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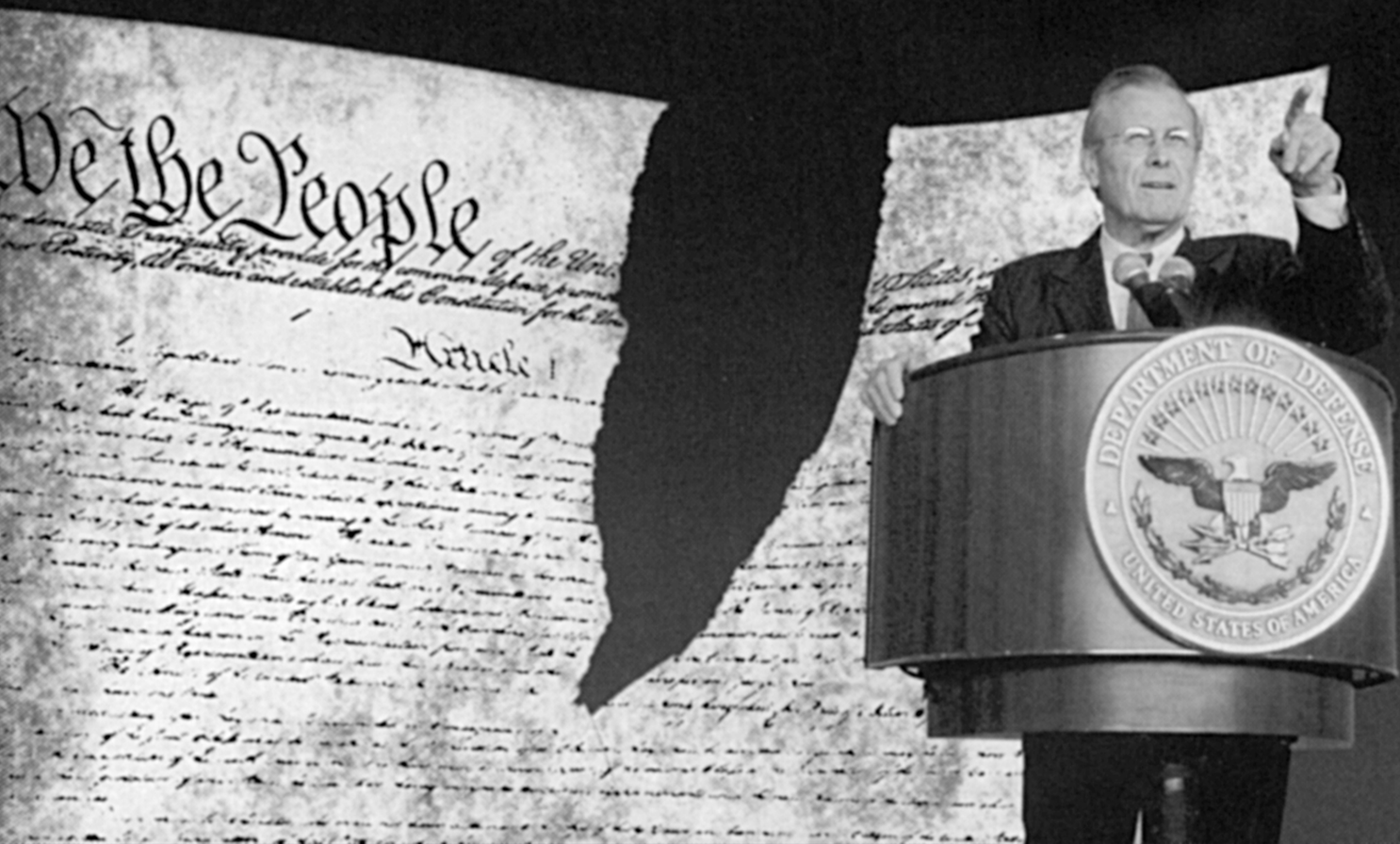
Executive Intelligence Review

