws on the books prior to Sept. 11, or a different Executive Order (referring to discussions about "updating" Executive Order 12333).

After any terrorist event, Rizzo said, there is always "a lot of huffing and puffing" about the prohibition against assassi-

nations, or about changing the regulations concerning "dirty assets" (i.e., restrictions on CIA use of persons with dubious human rights records, etc.), but the elimination of these restrictions and prohibitions would not have affected the Agency's ability to detect and prevent the Sept. 11 attacks. In fact, Rizzo said, "I can't think of a single legal addition or subtraction that would have made any difference."

The General Counsel of the NSA, Robert Dietz, speaking on the same panel, declared that "I agree wholeheartedly" with Rizzo, as to whether changes in laws and regulations governing their agencies would have made any difference.

At this, a staffer for the Senate Judiciary Committee practically went through the ceiling. "The Senate Judiciary Committee would be very surprised to hear that there was no need to change the law," said John Eliff, who has been involved in formulating guidelines for law enforcement and intelligence investigations for at least two decades. Eliff pointed out that his boss, Committee Chairman Sen. Patrick Leahy (D-Vt.), had put an enormous amount of effort into changing the law—which Rizzo and Dietz were now saying was unnecessary.

Reviving Cointelpro

The *New York Times* reported on Dec. 1 that Ashcroft is considering a plan to relax restrictions on the FBI's spying on religious and political groups—restrictions which were enacted in the 1970s, in the wake of exposures of FBI domestic spying and disruption program known as "Cointelpro," conducted under J. Edgar Hoover.

There is significant opposition among career officials at the FBI and Justice Department, to the proposed changes in the guidelines, the *Times* reported. Many of them say that the guidelines have largely kept the FBI out of politically motivated investigations, and protected the Bureau from embarrassment and lawsuits.

Career FBI officials are complaining that they weren't consulted about the proposed changes, just as they were not consulted when the Justice Department decided to use military tribunals to try terrorists. "People are furious right now—very, very angry," said one senior FBI official. "They assume they know everything," he said, referring to the top DOJ leadership. "When you don't consult with anybody, it sends the message that you assume you know everything. And they don't know everything."

Unidentified DOJ officials responded by saying that the complaints were coming from older FBI officials who are resistant to change, and unwilling to take the steps necessary to root out terrorism in the United States.

The next day, the *Washington Post* reported that the Administration will ask Congress for a second round of major changes in domestic surveillance laws. One DOJ proposal would eliminate the requirement of a foreign connection for a national-security wiretap; former DOJ and NSA officials called this a major change in the law, that is "absurd and unnecessary."

DOJ's Tribunal Plan Draws Military Fire

by Edward Spannaus

Little-noticed in the heated debate over the Bush Administration's plan for using military tribunals to try suspected terrorists, is that there is a simmering anger from the military itself over the proposal. According to several sources, the Department of Defense (DOD) was not consulted by the Department of Justice (DOJ) and the White House, and senior military legal officers were as surprised as anyone else when the President issued his Military Order on Nov. 13.

A number of senior military legal officers, both active duty and retired, have told *EIR* that they resent the implication, being promoted by the DOJ and its mouthpieces, that it will be easier to ram through convictions in military tribunals than in civilian courts.

The most prominent signal of military opposition came in testimony to the Senate Judiciary Committee on Nov. 28 by Scott Silliman, Director of the Center on Law, Ethics, and National Security at Duke University. Silliman spent 25 years as a uniformed attorney in the Air Force Judge Advocate General (JAG) Department, and retired with the rank of colonel. Silliman is a leading figure in the American Bar Association (ABA) Standing Committee on Law and National Security, and is a frequent spokesman for military interests.

Silliman argued against the use of military tribunals, on both legal and policy grounds. He identified a number of weaknesses in the legal authority cited by the President's order. For example: The Congressional resolution authorizing use of force, never refers to the Sept. 11 attacks as acts of war, but only as "terrorist" acts. But the use of military commissions are appropriate only in a state of war, Silliman showed.

Silliman's primary concern, one obviously shared by many others in the military, was expressed when he stated, "I believe that we should be cognizant of a potential adverse impact upon our international credibility, as well as tarnishing the image of 50 years of military justice under the UCMJ [Uniform Code of Military Justice]." Silliman contended that the American people do not understand the distinction between courts-martial and military commissions, and he accused former Deputy Attorney General George Terwilliger of fostering the misconception that they are the same thing. "There is a marked contrast in the protections afforded our service personnel under the military justice system, and the lack of due process in military commissions," Silli-

man said.

At a conference of the ABA national security law committee on Nov. 29-30, the military tribunal order was a major topic of discussion. Military representatives were anxious to state that any military tribunals will not be a "kangaroo court" (as suggested by columnist William Safire), and that trials would be conducted fairly.

In a private discussion, a retired general told *EIR* that the senior military officers who would sit on a military commission will not be pushovers for any prosecutor. "Anybody who thinks otherwise doesn't know senior military officers," he said.

DOJ prosecutors are going to be surprised at how strictly military judges will insist that the cases against any suspects be fully proved, he said. In later discussions, he pointed out that the conviction in the Japanese war-crimes trials was only 85%—far lower than in Federal courts today, where the conviction rate in criminal trials runs from 93% to 97%.

Pentagon Was Not Consulted

In private, one senior uniformed legal officer, still on active duty, indicated that the DOD itself was caught by surprise by the President's order. (Other sources have indicated that, in addition to the DOJ, input into the initial proposal may have come from one or more Deputy Secretary of Defense Paul Wolfowitz-linked aides to Vice President Dick Cheney.)

This issue had also come up in the Nov. 28 Senate hearing, when Assistant Attorney General Michael Chertoff tried to excuse the DOJ's lack of consultation with Congress, by suggesting that the idea had arisen in DOD. Sen. Edward Kennedy (D-Mass.) challenged Chertoff. "I'm a member of the Armed Services Committee," Kennedy said, and "they stated unequivocally, the Defense Department didn't request the authority. They didn't even appear to have been consulted."

In background discussions, it is clear that, just beneath the surface, there is considerable anger in military circles over the way they believe they are being set up by the DOJ.

This was also confirmed by a *New York Times* article on Dec. 2, which reported that former military lawyers are angry at the perception being created by the White House, that military tribunals are just a wartime version of courts-martial. The *Times* story noted that many commentators and others see tribunals as a fool-proof short-cut to a guilty verdict; but some lawyers warn that trials that appear to include short-cuts to win convictions, will raise suspicions around the world.

"It bothers me that people are thinking we try thousands of people this way in the courts-martial system," says a retired Army judge. "There's been a lot of talk about military kangaroo courts. Having grown up in the courts-martial system, I'm rather offended by it, because it is a good system that provides more than adequate due process for the men and women in our military service."

Fight vs. Edison School Takeover Gets Victories

by Marianna Wertz

The battle to stop the state takeover and privatization of the Philadelphia school district scored two victories in recent weeks, with the deadline for takeover pushed back to Dec. 21. As *EIR* reported on Nov. 30, Pennsylvania Gov. Mark Schweiker (R) had set Dec. 1 as the absolute deadline for the state to take over the 264-school district for privatization. With 217,000 students, mainly black and poor, in the system, this would be the largest such takeover in American history.

