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LaRouche Mobilizes Youth To Save a Morally Bankrupt Nation

**On the Latest Shuttle Failure:
Blame the Bookkeeper Mentality**



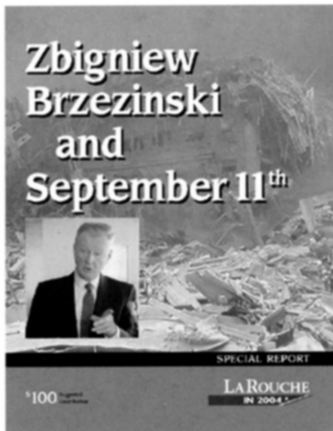
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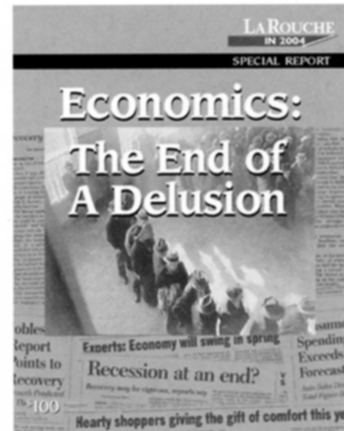
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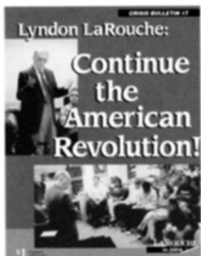
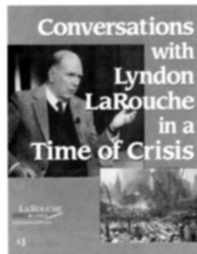
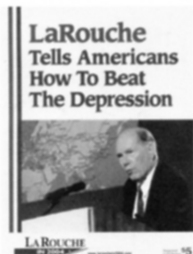
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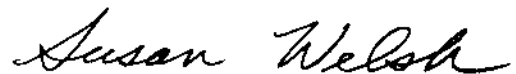
From the Associate Editor

History shows that in all periods of economic and social breakdown such as the present, governments and populations cling hysterically to precisely those axiomatic beliefs that have been the cause of the crisis in the first place. It is then that the role of a sublime personality, an inspired leader—like Joan of Arc, Abraham Lincoln, or Lyndon LaRouche—becomes indispensable if an otherwise certainly disastrous outcome is to be avoided.

That is the situation we face, in the effort to prevent a war against Iraq—a war which would be the likely detonator of a general plunge of world civilization toward a planetary new dark age. The opposition to the war is growing, including within Anglo-American establishment circles, as we report in this issue. But that opposition, in itself, will not stop the war drive by an insane “Clash of Civilizations” faction that is determined to have such a war, for reasons that have nothing to do with Iraq or Saddam Hussein.

Lyndon LaRouche, following his Jan. 28 State of the Union webcast, was asked by a leading international figure, what strategies might still prevent war. In his e-mailed reply, LaRouche underlined that the crucial issue is his own, personal intervention among relevant circles in the United States, to change axioms with respect to the systemic global economic crisis. “Only by shifting the issue to the general collapse of the 1964-2002 Anglo-American political-economic system in terminal crisis,” he wrote, “can the global agendas be shifted to a degree that the war might still be prevented, despite the massive pre-war build-up occurring within the Middle East.”

In this issue, our coverage of the *Columbia* Space Shuttle tragedy underlines, once again, the axiomatic economic policy issues that must be addressed, and changed. Our report in *National* on the growth of the LaRouche Youth Movement, shows how LaRouche’s Presidential campaign is fast becoming a force that will change the course of history. And our *Feature* provides in-depth coverage of the recent visit of Lyndon and Helga LaRouche to India, where they organized support for an economic policy breakthrough, in that great nation of 1 billion people.



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The orbiter Columbia lifts off from Cape Kennedy on Jan. 16, 2003, on the 107th flight of a Space Shuttle.



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On the Latest Shuttle Failure: Blame the Bookkeeper Mentality

by Lyndon H. LaRouche, Jr.

Feb. 2, 2003

No one should draw a premature conclusion respecting the immediate causes for Saturday's awful news of the breakup of the *Columbia*. Nevertheless, we can be, and must be aware of a certain degree of preventable risk under which the NASA program has been compelled to operate, since radical changes in accountants-dictated policy which have continued to prevail, since the reckless arrangements installed during the period preceding the fatal, Jan. 28, 1986 launch of the *Challenger*.

Back in 1986, I was engaged in cooperation with a leading specialist in design of ballistic missile systems and countermeasures against ballistic missile attacks. During this period, he reported his anger at foolish changes in NASA policy, including the reckless way in which the environmentalist-lobby-demanded O-ring replacement was being rushed through, for the anticipated *Challenger* launch. The fatal blunder in that specific "budgetary" change imposed upon NASA policy, was of the same nature as the foolish change later adopted by Daimler-Benz in the original launching of the A-Klasse. The crime of negligence in those and kindred cases, is the increasing substitution of the mathematical methods of "ivory tower" systems analysis, and kindred recklessness, in letting today's "austerity-minded" financial accountants run firms, as a substitute for competent, traditional forms of actual science and engineering practice.

Had advice such as his been heeded, the horror of the *Challenger* case would have been avoided. A kindred situation surrounds the policy-making blunders during the period preceding Saturday's developments. Experts who warned against risky "economy measures," were overruled, and dismissed, repeatedly, over the period preceding the *Columbia* disaster, in response to their policy reviews made during most recent years.

We can not undo now what happened on Saturday, but we must be rid of ill-conceived economy measures which doom essential programs, with what proven advice and experience have shown us to be a headlong rush into unnecessary risk.

Science and Safety

In the modern age of a slide, since the mid-1960s "sex change" from an earlier "producer society," into the decadent depths of a bankrupted "consumer society" culture, fascination with computer-generated numbers has become pathological in its growing disregard for experimental physical science. In earlier times, the scientist, engineer, and production manager waged a rear-guard defense of economic competence, against the "Gestapo gang" of Wall Street financial accountants, squatting like an occupying alien power in the corporate Treasury and Accounting departments. The cultural and economic down-shift of U.S. education, agriculture, and industry, took control of the U.S. economy during the ruinous cultural-paradigm shifts in economic policy of the 1971-1981 interval, during which the Federal government was under the dictatorship of the Nashville Agrarian clones Henry A. Kissinger and that loony "war-hawk" Zbigniew Brzezinski. Under the occupying powers represented by the Federal Reserve Chairmen Paul Volcker and Alan Greenspan, science and sanity have been driven from policy and from the minds of more and more of our university-educated professionals. The loan-sharks and their predator bookkeepers have taken charge. These days, one rarely finds competence comparable to that formerly standard in the top ranks of corporate management.

These escalating changes in cultural paradigms, launched on a mass scale during the 1964-1981 interval, are the crucial changes to consider in the frequent recklessness of our government's direction of our space policy.



The scene at the Feb. 4 memorial, led by President George Bush, for the seven Columbia astronauts, at Johnson Space Center in Houston, Texas. Of the loss of the vessel and crew, LaRouche says, "We can not undo now what happened on Saturday, but we must be rid of ill-conceived economy measures which doom essential programs."

Once that relevant, 1964-2003 background to Saturday's calamity is taken into account, our republic's policy-shapers are confronted with a series of questions and answers, of which the following are typical.

1. Is This Risk Necessary?

The future of man's ability to improve conditions on Earth, depends upon results which could not be obtained without the inclusion of manned space-exploration. Also, the protection of life on Earth from dangers, such as small asteroids, demands exploration of nearby space to such included purposes.

2. Would More Spent Help To Reduce the Risk of Such and Related Disasters as Those Which Occurred to *Challenger* and *Columbia*?

If the funds were competently spent for the right purposes, as the case of *Challenger* shows, and as the study of *Columbia*'s disaster might also illustrate, more spent for dealing with discovery of known risks, would reduce those risks, and be well worth it.

3. What Kind of Measures Would Be Helpful?

For example. Back during the 1950s, Wernher von Braun warned that travel to other planets, such as Mars, should learn a lesson from Columbus—by sending flotillas of three or so vessels, capable of supporting one or more of the members of the flotilla in case of deadly problems to any one. The same ought to become policy for manned flights to the Moon, and for situations such

as that faced by *Columbia*. In general, always anticipate possible catastrophes, even of unexpected types, and build appropriate responses into the system.

4. Why Take the Risk at All?

There are three general reasons for taking the risk: a.) Scientific progress needed by mankind requires this; b.) Such science-driver programs are essential drivers for technological progress on Earth itself, as the results of the Kennedy Moon-Landing mission demonstrated such astonishing benefits to the economy on Earth; c.) Because such activity is required by those qualities of human nature which set the human personality absolutely apart from, and above the apes.

5. Were the Risks Properly Understood?

Some of the risks were anticipated by some scientists. It was the accounting departments and politicians of similar zeal for cutting expenses, who preferred to see the scientists' protests as politically unrealistic.

Carl Gauss's revolutionary 1799 report on the subject of the fundamental theorem of algebra, points to the importance of the fact that discoveries of universal physical principle can not be found by mathematical formulas; they must be discovered experimentally, by attention to stubborn, seemingly tiny margins of error in the formulas, as Kepler details the original discovery of gravitation in his 1609 *The New Astronomy*. Some of the most important sources of risk, as in the case of the O-ring substitution on the *Challenger*, require intense experimental attention to seemingly small changes in the combinations of technology or materials included in a new design.

Since the essential nature of space exploration is exploring the unknown, relying on simplistic faith in arguably proven design-formulas is intrinsically incompetence. It is what we do not know, which we must always address, otherwise there would be no competent purpose for space-exploration except joy-riding. The accounting department, and certain opportunistic politicians, do not wish to hear of such things; their conceits beg new catastrophes.

6. How Should Space Policy Impact National Economic Policy?

As the great biogeochemist Vladimir I. Vernadsky has demonstrated, the known universe is composed of three distinct, but multiply-connected phase-spaces: the abiotic; life; and the special mental powers of the human individual, which are the source of original dis-

coveries of universal principles of physical science and great Classical artistic compositions such as John Keats' *Ode on a Grecian Urn*. To understand that universe, and its impact on the condition of life of man on Earth, we must proceed relentlessly to explore to the most distant events and conditions on the largest scale, and also the very, very tiniest. We must explore how the universality of a principle of life operates in even remote and strange conditions of the universe, and address the creative powers of the individual human being similarly.

Man in space presents us directly with all of these phases and their interactions in a concentrated and immediate way. We must overcome a childish fear of the imagined "bogeyman," and go out into the night to discover what is actually there. If we did not do that, we would be less than human.

The growth of brutishly anti-scientific "consumer cultures," and suppression of pro-scientific "producer cultures," during the 1964-2003 interval to date, has

been the axiomatic factor which misled the world at large into the present global economic and monetary-financial catastrophe. It is time to return to attitudes on which our earlier achievements, such as the Manned Moon Landing, were premised.

7. The Common Aims of Mankind?

Back during the Fall of 1982, Dr. Edward Teller uttered the most fortunate phrase: "The common aims of mankind." The greater mastery of the conditions among the inner orbits of the Solar System, is the immediate imperative for all mankind during the remainder of this present new century. Later, we shall extend our reach to greater things.

As I emphasized in public addresses I delivered during that same past period, "If we can establish a scientific sub-surface colony on Mars, we can readily transform the Sahara Desert into a habitable region of Earth; and, generally, transform the Earth into the garden it was intended to become under our husbandry."

Shuttle 'Fix' Means a Change In Economic Policy Axioms

by Marsha Freeman

It will take some time for the National Aeronautics and Space Administration (NASA), and the independent investigating board appointed on Feb. 2, to determine what happened in the final moments of the flight of the Space Shuttle *Columbia*, and what led up to its catastrophic accident. In the immediate hours following the tragedy, however, the media have had no lack of targets of blame. Charges have been levelled at a broad sweep of suspects, from the engineers who designed the Shuttle transportation system 30 years ago, to the last man to look at the video film footage of its Jan. 16 launch. Rounding up the "usual suspects," however, will provide little insight into what happened; nor will it fix the problem.

The risk of accidents is inherent in the extreme environment of space travel, as it is in any other experimental or exploratory venture. Nothing can be made perfectly safe. But as is readily acknowledged by the astronauts who take the risk, there is no other way to further the human knowledge gained through space exploration, than to do it. While the risk cannot be eliminated, it should be minimized. One way is constantly to be examining and re-examining the physical

state of the vehicle and other assets involved—especially as they age and wear—but also the assumptions made about every aspect of operation of their systems. Relying on mathematical models or data that do not take into account changes over time, will not improve safety.

A second way to minimize risk is to incorporate leading-edge technologies into space flight systems, with the goal of a high rate of technical attrition in existing assets, as they are replaced, retired, or shifted into less critical functions. The Shuttle system's problem is not its age as such, but that its 1970s technologies have been surpassed by innovations that could improve its performance, and make the Shuttles safer.

For nearly 40 years, the wrong criteria have been used to make decisions about space policy. While Presidents and Congressmen make self-righteous statements about their commitment to space exploration, especially at times like this when the public expects it, they are married to ideologies that preclude their fighting for the space program the nation requires. It is the cultural paradigm shift this country has suffered since the Kennedy years that has to be "fixed."

Space Exploration as ‘Science Driver’

President Kennedy set the space agency on a clear and visionary mission—to land a man on the Moon. He told the Congress that it would be expensive, and warned them that if the Members were not willing to fund it, it should not even be attempted. He formulated an investment tax credit, and other fiscal measures, to vector private sector resources toward leading-edge high-technology R&D and manufacturing investments, that would support the exploration of space. Kennedy’s space program contributed substantially to more than a decade of technological innovation, leading to dramatic growth in the economy of the United States.

The idea that the Space Shuttle program must be more “cost effective”; that accountants in the budget office should decide what the nation can afford to spend on space exploration; that these expenditures “take money from” other projects, imposing limits on NASA funding; that bringing in the private sector and the profit motive to this research and development endeavor will make things cheaper—all these are false and dangerous assumptions that have brought us to where we are today.

NASA should be a “brain trust” for the nation. Its laboratories, in collaboration with universities and other research institutions, should lead inquiries into the most vital issues of science—in astronomy and macrophysics, the life sciences, and microphysics. NASA has made steps in this direction, through the establishment of an Astrobiology Institute, and Space Biomedical Institute, to bring the best minds in academia to tackle some of the most critical scientific questions. But each NASA Center should be the nucleus of a “science city,” where the frontiers of research are the focus.

Space exploration has already posed some fundamental questions. Astronomers have found evidence of solar systems around other stars, which are very different from our own. Where are today’s Keplers, who will discover the universal principles that can explain these fascinating new worlds? The proposition that there was once life on Mars has led to the discovery that life can exist in the most extreme Earth environments, overturning long-held concepts of the “envelope” of requirements for life. How does the development of life on Mars challenge our fundamental hypotheses of life on our own planet? How can the exposure of life to the micro-gravity environment of space, or the partial gravity of other planetary bodies, open up new means of discovery?

In order to be able to answer such questions, the space agency is tasked with creating the transportation and other infrastructure needed to carry out missions to expand human knowledge. As the science and exploration objectives drive the development of revolutionary new technologies, NASA should be creating and spinning out into the economy new energy and propulsion techniques, new materials, medical breakthroughs, and industrial processes, at a rate at least comparable to that of the Apollo program.

The advanced fission and nuclear fusion technologies that



The Jan. 16 launch of the orbiter Columbia on the 107th flight of a Space Shuttle. There were many conscious decisions to cut NASA and Shuttle budgets, and to move toward privatization, which formed a pattern one expert called “a failure waiting to be discovered.”

we must develop for manned missions to Mars will bring an era of unlimited energy to this planet. The technologies to create artificial biospheres in space and terraform Mars will bring forth ways to make Earth’s deserts bloom. The life support techniques to care for crews off planet will revolutionize the way we nourish human health at home.

We would not have record-breaking unemployment, rotted out and abandoned industries, a transportation system that is disintegrating, a population that is addicted to drugs, television, and video games, or a systemic financial crisis, were economic policy organized to invest our resources in science, technology, and infrastructure—most profitably represented by our space program. We will “fix” the space program when we have an economic policy that discards “shareholder value” and the “bottom line,” and returns to national investment in great projects that uplift the population morally, physically, and intellectually.

Sabotaging Shuttle Safety

For years, NASA engineers have been well aware of the need to update the 1970s technologies of Space Shuttle systems, and to carry out upgrades to improve safety and performance. And in case they were to miss any areas of importance, the Aerospace Safety Advisory Panel, established after the 1965 Apollo fire, prepares an independent report for NASA on flight systems’ safety every year.

In 1992, a decade after it started flying, NASA undertook a new initiative to assess and improve the safety and reliability of the Shuttle, compiling a list of proposed upgrades. But one year later, the Clinton Administration’s agreement with Russia for the Shuttle to visit the Mir space station, required that money for the Shuttle be spent on modifications to the

orbiters to carry out that program. While NASA was lobbying for safety upgrades, its budget for the Space Shuttle program was declining. Between 1993 and 1999, the Shuttle budget was cut from \$3.5 billion per year to \$2.9 billion, in real-year dollars. In constant dollars, the cuts over that time were 40%. This led to the deferral of upgrades, and substantial cuts in both NASA and contractor personnel.

In 1996, all proposed modifications to the Shuttle fleet were put on hold due to the budget squeeze. Under the “leadership” of Vice President Al Gore—and with the enthusiastic support of NASA Administrator Dan Goldin, a former TRW Corporation executive—the space agency became the White House’s poster boy for the policy of “reinventing government.” In The White House’s attempt to “balance the budget,” and out-do the lunatics leading the Republican “Conservative Revolution,” the nation’s future in space was being sacrificed.

NASA managers, under heavy pressure from the Congress, discussed designing a future replacement for the Shuttle, which would be designed, and eventually run, by the private sector. Even though everyone was aware that designing, building, and testing a new manned space-launch system would take years, the accountant’s mentality dictated that money would not be spent on the Shuttle system if it had only a limited lifetime.

But in 1999, NASA made clear the Shuttle would, and should, be flying until at least 2012. “We will not come close to the life span of the Shuttle in the next 10 years,” stated former astronaut Andrew Allen, director of Space Shuttle development for industry contractor United Space Alliance. Astronaut Bill Readdy, NASA Deputy Administrator for Space Flight, stressed that the Shuttle should evolve to assure greater safety margins for astronauts and ground personnel.

The consequences of lack of investment in the Shuttle fleet were then becoming obvious. At a Congressional hearing on Sept. 24, 1999, called to discuss the cause of frayed wires and a hydrogen fuel leak in *Columbia*, Allen stated that “the Space Shuttle upgrade program has been delayed and underfunded for years” and that this was contributing to the problems. The discovery in August of the frayed wires had grounded the entire orbiter fleet.

Characteristically, members of the House Science Committee responded that there were not enough funds for all the upgrades that NASA wanted, and Space Subcommittee chairman Rep. Dana Rohrabacher (R-Calif.) said NASA should speed up the process of “privatizing” the Shuttle, and “incentivize” the industry contractors to make the upgrades! In a second hearing a month later, Allen recommended accelerating the pace of the upgrades, with 60% of the needed funds to be spent by 2003.

NASA began an internal review of needed Shuttle upgrades in the Fall of 1999, and in February 2000, in the agency’s Fiscal Year 2001 budget request, identified nine critical safety upgrades to be implemented across the four-orbiter fleet. The list included the replacement of the Shuttle’s

hydrazine-powered Auxiliary Power Units that are vulnerable to leaks, fires, and even explosions, with electric units used in military jet fighters, costing a total of \$224 million. An advanced health-monitoring system for the Shuttle’s three main engines was included, for \$108 million, to prevent an inadvertent engine shutdown in flight that could trigger a catastrophic explosion. NASA proposed redesigning combustion chambers and nozzles, at a cost of \$400 million, using more advanced designs and manufacturing processes pioneered by Russian aerospace companies to reduce the number of welds, and potential failure points, in the Shuttle engines. The total request by NASA for Shuttle upgrades in the Fiscal Year 2002 budget came to \$488.8 million.

But the safety panel NASA had convened in September 1999, warned in its report in March 2000, that efforts to reduce the cost of Shuttle operations, primarily by reducing staff, had led to an erosion of risk management. Shuttle employees were under “increasing levels of stress.” The panel recommended that the size of the Shuttle workforce be increased, with additional NASA employees, rather than contractors, echoing a similar recommendation of the Aerospace Safety Advisory Panel, which cited “consistent and repeated reports . . . of critical skills shortages” in the space agency.

Between 1996 and 1999, NASA’s Space Shuttle workforce shrank from about 3,000 to about 1,800 employees. The total NASA and contractor workforce perform about 1.2 million separate procedures to prepare a Space Shuttle for flight, and the NASA cuts had eroded the agency’s ability to perform adequate oversight to ensure the safety of the Shuttle. Throughout NASA’s Office of Space Flight, thanks to years of a hiring freeze, there were twice as many people over the age of 60, as under the age of 30.

By 1999, both the stress on the workforce and threat to Shuttle safety had already been noted, even by “market oriented” NASA Administrator Goldin, who admitted that cuts to the program had gone too far. In its FY 2001 budget request, NASA allocated money to hire an additional 2,000 workers over two years, a net gain of 550 after attrition. But this was inadequate compared to the decade of damage that had been done.

The Situation Is Deteriorating

Despite the demand by NASA to turn around the years of neglect by increasing investments in Shuttle upgrades, a Senate hearing in September 2001 revealed the continuing deep concern for Shuttle safety. Funding pressure from increased space station costs, within a flat total budget, were putting safety upgrades in jeopardy. In testimony before the Senate Subcommittee on Science, Technology, and Space on Sept. 6, 2001, Richard Blomberg, Chair of the Aerospace Safety Advisory Panel, stated that “little effort was being expended on the long-term safe use of the [Shuttle] system.” The “long-term situation has deteriorated,” he said, as “budget constraints imposed on NASA’s human spaceflight programs have forced the Space Shuttle program to adopt an even



The STS 107 crew on their way to lift-off. NASA Administrator Sean O'Keefe has made a point of appointing veteran former astronauts to key management positions; but at the same time, the continuing pattern of underfunding and moves toward privatization, has led some, like Robert Crippen, to resign.

shorter planning horizon in order to continue flying safely.” As a result, Blomberg continued, “more items that should be addressed now are being deferred,” adding to the backlog of restorations and upgrades, and “postponing many risk reduction benefits.”

“The Panel does not believe that safety has been compromised at present,” Blomberg said, as “the defined requirements for flying at an acceptable level of risk are always met. Increasingly, though, these requirements can only be achieved through the innovative and tireless efforts of an experienced workforce.” But “as hardware wears out and veterans retire, the program will inevitably lose some of this compensatory ability.”

Blomberg warned that “improvements to the orbiter and the other Space Shuttle elements are being delayed in order to accommodate current budget needs.” The situation becomes worse each year, he said, and if restoration of basic infrastructure continues to be delayed, “it will reach a point at

which it may be impossible to catch up. Safety is an intangible whose true value is only appreciated in its absence,” Blomberg counseled. “The boundary between safe and unsafe operations can never be well defined. As a result, even the most well-meaning managers may not know when they cross it. . . . As equipment and facilities age and workforce experience is lost, the likelihood that the line will be inadvertently breached increases.”

At the same hearing, the Chief Operating Officer of United Space Alliance—the industry consortium responsible for flight planning, astronaut training, and preparation of hardware and software for launch, employing 10,000 people in Texas and Florida—also testified. Mike McCulley, a former astronaut with 17 years of experience in the Space Shuttle program, told the Senators that in his opinion, the “drive toward efficiency has moved us below sufficient funding for the many years of Shuttle operation ahead of us. . . . One half of annual maintenance budgets are spent band-aiding systems that are failing and then maintaining the band-aids.”

The unfunded critical infrastructure projects, McCulley reported, had led to a situation where Launch Control Center operators had to change firing rooms for each of the previous two launches because of computer interface failures. The Vehicle Assembly Building had to be shut down while a Shuttle was being assembled, due to antiquated assembly equipment failures. Some ground infrastructure, he said, is literally falling apart.

Sen. Bill Nelson (D-Fla.), who flew on the Shuttle *Columbia* in the flight just before the *Challenger* accident, had requested the hearing, to evaluate the impact of the \$500 million shortfall in Shuttle funding. The budget, Nelson said, “fails to adequately protect these astronauts.” Safety upgrades that NASA considers critical “are now discretionary projects subject to available funding. All but one of the Shuttle’s pending safety upgrades have been targeted for cancellation or deferral,” Nelson reported.

“Decisions about NASA priorities are coming not from NASA, but from bean counters at the President’s budget office,” Nelson said. “We’ve got accountants making life and death decisions for our astronauts. . . . We’re starving NASA’s Shuttle budget, and thus greatly increasing the chance of a catastrophic loss.”

Just nine months ago, after the Aerospace Safety Advisory Panel’s 2002 annual report was released, Blomberg stated before Congress, again, that “the Panel believes that safety has not yet been compromised,” but that the report contains “the strongest safety concern the Panel has voiced in the 15 years I was involved with it.” As the Shuttle ages, he warned, “the well-established characterization of the system is no longer fully valid.” Blomberg also warned that “any plan to transition from the current operational posture to one involving significant privatization would inherently involve an upheaval, with increased risk in its wake.”

Longer term, more expensive fundamental changes to the Space Shuttle design—such as liquid fly-back boosters, to

eliminate the more dangerous solid-fueled boosters, or increased on-orbit crew rescue capabilities—were never seriously even begun.

The Invasion of ‘Shareholder Value’

The Shuttle had barely finished its initial test flights in the early 1980s, before President Ronald Reagan and his budget balancers ordered NASA to try to find a buyer for the orbiter fleet. The idea was that privatizing the Shuttle would decrease the amount of Federal funds for the program, cut costs, and enable it to run “like a railroad.” No company was foolish enough to take the bait, however, despite the rhetoric.

But as Space Shuttle budgets were declining in the early 1990s, NASA managers worried about flying the Shuttle safely with less money. NASA Administrator Goldin dismissed their concerns. “When I ask for the budget to be cut,” he told a meeting of NASA employees in September 1994, “I’m told it’s going to impact safety on the Space Shuttle and it’ll destroy reliability on these other [unmanned] flights. I think that’s a bunch of crap.” Three months later, astronaut Robert Crippen—the pilot of the first Shuttle flight in 1981—abruptly announced his decision to resign as director of the Kennedy Space Center, saying it was prompted in part by concern about continuing budget cuts.

In November 1994, NASA announced that an independent team, led by former Johnson Space Center Director Chris Kraft, would review “innovative concepts,” and new “management options” for dealing with the continuing budget cuts in the Shuttle program. The report, released in March the following year, included the recommendation that NASA consolidate its 20 Shuttle prime subcontractors and 59 major subcontractors, as a “stepping stone” to the full privatization of the Shuttle. The report contended that the program, to “meet the challenge of reducing costs,” should do away with “expensive habits.” “Safety is one of those terms that can be used to hide behind and prevent necessary change and innovation,” the report claimed. It complained that “ground testing is routinely performed on much of the hardware, even if it performed flawlessly on its previous mission.”

Although the report’s call for commercializing the fleet was immediately embraced by the Administration, in the person of Dan Goldin; and the Congress, led by House Science Committee Chairman Robert Walker (R-Pa.), many were alarmed. John Pike, then of the Federation of American Scientists, called the Kraft report “close to hallucinatory,” and described changes in the philosophy on safety procedures as foolhardy and dangerous. He predicted that the recommendations would one day be considered “the turning point that led to the next Shuttle accident.” The Aerospace Safety Advisory Panel warned that such a radical restructuring of the program was having a serious impact on safety.

The impact of the growing budget cuts was already leading NASA managers to propose drastic manpower cuts. In order to meet the projected \$5 billion cut in Shuttle funding

over the coming five years, NASA said in 1995 that no further upgrades would be initiated. Over five years, the workforce at the Marshall Space Flight Center, which clears the Shuttle’s main engines for flight, would be reduced from 220 to 50. Those involved in clearing the External Tank for launch would go from 134 to 23, while those working on certifying the solid rocket boosters would drop from 126 to 26.

‘A Failure Waiting To Be Discovered’

At the Kennedy Space Center, civil service workers who do engineering and development of the orbiter would decline from 395 to 184 by 1999. Those in launch processing and safety would be cut from 880 to 450 by the turn of the century. NASA oversight of contractor work would be cut significantly. The NASA director of Space Shuttle operations, astronaut Brewster Shaw, said this would mean abandoning NASA’s guiding assumption about Shuttle safety: that “you’ve got a generic failure waiting to be discovered.”

Administrator Goldin vowed to reduce the manpower deployed in Shuttle safety operations, in line with the Kraft panel’s privatization recommendations. “We had 183 people signing off on flight readiness for the Shuttle,” Goldin said in June 1995. “To me, that represents a threat” to safety, rather than a guarantee of it. In contrast, NASA’s most experienced astronaut, John Young, told Associated Press, “you can’t reduce people without introducing a lot of risk, because you just work people too hard.”

Much of the work that had been done by civil service employees was to be contracted out to the industry management entity, United Space Alliance, a joint venture of Lockheed Martin and Rockwell International (which built the orbiters, and was later taken over by Boeing). This shift of Shuttle operations to management by the private sector was sold to nonbelievers as the only way to cut costs and still fly. United Space Alliance (USA) signed a \$7 billion contract with NASA at the end of September 1996. One month earlier, Kennedy Center director Jay Honeycutt, who had taken over when Bob Crippen resigned, warned that the hundreds of layoffs planned for the launch center would leave many jobs undone, including safety inspections. In October, Honeycutt, who had worked for NASA since 1960, announced that he was retiring.

The level of Shuttle funding continues to be determined by the White House and Congress, and with NASA approval, USA makes the decisions as to where and which of its contract employees will be eliminated when budgets are cut. And although United Space Alliance brought in astronauts to manage its operations at both the Kennedy and Johnson Space Centers, they are in business to make money. USA insists that safety, which is the criterion used to determine incentive payments in its NASA contract, will always come first, but there is little doubt that downgraded NASA oversight has had an impact on safety.

By 1997, United Space Alliance was pushing for in-

creased commercialization, as a way for it to make more money from its Shuttle operations. It lobbied for dropping the 11-year-old ban on flying commercial (non-government) payloads on the Shuttle, which had been implemented by the Reagan Administration after the *Challenger* accident. This would have required adding more flights to the orbiter schedule. Johnson Space Center Shuttle manager Tommy Holloway summed up NASA's negotiations with USA on the proposed changes, stating, "We have different objectives." USA's objective "is to fly the program and make money. Our objective is to reduce costs, but we don't worry so much about them making money."

At the same time, the Aerospace Safety Advisory Panel, testifying before Congress on March 13, 1997, warned that even though it could find no additional safety risk arising from the contract with USA, it noted "that the rewards and penalties of the incentive [contract] may motivate the contractor to actions which are unanticipated by either party today, and which may pose additional risks to safe operations in the future." This increased potential risk was introduced for no other reason than to cut costs.

Four years after USA began managing much of the Shuttle program, a March 2000 report by an independent safety analysis team stated that there was too little government oversight of contractors working on the Shuttle. The team said it was troubled by increased risk due to a desire by the contractors to cut corners and costs to meet the schedule, which provides bonuses for the company. All new hires at the Kennedy Space Center, it advised, should be NASA employees, because NASA needs more hands-on involvement in maintenance and safety.

There is no place in manned space programs for the "profit motive," to begin with. The very nature of the effort means that it is impossible to know far in advance how much anything will cost. The level of funding support for the program must be determined by the mission to be accomplished, not the other way around. The space program has always depended upon private industry for the development of new technologies, manufacturing, and development of the payloads that use the space transportation system. But the infrastructure must be provided by the nation as a whole, for the benefit of all.

Previously technology-proud corporations have long ago become more wedded to their "bottom line" and dividends to stockholders, and controlled by Wall Street financiers rather than engineers. They should not be entrusted with management of the nation's space program.

Where Do We Go From Here?

When the Bush Administration came into office, Dan Goldin finally left. But in came Sean O'Keefe, fresh from the Office of Management and Budget. A political protégé of Vice President Dick Cheney, O'Keefe was Comptroller of the Department of Defense under Cheney in the first Bush

Administration. While still at OMB, O'Keefe told Congress that he would not support an increase in NASA funding, because "technical excellence at any cost is not an acceptable approach." But at least, O'Keefe admitted he knew nothing about NASA, or the space program. To his credit, the new Administrator has brought some of the agency's most experienced astronauts into NASA management positions.

At his confirmation hearing in the Senate, O'Keefe admitted that he had no vision for NASA, and said that his plan for the space agency was to "get back to basics, reinvigorate the entrepreneurial" spirit there, and "infuse prudent management." He sounded more like the bankruptcy judge in the Enron case than the leader of NASA. This did not sit well with many of the senators.

"The leader of NASA cannot just be a budget cutter," Sen. Kay Bailey Hutchinson (R-Texas) stated at the hearing on Dec. 7, 2001. "I don't think you can precisely budget a war, and I don't think you can precisely budget innovative research." In this kind of work, she said, "you are going to have mistakes, and miscalculations. You're going to learn from those. . . . NASA is one of the economic engines of America," she stated.

Disregarding Senator Hutchinson's advice, the first policy decision made by the new administration, in July 2001, was to propose a reduction in the Space Shuttle program's funding by about \$1 billion from 2003-07. This was designed to make up for the cost overruns in the space station program. A second decision was to emasculate the International Space Station, by refusing to increase NASA's budget to provide the funds needed to complete the space laboratory.

Last year, under White House orders, O'Keefe commissioned the systems-analysis RAND Corporation to look into options for introducing more "competitiveness" into the Shuttle program. This was guided by the Bush principle that "government should be market-based"—the current version of Al Gore's "reinventing government." The September 2002 report called for more competition among suppliers, and for eventually selling the fleet of orbiters to the highest bidder. Money for things like safety upgrades would be raised from private capital. The RAND report pointed out that about 92% of NASA's \$3.2 billion per year Shuttle funding already goes to private contractors, but wanted more. The reaction to the report by Kennedy Space Center Director Roy Bridges, a former astronaut and retired Major General, was that some commercial concepts could end up "with a Shuttle being flown into the water." Sen. Bill Nelson compared the proposal to the Pentagon handing over its forces to a private company to fight a war.

But with the Feb. 1 loss of *Columbia*, all of the cards have been thrown up into the air.

Immediately after the accident, the Administrator and President Bush pledged that NASA will find the problem, fix it, and return to flight. But going back to the way things were, will not fix the problem.

How Inflation in the U.S. Economy Is Hidden

by Richard Freeman

The Monday night news announcer with the blow-dried hairdo, adjusts his fixed smile, and leans into Camera 1, saying, “We have good economic news, tonight. The national inflation rate, the government’s Consumer Price Index, rose only one-tenth of a percent last month; for the past 12 months, it has averaged just 2.1%. The government says that the days of high inflation are over.” Across Washington, there are official sighs of relief; that for one more month, they have pulled the wool over citizens’ eyes. Around the United States and the world, it is trumpeted that the U.S. economy is sound.

It is time to put an end to this confidence game that has gone on for more than a quarter of a century. The U.S. inflation rate, the Consumer Price Index (CPI) published by the Bureau of Labor Statistics (BLS) of the Department of Labor, is a fraud. The real inflation rate is a multiple of the reported 2.1%. The BLS does not seek to measure and then report inflation; it seeks to deny that it exists, and make it disappear under a blizzard of counterfeit data.

To accomplish that end, the BLS uses a falsifying procedure called the Quality Adjustment Method (sometimes also labeled the Quality Adjustment Index, or Quality Adjustment Factor). Not one in a million Americans or citizens in the world, knows what the QAM is. But it enables government statisticians willfully to lie about most of the important economic indicators which are on the tips of their tongues. The QAM needs to be exposed and discarded, for the health of the nation and its citizens.

Making Price Rises Disappear

Suppose the price of a product, such as a car, has risen by \$500 from one year to the next. Using the QAM, a BLS team can ascribe anywhere from 20% to 70% of this actual increase in price to a supposed “improvement in quality” of the vehicle. Often, there is no improvement, or even a retrogression, in the quality of the good (the veracity of the claim of improvement will be explored below). But the BLS takes the license to refuse to count that portion of the car’s increase in price which they have disguised as being due to “improved quality.” They only report that portion of the price increase which the BLS has not so disguised. In this example, suppose the BLS team ascribes \$300 of the \$500 price increase to improved quality; it then only counts \$200 as the car’s price increase for the year. Expertly manipulating this craft, the BLS eliminates as much as one-half to two-thirds of the actual

inflation that took place!

However, lying about inflation is only one part of the skullduggery that the QAM is used for. The BLS devises Quality Adjustment Factors (QAFs) for hundreds of items, which it uses to reduce the reported “official” rate of inflation. It turns over the QAFs to the U.S. Department of Commerce and the Federal Reserve Board of Governors. These two agencies publish two of the most widely watched measures of economic activity: The former agency publishes the Gross Domestic Product; the latter publishes the Industrial Production Index. *EIR* has shown that both GDP and the Industrial Production Index, as constructed, have deep methodological flaws. Putting those aside for the moment, let’s see how the QAM distorts the reported performance of those measures.