May 23, 2003 Vol. 30 No. 20

www.larouche.com \$10.00

Meltdown of the Dollar: It's Systemic, Stupid  
Chicken-Hawks as China-Hawks, Target Beijing  
LaRouche Invites Democratic Candidates To Debate on FDR

## Rumsfeld's 'Transformation' Threatens Constitution



# LA ROUCHE

## IN 2004 \*

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**EXPANDED EDITION**  
Features Appendix with 'Dick Cheney's  
French Connection—To Fascism'

## THE CHILDREN OF SATAN:

# Who are the 'Chickenhawks,' and where do they come from?

The delusions of the Chickenhawks—of Rumsfeld, Cheney, Ashcroft, and their flocks—are an outgrowth of the fusion of the Nietzschean fascism of the late Professor Leo Strauss of the University of Chicago; and the imperial—and Satanic—Wells-Crowley-Russell-Hutchins utopianism of the high-flying 'military-industrial complex.'

- Includes Lyndon LaRouche's "Insanity as Geometry: Rumsfeld as Strangelove II"

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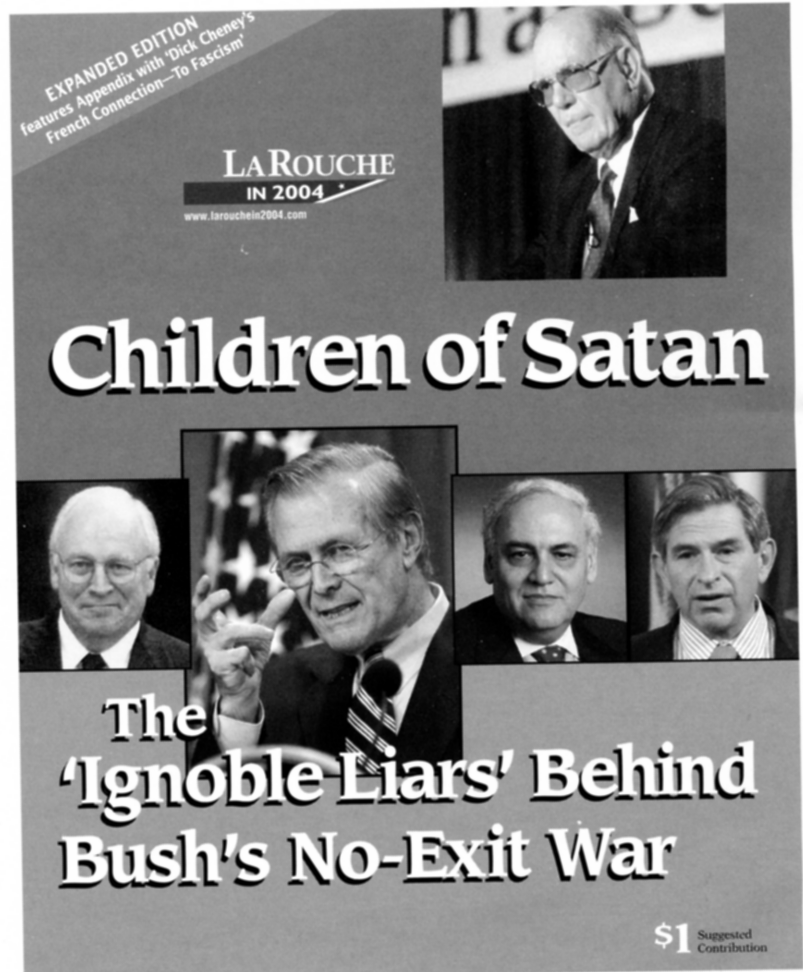
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*EIR (ISSN 0273-6314) is published weekly (50 issues)  
except for the second week of July and the last week of  
December, by EIR News Service Inc., 317 Pennsylvania  
Ave., S.E., 3rd Floor, Washington, DC 20003. (202)  
543-8002. For subscriptions: (703) 777-9451, or toll-  
free, 888-EIR-3258.*