Since then, the power of a mobilized citizenry in the city has forced Governor Schweiker to reduce the proposed takeover to only 60 of the worst-performing schools in Philadelphia; and to agree, with Philadelphia Mayor John Street (D), to a three-week extension in order to discuss the financing of the proposed privatization.

Opponents, however, want to stop the takeover cold. Their mobilization involves students, parents, teachers, school employees, civil rights organizations, and religious leaders. The main issue, they say, is that the takeover would remove decision-making from a locally elected school board, and give it to a state-appointed commission and for-profit private firms.

They also point with scorn to the chief culprit in the takeover—Edison Schools, Inc., the nation's largest private manager of public schools. When the takeover was first proposed earlier this year by then-Gov. Tom Ridge (R) (who left the state to head up Homeland Security in Washington in October), Ridge gave Edison a \$2.7 million contract to review the school district's management and prepare a plan for takeover.

Putting Edison in charge of a city's schools is like putting Enron in charge of a state's power grid. Founded in 1992, the New York-based Edison operates 136 schools nationwide, with more than 75,000 students. In its nine-year history, Edison has never turned a profit, operating on bank credit from Wall Street gamblers who want to loot whatever they can from school budgets.

According to an article in the Dec. 5 *Philadelphia Inquirer*, analysts say that Edison is "burning through cash so rapidly that it could run out of money by this Summer—with or without a Philadelphia contract." Edison consumed \$144 million over the last five quarters, according to the company's cash-flow documents. The firm expects to "enter into debt financing arrangements to finance a substantial portion of our expenditures during fiscal 2002," Edison said in documents

filed with the Securities and Exchange Commission in November.

A comprehensive study of Edison was released on Feb. 22 by Western Michigan University's Evaluation Center. It concluded that, "when it comes to measuring student achievement, Edison schools perform at levels similar to their host districts, but fail to make the educational gains Edison administrators claim."

And Governor Schweiker wants to give Edison millions more of taxpayers' dollars, and to put the future of the children of Philadelphia in the hands of such a company?

The people of Philadelphia think otherwise. On Nov. 29, just before the planned takeover, thousands of union members and supporters marched to downtown Philadelphia, where Mayor Street was holding a Christmas tree-lighting ceremony. As Veronica Joyner, a leader of the protest and president and founder of Parents United for Better Schools, told *EIR* on Dec. 3, "The union people were very upset and they were just chanting, 'Our kids are not for sale.' They also chanted to him [Mayor Street] that he would be a one-term mayor."

Also on Nov. 29, members of the Black Clergy of Philadelphia and Vicinity protested the takeover by blocking streets downtown and on the expressway. They vowed to hold future such demonstrations. Members of the Philadelphia Student Union camped out overnight outside City Hall on Nov. 29-30 to protest the privatization, vowing to walk out of the schools altogether if they are taken over.

Two Lawsuits

J. Whyatt Mondesire, president of the Philadelphia branch of the National Association for the Advancement of Colored People, told *EIR* on Dec. 3 that the civil rights organization is preparing to file a suit in Federal court, "which alleges that they want to privatize the school board without proper public notice and comment, which is a direct violation of the home-rule charter in Philadelphia." They will seek a temporary restraining order against the takeover, Mondesire said.

A second suit was filed in the State Supreme Court on Nov. 29 by unions representing teachers, school police, cafeteria workers, and bus drivers. The union-led Coalition to Keep Our Public Schools Public held a press conference on Nov. 26, announcing that the suit will challenge the constitutionality of the takeover law. Michael Churchill, an attorney involved in the suit, told *EIR* that the suit claims that the state law authorizing the takeover "substantively violates the State Constitution, because it gives extraordinary powers, legislative powers, in effect, to an appointed state control commission."

On the state level, Democratic Reps. Louise Williams Bishop and W. Curtis Thomas introduced a bill on Nov. 15, which would mandate that a special election be held, before implementation of the state takeover, to determine the will of the voters. In such an election, a majority vote against the takeover would stop it.

FDR's First Hundred Days vs. Today's Fraudulent 'Economic Stimulus'

by Carl Osgood

During his 12 years in the White House, Franklin Delano Roosevelt faced both a serious economic crisis, and a destructive world war. To each, he applied dirigistic economic measures that, by the time of his death in 1945, made the U.S. economy the most powerful in the world, able to meet not only its own needs, but also those of much of the rest of the world. Under Roosevelt's leadership, the U.S. industrial economy achieved levels of production that were said to be impossible, even in the months leading up to the attack on Pearl Harbor.

From the outset of his Presidency, Roosevelt made it clear how he would use the power of government to attack the crisis. In his first inaugural speech, on March 4, 1933, Roosevelt said that putting people back to work would be accomplished "by direct recruiting by the government itself, treating the task as we would treat the emergency of a war, but at the same time, through this employment, accomplishing greatly needed projects to stimulate and reorganize our natural resources." He called for a "strict supervision of all banking and credits and investments, so that there will be an end to speculation with other people's money; and there must be provision for an adequate but sound currency."

Roosevelt did not flinch from telling the nation that Wall Street was at the center of the crisis. He said that while "plenty is at our doorstep . . . generous use of it languishes in the very sight of the supply. Primarily this is because rulers of the exchange of mankind's goods have failed through their own stubbornness and their own incompetence, have admitted their failure and have abdicated." Furthermore, these "rulers" had nothing new to offer. "Faced by failure of credit, they have proposed only the lending of more money. Stripped of the lure of profit by which to induce people to follow their false leadership, they have resorted to exhortations, pleading tearfully for restored confidence."

Serious Measures Not Discussed

Today, the United States faces the twin dangers of a global financial blowout and a "clash of civilizations"-inspired global war. Such a threat again calls for the leadership qualities such as those exhibited by Franklin Roosevelt. Instead, we're treated to the spectacle of a Congress that is rent by partisan warfare, and where policy debate is reduced to a false choice between cutting taxes and increasing government spending. Since Congress returned from its Thanksgiving

break, proposal and counterproposal, charges and countercharges have been flying back and forth between the House and Senate, and between the Republicans and the Democrats. So far, no agreement is in sight, much less a discussion of any measures that would actually address the crisis.

The current round of pointless debate began in the days after the Sept. 11 attacks on the World Trade Center and the Pentagon. Even before that, however, on Sept. 7—when shockingly bad economic and production reports were released—it began to dawn on at least a handful of members of Congress that the much-touted tax cuts of last Spring were not going to bring about an economic recovery. After Sept. 11, Sen. Harry Reid (D-Nev.) began talking about the importance of infrastructure building as an economic stimulus. For every \$1 billion spent on infrastructure construction, he said, 42,000 jobs would be created. While the scope of what he was proposing, \$20 billion in public works spending, was far too small, at least the directionality was right.

Then, on Oct. 24, the House passed, by a near party-line vote of 216 to 214, a \$175 billion tax cut bill, much larger than what the Bush Administration had been calling for, and heavily weighted toward financial interests. The package included a retroactive repeal of the corporate alternative minimum tax, which would be, in effect, an approximately \$25 billion gift to a handful of America's largest corporations. GOP claims to the contrary, there's no guarantee that these companies would use their new windfall, should they get it, to create jobs, not when the number-one concern in board rooms these days is propping up collapsing share values.