The Gross Domestic Product is supposed to measure the economy’s output of goods and services. If the BLS determines that the quality of one of the goods that makes up GDP has improved by 4%—whether it has or not—the economists at the Commerce Department will work from the following assumption: A 4% increase in quality is equivalent to a 4% increase in the value of the good, which is equivalent to a 4% increase in the economy’s production of the good. They will apply the same formula to hundreds of goods and services. Even though the performance of the economy may have fallen, when stated in GDP, nonetheless through the fraudulent QAM, the Commerce Department is able to show an increase in GDP on paper.

Employing the same procedure, the Fed economists get an increase in industrial production. The data released on inflation, GDP, and industrial production, are preposterous, and hardly credible.

A Weapon of Control

Consider that for the British-American financier oligarchy, the Quality Adjustment Method is more than a method of falsification; it is a means to keep economic and social control, a strategic asset as important as a military armamentarium. Let us look at three of the major purposes to which it is put:

1. In the case of inflation reporting, the QAM is used to cover up the consequences of the destructive policies of the Federal Reserve Board. Fed Chairman Alan Greenspan, acting on behalf of the financier oligarchy, has printed walls of money to hold up the utterly bankrupt post-Bretton Woods floating-exchange-rate financial system. This policy is locking the United States, and the world, onto a hyperinflationary spiral which follows the trajectory of the hyperinflation which ravaged Weimar Germany from March through November 1923. But Greenspan supporters will say, “But where is the inflation? The CPI rate is only 2.1%.” Most has been hidden by the QAM.

2. The QAM-adulteration of the CPI defrauds tens of millions of American workers, elderly, et al., of their rightful wages and/or benefits, whose level of disbursement is tied to a

cost-of-living adjustment (COLA) escalator clause, which is based on the performance of the CPI. If inflation rises by x , but the QAM-altered CPI says it only rose by $\frac{1}{3}$ of x , then workers and elderly get only $\frac{1}{3}$ of what they are supposed to in inflation-adjustments. The BLS document, "Understanding the Consumer Price Index: Answers to Some Questions," explains that "The CPI affects the income of almost 80 million persons, as a result of statutory action: 48.4 million Social Security beneficiaries, about 19.8 million food stamp recipients, and about 4.2 million military and Federal Civil Service retirees and survivors. Changes in the CPI also affect the costs of lunch at school, while collective bargaining agreements that tie wages to the CPI, cover over 2 million workers." *EIR* has calculated that the BLS's use of the QAM to lower the CPI inflation rate cheats American out of more than \$150 billion in wages and benefits annually.

3. The United States is able to draw in dollar investment from around the world, and to some extent, solicit support for military adventures, based on claims of America's "economic soundness," resting upon QAM-despoiled CPI, GDP, and Industrial Production Index data. To foreign investors, America's "economic soundness" is presented as a reason that their dollar-denominated investments are safe in the United States. This financed America's \$470 billion physical goods trade deficit in 2002; without that foreign inflow, the dollar would have collapsed by 40-50%, bringing down with it the bankrupt dollar-based world financial system. The Anglo-American imperium could not survive such an explosion.

Unmasking the QAM

For two decades, economist and 2004 Presidential candidate Lyndon LaRouche has continuously unmasked the dangerous sham of the QAM. In 1983, LaRouche commissioned an exposé (see *EIR*, Oct. 4, 1983, "'Quality Adjustment Factor': How the Fed Hides Inflation"). On Feb. 4, 1984, then-Democratic Party Presidential pre-candidate LaRouche, in a half-hour national broadcast on ABC television, exposed this fraud to the nation. "At the end of the first quarter of 1983," LaRouche told the television audience, "we were shocked to notice that both the Federal Reserve and Bureau of Labor Statistics were faking the figures for both industrial output and for unemployment by very wide margins. Later we discovered also that the reported rate of inflation was being faked as well. It was being faked by as much as three times, that is, the rate of inflation during 1983 was about three times as much as the government has reported to you."

And as recently as an address to a seminar in Berlin, Germany on Dec. 18, 2002, LaRouche stated, "Someone will tell you, the United States has . . . no inflation. . . . We lie! . . . We're suffering up to 10-20% inflation."

Over the next few weeks, *EIR* will present a series of articles exposing, once again, the QAM. We present here an overview, and the case of the QAM's lies about auto inflation.



The "donut" spare tire, at left, which has replaced the regular-sized spare on most new automobiles, is designated a "quality improvement" and subtracted from the car's price increase, in Bureau of Labor Statistics records—an absurd epitome of the widespread falsification of inflation by the so-called Quality Adjustment Method.

The BLS has gone to almost any length to suppress an accurate reporting of the real rate of inflation of new automobiles. Since 1967, the real increase in the average price of new cars—actually paid by purchasers—has been 2.5 times greater than the Consumer Price Index's subindex for new cars reports. That there is such a large discrepancy between reality and fantasy can only be explained by the fact that there was a three-decade deliberate attempt by the BLS to distort inflation.

The CPI tracks thousands of commodities, whose prices it combines on a weighted basis, to determine the overall CPI rate. A new car constitutes, on a weighted basis, 4.604% of the entire composition of the Consumer Price Index; \$1 out of every \$20 that consumers spend, is for a new car. So suppressing the inflation rate for new cars would have great importance in holding down the combined inflation rate for all commodities. Here, the Quality Adjustment Method was the BLS's ace in the hole.

According to one BLS analyst, the BLS talks to individuals from several of the auto manufacturers, both foreign and domestic, which manufacture cars in American plants. These manufacturers' representatives report the price increases in the new model cars, and also what physical changes have been made in the models, and what each change costs. The BLS analysts then look at the new physical changes and assess whether they constitute quality improvements. In almost every case—with a few notable exceptions—they count the physical changes as representing quality improvement. They add up all the costs of the physical changes, and call the sum, the cost of the quality improvement.

Take, for example, the 1994 model year car; it had a price increase of \$612.74, on average, over the same model 1993 car. The BLS claimed that \$363.93 of this was the cost of

physical changes for “quality improvement.” The BLS reported as the price increase of the 1994 model year car, not \$612.74, but only \$249.11, the balance after the alleged “quality improvement” had been deducted.

Thus, in the 1994 model year car, 59.3% of the actual price increase was deducted and excluded.

What Is the Standard of Quality Improvement?

One can only discuss the issue of quality improvement within the environment that has governed the United States since the mid-1960s, when America’s financial powers—that began to force the shift from a producer to a consumer society. This has seen practices such as accountants’ cost-cutting, and computer benchmarking become dominant. The latter involves designing products predominantly with computer simulations; the process of engineering and machine-tool design, where the validity of the designs is tested in the real world of physical models, and real testing is minimized or skipped over. This process produced the Mercedes Klasse A and the Ford Explorer SUV. Each was generated by benchmarking, but when put onto the road, each flipped over under certain configurations of weight and speed. The Ford Explorer SUV had never been tested; according to reports, Ford tested instead the Ford Ranger 150 pick-up truck (which has the same chassis as the Explorer); and the road tests were usually conducted at top speeds of 45-55 miles (72-89 kilometers) per hour. Yet the instabilities in the Ford Explorer manifested themselves at speeds over 60 mph (96 kph); but the engineers, insanely, had taken the road test results from the lower speeds, and used them merely for computer simulations of what would happen at higher speeds, never subjecting the vehicle to higher speeds in the real world.

This process does not represent “improvement in quality”—though the BLS would think it did—but quality degradation.

Or, take the automakers’ campaign to build lighter passenger cars, in part to meet fuel-economy standards, and in part to chisel down costs of materials. A car that weighs less than 2,500 pounds (1,133 kilograms), even with certain structural improvements, will have a higher chance to cause serious injury to its driver and passengers, when it collides with a truck, or an immovable object, such as a cement wall. This process does not represent “improvement in quality,” but quality degradation.

But the BLS has opened the floodgates by identifying things as “quality improvements,” which are merely nice accessories, such as “CD players and leather seats.” The BLS tried to appear to draw a line, by saying that “styling changes” would not be quality improvements. But then in its “Handbook of Methods,” the BLS abandons even this appearance of rectitude by saying that chrome trim could be considered to be a quality improvement, if “offered as options and purchased by customers.”

Who Donut?

Perhaps nothing better likens the insanity of quality adjustment to the pages of “Ripley’s Believe It or Not,” than the BLS assertion that the “donut” spare tire constitutes a quality improvement. Up until the 1980s, every car came equipped with a real spare tire, equal in size, tire pressure, and strength to the four tires already installed on the automobile. If one had a flat tire, and changed it, one could then drive several thousand more miles.

Then, some cost-cutting accountant dreamed up the “donut” substitute for the regular spare tire. It is a scourge of the American driver. The donut is a small kiddy-car-like tire. After putting it on, one’s car has three real tires and a kiddy tire, causing it to wobble and making the maximum safe speed 45 mph. Unfortunately, if one gets a flat tire on a Sunday, or after 10 p.m. on a week-night, or in the backwoods, one may not be able to find an establishment to sell or fix a real tire, so one is stuck.

The BLS considers the donut a “quality improvement,” because the automaker had to redesign the tire well of the trunk to accommodate the little tire instead of a regular one. This cost is deducted by the BLS from the cost of the new model car. Suppose the cost of redesigning the tire well was \$150. The carmaker knew that he would sell new cars with donut tires, which are cheaper than real spare tires, and that over 20 years, he would make many times more in profit than what it cost to redesign the tire well of the trunk.

On Feb. 3, this reporter talked to a BLS specialist, describing a car wobbling along on three real tires and a donut: “This restricts the car’s movement, is less safe, and is a degradation of the quality of the car. Yet, the BLS calls it a quality improvement.” The BLS analyst, after consulting a supervisor, replied, “I understand what you’re saying. But we have to go by our method.”

The Real Price

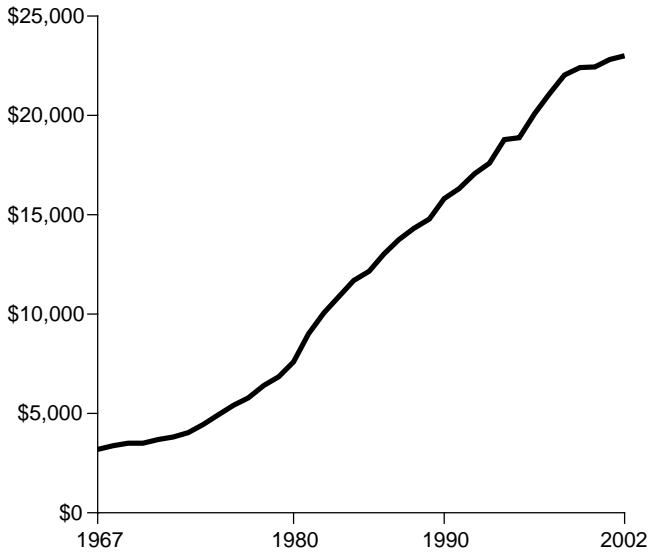
We can show how BLS statisticians and economists have mowed down inflation with the QAM. **Figure 1** establishes a basis of reality. It shows the actual average retail price charged for a new car in America, as compiled by an accurate survey by the U.S. Commerce Department. In 1967, the average retail price was \$3,199; in 2002, it had climbed up to \$23,005. During this period, the BLS’s Consumer Price Index sub-index for new cars, rose from 49.3 in 1967, to 137.3 in 2002. *EIR* converted the actual price of a car from dollars into an index, with 1967=1.00; at the same time, it re-indexed the CPI sub-index for cars, also setting the value of 1967=1.00. **Figure 2** shows the comparison.

The upper curve, which represents the real retail price of a car, and the lower curve—the CPI sub-index for the same car—start to diverge significantly in the period 1979-82. This is the time interval that Fed Chairman Paul Volcker sent interest rates into the stratosphere as part of his implementation of the policy of “controlled disintegration of the economy.”

FIGURE 1

Actual U.S. Average Retail Price of New Car, 1967-2002

(Dollars)

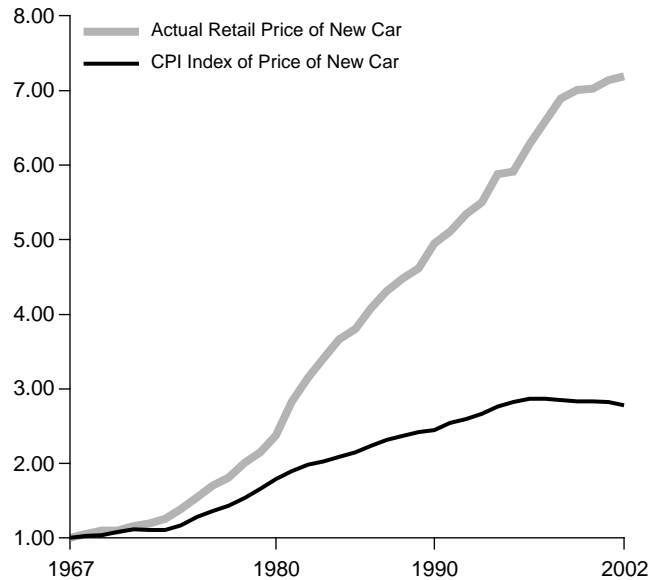


Source: U.S. Department of Commerce.

FIGURE 2

Index of Actual New Car Retail Price vs. Official CPI Index of New Car Retail Price

(1967=1.00)



Sources: U.S. Department of Commerce; U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

Following that period, the two curves diverged even more considerably.

Secondly, from 1996, the curve representing the CPI sub-index starts to show a price decline, even while the curve representing the *actual* price of a new car continues rising. That is, during the mid-1990s, there was a particular attempt by the Fed and BLS, artificially to suppress the statistical reporting of inflation.

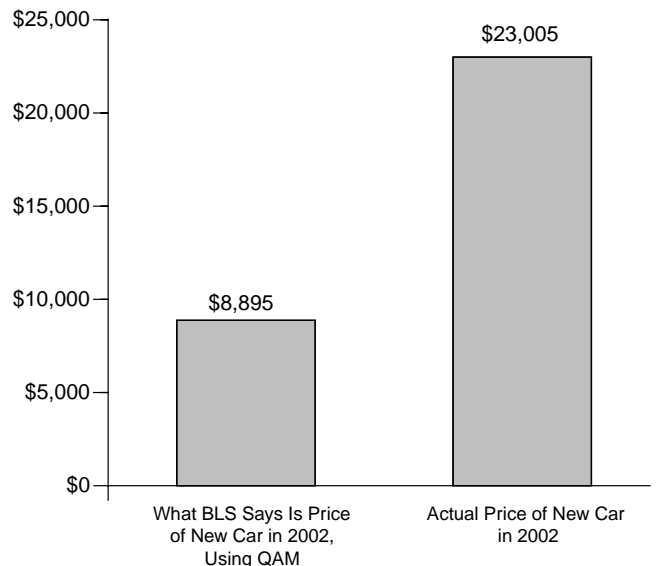
Overall, the actual price of a new car had risen more than seven-fold, from 1.00 in 1967 to 7.19 in 2002; but the CPI sub-index only rose less than three-fold in the same time. The CPI sub-index only acknowledged about one-third of the real inflation in a new car's price, and suppressed two-thirds. By such fakery, the U.S. government reports that inflation is under control.

Figure 3 highlights how absurd the application of the QAM is. It shows that the real average retail price of a car is \$23,005. It then takes an average 1967 car and multiplies its cost, \$3,199, by the amount the CPI *claims* car prices have increased by since 1967, which is 2.78 times. Were the QAM a true determination of price, the average new 2002 car would have cost a mere \$8,895. Try to find such a price; perhaps you could get half a car.

The Quality Adjustment Method is a colossal lie, which is disarming the nation. It is time to report the actual surge in inflation, which will wake up the country, so that it can solve the economic breakdown crisis that is producing it.

FIGURE 3

BLS Fakery in Price of New Car



Sources: U.S. Department of Commerce; U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

Bush Sends Irrelevant Budget to Capitol Hill

by Carl Osgood

President George Bush's fiscal year 2004 budget plan arrived on Capitol Hill on Feb. 3 without anybody having a clue as to whether it means anything. For the first time in living memory, a President's budget plan for the next fiscal year was submitted to Congress before the Congress had finished work on the current fiscal year's spending bills. Because of the collapse of the budget process in the 107th Congress, neither of the budget committee chairmen of the 108th Congress, Rep. Jim Nussle (R-Iowa) and Sen. Don Nickles (R-Okla.), can say whether they will be able to make the process work this year. Adding to the picture are declining tax revenues and the uncertainty of an Iraq war. The declining tax revenues have already made the projections coming out of the Congressional Budget Office (CBO) and the Office of Management and Budget (OMB) worthless. An Iraq war coming on top of that would likely knock over whatever is left of the process.

The futility of the situation already became evident as the Senate completed its initial work on the fiscal year 2003 omnibus appropriations bill, on Jan. 24. The Senate made so many changes to the bill that the House demanded a conference, ensuring that it could not be finished before President Bush's Jan. 28 State of the Union, as the plan had called for. Then, on Jan. 29, David Obey (D-Wisc.), the ranking Democrat on the House Appropriations Committee, moved that the House conferees be instructed to agree to the higher funding levels for a number of programs that were in the Senate-passed bill. He noted that the across-the-board cuts contained in the Senate bill, which were put in to keep the bill's total amount under the White House limit, took away billions from homeland security, veterans' health care, and other programs. Obey's motion was defeated on a mostly party-line vote of 209 to 200, but difficulties in the conference itself appeared to be developing. This was indicated by Nussle, who told reporters on Jan. 30 that it would be "unconscionable" if work on the conference report were to continue through the Presidents' Day recess. "I'll introduce a continuing resolution through to the end of the year, if that happens," he said, "just to bring it to an end."

Tax Revenues Are Collapsing

The budget document that arrived on the Hill proposes that the government spend \$2.23 trillion, with expected reve-

nues of \$1.92 trillion, producing a projected budget deficit of \$307 billion. That deficit figure includes a \$175 billion surplus in the Social Security, Medicare, and other trust funds, so the actual proposed deficit is \$482 billion. That revenue projection comes despite the fact that Federal revenues have fallen for two years in a row, the first time that has happened, the budget document states, in more than 40 years. The document admits that the 1990s rise in revenues was due, in large part, to the rise in the stock market over those years, and all of the features of the stock market bubble, such as employee compensation in the form of stock options, and so forth. "One unprecedented feature of the last two years," the document notes, "was how rapidly this highly taxed income disappeared, taking with it tens of billions of dollars in Federal revenue."

Taking note of this feature of the collapse, Senate Budget Committee Chairman Nickles told reporters on Feb. 3, "The reason why we have such enormous deficits . . . is because revenues have fallen." He blamed this on the recession that began with the fall of the Nasdaq in March 2000. "With that market decline," he said, "it's kind of dominoed through the revenue cycle," with a total decline over 2000 to 2002 of some 9%. "That's the reason why the CBO and OMB have missed their target so dramatically. That's the reason why . . . when CBO said, 'Oh, we project these enormous surpluses for the year [2001],' they missed it big time." The CBO and OMB estimates missed by such huge margins because "they didn't project or forecast such a significant reduction in revenues." Over 2000-02, the projections swung from a \$5.6 trillion surplus over ten years to a \$2.2 trillion deficit over the same time period, a difference of \$7.8 trillion.

LaRouche Was Right

Whether he realized it or not, two implications emerge from Nickles' remarks. First, is that this is the story of the 2000 Presidential campaign, and Nickles might as well have been saying, "Lyndon LaRouche, and only he, was absolutely right about the condition of the budget and the economy in 2000; but since he cannot be mentioned, I say 'no one forecast . . .' etc." Second, this "swing" under way is so drastic that all projections of revenue and spending in the President's five-year budget should be thrown out as worthless; the budget should be assumed to be completely blown out, and the dollar as good as collapsed as a result, until the Congress and the Bush Administration are willing to go with LaRouche's "Super-TVA" credit-creation route.

Incredibly, despite the collapse that Nickles referenced, the budget forecasts an increase in tax revenues over the coming five years. It projects a decrease in revenues in 2003 to \$1.836 trillion from the \$1.853 trillion in 2002, then a substantial increase for 2004 to \$1.922 trillion, \$2.135 trillion in 2005, and \$2.264 trillion in 2006. By 2007 the deficit is supposed to be down to \$178 billion. The explanation for

these projections is not only the relatively rosy economic picture that they are based on, but also the claims made for the tax proposals included in the budget plan. These include the proposal to eliminate the tax on stock dividend income and the acceleration of the tax cuts passed in 2001. These tax policy changes are supposed to create the economic growth that will produce the tax revenue growth that is projected in the budget.

However, these projections completely ignore the ongoing collapse of the U.S. economy, as indicated by the bankruptcy of almost all of the 50 states, the collapse of the airline and railroad industries, the collapse of health care, and the skyrocketing trade deficit, among other things. It is likely, therefore, that the Federal tax revenues, in a mirror image of what is happening to the states, will continue to decline, and

that the deficit for 2003 will be much larger than is currently forecast. In any case, Bush's tax proposals are facing a tough time on Capitol Hill. Even some Republicans, such as Senate Finance Committee Chairman Charles Grassley (Iowa), are questioning whether they can be passed in their proposed form. House Ways and Means Committee Chairman Bill Thomas (R-Calif.) reportedly told Treasury Secretary John Snow that even he does not know how the tax cut plan is supposed to work. Republicans are reportedly concerned that, with the dubious revenue projections and soaring deficits, President Bush is overreaching by pushing for even larger tax cuts than he originally said.

Rather than proposing a true alternative policy, the Democrats have preferred to blast the Republicans for the ballooning deficits. Kent Conrad (D-N.D.), the ranking member on

A Cut To Dismantle Amtrak

The Fiscal Year 2004 budget presented by President Bush on Feb. 3 proposes to give the nation's only national railroad, Amtrak, another push toward its dismantlement. Amtrak, which handles 90% of the country's remaining intercity rail service, could lose as many as 18 more of its existing long-distance routes. It has already shrunk dramatically since 1980. The \$710 million proposed Amtrak assistance is, again, some \$500 million short of what the carrier needs to remain whole, at a time when airline service is contracting rapidly due to bankruptcies, and the *Columbia* tragedy is another reminder of what shrinking budgets eventually do to transport infrastructure.

In the *Transportation* section of the budget, under the heading, "Reordering Intercity Passenger Rail Service," the Office of Management and Budget (OMB) attacks Amtrak for not having achieved financial "self-sufficiency." Such self-sufficiency would be virtually impossible, as Amtrak was created by Congress in 1971, to direct the wreckage of the old bankrupt Penn Central, including the looted rolling stock and rails. Amtrak needed a large infusion of funds to make capital improvements, which was never provided.

In 1997, the Gingrichite Conservative Revolutionaries passed the "Amtrak Reform and Accountability Act," whose Amtrak Reform Council was co-chaired by Paul Weyrich, the radical free marketeer, co-founder of the Carlist anti-Catholic Christendom College in Front Royal, Virginia. The Council's report stipulated that either Amtrak would reach financial self-sufficiency by September 2002, or government financing of Amtrak would be cut to

force privatization sell-off of all but the profitable Northeast Corridor and a few other routes. The Fiscal 2004 budget copies, *verbatim*, the major demands of the Amtrak Reform Council:

- "Create a system driven by sound economics."
- "Require that Amtrak transition to a pure operating company"—that is, sell its capital equipment.
- "Introduce competition to provide higher quality rail service at reasonable prices"; that is, privatize the long-distance routes and shut down the majority that would be considered to be "unprofitable."

The President's budget submission alleges that "one of the reasons behind Amtrak's fiscal difficulties is its continued operation of several routes that regularly lose hundreds of dollars each time a passenger steps aboard." It lists some: the Sunset Limited, Los Angeles to Orlando; the Pennsylvanian, Philadelphia to Chicago; the Texas Eagle, San Antonio to Chicago; the Three Rivers, New York to Chicago; the Southwest Chief, Chicago to Los Angeles; and the Kentucky Cardinal, Louisville, Kentucky to Chicago.

"For several of these trains, it would literally be cheaper for Amtrak to buy each passenger a plane ticket to the next destination," the budget suggests, with a doubtless unintended irony given the cascading bankruptcy of the nation's major airlines. The Administration otherwise calls on the states, whose budgets are all melting down, to pay for the routes.

The Transportation Department's budget section also states that "Amtrak reform can wait no longer."

Amtrak has warned it will shut down unless it receives \$1.2 billion in government funding this fiscal year. "Maintaining a national network of trains is a Federal responsibility," countered Amtrak spokesman Dan Stessel.

the Senate Budget Committee, said on Jan. 30 that the figures showing a fourth-quarter GDP growth rate of 0.7% “indicates to me that the Administration is pursuing a policy of debt, deficits, and decline.” The plan the Democrats have put forward revolves around extended unemployment benefits, tax cuts for working families and small businesses, and targeted assistance to states and localities in areas such as Medicaid and homeland security.

What Happens If There Is a War Against Iraq?

Without a change in economic policy, the bottom will fall out of the budget process, as the states have already discovered, simply because of the collapse in tax revenues. However, when the impact of a possible war with Iraq is factored in, an even larger black hole looms, because no one actually knows what will happen, either in terms of expenditures or in terms of the economic impact. Pentagon Comptroller Dov Zakheim was quite frank about the question during a Jan. 31 briefing on the Defense Department budget. He admitted that he had no idea what the war would cost, because no one can predict how it will go, whether it will be long or short, how much resistance will come from the Iraqis, what the cost of reconstruction will be, and so forth. “And anybody who gives you an estimate,” he said, “the best they can do is—. CBO will give you an estimate, and they’ll say, ‘Well, we know we think we know how much it will cost by month.’ No, they don’t. That’s garbage.” Because nobody can say what that cost might be, nobody can say what the impact might be on the budget process.

That impact would be on both fiscal 2003 and 2004. The Bush Administration has already said that it will have to go to the Congress for a supplemental appropriation for fiscal 2003 to cover the current costs of military operations, which include the ongoing war buildup in the Persian Gulf. Because those costs were not covered separately by Congress, they are being covered out of the appropriated operations and maintenance funds. And, Zakheim flatly stated that those funds will run out in the fourth quarter of the fiscal year, or even possibly in the third quarter. That will happen even if there is no war against Iraq, and without taking into account the economic effects of such a war.

All of this leaves Capitol Hill’s two budget chiefs in a quandary. Nickles admitted that restoring a budget process that broke down in the previous Congress will not be easy—and he said this in the context of both Houses and the White House being controlled by the GOP. Nussle, in his Jan. 30 briefing, laid out a schedule by which he hopes to complete work on a budget resolution by the statutory deadline of April 15, but he could not say whether the House will be able to meet that schedule. The danger is that if they try to go through the usual budget process, the whole thing will wind up being irrelevant, as the worsening crisis remains unaddressed.

Britain Seeks Roman Glory While She Burns

by Alan Clayton

“The country has ground to a halt. How will we cope if we go to war?” So wrote Richard Alleyne in the London *Daily Telegraph* on Feb. 1 as commuters across Britain struggled to get home through a snowstorm. Few suffered as much as those stuck on the M-11 road between London and Cambridge; most of those who headed home from work on M-11 at about 5:00 p.m. on Jan. 31, were still gridlocked and stuck in their cars the following morning, when it was time to return to work. Emergency services set up a soup kitchen and truck drivers were pulled over for fear of falling asleep at the wheel. One man who hailed a cab at Stanstead airport ended up with a bill for £212 (nearly \$350).

Another unlucky traveller—Stuart Grist, 35, an IT engineer—was hoping to be at home 30 miles north of London by 6:00 p.m. At 8:00 a.m. the following morning he was still stuck. “I’m only five miles from home but we aren’t going anywhere so I have no idea what time I will be there,” he said. “Most of the time we have been stationary and I managed a sleep between midnight and 3:45 a.m. “I had some tangerines and a flask of coffee but most people have not been so lucky. Everyone has kept their engines running to keep warm and they have slept at the wheel.”

The whole situation could have been avoided if the authorities had “gritted” the roads in advance; but road maintenance systems in Britain have been largely privatized over recent years, with increasingly apparent consequences each passing year.

‘Potentially Lethal Journeys’

Car users were, however, not the only ones to suffer, as buses, trains, and aircraft were affected by the snowstorms. Hundreds of London Underground passengers had to walk 500 yards to safety when a train froze to the tracks.

The London Underground, known to Londoners as The Tube, was subjected to a “terrorist attack” early on in the week of Jan. 25, and large sections of it will be closed for some time. But this particular terrorist attack was unconnected with al-Qaeda or Saddam Hussein or anyone else; it was carried out by an electric motor which fell off and derailed a train, causing it to smash against the walls of the tunnel. There were a number of serious injuries, but very luckily no fatalities.

This was by no means the only recent Tube disaster for the long-suffering inhabitants of the would-be imperial war-capital. In North London, passengers endured a miserable

walk down the tracks of the Jubilee Line after a train was stranded between Kilburn and West Hampstead. Another 40 stranded Tube commuters spent the night at Wembley Station. Again there was no shortage of excuses: It was “melting snow washing away de-icer sprayed on the rails.” Then it was “frozen snow making it impossible for trains to run.” A London Underground spokesman admitted, however, that the de-icing trains should have been sent out more frequently, but financial restraints had made this impossible.

Even more startling was the statement on Feb. 1 by Ken Livingstone, the Lord Mayor of London, that “The Tube network is unsafe and puts its 3 million passengers’ lives at risk every day.” In an attack on safety standards after the Chancery Lane derailment, he said Underground users continually faced “potentially lethal” journeys because of poor management and low investment. “I don’t think we can say to Londoners they are safe on the Underground. They take a risk every time they get on it,” said Mayor Livingstone.

The situation of Britain’s railway network is equally desperate. The Strategic Rail Authority cancelled or postponed dozens of projects worth more than £10 billion on Jan. 31, as it admitted that it could no longer afford to expand the rail network. Most major lines will be affected by the cuts, including busy commuter routes into London and long-distance services between London and Scotland.

The authority halted a £750 million scheme to relieve overcrowding on South West Trains by extending hundreds of platforms to accommodate longer trains. It scrapped the £4 billion upgrade of the East Coast Main Line from King’s Cross to Edinburgh and said that it would spend only “hundreds of millions” removing a few bottlenecks on the route. The East London Line extension, which was approved by ministers last year, has been put on hold because of a planning dispute and “concerns in relation to affordability.” The cross-London Thameslink upgrade to triple capacity will not be finished until 2012. The Strategic Rail Authority has disclosed that rising costs have pushed the industry into a £1.5 billion deficit this year.

This crisis has resulted in a sharp decline in passenger growth, with rail travel increasing by only 2.4% last year compared with 5% annual growth in the first six years of privatization. The decision in early January to cut 100 trains from the daily timetable will be followed next year by a “selected thinning” of hundreds more daily trains in an effort to “reduce congestion.” A fifth of U.K. trains were at least five



London’s Underground (“The Tube”) was put out of action Jan. 31 and afterwards, not by terrorists with ricin or sarin, but by a train which crashed in a tunnel because its engine had fallen out. Cutbacks, strikes, and disasters in Britain’s infrastructure belie the Prime Minister’s imperial war-posturing.

minutes late last Autumn. Domestic air services performed much worse, with more than a quarter delayed by more than 15 minutes. And worst was car travel: Road congestion meant that car journeys on key routes took 16.5% longer than in 1998.

Firefighters Could Face Prison

Meanwhile, the firefighters’ dispute and national strikes that have persisted for months, continue. With no strikes since the end of November, many people assumed the firefighters’ dispute was over; however, it ignited again at the end of January with two 48-hour strikes. The fire dispute has turned into the most bruising battle between public sector workers and the government in over a decade.

Deputy Prime Minister John Prescott plans to end the strikes by introducing a law allowing the government to seize control of the service and impose pay and conditions on firefighters. A key part of this legislation would be to make it treason to stage a national strike during a national crisis; if the strikes continue and Britain goes to war with Iraq, union leaders could find themselves in prison.

There is a further constitutional dimension to this particular crisis for Prime Minister Tony Blair, in that the Scottish Parliament has direct control over fire services north of the Border. Any move by Westminster to push through a law compelling Scotland would be seen as highly controversial in the run-up to the Holyrood elections in May, potentially damaging Labour’s performance in Scotland.

The Reduced Armed Forces

As Britain prepares to join the United States in any war against Iraq, the reality is that its armed forces are in an equally perilous state. Britain has only three aircraft carriers—*HMS Ark Royal*, *HMS Invincible*, and *HMS Illustrious*. In comparison with some of the giant American carriers, they really are mini-vessels. Only *Ark Royal* is currently in service, and the other two are at Rosyth in Scotland undergoing major refits, which will render them unfit for service for at least another year.

When the *Ark Royal* left Portsmouth in early January, vague press releases were made by the Admiralty about its destination. However the reasons for the secrecy soon became apparent, when the *Ark Royal* appeared in Loch Long in Scotland several days later to get weapons and supplies from the NATO conventional and nuclear arms storage facility in hillside caverns above Loch Long. Had there been several day's notice given about its destination, there would undoubtedly have been substantial counter-demonstrations. From the vessel's appearance during her loading at the Royal Navy facility in Loch Long, her entire harrier fighter squadron had been removed; she will likely act only as a helicopter carrier. In the event of an attack against her in a combat situation, she would quite clearly have to be defended by the United States Navy. Such is the price silly Uncle Sam still seems willing to pay for the approbation of old and tired John Bull, who really is dead but refuses to be buried.

The situation with the army is no better, and 6,000 reservists are to be called up to support the British regular forces being deployed to the Gulf. Just over 2,000 reservists have already received mobilization notices, arising from the government's earlier announcement on Jan. 7, and there has been considerable consternation at the "scraping the bottom of the barrel" characteristic of this call-up, with quite a number of soldiers who have been court martialled and dishonourably discharged in recent years being told to report for army service again. The Defence Secretary, Geoff Hoon, stated that the latest assessment was that a total of 6,000 reservists would now be needed, the biggest call-up of reservists for decades; for the 1991 Gulf War only 2,000 were needed.

A further consequence of the dire international economic situation is that a life assurance scheme for the British Armed Forces, backed by the Ministry of Defence, is to cut death benefits by 75% for servicemen and women who die as a result of conflict with Iraq. This "Safeguard Scheme" had been set up by the Armed Forces Financial Advisory Service at the request of the Ministry of Defence. However, the scheme's underwriters, the insurance company Scottish Widows, said that it had no option but to reduce coverage, for troops who die fighting for their country. The change will apply to policies taken out after Feb. 14, when applicants for the Safeguard Scheme from the Armed Forces also face a 10% increase in premiums. Ian Thompson, managing director of operations at Scottish Widows, said: "We think that the

policy does meet the immediate needs of the forces who need to get life cover. We are trying to meet their needs while assessing the risks involved." Under the revised terms of the Safeguard policy, families of servicemen and women who die fighting in Iraq will receive a vastly reduced payout. While the maximum sum assured remains the same at £150,000, relatives of troops who do not return from the Gulf would receive 75% less than anyone else.

Andrew Gough, a retired rear-admiral and deputy chief executive of the advisory service, said: "I am very pleased that Scottish Widows and its reinsurer are continuing to provide cover unchanged until February 14. And I am pleased that they are continuing to provide cover of some form thereafter."

The move follows a recent disclosure in the *Times* that Norwich Union, Legal & General, Prudential, and Standard Life were among companies that had withdrawn the offer of new life assurance policies to troops heading to the Gulf. Safeguard was set up ten years ago and is one of a handful of life assurance plans left on the market for personnel under orders or on standby to go to the Gulf, as well as those members of the forces already on active service benefits.

The Prime Minister

The catalogue of catastrophe regarding "America's closest ally" does not end there, as many would argue the biggest liability is still Tony Blair himself. Blair is ignoring the crumbling situation at home, remaining fixated in vainglorious efforts to bring Britain back as a player on the international stage at any cost. The Prime Minister's recent television appearances have shocked and appalled those who have seen them, as he often seems a man on the verge of mental or physical breakdown.

Blair met President Bush in January in the yellow Oval Room in the White House, with Sir David Manning, his foreign policy advisor, and Jonathan Powell, his chief of staff. With Bush were Condoleezza Rice, his National Security Advisor, and Andrew Card, his chief of staff. It was billed by some as a crossroads. Although Blair is determined to support the United States at any cost, as a necessary concomitant of bringing to reality his dream of restoring the Empire on which the Sun Never Set, he is all too conscious of rising public opposition at home to war, deep divisions within Europe, and a rebellious Labour party at his back. He had been mauled at question times in the House of Commons and had been driven to suggest that after Iraq, Britain and America would take on North Korea.

The tensions between Bush and Blair were unmistakable as the Prime Minister's advisors quietly went about spinning the line that Bush had been lukewarm about Blair's desire for a second UN resolution because Bush did not want to "weaken the message to Saddam." Could it be that Bush's advisors are painfully aware just how much of a busted flush "Great Britain really is?"

It's the Economy, Herr Schröder!

They are against an Iraq war, but economic depression and bad policies drove Germans to vote against Schröder's SPD.

German Chancellor Gerhard Schröder's Social Democrats (SPD) suffered a devastating defeat in the two Feb. 2 elections for state parliament: The SPD lost more than 10% in Hesse and more than 14% in Lower Saxony. Almost a million voters deserted the SPD, half of them staying home and not casting ballots at all.