*World Wide Web site: <http://www.larouchepub.com>  
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**European Headquarters:** Executive Intelligence Review  
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Wiesbaden, Federal Republic of Germany  
Tel: 49-611-73650. Homepage: <http://www.eirma.com>  
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Hellenbroich, Michael Liebig

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prohibited. Periodicals postage paid at Washington D.C.,  
and at an additional mailing offices.  
Domestic subscriptions: 3 months—\$125, 6 months—\$225,  
1 year—\$396, Single issue—\$10

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

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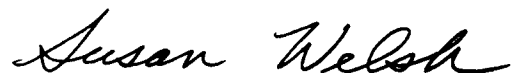
**L**Lyndon LaRouche's statement on Defense Secretary Rumsfeld's Nazi-like *Notverordnung*, published in last week's *EIR*, is now circulating nationally as a mass leaflet. LaRouche wrote that Rumsfeld's proposed Emergency Decree, his "transformation" of the Department of Defense, "would be a grave material breach of [the] Constitution, a leak in the dike which opens the way for the kinds of dictatorial powers assumed by the Adolf Hitler regime on Feb. 28, 1933, powers from which all the principal crimes of the Hitler regime ensued."

This threat of actual fascism in the United States, is something most people find hard to believe. Baby Boomers, in particular, have been chattering about "fascism" for so many decades, that the word scarcely means anything to them any more.

But take a good look at the global picture, as presented in this week's issue. The collapse of the dollar, the bankruptcy of U.S. state budgets, the growing unemployment in Germany (as well as everywhere else), all create the conditions for the rise of fascist ideologies and social movements, just as happened during the 1930s. The "fast track" to secure Congressional approval for the Rumsfeld measures, and the history of the Founding Fathers' agreement to prevent precisely such usurpation of power by the Executive branch, are documented in this issue. Barbara Boyd exposes the fascist ideological roots of the neo-conservative "chicken-hawks," and Mike Billington's *Investigation* demonstrates their current strategic gameplan: broadening the imperial assault, to target China.

The rest of the world is plainly disgusted with the fascist "shock and awe" crowd. Brazil is pursuing LaRouche's program for South American economic integration; Germany is boosting its cooperation with Southeast Asia; and the St. Petersburg summit at the end of the month will provide a new venue for Eurasian diplomacy (see Konstantin Cherenmykh's article on the history of that fascinating city, Russia's "window to Europe"—and to the East).

In our *Feature*, you will see how LaRouche is organizing for this Eurasian development policy. LaRouche's challenge to Americans—including the President—to repudiate the fascists, and adopt an FDR-style policy instead, leads our *National* section.



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**Correction:** This 1888 photo of the Camp E.A. Perry yellow fever detention camp in Florida, was inadvertently omitted from "Stopping Disease: The Yellow Fever Case," in last week's *EIR*. To combat the epidemic, persons travelling from yellow fever areas were required to remain in the camp for the incubation period (6-10 days).

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## The Meltdown of the Dollar: It's Systemic, Stupid!

by Lothar Komp

Does it seem paradoxical? Just a few weeks after the ostensibly glorious victory of U.S. and British troops in Iraq, the U.S. dollar and the British pound have turned into two of the weakest currencies in the world. April 2003 was already the ninth consecutive month in which the dollar declined against other leading currencies. But in May, the dollar fell sharply accelerated. On May 12, the dollar hit its latest four-year low against the euro, at \$1.162, while the pound fell further, to its lowest level in six years, compared to an index of other currencies.

Since the Labour Party's Tony Blair took power in 1997, the pound has never been so low. Compared to the euro, the pound has tumbled 10% this year and has reached an all-time low. It is especially under pressure since the February surprise move by the Bank of England, which pushed down its discount rate to 3.75%, the lowest in 48 years. British newspapers are already drawing comparisons to the "sterling crisis" in September 1992, when the pound was under attack and had to be taken off the European Exchange Rate Mechanism (ERM).