The Senate brought a bill to the floor three weeks after the House did. It was a Democrat-crafted bill that focussed on providing assistance to the recently unemployed—mostly in the form of extended unemployment and health insurance benefits—as well as a package of small business tax cuts. The bill also included a package of \$15 billion in homeland security spending.

But the last remnants of Reid's infrastructure proposal had been squeezed out of it by Senate Majority Leader Tom Daschle (D-S.D.), who apparently thought that without the Reid package, he could get the GOP to go along with it. He was wrong. Debate on the bill abruptly stopped when Sen. Phil Gramm (R-Tex.) made a point of order that the bill was in violation of the fiscal year 2002 budget resolution. Daschle needed 60 votes to get past that, and he could only come up

with 51.

Since Thanksgiving, the leadership of both the House and the Senate have been wrangling over how to proceed. The Republicans have blamed Daschle for the impasse, and President George Bush has been pressuring Senate Democrats to come to some sort of accommodation with the GOP. A number of alternative proposals have been put forward. One of these is a payroll tax holiday suggested by Sen. Pete Domenici (R-N.M.). Domenici claims that his plan would immediately put \$43 billion into the pockets of consumers. Daschle has said Democrats would be willing to look at it, but has questioned whether it's workable. Ironically, it's been denounced by Republican members of the House Social Security subcommittee, who consider the Social Security trust fund sacrosanct, and are not swayed by Domenici's insistence that the cost of the tax holiday will be made up from the general fund.

Other proposals have also been made, in an effort to find common ground. Daschle offered to cut the homeland security package to \$7.5 billion and attach it to the defense appropriations bill. In reply, Domenici offered to forgo the alternative minimum tax repeal. While these offers and counteroffers were being made, a dispute erupted over the composition of the negotiating team. Apparently, House Republicans proposed a plan that excluded House Minority Leader Richard Gephardt (D-Mo.). When that was rejected, both sides accepted a plan that provided two Republicans and one Democrat for the House and two Democrats and one Republican for the Senate.

The real common ground that exists between the two sides, however, is the fraud that neither will challenge. That fraud is that the economy has only been in recession since March 2001, and that a stimulus package must be of short duration, because if it isn't, the economy will begin a recovery before it can take effect.

Roosevelt's Mobilization

Contrast this nonsense with Franklin Roosevelt's first 100 days. From the moment Roosevelt took office, he began a forced-march mobilization of the nation's resources. Congress gave him much of what he wanted, but he was prepared to use every means available to him to address the crisis. The following list of measures enacted in the months after he was sworn in, gives an indication of how forcefully Roosevelt took the initiative:

March 9: Emergency Banking Act;

March 10: Act entitled "To Maintain the Credit of the United States";

March 13: Act to legalize manufacture and sales of beer and light wines;

March 16: Agricultural Adjustment Act;

March 21: Act to create a Civilian Conservation Corps;

March 21: Federal Emergency Relief Act, which created the Federal Emergency Relief Administration (FERA), headed by Harry Hopkins;

March 29: Act creating Federal oversight of traffic in

investment securities in interstate commerce;

March 29: Banking bill of 1933, separating commercial banks from their securities affiliates;

April 10: Act creating Tennessee Valley Authority;

April 13: Act to save small home mortgages from foreclosure;

May 4: Act for emergency railroad legislation;

May 17: National Industrial Recovery Act, which was a grab bag of different things, the most important of which was the Public Works Administration, under Harold Ickes. The PWA provided \$3.3 billion in public works construction, the largest in America up to that time.

As can be seen from this list, Roosevelt pushed through measures that addressed both short-term emergency needs and long-term economic requirements. The TVA project was not one that would generate millions of jobs in the first 100 days, but was rather a long-term project to transform an entire section of the country, one that is still paying dividends, today. Under the assumptions that the Bush White House and present Congress are operating, such a long-term perspective is precluded, even though, as one Republican member of Congress admitted to this author, it is known to be valid. In contrast, the PWA—under Ickes—and the FERA, and later the Works Progress Administration—both under Hopkins—worked in a complementary fashion. The programs under Hopkins provided immediate relief for the unemployed, first in the form of cash payments, and then later in the form of short-term projects that could be mobilized quickly. The PWA's mandate was "projects to stimulate and reorganize our natural resources."

Go With 'American System'

Today, we are being told by both the Bush Administration and Congress that we are waging a two-front war. One front is the war in Afghanistan against the Taliban and al-Qaeda. The second front is at home, to secure our territory from further terrorist attacks. However, aside from heightened security measures, some of which, such as increased aviation and border security, are needed, there is no mobilization of the U.S. population such as that carried out by President Roosevelt against the Great Depression, and then again during World War II. Instead, we're told that the patriotic thing to do is to buy consumer products.

It's important to note that not every program of the New Deal was successful, and that Roosevelt faced tremendous political obstacles throughout his tenure, especially from Wall Street. It can be argued that Roosevelt moved hesitantly, at times, on mobilizing the economy in the years between Nazi Germany's attack on Poland, and the Japanese attack on Pearl Harbor. However, what he established was a directionality based on American System principles. It is an approach which is being resurrected today by Lyndon LaRouche, in his calls for a bankruptcy-style reorganization of the U.S. economy, and the imposition of a New Bretton Woods structure on the global financial system.

Adult Stem Cells Are Therapy's Real Future

by Dr. Wolfgang Lillge

Whoever really seeks to cure, must turn exclusively to work with the adult stem cell. Perhaps he would not make as much money, but he would instead, with far greater likelihood, develop therapeutic possibilities for severe degenerative diseases, such as Parkinson's, multiple sclerosis, or diabetes.

"Adult" stem cells are, so to speak, ideal for medical operations on the human body. They are already there in the person's system, continuously refreshing bodily functions and replacing cells. The skin, by way of example, is completely "replaced" every 14 days; in the blood, several million cells are completely replaced every 24 hours. Other phenomena are less known, like, for instance, their powerful regenerative power; or, the established fact that even full-grown adults grow new nerve cells from the stem cells in the brain. The source and engine of all these growth processes are the adult stem cells in the respective tissue.

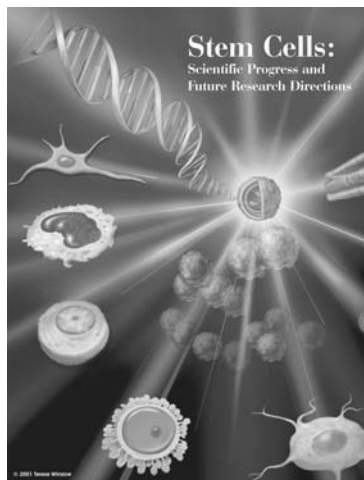
From this comes the new realization, that adult stem cells clearly have a highly adaptive capability. If, for example, a bone marrow stem cell is implanted in the brain, it can readily transform itself into a nerve cell. Likewise, in the spectacular treatment of a heart attack patient in the Düsseldorf University Clinic this past Summer, the stem cells came from the bone marrow, and in a short time, built themselves into heart muscle cells.