The "strike" of considerable sections of the Social Democratic constituency is related to rapidly deepening, profound discontent with Chancellor Schröder's obvious inability to improve the economic situation and reverse the drastic increase of unemployment. Officially recorded national unemployment reached more than 4.6 million at the end of January, an unprecedented increase of 400,000 from December.

Even the strong anti-Iraq war mobilization which the SPD launched during the last two weeks of the election campaign, could not turn the general trend around and prevent this massive abstention by Social Democratic voters. But without the anti-war mobilization, the disastrous would have been a much bigger one for the SPD; the meager vote they got was actually a great improvement over previous polls. More than the average figure for the vote losses, the fact that in 98 of 100 election districts in Lower Saxony, and in 46 of 55 districts in Hesse, the Christian Democrats (CDU) were ahead of the SPD, illustrates what a disaster Feb. 2 was for the Social Democrats.

The CDU, however, managed to

mobilize additional voters from latent constituencies, and got 48.3% of the vote in Lower Saxony and 48.8% in Hesse. The conquest of Lower Saxony shifts the balance in the Bundesrat, the upper house of the Federal parliament, in which the 16 states are represented, towards the CDU; so from now on, Chancellor Schröder's SPD-Green coalition government cannot pass legislation without the consent of the CDU. Crucial aspects of legislation always need approval from the Bundesrat, which has constitutional veto power against the government and the lower house, the Bundestag. Chancellor Schröder is faced with becoming a "lame duck."

But there is no natural law that determines that the Chancellor will be a lame duck. He can escape that fate, if he finally adopts at least crucial aspects of what Helga Zepp-LaRouche, the national chairwoman of the LaRouche movement's BüSo party, advised him to do, in her "Open Letter to Chancellor Schröder" in September.

In the Open Letter, she urged him to drop the insane policy of budget-balancing at the expense of labor, industry, and technology development, to walk out of the European Union's Maastricht budgeting straitjacket, and to reorient German economic policy towards a pioneering exports and technology-transfer role for the industrial development of all the countries along the Eurasian Land-Bridge.

Schröder was within direct reach of that new principle of economic pol-

icy, when he joined Chinese Prime Minister Zhu Rongji for the maiden voyage of the world's first commercial maglev train in Shanghai, a joint German-Chinese project, on Dec. 31. After his return to Germany, Schröder could have announced a reorientation of economic priorities of that kind. Instead of tax increases and unemployment, that would have sent out a strong message to the nation that there was realistic hope for a recovery through large infrastructure projects at home and abroad; exports of pioneer technologies like the maglev train; and cooperation with China and other countries for the promotion of such technologies.

But when Schröder came home, he remained vague on perspectives for maglev projects in Germany, and he stayed silent on the dramatic increase in unemployment which every serious expert expected for January. Opinion polls throughout the past weeks gave Schröder's SPD catastrophic ratings on issues of economic, social welfare, public health, and pensions. Had there been national elections in January, the Social Democrats would have ended at a devastating 26-28%, whereas the opposition Christian Democrats would have won close to or slightly above 50%.

The LaRouche BüSo party, which addressed the combination of "Financial Crash and Threat of War" in all its campaign leaflets, appearances, and meetings, visibly increased its recognition among voters, doubling and even tripling the vote it received in the last elections, in Hesse and Lower Saxony. The BüSo won 0.8% in Wiesbaden, the state capital of Hesse, and 0.5% in Hanover, the state capital of Lower Saxony. The fact that in several election sub-districts there, it reached above 1%, shows that there is good growth potential for the LaRouche movement.

LaRouches in India Strengthen the 'Strategic Triangle'

by Mary Burdman

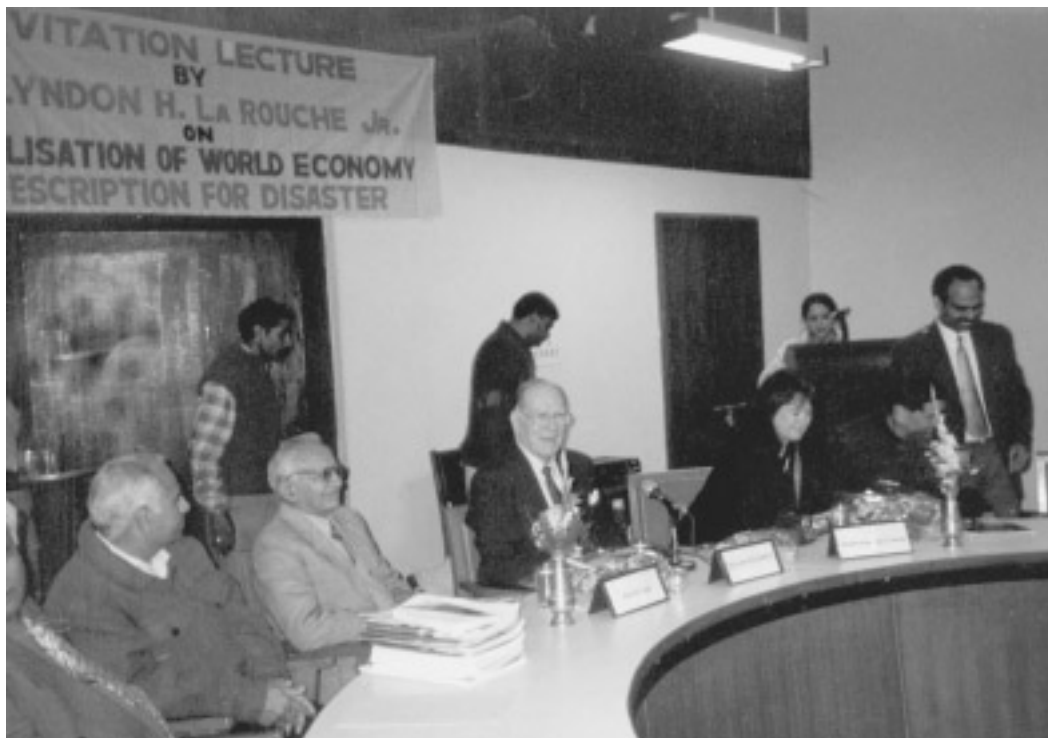
As the international economic and strategic crisis reached a turning point in mid-January, Lyndon LaRouche and his wife Helga Zepp-LaRouche visited India during Jan. 10-22. In India, they made a vital intervention to promote development of the "Strategic Triangle" of cooperation among India, China, and Russia. As LaRouche told his audiences in public and private meetings, this group of Eurasian nations, "coming together with other nations of Asia, for joint security and economic development," is the "main engine for economic growth in the world today."

If we can get some reasonable changes in the insane economic policies of the George W. Bush administration, and "be reasonably assured that there is no danger of a war with Iraq," in the coming 60-90 days, "we have some maneuvering room," LaRouche stated in a speech to Delhi University's Institute of Economic Growth on Jan. 16. "At that point, the world will have to shift to what the world is shifting toward: economic growth."

'I Would Vote for You'

For India, as for the rest of Eurasia, economic growth is the critical strategic issue. India, the world's second-most populous nation, with 1.02 billion people, is a nuclear power, has an enormous economy, an even more enormous economic potential, and, at the same time, is facing great problems, including terrible poverty. The author accompanied the LaRouches on a visit to Kolkata (formerly Calcutta), a city of 12-13 million which is collapsing into conditions *worse* than those of the final stages of British rule. In New Delhi, Helga Zepp-LaRouche had the opportunity to visit an HIV/AIDS clinic in the slums of East Delhi, on the eastern banks of the River Yamuna, where we saw the conditions of life of some of India's many millions of migrant rural workers. Such brutal poverty, the breeding ground of AIDS and other diseases, poses a grave threat to India's national security.

During the visit, Lyndon LaRouche made public addresses to the Maulana Abul Kalam Azad Institute for Asian Studies (MAKAIAS) in Kolkata; Jawaharlal Nehru University in New Delhi; the Institute of Economic Growth, a part of Delhi Univer-



A Jan. 21 speech by Lyndon LaRouche (with Helga Zepp-LaRouche on his left) at the University of Jaipur, on "Globalization: A Prescription for Disaster," was one of many public addresses and private meetings with those concerned with India's economic and strategic policies. The LaRouches visited the country during Jan. 10-22.

sity which serves as the braintrust for India's Planning Commission; a very lively roundtable discussion of officials, professionals, and analysts in New Delhi; and at the University of Jaipur in Rajasthan, where he spoke before some 170 faculty and students. His Jaipur speech was well reported in the Rajasthan newspapers. There, the LaRouches were the guests of the Political Science Department, University of Jaipur, and the Federation of Rajasthan University and College Teachers' Association (FRUCTA). They were greeted by Prof. D.D. Narula, Economist and Professor Emeritus at Jaipur; Prof. D.D. Sharma of the Political Science Department; and Prof. Prakash Chaturvedi, President of the Federation of Rajasthan University and College Teachers' Association (FRUCTA). Prof. Devendra Kaushik, one of the LaRouches' "oldest friends" in India, had also been a teacher at the University of Jaipur for five years.

In addition, the LaRouches had numerous private meetings with old and new friends, including very high-level policymakers of the nation, and representatives of India's leading institutions and religious and social communities. Helga LaRouche had many discussions on the international importance of a dialogue of civilizations.

The Potential of Eurasia

Many of the LaRouches' discussions with those in various Indian institutions, focussed on the great economic potential of the Eurasian landmass. India and other Eurasian nations must have a massive infrastructure construction program. Any modern economy must be investing 50% of its resources

in infrastructure: energy, water, transportation, health, and education. This investment must be led by the national government, which thus fosters the development of productive private enterprise.

LaRouche stressed the crucial economic fact, that Western Europe and Japan cannot survive without the great markets of India and China; and that the principle of this trade must be the sharing of advanced technology—as in the famous construction by China of the German-developed Transrapid magnetic levitation train—not exports of goods.

The key economic issue for India is *capital*, LaRouche reiterated: physical, not financial capital. The real capital cycle is 25 years, because that is the length of time needed to raise and educate a child. Many infrastructure projects, in areas like water management—including creating beneficial "mini-climates" with forestry—require a 50-year perspective. For such large-scale projects, long-term stability is essential. This is where government "shines," LaRouche said. Smaller systems should be built locally, or even privately.

On the urgent question of water development, *EIR's* Ramtanu Maitra, a nuclear engineer, described Asia's unique water conditions, with rivers rushing out of the Tibetan "roof of the world" and its surrounding mountains in huge bursts, but only during the seasonal monsoon. This requires very different management methods from other regions of the world. At the same time, these shared conditions create an opportunity for Asian nations to share water-management technology.

Water projects—such as the Mekong Development Proj-

ect, the potential water-hydropower project on the Yarlung Zangbo-Brahmaputra system, and the potential Siberian rivers-Central Asian project—all require regional or sub-regional cooperation. Multi-national authorities—but representing national interests—have to be created to plan and carry out these projects.

Asia's need for nuclear energy was another constant theme of discussion. Obviously, the real purpose of the Nuclear Non-Proliferation Treaty (NPT) is to ban nuclear energy development, not nuclear weapons, LaRouche said. The NPT will die; nuclear power is the only energy source not linked to geopolitics. One of the biggest problems Asian nations now have, is that they are forced to transport fuels over huge distances, at great expense, and at risk to the geopolitical machinations of the "Utopian" madmen. The Koreans must have nuclear energy to survive, as must Japan, and the other Asian countries.

Modern rail transport is also essential, and something India must urgently work on, since its rail system is in bad condition. Efficient land transport is beneficial to an economy because productive industry and other facilities can be built along any rail route; in contrast to now-dominant sea transport, transporting goods through land corridors, *physically*, costs the economy nothing because of the development which accompanies it.

IMF Stranglehold

As part of its already-approved Tenth Five-Year Plan, New Delhi is launching a nation-wide highway program to link every corner of the nation. This is, however, far short of the advanced and concentrated infrastructure India requires for its huge population. One policymaker told LaRouche that India did little to develop its infrastructure during the entire 40 years of the Cold War; this, he stressed, must be changed.

Both President Dr. A.P.J. Abdul Kalam and Prime Minister A.B. Vajpayee have some excellent ideas, including a commitment to eliminate poverty by 2020. But India's economic policy establishment remains riddled with hangers-on of the International Monetary Fund (IMF) and World Bank. This "fiscal" crowd in the Indian national bureaucracy, will immediately clamp down hard on any initiatives for genuine "New Deal" government policy.

The privatization reforms of the last decade (see *EIR*, Nov. 1, 2002) have only brought worse troubles, as leading Indian economists repeatedly told LaRouche. It is hardly surprising that, in every core sector—housing, energy, rail, health—the private sector has not even begun to take up the slack as the government has pulled back. Such fundamental problems, as providing universal clean drinking water, or creating universal literacy, are just not being solved. Unemployment and underemployment are now worse than they were in the early 1990s, and the problem is exacerbated by the lack of any social security for the poor. In the capital, New Delhi, where electricity is privatized, the supply is more irregular



Indian newspaper coverage of Lyndon LaRouche's January visit focussed on his leadership of opposition to an Iraq war. "This Invasion Will Affect the Entire World; American Economist LaRouche Explains," headlined the Rajasthan News (right). The Jan. 22 Daily Sun's headline on his Jaipur University speech (left) was "America Can Attack Iraq, But Will Not 'Win.'" "

and uncertain than ever.

India must develop institutions for national investment, totally IMF- and World Bank-free, LaRouche insisted. Those bankrupt institutions are dying anyway; they have to go, now.

India's population have a very high savings rate, and the country has a skilled workforce; what it needs, is the means to invest these important assets. India must also mobilize its great technological potential. As policymakers said, "theory is cheap" and abundant, but this is not meeting the technological needs of 1 billion people. LaRouche responded that that is also a result of the "fiscal crowd" problem: vital investment into scientific and technological *experimentation* is not being funded, and therefore, real progress is being constantly hindered.

The Shock of Poverty

One of the most moving events of the trip, was a three-day visit to Kolkata. For Lyndon LaRouche, this was his first return there in 57 years. As a U.S. soldier serving in World War II, LaRouche had been stationed in the Burma-India-China theater, and, after the war, while awaiting demobilization in Kolkata until April 1946, he witnessed the rapid growth of the Indian independence movement, and the backlash of the collapsing British Raj. He also saw the Indian population's urgent hopes for economic help from the United States, and how these hopes were betrayed, when U.S. policy changed

after the death of President Franklin Roosevelt, away from FDR's determination to end colonialism in all forms.

The condition of Kolkata today, is, in many ways, one long-term effect of these developments. The current poverty of Kolkata is shocking; *worse* than it was in 1946. This city of 12-13 million people is crumbling and in chaos.

Some 20% of the population—3 million people—live on the streets. These are migrants, unemployed workers from the rural areas of West Bengal, Bihar, and eastern Uttar Pradesh, and from Bangladesh. Low agricultural productivity in these areas—unlike in the states of Punjab, Haryam, and a few others—created a huge surplus of agricultural workers, with minimal capital formation. They build huts if they can, otherwise they have nothing more than a few blankets to spread on the sidewalk at night. Sanitation is minimal: there are human feces on the sidewalks and in the gutters.

There are similar conditions in the rapidly growing slum areas of New Delhi, although Delhi is not visibly collapsing, as Kolkata is. Prolonged cold this January—the worst in 40 years—led to hundreds of deaths in the capital. Officially, there are 30,000 homeless in New Delhi, but the real number is much higher. As a Delhi government official stated, there is a crisis of urban infrastructure. The state had been responsible for housing for the entire population, until a decade ago. Then, housing construction was handed over to private construction. This policy has failed, especially for the poor.

While agriculture is the basis of India's economy, the government has failed to invest in this huge—employing at least 150 million people!—and vital sector. Officials and economists emphasized that even though India's grain harvests are abundant, its distribution and storage facilities, bursting with grain, are so outdated that the grain rots while people continue to starve.

At the same time, millions of landless workers are migrating to the cities. This situation, LaRouche pointed out, is generating unliveable “super cities.” This is a *national* problem, not one of a city here or there. To let such vast slums proliferate, is an “imperialist” policy, he said. This is what was done under the Roman Empire. The answer is, to take advanced technology to the land, not confine it to the cities. This is the concept of the great Russian scientist Vladimir Vernadsky: the economy must have a flow of technology, out to the areas which have to be developed.

LaRouche's comments on this need for agricultural technology provoked an interesting discussion at a roundtable in New Delhi on Jan. 20. One participant asked whether Mahatma Gandhi's “self-employment” cottage industry policy, a key part of his freedom movement, would be appropriate today. LaRouche responded that what Gandhi did must be understood as a policy of “strategic defense”—the concept developed by the great military leader and engineer Lazare Carnot of the 18th-Century French Ecole Polytechnique. Gandhi, inspired by the 19th-Century Indian nationalist and universal historian Bal Gangadar Tilak, was a political genius, LaRouche said. He declared war on the British Raj

in a very clever way. He led India's poor peasants, who had nothing, and would not fight, against the power of the British Raj. He understood that non-violent resistance and local production of vital goods, was a strategic defense of their basic interests. Gandhi understood how you can lead the people whom you have. He developed their powers, and led them to freedom.

This, said LaRouche, and not using Gandhi's exact tactics and methods, is what is important.

The New Delhi roundtable discussion moved to a debate on whether the size of India's population is a “problem,” as international agencies, and some Indian politicians, make it out to be. A number of participants said they did not accept this view. Helga LaRouche then described her intervention in the Bucharest World Population Conference in 1974. There, it became clear that the “population issue” was made up by the likes of John D. Rockefeller; then, and now, the only real problem is poverty.

Indian Sovereignty, Eurasian Development

The purpose of cooperation among the Eurasian nations, led by the India-China-Russia strategic triangle, LaRouche emphasized, is to combine economic development and national security. The nation-state establishes its sovereignty by economic development of every region in its borders. As one of his highest-level discussion partners told LaRouche, India wants to cooperate with other nations, especially developing nations. It will not act as a hegemon; it seeks government-to-government cooperation. However, New Delhi has been too slow in making substantial initiatives towards key neighboring areas, such as Southeast Asia, and this must change. LaRouche responded that, without Indian participation, such groups as the ASEAN+3 (the Association of Southeast Asian Nations, plus China, Japan, Korea), will not function. Without India, the severe economic problems of Bangladesh and Myanmar—which also are important for India's own security—cannot be solved.

The international situation requires the cooperation of large groups of nations in Eurasia, including Russia, LaRouche said. If there is foot-dragging on cooperation, we must now create favorable “public opinion” by providing a workable alternative to the current crisis; this will get people active. We have to get people thinking about the Strategic Triangle Russia-China-India, he said. One of the worst problems in the world is intellectual cowardice, especially of governments, at a time when populations are urgently looking for leadership. Nation-states must act now, to achieve a common human purpose. This is the only alternative to the “conflict is inevitable” insanity now dominating Washington and London.

This is a revolutionary period, LaRouche told a group of old friends. India must have a national vision within this international combination. First, the leaders of the loyal, patriotic institutions of India must first get their ideas for the development of the country clear, with scientific precision.

The Indispensable Role of the State In Reorganizing a Bankrupt System

Mr. LaRouche gave this speech on Jan. 16, 2003 to the Institute of Economic Growth, a think-tank at New Delhi University.

Moderator: At this time, I would request Mr. LaRouche to initiate a discussion. My friends who are assembled here today, are selected out of the larger faculty, because our faculty has varied interests. Macroeconomics is only one sector of them; a good number of them have interests in environment, culture, and industry per se. . . . We have some of them, at least, who have specialized interest in macroeconomic issues; they are here today.

So, Mr. LaRouche, please.

Lyndon LaRouche: Thank you. Because of the composition of the body here, I shall say certain other things, which are relevant to government problems, as well as economic problems as such.

The month of January is of much more extraordinary importance, than perhaps is suspected in most parts of the world. During this month, by the 29th and 30th of the month, decisions will have to be made in the United States, which will determine the future direction of events in the world as a whole. Simply, the United States has reached the end of the line of policies which began to emerge about 1964, which transformed the United States, gradually, first from a producer society, which we were at the end of the war—the world's largest, leading producer society, of agricultural and industrial goods. We became, beginning 1964, especially '66 on, we became increasingly a *consumer* society, rather than a producer society, depending more and more on using power to extract what we consumed from other parts of the world: a rather inequitable arrangement.

As a result of that, we no longer are an industrial power. We have lost most of our industry. Our agriculture is a shambles. And we depend largely upon relatively poorer countries, such as those, immediately, of South and Central America, and elsewhere, who supply us our food, at very low-wage—under low-wage conditions. We, now, are totally bankrupt. The United States' Federal government, at the present level, with the President's indicated stimulus package, would be operating in the course of this year, at a *trillion-dollar-a-year deficit rate*. So much for his performance, so far. That is not going to happen. The stimulus package has already been voted

down in the Congress. And, he will not get it, in the form it is proposed now.

But, also we have, every leading bank in the United States, is essentially bankrupt. A similar condition prevails in Europe. In financial derivatives alone, internationally, we have a minimum of about \$400 trillion worth of financial derivatives, combining those on record, and those which are done off-balance-sheet, or off-the-record. The most vulnerable part of this, is \$30 trillion or more of credit derivatives, and these are very dangerous. We have, as you know, a world product that is estimated in the order of magnitude of \$40 trillion equivalent. And, we have not only this financial derivatives debt, which is, all of it, more or less short term; and, at the same time we have the other debt, which has accumulated over periods of years.

We have a situation in South and Central America, where Argentina is being destroyed in much the same fashion that other countries were destroyed in 14th-Century Europe, by the attempt to collect on unpayable debt, usurious debt. Brazil is on the verge of going into the same problem. They're trying to manage the crisis, but there, no solution has been presented. Only a complete reorganization of the debt of these countries, on terms different from those which are acceptable to the World Bank or IMF, could possibly work. There are remedies.

Now, so this comes to the point, that you can say: The game can not continue any longer. We have, inside the United States itself, what I have produced—mobilized—is a program of large-scale infrastructure development, which is modelled on our experience in organizing a recovery, under Franklin Roosevelt, from 1930 on, through 1944 in particular. And, one of the central features of this, of course, is the Reconstruction Finance Corp. of Jesse Jones, which Roosevelt reorganized, radically, to make it an instrument, which was then copied by Germany in the post-war period, as the Kreditanstalt für Wiederaufbau. So, these are features there.

But, in order to organize, in a period in which there is no financial capital readily available, in current banking and related channels—the banks themselves are bankrupt; the governments are currently nominally bankrupt. The international monetary-financial systems are bankrupt. What do you do, under such circumstances? Then you have to go to the government. And the government, the state, has to create credit, to reorganize the economy, at the time, that the finances



India's beautiful Taj Mahal, one of the architectural wonders of the world. "The nation-state," said LaRouche, "is the chief cause for the improvement of the condition of humanity, to the extent that it has happened, over the past 600 years.

of the international monetary-financial system are being reorganized.

On the first account, we had success in Italy, where the Chamber of Deputies of Italy voted by a majority, voted my proposal up, as a recommendation, for going back to the Bretton Woods discussion, and use the experience of the first phase of Bretton Woods as a model for reorganizing the international monetary and financial system, now.

The U.S. Economy Is at the End of the Line

But that, by itself, depends upon other things, particularly in the United States. Of the 50 Federal states of the United States, 46 are presently—were they not government—would be bankrupt; because the states, under U.S. law, are not allowed to generate net debt. They must balance their books. The only agency in the United States which can generate government indebtedness, for purposes of growth, is the Federal government. That's what Roosevelt did. He used his tremendous power and influence, using facilities like a reorganized Reconstruction Finance Corp., and large-scale projects such as the TVA, to revive the U.S. economy, quite successfully. But, to do that, he had to organize Federal credit.

Now, our problem is this: At this point, in touch with state governments, governors, or other combinations in state governments in the United States—46 states are bankrupt, they can not possibly balance their books; they can not raise the taxes to balance their accounts. We have, in addition, a collapse of the railway system. At the end of January, unless government action occurs, the Amtrak system goes into liquidation. We now have a chain-reaction in our national air carri-

ers. United Airlines, American Airlines: If they are reorganized in bankruptcy, the tendency will be to make them competitors of airlines which have *not* gone bankrupt! Which will then go bankrupt, as a result of this kind of competition.

So therefore, we have, in the United States, no connection! We have no economy. There's no way of regularly scheduling the shipment of goods, from one part of the United States to the other, in a general way, the way we used to be able to do it. We *don't* have a national railway system. We don't have a national transport system. We have a potential, in the Pacific, for exports from the United States, and imports. But, if you go to Los Angeles, you can look at the port, you have all these cranes, these massive pieces of equipment, but you have no *efficient* way of moving that freight in and out of that port—inland, and so forth.

So, we have to do something, quickly. We need large-scale infrastructure projects: transportation, water management, power generation and distribution; the health-care systems, which are breaking down now; educational systems which are essentially worthless for any productive society.

The government must act. I've outlined it, in this booklet here (I guess some copies are available), on this infrastructure program.¹ But, the problem that I have with the government is—and they're right!—they say, "We like what you're proposing. We're prepared, on the state level, to do our part of these programs. But, there is no possibility of our financing these programs presently. It's up to the Federal government."

1. "LaRouche's Emergency Infrastructure Program for the United States," *EIR Special Report*, November 2002.

Now, what I'm going to have to do, which I'm doing, is taking some of the precedents from the 1930s and on, and I'm producing a draft piece of legislation, with a bunch of experts who have been through this mill before—senior people who know the ins and outs of the U.S. government history, on credit creation and management of large-scale projects. We're going to produce a single, short bill, which will probably have 20 pages in it; which will define exactly what the Congress and the President must do, or have authorization to do, to get the U.S. economy moving, and out of this crisis, as Roosevelt did before. Without that, we can not act.

We have this second problem: We have a President of the United States, who's sometimes fairly described by me, as a "shuttlecock President": That is, he does not have any comprehension of economic questions; he has no real understanding of international issues; he does not even know the names of places which he has to deal with, in many cases. He is all a bundle of emotion, and strong opinions, based on this bundle of emotion. Well, there are heads of state and government, who are sometimes like that, in the experience of various governments; and competent agencies within government learn how to deal with this problem. And, others have to cause the Chief, in this case, "Shuttlecock," to be pushed in the right direction.

The problem you have, at this time, is some people are pushing in the *wrong* direction—as you may have observed. We have people who want a war in Iraq, immediately. Others, who want a world empire, more slowly—the British style. These are negative factors, and they're pushing hard.

You have people, who are not willing to admit, that their programs have failed. The banks are not willing to admit, that they need banking reorganization, that they're bankrupt. And yet, J.P. Morgan Chase is bankrupt; Citibank is bankrupt; other major banks are bankrupt, in point of fact. We could deal with the problem, but we have to put them through reorganization. We're not going to shut down the banks. We're going to reorganize them, because we need banking facilities to maintain the mechanisms of finance inside the economy.

The Drive for War

So therefore, we have a fight now, in the month of January, when the Congress is being reassembled, from all kinds of past, discarded, and new parts. Then, Congress met for two days, and accomplished nothing, and left. They're going to have to meet again, on the 28th of January. At that time, they're going to have to face these questions, and the President is going to have to face these questions. You have—the 28th of January is the election in Israel, where Sharon is running, hopefully, to be defeated. And, that's a possibility, which we've been working on, with some modest approximation of success, but without guaranteed success so far.

We have people who want a war. They're strong in their opinions. They are people who do not want to admit, that the way they've been doing business can not continue. We have

a number of people, from various institutions, as in the real, professional military, who want no part of an Iraq war, or similar wars. Remember, the top level of our military, their virtue, is, they served largely as lieutenants, and captains, and majors in Vietnam. And they came out of that, continued in service, went to command school, and decided they never wanted to have the United States' military involved in something like Vietnam again. And, they recognized the Middle East as a potential desert equivalent of Vietnam. They want no part of it; it makes no sense; it's not justified; it's not necessary. So, we have a major commitment from the majority of institutional forces *inside* the United States, *against* precisely what some people are doing. Fortunately, right now the President himself is leaning to the advice of people like Colin Powell, and other people in institutions, who share the view, that we must not have an Iraq war. And the President was talking out of both sides of his mouth, but in point of fact, he is, at this moment—but the shuttlecock can always change—at this moment, he's committed to no war.

But, he and his advisors are committed to trying to continue this economic policy of his, stubbornly, and that will be a disaster. We can have a chain-reaction collapse *in* the U.S. economy, which can set off a worldwide collapse, in that respect.

So, the issue is going to be, to have a competent thrust, mobilized from within institutions around the Presidency. This includes people *in* government institutions; this means people outside government, who were formerly in government; it means channels of influence and advice, which converge upon the institution of the Presidency, and on the Congress. Neither party leadership is, at this time, any good. They're worthless. They're incapable of dealing with the problem, because they have ideologies, which no longer correspond to the reality.

Well, we also have a good side, apart from that: If we can get this thing through—some reasonable changes—by the 29th of January, and be reasonably assured that there is no danger of a war with Iraq, within, say, 60 or 90 days, we have some maneuvering room. At that point, the world will have to shift to what the world is shifting toward: economic growth.

The Strategic Triangle

The main engine for economic growth in the world today, is something that was mentioned here, in Delhi, by the Prime Minister of Russia, Yevgeni Primakov, in December of 1998: the idea of a "Strategic Triangle" of cooperation, of Russia, China, and India, together with other nations of Asia, for joint security and economic development. Primakov was dumped as Prime Minister, under pressure of various sources, because he made that proposal, which I had made earlier, and was very happy that he had made it.

However, now, the reality of that, is coming into place, piecemeal. You have seen the recent Phnom Penh conference on the subject of the Mekong development project. That is



The reality of a Strategic Triangle in Asia is coming into being, to the potential benefit of all the nations of the region. Here, Russian President Vladimir Putin's Asian diplomacy in December 2002: meeting with Chinese President Jiang Zemin in Beijing (left), and with Indian Prime Minister Atal Behari Vajpayee in New Delhi.

being pushed ahead by China. The Prime Minister of India attended there. Japan and Korea depend upon this program. Japan has no future in its present form: Its banking system is hopelessly bankrupt. Japan, however, remains, in core, basically an industrial economy, which depends upon neighboring areas, to which to sell products or deliver services, in return for receiving raw materials on which Japan's existence depends.

So therefore, we have at this time a tremendous potential, as typified by the trip of German Chancellor Schröder to Shanghai, on the occasion of the opening of the Shanghai to Shanghai airport magnetic levitation railway. We have vast projects in China, which in my view, are large economy: We have the Three Gorges Dam; you have the large railway system, or the magnetic levitation system programs; the opening of the desert lands. These are large-scale engineering projects, and in the case of Shanghai, the important thing there, is: Not only was the most advanced technology in the world, for transport, introduced and launched successfully. But, it was done in two years, under difficult engineering conditions—successfully, under the now-famous Commander Wu. With that kind of engineering mobilization and competence in large-scale projects, China can succeed in what it's doing.

But, also China and India are the two largest markets for Western Europe. China is the fastest-growing market in the world, for imports, high-technology imports. India is a very large market, for Germany, for example; as is China. Germany, France, and Italy, the keystone countries of continental Western Europe, are hopelessly bankrupt! That is, the total amount of tax revenues that they can obtain, has reached its limit. To increase tax rates more, would collapse the economy, and therefore, the tax-revenue base. Therefore, that can't work. The economies are operating below breakeven, as whole economies. They're collapsing; it can't work. Yet, France, Germany, and Italy typify countries in Europe, which

could readily mobilize themselves for technology-sharing projects, with countries in Asia.

Therefore, throughout the Eurasian continent, there's a tremendous potential for recovery; if we have a system of economy and political security, jointly among these nations, together with large-scale projects, recovery can occur.

If the United States takes the right turn. My experience is, in various countries, everyone is afraid of the United States. If the United States takes the right step, even though the United States is a junk-heap right now, and moves in a direction, takes the kind of initiative that is required, then, in my view, international bodies, international groupings will come together around this idea, and begin to do what has to be done. In that case, I see a bright future for humanity.

Of course, India is an extremely important part of this operation.

A Common Mission

This would mean, also, a change in political relations among nations. Just to conclude with this one point: The problem that you have, in India, for example, in dealing with the United States—particularly in the United States, as in Britain—you have a very popular, but pathological belief, the belief in the ideas of Thomas Hobbes and John Locke. The result is, that when I propose, as I proposed to circles of one former administration in the United States recently—I proposed this idea of cooperation with this Land-Bridge and Strategic Triangle program. They had a violent response, from some of the top people in the Democratic Party leadership. "No!" "Why not?" "You do not enter into long-term commitments of partnership, with countries which you do not control." The argument is, that there's an inherent, natural conflict among nations, such that you must operate on the basis of conflict-management, not on a sense of a common interest. My view is, on the contrary: that the reality of a common



Will the world's leaders unite in a common mission, great projects for development, to build a real future for New Delhi's children, and all children?

interest exists, if the mission-orientation for it exists.

India has problems. China has problems. Southeast Asia has problems. Russia has problems. Everyone has problems. If we find that there is some form of cooperation among sovereign nation-states, which will solve this problem, I would propose, that consciousness of that interest in a common mission can supersede this idea of Hobbesian-Lockean conflict that Kissinger used to push so strongly, and others pushed so strongly. That, in my view, is our greatest problem. I could say a great deal about many things pertaining to this, but, that's the point I think I would like to lay on the table.

We are in a crisis. We must not deceive ourselves: The existing system is gone. It will not return. We have the possibility of reorganizing the monetary system, financial systems. We have the needs; we have the markets; we have the potential. But, we have to have a decision to go into participation, jointly among nation-states, for cooperation in making these things work.

And, that's what I'll be fighting for, this month. On the

28th of this month, I shall give a State of the Union address on an international webcast.² The President of the United States will give one at 8 o'clock the same evening. We'll see what happens.

Dialogue With LaRouche

Some of the remarks and questions to Mr. LaRouche were inaudible on audiotape, and these have been abridged or paraphrased.

Moderator: Thank you, Mr. LaRouche. Now, this is open for discussion. The idea is to say your opinions, express your views for Mr. LaRouche. But, you can also ask questions, because he has taken it, as a mission, that in the midst of all this chaotic financial system, it is time for integration and cooperation. Now, I invite my colleagues to join in this discussion.

Bankruptcy and the Corporate Sector

Q: It's more a request for some more information, rather than a comment or a question. One of the issues, which is very important, is the issue of corporate governance. Because, you talk about bankruptcies of organizations and government, in the light of failing corporate sector, starting with Enron. Now, they talk about some kind of a problem in corporate governance, including the institution of auditing—the auditors are also important in the bankruptcies. So, what kind of reforms would you suggest for the corporate sector, so that the corporate governance becomes better, and they are accountable to shareholders? Because this is big with the political problems.

You are very fond of using the words “bankrupt” and “bankruptcies.” There are two kinds of bankruptcies. Maybe you should discuss the institutional bankruptcies and the further implications.

LaRouche: Okay. First of all, on the bankruptcy issue, I've got diagrams up there, but I don't need to draw diagrams. I can describe it to you, more effectively. Since 1966, after the change in culture in the United States began, and in England, you had the change in beginning of the U.S. war in Indochina, which coincided with the launching of the first Harold Wilson government in England, the United Kingdom. And this set forth a chain reaction of catastrophe, which has rotted out the world, since that time. The full force of it is felt in Europe and the Americas, less than it is in Asia, for obvious reasons.

Now, but since that time, in 1966—I trace things in terms of physical values, per capita and per square kilometer. And I measure physical values, against financial prices assigned to it, and monetary aggregate, circulated in support of increase

2. “The State of the Union: On the Subjects of Economy and Security,” *EIR*, Feb. 7, 2003.

of financial obligations—corporate, public, others—per capita, per square kilometer, around the world. During the same period of time, up until 2000, there was a slower rate of emission of monetary aggregate, as compared to financial aggregates. At the same time, especially since 1971, there had been, worldwide, a collapse in net, physical output—when you include infrastructure, per capita, per square kilometer, worldwide: in Europe, in the Americas, in Africa. We’ve reached the point, that this has become self-feeding. In the year 2000, the United States reached a point corresponding to what set off the hyperinflation in Germany in 1923. That is, when in order to maintain financial markets, to keep them from collapsing (because they are bankrupt), you print money or other monetary aggregate in place of regular issue of money; and the amount of monetary aggregate you have to issue, is greater than the amount of financial values you’re leveraging up, *then you have a hyperinflationary spiral*, like Weimar Germany, June to November, 1923.

That particular kind of crisis hit the United States then.

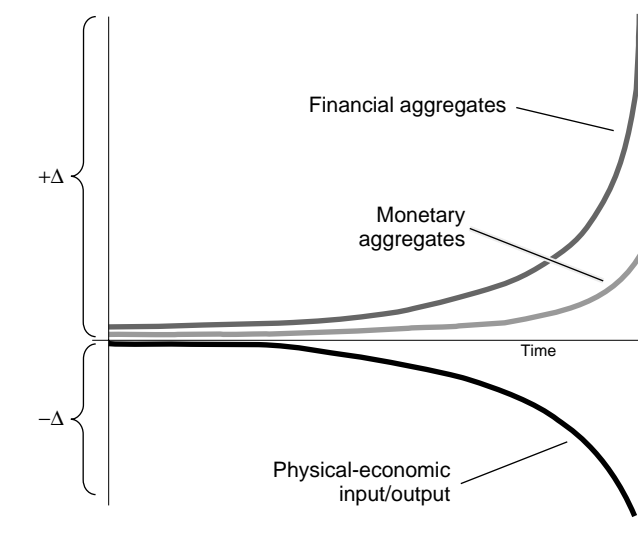
Now, remember how this was done. You have the case of Japan: Japan has been operating at a zero interest rate yen issue, overnight yen issue, for years. It has done this for the United States. It has done it; yen are borrowed overnight, at virtual zero percent borrowing cost. The borrowed yen are used to purchase dollars. The dollars then flood into the U.S. financial market, to subsidize the U.S. financial market. Germany was looted, similarly, of money, actual money—that is, real capital, as well as this kind of money; also, to prop up the U.S. financial market—while the U.S. economy was collapsing.