As in the United States, the British current-account deficit is out of control, the industrial sector is shrinking, and private household consumption depends on a housing and mortgage credit bubble that could soon implode.

The dollar meltdown has much more dramatic international consequences. The world financial system is essentially a dollar-denominated system. Much of world trade transactions are denominated in dollars. When the World Trade Organization (WTO) in late April published its "World Trade Figures 2002," it warned that annual growth rates for world trade volume are about to fall below the 3% mark, the worst in two decades. But what does 3% annual growth of a dollar-

denominated volume mean, when at the same time the dollar is crashing at a roughly 20% annual rate against the euro? (See **Figure 1**.) What if somebody calculated the recent 12 months' performance of U.S. Gross Domestic Product (GDP) in terms of euros, yen, or gold? The result would be the biggest economic contraction in the United States since the Great Depression.

The implosion in the value of the dollar is causing great concern overseas. European industrial corporations are worrying about their exports. In Japan, the central bank admitted "stealth" interventions in the foreign exchange markets amounting to 2.39 trillion yen (\$20.5 billion) during the first quarter of this year; that is, buying dollars to push down the yen. Without formal acknowledgment for the time being, the Bank of Japan is widely believed to have restarted these foreign exchange interventions on a daily basis since May 8, with little effect.

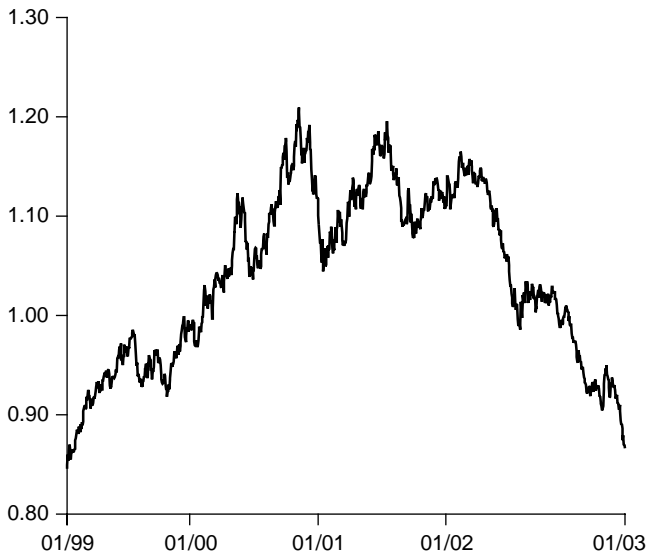
International Monetary Fund (IMF) chief economist Kenneth Rogoff, who warned in July 2000 of a potential 50% crash of the U.S. dollar, noted in a *Washington Post* interview on May 9, that a sudden large drop in the dollar's value "might lay bare weaknesses in the financial system," by causing severe losses to major market players with derivatives portfolios and hedge funds, some of which rely on a stronger dollar.

Rather than comparing the value of the dollar to that of other currencies, the dollar decline can be measured in terms of its power to buy gold (**Figure 2**). After going up \$10 in the week ending May 2, the gold price increased another \$8 per ounce in the following week, before reaching \$351 per ounce on May 12. In March 2001, for every \$100 you could buy 12.0 grams of gold. Today, the same amount of dollars just purchases 8.8 grams of gold.

FIGURE 1

## The Dollar Plunges Against the Euro

(Value of the Dollar in Euros)



Source: Wall Street Journal.