However, probably the greatest advantage is that the adult stem cells for therapeutic purposes come from the patient's own body; they thus in no way cause rejection reactions by the immune system, and show the same "genetic stability" as adjacent cells. If one, on the contrary, wants to extract compatible immune tissue from embryonic stem cells, in that case, one would have to follow the course of so-called "therapeutic cloning" of human embryos—exactly that procedure in America, which now has run into so much condemnation.

Likewise, the not insignificant risk involved in implanting embryonic stem cells, does not occur with adult stem cells.

First Research Results

Numerous experiments in the recent period have demonstrated the great transformation potential of adult stem cells. In patients with a liver transplant, it can be proved that their bone marrow cells have migrated into the new liver, and have created new liver cells there. And, in a new study from Canada, it was shown, that human skin cells can be re-programmed to other cell types.



The U.S. National Institutes of Health issued a detailed report this year. A Responsible Stem Cell Research Act, which would authorize \$30 million through NIH for adult stem cell research, is canvassing Congressional support; a German parliamentarian has called for \$50 million. Stem cells from living adults show more therapeutic promise than embryonic stem cells.

Adult stem cells have been isolated from mice, as well as from human skin, which then developed a multitude of characteristics of nerve cells in the cell culture. One may easily change the conditions in the cell culture, having thus generated from the skin stem cells of the mouse even a specific kind of muscle cell or fat cell. Even after a year in the cell culture, the skin stem cells of the mouse retained the capability to build different kinds of cells. Because small pieces of skin can be removed without great hygienic or technical problems, this tissue would be capable of developing into an optimal source of stem cells for therapeutic purposes.

Of course, considerable problems also still have to be overcome with adult stem cells: Adult stem cells are relatively scarce; hard to find with present techniques; and also not very easy to propagate outside the body. Thus, it was an important advance that Australian researchers at the Walter and Eliza Hall Institute of Medical Research have now found a way to isolate "extremely pure" adult nerve stem cells from the brain of a mouse. In *Nature* (412, Aug. 16, 2001, 736-739), they report being able to produce a culture with 80% purity, compared with the present rate of 5% in the "best case."

Germany is leading in some areas of research with adult stem cells, but in view of the prospects for medicine and basic research, a biophysical "Great Project" is needed in this field; comparable, as it were, in order of magnitude, only to the efforts in cancer research. The Christian Democratic Deputy Hubert Hüppe, assistant chairman of the German Bundestag's Commission of Inquiry for Law and Ethics in Modern Medicine, has already demanded a DM 100 million (roughly \$50 million) program for adult stem cell research—for which about DM 6 million has currently been allocated in public support. That would be perhaps a first estimate. However, it would have to follow a broadly designed research project, whose purpose is not only developing immediate therapeutic applications, but advancing our understanding of the process of life altogether.

Is The 'First Human Clone' A Hoax?

by Ralf Schauerhammer

On Nov. 25 the media of the entire world trumpeted out the news: "The first human being has been cloned!" The trigger for this announcement was a press conference by Michael West, head of the small biotechnology firm Advanced Cell Technology (ACT). He proclaimed that in his firm—faithfully following the motto, "Test it!"—human skin cells have been implanted into human ova (egg cells) from which the nuclei had first been removed; and thereby a genuine human clone has been produced.

The same firm, back in 1998, had in the same way implanted the nuclei of human cells into the ova of cows. At that time West had emphatically declared: "We have absolutely no interest nor any intention, ever to clone a human being." Now, since Nov. 25, we have a demonstration what is to be expected from this kind of "voluntary self-limitation."

Not Actually Clones

What Dr. West has done and proclaimed is, from a scientific standpoint, rather insignificant. Glenn McGee, until two years ago the ethics adviser of ATC, said: "A 12-year-old would have known exactly how to do what ATC has done with this experiment." Ian Wilmut, who achieved fame as the "creator" of the cloned sheep Dolly, even doubted if this was a matter of "true clones."

The criticisms of Dr. Wilmut's team, though put in polite public terms, were weighty. In natural reproductive processes of many species, including humans, the first divisions of the ovum are triggered and controlled within the ovum itself, before contact with the male sperm or zygote, and merely constitute preparation for the formation of an embryo—not actual embryonic formation itself. With these divisions, the actual genetic process of reproduction of a new individual, has not yet been set in motion.

Since the human ova about which ACT made its announcement had apparently not gone beyond these first divisions, there was great reason to doubt they should be called "clones" at all.

The ATC experiment was immediately interpreted as a failure by other researchers, because the cloned embryos died so quickly, that stem cells were very far from being generated from them. In fact, the cloned ova at ATC did not differentiate

to a state of more than six cells, whereas at least 100 cells are needed for stem-cell transplants. In West's own words, this state of affairs indicates, if he must admit it, that "a therapeutic application is still years away."

By the cold light of day, the scientific result of the experiment is exactly nothing, and the sensational press announcement of the "first cloned human being" is revealed as primarily a newspaper hoax.

There remains the question, why West has gone in front of the press with this "result" in the first place. It could not be the hope that he could attract venture capital to his firm with an announcement of this type. A few months ago, one could still perhaps produce fireworks on the stock markets with it, but not any more. And the admission, that therapeutic applications probably lie in the distant future, does not aim straight at the brokers' moneybags.

In reality, it is probably a matter of priority claims, which is explicable in light of the momentarily prevailing legal situation in the United States.

Prospect Of Legislative Action

After it became clear, that the strict "Human Cloning Act of 2001," which the House of Representatives voted up on July 31, would not for the time being pass the U.S. Senate, President Bush announced in August an Executive Order, which prohibited the granting of public funds for research with newly created embryonic stem-cell lines. Private firms, so long as they forswore receiving public research funds, could nevertheless carry on this research. In the event that in the future this research were to be more generally and legally prohibited in the United States—as has already been the case in Germany, for example, for years—companies which up to that point possess the most patents on developed stem-cell lines and the techniques for handling them, will have won the race. Dr. West's hurried press conference over doubtful results of human cloning, is comprehensible against this background of the race for priority claims.

But ACT's announcement only shows the need for immediate legal actions. These scientifically questionable experiments prove how some thoughtless researchers throw overboard all moral scruple. Even if one accepts all the promises and hopes of which the advocates of embryo-experiments boast, up to now the results in animal experiments are so rudimentary, that there is no scientific reason at all to attempt the step from animal to human experiments.

One should not compare the conduct of this research in the United States with the criminal experiments on humans of the Nazi doctors. However, they are a warning example, of how fast the real striving for scientific truth is pushed aside, in the pursuit of sensational and profitable "inventions." And it is not essentially different, if the strife for truth is sacrificed to a racial ideology, or "only" to the god Mammon.

Emergency Spending Bill Passes House

On Nov. 28, the House passed a \$317 billion fiscal year 2002 Defense Appropriations bill, by a vote of 406 to 20. Attached to it was a \$20 billion emergency supplemental appropriation, which is the second half of the \$40 billion in emergency spending that was voted up in the wake of the Sept. 11 terror attacks.

The overwhelming vote in favor of the bill reflects bipartisan agreement on the content of both the defense and emergency spending. Democrats were angry about what was not in the bill. Jerrold Nadler (D-N.Y.) opposed the bill on the basis that “the supplemental funding provision included in the bill actually cuts funding that was intended to help New York recover from the terrorist attacks. . . . The bill before the House today breaks the solemn pledge; not only breaks it but repudiates the solemn pledge made to the state that suffered the brunt of the attack on our nation.”