So, when you get into a hyperinflationary relationship among these three curves, you are coming to the end of the system [Figure 1]. It’s not a point, where you’re coming to a point where a numerical value says it will collapse: *It’s the rate of change, which creates a boundary condition you can not cross.* We’re at that point now. We’ve been at that point, actually, for two years.

But, because the United States is a *power*, the political power of the United States, its ability to intimidate other nations, means that it can survive longer than other people, as long as that power is maintained. That power came into question, was tested, on the idea of launching an Iraq war. The game against the Palestinians by Sharon, the proposed launching of the war, tested the credibility of the United States’ power. And, what happened was that Europe, despite its cowardice, had such strong resistance to this idea of the war, that, with *our* resistance, from *inside* the United States, which I was pressing for—“Stop this war. We can stop it. The Europeans want to stop, but they don’t have the courage to stop it. But, if the United States gives them an indication, that powerful forces in the United States want this war stopped, Europeans will join us.” And, that’s what happened! We stopped the war in September. We stopped it in October, November, December. We’re trying to stop it, still now, by the same

FIGURE 1

A Typical Collapse Function



method. If Sharon is defeated, we might really stop it. That’ll be decided on the 28th, right?

So, because of the U.S. political raw power—and I think every politician in any country, including India, can tell you what the muscle of the United States is, when it wants to force somebody to do something the country doesn’t want to do. As in the case of WTO: WTO was shoved on countries that wanted no part of it. But, the United States has the political power to intimidate nations, with the Pakistan threat, particularly in the case of the Afghanistan problems. Therefore, it’s possible to do that.

But, it’s come to the end of the line. And you have a President in the United States with no imagination, no competence, who makes mistakes; neither political party leadership is capable of making a competent decision. So, that’s what the problem is.

Now therefore, what do we have to do, in terms of this corporate structure? You have four kinds of business entities, private entities, apart from agriculture, that I’m concerned with (and I am concerned with agriculture, but that’s a somewhat different question). First, you have the private entrepreneur, who tends to be high-technology: That is, he’s probably an engineer, or he’s a skilled person of some other type—he’s developed a skill over years—who devotes his life to developing an entity about producing some kind of product or service. He’s not really interested in money primarily. Yes, he wants to have a profit. But, his concern is to build that business, and to make it successful and to make his product successful. These fellows work very hard. They will suffer through things for many years to make these small businesses work.

The strongest economies I know of, private economies, in Europe or the United States, are actually privately held things—not corporations; or at least, they're closely held corporations. For example, Italy has lost its big industries. Italy's export business has depended largely, in the northern seven provinces of Italy, has depended upon the private entrepreneur, who goes out with a technology-sharing approach, to neighboring countries. And, that's the main source of Italy's national income. In Germany, it is not the large corporation, that's the real killer, it is the private industry, the private entrepreneur, who is key. In the United States, the same thing used to be true.

So thus, I take as the first category, the private entrepreneur. He is the good performer. You pick a good one out, you give them encouragement, you give them opportunity, you're going to get a result. Within his capability. So, help him; educate him. The most important private entrepreneur is the one with the good scientific or engineering education. Because, he's the one that will actually give you the best results, in developing new kinds of products, that the large corporation would never take the risk of developing. And, innovations of that type.

Then, you have the honest, public corporation, which has a physical product orientation/service orientation. Those are useful.

Then, you have, at the other extreme, the opposite extreme, you have the purely parasitic corporation, which exists as purely a stockholder method of looting the economy—Enron, for example. Enron is an example of the worst kind of corporation you can have. We have too many of those kind of things.

And then, you have those which share a bit of both the useful corporation, and the not so useful.

Protection, Not Privatization

So therefore, I think—I'm against privatization, obviously, for that reason. That is, privatization of the economy. I think the government, first of all, has to determine it's responsible, morally, to set conditions which make the financial system conform to the requirements of the physical economy. And prevent the debt from running out of control, as it has done worldwide now. Secondly, government has to find ways of mobilizing financial means, to support growth in areas which are in the national interest, and know how to use various private-sector sources' potentials, to use that money efficiently. Government also has to provide the regulation, to protect nascent industries. This privatization and this WTO is killing us! It's an act of insanity! It's an act of global insanity!

For example, the question of capital: People talk about privatization. They don't talk about capital, these privatizers! I'll give you the example of the United States: To transform a newborn child, into a fully efficient young adult: 25 years. That is largely a net investment in that child, by that family household and by the state, with funding facilities.

To build anything, of any importance, is capital-intensive! Modern economy is capital-intensive. To develop agriculture, you've got to prepare the land; you've got to give the farmer three to seven years, or more, to develop his product line. It's a capital investment! And therefore, you must have regulation to protect capital investment—this kind of useful capital investment; otherwise, you won't have it. If you have free trade, then the prices drop down to *below* the cost of maintaining the capital necessary, and that's the problem.

So, government has to become, again, protectionist, in the way we were between 1946 and 1958, in particular, in the post-war reconstruction. What was done here in India, under the initial stage, under Nehru.

So, the problem we have, in this respect, is we have ideas which become popularized, which have victimized governments through the political parties. The political parties say, "We *have* to go to privatization. More and more privatization." And I say, "What do you mean by privatization? You want good privatization, or bad privatization? Do you want good government regulation, or bad government regulation?" There has to be a moral decision, which is a practical one.

So, that's my view on the matter. What we need to do, in my view, is—look: In the case of the recovery by Roosevelt, take the case of TVA. The whole area that Roosevelt put the TVA into, was a *desperately* poor area! And yet, by the beginning of the war, the TVA was the big driver of a lot of the economy. We could not have won World War II, without the TVA! Oak Ridge [Tennessee], for example.

So, my view is, that certain large-scale projects, essential infrastructure projects, essential ones, which government is capable of handling—government is very poor at small projects, small infrastructure projects. Government is almost indispensable in large-scale infrastructure projects, like the TVA, for example. Because you bring in the private contractors, and bring them in on the basis of large projects. But, the small projects, government management of small projects, has been a nightmare. In the United States, the way we handle it, effectively, is we dump the government side of small projects on the hands of the state organizations or on the state and municipal organizations. You want to have somebody who is close to the operation, to exert some control over the thing—accountability.

So, that's my view. We have to rethink, not go with the current drift; the current system is finished. Politicians have not yet caught up with that reality. Many of them are still trying to play by the rules of the game of the World Bank, and IMF, and so forth. That's a problem you have in India, as in other countries. But, I think that those of us who are morally responsible, have to think on two levels: We have to understand, that that is the current drift in politics' inertia. You have to deal with that. But, you have to realize, that someone's going to come screaming into your office, if you're a government bureaucrat, and say, "It's not working." And what do you have to offer? What do you have to suggest? So, I think

that today's government official and economist has to wear those two hats. I take the one side—I know the other side, but I don't spend much time on it. I say to the economist and to the government official: "Think with two hats. One hat is, to think about the way it should be. The other is, to recognize that you're supposed to wear the hat of what they tell you now is current policy." And you hope for the day, when you can take off the one hat, and put on the other.

What Will It Take To Wake People Up?

Moderator: There is a weekly Internet audio talk show, "The LaRouche Show," every Saturday, 3-4 p.m. Eastern Standard Time, U.S.A.

[pointing to the next speaker] Yes—

Q: I wanted to thank you for this very lucid and courageous overview you have just given us, as you always do. And, I have two questions, which are comments at the same time.

The first is: How do you explain the apparent lack of connection between what's happened to the economy, and the enormous potential—very insufficiently tapped potential—of the new and emerging technologies, which as you know have been developed over the last decades, particularly in government military-connected research departments. I'm sure you're aware of many of the things that lie in store, in the "psych," among other repositories of new and advanced technology. So, it seems to be unable to make any real difference in the current sorry state of the economy, even though such major breakthroughs should give us—in the field of energy production, new materials, and so on and so forth—should give us a new lease on life.

And, the second question is: Don't you think that, unfortunately, what you have just been saying about the actual state of bankruptcy of the economy, is not realized, perceived, or understood—I would say—by 99% of the people, worldwide? I mean, most of the people you talk to, will be totally surprised if you say such things. They will say that, "Well, we are going through a crisis. We are going through a period of adjustment. We have some difficulty, but things are already picking up. And, you know, even if we reach 10% unemployment, prosperity is there for all to see, and, you know, there is no reason to really become agitated about it." So, don't you think it will take a *real* collapse—I mean in the sense of a global depression—to make people suddenly jump up and get to work?

LaRouche: I don't believe in that billiard ball theory of politics that you referred to: that crisis pushes populations to spontaneously recognize new possibilities. Crises frighten people. They frighten most populations.

The Issue Is Leadership

The issue is—I'll take the second part of your question, first, and then get back to the first. The issue here is leadership. People are small. People are, generally, at their largest when

they think about raising families, and they're optimistic about raising families. An optimistic set of parents thinks about what they're doing, in terms of the outcome which will be experienced by their grandchildren. This applies often to private life, as well as in respect to public life; or, at least, community life, or things of that sort. They think about making society better for their grandchildren. It's one of the qualities that distinguishes—this optimism—that distinguishes the healthy and happy human being, at a minimum.

Now, what happens is, you confront a nation, a people, who have not been sufficiently developed: not only lacking intellectual development, of technology, knowledge of this, and so forth; which is—really despite all this proliferation of information, people know less today, than they knew generally 30 years ago.

So, the problem is leadership. And, you have cases—Roosevelt, for example. You have the turnabout, at least temporarily, in France under Charles de Gaulle. In France, before Charles de Gaulle became, for a second time, President of France, France was decaying, and you had a virtual fascist mob that was about to turn the place into a terrible dictatorship. De Gaulle then made this speech, as a leader, coming back as a wartime hero, saying, "*Aidez-moi*" ["Help me"], to the French population. And they supported him! He turned that into what was—at least for a period of time, until the assassination of Kennedy, which turned things against de Gaulle's plans, and so on—he turned that into a revitalization of France.

Roosevelt, in the United States: In 1933, Hitler was put into power by British and American bankers, because they wanted a particular policy, at that time. But, in the same period, they tried to assassinate President-elect Roosevelt; didn't work. But, Roosevelt transformed the United States into what essentially saved European civilization, in the course of the war. Once Roosevelt was dead, and we had a tiny intellect, and a mean-spirited one, Truman, in there, things began to go in a different direction.

My experience, in general, just to take those examples, is that we need people to take the responsibilities and risks of leadership. I often use the case of Jeanne d'Arc, as an example of this. Jeanne d'Arc, a simple peasant girl—maybe not so simple—went to a stupid Dauphin, and said, "Stupid Dauphin, I come to tell you to become a real King." And, the Dauphin said, "What do you want from me?" "I want nothing from you! God wants you to become a real King, you stupid King!" And, as a result of that, with her sacrifice, France became the first modern nation-state under Louis XI, with the help of Jacques Coeur.

And thus, you find, at all levels—sometimes it's not just the intellectual level, it's simply the commitment of leadership, a good soul, who inspires their neighbors to become inspired, to change things, in face of a crisis. Sometimes the same result requires, not only the passion of a Jeanne d'Arc, it requires, also, the wisdom to know how to carry out the job.

And my concern has been, and it is now, to rejuvenate the supply of future leaders among youths in the 18- to 25-year generation. Because, we have a shortage of people who think like leaders. We destroyed and demoralized a whole generation, that came into maturity after 1964. We demoralized them, and therefore, they are not necessarily capable, generally, of coping with the crisis that's hitting them now. I find that, among the 18 to 25 group, that I work with as a youth movement—Yes! They grab, because they say, “We are now the no-future generation. You gave us no future! We have to have a future.” They're committed to find an alternative to no future. [tape break]. . .

Science-Driver Technologies

. . . So therefore, we're going to need nuclear power. The opposition to that typifies it. China has its own version of a high-temperature gas-cooled reactor. That kind of reactor, in the 100 to 220 megawatt-type—the so-called “Jülich type”—could generate synthetic hydrogen fuels, in a local area, for which the waste produce of the fuel is water—not exactly a pollutant. And, that would be the ideal thing for India; it's ideal for something like Korea; it's ideal for the deep interior of China.

And, yes, it's not a matter of the quantity of oil. But, oil you can get from the Middle East, which you can get for the next 80 years if they don't burn the place up; it will be the cheapest oil in the world for about 80 years to come. Otherwise, oil prices will tend to rise; the cost of getting oil will become more and more marginal physically, and therefore, new technologies.

But, this is reality. The fact that highway transportation is *terribly* inefficient. Modern rail transportation is extremely efficient, relative—energy, everything else. Maglev is more efficient than friction rail.

So, the opposition to these technologies, and the lack of money to develop them; the lack of government budgets and backing to push the programs through, is the reason we have not made a lot of progress we could have made, in the meantime. I think, that China's going to a manned Moon landing: extremely important. The space program of India is extremely important, because it creates the environment of a science-driver program.

Again, but it's leadership. We have to have the leadership, to respond to this situation.

The Indispensable Role of the Nation-State

Q: I just heard that the capacity of the governments in the European countries—Italy, Germany, France—in dealing with the crisis situations is limited, because of the high rate of taxes, they can not raise the resources.

In the European Monetary Union, is a better place to deal with the present situation, than with the individual governments. Supposing they work as a bloc, of the governments. Then, supposing in the future, if you have the Asian Monetary

Union—including Japan, China, India; and form a monetary union of the type we have in Europe now. Then of course, there are the different trade blocs, that access to the markets, of these different trade blocs is not available to other countries, or other blocs. So, the capacity to get income is limited in a particular way.

I imagine some of these stable monetary unions, among the countries, may be to a certain extent, helpful to deal with the crisis situations, that we're talking about.

LaRouche: I think that the European Union, in its present form, is going to disintegrate very soon. It's not viable. The Maastricht agreements will be broken. All these agreements—they can't last.

You can not eliminate the nation-state, without destroying the world. The nation-state is the chief cause for the improvement of the condition of humanity, to the extent that it has happened, over the past 600 years. The reason, essentially, is capital-formation.

See, the difference is this: In the 15th Century, the policy was introduced, that government has no right to exist, unless the government is an efficient defender and promoter of the general welfare of, not only the current population as a whole, but future generations of posterity. This mandate upon government, and the idea of the sovereignty of the state, as opposed to the actually imperial form which is characteristic of feudalism and empires and so forth, was the difference. It was under these conditions, that it became possible, through states, to develop modern economies, and to improve the condition of mankind. Without that, there would have been no improvement.

What has happened is, those who wanted to have a new empire, especially from the English-speaking Europeans, and the United States: They got the idea. Bertrand Russell is an example of that. H.G. Wells—have a world empire; get rid of these governments; set up a Utopia. So, they said, “Let's destroy the nation-state.” And Russell said, explicitly, “We have to use nuclear terror, the terror of nuclear weapons, to force governments to give up their sovereignty and accept world government.”

What has happened, since 1964, there has been a deliberate, conscious effort, among certain influential circles, inside the Commonwealth—that is, the British monarchy section of the Commonwealth, and the United States—to do this. The war party, in the United States, is part of that. The generals are against war. But the Utopians are for war. Hmm? A bunch of draft dodgers, are big warriors in the United States. Dick Cheney: draft dodger; Vietnam War draft dodger—Vice President of the United States.

So, the problem is, we have to go back to the nation-state. But, we have to understand, the problem we have to eliminate with the nation-state: We have to get past the idea that nation-state sovereignty is a cause for an objective conflict resolution situation. For example, take the case of the cooperation: Germany, on this magnetic levitation and a few other projects,

which are technology-sharing projects between Germany and China. Perfect examples: Germany has something it can produce well, in a certain technology that it has. China doesn't have parts of that technology. Through technology-sharing, Germany, which is bankrupt because of low employment, can increase its employment to supply China, with something China needs, which will help China increase its income, and upgrade the level of its employment and efficiency of its economy.

So therefore, in this case, for that cooperation between two nation-states, you have a benefit to both. However, to do that, Germany must now create new credit, which only a state can do: long-term credit, 25-year credit, 50-year credit. It can do that. Treaty agreements among governments, for state-to-state credit issuance, on long-term projects of mutual interest, or category projects of mutual interest, will be the basis on which we'll get an economic revival. The other sections of the economy will automatically revive in response to any revival from these sectors.

Our major concern should be, right now, to get the level of productive employment up, with as much technology added to it as possible, to bring the level of employment and income up to the point that governments can balance their budgets and meet their capital requirements for infrastructure. And, I don't see any reason we can't do that. It's just a question of will. We're up against, as I said with the two-hat thing, that I mentioned earlier—we're up against the fact that governments are wearing a hat, which says to them, "Now, we are committed to WTO. We are committed to privatization. We are committed to reducing the role of government," etc., etc. That's the hat. If you're working in government today, you have to deal with the fact, that that's the official line. But, you're going to come to a point very soon—and I should think probably in the course of this month, a lot of governments are going to see that: that you're going to have to go in a different direction, *back* to a different kind of conception, of the nation-state. And you're going to have to mobilize populations around new conceptions of long-term objectives.

As I said, it's a leadership question. If populations are won to an idea—and government is the most efficient agency for winning a population to an idea—if a good leader of government, or leaders of government, go out to the people and say, "Here's the problem"; the people, "You're right! We got the problem!" "Here's what you're to do to solve the problem." Then, you're going to get the clamor from the population: "How is it going to work?" And, good government will show the people, and convince them, how it can work. Or, maybe make a few changes based on some feedback from the population. That's the way we always worked in the United States, when we were working best. It'll happen again.

So, I'm optimistic. I say things, which I know have to happen, even though I agree, as you expressed this, that at present, it would seem that the cause is almost impossible.

But, I assure you, the cause is possible, because the alternative is not going to work.

This Is No 'Cyclical Crisis'

Q: The point that interests me is, that between 1992 and 1999, the United States witnessed one of the longest periods of fairly high rate of growth by the U.S. standard. Especially, in the post-Civil War—since 1865, which was one of the longest spells of fairly good upswing, then. That ultimately resulted, together with euphoria about new technology, high technology, and fairly over-expectation of growth in the United States. As a result, companies went on expanding far beyond the market. Finally, when they found that demand splash started hitting them, many of them started indulging in less-than-moral practices. As a result, the government, managers, the financial system, went into what you call bankruptcy.

We did go through one more phase of a cycle. Because, you mentioned the idea that Roosevelt used the famous TVA, he used the state exchequer to get that system authorized. And you are recommending something similar to that. And, the question, that I'm asking is: As some classical economists would say, is this one more phase of the business cycle, where if you go too far astray, the market will adjust, prices will be re-adjusted, investment will be relocated?

LaRouche: That's what you hear all the time. But, this is called "denial." It's like the man whose wife left him in anger three years ago, and he's still setting dinner for her, every night. He's probably married somebody else by now.

First of all, the business cycle largely occurs only to the extent that the system is viable. And becomes like an elasticity effect in the system.

Well, this is not that. There was no recovery in the United States from 1992-99. What there was, was two things: First of all, the United States took the opportunity of the collapse of the Soviet Union, to engage in one of the biggest looting operations in history. And, what came into the United States as actual wealth, is largely a net result of looting the Soviet Union, and some other countries. What was growth—yes, we printed a lot of money.

What happened is, Clinton came into the government in the 1992 election, in 1993. Well, Bill was a sort of a nice guy, sometimes; he was a little bit fast with the ladies, but a nice guy. He is also probably the brightest man we had in the Presidency in the 20th Century. *But*, his commitment to principle was somewhat in question. He tried to do a few things, but if it was too much of a problem to him, he'd drop it, and go the other way. And, he had a wife who was even worse than he was. She was dangerous—actually dangerous; her health-care legislation was one of the greatest atrocities ever put forth in the name of legislation—2,000 pages of deeds, do's, and don'ts. You'll never get it through, like that!

The Hill-Burton Act of 1946 was only a few pages; and



LaRouche first visited India as a U.S. soldier in 1945-46, and has had a special relationship to that nation ever since. Here, street vendors in New Delhi.

here a whole health policy, which actually improved the health of the United States, from then, until 1972-73, was a few pages! A good piece of legislation is never complicated. You get a good piece of legislation, get it through the government; adopt it; go to work on it; and then, let the experts make it work.

What we did, was, Bill knew that Bush had gone down, because the U.S. economy was going down. It wasn't Bush's problem. Bush didn't understand what economy was, let alone try to ruin it. What Bill did, under the influence of the Federal Reserve System, which ran this operation—remember, the Federal Reserve System, from 1979 through the present time, has been run by two guys: Paul Volcker and Alan Greenspan, one successor worse than the former. And, they'd run the biggest swindles imaginable.

For example, most of the reports on U.S. output, GDP—completely fake. Look at the Quality Adjustment Index: 40-50% per year *fraud*, in the actual reporting on sales, by simply saying, “No. This product has improved 40%. Therefore, instead of showing what the actual value of the product is, we'll now change it by the Quality Adjustment Factor.” Fake. The other fakery was, Y2K. “The world is going to shut down in the year 2000, because the computers won't be able—the accounting system won't be able to get over the year 2000.” Right? So, what they did—this was done by Alan Greenspan—they pumped vast amounts of money—and the President went along with this stuff, this fakery—vast amounts of money into corporations that never made a nickel. But, they were being traded on the market at spectacular values. You'd have a new issue go on the market: IT. Boom! The stock goes

up to astronomical values. You'd get billionaires coming out of shoe stores, essentially, with this stuff.

So, what happened is, the bubble went on, until 1996-98, approximately. Then, we had the first effect, was the so-called “Asia Crisis” of 1997, with the international effects of this bubble. Nineteen ninety-eight, the last phase of the big looting of the former Soviet Union occurred, in the form of the GKO speculation. Again, hedge-fund speculation. At that point, the system was finished.

So then, Clinton said, then, “LaRouche is right. We're going to have to have monetary reform.” But then, somebody scared him, in the Washington conference of October 1998; different decisions were made. The decision was, to bring in George Soros. And George Soros said, “Make a wall of money.” Because the next crisis they faced, was the Brazil crisis, due for February of the year 1999. The way they dealt with the Brazil crisis, and generally, is, they said, “Wall of money. Generate a wall of money—monetary emission—and flood the world with it.”

Also, with what should have been stable institutions, which were the Fannie Mae and Freddie Mac, we built up housing bubbles. Now, you find that the United Kingdom is about to go under, because of the housing bubble. It's already collapsing. Housing bubbles in the West Coast, California; housing bubbles around Washington; other housing bubbles. We are facing a *multibillion*-dollar collapse in each of these areas.

So, the system never did make profits. But, *if you print money*, the kind of curve I described, you can create the appearance, the illusion. But, if you look at all this period, from

1977 on, and take the lower 80% of family-income brackets, and look at the actual physical content of consumption of households in the lower 80% of family-income brackets, the collapse has been precipitous.

So, what you had, is an upper 20%—and everything was the upper 20%, as long as the bubble went on—and U.S. politics were based on the so-called “middle.” German politics, French politics, U.S. politics. The “middle.” The “middle.” “Go to suburbia, to the conservative middle class,” within the upper 20%. Now, what happened is, about half of the upper 20% has now gotten into trouble, and lost vast amounts of money in the market in the past year and a half.

So now, it’s over. So, it never happened! But, this is what happens, as in the John Law bubble in the 18th Century, and the South Sea Island bubble, the same kind of thing. And, this kind of fakery goes on. And people use this, politically, to say, “Well, it’s all right. Don’t you see? It’s going to bounce back. It’s going to bounce.” It’s not going to bounce—not going to bounce. Cyclical crises do not exist at this time. They may get cyclical little ripples, here and there, but there are no cyclical economic crises. This is systemic. This is the end of the system. You can not convert the most advanced nations in the world—what *had been* the most advanced nations in the world, in Europe and the Americas—you can not convert these economies, from what had been the *leading productive economies* in the world, per capita and per square kilometer, into *consumer societies, living like parasites sucking the blood of the developing sector*, and trying to set up a new imperialism at the same time: It can not be done. That system doesn’t work.

You can take the physical economy, right now, and, as of this month, we can start a recovery. If the President of the United States would agree with me, we could start a recovery. Simply by saying, “Put the thing into bankruptcy. Let’s go back to what Roosevelt did.”

There Are Solutions

Moderator: Anybody else like to intervene? We’ve had an hour and a half of productive discussion. Most of the time, we have been exposed to the visiting scholars coming and telling us about economics, also with discussion. Some of them widen the discussion to the political economy. But, it’s not always we have someone like Mr. LaRouche, who widens the discussion to the direct politics, history, and philosophy, all combined into one. I do not know—although I do find from one of the friends of Mr. LaRouche, Dr. S.B. Gupta, a member of the Planning Commission, that, many of the prophecies made by LaRouche look atrocious, when he pronounces his bombs, like say, the European economic council will disintegrate. But many of them, eventually, are known to have come true!

Now, this could be, in many respects, prophetic. I do not know whether—whether all of us will be happy if such a thing does happen, but it’s quite often, that things spoken in the

beginning may appear to be quite unthinkable, but it does happen. And, I was also simultaneously reading a few things, which is the latest, “LaRouche Emergency Infrastructure Program for the U.S.,” and many more things that are for sale over there. I’ll pass around some of this, for my colleagues in the library. You can read later on.

May I dare to use this opportunity to thank Mr. Lyndon LaRouche for providing to us a broader insight into what is happening to the world of economic systems, and in particular the financial systems?

Thank you very much. I hope you also enjoyed the interactions with my colleagues. And, as I understand, yours is a mission. You have to communicate these ideas to the larger number of people all over the world. And, we are thankful that you choose, in Delhi, our institution. So, thank you once again.

LaRouche: I first reached India—some of you know this, but I first reached India, in the capacity of a U.S. soldier, in 1945-46. I was in Calcutta, in some very relevant weeks, among other things, and became deeply involved in the cause of Indian independence, at that time; which was not very discreet for an American soldier, even though most American soldiers were sympathetic at that point to the idea. But, I’ve been involved in this. That I’ve been more active again, since the middle of the 1970s, when I became involved with Mrs. Gandhi’s efforts. And, she was a very impressive figure, and we had this “Forty-Year Plan for the Development of India”—this 40-year plan, largely infrastructure.

And, India is one of the countries, which I have a special relationship to, because of history, and also cultural questions and things of that sort. So, I’m very happy, if I in any way, on this occasion, as on others, have contributed to enriching the powers at India’s disposal.

Moderator: Thank you. I hope you will be able to come again to India. And, if you do come, well, some of us might remember many of these things. We can have an exchange of notes on the developments in the world. I propose a vote of thanks to our distinguished visitors. I hope you will all clap him [applause]. Hold back! On this positive note, with which he’s saying, that there are solutions. Unfortunately, the government is not always looking at the right solution. But then, there is a popular saying, sir, defined by the Britishers: “The Americans always do the right thing—after trying everything else!”

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Globalization of the World Economy Is a Prescription for Disaster

Lyndon LaRouche gave this presentation at the University of Jaipur, India, on Jan. 21. He was the guest of the university's Political Science Department and the Federation of Rajasthan University and College Teachers' Association.

Approximately one week from today, in Washington, D.C., from a Washington hotel auditorium at 1 o'clock, I will deliver a State of the Union report on the condition of the United States, which report will last about three hours, as such events last. It will be a challenge to the President of the United States, who at 8 o'clock, that same evening, is scheduled to present his report on the State of the Union. I can assure you there will be a very distinct contrast, and there will be a very serious debate about the difference between my views and his, because we are now in a crucial phase of the world financial, monetary, fiscal breakdown. It's also an economic breakdown, but primarily, it's a breakdown of the international financial and monetary institutions. It is a failure, in particular, of the floating-exchange-rate system brought into being by Henry Kissinger, George Shultz, and Paul Volcker, through President Nixon, on the 15th of August 1971. That system has been a catastrophe for the United States. But the problem is not just that.

We're also in the midst, not only of a threat of the launching of an Iraq war—though I believe we have postponed that from inside the United States, with the cooperation of people in other countries, since the end of August. We managed to prevent the thing from happening in September, October, November, December, and so far, for January. So, the latest report is, it can't happen before February, but I'll give you no guarantees. Because of certain instabilities in the system, almost anything can happen. But in the ordinary course of events, we have it postponed.

Iraq War Aimed To Prevent Cooperation

But the danger is not an Iraq war; the issue is not Iraq. The issue is, an attempt to prevent the nations of Asia, specifically the emerging cooperation among—even Japan, which has come into the picture today—Korea, China, the ASEAN nations, and also India, to enter into what a former Prime Minister of Russia proposed here in Delhi, in December of 1998, the creation of a Strategic Triangle of cooperation among Russia, China, and India, as a keystone for bringing together

the nations of Asia, and an alliance of mutual security and economic progress.

This process is now underway. It is not happening in a neat fashion. There was a recent conference in Phnom Penh, on the subject of the Mekong River Development Project. If this is done properly, this would be a revolution in Asia, because every part of Asia—India, China, and so forth, are involved in medium or major large-scale water projects to deal with crucial problems. There are those who do recognize that the populations of India and China, in particular, typify, in Asia, a vast population, which in the future will be the greatest market on this planet, because of the need for development of these countries.

We see already in China, great movements in this direction. The largest water project in the world, the Three Gorges Dam. A high-water project to bring water from the southern part of China to the northern part of China, to deal with that crisis. China has just built the first phase of the most modern transport system in the world, which went from Shanghai, to Shanghai Airport, at a top speed of 431 kilometers per hour. And if you watched that on television, and saw the Chancellor of Germany, Gerhard Schröder, and the Prime Minister of China, sitting side by side, in the front row of this vehicle, before them was a table. On the table was a bowl of water. In the water were floating rose petals. Nothing spilled, at 431 kilometers per hour!

This was done in a period of two years, with some of the most difficult construction, subterranean terrains, a huge challenge. Commander Wu, the engineer who was responsible for the project, is now a famous name, not only in China, but also in other parts of the world, especially in Germany, where this was heralded as a great achievement of German technology, which developed in China, which could not be brought to fruition in Germany itself.

So, we also have a potential in India—the Mekong Development Project, of course—if we can overcome the difficulties which are now going on in Korea, which China and Russia, among others, are working to deal with the North Korean crisis. We have a continuity of government in South Korea, which is very important. The outgoing President has a successor who agrees with his policy. This is unusual for South Korea. It's excellent.

What this means is, there's a great opportunity; because

if that railroad is put together, then we have rail lines automatically from Pusan, at the tip of Korea, to Rotterdam and Europe. We also will have, with China, cooperation to develop rail lines along the same route, through China, along the so-called Silk Road route, through Central Asia, and also to Europe. There's also a southern route in progress, from Kunming, into Myanmar, possibly through Bangladesh or through northern India, which would benefit India. Which would also go down to the tip of Malaysia, potentially across the straits into Indonesia, and circling back toward Vietnam, through China, and Cambodia.

Great Projects and Human History

So, we have great projects before us, and there are such things in India. We have the possibility of the Brahmaputra Dam, in the North—in China—one of the great water projects, and power projects, which may save the Bay of Bengal from being silted up, among its other contributions. So, the great things are there.

But, what does this mean? This means that suddenly, you can have high-speed transportation, of passengers and freight, from the Atlantic Ocean, to the Pacific Ocean, across the great Eurasian land-mass. This means that we can move freight, across land, at a cost which is less than that across water, by ocean freight. Because when you build a great development transport corridor, you include within it, not only transportation, such as rail, you include also water projects. You include development of new towns and cities, which are an essential part of the process. You put power generation and distribution systems into the area. You take areas which are undeveloped, and undevelopable, which have large stores of mineral resources under the soil that are not economical to reach right now. You suddenly transform this area into an area of population growth, and development. So, in effect, the process, so to speak, the physical process of change from the transportation project, more than pays for every bit of the freight cost of transport across the transformed [area]. This is the greatest process of change in humanity I know.

Because through most of humanity, contrary to some British and other myths, humanity's culture obviously developed along the lines of ocean routes, sea-going routes. There are physical reasons, which some of you who study economics know, for that. The great development of civilization came from the seaborne routes, especially since the past 21,000 years, since the great melt of the glacier began. It began from the sea, at a time that the waters of the Indian Ocean were probably 400 feet [125 meters] below where they are today. And one could search the coast of India for 19,000, or 10,000 years ago, 12,000 years ago. There must be some interesting things buried down there which we could find.

Because, we know civilization is much older than 10,000 years. It's gone through catastrophes, but certain elements of civilization, like the great stellar constellations, which were followed by ancient astronomers, were passed down from



During a visit to the Jaipur Observatory, the LaRouches stand at the site of the largest sundial in the world, which dates from the 18th Century.

earlier generations, from generations maybe 30, 40, 50 thousand years ago. Language developed, cultivated languages like the languages in this country. Many parts of it were developed, in many places a long time before the melting of the glacier. This transmission from ancient cultures to modern cultures, was part of the foundation of modern civilization. And the struggle has been, first to move up rivers, to conquer the inland territory and develop it. And you see, up the rivers, the great riparian projects of development. Later, more and more inland, with improvements, especially in canal systems, water management. Now the time has come when we can reverse that process. We can now make a land-based development of civilization, for the first time in history, to the benefit

of civilization. And the great land-mass of Eurasia, is the keystone of this global process, which requires financing development, but it also creates the opportunity for it.

Now, what does that mean for those in the British Empire? Or those who sympathize with the British Empire tradition in the United States, those whom we call the American Tories? We could call them traitors—but they're called officially American Tories. This means for them, that the old system of Europe, the evil part of Europe, especially since about 800 A.D., when the Venetians emerged as a great power, an international maritime imperium, based on the shoulders of Rome, by a financier-oligarchical interest. Since that time, the history of Europe has been the development of primarily, imperial maritime systems, based on the emergence of financier-oligarchical control.

With the collapse of the abominable Hapsburg empires in Europe, there emerged during the middle of the 17th Century, the Anglo-Dutch Liberal model, based on so-called parliamentary government, but actually under the control of central banking systems, which actually represented the control of the state, by a financier oligarchy. Where the money system controlled by the bankers, dictated to the state, the terms. It called for the fall of the governments. It suppressed the will of the people, the will of the government, saying the moneyed interests *will not let you do that*. What happened on August 15, 1971, with the floating-exchange-rate system installation, is typical of that. The system that had worked, was *wrecked*, and the world has been suffering ever since, especially the developing sector.

Disastrous Shift to 'Consumer Society'

But, let's go back. What is the President facing, and what am I facing, a week from today, in Washington, D.C.?

We had a great change in the U.S. economy, and also a simultaneous change in the United Kingdom economy, about 1964. The change was, a shift coinciding with the aftermath of the assassination of Kennedy, the aftermath of the Missiles Crisis of 1962, a shift toward a post-industrial consumer society. We've seen that before in European history. For example, at the end of the second Punic War, Rome, which emerged as a leading military power in the Mediterranean in that period, began to shift to depending upon looting countries it conquered, and shutting down production inside Italy itself. A conversion of the Italian economy inside Italy, to slavery, increasingly, and shutting down the independent farmers, and the others who had been the basis of the Italian people before then. This has continued to happen since then.

The United States has become, over the years, as happened with the Harold Wilson government in the United Kingdom, a scene of destruction of the economic power of the United States in particular, which had been the leading producer economy in the world. In 1945-46, the United States emerged not only as the leading power in the world, but the *only* power. The United States was the leading economic

power, whose strength was able to support a postwar reconstruction, a postwar monetary system, which worked: the so-called Bretton Woods system. There were many faults in it. The faults included the conflict with the Soviet Union, which was never necessary, but was used for orchestrating world politics. But nonetheless, we remained the leading producer society of the world. We represented an achievement of European civilization in developing producer society capabilities. At that time, say 1946, '45, in India, the Indian nationalists, who were struggling for freedom from the British monarchy, would say to anyone, as they said to me, "What are you going to do when you go back to the United States? Are you going to bring us the technology we need, to develop our economic independence, as well as our political freedom?"

That has changed today. That attitude toward the United States has changed. The United States is seen as a predatory nation, looting the world with its control of the World Bank and the IMF, through its international financial system, through its rigging of currencies, the value of currencies, and so forth. We are living, in the United States, on what we steal, legally, because we make the laws that enable us to steal.

Now, the President of the United States faces certain problems. He doesn't understand them; he probably never will. He's not a man who's qualified to understand these things. But he's a sitting President, and under our institutions, we do not shoot our Presidents, or at least we're not supposed to. And I'm not going to let it happen, if I can prevent it. But the man is not qualified to be President, by any means. We have a great crisis. We need someone like Roosevelt, not someone like this. Not someone like most of the Presidents we've had since then. But he doesn't understand the problem. And I know, as of four days ago, that his key advisors had no clue of really what the problem involves. Typical.

A Systemic, Not Cyclical, Crisis

First of all, the United States is bankrupt. Every major bank in the United States is bankrupt. Virtually every major bank in Europe is bankrupt. This means the Federal Reserve System is bankrupt. This means that the European banking system, monetary systems, are bankrupt. The Bank of England is bankrupt. Most of the banks of the world, outside of China, are in bankruptcy, or close to it. Whole countries are disappearing. Peru is crushed. Colombia is crushed. Mexico is being crushed. A great genocide dominates all of sub-Saharan Africa. You know some of the conditions in Asia cohere, because you suffer them more closely here. The world is being crushed.

In the United States itself, 46 states, of the 50 Federal states, are bankrupt, and there is no hope of balancing their budgets, whether by tax increases, or tax decreases. Makes no difference. Budget increases, or decreases. It makes no difference. The United States is bankrupt: 46 states of the 50 are officially bankrupt. Now, we've had enough discussions with a few governors and their circles, to know some of the

details of this thing. It's bankrupt!

Typical of that: At the end of this month, if the Congress does not act to save the Amtrak system, the United States will no longer have a rail system. There will no longer be a national rail system; it's practically disappeared already. We have United Airlines in bankruptcy, and American Airlines going into bankruptcy. If they're being put into bankruptcy, they're being plunged into cutthroat competition with other airlines that are not yet bankrupt. If this process continues, the entire U.S. airline system will go bankrupt, and they'll be largely disintegrated.

Our power generation and production systems are disintegrating. We have a water crisis beyond belief. The Southwest of the United States is in a tremendous water crisis. There's no way of managing it. The ground is sinking in the large aquifers, from being overdrawn, as California is sucking the aquifers, is what California has done to the other states.

We have a crisis in the health-care system. We're killing people, to try to balance budgets. And the killing is being done by domestic interests which are looting the health-care system, to help guarantee profits. The lower 80% of the population of the United States, and similar family-income brackets, have been collapsing at an accelerating rate, since 1977. We have a social catastrophe. We have an economic catastrophe. If the United States is tending to go toward a war, the purpose is not Iraq. Iraq is not a bomb, it's a fuse. You set the fuse off, and you'll set off a chain reaction. And that is the intention. It is not that these people behind it don't intend it should happen; they *intend* it should happen; because we know the definer of the policy. The former head of the Arab Bureau of British Intelligence, Bernard Lewis, who controls the Middle East and Asia policies to a large degree—in fact, he should be put down for murder—controls the policies of Henry Kissinger, Zbigniew Brzezinski, Huntington, and so forth and so on.

We have a pro-war party in the United States, which wants to set up an American empire now. They're lunatics. We've held them in check so far. I think we can hold them in check for the next month. I'm not sure, because an accident can happen. The potential is there. But the purpose is to do what? It is to destroy the potential, as I indicated, in Asia. Why?

The Asian Potential

Because if Asia does what Asia intends to do, typified by these trends in cooperation, rising trends in cooperation, if you include the three countries to the north of ASEAN—Korea, Japan, and China—with the ASEAN countries, and India, and with adjoining countries, such as Kazakstan, and so forth, into this with Russia, what have you done? You have created a market for high-technology goods, not to export and import, as much as technology-sharing. Because India has technological capability, and China has that capability, but not enough. The way to deal with this with countries which do have high-technology capabilities, is through technology-

sharing. This means at least 25-year agreements, credit agreements as treaty agreements among nations, to cooperate on specified long-term projects: transportation projects, energy projects, water management projects.

Take, for example, the case of the Brahmaputra power project, from Tibet down into Bangladesh. This is a multinational project. You've got two principal powers, China and India, involved, and you've got Bangladesh involved. And others. This will change the power and water situation in India. There are other things of a similar scale, which involve more than one country, such as the Mekong Development Project, and so forth. These projects are key. China has access, potentially, to Central Asia, with major resources, but it doesn't have enough water in Central Asia for Central Asia to live. The solution is, to take the River Ob, and other rivers that flow into the Arctic, in Siberia, and divert them to flow back toward Central Asia—for example, to rebuild the Aral region. That immediately opens up the region for social, political developments, which is part of the necessary security of China, of India, and so forth. So, this kind of cooperation means that Europe, then, which is about to go bankrupt, belly-up—Germany, France, Italy, especially Germany; and Germany's largest markets are India and China. The vast majority market is China, for technology.

The basis for the relationship is technology-sharing. India has a technology-sharing capability with China, and with other countries. China is producing computers; India is producing IT. India's going to lose a lot of the IT market in the United States, right now. Therefore, what do you do? You go with a country like China, which has hardware capabilities; and the two countries can, together, produce a product for this area, with technology-sharing, as opposed to simple export-import relationships.

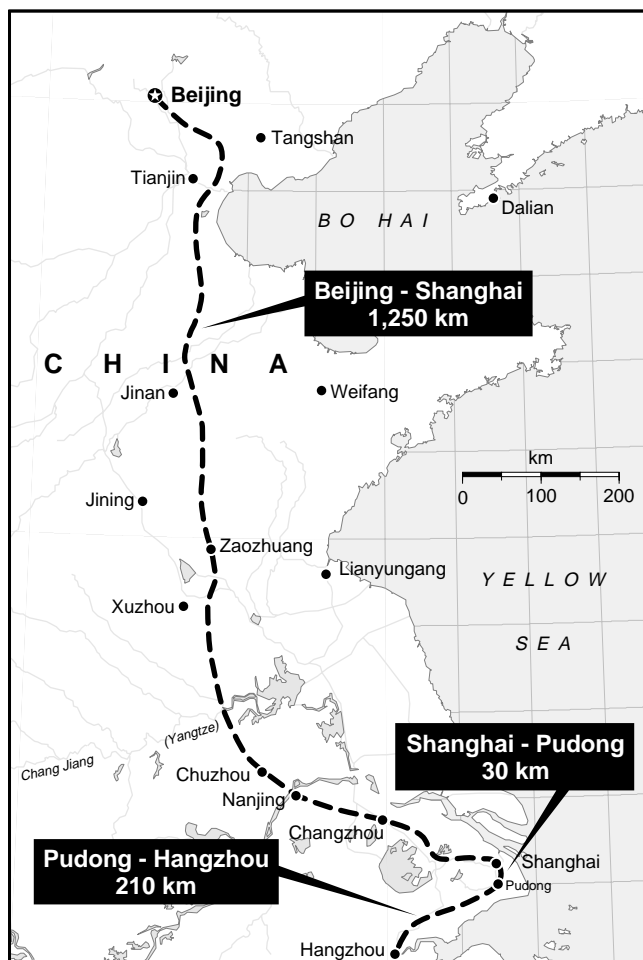
So, what does this mean? This means that Europe can recover, be no longer bankrupt, simply by increasing the amounts of technology-sharing with Asia.

What does this mean? This means that those whose ambition is to create a new English-speaking empire, based on the fools in the United States, and fools in Britain and Australia, Canada and New Zealand, and those dreams of empire are *over*. No longer will this planet be dominated by imperial maritime powers. No longer will this planet be controlled by financier oligarchies controlling central banking systems, and dictating to governments, what governments can and can not do.

As you know in India, the fiscal problem is a great one. India can do great things, but every time Nehru tried to do something, his back was broken by fiscal enemies in his own country. Every time Indira Gandhi tried to do something, the same thing—fiscal agencies. Every time we said the IT should have the funds to bring in the experimental equipment, the apparatus, to the ITs, to enable the people who are being trained in engineering to actually practice experimental physical science, it wasn't there. And the top layers of India's IT

FIGURE 1

Planned Maglev Projects in China



Source: Transrapid.



power, not a war-winning power. War-winning is person to person. It is truce, within occupied territory, and making friends with people who were previously your adversaries. War is—true war—is a search for peace, when no other means is available. But the purpose of war is not war; the purpose of war is peace, if you can't avoid war. And therefore, your war policy should have the aim of getting to peace as quickly as possible, as we should have learned from Europe, in terms of implications of the Thirty Years War, when this great Cardinal, Jules Mazarin, intervened in the Thirty Years War, to organize what became the Treaty of Westphalia; which was the rebirth of European civilization—not a very perfect birth, but a necessary one.

The purpose of military policy is peace: to have the necessary equipment to guarantee security. And the purpose of government is to use that power to negotiate peace, with all parties included.

So, the United States today is obsessed by a problem which obsesses Britain. The problem might be called Hobbes and Locke. Hobbes said that, by nature, man is a beast, in congregation with beasts. Locke said pretty much the same thing. Locke introduces the idea of shareholder value, which he called property—"life, liberty, and property"—which means slavery. It's what shareholder value in the United States, which is being put forth today, means: slavery. It's a return to slavery in one form or another. That financial values must be upheld, at the cost of real economy, and the population, instead of the general welfare.

So, these countries say—and I've had this argument with my friends even in the United States, in government circles—I've said, pointed out to them, what the great opportunities are, for the United States. Not imperial opportunities, but because of the historical tradition and present political authority of the United States, if the United States intervenes in world affairs, and says, "Let's put the bankrupt banking circles into bankruptcy reorganization. Let's reform the monetary system. Let's reform the financial system. Let's create the means for large-scale treaty agreements among nations, that is, 25- to 50-year agreements, in order to develop the

"Technology-sharing," one of LaRouche's major policies for the "Strategic Triangle" countries: China's revolutionary new magnetic levitation train routes (Shanghai-Pudong already in operation) "were heralded as a great achievement of German technology, which developed in China, which could not be brought to fruition in Germany itself." China's Prime Minister Zhu Rongji and Germany's Chancellor Gerhard Schröder at the launching ceremony in Shanghai on Dec. 31, 2002.

graduates are running to other countries to find opportunities to complete their education, and find employment.

And why do you have this succubus that sits on these countries?

The Purpose of Just War

So, therefore, there is a solution. The United States is not much today, in terms of economics. We truly don't have much in terms of military capability. We have a terrible destructive power, but not a war-winning power. We have a war-making

world.” If the United States President, supported by the American people, goes to governments, and says, “Let’s have, next week, an emergency meeting on the international financial crisis, questions of global security, questions of monetary authorities, questions of new forms of cooperation, to get out of this world depression,” those countries would come.

And the United States’ power, might—through trust in utilizing U.S. power—be just that: We say, “We have, as the United States, we have a great legacy, which was given to us partially by Europe, a legacy of influence, a legacy of historical honor, earned by the American Revolution, earned by Benjamin Franklin, earned by Abraham Lincoln, earned by Franklin Roosevelt—we have a great legacy, which people used to love, and used to hope for succor, in the past. Let us play again that role.” And there are solutions.

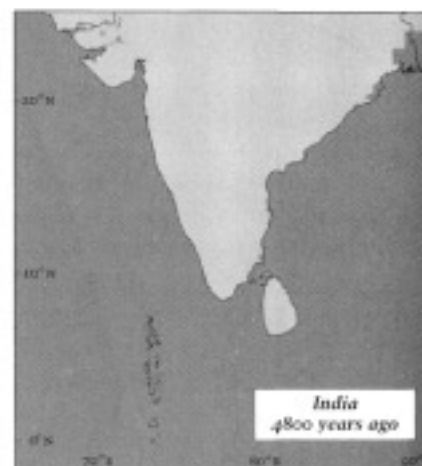
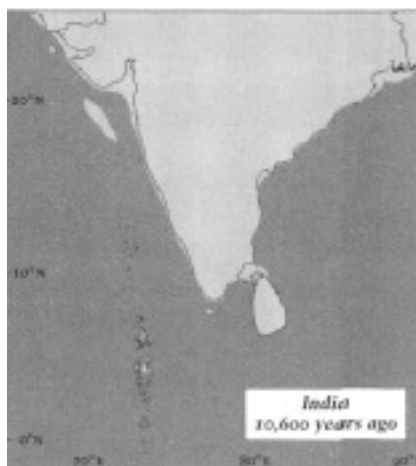
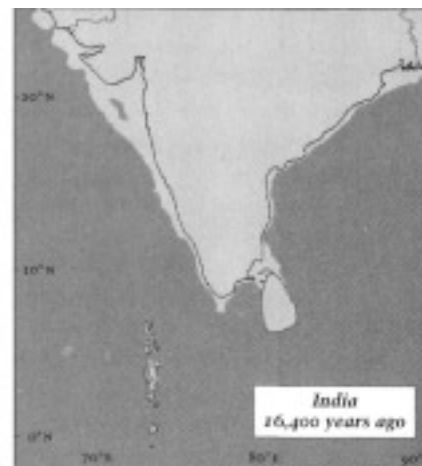
Unmasking Globalization

Now, one of the things we have to get rid of, in this process, is globalization. We have to understand what it is.

Globalization is nothing more than imperialism, pure and simple. Now, you can look at this simply as imperialism, but you can also look at it from another standpoint. You can look at it from the standpoint of economy. How does globalization destroy economy? What does it do? What is the acid, the corrosive acid, of the very idea of globalization, which must inherently destroy national economies, and starve people?

Capital: The period of 25 years, which is the time from birth, to producing a qualified university graduate, with professional qualification, it’s a capital cycle! Society must invest in the family. It must invest in the individual. Education, health care, and so forth, to produce an individual who is now an adult, or young adult, who can further develop, and contribute to the next generation after his or hers.

And the future of the nation depends upon what we do about this generation, the next 25 years, of the present generation. Well, that’s an investment. In order to increase productive powers of labor, you can not rely upon microeconomics. I could increase the productivity of any economy without any improvement in agriculture or industry, in terms of technology or in terms of productivity, in an apparent way. I could



LaRouche asserted that “the great development of civilization came from the seaborne routes,” until only the last two centuries have made land-bridge development possible. Ancient civilization “began from the sea, at a time that the waters of the Indian Ocean were probably 400 feet below where they are today [here, the much greater extent of the subcontinent in that epoch is shown]. One could search the coast of India for 19,000, or 10-12,000 years ago. There must be some interesting things buried down there.”

do it, economically. Why? If I now change anything inside the firm, the firm’s requirement; if I improve, or generally cheapen the quality of power; if I, in public efforts, public infrastructure projects, improve water; if I improve transportation, if I improve the organization of cities, like the mess we have in Delhi now, which I’ve just been looking at; if we develop the area, develop the people, and develop the infrastructure, that in itself, by itself, if nothing else, will cause a very significant improvement in productivity. It is from macroeconomics, in the physical sense, that sound economic policy unfolds.

When governments, in the name of being competitive for purposes of globalization, cut back on infrastructure development, liberalize power production, oppose state subsidies for power development, oppose state subsidies for developing water systems, oppose state subsidies for developing trans-

portation systems—do you want India developing highways, with a growing population, in the order of a billion? Where's the land area for all these kinds of streets, superhighways? You need efficient rail transport, public transport, which can move people cheaply and efficiently, and cleanly, and without hassle.

Save the land area. You don't want to haul oil from the Mideast into India; you need nuclear power. You need power by say, a high-temperature gas-cooled reactor, with 120 to 200 megawatt load. Because you don't want to haul fuel all over the country. You don't want to haul ashes of things from all over the country. You don't want to pollute the area by burning these fuels, which should be used as chemical feedstock for industry anyway. If you want, we can produce a high-temperature gas-cooled reactor; and equal—by using multiples—instead of a 1,200 megawatt operation, produce a number of high-temperature gas-cooled reactors in the 200-megawatt range.

We can produce synthetic fuels for water. We can burn these fuels as power, for automobiles, aircraft, and so forth. And the end waste product is water.

So, why do we want to do these kinds of things? Because we'll need to improve, to make these kinds of improvements. Health care. We have, for example, the case of HIV in India, which is one of the great national security threats to India. It's being spread, particularly because of a breakdown of employment in agriculture, which is infusing cities with a tremendous number of poor. These poor are living under terrible conditions. The cities are not prepared to absorb these masses of poor. And so we have built disease-breeding centers, which may go from 3-5% range of the entire population infected, and spread out from there. Infrastructure development can help that. We need the medication, medical treatment, the medical science, and so forth. But we can already limit this whole problem to a large degree simply by improving infrastructure.

A New Bretton Woods System . . .

And this is what the United States did, faced with a problem; and we've always been faced with problems. We need to go back very quickly, therefore, to a system which is a fixed-exchange-rate system. This means a gold-reserve system, implicitly. We may be talking about a \$1,000-a-troy-ounce potential reserve today, or maybe more. It makes no difference. In a gold reserve system, it's not the price of the gold which is important, it's the function of gold that's important, as a reserve currency. We need a protectionist system. We need a system under which nations can cooperate, as I

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indicated in the case of Asia: 25- to 50-year treaty agreements of cooperation. That means that each nation wants a strong national economy, because the basis of credit will not be central banking credit, will not be private credit. The private credit is not going to exist. The main thing, this economy is coming down. The system's coming down. The states, the state must intervene, put the credit system into bankruptcy, and generate state credit in two ways.

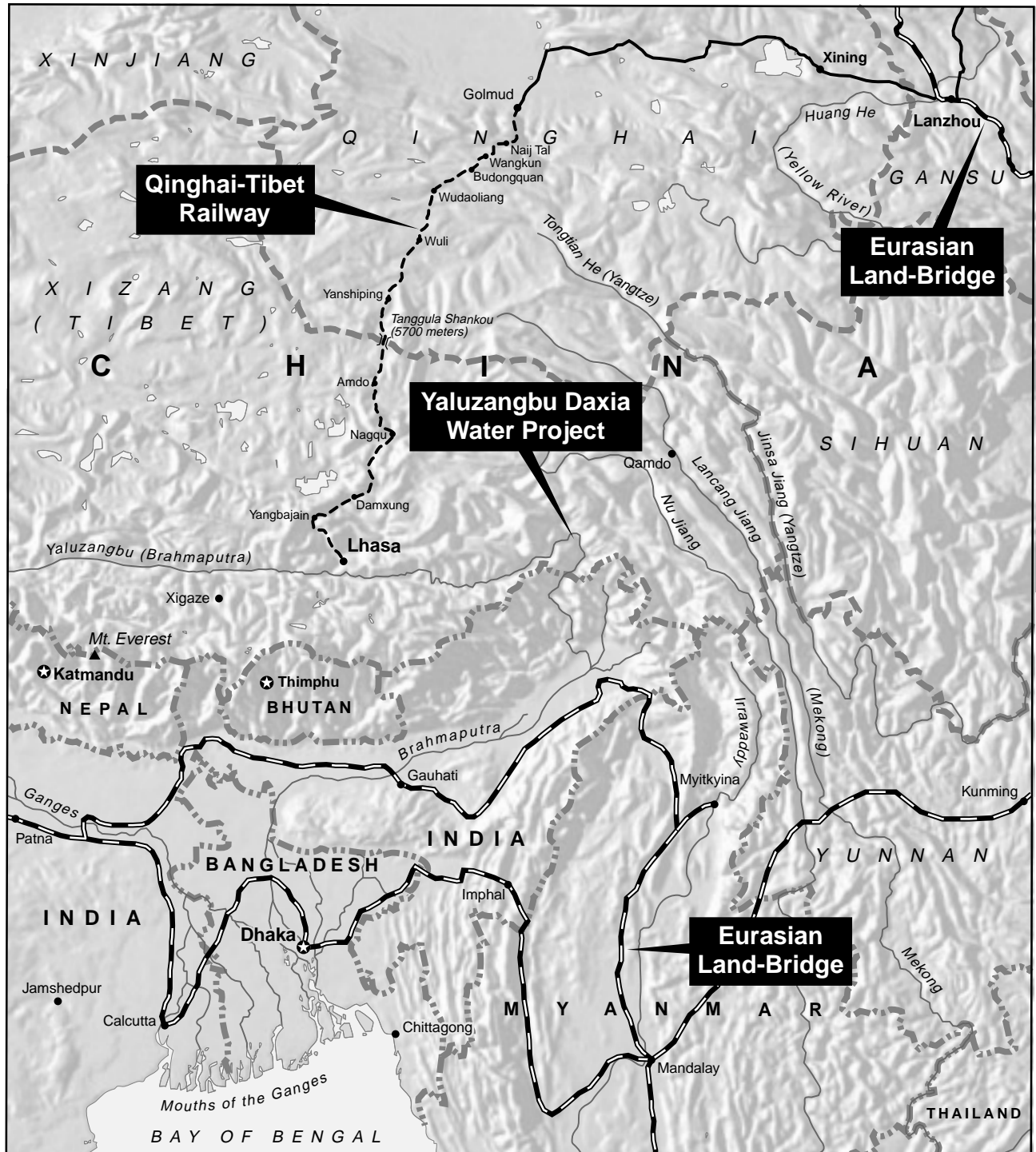
Do it on the precedent of Alexander Hamilton, on his contribution to this. The state, the national state, creates the credit. Cooperation of the regional government in using that credit, for domestic purposes. Provide the credit for necessary projects, projects in national infrastructure.

The second way is through treaty agreements among states. That is, two nations who agree to a project, can guarantee each other a relationship over, say, a 25-year period. That will create credit, without issuing money—it'll create credit. The major thing we have to do at this time, we have a bad lack of productive employment in the world. And therefore to deal with this problem, of unemployment and depression, we must increase the number of people employed productively. We must reduce unemployment, in that way. We must aim at productive gains; by increasing the number of people productively employed, you increase the tax revenue base. Therefore, you increase the income base. Therefore, you can go from bankruptcy, to a state of stability, simply by that means alone. The idea of austerity as a way of dealing with depression, is wrong. It's the wrong way. The state must intervene. The will of the state must intervene. And then you have large-scale projects, like these water projects, like China and India, and Bangladesh perhaps, in the case of this Brahmaputra water project.

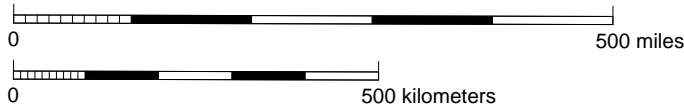
The Southeast Asian Mekong Basin development is in the vital interest of India. It may not touch directly the water of India, but certainly the improvement of the Mekong River area, in creating a multi-national corridor, among those states involved, creates an engineering capability among those states as a treaty agreement. Select a staff that can do the job. And approach that the way that Commander Wu in China approached the question of building the maglev railroad from Shanghai to Shanghai airport. This itself will create a great market for India, a great trading bloc, a natural trading bloc. And these are the kinds of things we have to do. We cannot do this with globalization.

Globalization means you destroy the savings, and the economy must save. It means you loot the populations of the world, as we are looting the population of Mexico, with the agreement, the NAFTA agreement. We're employing people in Mexico, we're paying them to work, at prices below what's required to support a family. What are we doing? It's genocide. It's economic genocide. And therefore, the idea of having wages to support a family, adequate capital to support production, to support expansion, to support basic economic infrastructure. Don't cut budgets! Don't cut government programs! Increase them! Put the bankrupt system into bank-

FIGURE 2
 "Rail and Water Projects"



John Sigerson / EIRNS 2001



Potential technology-sharing and development between China and India: The dam/hydroelectric project on the Brahmaputra River is located near where that river, called the Yarlung Zangbo where it originates in China's Tibet region, comes down into India.

ruptcy, and create credit for socially significant, economically sound, long-term projects, manage them well on the objectives determined, agreements among nations made, and we can recover. We can do what makes sense.

. . . Or, the Nations Are Destroyed

If we don't, what will happen? We had a situation analogous to this, which some of you may have studied, in the 14th Century in Europe. The King, Edward III of England, decided one day, to cancel his debts to the House of Bardi. The House of Bardi was the leading banker among the Lombard bankers of Europe. As a result of this, there was a chain reaction in the banking system of the entire Lombard banking system, and all Europe collapsed. Now under those conditions, the bankers moved in to foreclose. The result of allowing the bankers to foreclose—even though it didn't save those banks—the result of doing that, was a new Dark Age in Europe, which resulted, in a few decades, in a 30% decimation of the population of Europe, the elimination of 50% of the parishes within Europe, and hideous forms of religious dissent, such as those who ran around beating each other, beating themselves and others.

If we go with the IMF, if we go with the World Bank, if we go with globalization, if we go with what has been heretofore the recent policies of the United States, since President Nixon became President; if we go in that direction, at this stage, we will create, globally, a situation like that that existed in the 14th Century in Europe. We see the augury of this in the southern part of Africa, where deliberate genocide is the policy. Genocide against Africa has been the policy of the United States, since Henry Kissinger wrote NSSM 200, back in 1974. "We must not let nations, which have raw materials," said Kissinger, "we must not allow them to *consume* these raw materials, which we may want in the future. Therefore, we must reduce and control their populations, and deny them access to technology, which would enable them to use up these mineral and other resources." Genocide. That's what the basis of population control is, just exactly that.

What they're doing now will greatly destroy Argentina. Argentina is on the verge of becoming extinct as a nation. A slightly favorable adjustment was made in that, and especially by the United States, but not by the IMF or World Bank. They're threatening to do the same thing to Brazil. We are doing something similar—not yet to that point, but close to it—in Mexico. Venezuela, under a President who happens to be a madman, is also in the process of disintegrating. Colombia is being disintegrated by the support of the United States for the drug-traffickers. This is happening all over the place. We are already moving in that direction, and therefore, the time will come, when we have to make certain moral choices. I will present it in some detail in the broadcast which will be made a week from now, that's set to go on for about three hours, and will be available around the world.

But, I think my point is clear, and I would rather have discussion, and amplify what I've already said. Thank you.

Uncertain Leadership, An Unfocussed India

by Ramtanu Maitra

During a stay of almost two weeks (Jan. 10-22) in India, Democratic Party Presidential pre-candidate Lyndon H. LaRouche, Jr. and his wife Helga Zepp-LaRouche met with Indian academics, politicians, economists, religious leaders, young professionals, and senior policymakers. During their meetings, many of which extended for hours, discussions often veered toward what ails India, or more precisely, what India must do at this period of international economic and security crisis.

What became evident from various discussions is that India, although it has attained over the years a GNP growth rate of 5.5-6.5% annually, has been able neither to reduce poverty significantly, nor to modernize its ramshackle infrastructure. India has a pool of extremely competent engineers and scientists. Therefore, the failure to modernize infrastructure is not due to lack of expertise, but lack of determination. In other words, it is a lack of leadership which has kept India moving along at a snail's pace, depriving the country of the benefit of hundreds of millions of people who are too poor, too uneducated, and too helpless to play a substantial role. In most sectors of the economy, the pace of progress is well below what is required to engage the young new job-seekers. As a result of this failure, India's poverty continues to grow—or at least, refuses to shrink.

Poverty to the Fore

One observation that comes across is that the Indians in general have come to accept this as the norm. The usual explanation as to why the leadership does not show greater concern for important infrastructure requirements (such as power; retention and adequate distribution of water to domestic, industrial, agricultural and commercial facilities; modernization of the vast and decrepit railroads; education for all; and public health care), is that India is no longer governed by a single political party, but by a coalition government made up of 24 political groups. Political parties, which are entirely regional and with only a slight national outlook, have gotten together for the sake of convenience to administer the country, some pointed out. The push and pull in different directions, some analysts claim, hinders them from taking necessary and hard decisions,

The apology, as to why India does not show the expected urgency in putting adequate infrastructure into place and eradicating poverty, is good, as far it goes. The reality, however, is entirely different. People admit India is now financially

much less strained than it was during the 1950s and 1960s, when Prime Ministers Jawaharlal Nehru and Indira Gandhi took definite measures to pursue the objective of nation-building. At the time, India was badly strapped for foreign exchange and depended upon food imports. Now, India has almost \$72 billion of foreign exchange reserves, and growing. Now, India is a food-surplus nation, with a cadre of engineers and scientists, the like of which very few nations possess. And yet, large-scale infrastructural projects have been abandoned for lack of “adequate reserves,” and modernization of such vital elements as transportation, are left undone. LaRouche pointed out repeatedly that the issue is that of leadership, and that India, like so many other countries, badly suffers from its lack.

There is one exception, however. The Bharatiya Janata Party (BJP) leadership is now building a four-lane highway which would connect India’s easternmost point to the westernmost point, and the northern and southern extremities. This project is very much in progress. Another project, a much bigger one, has been promised, which entails connecting India’s water-short river basins to the water-surplus river basins for equitable distribution of water use. This 5.6 trillion-rupee project was first conceived in 1972, but was shelved. Now, the BJP administration is willing to take up the project, and has promised its completion in 12 years. It has yet to begin, and so far, no formal capital allocation has been made.

Lackadaisical BJP

In more than one sense, the lack of leadership is perhaps the key that locks India into its never-ending poverty. The most dominant party in the government is the BJP, widely identified across the world as the pro-Hindu political grouping. It is not clear what that means, but certainly its most serious shortcoming is its lack of understanding of economics, and general lack of concern for the poor.

During the Cold War, the BJP, then with a small electoral base, was a party of the free-traders. It opposed, sometimes simply for the sake of opposing, the mixed economy (an acceptable balance of public- and private-sector participation in economic affairs) most heartily and promoted the free-trade distortions in the American economy as the way to salvation. This party never campaigned to lift the poor out of their misery. And now, during its almost three and half years of rule, since August 1999, it has done precious little for them. But if it is short on compassion, it is not on boasting. The BJP does not miss an opportunity to point out how the poverty level has gone down during its rule. Its statistics are obviously doctored—poverty and the unacceptable living conditions are out there for all to see.

Due to their failure to provide the poor a better life, India’s leaders act paralyzed. There is a visible dearth of interest among policymakers in discussing measures to get rid of the poverty. It also escapes Indian leaders altogether that the poverty, over a long period of time, has created a new dimension of national security threat. To begin with, hostile neighbors

surround India. While it would be simplistic to blame only those neighbors for the hostile attitude, it is nonetheless evident that India’s borders are still being threatened, and are often breached illegally.

Following independence in 1947, India spent most of its economic surplus, and cannibalized its agricultural sector, to build new industries, new power stations, new universities and colleges, and to develop such frontline technologies as the entire nuclear fission fuel cycle and space research. As a result of such widespread investment in multiple sectors of the economy, driven by frontline technologies, India’s military remained neglected.

The 1962 conflict along the Himalayan border with China, and the 1965 conflict with Pakistan along the borders at Punjab, Jammu and Kashmir, and Rajasthan, over the disputed territory of Jammu and Kashmir, made it amply evident that India was vulnerable to security breaches. In the years that followed—and even today, when India’s military capability is widely acknowledged as adequate—India’s borders remain unsecured and unstable. Most of India’s border states suffer from insurgency fuelled by outside elements in collusion with militants inside. The 1970s was described by some Western experts as the most “dangerous decade,” with the threat that India would break up.

Poverty, a Security Threat From Within

But beside obvious security threats—most of which are posed by the Pakistan Inter-Services Intelligence (ISI), a military outfit committed to bleeding India; by a few insurgency groups, mostly of tribal origin, in India’s northeast; by murderous Maoists who operate along the Bihar-Nepal border and in Andhra Pradesh; and by the massive drug- and gun-smuggling that flourished in the area from the time of the Afghan war (1979-89) and during the instability in Southeast Asia, originating in the 1960s during the Vietnam War—India’s crippling poverty creates a serious threat from within. India’s poverty is created by low growth in the agricultural sector and the failure of India’s administrators to realize that basic infrastructure development throughout the country provides an opportunity to all for investment in profitable agro-industries and small- and medium-scale industries.

Instead of that approach, what happened is the following. India is a food-grain-surplus nation, but has not developed its agro-industries adequately. The food grain surplus has created an impediment to the productivity growth in the agricultural sector. Higher productivity would entail larger volume of grains, which, in return, might induce a rapid drop in price. Farmers are not convinced that the government would provide them with adequate price protection in those circumstances.

As a result, the farmers are not particularly keen to produce more wheat, rice, or other cereals from an acre of land. The outcome has been surplus agricultural labor. India’s population growth, which has declined over the years, is still providing more manpower than the slow, low-productivity agricultural sector can absorb. Lacking education, these ag-

ricultural laborers leave their homes and gather around cities to generate cash to keep their families alive, back in the rural areas.

The situation would not have been too bad if the cities, and the national economy, were geared up to deal with this influx. But they are not. As a natural consequence, many of these floating migrant workers, who from time to time get some construction work or other menial jobs, have engaged in acts of despair, such as drug consumption, prostitution, and all kinds of illegal activities. In other words, the government has indirectly conspired to make these migrant workers into anti-social criminals. It is also a fact that the Pakistani ISI has recruited from these criminalized groups, posing an immediate security threat to India's major urban areas. The criminalization of the desperate poor has brought in drug addiction and such deadly diseases as AIDS. It is evident from talks with the Indian leaders, that while the subject is altogether not unknown to them, they have not considered this a priority, and are secretly hoping that by taking simple damage-control measures, they can make these massive problems disappear.

During discussions, it became evident that while the politicians, at least the senior ones, would like to push the development of basic infrastructure as a top priority, the Finance Ministry bureaucrats regularly get in their way. These bureaucrats, trained by the World Bank/International Monetary Fund and a part of the "Washington Consensus," have systematically sabotaged every attempt to generate fresh credit to revamp the infrastructure. The standard threat that emanates from the North Block, where the Finance Ministry bureaucrats are installed, is that unless India brings down its "fiscal deficit" and pushes for foreign-exchange-generating export devices, the Indian currency, the rupee, will go down the drain. Moody's and S&P, their argument goes, would downgrade India's rating so much that the foreign exchange reserves would flee in no time, and Western investors would abandon India as their place of choice for investment. The tragedy is that there does not seem to be anyone in New Delhi who has the stature to send these bureaucrats packing.

A Phony Debate

Particularly striking is the fact that while the poor are all around, for everyone to see, most academics and political leaders are engaged deeply in the debate to resolve whether India should become a "Hindu Rashtra" (i.e., a state under Hindu religious law) or remain a secular nation. The Constitution proclaims that India will pursue the formation of a socialistic pattern of society. This itself is a clear pronouncement that India will not be a religious nation, and will remain a country where all faiths can practice their religions with complete freedom. The matter is settled—but then, why this debate?

To begin with, the participation in this debate itself shows how unfocussed the leadership is at present. The BJP triggered the debate in the 1980s, centering around its campaign

to build a temple at the Hindu holy site of Ayodhya, where a mosque had been built in the 19th Century. The BJP claims that *Hindutva* ("Hindu awareness") should be the soul of the nation. The so-called seculars claim that that itself would make the nation a Hindu nation—the very thing the Indian Constitution rejects. In fact, *Hindutva*, as elucidated by Veer Savarkar in the early 1920s, should not be considered egregious by the Hindus, or the Muslims, or the Sikhs, or, for that matter, the seculars. Savarkar said that *Hindutva* is a part of those who consider the geographical territory of India as their *pitribhumi* (fatherland) and *punyabhumi* (sacred land). Of course, the Muslims claim only the *Darul Islam* (the Islamic world) as their *punyabhumi*.

The debate became a standard for India's talking heads and unfocussed politicians, particularly since the state assembly elections in Gujarat last December. In Gujarat, where a massive anti-Muslim riot had flared up, after some Muslims firebombed a rail coach full of Hindus returning from a pilgrimage to Ayodhya earlier last year, the BJP campaigned most stridently against the seculars and promoted an anti-Muslim *Hindutva*. BJP won big, throwing open the option to wage similar campaigns.

What the BJP did, which some consider the reason for its electoral success, is to label the anti-*Hindutva* proponents as pro-Pakistan, and not just pro-Muslim. Most Indians hate Pakistan, for the militant and subversive anti-India role it has played throughout its 56 years of existence as a country. While the seculars were on the run, most Hindus believed that it should not be difficult for the non-Hindus to accept the formulation of *Hindutva* presented by Veer Savarkar. It is evident that if the political leaders in India want to make this the issue in future, India's development will suffer a major setback.

Military-Strategic Issues

Unlike the paralytic state of New Delhi when it comes to dealing with infrastructure shortcomings and massive and pervasive poverty, Indian analysts are much more focussed on military-strategic matters. It is encouraging to find that New Delhi has come to realize the mistake it made in believing that the Bush Administration's declared war against terrorism, following the events of Sept. 11, 2001, would help India to resolve the Kashmir issue. New Delhi's belief at the time, was that the United States, by clamping down on Pakistan hard, would extract a solution to the vexed Jammu and Kashmir issue. The corollary illusion that followed further consolidated New Delhi's other belief. It was provided mostly by the bureaucrats and peripheral adjuncts associated with the Ministry of External Affairs. Their argument was that since Washington requires New Delhi for its eventual confrontation with Beijing, India would be preferred over Pakistan. Subsequent experience is history. India brought in almost 700,000 troops and armaments along the India-Pakistan border and spent some \$250 million over a number of

months. Pakistan did not kowtow, the United States threw its hands in the air, and India lost face completely.

Now, it seems that New Delhi's thinking has changed on the Pakistan issue. It is recognized that whether the United States were capable of helping, things will not improve vis-à-vis Pakistan through external intervention. India will have to deal with Pakistan, and if it cannot, it must accept the way things are.

The second development has to do with understanding China. Most Indian experts and politicians accept that China is a power to reckon with. No matter what India does or does not do, China will continue to consolidate its peripheral security beyond its geographical perimeter. China is highly security-conscious and will remain so, even if India doesn't like it.

But the disillusionment with Washington has allowed the Indians to find their feet once more. They realize that China, which will not drop its military guard against anyone, is not keen to weaken India right now. In fact, New Delhi can discuss security matters with Beijing which may lead to the securing of India's borders. It was widely acknowledged that the terrorists and secessionists who have kept India's borders unsettled, expect help from China, in case India comes down heavily on them. A lot of that is illusion, but in the case of Pakistan-led terrorism, reality and illusion blur.