David Obey (D-Wisc.) offered a substitute amendment that would have provided additional funding, over and above the \$20 billion, for needs such as 800 more inspectors on the Canadian border, another 800 agents to inspect cargo ships coming into U.S. ports, \$322 million for state and local health departments, \$500 million to the Post Office for equipment to sanitize the mail, \$250 million for strengthening airplane cockpit doors, among other things. Appropriations Committee Chairman Bill Young (R-Fla.) acknowledged that the needs raised by Obey had to be met, but, he said, “there is a lot of money in the pipeline already for the \$40 billion and the President has said that when we reach the point that we need additional funding, he will immediately ask for a supplemental appropriations bill from the Congress.” Obey replied that the problem

with that is that there’s no guarantee that such a supplemental bill will move quickly.

The House didn’t vote on Obey’s amendment because it was struck down for violating the House rule that prohibits legislation on an appropriations bill.

Deficit Politics Returns To Washington

On Nov. 28, Office of Management and Budget Director Mitchell Daniels predicted that the Federal budget will be in deficit for at least the next three years. He attributed this situation to slowed economic growth, and increased spending resulting from the Sept. 11 attacks. He suggested that the budget may return to surplus by fiscal year 2005, but “within the next two years things will have to break right for us to do that.” Daniels’ remarks unleashed a torrent of “I told you so’s” from Congressional Democrats.

Senate Budget Committee Chairman Kent Conrad (D-N.D.) trotted out a new analysis, made on the heels of Daniels’ speech, purporting to show that the real factor in the renewed deficits was not the economy or the war on terrorism, but the \$1.35 trillion tax cut passed earlier this year. According to Conrad’s analysis, 49% of the reduction in surplus is accounted for by the tax cut, 35% by the economic slowdown, and only 16% by increased spending resulting from Sept. 11. He forecast that if the GOP stimulus plan is passed into law, it will add another \$136 billion to the deficit over the next three years. He summarized by saying, “For Director Daniels to talk about the deterioration in our fiscal condition and not mention the tax cut is like reporting on the sinking of

the *Titanic* without mentioning the iceberg.”

Daniels proposed to transfer at least a portion of entitlement spending into the discretionary side of the budget, so that the Appropriations Committees would have more control over these programs. With the economy tanking, Conrad certainly wasn’t going to suggest repealing the tax cut. Instead, he said, “It’s going to take spending restraint. . . . It is going to take looking at every part of the Federal budget to get us back to a point where we are respecting the integrity of the [Medicare and Social Security] trust funds.”

Terrorism Insurance Bill Voted Up By House

On Nov. 29, the House passed, by a vote of 227 to 193, a bill to provide financial assistance to the insurance industry in the event of another attack, like those of Sept. 11. The bill imposes a limit on assistance of \$100 billion, and is to be in effect for one year, which can be extended by up to two more years by the Secretary of the Treasury.

The bill also included tort reform provisions which impose strict limitations on punitive damages and on trial lawyers’ fees. Democrats were particularly angered over this provision, because it was added to the bill in the Rules Committee, and turned a bipartisan effort in the Financial Services Committee into another partisan squabble. Financial Services Committee ranking member John LaFalce (D-N.Y.) told the House that the Republicans had “snatched defeat from the jaws of victory,” by adding “extraneous material” which is based on the principle that “we must restrict victims’ rights.”

House Judiciary Committee Chairman James Sensenbrenner (R-Wisc.), whose committee would normally have jurisdiction over tort reform issues, gave a ringing endorsement of the provision. He claimed that it will protect small businesses and individuals from being bankrupted as a result of terrorism-inspired litigation. He added that the provision would protect the taxpayer, whereas those who oppose it "wish to turn the key to the United States Treasury over to the plaintiffs' bar."

The Senate has yet to take up its terrorism insurance bill. On Nov. 30, Majority Leader Tom Daschle (D-S.D.) expressed disappointment with the tort reform provisions in the House bill, and indicated that the Senate bill is still under negotiation. He predicted that if tort reform remains in the bill, "we would not be able to complete our work before the end of the year . . . because there are too many people opposed to it."

Railroad Retirement Bill Taken Up In Senate

On Nov. 27, the Senate began debate on a motion to proceed to a bill that will partially privatize the railroad retirement system. The bill amends the 1974 Railroad Retirement Act to lower the retirement age for railroad workers from 62 to 60, increase benefits for retirees and widows, and lowers the payroll tax rate paid by the railroads from 16.1% to 14.75%. It also allows investment of a large portion of the \$19 billion railroad retirement trust fund into the financial markets, whereas, under current law, it can only be invested in U.S. Treasury bonds.

Even though this sounds very much like recent schemes to privatize

Social Security, it was the Democrats who moved to proceed to the bill, and the Republicans who objected, to force a cloture vote. The GOP doesn't object to turning over a Federal retirement trust fund to the private markets, but rather complained that the bill doesn't go far enough. Phil Gramm (R-Tex.) said that the bill "pilfers" \$15 billion out of the trust fund, on behalf of retirees and the railroads, but leaves taxpayers liable for future shortfalls. "I will be happy to let the employees and the railroads work out whatever benefit package they so desire," he said, "as long as they are liable."

Democrats promoted the bill as giving railroad retirees the same opportunities to invest their retirement funds in the markets that private sector retirees have. Tom Carper (D-Del.) said, "If you look at the performance of mutual funds, the stock market, the corporate bond market, over time they will out-perform Treasuries," giving retirees better benefits and railroads lower costs. However, given the effects that the collapse of the energy trading giant Enron is having on pension funds that invested in its stock, Democrats and their labor union allies should take another look at such proposals.

House Is Set To Take Up Trade Bill

House Majority Leader Dick Arme (R-Tex.) has set Dec. 6 as the day the trade promotion authority (TPA) bill will come to the floor. The Bush Administration has been arguing that it can't really start trade negotiations under the new World Trade Organization agreement brokered in Qatar in November, unless Congress grants it the negotiating authority. This also ap-

plies to the proposed Free Trade Area of the Americas, set to be concluded by 2005.

The schedule, however, is surrounded by uncertainty as to whether the GOP has the votes to pass the bill. Arme has expressed determination to go ahead with the vote anyway, and is calling on wavering GOPers to support President George Bush as they have in the war on terrorism. He said that House members must choose between "a vote of timidity and fear . . . or a vote for adventuresome new frontiers in trade."

Democrats are concerned about labor and environmental standards, and say that the bill passed out by the Ways and Means Committee does not provide sufficient protections. On Nov. 29, Minority Leader Richard Gephardt (D-Mo.) told reporters that what the Democrats support "is a sensible, common sense, reasonable position, that puts us in the right place with regard to worker concerns, human rights concerns, and environmental concerns." On the other hand, Republicans, he said, "continue to demonstrate again a 'my way or the highway' out-of-the-mainstream approach to trade."

News reports on Dec. 4 indicated that the GOP is negotiating with House members from states that are producers of textiles, steel, and citrus, on how trade liberalization will affect their states. However, Rules Committee Chairman David Dreier (R-Calif.) said that amendments will only be allowed if they "are not moving in the direction of protectionism."