What caused this change? It came in part when Chinese Prime Minister Zhu Rongji, who visited India last year, made it clear at a banquet speech that India and China, the two major nations of Asia, share the responsibility of providing security (military and economic) to the vast continent. That was the first official recognition by any Chinese leader that India has a large role to play in Asian affairs.

Acceptable China

Things have decidedly changed since then. One senior Indian academic pointed out that in Southeast Asia, where India has launched the Mekong-Ganga Development project as a way to extend its foreign and economic relations eastward, China has another, similar project. Zhu specified that there is no conflict between the two projects, and that China welcomes India's participation in the area.

In recent days, one of the top anti-China hard-liners, Defense Minister George Fernandes, announced that although India will continue to develop its military defense, he does not foresee China as being a threat. Going further, he even endorsed economic and strategic collaboration with China for mutual benefits.

Most senior Indian policymakers are now veering toward developing a closer relationship with both China and Russia, but not for the purpose of forming a bloc. The objective, which they elucidated on a number of occasions, is that in the long term, India, China, and Russia must combine to resolve some of the major technological, economic, and infrastructural problems that haunt these nations, and must develop the vast Eurasian land-mass.

It seems much easier for the Indian analysts to comprehend the threat the impending war against Iraq poses. They readily understood that such a war will wholly destabilize the Asian continent and create a vicious environment, which will affect all the major nations of Asia, and set back developmental plans for years. In analyzing this issue, the Indians showed clearheadedness, although they also made it abundantly plain that India, not being a permanent member of the UN Security Council, as China is, cannot stop the war from breaking out.

What was also acceptable to those who are keen to consolidate bilateral relations with China, is that India and China should put their heads together, to work to construct major international infrastructure projects, such as taming the Brahmaputra River and the augmenting of the Ganga, using water from the Brahmaputra.

In addition, on the infrastructure front, China now possesses the most advanced railroad technology in the world, in the form of the Transrapid maglev system. China is also building the largest water project and is in the process of transferring water from the water-laden Yangtze River basin to the water-starved northern river basins. India's plan includes bringing in water from the rivers with surplus in the north to help the water-short river basins in the south. Both India and China have excellent hydrologists and construction engineers.

A similar collaboration is particularly necessary in the use of nuclear fission power for commercial use. Both India and China need far more electrical power. Both have developed nuclear reactors. India probably has much greater expertise in this area with its heavy-water, natural-uranium-fueled 235 MW nuclear reactors. China is in the process of developing high-temperature reactors which would provide the surplus heat for various chemical processes and water desalination. India is not a signer of the Nuclear Non-Proliferation Treaty (NPT). Hence, it cannot export reactors, but can import reactors only under International Atomic Energy Agency safeguards. China is a signer of the NPT. However, the two can bilaterally develop, and exchange, not only the necessary ingredients required to build reactors, but also the complete reactors. This is an area of great promise and would definitely break the stranglehold the Western-driven NPT has over major non-signatory nations.

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Poverty-AIDS Spiral Is Threat to Indian Nation

by Mary Burdman

Extreme poverty, the fast-spreading plague of addictive drugs, and mass migration to huge, unliveable “super-cities,” are all coming together to generate a serious threat to the people of India. Visiting India during January, Helga Zepp-LaRouche and I had the opportunity to visit a small clinic for HIV and AIDS patients in East Delhi. Here, as we were told by Mrs. Doe Nair, who invited us to the clinic, a group of women volunteers are working to bring some primary health care to 300,000 people crowded into slum districts of East Delhi. Inside the area is a colony for victims of leprosy, who come from all over the north of India.

The purpose of this small, 10-bed clinic, is to try to *contain* the rapid spread of HIV infection and AIDS in the area. Figures gathered at random by non-governmental organizations (NGOs) running programs in many different areas of India, indicate a much higher rate of HIV/AIDS infection in the country than official government figures admit to—in some areas, even as much as 4% of the population (see *EIR*, Jan. 31, 2003, “AIDS Pandemic Won’t Peak for 40 Years”).

The clinic has a very active “outreach”: Every week, staff members go out to the neighborhoods with leaflets and puppet

and “magic” shows, to attract adults and children alike. The staff works very closely with local religious leaders and teachers in each neighborhood. The clinic physician, one of the few in India specializing in AIDS, holds weekly “office hours” in a small, barely furnished shopfront in each neighborhood. The aim is to find AIDS victims, and provide them the help they would otherwise never get.

Urban Migrants in Extreme Poverty

Of the 300,000 people in these communities—who live in an area of just 5-7 square kilometers—some 70% are migrants from the countryside. They come from the most impoverished areas of India—West Bengal, Bihar, Gujarat, Orissa—and from the impoverished countryside of Bangladesh. In the slums, families may earn about 2,000-2,500 rupees per month (less than \$40); the very poorest earn as little as \$100 *annually*.

The housing consists, at best, of tiny, old houses with no running water or toilets; at worst, huts built of anything to be found, or even just some blankets spread on the sidewalk. Water is available only in pipes on the street, and, in Summer, when temperatures reach 45 degrees Celsius in Delhi, the water supply can fail for days on end. Public toilets are scarce; people have to defecate in the streets or open fields.

While there were excellent fresh vegetables for sale in the local market, the poorer families can only afford to eat vegetables at *one* meal a week. Mostly, they live on bread and dahl (lentils). People keep buffaloes for their milk, who live on the streets with the local dogs, pigs, cats, and goats. Among the children, it is the girls who are the hungriest. Many fami-



AIDS clinic doctor (left center) and Helga Zepp-LaRouche (right center) in East Delhi, where Zepp-LaRouche and EIR’s Mary Burdman visited the clinic, which fights a difficult battle against the spreading epidemic.



The leader of the local Muslim community in the East Delhi neighborhood of the AIDS clinic, surrounded by youth, Hindu and Muslim alike. Most people here are migrants from rural areas of eastern India, whose unemployed farm populations are moving to now-huge cities, without the housing or infrastructure to accommodate them. Poverty in such neighborhoods is extreme.

lies have five to six children: The boys eat first, the girls get what is left.

Why the Virus Spreads

There are many millions of these migrants, although no one seemed to have an accurate overall estimate of their number. Many are seasonal migrants. Land reform had reduced the number of landlords; they need fewer workers. Landless peasants can rent land for a few months to grow vegetables, but have no income for the rest of the year. They look for work in the cities, or in better off agricultural areas, such as the Punjab. Migrant workers who have contracted HIV, carry it with them back to their villages.

In rural areas in India, the virus is spread by infected blood and needles, due to the ignorance of local physicians, health workers, and hospitals. Among migrants, it is most commonly spread by sexual relations.

India has *no* working national health system, Mrs. Nair told us. There is a system of government hospitals, but they are overwhelmed by the number of patients. Barely 0.001% of India's 1.02 billion people have health insurance—which is private. Government hospitals are supposed to give free medical care, testing, and food, but this often fails. Some hospitals are trying to consider the HIV problem, but cases of such basic procedures as surgery are so “backed up,” that HIV and other illnesses must take a back place. The leper colonies exist, because although this is an easily curable disease, medicines are not available to the poor.

Drugs are becoming a terrible problem in India, among the better off as well as the poor. Cheap heroin, crack cocaine, and many other drugs are readily available. Poor workers are a target. They arrive from their villages at the Delhi train or

bus station, with a little money, but nowhere to go. Drug pushers have a well-organized operation: They “invite” them to hostels at certain temples, for free food and a place to sleep. The migrants are robbed of all they have, dosed with cheap heroin, and then hooked on drugs. Also, coming alone from villages, where there is a close social structure, to the cities, many men go to local prostitutes, where they contract herpes, HIV, and other diseases. They carry these infections to their wives.

Clinic Looks to India's Future

With government funding, the AIDS clinic offers its patients free food, some medicine, a clean place to live, and some education for the patients' children, a few of whom are HIV positive themselves. In India, an HIV-positive child who gets no help, might live a year or so; given nourishing food and shelter, the boy or girl can survive 5-8 years.

The clinic treats “opportunistic” infections, but cannot administer anti-retrovirus drugs; they are simply too expensive. Most dangerous is tuberculosis infection: These patients must be isolated in a separate facility, due to the virulence of the TB virus. There is no central facility for TB patients in New Delhi.

The clinic also offers social support. A young, dedicated staff is being trained to care for AIDS patients; a group of young volunteers, from India and other countries, including Canada, work with the patients. The local police are also very cooperative. And, very importantly, local religious leaders come to help especially those who are very sick.

Religion must take a new and more vital role, for India to cope with this crisis, and to change the indifference which is allowing AIDS to spread, Mrs. Nair told us. India must look to her many great traditions: Hindu, Muslim, Christian, and Buddhist. In the ancient *Vedas*, there was no “caste system,” but rather groups of professions—priest, warrior, farmer.

Hindus and Muslims had lived together in India, in villages and cities, for centuries before the country was partitioned along religious lines in 1947—the last act of the British colonialists. This tradition of community is still strong, and must become stronger, for India's better future. In one slum neighborhood, we met the Muslim and Hindu elders, who lead residents in participating in all of each others' festivals; there is no religious strife there. In another neighborhood, we met the local teacher and her husband, who are teaching neighborhood children—boys and girls—Hindi, English, history, and math. Everywhere, were the children, India's future.

When Helga LaRouche asked Mrs. Nair what she would want to tell the people of the United States and Europe, the answer was quick and clear: “We are all human beings! We developed each other; we must take responsibility for each other.”

Israeli Economy Crashing, While Sharon Drives for War

by Dean Andromidas

As Israeli Prime Minister Ariel Sharon struggles to put together a new government, the fight for a policy alternative is unfolding. The economy is in a tailspin, and Sharon and his generals are stepping up their war crimes against the Palestinian Authority.

In the Jan. 28 elections, Sharon's Likud party won an unprecedented 38 parliamentary seats, while the Labor Party lost heavily, winning only 19 seats out of the 120-seat Knesset. Sharon continues to press for a "unity government" with the Labor Party, so that he can continue the same brutal policies he had carried out under the last unity government, in which the Labor Party, under a different leadership, provided him with a diplomatic-political figleaf. That government collapsed on Oct. 30, 2002. A unity government is also demanded by the war party in Washington, which sent their messengers to Israel shortly before the elections. These messengers, mega-billionaires Michael Steinhardt and Marc Rich, maintain a direct line to the war party in the Bush Administration through Rich's attorney, Lewis Libby, who is Vice President Dick Cheney's chief of staff (see profile, in this issue). Both met with Jerusalem Mayor Ehud Olmert, one of Sharon's top cronies, and with the Labor Party's Shimon Peres, who had been Sharon's Foreign Minister.

A unity government would prevent the Labor Party, led by Amram Mitzna, from reviving the peace policies of slain Prime Minister Yitzhak Rabin. Mitzna campaigned for Israeli withdrawal from the Palestinian territories and reopening negotiations with the Palestinians.

On Feb. 3, in his first meeting with Prime Minister Sharon, Chairman Mitzna once again rebuffed Sharon's offer for a unity government. At a press conference afterward, Mitzna said he was "shocked" by Sharon's views, and revealed that Sharon had spent much of the meeting lecturing him on the importance of the Israeli settlements in the West Bank and

Gaza Strip. "I heard a lecture on the strategic importance of [Gaza settlements] Netzarim and Kfar Darom and the deep importance of Hebron to the Jewish people, and I came out even more worried than when I went into the meeting." These are the settlements which Mitzna has committed himself to dismantling, as part of a policy of evacuating the Gaza Strip and much of the West Bank. "After I met with the Prime Minister alone, I immediately understood that there's nothing in common between the Likud's view and ours."

While the large majority of the Labor Party leadership voiced full support for Mitzna's view, Peres continued his call for leaving the door open to coalition negotiations, during a meeting of Labor Party members of the Knesset (MKs). MK Avraham Burg pled with Peres to refrain from such statements, because, "You are embarrassing us all."

On Israel's popular "Politika" talk show a few days later, Peres affirmed that "U.S. businessmen" (referring to Steinhardt and Rich) had telephoned Labor Party leaders to pressure them to join a national unity government. He said that a "unity government" was the only way to deal with the collapse of the economy.

Support for Mitzna's position came from a welcome source in the United States: Henry Siegman, former head of the American Jewish Congress and now a senior fellow at the New York Council on Foreign Relations. In a commentary appearing in the *International Herald Tribune* on Feb. 5, Siegman supported Mitzna's determination to stay out of a government with Sharon, as the only way to revive the left and the peace camp. "Israel's left will survive as a political force," he wrote, "only if Mitzna retains the stubborn integrity he has shown so far and offers his countrymen a clear alternative to Sharon's reliance on decisive military force that will supposedly crush the Palestinians and lead to their abject surrender, a policy goal that Sharon and his

military chief of staff have unashamedly proclaimed.”

Siegman warned that “the United States, which uniquely has the capacity to get the parties to end the impasse, is unwilling to use its domestic political capital to knock some sense into the belligerents, a situation that may well persist for the next six years.”

Siegman concluded that only way to end the crisis is through “actions by an Israeli leader willing to speak the truth,” as Mitzna did throughout his campaign.

“And the truth is that if Israel does not return essentially to its pre-1967 borders and facilitate the emergence of a viable and successful Palestinian state, the glorious Zionist enterprise that began more than a century ago will come to an end.”

Panic on the Economic Front

On Feb. 4, it was announced that the government deficit for January alone was 2.7 billion shekels (more than \$500 million), almost double the most pessimistic forecasts. By contrast, in January 2001 and 2002, Israel had fiscal surpluses of more than 1.5 billion shekels. The shift was caused by the collapse of tax revenues because of company closures, high unemployment, and the collapse of tourism and foreign investment. Durable goods imports collapsed 45% in January, which followed a 17% collapse for all of 2002. Imports of cars and electrical appliances collapsed by more than 50%. Even cigarette imports fell by 54%, in a country that is notorious for its chain smokers.

The Treasury announced that it intends to fire 60,000 public-sector workers—almost 10% of the workforce of 700,000. The move would increase the number of unemployed, which already numbers 300,000, by 20%. An 18% value-added tax will be slapped on fresh fruits and vegetables, in another devastating blow to Israel’s working class and the poor.

These measures are aimed at cutting 7-8 billion shekels from the budget, yet it was reported that the Defense Ministry is demanding an extra 5 billion shekels for the war on the Palestinians and to purchase new weapons systems.

It was also revealed that, throughout the election campaign, Sharon had his Finance Ministry’s Accountant General employ some “creative accounting,” by postponing 2002 tax refunds until 2003, in a desperate effort to keep the 2002 budget deficit at the target of 3.97% of Gross Domestic Product. At the same time, he trumpeted the “news” that the Bush Administration was considering a \$14 billion package of aid and loan guarantees to Israel, as if the money were already in the Bank of Israel. All this, to forestall the international credit-rating agencies from slashing Israel’s sovereign credit rating during the election period. One week after the election, it was announced that an unprecedented 3 billion shekels in tax refunds, more than double the usual amount, was handed out in January. Meanwhile Uncle Sam’s \$14 billion is on hold, pending a war against Iraq.

This news drove the shekel down against both the dollar and the euro, as panic set in. The Fitch rating agency said it

would downgrade Israel’s sovereign credit rating, if the deficit reached 6-7% of GDP. This seems very likely from the January figures. Earlier in January, the credit-rating agencies downgraded the government-owned Israel Electric Corporation, making it virtually impossible for the company to borrow on foreign capital markets.

Pointing to one of the true reasons for the economic crisis, Avraham Shochat of the Labor Party, a former finance minister, said that “none of the assumptions underlying the budget is coming true. The public does not trust the economic leadership. Without a policy that gives hope of an arrangement with the Palestinians, the economy will continue to slide and eventually a catastrophic economic collapse will force this government to make changes.”

New War Crimes

On Feb. 5, while U.S. Secretary of State Colin Powell presented the non-evidence of Iraq’s alleged violation of United Nations resolutions, Palestinian Cabinet minister Saeb Erekat told the *Jerusalem Post*, “At a time when the whole world is getting together to discuss Iraq, it is unfortunate that no one is focussing on the fact that there was an Israeli incursion in a Gaza refugee camp killing an old woman, that a Palestinian man was killed in Nablus, and the Israelis have demolished Palestinian homes in Hebron. This region needs a breeze of peace, not a wind of war.”

Throughout the election campaign, Sharon was proceed-

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ing to crush Palestinian resistance, using the same methods as the Nazis used to crush the resistance of the Jews in the Warsaw Ghetto (see *EIR*, March 22, 2002). Two days before his election victory, Sharon's generals ordered a massive incursion into the Gaza Strip. Within 48 hours, 24 Palestinians were killed and more than 100 wounded, and more than 100 buildings were destroyed, as 50 Israeli tanks lunged deep into a refugee camp. Among those killed was a seven-year-old boy. These deadly incursions, lasting only a few hours, are taking place every day. They have nothing to do with preventing terror attacks. On Jan. 30, Israeli bulldozers, backed by tanks, demolished the freshwater pumping station that supplies the Gaza city of Rafah with half its water. This is a war crime. On Feb. 5 the military demolished the home of an imprisoned Palestinian militant, killing his 65-year-old, partially deaf mother, who did not hear the orders for her to leave the building.

Within hours after the elections ended, Sharon ordered a month-long military operation in the West Bank city of Hebron, where Palestinians are being killed every day. The city's fruit and vegetable market was destroyed, while every day, more houses are being razed to protect the 400 fascist settlers who live in the middle of the city.

During January, 46 Palestinians were killed, including children, women, and old men. In December, 45 were killed. Those wounded number in the hundreds, if not thousands. These figures do not include those who die when ambulances are held up at roadblocks for up to six hours, and are unable to reach the wounded, or even the ill or those injured in accidents.

These operations are relentless and have turned the cities of the West Bank into half-destroyed ghettos, with conditions comparable to the early days of the Warsaw Ghetto. The Israelis have closed the universities. Every major city is besieged, while Israeli bulldozers have been busy building the high embankments that surround them. The majority of the population are unemployed, unable to work because of the closures. Palestinian farmers have been unable to work their fields, because gangs of settlers brutally attack them, while Israeli soldiers look on. While the swollen bellies of starving children are not yet to be seen, both Israeli and Palestinian media report that hunger and poverty, and deep psychological distress, can be seen in the eyes of more and more Palestinian children.

As the anticipation of a U.S.-led war against Iraq grows, so does the fear that Sharon will take that opportunity to "transfer" the Palestinians out of the territories. Both Jordan and Lebanon have reinforced their borders, and announced that they will not allow Palestinian refugees into their countries if Sharon tries to force them out of their homeland.

Many in Israel expect that whatever government Sharon organizes will not last its four-year term, and new elections could be only one or two years away. But can Israelis and Palestinians bear another two years of Sharon?

Commonwealth Revolt Grows vs. Warmongers

by Mark Burdman

Open political warfare has erupted in Great Britain, and in leading traditional outposts of the British Empire/Commonwealth outposts such as Australia, over the Iraq war. Pro-war Prime Ministers Tony Blair of Britain and John Howard of Australia are getting deeper and deeper into the mire, as they shamelessly support this insane war adventure.

On Feb. 5, hours before U.S. Secretary of State Colin Powell delivered his indictment of Iraq to the United Nations Security Council, British defense intelligence officials leaked a "top secret" report, which had been prepared three weeks earlier, to BBC defense correspondent Andrew Gilligan. The report asserted that there are no current links between Iraq and the al-Qaeda terrorists. Such a link had been stated by U.S. President George W. Bush in his State of the Union address, and soon thereafter, Prime Minister Blair told the British Parliament that there are such links, without providing any evidence whatsoever. Powell spent one-third of his address attempting to prove such links.

According to Gilligan, this was an "almost unprecedented" leak by intelligence officials, because it "flatly contradicts" official government policy. He commented that British military intelligence people are angry that their work has been repeatedly "politicized" to help build the Blair government's case against Iraq.

The report documents how Saddam's Baathist regime and Bin Laden's al-Qaeda mistrust each other, and have incompatible ideologies. Bin Laden has denounced the Baathists as an "apostate regime." The report states that Bin Laden's "aims are in ideological conflict with present-day Iraq."

A senior continental European strategist said, in a background discussion on Feb. 5: "I am not astonished that British military intelligence would leak this. These are no-nonsense people. They are fed up with how their work has been misused by this government for the purposes of this war."

A British defense establishment figure, also on Feb. 5, stressed that "this leak is coming from a very high level here. There is a group of military people who have very strong reservations about this war. This time around, it is not the usual suspects who are coming up with the arguments against the war, but rather top people in the military, in military intelligence, and in the Ministry of Defence."

This British source affirmed: "It is not Iraq as such that has them concerned. More than that, is the question of the *consequences* of this war for the wider region. They, like me,

have been troubled by the growing influence in American official quarters of an evangelical-fundamentalist line, according to which, what is simplistically called ‘freedom’ and ‘democracy’ can be exported everywhere. And even worse, that freedom and democracy must be imposed by force, and that longer-term, more patient methods must be tossed aside. All of this is very dubious, and there has been too little public discussion of this bigger agenda behind the Iraq war, and what its consequences might be.”

The day after Powell’s speech, British security sources kept up the pressure. According to a front-page article in the Feb. 6 *Guardian*, “British security services were quick to distance themselves” from one of Powell’s pieces of “evidence” allegedly linking Iraq to al-Qaeda. Unnamed security sources charged that Powell was “jumping to conclusions,” and making a leap too far, in claiming that the recent murder of Special Branch officer Stephen Oakes, in Manchester, England, was linked to a leading al-Qaeda terrorist harbored by Iraq.

One other sign of high-level dissatisfaction with the war push, was that Britain’s Channel 4 TV chose, on Feb. 4, to air significant portions of an interview with Iraqi leader Saddam Hussein conducted by former Labour Party Cabinet Minister and Parliamentarian Anthony Wedgwood Benn. This is the first interview Saddam Hussein has given to a Western interviewer in 12 years. Benn has come under sharp attack in various quarters for acting as a stooge for Iraq, but has responded, equally sharply, that he is now 77 years old, doesn’t care about criticism, and is acting to stop a war, in large part out of concern for his ten grandchildren.

In response to the moves by the British secret services,

Blair and his Foreign Secretary Jack Straw only dug themselves in deeper, by insisting that Iraq *was* linked to al-Qaeda—again providing no evidence. Straw further embarrassed himself by manically rallying to Powell’s support, during the Security Council debate. One highly informed continental European source commented scornfully, that “Straw made an ass of himself” in the debate.

An Historic Setback

As for Australia’s Howard, who has defined himself as the “Deputy Sheriff” of the U.S. War Party in Asia, on Feb. 5 the Australian Senate passed, by a 33-31 margin, a no-confidence motion against him for his handling of the Iraq crisis. While the vote has no legislative clout, BBC and various news wires stress that this is an important symbolic gesture, because it is the Senate’s first vote of no-confidence in a serving leader in its 102-year history.

The censure was in reaction to Howard’s having deployed troops to the Gulf. Australia is the only country, outside of Britain, to deploy forces to the Gulf, to join U.S. forces that are there.

BBC described the debate, which began on Feb. 4, as “heated.” Sen. Bob Brown, head of the Australian Greens, said the no-confidence vote marked an “historic condemnation of the government.” According to Brown, Howard’s “gross manhandling of Australia’s involvement deserved the strongest parliamentary rebuke.”

Recent polls indicate that 76% of Australians oppose their country’s participation in a U.S.-led war, although the number supporting military action goes sharply up if the action has UN backing.

Scandal in Britain Over ‘Dossier’ Cited by Powell

A British dossier on Iraq, released on Feb. 4 and lavishly praised in his UN speech by U.S. Secretary of State Colin Powell the next day, is significantly based on material produced *12 years ago* by a graduate student, BBC reported on Feb. 7.

In his speech, Powell declared, “I would call my colleagues’ attention to the fine paper that the United Kingdom distributed yesterday, which describes, in exquisite detail, Iraqi deception activities.”

The problem is, according to British TV Channel 4, that most of the data was plagiarized, coming from two academics and a graduate student, and certain wording was changed by the British government, to make a

stronger case against Iraq. BBC reported: “The Channel 4 report said that even typographical and grammatical errors from the student’s work were included in the U.K. government dossier. It also noted that the student acknowledged that the information was 12 years old in his report, but the government doesn’t make the same acknowledgment.”

Conservative Party Shadow Defence Secretary Bernard Jenkin said, “The government’s reaction to the Channel 4 News report utterly fails to explain, deny, or excuse the allegations made in it. This document has been cited by the Prime Minister and Colin Powell, as the basis for possible war. Who is responsible for such an incredible failure of judgment?”

Liberal Democrat foreign affairs spokesman Menzies Campbell added: “This is the intelligence equivalent of being caught stealing the spoons. The dossier may not amount to much, but this is a considerable embarrassment for a government trying still to make a case for war.”

France and Germany: ‘Let Us Turn Our Countries Into a Fountain for the Good’

by Christine Bierre

The fraternal spirit of France’s President Charles de Gaulle and Germany’s Chancellor Konrad Adenauer was in evidence at a meeting organized in Paris on Feb. 4 by the Schiller Institute, in commemoration of the 40th anniversary of the signing of the Elysée Treaty by de Gaulle and Adenauer. The treaty put to rest the hostile feelings left over from World War II, and committed the two nations to friendship and mutual development.

Some 140 persons, including from embassies, the media, and youth, were uplifted by speeches by Jacques Cheminade, president of the Solidarity and Progress party in France, and by Helga Zepp-LaRouche, president of the Civil Rights Movement Solidarity (BüSo) party in Germany. Both incarnated the spirit of the two great post-war leaders, in a way that current President Jacques Chirac and Chancellor Gerhard Schröder have failed to do.

To be great, said de Gaulle in one of his works, is to partake in a great struggle, and a true leader must know that in every human being there is a desire for immortality which must be addressed, to inspire people to rise to the occasion. It is that sense of immortality that Cheminade and Zepp-LaRouche addressed, outlining the great challenges ahead of the renewed Franco-German alliance, if it wants to leave its mark on history. Participants were in tune with the title of the conference, “Old Europe Strikes Back”—U.S. Defense Secretary Donald Rumsfeld’s stupid rantings against the “old Europe” having had the backlash effect of motivating people to fight against the new empire that the U.S. warhawk faction wants to build.

Cheminade: The Historical Context

Cheminade opened the conference by reading excerpts of a speech given by de Gaulle to the German youth, during his first official trip to Germany in 1963. In this beautiful speech, de Gaulle challenged the young people with a great mission, in which France and Germany would act as the instrument for the good of the whole of civilization: “I congratulate you . . . for being young in this time. Your generation is looking at . . . the multiplication of the combined results of discoveries made by the scientists and of the construction of machines which profoundly change the physical conditions of men. But it is up to those who are your age today, to create the conditions

in which the new and prodigious fields that are opening up in front of your existence, become the conquest, not of a privileged few, but of all our human brothers. Have the ambition to make progress the common good, such that each person partakes in it, that it allows the increase of the beautiful, the just, and the good everywhere, . . . that it procures to the billions of inhabitants of the undeveloped regions, the means to fight against hunger, misery, ignorance, and to have access to full dignity.”

Citing this from de Gaulle, Cheminade located the Elysée Treaty in its historical context: preceded by a hideous war which men like Germany’s Heinrich Brüning and France’s Pierre Laval were unable to stop, because of their austerity policies; and followed by the rise of Anglo-American financial and military power, which de Gaulle and Adenauer fought, but were unable to eradicate.

The wounds of the war were not yet healed when the Elysée Treaty was signed, and de Gaulle in particular had to struggle against his own public opinion. Philomene and Louise, two of his household servants, were shocked when de Gaulle informed them that the German Chancellor would come to visit, on Sept. 14, 1958: “A German here? Never, never, never!” stated these former Resistance fighters. As the two Europeans were celebrating the reconciliation with a *Te Deum* at Rheims Cathedral, demonstrators were waving posters stating, “All Nazis out of France!”

The Franco-German alliance was a new declaration of war, not against a military target, but against the imperial Anglo-American factions that came to power after Franklin Delano Roosevelt’s death, and the betrayal of his policies by President Harry Truman. Not even two weeks before the signing of the treaty, on Jan. 14, 1963, de Gaulle refused Britain’s entry into the European Common Market. Just a few months later, de Gaulle pulled out of NATO and recovered full military sovereignty. Rapidly, de Gaulle acted to extend the Franco-German entente from the Atlantic to the Urals; and, in a toast to Russian Prime Minister Aleksei Kosygin in 1966, he opened up to Eastern Europe.

By 1971, however, despite the hopes raised by the Franco-German alliance, the Anglo-American financier oligarchy decoupled the dollar from gold, opening the way to the financial law of the jungle that rules the world today.

We have now, once again, an immense opportunity, stated Cheminade, reviewing the recent Franco-German statements against an Iraq war, and against the European Union's inflexible, monetarist Stability Pact, which, along with the crisis of the dollar system, is pulling Europe into an economic meltdown. These statements are still terribly insufficient, he said, but seeing the reaction in the Anglo-American camp, they are not nothing. Cheminade attacked the black propaganda team created by Rumsfeld's and Vice President Dick Cheney's associates, Doug Feith and William J. Luti, who are in charge of discrediting the Franco-German anti-war effort. The pro-war statement signed by eight heads of state in Europe, against France and Germany, is totally in line with the Anglo-American efforts to sabotage the European Economic Commission and other such initiatives of de Gaulle and Adenauer.

This new Franco-German alliance cannot remain at the present level, stated Cheminade, or else it will be destroyed. And the only way to achieve progress is by dealing with three questions: 1) A mere drive against war will be totally impotent; Paris and Berlin must address the problems underlying the war drive: the bankruptcy of the present financial system. The Franco-German alliance must act to implement the ideas proposed by Lyndon LaRouche: a New Bretton Woods system, the Eurasian Land-Bridge, and an Oasis Plan for the Middle East; 2) France and Germany must mobilize their public opinions in favor of such projects, which means abandoning any type of austerity policy and changing those aspects of the Maastricht Treaty and Stability Pact which stop Europe from adopting a Rooseveltian economic policy; and 3) Europe must contribute to the efforts of the "other United States," namely that of Lyndon LaRouche.

Zepp-LaRouche: No Clash of Civilizations

Helga Zepp-LaRouche took it from there, addressing the French audience in their own language. The de Gaulle-Adenauer treaty was "a real historical breakthrough," she stated, but the "renewal of this friendship today is as important, if not more." This new alliance might be the most important European contribution to preventing a war of aggression from becoming the detonator of a Clash of Civilizations, a world war, and a new dark age.

Concerning the war against Iraq, Zepp-LaRouche said that "we have at this point a very small window of opportunity for stopping that war; everything in our power must be done to stop it." There is no reason whatsoever for this war, she stated, showing that the United States had failed to provide any proof as to the danger Iraq presents. She also called on international jurists and politicians to denounce the new American concept of pre-emptive war—in reality a war of aggression for which people were condemned in Nuremberg.

She urged people to look at LaRouche's State of the Union webcast of Jan. 28 and to compare it to George Bush's address of the same day. While Bush was raving about war, LaRouche made the point that, horrible as it would be, the war against Iraq would trigger something even worse: a Clash of Civiliza-

tions against a Muslim world of 1 billion inhabitants.

Beyond the military consequences, Zepp-LaRouche drew a grim picture of what the economic consequences of such a war would be. A price of oil up to \$80 or \$100 per barrel would probably be that last blow to a system which is already in its death agony, she stated.

Since the United States has the world's strongest military apparatus, the only possibility to stop the war and to stop the U.S. descent to a totally imperial power, is that opposition be mobilized from inside that country. Zepp-LaRouche outlined her husband's efforts to block the war party, including by mobilizing the traditional forces in the military.

What can Europe do, in a situation where we are now on a short fuse to war, and where any pretext could be created—such as a mega-terrorist attack—to unleash the war against Iraq? She indicated that while demonstrations in Europe would strengthen the anti-war resolve, they are not enough to stop the war drive, the causes of which are in the economic crisis.

The entire system is on the verge of collapsing, she said, indicating that more than half of the world's most powerful 50 banks are hopelessly bankrupt. Beyond Argentina, Brazil, Japan, and now Germany, which are in very bad shape, the epicenter of the crisis is the United States. The dollar is collapsing; 46 out of 50 states of the Union are bankrupt. California's governor recently declared that, were he to lay off all state employees, and close all jails, hospitals, schools, universities, and psychiatric clinics in California, the state's enormous debt would only be cut by half!

We must overturn the depression, she stated, indicating that this is the real challenge for France and Germany. In large parts of the world, famine, hunger and disease are overwhelming. Zepp-LaRouche reported on her recent trip to India and particularly her visit to Calcutta, where Lyndon LaRouche found the poverty worse even than 57 years ago, when he first visited that city. More than 3 million people live in the streets, with just a mat to sleep on and one meal a day, and with no access to clean water, electricity, heat, or toilets. In India, a beautiful country where the Rig Veda civilization goes back 10,000 years, 5 to 7% of the population is infected with HIV.

After giving examples of how the Eurasian Land-Bridge and the New Bretton Woods will pull the world out of the depression, Zepp-LaRouche outlined a mission for France and Germany in the spirit of de Gaulle's speech to the German youth. What is needed is the quality of mission of Joan of Arc, in her fight against what the Indians call, the "Britishers"—the quality of mission of a Gottfried Leibniz who, in spirit, was both French and German.

"The German/French friendship is a beautiful thing," she stated, stressing that the treasures in both countries' history, make them privileged, but also confer upon them special duties. "We must turn our countries into a fountain of good, a fountain of truth, of vision and of generosity," she said, such that "no small country in Europe can feel threatened by this, but rather will want to be pulled into this development."

Afghan Karzai Looks To Iran as U.S. Sun Sets

by Ramtanu Maitra

As the United States brought in its third aircraft carrier, the *USS Abraham Lincoln*, joining the *USS Constellation* and the *USS Harry S Truman*, raising the number of American forces in the Persian Gulf region to close to 100,000 for its planned invasion of Iraq, the ground situation in Afghanistan—the last war—began getting hopeless for the Americans. At the same time, the administration of President Hami Karzai in Kabul, realizing the negative impact in the future of the dwindling U.S. role in Afghanistan, is now seeking friends elsewhere for its own survival.

The security situation in Afghanistan is getting worse for the U.S. troops. It is just over a year since the United States and its allies, under the pretext of launching a war against terrorism, had teamed up with the Tajik-Uzbek-dominated and Russia- and India-controlled Northern Alliance to drive the orthodox Islamic Taliban militia from power in Afghanistan. The objective of the mission, as Washington was telling the world while trying to garner support from other nations, was not only to launch a frontal attack against the terrorists worldwide, but also to drive down the terrorist outfit al-Qaeda, and hang Osama bin Laden and the Taliban supremo, Mullah Mohammad Omar. At the end of a 14-month-long “successful” campaign, the scorecards do not tally in favor of those objectives.

Failed Missions

What nobody denies is that al-Qaeda is very much there in Afghanistan, and has built up cells elsewhere; Mullah Omar is very much alive, and according to a recent news report by veteran Pakistani journalist Rahimullah Yusufzai, more and more Taliban are volunteering to join the anti-United States resistance movement building up in Pushtun-populated areas in war-ravaged Afghanistan. Taliban sources said their supreme leader Omar, on the run after the ouster of his government by the U.S. military in December 2001, told his die-hard supporters to organize resistance cells to attack American and other foreign troops in Afghanistan. Mullah Omar reportedly asked his followers not to harm Afghans fighting for the government or the warlords, because they may have been forced to do so, Yusufzai reports.

Another promise of the Bush Administration to the world was to eradicate Afghanistan’s poppy cultivation, which exploded during the Taliban regime. This was yet another false promise. According to the UN Drug Control and Crime Pre-

vention Directorate’s report obtained by Interfax on Feb. 2, revenues from the illegal turnover of opium in Afghanistan were over \$1.2 billion in 2002. Compared with 1994-2000, this figure grew tenfold, and is equivalent to \$6,500 per family a year. It should be noted that the average salary of an Afghan today is about \$2 per day. Afghan poppy is no longer an issue in Washington, apparently, since the Taliban are not controlling Afghanistan.

Meanwhile, no one in Washington has mentioned either Osama’s or Omar’s names in months, especially the mercurial Secretary of Defense Donald Rumsfeld, who last year was commenting to the press daily about how the United States was closing in on all the terrorists in Afghanistan. But denial does not eliminate problems. In January, the top Taliban leaders—which also include Mullah Abdul Razzaq and Mullah Biradar—issued a statement, saying: “We all want to expel foreign forces, especially non-Muslim, from our homeland. Our resistance would continue until we achieve our objective.”

The Taliban declaration came in the wake of growing attacks on U.S. and Afghan government targets. On Jan. 31, reports filtered out of the remote Nimruz province bordering Iran and Pakistan, that a landmine explosion had killed five Afghan soldiers, including their commander. A day earlier, at least 18 people were killed when a passenger bus was blown up by a remote-controlled bomb blast near Kandahar. The United Nations said on Feb. 1, that it was concerned about lack of security in Afghanistan after a series of armed attacks on aid workers, and that those operating in the area were the intended target of the attack. To add insult to injury, Washington’s “old friend” and beneficiary of many weapons and bags of cash, the Afghan Hezb-e-Islami leader Gulbuddin Hekmatyar, has joined the Taliban cause. Hekmatyar was put on the U.S. most wanted list in January.