In the Senate, Majority Leader Tom Daschle (D-S.D.) promised that the Senate will take up a TPA bill, but, he said, "I think it has to be the right TPA. . . . We want it to be good policy, and I'm hopeful that we can create that framework for good policy sometime next year."

The Hope Of Great Music Reawakened

We are, as our founding Editor Lyndon LaRouche often says of himself, realists about this worst of economic and political times, but optimists that humanity can lift itself to a solution, as in great crises of the past. In the midst of the war clouds of the past week, has come great news for that human capability. Two extraordinary music performances within days of each other—one at the La Scala Opera House in Milan on Dec. 7, the other in León, Mexico on Nov. 27—featured the works of Verdi and other Classical composers, for both voice and orchestra, at approximately the Classic “Verdi tuning.”

In the La Scala performance of Verdi’s *Otello*, the famed tenor and Washington Opera director Plácido Domingo sang the leading role. He had been among the first opera singers to endorse the campaign to return to the Verdi tuning, back in 1988, when the Schiller Institute brought together some of the world’s best singers and instrumentalists at Casa Giuseppe Verdi in Milan. Urged by LaRouche and other leaders of the Schiller Institute, they called for an end to the high-pitched, so-called “brilliant” tuning which had been destroying all but the very most gifted voices during the last century.

For this International Verdi Year of 2001, the Schiller Institute had long organized worldwide for a “Busetto Project”—to have Verdi performed in his home city, in the scientific tuning which reflects the poetic intentions of Verdi and all Classical composers for their music. LaRouche’s proposal to have an opera in the Verdi tuning to celebrate the Verdi year had been endorsed by many famous opera singers, among them tenor Carlo Bergonzi, soprano Mirella Freni, basso Ruggero Raimondi, and tenor Luis Alva. Though this goal ultimately was not achieved in Busetto, the widespread support of it was able to move conductor Riccardo Muti to take this step with Plácido Domingo in La Scala’s last performance of the Verdi Year.

This decision to lower the tuning of one of the best of orchestras, involved a series of adaptations for the instruments—in particular, the wind instruments—and a commitment to musical truth from instrumentalists.

Their modern instruments are difficult to tune lower to achieve the full poetic effect which Verdi intended, and to allow the richer natural beauty of the registers of the human voice in this turning to be heard, with no forced effort from the singers. The orchestra’s members who made the effort said that they were very happy with this new *Otello* because the “sound is fuller, has more body, and is less pushed.”

Some 5,000 miles around the world at León, an extraordinary audience of 1,000 people heard the concert of operatic works by Verdi and orchestral works by Bach, Haydn, Mozart, and Rossini, all at the scientific tuning in which C=256 cycles per second, and A=432 cycles, not the 440-460 which are found all around the world today. The city’s newspaper reported that “of all the concerts to commemorate Verdi this year, this one comes closest to the original intention of the great opera creator. . . . The return to Classical tuning is one of the great artistic crusades on an international scale, being conducted by the Lyndon LaRouche-founded Schiller Institute.”

This return to the scientific, lower tuning used by the great Classical composers, for the great operatic works such as those of Verdi, has been the aim of the musical activities of the Schiller Institute for more the last decade-and-a-half. This goal has been pursued against all the modern musical “facts of life” and “public opinion,” for a reason fundamental to human transcendence in general. Science—here, the Classical science of tuning at C=256 cycles on the basis of discoveries which go back to the Renaissance and Kepler—is not independent of creative artistic expression. Rather, the creative emotion expressed in the greatest works of art, is nothing but the emotion of scientific discovery itself: That common emotion is *agapē*, the greatest of the three virtues St. Paul described in his letter to the Corinthians. No real revival of the love of Classical music and art can occur to lift up this tormented world, without that discovery. For this, the concerts in Italy and Mexico this past week were the advent of a new hope of future human progress.

SEE LAROUCHE ON CABLE TV

All programs are *The LaRouche Connection* unless otherwise noted. (*) Call station for times.

ALABAMA

- BIRMINGHAM—Ch. 4
Thursdays—11 pm
- UNIONTOWN—Ch. 2
Mon-Fri every 4 hrs.
Sundays—Afternoons

ALASKA

- ANCHORAGE—Ch.44
Thursdays—10:30 pm
- JUNEAU—GCI Ch.2
Wednesdays—10 pm

ARIZONA

- PHOENIX—Ch.98
Tuesdays—12 Noon
- TUCSON
Cox Ch. 72/73/74
Thu.—12 Midnight

ARKANSAS

- CABOT—Ch. 15
Daily—8 pm
- LITTLE ROCK
Comcast Ch. 18
Tue.—1 am, or 6 am

CALIFORNIA

- ALAMO
AT&T Ch. 1/99
2nd Fri.—9 pm
- BEVERLY HILLS
Adelphia Ch. 37
Thursdays—4:30 pm
- BREA—Ch. 17*
- BUENA PARK
Adelphia Ch. 55
Tuesdays—6:30 pm
- CHATSWORTH
T/W Ch. 27/34
Wed.—5:30 pm
- CLAYTON
AT&T Ch. 25
2nd Fri.—9 pm
- CONCORD
AT&T Ch. 25
2nd Fri.—9 pm
- COSTA MESA—Ch.61
Mon.—6 pm; Wed.—3 pm
Thursdays—2 pm
- CULVER CITY
MediaOne Ch. 43
Wednesdays—7 pm
- DANVILLE
AT&T Ch. 1/99
2nd Fri.—9 pm
- E. LOS ANGELES
Adelphia Ch. 6
Mondays—2:30 ppm
- FULLERTON
Adelphia Ch. 65
Tuesdays—6:30 pm
- HOLLYWOOD
MediaOne Ch. 43
Wednesdays—7 pm
- LAFAYETTE
AT&T Ch. 1/99
2nd Fri.—9 pm
- LAVERNE—Ch. 3
Mondays—8 pm
- LONG BEACH
Charter Ch. 65
Thursdays—1:30 pm