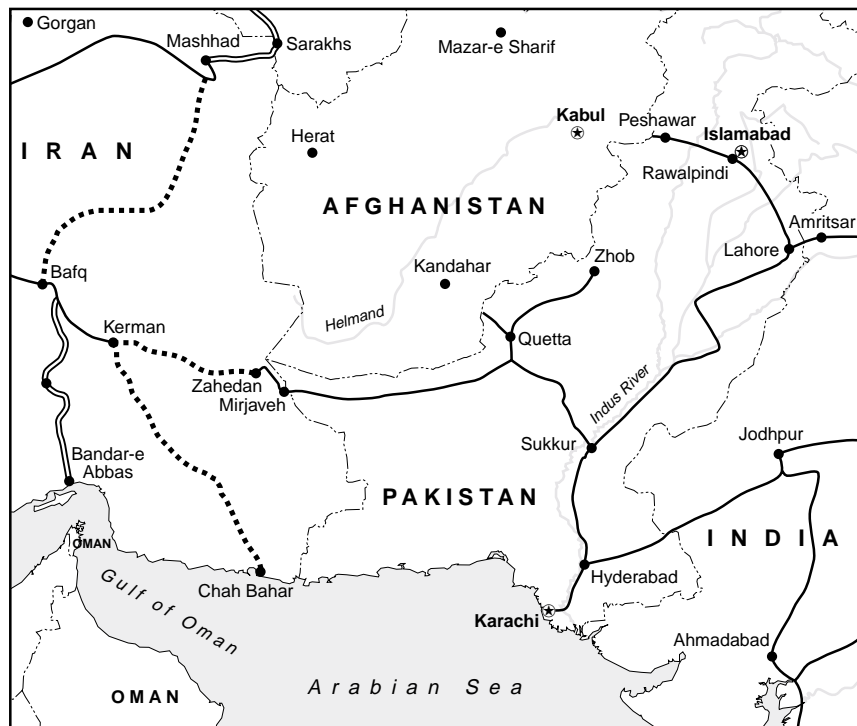
In fact, things are not under U.S. control in any part of Afghanistan. Even Kabul, the capital, where the U.S. and its allied forces’ presence is most felt, is getting difficult. Repeated power failures and food shortages sparked student protests at Kabul University the week of Jan. 27. Police opened fire on a crowd after about 1,000 students took to the streets. At least two students were killed, several others wounded. Outside of Kabul, sporadic fighting continues in the South, near the Pakistani border.

All signals indicate that the United States neither has the means nor the spine at this point to launch the much-touted Marshall Plan to reconstruct Afghanistan. In fact, more than the al-Qaeda or the Taliban, the United States is on the run in Afghanistan. If Washington launches a full-fledged war against Baghdad, the U.S. troops and the allied forces in Afghanistan will have to spend the rest of their stay in bunkers. It is likely that al-Qaeda and the Taliban will then roam the streets and the so-called Afghan campaign of the United States will come to a formal end.

It is evident from the brisk diplomatic movements in the region, that those who till now depended heavily on the United

FIGURE 1

Expansion of Iran's Railroad Connections, East and West



While reconstruction by U.S. forces in Afghanistan is stalled, the Presidents of Iran and Afghanistan have agreed to develop road/rail trade corridors from the Iranian port of Chah Bahar—which is being built up for the purpose—up through Afghanistan, and into the Central Asian Republics to the north.

States for their physical survival are looking out to court new friends. A case in point is the American handmaiden and former official of Unocal oil company, Afghan President Hamid Karzai. Karzai, a Pushtun, had endorsed wholeheartedly the Bush Administration's policy toward Afghanistan, and got hold of power. After an attempt on his own life, and the killings of a Vice President and a tourism minister last year, Karzai asked the United States for a team of American soldiers to protect him. He now lives in Kabul surrounded by U.S. special operations commandos. And yet, even Karzai is now actively seeking cooperation from Iran.

Reportedly, the Afghan President, in a telephone conversation on Feb. 2 with Iranian President Mohammad Khatami, had discussed expansion of mutual cooperation. The Iranian President underlined Iran's all-out support for the Afghan interim government. He expressed Iran's satisfaction with the removal of obstacles to the reconstruction of Afghanistan and restoration of stability in that country. The Afghan President, for his part, highlighted the existing amicable relations between Tehran and Kabul, and described as positive the role of the Islamic Republic of Iran in the reconstruction process in his country.

The reason President Karzai is anxiously seeking support

from President Khatami is not difficult to assess. At the same time that United States is weakening rapidly in Afghanistan, Iran, along with India, has become most active in the region, trying to hook up Afghanistan by road to both Iran and Central Asia. When the Iranian President was in India as that country's chief guest at the Republic Day celebrations on Jan. 26, India and Iran announced the building up of the Iranian port of Chahbahar and connection of the port through railroads and highways to the existing Garland Road in Afghanistan, for sending goods through Afghanistan and Central Asia.

Afghanistan Brought Into 'New Silk Road'

Labeling it a "New Silk Road," Indian External Affairs Minister Yashwant Sinha, who visited Kyrgyzstan on Feb. 2-3 after a short stay in Tajikistan, said that India is going to construct 200 kilometers of this new road that would usher in an entirely new era of trade relations and people-to-people contact between India and Central Asia. "This new Silk Route of prosperity is India's wish for its relations with Central Asia," Sinha said, recalling how the historical Silk Road had provided the meeting

point for China and India to carry out a high volume of trade. It is also interesting to note the growing military relations between the Central Asian nations and India. Sinha's meetings with Tajikistan Defense Minister Khairulloev and Kyrgyzstan Defense Minister Egen Topoev were of a sensitive nature and should be viewed against the backdrop of India's increasing military presence in the Central Asian region, particularly since Sept. 11, well-placed sources in India said.

Since the India-Iran memorandum was signed on Jan. 25, things have begun to move on a fast clip. On the night of Feb. 1, Iranian Trade Minister Mohammad Shariatmadari, Afghan Trade Minister Mostafa Kazemi, and Indian Minister of State for External Affairs Digvijay Singh signed two memoranda on cooperation in trade, economy, and transportation. The documents provide for an increase in the level of trilateral cooperation in economic and transportation areas, and also in the development of a joint trade policy and mutual investments. The Iranian government promised to grant significant reductions in transportation charges for the goods delivered from the seaport of Chahbahar to Afghanistan, and to reduce the tariffs on the use of containers and other transport assets of this port.

The Choices Are Not 'Che' or 'Pinochet'

by Gretchen Small

International friends of Venezuela attempting to foster an electoral route back from the brink of civil war for the country, have come up against the hard reality that putting a political straitjacket on the megalomaniacal President Hugo Chávez is going to require more audacious thinking and action, than what they have attempted so far, if they are to succeed without triggering a continent-wide right-left bloodbath.

Two months and a day after it began on Dec. 2, the national civic strike demanding President Hugo Chávez's "Resignation, Now," was, by and large, over on Feb. 3. Economic breakdown, combined with international pressure, induced the opposition to shift strategies, and give up the strike which had bankrupted the economy. The international campaign was spearheaded by the combined efforts of former U.S. President Jimmy Carter, and a "Friends of Venezuela" group which was formed at the initiative of the Lula government of Brazil, and included the United States, Spain, Portugal, Mexico, Chile, and Brazil. Carter and the Friends group thought, at first, that they had some promise of renewed cooperation, also, from the Venezuelan regime. But President Chávez, a retired army lieutenant colonel, responded to the strike's collapse with a cry for war. He announced that he intends now to decapitate the opposition to his regime, bankrupting and jailing whomever required. Believing himself to be the instrument of a quasi-religious continental project to purge Ibero-America of its "corrupt elite," Chávez had dismissed the Friends of Venezuela in his speech to the 500,000 gathered at a government rally on Jan. 23. "No club of gentlemen will resolve the crisis. The crisis will be solved when what is going to have to die, finishes dying, and what is being born, finishes being born."

Adding to his multiple personalities, Chávez apparently is now convinced that he is not only the reincarnation of South American 19th-Century Liberator Simón Bolívar, but also of Ernesto "Che" Guevara, the Argentine-Cuban guerrilla who sought to ignite "one, two, many Vietnams" across Ibero-America.

Speaking before a special "Solidarity With Venezuela" event during the annual Jacobin confab of the World Social Forum in Pôrto Alegre, Brazil on Jan. 26, Chávez threatened to unleash the "Che Guevara" model throughout South America, should his ouster from office become a real possibil-

ity. In that case, he ranted, "it will show the rest of the peoples of the continent that there is no point in struggling peacefully and democratically for change, and it would be necessary to think of other means. I had a gun in my hands. I put it away. I would not want to use it again. . . . But if the oligarchs of the continent do not understand that the changes are inevitable . . . the telluric force of this continent will erupt, and as Ernesto Guevara once said, 'the cries of battle and the flash of gunfire' will sound."

The worst narco-terrorist lunatics in the continent are now rallying around Chávez, as typified by the prominent presence of Bolivian terrorist-indigenist Felipe Quispe at the official celebrations in Caracas this year of Chávez's Feb. 4, 1992 military uprising. The Castro regime also signalled its support for Chávez's attempt to save his skin by playing the continental card. At a Feb. 2 Havana presentation of a book of Chávez speeches, entitled *The Fascist Coup Against Venezuela*, Cuban Foreign Minister Felipe Pérez Roque proclaimed that Chávez is attempting to do in Venezuela what Cuba did 40 years ago, and if Chávez is defeated, "it would be a historic set-back" for all peoples. Present in the front row was Fidel Castro.

What makes the situation even more dangerous, are the equally lunatic calls coming from certain quarters in the opposition movement, for Venezuela's military to rise up and drive Chávez out. A statement signed by a so-called "Democratic Bloc," claiming to represent 40 non-governmental organizations, and the Merchant Marine (a much more serious factor), which argued for such a military solution, began to circulate on Feb. 3. These layers are being egged on by the "chickenhawk" imperialist crowd in Washington, around Vice President Dick Cheney.

LaRouche: Go at the Insanity Factor

On Feb. 7, U.S. Presidential pre-candidate Lyndon H. LaRouche released a new statement on this explosive mix. "The Carter initiative and the efforts of the Brazilian government were the right thing to do. Carter and the Friends tried to cool things out, but now Chávez is destroying the very deal that was being put together to bring Venezuela back from the brink," LaRouche said.

LaRouche referenced his Dec. 21, 2002 statement, in which he emphasized the "substantial evidence that Chávez is actually clinically insane," as a factor to be considered. "A prompt, quiet, non-bloody solution must be found and agreed upon by the relevant parties, under which Chávez would be induced to step down from office," LaRouche wrote then, suggesting the aid of a professional psychiatrist might be employed in the effort.

"Chávez's latest provocations only underscore my earlier assesment and proposed course of action," LaRouche reiterated on Feb. 7. "Further urgent efforts are required of friends of Venezuela, to quietly stop this Chávez insanity, before it triggers a Pinochet-style coup in that country, and a conse-

quent left-right firestorm across the continent. It is obvious to me that some nasty faction from within the United States is orchestrating the situation around Chávez, including Mont Pelerinite elements within the opposition, who have strong ties to the imperialist ‘chicken-hawk’ crowd in Washington. They are exploiting Chávez’s mental problems to the end of producing an added element of strategic chaos into both the Ibero-American theater generally, and also the international petroleum issues posed by the current threat of a Mideast war.

“The essential problem here, is the mental condition of President Chávez himself. His conduct serves no rational interest. As Abba Eban once said to me, during our New York meeting on the subject of Middle East peace, one must never forget that ‘some heads of state are clinically insane.’ Chávez is such a complication. The greatest danger, is that someone might use his nuisance-like qualities to turn him into a martyr to Benthamite Jacobinism. Thus, I have warned against a ‘Pinochet’ solution for the Chávez problem,” LaRouche declared.

Scorched Earth Strategies

Chávez has been manifesting signs of clinical euphoria even in his voice and body mannerisms in the speeches he has given since the middle of January, speeches where he has repeatedly promised to wipe out his opponents, with no concern for national interests. Those who led the strike “can’t remain unpunished. . . They must go to prison,” he told the nation in his regular Sunday television harangue, “Hello, President,” on Feb. 2. At a political rally a few days before, he had urged prosecutors and judges to impose sentences of “more than 25 years of prison, for treason against the Fatherland,” upon strike leaders.

Charges have already been filed against the head of the Fedecámaras business association, Carlos Fernández, who was called in for questioning on Jan. 30. Similar moves are believed imminent against the head of the Venezuelan Labor Federation (CTV), Carlos Ortega. Legal maneuvers are under way against opposition newspapers and television networks, such as the 20 legal actions, seven of them criminal, brought against the opposition-run television network, RCTV.

Chávez has made good use of the fact that opposition ranks include the likes of the hated, dirty billionaire Gustavo Cisneros (whose help in getting elected in the first place, Chávez did not reject). But only a lunatic could dismiss the entire opposition as a mere handful of “oligarchs.” When on Jan. 22 the Supreme Court threw out the opposition’s petition for a referendum on whether Chávez should leave office or not, the opposition countered by organizing an informal referendum for Feb. 2. There they collected, at thousands of tables around the country manned by 30,000 volunteers, some 4 million signatures on petitions proposing varied electoral and legal maneuvers by which President Chávez could be removed from office—double the number

the opposition collected at the end of 2002, on the petition rejected by the court.

Yet, Chávez told the Colombian daily *El Espectador* on Jan. 31, that there never was a strike, but only “subversion,” which he compared to the “subversion” which Colombia has faced for 50 years. The comparison has its ironies, given that Chávez has long insisted that the Colombian state must negotiate with the Colombian FARC and ELN narco-terrorists—which his regime in fact supports—even as he proclaims that he will never negotiate with the “fascists, coup-plotters, and terrorists” who oppose him.

The regime’s intransigence has forced the strike to be continued in the most critical sector of the economy, the oil industry, because the government refuses to rehire the more than 5,000 workers and managers whom it fired over the course of the strike, or to roll back the structural changes it imposed upon *Petróleos de Venezuela (PDVSA)*, dividing and downsizing the national oil company. Yet, the regime’s attempt to bring oil production back up to 3.2 million barrels a day (production is currently just over 1.5 million bpd, it is believed), with a workforce at least one-seventh smaller, and lacking its most experienced managers and labor, is irrational, because it threatens long-term damage to the oil industry.

The political impasse has already destroyed the economy, incalculably. For the first time, the Central Bank simply did not issue an annual report on 2002. Unemployment increased by at least 1 million in 2002, and at least another 300,000 will probably lose their jobs in the first quarter of 2003. This, out of an economically active population of 10 million, in which unemployment has now reached around 20%. But 60% or more of those considered employed have no secure jobs, but work in the so-called “informal” sector.

The final blow to the economy may be delivered by Chávez’s imposition of exchange controls. Controls are a required measure for any sovereign national economic development, but in his Feb. 5 television address announcing the new measures, Chávez gloated that the controls are “the ideal way” to defeat his enemies—and, he specified, to ensure that Venezuela can pay its foreign debt. There will be a fixed exchange rate (1.598 bolivars to the dollar), and a new state-run company will import most food and medicine, whose prices will be controlled. But, he added, “not one dollar for coup-mongers. We’re going to shut the door on them.” Remember, he said, “this is the year of the revolutionary offensive.”

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Armenian MP Survives Knife Attack, as Presidential Campaign Turns Violent

Armenian Member of Parliament Haik Babookhanian, a leader of the Union for Constitutional Rights (UCR) and long-time friend of the Schiller Institute, was stabbed during a Presidential campaign rally in the town of Artashat on Feb. 4. Babookhanian heads the campaign staff of political scientist Aram Karapetian, whom latest polls showed moving into third place among the candidates for the Feb. 19 election. Haik Babookhanian is known to readers of EIR and participants in Schiller Institute conferences since 1991, for his activism in the international fight to free and exonerate Lyndon LaRouche, and as a supporter of calls for a New Bretton Woods monetary system.

UCR leader Hrant Khachatrian charged government officials with instigating the rowdies who attempted to prevent the rally. Besides Babookhanian, who lost a lot of blood and underwent surgery after the attack, regional UCR leader Hrair Khachatrian was also injured by the knife-wielding thugs. A statement released by the UCR said, "The Ministry of National Security has taken no action, maintaining that this matter is the Internal Affairs Ministry's business. Thus, the current authorities have crossed the line to open terrorism." President Robert Kocharian issued a pro forma denunciation of the violence.

Opposition candidates have accused the incumbent, Kocharian, of preparing to fix the election. On Jan. 27, Karapetian charged Kocharian was violating the Elections Code by using government buildings for his campaign, and said the authorities were mobilizing the police and "criminal elements" to create "an atmosphere of fear and terror." Kocharian has boasted that he intends to win a majority in the first round. Although the fragmentation of the opposition vote among ten candidates makes for a big gap between the incumbent and his nearest competitors in pre-election polls, it is widely recognized that Kocharian is not confident of winning a run-off.

Aram Karapetian gave this interview to Rachel Douglas on Feb. 5, by phone from his campaign headquarters in Yerevan.

EIR: The upcoming Armenian Presidential elections are discussed in the West chiefly from standpoint of "how democratic" they will be—will they be fair? It's reported that some transparent ballot boxes are being imported from Germany,

and so forth. Yesterday, though, violence flared in this campaign, with the attack on the chief of your campaign staff, Haik Babookhanian. Why did this happen?

Karapetian: I think the first reason it happened is that a serious struggle has commenced, against the incumbent regime. I think it is without question that the popularity of the main opposition candidates, including my own, has begun to rise very greatly, and steadily. The incumbent President's popularity, by contrast, has peaked and has begun to fall.

I think that as this became evident, an attempt was made at a show of crude pressure, so that things would be weighted—regardless of who really enjoys popular support—to the side of the incumbents. This is, unfortunately, not the first such case in Armenia. Similar things happened in almost all our elections, except for the first one [in 1991] when Levon Ter-Petrosian was elected.

EIR: What effect did this attack have?

Karapetian: Today I was back out campaigning in the districts, continuing to hold campaign rallies and so forth, and I would say that opposition to the incumbents has risen sharply. Everybody thought that free elections would give them the chance to express their opinion and where they stand, but now it turns out that there are not going to be any free elections.

EIR: What are the most important questions facing the electorate and the country in these elections? Why are you running, and what do you offer the Armenian people?

Karapetian: There are several very important questions. The first is, what path of development will Armenia now take? Will it undergo an "Asiatic" sort of political development, or will Armenia ultimately become a normal European nation? This is very important. The latter means a place where law prevails, as opposed to clan relations. Where the level of corruption is not so high as it is now, which is an enormous problem at the moment, threatening our national security. Where a person can freely express his opinion, without fear of coming under some kind of pressure.

The situation in Armenia is very interesting right now. In the legislative field, on paper, everything would appear to be fine. But, when you take a look at real life, you find out that 1.5 million people have left Armenia. If this were to

continue, in three or four years we would not have enough children to make up the first-grade classes in our primary schools.

We now have a very harsh executive power structure: authoritarian Presidential rule. What this means, is that all the democratic procedures, including parliamentary ones, exist on paper, but have no effect in real life. The predominance of clan relationships is the main problem of Armenia today. There are many relatives [of other officials] who have no training or preparation to be government leaders, but occupy major posts.

Thus, the top two questions are the prevalence of clan relationships, and corruption.

Next, we have what I think is a terribly wrong concept of an economic model for Armenia. It is said that we should become a “service” country, to satisfy various demands, actually the demands of the International Monetary Fund or the World Bank—because we’re talking about *their* program. According to this program and the demands they make, Armenia should be a country with a lot of restaurants, casinos, good roads, and hotels. We should be providing such services. I’m not sure to whom, exactly, because the geopolitical situation is such, in and around Armenia, that we can scarcely expect tourism to flourish here in the near future.

I also don’t know for whom and why we should have all these services, because Armenia in the past had a highly developed industrial sector. This was a relatively advanced country, as far as industry is concerned. In Soviet times, 98% of the Armenian budget was associated with 35 factories. Now, however, we hold that if we don’t do some work in the real sector of the economy, if we don’t reopen those factories, or new ones, by making new investments, our people will simply not survive.

Armenia has a foreign debt of \$1 billion. We have 588,000 pensioners, who receive an average monthly pension on the order of eight dollars. If it were not for the \$500 to 600 million sent [by emigré Armenians] into our banking system annually from Russia and America—two-thirds from Russia, one-third from the United States—I think that nobody would be left here. They would simply all leave. That assistance from the diaspora helps us to keep going, so far.

Many such questions originate not from within the domain of domestic policy, but from abroad.

EIR: In various scenarios for war, for the so-called “clash of civilizations,” the Transcaucasus region figures as a zone of tension and military conflict. And Iran, Iraq, the Persian Gulf are not so far away. On the other hand, your colleagues from the Union for Constitutional Rights, Haik Baboekhanian and Hrant Khachatryan, were co-initiators of the latest appeal for a New Bretton Woods system. You support the principle of “peace through economic development” and construction of the Eurasian Land-Bridge. How would this aspect of Armenia’s policy change, if you became President?

Karapetian: I support all solutions based on principles of justice. The world’s problems cannot be solved through hegemonism. We’ve been through that, already. I recall how, at one time, the Soviet Union wanted to have a presence absolutely everywhere. But they couldn’t manage it, and the result is known. The same applies, I would like to say, to the United States. It seems to me that one power will not succeed in ruling the world. The Roman Empire demonstrated that, Alexander the Great’s empire showed it, and so on.

I see developments proceeding, such that the Arab countries, the Commonwealth of Independent States members, and Europe constitute the backbone, the main axis, on which our new geopolitical policy can be based. At the same time, we should have normal relations with a normal United States of America. Because, and this is my personal opinion, ultimately the Americans will move to a new Monroe Doctrine; after some period of time, there will be a new attempt by the U.S.A. to withdraw and concentrate on their own problems. As far as I know, domestic economic problems have arisen within the United States, so this could happen fairly soon.

At the same time, I would like to stress that it is very important, that the Franco-German combination appears to be picking up steam. This is very important, despite the fact that the rest of the countries, globally and in Europe, do not yet support them entirely. But it would seem that Russia may join them, because on Feb. 8 [Russian President Vladimir] Putin will travel to Paris. This provides a good base on which to attach the axis that runs Georgia-Armenia-Iran-Arab countries. This is a major axis. Not all the Arab countries, of course, but certainly Syria, Egypt, and the Gulf states, which do not have big geopolitical problems among them.

Of course, there are serious questions related to China. There you see a tremendous potential, which, so far, has been held within the country, under great tension. Where that potential will break out, and how it may be harnessed for constructive purposes, which may be brought into being; or, whether it might go in the other direction—this is not yet known.

EIR: Of course, relations between Armenia and the United States could also become quite different, if LaRouche became President.

Karapetian: Yes, of course! But, I think that relations at present are already quite interesting. There are the strictly economic relations, but there is also a degree of concern among Armenians—not on account of LaRouche, but connected with the people now in power—because the United States tends to see Turkey as its agent of geopolitical interest, unfortunately. That complicates matters, from Armenia’s geopolitical standpoint.

EIR: Thank you for this interview. Best wishes for your campaign!

Karapetian: Thank you.

Bringing the Reality Of Islam to the West

by Muriel Mirak-Weissbach

The news of the death on Jan. 27 of German Orientalist Prof. Annemarie Schimmel provoked an outpouring of sympathy, not only in Bonn and Berlin, but also in Islamabad, Tehran, Cairo, and many other capitals of the Islamic world. To be sure, as some German commentators have noted, Professor Schimmel was the only contemporary Orientalist of “world class” stature; her publications, numbering more than 100, represent brilliant studies into a vast array of topics, dealing with Islamic philosophy, history, and culture. But, in addition to her scholarly work, she was an indefatigable advocate of “a better understanding among various religions and different peoples,” as she put it, when asked what her life’s “task” was. Professor Schimmel used her extraordinary language skills and cultural knowledge, to bring the reality of Islam to a German, American, and international audience. It is doubly sad that she should depart now, in a moment when the world requires rare persons of her quality.

Professor Schimmel was a vibrant example of what it means to understand a culture by knowing it, and learning about it by loving it. When still a child of a modest family in Erfurt, Germany, a family which raised her “in a spirit of freedom, tolerance, and poetry,” she had her first encounter with a fairy tale about an Indian wise man in Damascus, which ignited her curiosity about Oriental literature. “As a child I once read a fairy tale,” she relates. “I was seven years old—and it took place in the border region between Islam and Hinduism. So it was actually a mystical fairy tale. And I knew then: This is my world. . . . There I felt more at home than in our German world.”

An only child of older parents, the young Annemarie found encouragement from her devoted parents, her father, who was well read in mysticism, particularly Oriental philosophy, and her mother, who came from a seafaring family. At 15, she convinced her mother to let her take Arabic lessons, and she rapidly mastered it. In the following years, she learned Persian, Urdu, Turkish, and Pashtu. (This was at a time, under the Nazi regime, that non-German cultures were considered highly suspect.) With this language ability, she was to translate numerous works, particularly poetical, from all these cultures.

After receiving her first degree in Islamic studies from the University of Berlin, at the age of 19, she studied the history



German Orientalist Prof. Annemarie Schimmel. Her life’s task, she said, was to promote “a better understanding among various religions and different peoples.”

of religions, and began teaching. From 1941 to the end of World War II, she worked as a translator in the Foreign Ministry, then took a doctorate in the history of religion, in Marburg. She was invited in 1954, to be the first woman and first non-Muslim to teach at the University of Ankara, Turkey, “at a time when there were hardly teaching positions for women in Germany,” she related. There she taught comparative religions, and travelled widely in the country, meeting with outlying Islamic communities as well as the nation’s intellectual elite. In 1961, she moved to Bonn to teach, and then was at Harvard University, from 1967-91, where she taught Indo-Islamic culture. She returned to Germany in 1993, where she continued working as an honorary professor at the University of Bonn.

Professor Schimmel conducted in-depth studies of Sufism, the mystical tradition in Islam. In addition to her standard work, *Mystical Dimensions of Islam*, 1975 (*Mystische Dimensionen des Islam*, 1985), she dedicated special study to the great mystical poet Maulana Jalaluddin Rumi (1207-73), with *The Triumphal Sun: Life and Works of Mowlana Jalaluddin Rumi*, of 1978, and *Rumi: Ich bin Wind und du bist Feuer*, and translated numerous of his poems. She issued a valuable anthology of poetry in the Islamic tradition, *Nimm eine Rose und nenne sie Lieder (Take a Rose and Call It Songs)*, with her translations of works from seven language cultures, ancient and modern. She also published books meant as preliminary introductions to Islam and its culture, from various aspects. She even wrote a delightful volume, *Die Orientalische Katze*, 1991, which developed the theme of the cat in Oriental literature.

Awarded a Peace Prize

In 1995, Professor Schimmel was awarded the Peace Prize of the German Book Trade, in recognition of her work promoting what has become known as the dialogue of civiliza-

tions. A massive hate campaign was launched against her, by circles promoting the clash of civilizations, who alleged that she had endorsed the *fatwa* (or death sentence) issued by Iran's Ayatollah Khomeini against Salman Rushdie, author of *Satanic Verses*. Rushdie, a British intelligence asset, had written the book as a blasphemous attack against Islam and its prophet Mohammed. Schimmel had stated that, while she unconditionally denounced the *fatwa* issued against Rushdie, yet she could understand how the blasphemous characterizations, could "wound the feelings of deeply religious people." Professor Schimmel was immediately branded a "fundamentalist" who "justified" an ayatollah's death sentence against Rushdie, who, after all, was merely exercising his "freedom of speech." For months, critics editorialized against her and it was expected that either she would withdraw her name, or the Book Trade Association would settle on a more acceptable choice. Professor Schimmel did not back down, nor did the sponsor of the prize, nor did then-German President Roman Herzog. In his *laudatio* presenting the award, President Herzog explicitly attacked the "political correctness" doctrine, which had animated the witch-hunt against Schimmel. Furthermore, Herzog identified the reason why the hate campaign had been launched, by referencing the "Clash of Civilizations" scenario popularized by geopolitical think-tanker Samuel Huntington. It was precisely to prevent such cultural conflict, Herzog said, that Professor Schimmel's works were most valuable, in providing the general public with knowledge of Islamic culture.

Professor Schimmel elaborated this theme in her acceptance speech delivered at the historic Paulskirche in Frankfurt: That understanding between religious cultures can only occur when one *knows* something about the foreign culture. She explained that she had decided not to acquiesce to the pressure, "because I feel obligated to all Orientalists, who dedicate themselves to quiet dialogue, as well as to all men of good will in the Islamic world, and to the work of entente for which I have lived 50 years." Out of the "soul torture" the campaign had put her through, she said she had learned that "the methods of science and poetry are one, whereas the method of journalism and politics are another. Yet both sides agree what a central role the word 'free speech' plays in our society, in our lives."

Islamic Contributions to the West

Professor Schimmel made use of this freedom, to present what her critics would prefer to deny—the existence of a long, differentiated history of Islamic culture, stretching from Andalusian Spain to the Indian Subcontinent and Asia, her particular areas of expertise. Despite the documented contributions of the Islamic Renaissance to Western civilization, Professor Schimmel said, "most Europeans find it foreign" and consider it, as Jacob Burkhardt did, "incapable of transformation" because it had no Enlightenment. Thus, the issue is, how does one educate people of one culture about another

culture it considers foreign?

"Man is the enemy of what he does not know," she said, quoting from a proverb common to Greek and Arabic. And, citing St. Augustine, she said, "Man understands something only insofar as he is able to love it." Her speech was a short, effective introduction to what Islamic culture is, and an invitation to learn about it. In particular, she explained the special role that poetry, the written and spoken word, have for Islamic culture, from the Koran, through the vast tradition of mystical poetry, which she has researched in depth, to modern manifestations, even in the political sphere—for example, the poet Mohammed Iqbal, considered the spiritual father of Pakistan. "The word," she said, "is that good which man has been entrusted with, that he should protect and that he should not, as often happens, weaken, falsify, or talk to death: Because it holds powers which we cannot estimate. In this power of language lies also the extraordinary responsibility of the poet and, perhaps even more, of the translator, who can provide the occasion for dangerous misunderstanding merely by a single false nuance."

In commenting on the significance of her receiving the prize, Professor Schimmel said she considered it a prize for all German Orientalists. This is a tradition, she remarked in an interview with the *Frankfurter Allgemeine Zeitung* on Oct. 13, 1995, "of over 200 years of classical Orientalism." Defending this tradition, she added, "When Edward Said, in his book *Orientalism*, branded England's and France's Orientalists as trailblazers and interpreters of colonialism, he could not say the same about German Orientalists, because they, at least the majority of them, have kept themselves out of political events. The German Orientalist school always was considered the school of Classical philology."

The German Orientalist whose work Professor Schimmel carried forward in the 20th Century, was Friedrich Rückert, who died in 1866. Rückert was a linguistic genius who mastered over 40 languages and dedicated his life to translating the great works of Oriental cultures into German, from Confucius, to the Sanskrit epics, to the Arabic and Persian literature. Rückert undertook this massive task, convinced that only by making known the works—especially poetical works—of other cultures, would Germans (and others) recognize the universality of the language of creativity, which is poetry. Rückert's motto, "World poetry is world reconciliation," is the ideal which guided Professor Schimmel, who continued Rückert's life work.

Professor Schimmel worked with great energy, driven by a passion for her mission. In her last interview, in December 2002, at the age of 80, she said her normal workday was 12-13 hours: "There is nothing more beautiful, than to sit at a desk or at a typewriter or in a library, and to work." When asked about her plans for the future, she replied with a quote from Rückert: " 'If I am to live another ten years, I have enough work to do. If I am to die tomorrow, I have worked enough.' That's very simple."

LaRouche Mobilizes Youth To Save a Morally Bankrupt Nation

by Jeffrey Steinberg

Lyndon LaRouche simultaneously addressed East and West Coast gatherings of his rapidly expanding youth movement on Feb. 1. Nearly 200 men and women between the ages of 18 and 25 engaged in a four-hour dialogue with the Democratic Party 2004 Presidential pre-candidate.

The rapidly swelling ranks of the LaRouche Youth Movement—the only such movement to emerge in recent American history based on the Platonic founding principles of the American Republic—are engaged in a round-the-clock intervention, to change the direction of American policy: away from the war party drive for a “Clash of Civilizations” engulfing the entire Eurasian region in endless bloodshed and chaos, and toward LaRouche’s agenda of national and global economic reconstruction, based on the successful model of Franklin D. Roosevelt’s pre-war and wartime government-directed mobilization.

The impact of the LaRouche Youth Movement has been felt in a number of state capitals, as well as in the nation’s capital, for months. Shortly after the Feb. 1-2 weekend gatherings, 65 LaRouche youth activists conducted a day-long lobbying intervention on Capitol Hill, distributing thousands of copies of a LaRouche in 2004 campaign pamphlet that contains the text of LaRouche’s historic Jan. 28, 2003 State of the Union address.

As LaRouche promised the youth, he is committed to providing meaning and direction to a young generation abandoned by their Baby-Boomer parents, a “no-future” generation that, without his leadership, faces a world defined by economic collapse, cultural decay, and historical ignorance and/or amnesia.

LaRouche’s Call to Action

LaRouche began his Feb. 1 opening remarks: “Now, we’re in a crisis, in a tragedy—you might call it the global

tragedy. The popular opinion which has dominated the United States, in particular, increasingly over the period since about 1964, has been tragic, in the Classical sense of tragedy. What has emerged as popular opinion, resulted in a collapse of civilization, which has reached the end-phase of its existence, such that, if popular opinion is the standard of behavior of government, and of the population, this nation will soon cease to exist. All tragedy is based on that principle, true tragedy. Tragedy is not caused by mis-leadership. Tragedy may be contributed to by a lack of adequate leadership; but the root of tragedy is always popular opinion, established conventions, generally assumed beliefs. And that’s why civilizations collapse.”

Addressing the kind of intervention required to alter the course of history and avert a new dark age, LaRouche told the audience: “Now, that means that two things have to happen, two related things. First of all, somebody on the scene has to understand that public opinion must be changed radically. That is, at least *some* of the definitions, postulates, axioms, which control the system, which control popular opinion, must be destroyed. Otherwise, the society, civilization, will crash.

“Once the idea exists, in the minds of some, the question is, how are we going to implement that idea, to cause society, at the brink of doom, to save itself, by, first of all, changing the generally accepted truisms of prevailing popular opinion, in government, in legislatures, in political parties, among the people in general.”

LaRouche spoke with brutal frankness about the kind of social hell the young generation has been faced with: “Your generation, [those] who are still alive and viable, are confronted by the fact that your parents’ generation gave you a *no-future* world. There’s no way you can make a deal with this culture, which prevails today. No way. Because you can’t



Lyndon LaRouche addresses a cadre school of the LaRouche Youth Movement on Feb. 1 in Pennsylvania. More than 200 young organizers and potential supporters, most from the United States but joined by some Europeans and Australians, attended the East and West Coast schools which were both opened by his presentation.

survive! This culture can not deliver you the means to survive. And you know from the broken home-background that your parents' generation created, in large degree, what kind of a psychological hell it makes for your generation.

"How many mothers and fathers do you have, officially on the record, known and unknown? I mean, that's the condition of this generation, your generation!"

LaRouche got to the heart of the matter: "So, you know that. What are you going to do about it? You know that you don't have a future unless you can change society. But you're a generation which is in a controlling position in policymaking of society. So what you do, is you go out like missionaries, and begin to organize the dead generation, your parents' generation, in society. And you see the impact you have when you go into these various places, like the campuses—go into places such as the state legislatures, or the Congress—you see the effect you have. The presence of four, five, or six of you, walking in, *knowing* what you're talking about, which is more than most of these legislators can do, and others: You have an effect on them. . . ."

"Now, my job is to ensure that the youth movement has the right leadership. Because, without a youth movement, even though I may be the smartest man in America, particularly on these kinds of issues, I can do nothing by myself. It's a youth movement which can strike the preceding generation, and revive them, and touch their conscience, which will enable this revival of the United States to occur. And of civilization generally. Because we are a world power. We are the world empire—don't kid yourself! The United States is a world empire—don't kid yourself!

"Don't say, the Chinese are going to do this, the Koreans

are going to do this, the Japanese are going to do this, the Africans are going to do this, the South Americans—no, they're not! Because I know these countries. In none of them do they have the guts, to challenge the United States. They will all crawl, and whine, and whimper, and complain, and make insults, and curses, but they will submit from inside the pig-sty, where they're waiting to be slaughtered.

"We in the United States, and the youth movement in the United States, have the special responsibility, since this *is* the world power, in terms of political-military control of the world as a whole, *we* have to change it from the inside, in order to save the world as a whole. And the world will look to us for this. If we don't succeed—if I were to fail, if you were to fail—write the United States off, and be prepared to accept several generations of a dark age for humanity as a whole.

"If I continue to do my job, and you do yours, and develop this youth movement as it must be developed, we can change world history for the better right now. Because there is no other thing that's going to work, except this kind of change."

LaRouche concluded: "That's the principle of tragedy. That's also the principle of the sublime. And that's what you guys are about. You have to have a clear self-conception of who you are."