MARINA DEL REY

- Adelphia Ch. 3
Thursdays—4:30 pm
- MediaOne Ch. 43
Wednesdays—7 pm

MARTINEZ

- AT&T Ch. 1/99
2nd Fri.—9 pm
- MID-WILSHIRE
MediaOne Ch. 43
Wednesdays—7 pm

MODESTO

- AT&T Ch.8
Mondays—2:30 pm
- MORAGA
AT&T Ch. 1/99
2nd Fri.—9 pm

ORINDA

- AT&T Ch. 1/99
2nd Fri.—9 pm
- PALOS VERDES
Cox Ch. 33
Saturdays—3 pm

PLACENTIA

- Adelphia Ch. 65
Tuesdays—6:30 pm
- PLEASANT HILL
AT&T Ch. 1/99
2nd Fri.—9 pm

SAN DIEGO

- Ch.16
Saturdays—10 pm
- SANTA ANA
Adelphia Ch.53
Tuesdays—6:30 pm

SANTA MONICA

- Adelphia Ch. 77
Thursdays—4:30 pm
- TICE VALLEY
AT&T Ch.3
2nd Fri.—9 pm

TUJUNGA

- Ch.19
Fridays—5 pm
- VENICE—Ch.43
Wednesdays—7 pm

WALNUT CREEK

- AT&T Ch. 6
2nd Fri.—9 pm
- W. HOLLYWOOD
Adelphia Ch. 3
Thursdays—4:30 pm

COLORADO

- DENVER—Ch.57
Saturdays—1 pm

CONNECTICUT

- CHESHIRE—Ch.15
Wednesdays—10:30 pm
- GROTON—Ch. 12
Mondays—10 pm

MANCHESTER

- Ch.15
Mondays—10 pm
- MIDDLETOWN—Ch.3
Thursdays—5 pm

NEW HAVEN

- Ch.28
Sundays—10 pm
- NEWTOWN/NEW MIL.
Charter Ch. 21
Mondays—9:30 pm

LAVERNE

- Ch. 3
Mondays—8 pm
- LONG BEACH
Charter Ch. 65
Thursdays—1:30 pm

DIST. OF COLUMBIA

- WASHINGTON—Ch.5
Alt.Sundays—3:30 pm

FLORIDA

- ESCAMBIA COUNTY
Cox Ch. 4
2nd Tue, 6:30 pm

IDAHO

- MOSCOW—Ch. 11
Mondays—7 pm

ILLINOIS

- CHICAGO
CAN Ch. 21
Fri, 12/14: 10 pm
- MON, 12/31: 10 pm
- QUAD CITIES
AT&T Ch. 6
Mondays—11 pm

PEORIA COUNTY

- AT&T Ch. 22
Sundays—7:30 pm
- SPRINGFIELD—Ch.4
Wednesdays—5:30 pm

INDIANA

- DELAWARE COUNTY
Adelphia Ch. 42
Mondays—11 pm

IOWA

- QUAD CITIES
AT&T Ch. 75
Mondays—11 pm

KENTUCKY

- LATONIA—Ch. 21
Mon.-8 pm; Sat.-6 pm
- LOUISVILLE—Ch.98
Fridays—2 pm

LOUISIANA

- ORLEANS PARISH
Cox Ch. 78
Tue., Thu., Sat.
4:30 am & 4:30 pm

MARYLAND

- A. ARUNDEL—Ch.20
Fri. & Sat.—11 pm
- BALTIMORE—Ch. 5
Wed.: 4 pm, 8 pm

MONTGOMERY

- Ch.19/49
Fridays—7 pm
- P.G. COUNTY—Ch.76
Mondays—10:30 pm

W. HOWARD COUNTY

- MidAtlantic Ch. 6
Monday thru Sunday—
1:30 am, 11:30 am,
4 pm, 8:30 pm

MASSACHUSETTS

- AMHERST—Ch. 10*
- BOSTON—BNN Ch.3
Thursdays—3 pm
- WORCESTER—Ch.13
Wednesdays—6 pm

MICHIGAN

- BATTLE CREEK
ATT Ch. 11
Mondays—4 pm
- CANTON TOWNSHIP
MediaOne Ch. 18
Mondays—6 pm

DEARBORN HEIGHTS

- MediaOne Ch. 18
Mondays—6 pm
- GRAND RAPIDS
GRTV Ch. 25
Fridays—1:30 pm

KALAMAZOO

- Cablevision
Thu-11 pm (Ch.31)
Sat-10 pm (Ch.33)
- MT. PLEASANT
Charter Ch. 3
Tuesdays—5:30 pm
Wednesdays—7 am

PLYMOUTH

- Ch.18
Mondays—6 pm

MINNESOTA

- ANOKA—Ch. 15
Thu.—11 am, 5 pm,
12 Midnight
- COLD SPRING
U.S. Cable Ch. 3
Nightly after PSAs

COLUMBIA HTS.

- MediaOne Ch. 15
Wednesdays—8 pm
- EAGAN/BURNSVILLE
ATT Ch.14,57,96
Tuesdays—5:30 pm
Saturdays—9 pm
Sundays—10 pm

FRIDLEY

- Time Warner Ch. 5
Fridays—7 pm
- Saturdays—8:30 pm
- MINNEAP—Ch.32
Wednesdays—8:30 pm

NEW ULM

- Ch. 12
Fridays—5 pm
- PROCTOR/
HERMANTOWN—Ch.12
Tue. btw. 5 pm - 1 am

ROSEVILLE

- AT&T Ch. 14
Tue.—5 pm & 11 pm
Wed.—5 am & 11 am
- ST.CROIX VALLEY
Valley Access Ch. 14
Thursdays—4 & 10 pm
Fridays—8 am

ST.LOUIS PARK

- Ch.33
Friday through Monday
3 pm, 11 pm, 7 am
- ST.PAUL (city)
SPNN Ch. 33
Saturdays—10 pm

ST.PAUL (NE burbs)

- Suburban Community
Ch.15
- ST.PAUL (S&W burbs)
AT&T Ch. 15
Tue & Fri—8 pm

MISSISSIPPI

- MARSHALL COUNTY
Galaxy Ch. 2
Mondays—7 pm

MISSOURI

- ST.LOUIS—Ch. 22
Wed.-5 pm; Thu.-Noon

NEBRASKA

- LINCOLN
Time Warner
Channels 80 & 99
Citizen Watchdog
Tue.—6 & 7 pm
Wed.—8 & 10 pm

NEVADA

- CARSON CITY—Ch.10
Sun-2:30 pm; Wed-7 pm
Saturdays—3 pm

NEW JERSEY

- HADDON TOWNSHIP*
Comcast Ch. 19
- MERCER COUNTY
Comcast*
- TRENTON Ch. 81
WINDSORS Ch. 27

MONTVALE/MAHWAH

- Time Warner Ch. 27
Wednesdays—4 pm
- NORTHERN NJ
Comcast Comm. Access
Channel 57*

PLAINSBORO

- Time Warner
Sun.—9 pm (Ch.78)
Thu.—6 pm (Ch.13)
Sat.—9 pm (Ch.78)
- TRI-LAKES
Adelphia Ch. 2
Sun: 7 am, 1 pm, 8 pm

UTICA

- Ch. 3
Thursdays—6 pm
- WATERTOWN—Ch. 2
Tue: betwn. Noon-5 pm
- WEBSTER—Ch. 12
Wednesdays—8:30 pm
- W. MONROE
Time Warner Ch. 12
4th Wed.—1 am
- W. SENECA—Ch.68
Thu.—10:30 pm

NORTH CAROLINA

- HICKORY
Charter Ch. 3
Wednesdays—9:30 pm
- MECKLENBURG
Time Warner Ch. 18
Saturdays—12 Noon
- OHIO
• FRANKLIN COUNTY
Ch. 21: Sun.—6 pm

LORAIN COUNTY

- Ch. 32: Daily—9 pm
- OBERLIN—Ch. 9
Tuesdays—7 pm
- REYNOLDSBURG
Ch. 6: Sun.—6 pm
- OREGON
• CORVALLIS/ALB.
AT&T Ch. 99
Tuesdays—1 pm

PORTLAND

- AT&T Ch. 22
Tuesdays—6 pm
Thursdays—3 pm
- SALEM—ATT Ch.28
Tuesdays—12 Noon
Thu.-8 pm; Sat.-10 am