Following LaRouche's keynote and dialogue, both the East Coast and West Coast gatherings conducted a day and a half of intensive classes and discussions, demonstrating that, even in the present collapsing culture, a Classical educational curriculum can be revived—as a "university on wheels" of political organizers.

Lewis Libby Bestrides Underworld of Empire

by Anton Chaitkin

Lewis Libby, chief of staff and national security aide to Vice President Dick Cheney, is a leader of the Administration faction promoting war with Iraq and a global explosion of other conflicts. Despite his power and importance, it is understandable that Libby is shielded from the public view; that no biographical sketch has been published. Lewis Libby's career so blatantly represents the gangsterism driving events to a catastrophe, that as a leader of the war project, he must cling to the shadows.

His life has alternated between two closely intertwined tracks. For half of the years since 1980, sponsored by Paul Wolfowitz (his Yale professor), Libby has pushed imperial war schemes from within government posts. *EIR* has previously published details of Libby's role with the "chicken-hawks." For the other half of these two decades, Libby has been an attorney for the "godfather" of Russia's "Mafiya" killers and mass looters, Marc Rich—work performed entirely under Libby's mentor and law partner, Leonard Garment.

Wolfowitz is now Deputy Secretary of Defense. He and Libby supply the "brains" for their war-mad superiors, Cheney and Defense Secretary Donald Rumsfeld. Marc Rich is currently a target of several nations' law enforcement agencies' crackdown on an immense Russian Mafiya money-laundering scheme, despite the pardon for Rich that Libby and his clique orchestrated from President Clinton.

Leonard Garment, Nixon's Reinventor

Following a 1983 indictment, Rich fled the United States, facing 325 years in prison; the official charges specified only trading with the enemy (Iran) and tax evasion, leaving untouched Rich's plundering of Africa, decimating of Russia, and bloody organized-crime operations in New York. Libby told investigators for the House Government Reform Committee, on March 1, 2001: "In the Spring of 1985, Mr. Rich . . . asked Mr. Leonard Garment, a Washington attorney, to represent [him] in connection with an outstanding criminal indictment. At the time, Mr. Rich had already renounced his U.S. citizenship and was living in Switzerland. . . . About this time, Mr. Garment asked me to join his firm. Mr. Garment assigned me to help assess [possible] legal defenses to the tax and energy fraud charges to which the Rich companies had already pled guilty." Libby left his post under Wolfowitz in the Reagan Administration, went to work for Garment and



Lewis Libby's in-the-shadows role as power-broker out of Vice President Cheney's office, is not really separable from his other role, lawyer for international swindler Marc Rich over the past two decades.

Rich, returned for a stint in the next Republican Administration, went back again to Garment and Rich, and once more back to the official war business under Cheney as Vice President. Through these decades, the Rich enterprise has paid millions of dollars for his services.

The power faction that has employed Libby, both in and out of government, is the subject of our inquiry.

Leonard Garment has gained slight fame as President Richard Nixon's attorney in the Watergate scandal, and even less notoriety as the lawyer for Israeli spy Jonathan Pollard's recruiter and controller, Col. Aviem Sella, and for gangster Rich. Garment and his friend, Purple Gang mobster and Dope, Inc. billionaire Max Fisher, working together as a team, have had increasing influence in the Republican Party since the 1960s. A thoroughly sanitized version of their story is told in two books, Garment's autobiography (*Crazy Rhythm*, 1997, written in cooperation with his law partner Libby), and the Max Fisher authorized biography (*Quiet Diplomat*, by Peter Golden, 1992).

Richard Nixon, formerly U.S. Vice President, had been defeated for the Presidency by John Kennedy in 1960, and defeated again two years later running for California governor. Looking for a fresh start, Nixon moved to New York in 1963 and joined the Wall Street law firm of Mudge, Rose. Leonard Garment, a rising partner at that firm, befriended Nixon, introduced him politically and assured the humbled politician that Destiny was calling. The Max Fisher biography quotes Garment: "Wall Street was not Nixon's natural field of action. In politics, people are very direct. . . . However, on Wall Street, it's a very complicated, convoluted language. And then you have country clubs and golf and private clubs in town. That was not Richard Nixon's cup of tea."

In 1967 Garment organized the cynical advertising for "The New Nixon" to win the Presidency in 1968. As Garment comments in his autobiography, "Joe McGuinniss's book *The Selling of the President* . . . bestowed fame, fortune and legendary status on the Nixon advertising campaign and its per-

petrators, the members of our media [group].” Victory put Garment into a select White House circle.

Max Fisher put huge sums into the 1968 race, money originating largely from organized crime. He reputedly had carried cash for the Detroit Purple Gang across the Canadian border in payments for drugs and booze, and was an owner in the Gang-controlled oil industry. Garment and Fisher worked together through the Nixon Administration. Introducing Fisher in his autobiography, Garment speaks of “my organizing . . . meetings for the American Jewish leaders with Nixon and [National Security Advisor Henry] Kissinger. The principal force behind these meetings was . . . Max Fisher, who had amassed a large fortune in the oil business. . . . His exploits in forging an alliance between Israel and a succession of Republican presidents deserve—and have gotten—a whole book [i.e., the Fisher authorized biography].” Fisher and Garment’s power faction shifted a section of the American Jewish community from liberalism into right-wing politics. Their allies in Israel moved Israel to the right. This gangster/right-wing axis has become the nightmare Likud government in Israel today.

When Nixon plunged into trouble for covering up the Watergate bugging adventure, Garment became official Counsel to the President. Garment and Fisher got the embattled Nixon to send massive arms shipments to Israel during the 1973 Mideast war that coincided with the Watergate crisis.

Criminalizing Politics

Fisher and Garment operated together in pressuring Russia on Jewish emigration. As one result, gangsters, many of them not Jews, poured into Israel, into New York, out of and back into a disintegrating Soviet Union. Rich, a financial contributor to this process and acknowledged agent of the Israeli Mossad, became a kingpin of the wildest criminals sprung from Russia.

For example, Rich, his New York partner Ronald Greenwald, and Israeli Likud operative Shabtai Kalmanowitch created a front company which ran Bophuthatswana in Africa, bringing in money-laundering casinos and taking over the country’s platinum mines. In 1985—the same year that fugitive Rich hired Garment and Garment hired Libby—Rich, Greenwald, Kalmanowitch, and a team of Israelis tied to Ariel Sharon made a coup d’état in Sierra Leone, West Africa. Most of the country’s diamonds were smuggled into the black market through Russian Mafiya routes. Kalmanowitch was later arrested in London, extradited to the United States, skipped bail, and fled to Israel, where he was again arrested, charged with spying for the KGB.

Garment represented Rich through various law firms. Libby, Garment’s protégé, followed Garment into employment at Dickstein, Shapiro and Morin (in 1986-89); Mudge, Rose, the old Nixon firm (after 1992); and Dechert Price & Rhoads (late 1990s).

In 1989 Libby switched into the Pentagon, where he and

Wolfowitz urged then-Defense Secretary Dick Cheney to adopt a global pre-emptive warfare doctrine in response to the collapse of the Soviet Union. Cheney embraced it, but the elder President Bush and his other advisors kept this insanity somewhat contained. It emerged as a reigning doctrine after the Sept. 11, 2001 attacks.

Along the way, Garment’s sponsor, Max Fisher, took control (in 1975) of the United Fruit Company, renamed United Brands. This banana firm in effect ruled Central America, sponsored coups and dictators, and was blamed by anti-drug officials for running about 20% of the cocaine and marijuana coming into the United States in the 1970s. Fisher and United Fruit influence moved Israeli arms into Western Hemisphere covert wars—a circuit that wound up in the crimes of Iran-Contra in the mid-1980s.

The year Fisher became United Brands chairman, President Gerald Ford granted his request to appoint Leonard Garment to the UN Human Rights Commission. After working in New York with Ambassador to the UN Daniel Patrick Moynihan, Garment and a team of “neo-conservatives” ran a Moynihan-for-Senate campaign, setting the mold for a new breed of Democratic Party operatives for the gangster/Israeli right-wing axis. In the 1980s, this corrupt cross-party apparatus was formalized: Michael Steinhardt—half-billionaire son of a Meyer Lansky syndicate fence, Wall Street speculator, and Marc Rich’s New York investment partner—founded the “centrist” Democratic Leadership Council. Steinhardt chaired the DLC until 1995, when he turned it over to Sen. Joseph Lieberman (D-Conn.). In 1996, Steinhardt visited the exiled Rich in Switzerland, and began planning the campaign to get Rich a pardon. He coordinated with Mossad operative Avner Azulay, head of the Rich Foundation in Israel.

Since Democrat Clinton was the target, Democrat Jack Quinn was retained by the Rich-Garment-Libby-Steinhardt forces, and officially managed the pardon case. Quinn was formerly Vice President Al Gore’s chief of staff, and was known as a loyalist for the Gore/DLC side, following their instructions even when he had nominally worked for President Clinton. Libby told the Congressional probers, “Sometime in 1999, I first learned that Mr. Rich had . . . retained Mr. Jack Quinn. . . . I participated in efforts to brief Mr. Quinn about the case and the subsequent efforts to prepare yet another request to the southern district.”

Beginning with the June 2002 “Operation Spiderweb” crackdown on the Russian Mafiya, a law enforcement net has gradually been closing once again on Rich—his partnership with arms trader Grigori Loutchansky, launderer of Soviet, Russian, and Israeli dirty money; and other Rich companies involved in laundering stolen Russian assets into Israel, among other crimes. It is now imperative that Lewis Libby, the beneficiary and prime protector of this underworld empire, be removed from the levers of power, before he helps drag the world into a disaster.

Powell UN Debacle Shows LaRouche's Crucial Role

by Michele Steinberg

In his internationally webcast Jan. 28 State of the Union speech, Lyndon LaRouche, candidate for the Democratic Party Presidential nomination in 2004, bluntly stated that there is no reason for the United States to have to engage in war against any country—especially Iraq, or North Korea. There is no threat that the United States cannot handle diplomatically with help from friends and allies, LaRouche said, as the unchallenged political and military power on Earth—America's economic disintegration notwithstanding. Thus there is no justification for a war on Iraq; and the same is true for North Korea.

However, that international cooperation is not there. Because of this Iraq war drive, being used as an excuse to launch a new imperial war policy, said LaRouche, "the United States is being held in contempt in most nations and among most people in the world," a contempt that is "growing rapidly under the past two years of this Administration." The immense sympathy for the United States, "over what happened in New York and Washington, D.C. on Sept. 11, 2001 . . . is now dissipating." LaRouche added, "And that is not good for our national security."

Speaking as the shadow American leadership, vitally necessary because of the weakness of President George W. Bush, LaRouche laid out his own mission—to help ensure that this President successfully gets through the next two years. The nation needs a leadership that *can* avoid the Iraq war, just as World War I and World War II could have been avoided with real leadership.

"War is not inevitable!" said LaRouche. "A war in Iraq is not inevitable. Unless cowards permit it to happen, and fools in government, it will never happen. Because Iraq is not a nation to be bombed. Iraq is not a theater of war. It is a detonator of war; a war which would become a worldwide war. . . . This must be stopped now. . . . Anyone who says you've got to go to this war, because of this reason—they don't know what they're talking about; they're fools. It must not happen."

Why Powell Was Sent

The Bush Administration's next action, dispatching Secretary of State Colin Powell to the UN Security Council on Feb. 5 to deliver a bellicose speech about Iraq, only proved

more than ever that LaRouche's leadership role in the United States is crucial. Powell's speech was a diplomatic debacle that failed to win further votes in the UN Security Council for a U.S.-led war on Iraq. But the story behind the Powell speech is more complicated.

On Feb. 5, right after Powell spoke, LaRouche, in discussions with close associates, accused the White House of sending Powell to the UN as part of the Administration's response to LaRouche's State of the Union address—a reaction in anticipation of how the international community would respond to the example of real statesmanship demonstrated by LaRouche in his webcast on the afternoon of Jan. 28. Some Washington sources had explained that the unusually late date (Jan. 28) of the Bush State of the Union speech was precisely in reaction to LaRouche. These sources reported that the delay was both because some in the White House wanted to hear what LaRouche had to say first, and also did *not* want LaRouche to deliver an alternative *after* Bush spoke. The Administration monitored LaRouche's remarks closely, sources reported.

LaRouche characterized what did happen at the UN as follows: Powell did the job he was assigned to do. But those who were expecting a commitment to war to come out of it from the United States will be disappointed. Powell got stuck with the job, because he would not evoke a strong reaction. Powell is seen internationally as someone who is sane. Within the bounds of what Powell was ordered to do (with a very bad script, one might add), he probably kept things at the borders from the edge of war. The risk of war is admittedly increasing, observed LaRouche, but it has nothing to do with what Powell did. Powell was sent in to be embarrassed. If Defense Secretary Donald Rumsfeld, or one of the other war party hawks had been sent in, there would be a veto in the UN Security Council.

How the American Presidential system works has to be understood. There is a small group of utopian nut-cases that are now desperate for this war, a war that neo-conservative Israeli agents like Richard Perle and Michael Ledeen make very clear is aimed at the entire Islamic world, and perhaps, at France as well. But, the Presidency is trying to wriggle around it—pretending to be seriously committed to war, while aiming at not having a war.

A Disastrous Diplomatic Failure

The diplomatic failure of the deployment of Powell to the UN on Feb. 5 was not Powell's failure, said LaRouche. Powell was assigned to present the Administration's case and he did his duty—regardless of his own views. In fact, as events unfolding on Feb. 7 show, LaRouche was more than insightful about the Powell assignment! The information on terrorism and Iraq, and on other matters of weapons of mass destruction, from a British dossier are a hoax. On Feb. 7, the evidence began unravelling at a rapid rate. First,

according to BBC, British intelligence circles, fed up with Tony Blair's amateurish and obsessive war talk, leaked information that a "dossier" released by Blair and praised effusively by Powell at the UN, is a joke—including information plagiarized from a 1997 term paper prepared by a graduate student. Then, the *Wall Street Journal* on Feb. 7 quoted German Interior Minister Otto Schilly asserting that there is no evidence—after an 18-month investigation by German intelligence services—that Abu Musab Zarqawi, a.k.a. "al-Zarqawi," is a core member of al-Qaeda; nor is there evidence that Baghdad is linked to al-Qaeda. Al-Zarqawi was named as the centerpiece of the alleged Iraq/al-Qaeda link by both Powell and by President Bush in a Feb. 6 Rose Garden speech.

On certain other aspects of the speech, the statement of Lt. Gen. Amir al-Saadi, the science advisor to Saddam Hussein, was well taken. Al-Saadi said, according to the *Washington Post* on Feb. 5, "What we heard today [from Powell] was for the general public, and mainly the uninformed, in order to influence their opinion and to commit the aggression on Iraq." It may turn out to be even worse—with Powell having been set up to deliver faulty information.

Powell's prepared 90-minute presentation could have been called a prosecutor's "show of force," complete with a slide show of satellite photos, audiotapes of wiretapped conversations, mug shots of al-Qaeda assassins, and animated cartoons of secret mobile weapons labs. The "facts" were then wrapped in neo-conservative, imperial rhetoric, threatening the United Nations with making itself "irrelevant" (a phrase loved by those who do not want a coalition, but want the United States to act as an imperial power) if the Security Council were to vote against taking military action against Iraq. But the speech is already being widely discredited.

In addition to the al-Zarqawi matter, another area involving satellite photos is especially suspicious. Powell exhibited satellite photos purporting to show that Iraq had moved materiel before the inspectors arrived. As noted above, the allegation that al-Zarqawi is a top al-Qaeda leader backed by Iraq is discredited by the German Interior Minister. Both Powell and Bush asserted that al-Zarqawi had master-minded the Oct. 28, 2002 assassination of American diplomat Lawrence Foley, who worked for the State Department's Agency for International Development, in Amman, Jordan.

On the satellite photos, Powell divulged in three examples that "on Nov. 10, [2002]" and "just two days before the inspections resumed," trucks and caravans were photographed by U.S. satellite observation removing materials from declared weapons sites. "We saw this kind of house-cleaning at close to 30 sites." Yet this information was never provided to the UN Security Council, of which the United States is a permanent member.

This is nothing short of what would be considered with-

holding of evidence, or even government misconduct and obstruction of justice, in a case brought under U.S. Constitutional or international law! Was the objective of the Bush Administration to humiliate the UN inspectors by withholding information that they would be going to empty sites? Or is the Feb. 5 "evidence," more "smoke and mirrors," than a "smoking gun?"

In addition, the al-Zarqawi/Baghdad story of a link to the Foley assassination may turn out to be a "Gulf of Tonkin" type lie, that is, an invented explanation for an incident that is designed to provide justification for an unjustified war.

As LaRouche emphasizes, in truth seeking, whether in economics, or war, or science, "facts" are not "facts" out of context. In effect, even if the remaining allegations in Powell's performance are true, the presentation *proves* LaRouche's point from the Jan. 28 webcast—that the United States, as the unchallenged superior military and economic power in the world, is big enough, sophisticated enough, and has enough clout in the world to resolve the crises of Iraq and North Korea *without* going to war.

Allies Unconvinced

As of Feb. 6, the votes in favor of U.S. military force to take over Iraq, at the UN Security Council, were only 4 out of 15, and Powell's performance had failed to gain more support. Statements on Feb. 6 from France, Germany, Russia, China, and the Arab League all show that, despite the media frenzy of black propaganda, Powell's presentation a day earlier had not swayed any of the opponents of an Iraq war, especially the opposing nations on the Security Council. On Feb. 6, Russian President Putin had a phone discussion with French President Chirac, and the two men reiterated that they want the weapons inspections to continue. France's Foreign Minister offered a proposal, in response to the Powell speech, that the weapons inspection team be greatly expanded, to allow also for monitors to be left behind at all inspected sites; and that France begin surveillance flights over Iraq.

UN weapons inspectors Hans Blix and Mohamed El Baradei were in London on Feb. 6, where they reiterated their demand for more time to finish their jobs. On Feb. 7, they were going to France and then on to Baghdad. Even Powell said that their Feb. 8-9 work in Iraq will be critical for determining whether or not there will be a war. On Feb. 6, Iraq allowed the first interview with an Iraqi weapons scientist to take place without a government observer.

War is not inevitable with leadership provided by LaRouche, and an expanding number of allies committed to winning the peace with him. As he said on Jan. 28, "We must save this nation with a President who does not have the qualifications in himself, a President should have for a crisis of this sort. I do. Therefore, I shall assume my responsibilities to him, as well as to our institutions and our people."

One Doesn't Mention Rope . . .

In a case of recognition of the dangers of the deepening depression, which is more than rare in Washington, a Federal oversight agency on Feb. 4 asked Congress for receivership authority in case of a near-term failure, because of derivatives losses, of one of the giant Federal mortgage companies, known as Fannie Mae and Freddie Mac. A failure could trigger a “systemic event” threatening the collapse of the housing financial system and a “major disruption” of global financial markets, reported the agency, the Office of Federal Housing Enterprise Oversight (OFHEO)—exactly the conclusion drawn in the June 21, 2002 *EIR* by economic researcher Richard Freeman. OFHEO is supposed to regulate these two government-sponsored enterprises creating the secondary mortgage market—the last financial bubble still left standing as of now.

OFHEO sent a report to the Senate Banking Committee and the House Financial Services Committee, calling on Congress “to allow the agency to close and appoint a receiver to manage the affairs of an insolvent Enterprise,” by amending the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. If an Enterprise is not viable, the report states, then OFHEO should have the authority to “place it into receivership and wind down the business of the company.”

Major global securities firms and commercial banks that serve as counterparties to the financial derivatives contracts that the Enterprises use, OFHEO warns, would face “serious [credit] exposures” and “solvency or liquidity problems,” were one of the Enterprises to fail. More than 30% of commercial banks with assets above \$1 billion, OFHEO estimates, hold debt of Fannie or Freddie exceeding 10% of their equity—while one with more than \$50 billion in assets (unnamed but unmistakably J.P. Morgan Chase) held Fannie Mae debt in excess of 25% of its equity. “Changes in market conditions in securities or derivatives markets, could impose losses on, and increase the risk of, Fannie Mae and Freddie Mac and other financial institutions that participate in those markets.” The interdependencies are so large that, “if either En-

terprise became insolvent or illiquid, investors in its debt and, potentially, its derivatives counterparties could incur losses.”

OFHEO considers three “hypothetical” scenarios of deteriorating financial conditions. In the third scenario, Enterprise A suffers large losses and becomes illiquid—resulting in a “systemic event.” Investors “are uncertain about whether it will default, about the size of any credit losses they may incur, and about the future liquidity of its debt.” As a result, there is widespread selling of the Enterprise’s debt as well as a large decline in the market prices of its mortgage-backed securities (MBS).

Under some circumstances, the sell-off becomes a panic; the resulting bank problems “increase the risk of contagious ill-liquidity spreading through the banking system, the markets for the obligations of other GSEs, and the financial sector as a whole, adversely affecting the U.S. and the global economy.” For example, foreign investors would sell dollar-denominated assets. Mortgage rates would skyrocket, GDP and employment would plummet; pension funds would be hit hard. In this case, OFHEO states, “the Federal government faces difficult choices.” Without government action, “the potential decline in aggregate economic activity may be very large.”

The potential for an Enterprise failure is much greater now than it was in 1992—when Fannie Mae and Freddie Mac outstanding debt was much lower, and they were just beginning to use financial derivatives. The mortgage corporations had \$1.7 trillion in derivatives outstanding at the end of 2001, according to OFHEO Director Armando Falcon, up from \$72 billion at the end of 1993. Fannie Mae’s debt has increased five-fold, and that of Freddie Mac by 20 times.

Most serious was the result of OFHEO director Falcon’s report. He was fired immediately on Feb. 5, and replaced by a total-deregulation advocate who is a friend of former Sen. Phil Gramm and his wife Wendy. If the Bush Administration cannot tolerate listening to warnings of what is coming, that is more dangerous than the collapse threat itself.

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- SANTA ANA Adelphia Ch.53 Tuesdays—6:30 pm
- STIA.GLAR.VLY T/W & AT&T Ch.20 Fridays—1:30 pm
- SANTA MONICA Adelphia Ch. 77 Thursdays—4:30 pm
- TUJUNGA—Ch.19 Tuesdays—4 pm
- VENICE—Ch.43 Wednesdays—7 pm
- VENTURA—Ch.6 Adelphia/Avenue Mon & Fri—10 am
- WALNUT CREEK AT&T Ch.6 2nd Fridays—9 pm
- WATSON Ch.31 Tuesdays—7:30 pm
- W.HOLLYWOOD Adelphia Ch. 3 Thursdays—4:30 pm
- W.SAN FDO.VLY Time Warner Ch.34 Wed—5:30 pm

COLORADO

- DENVER—Ch.57 Saturdays—1 pm
- ## CONNECTICUT
- GROTON—Ch. 12 Mondays—10 pm
 - MANCHESTER Ch.15 Mondays—10 pm
 - MIDDLETOWN—Ch.3 Mondays—5 pm
 - NEW HAVEN—Ch.29 Wednesdays—7 pm
 - NEWTOWN/NEW MIL. Cablevision Ch. 21 Mondays—9:30 pm
 - THURSDAY—11:30 am

DIST. OF COLUMBIA

- WASHINGTON Comcast Ch.5 Starpower Ch.10 Alt. Sundays—6 pm 2/23, 3/9, 3/23 4/6, 4/20, 5/4

FLORIDA

- ESCAMBIA COUNTY Cox Ch. 4 2nd Tue, 6:30 pm

IDAHO

- MOSCOW—Ch. 11 Mondays—7 pm

ILLINOIS

- CHICAGO* AT&T/RCN/WOW Ch.21
- QUAD CITIES MediaCom Ch. 19 Thursdays—11 pm
- PEORIA COUNTY Insight Ch. 22 Sundays—7:30 pm
- SPRINGFIELD Ch.4 Mon-Fri: 5-9 pm Sat-Sun: 1-5 pm

INDIANA

- BLOOMINGTON Insight Ch.3 Tuesdays—8 pm

- DELAWARE COUNTY Comcast Ch. 42 Mondays—11 pm

IOWA

- QUAD CITIES MediaCom Ch. 19 Thursdays—11 pm

KENTUCKY

- BOONE/KENTON Insight Ch. 21 Mon: 4 pm; Sat: 5 pm
- JEFFERSON Ch.98 Fridays—2 pm

LOUISIANA

- ORLEANS PARISH Cox Ch. 78 Tuesdays & Saturdays 4 am & 4 pm

MARYLAND

- ANNE ARUNDEL Annapolis Ch.20 Millennium Ch.99 Sat & Sun: 12:30 am
- MONTGOMERY Ch.19 Fridays—7 pm
- P.G.COUNTY Ch.76 Mondays—10:30 pm

MASSACHUSETTS

- BRAintree AT&T Ch. 31 BELD Ch. 16 Thursdays—8 pm
- CAMBRIDGE MediaOne Ch. 10 Mondays—4 pm
- WORCESTER—Ch.13 Tue.—8:30 pm

MICHIGAN

- CALHOON ATT Ch. 11 Mondays—4 pm
- CANTON TWP Comcast Ch. 18 *Zajak Presents* Mondays: 6-8 pm
- DEARBORN Comcast Ch. 16 *Zajak Presents* Mondays: 6-8 pm
- DEARBORN HTS. Comcast Ch. 18 *Zajak Presents* Mondays: 6-8 pm
- GRAND RAPIDS AT&T Ch. 25 Fridays—1:30 pm
- KALAMAZOO Thur-11 pm (Ch.20) Sat-10 pm (Ch.22)
- KENT COUNTY Charter Ch.7 Tue: 12 Noon, 7:30 pm, 11 pm
- LAKE ORION Comcast Ch.65 Mondays & Tuesdays 2 pm & 9 pm
- LIVONIA T/W Ch.12 Thursdays—5 pm (Occ. 4:30 pm)
- MT.PLEASANT Charter Ch. 3 Tuesdays—5:30 pm Wednesdays—7 am
- PLYMOUTH Comcast Ch.18 *Zajak Presents* Mondays: 6-8 pm

MINNESOTA

- ANOKA AT&T Ch. 15 Mon.—4 pm & 11 pm
- BURNSVILLE/EGAN ATT Ch.14,57,96 Tuesdays—5:30 pm Saturdays—9 pm Sundays—10 pm
- CAMBRIDGE U.S. Cable Ch.10 Wednesdays—2 pm
- COLD SPRING U.S. Cable Ch.10 Wednesdays—5 pm
- COLUMBIA HTS. MediaOne Ch. 15 Wednesdays—8 pm
- DULUTH Charter Ch.20 Mondays—9 pm Wednesdays—12 pm Fridays 1 pm
- FRIDLEY Time Warner Ch. 5 Thursdays—5:30 pm Saturdays—8:30 pm
- MINNEAPOLIS PARAGON Ch. 67 Saturdays—7 pm
- NEW ULM—Ch.14 Fridays—5 pm
- PROCTOR/HERMANTOWN—Ch.12 Tue. b/w: 5 pm-1 am
- ST.CLOUD AREA Charter Ch.10 Astound Ch.12 Thursdays—8 pm
- ST.CROIX VLY. Valley Access Ch.14 Thursdays—4 & 10 pm Fridays—8 am
- ST.LOUIS PARK Paragon Ch. 15 Wed., Thu., Fri. 12 am, 8 am, 4 pm
- ST.PAUL (city) SPNN Ch. 15 Saturdays—10 pm
- ST.PAUL (N Burbs) AT&T Ch. 14 Thu—6 pm & Midnite Fri—6 am & Noon
- ST.PAUL (NE burbs) Suburban Ch.15
- ST.PAUL (S&W burbs) AT&T-Comcast Ch.15 Tue & Fri—8 pm Wednesdays—10:30 pm
- SOUTH WASHINGTON ATT Ch.14—1:30 pm Mon. Tue, Wed, Thu

MISSISSIPPI

- MARSHALL COUNTY Galaxy Ch. 2 Mondays—7 pm

MISSOURI

- ST.LOUIS AT&T Ch.22 Wednesdays—5 pm Thursdays—12 Noon

- SHELBY TWP Comcast Ch.20 WOW Ch.18 Mon/Wed: 6:30 pm
- WASHINGTON AT&T Ch. 21 AT&T Ch. 17 Thursdays—5 pm
- WAYNE COUNTY Comcast Ch. 68 Unscheduled pop-ins
- WYOMING AT&T Ch. 25 Wednesdays—10 am

NEBRASKA

- LINCOLN T/W Ch. 80 *Citizen Watchdog* Tuesdays—7 pm Wednesdays—10 pm

NEVADA

- CARSON—Ch.10 Wednesdays—7 pm Saturdays—3 pm
- RENO/SPARKS Charter Ch.16 Fridays—9 pm

NEW JERSEY

- HADDON TWP Comcast Ch. 19 Sundays 11 am
- MERCER COUNTY Comcast* TRENTON Ch. 81 WINDSOR Ch. 27 MONTVALE/MAHWAH Time Warner Ch. 27 Wednesdays—4 pm
- NORTHERN NJ Comcast Ch.57* PISCATAWAY Cablevision Ch.71 Wed—11:30 pm
- PLAINSBORO Comcast Ch. 3* Wednesdays—4 pm

NEW MEXICO

- ALBUQUERQUE Comcast Ch. 27 Mondays—3 pm
- ANTHONY/SUNLAND T/W Ch. 15 Wednesdays 5:05 pm
- GRANT COUNTY Comcast Ch. 17 Fri. & Sat. 7 pm or 8 pm
- LOS ALAMOS Comcast Ch. 8 Mondays—10 pm
- SANTA FE Comcast—Ch.6 Saturdays—6:30 pm
- TAOS—Ch.2 Thursdays—7 pm

NEW YORK

- BROOKLYN T/W Ch.34 Cablevision Ch.67 Tuesdays 3:30 pm, 11:30 pm
- BUFFALO Adelphia Ch.20 Wed.—12:30 pm
- CHEMUNG/STEBEN Time Warner-Ch.1 Mon., Fri.—4:30 pm
- ERIE COUNTY Adelphia Intl. Ch.20 Thursdays—10:35 pm
- ILION—Ch.10 Mon. & Wed.—11 am Saturdays—11:30 pm
- IRONDEQUOIT Ch.15 Mondays—7:30 pm Thursdays—7 pm
- JEFFERSON/LEWIS Time Warner-Ch.2 Unscheduled pop-ins
- JOHNSTOWN—Ch.16 Fridays—4 pm
- MANHATTAN—MNN T/W Ch.34; RCN Ch.109 Alt. Sundays—9 am
- NIAGARA COUNTY Adelphia Ch. 20 Thursdays—10:35 pm
- ONEIDA—Ch.10 Thu—8 or 9 pm

- PENFIELD—Ch.15 Penfield Comm. TV* QUEENSBURY Ch.71 Thursdays—7 pm
- RIVERHEAD Ch.70 Thurs.—12 Midnight
- ROCHESTER—Ch.15 Sundays—3 pm Mondays—10 pm
- ROCKLAND—Ch. 71 Mondays—6 pm
- SCHENECTADY Ch.16 Wednesdays—8 am
- STATEWIDE Time Warner Cable Thu.—11 pm (Ch.35) Sat.—8 am (Ch.34)
- TOMPKINS COUNTY Time Warner Sun.—9 pm (Ch.78) Thu.—5 pm (Ch.13) Sat.—9 pm (Ch.78)
- TRI-LAKES Adelphia Ch. 2 Adelphia Ch. 1, 2 Comcast Ch.12 Wednesdays—9 pm

NORTH CAROLINA

- HICKORY—Ch.3 Tuesdays—10 pm

OHIO

- CUYAHOGA COUNTY Ch. 21: Wed.—3:30 pm
- FRANKLIN COUNTY Ch. 21: Sun.—6 pm
- LORAIN COUNTY Adelphia Ch.30 Daily: 10 am; or 12:10 am; or 2 pm; or 12 Midnight
- OBERLIN—Ch.9 Tuesdays—7 pm
- REYNOLDSBURG Ch.6: Sun.—6 pm

OREGON

- LINN/BENTON AT&T Ch. 99 Tuesdays—1 pm
- PORTLAND Tue—6 pm (Ch.22) Thu—3 pm (Ch.23)
- SALEM—Ch.23 Tuesdays—12 Noon Thursdays—8 pm Saturdays—10 am
- SILVERTON Charter Ch. 10 Mon, Tue, Thu, Fri Betw. 5 pm - 9 am
- WASHINGTON ATT Ch.9: Tualatin Valley Ch.23: Regional Area Ch.33: Unincorp. Towns Wednesdays—8 pm Sundays—9 pm

RHODE ISLAND

- E.PROV.—Ch.18 Tuesdays—6:30 pm
- STATEWIDE R.I. Interconnect* Cox Ch. 13 Full Ch. 49

Texas

- AUSTIN Ch.16 T/W & Grande Sundays—12 Noon
- DALLAS Ch.13-B Tuesdays—10:30 pm
- EL PASO COUNTY Adelphia Ch.4 Tuesdays—8 pm Thursdays—11 am

- HOUSTON Houston Media Source Tuesdays—5:30 pm Saturdays—9 am Mon., 2:10: 5 pm Mon. 2/17: 5 pm
- RICHARDSON AT&T Ch. 10-A Thursdays—6 pm

UTAH

- CENTRAL UTAH Precis Cable Ch.10 Aurora Centerfield Gunnison Redmond Richfield Salina Sundays & Mondays 6 pm & 10 pm

VERMONT

- GREATER FALLS Adelphia Ch.8 Tuesdays—1 pm

VIRGINIA

- ALBERMARLE Adelphia Ch. 14 Fridays—5 pm
- ARLINGTON ACT Ch. 33 Mondays—4 pm Tuesdays—9 am
- BLACKSBURG WTOB Ch.2 Mondays—6 pm
- 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.9 Thursdays—2 pm

WASHINGTON

- KING COUNTY AT&T Ch. 29/77 Mondays—6 pm
- KENNEWICK Charter Ch. 12 Mondays—12 Noon Thursdays—8:30 pm
- PASCO Charter Ch. 12 Thursdays—12 Noon Thursdays—8:30 pm
- RICHLAND Charter Ch. 12 Mondays—12 Noon Thursdays—8:30 pm
- SPOKANE—Ch.14 Wednesdays—6 pm
- WENATCHEE Charter Ch.12 Thu—10 am & 5 pm

WISCONSIN

- MADISON—Ch.4 Tuesdays—3 PM Wednesdays—12 Noon
- MARATHON COUNTY Charter Ch. 10 Thursdays—9:30 pm Fridays—12 Noon
- SUPERIOR Charter Ch.20 Mondays—7:30 pm Wednesdays—11 pm Fridays 1 pm

WYOMING

- GILLETTE—Ch.36 Thursdays—5 pm

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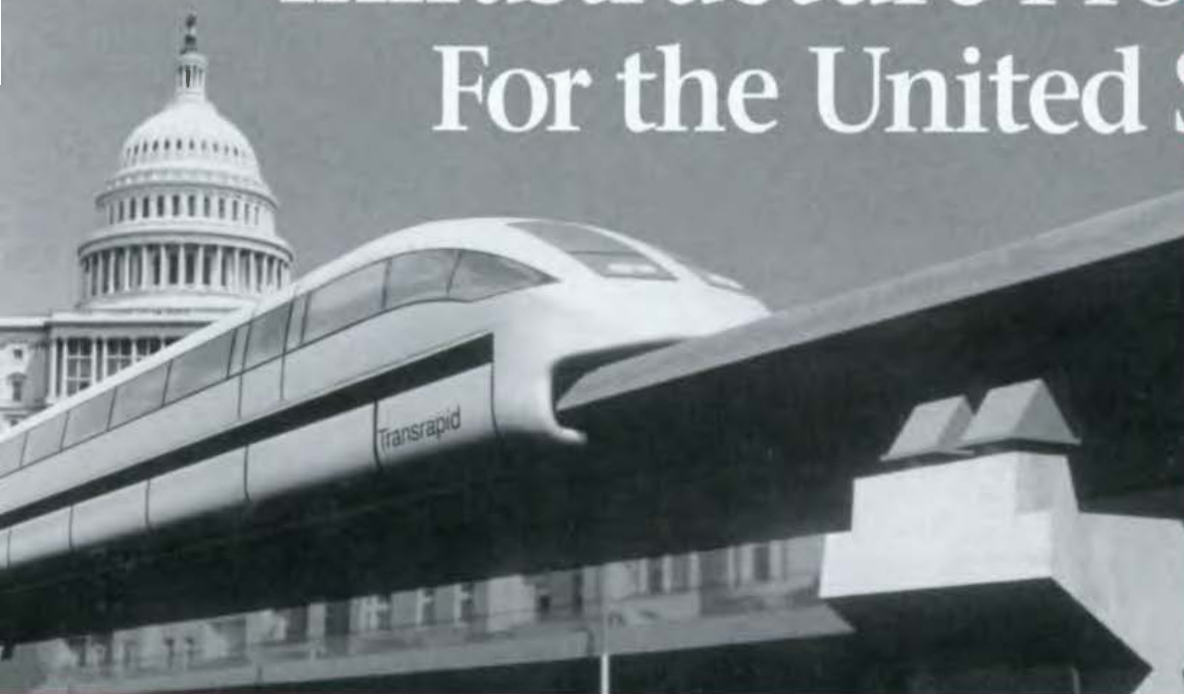
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