SILVERTON

- SCANTV Ch. 10
Alt. Tuesdays
12 Noon, 7 pm
- WASHINGTON—ATT
Ch.9: Tualatin Valley
Ch.23: Regional Area
Ch.33: Unincorp. Towns
Mon-5 pm; Wed-10 am;
Sundays—10 am

RIVERHEAD

- Ch.27
Thursdays—12 Midnight
- ROCHESTER—Ch.15
Fri-11 pm; Sun-11 am
- ROCKLAND—Ch. 71
Mondays—6 pm

SCHEENADY

- Ch.16
Tuesdays—10 pm
- STATEN ISL.—Ch.57
Thu-11 pm; Sat.-8 am
- SUFFOLK—Ch. 25
2nd, 4th Mon.—10 pm

SYRACUSE

- —T/W
City: Ch. 3
Suburbs: Ch. 13
Fridays—8 pm
- TOMPKINS COUNTY
Time Warner
Sun.—9 pm (Ch.78)
Thu.—6 pm (Ch.13)
Sat.—9 pm (Ch.78)

TRI-LAKES

- Adelphia Ch. 2
Sun: 7 am, 1 pm, 8 pm
- UTICA—Ch. 3
Thursdays—6 pm

WATERTOWN

- Ch. 2
Tue: betwn. Noon-5 pm
- WEBSTER—Ch. 12
Wednesdays—8:30 pm
- W. MONROE
Time Warner Ch. 12
4th Wed.—1 am
- W. SENECA—Ch.68
Thu.—10:30 pm

NORTH CAROLINA

- HICKORY
Charter Ch. 3
Wednesdays—9:30 pm
- MECKLENBURG
Time Warner Ch. 18
Saturdays—12 Noon
- OHIO
• FRANKLIN COUNTY
Ch. 21: Sun.—6 pm

LORAIN COUNTY

- Ch. 32: Daily—9 pm
- OBERLIN—Ch. 9
Tuesdays—7 pm
- REYNOLDSBURG
Ch. 6: Sun.—6 pm
- OREGON
• CORVALLIS/ALB.
AT&T Ch. 99
Tuesdays—1 pm

PORTLAND

- AT&T Ch. 22
Tuesdays—6 pm
Thursdays—3 pm
- SALEM—ATT Ch.28
Tuesdays—12 Noon
Thu.-8 pm; Sat.-10 am

SILVERTON

- SCANTV Ch. 10
Alt. Tuesdays
12 Noon, 7 pm
- WASHINGTON—ATT
Ch.9: Tualatin Valley
Ch.23: Regional Area
Ch.33: Unincorp. Towns
Mon-5 pm; Wed-10 am;
Sundays—10 am

RHODE ISLAND

- E. PROVIDENCE—Ch.18
Tuesdays—6:30 pm
- STATEWIDE
R.I. Interconnect*
Cox Ch. 13
Full Ch. 49

TEXAS

- DALLAS
AT&T Ch. 13-B
Tuesdays—10:30 pm
- EL PASO—Ch.15
Wednesdays—5 pm
- HOUSTON
Houston Media Source
Sat. 12/15: 10 am
Mon, 12/17: 6 pm
Tue, 12/18: 8 am
Sat. 12/22: 10 am
Wed, 12/26: 5 pm
Thu, 12/27: 5 pm

RICHARDSON

- AT&T Ch. 10-A
Thursdays—6 pm

UTAH

- GLENWOOD, Etc.
SCAT-TV
Ch. 26,29,37,38,98
Sundays—about 9 pm

VIRGINIA

- ARLINGTON
ACT Ch. 33
Mondays—4:30 pm
Tuesdays—9 am
- CHESTERFIELD
Comcast Ch. 6
Tuesdays—5 pm

FAIRFAX

- Ch.10
Tuesdays—12 Noon
- THURSDAYS—7 pm
- LOUDOUN
Adelphia Ch. 23/24
Thursdays—7 pm

ROANOKE

- Ch.7
Thursdays—2 pm
- WASHINGTON
• KING COUNTY
AT&T Ch. 29/77
Sundays—6 pm

SPOKANE

- Ch.14
Wednesdays—6 pm
- TRI-CITIES
Falcon Ch. 13
Mon-Noon; Wed-6 pm
Thursdays—8:30 pm

YAKIMA

- Ch. 9
Sundays—4 pm
- WISCONSIN
• KENOSHA—Ch.21
Mondays—1:30 pm

MADISON

- Ch.4
Tue-2 pm; Wed-11 am
- MARATHON COUNTY
Charter Ch. 10
Thursdays—9:30 pm;
Fridays—12 Noon
- WYOMING
• GILLETTE—Ch.36
Thursdays—5 pm

If you would like to get The LaRouche Connection on your local cable TV station, please call Charles Notley at 703-777-9451, Ext. 322. For more information, visit our Internet HomePage at <http://www.larouchehub.com/tv>

Executive Intelligence Review

U.S., Canada and Mexico only

- 1 year \$396
- 6 months \$225
- 3 months \$125

Foreign Rates

- 1 year \$490
- 6 months \$265
- 3 months \$145

I would like to subscribe to *Executive Intelligence Review* for

- 1 year
- 6 months
- 3 months

I enclose \$_____ check or money order

Please charge my MasterCard Visa

Card No. _____ Exp. date _____

Signature _____

Name _____

Company _____

Phone (_____) _____

Address _____

City _____ State _____ Zip _____

Make checks payable to **EIR News Service Inc.**
P.O. Box 17390, Washington, D.C. 20041-0390.

2002 calendars

Perfect gifts
for every
occasion

From Ben Franklin Booksellers

Each calendar is a full-sized wall calendar,
priced at \$17.95.



MADONNA

Images from the Italian Renaissance

2002

Madonna. Paintings of the Madonna by various artists of the Italian Renaissance.



ITALIA

Italians in the 1900s
2002

Italia. Photographs of early Twentieth-Century Italians from the *Archivi Alinari*, Florence, Italy.



THE HOURS OF HENRY VIII

Illuminated Seasons
THE MORGAN LIBRARY
2002

The Hours of Henry VIII. Illuminated seasons from Jean Poyet's Renaissance masterpiece, created for the French royal court, circa 1500.



TREASURES OF INDIA

Art of the Mughal Empire
MUSEUM OF FINE ARTS, BOSTON
2002

Treasures of India. Watercolors commissioned by the Mughal emperors during the Mughal reign of northern India (1526-1857).

Ben Franklin Booksellers, Inc. P.O. Box 1707 Leesburg, VA 20177
Order line: 1-800-453-4108 (U.S. only) Fax: (703) 777-8287 Phone: (703) 777-3661
e-mail: benfranklinbooks@mediasoft.net

Name _____
Address _____
City _____ State _____ Zip _____
We accept MasterCard Visa Discover and American Express.
Card Number _____ Expiration Date _____

calendar	copies	total
Madonna		
Italia		
The Hours of Henry VIII		
Treasures of India		
shipping and handling		
Total enclosed		

Please make checks payable to **Ben Franklin Booksellers**

Shipping and Handling: 1 to 3 calendars \$5.00. Shipped in special, protective carton, and shipped First Class.