*“What if somebody calculated the recent 12 months’ performance of U.S. gross domestic product (GDP) in terms of euros, yen, or gold? The result would be the biggest economic contraction in the United States since the Great Depression.”*

## The Actors on the Scene

The question naturally arises: Who or what is responsible for the rapid dollar decline? At first glance, the most important issue here seems to be what the various actors on the scene—from central bank governors and treasury secretaries, to currency traders and private investors—have on their mind. And indeed, most of them have good reasons to sell dollars:

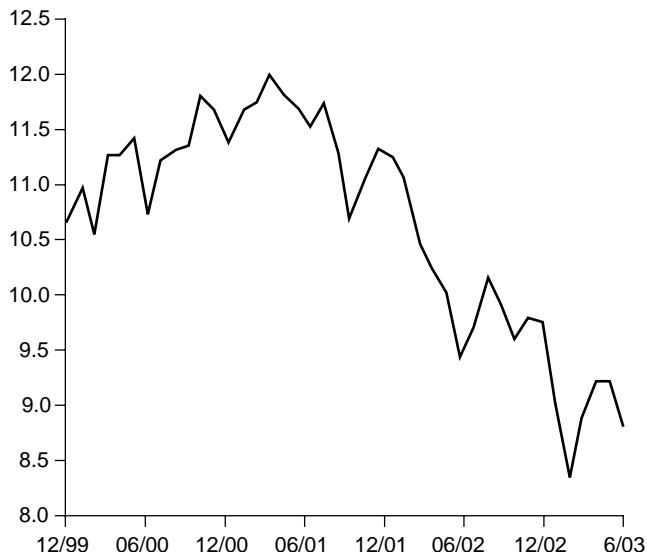
- The Asian central banks are now holding about 80% of all foreign exchange reserves worldwide, and most of this is still invested in U.S. government bonds and other U.S. assets. Nobody can be surprised that these central banks are rapidly losing confidence in the U.S. power to sustain a giant \$500 billion current-account deficit, now being joined by a \$300-400 billion U.S. government deficit. They are looking for alternatives, whether it will be euros, regional currencies, or gold.

- Most outspoken are the central banks of Malaysia and Indonesia. Following the announcement by the Indonesian state-run oil producer Pertamina to consider selling oil for euros instead of dollars, Indonesian Finance Ministry advisor Mahenda Siregar, in late April, confirmed that Indonesia is considering introducing the euro as a currency for foreign trade. According to Singapore’s *Business Times*, the central bank of Indonesia has already quietly replaced 15% of its dollar-denominated foreign exchange reserves—in total, \$33 billion—for euros. Citing the dramatic fall in the value of the

FIGURE 2

## Gold Value of the Dollar

(Grams of Gold per \$100)



Sources: London Bullion Market Association; EIRNS.

dollar since early 2002, and expecting the fall to continue, Malaysian Prime Minister Mahathir bin Mohamad said on May 8 that the state-owned oil company Petronas should consider a plan similar to Pertamina’s. Mahathir, asked wouldn’t the United States be unhappy with such a move, responded, “It is not a question of the United States being unhappy, but whether we get value for our goods.”

- As a consequence of the U.S. geopolitical rampage, Arab investors are raising the question, whether re-investing oil revenues in U.S. assets is still such a good idea. Any country could suddenly be added to the “axis of evil” list and wake up one morning to find its assets in the United States frozen. In recent months, there have been several reports about the withdrawal of up to \$200 billion of Saudi money from U.S. markets. Regardless of whether this is true or not, the reluctance to buy additional U.S. assets is rising by the day.

- In Europe, there may be some political/financial circles who think that by introducing the euro as a competitor to the U.S. dollar in foreign trade transactions and for currency reserves, they could somehow have a useful tool to counter U.S. hegemony in international affairs. But after all, the European economies are in a precarious situation as well, and the relative strength of the euro is nothing more than a reflection of the dollar’s weakness.

- Finally, there is the Bush Administration, which is getting ever more desperate about the ailing state of the economy.

For the third year in a row, we are now hearing promises about a robust recovery “sometime in the second half of the year.” Even according to official figures, more than 2.5 million jobs have been lost in the U.S. economy since George W. Bush took power. As 12 interest rate cuts by the Federal Reserve have completely failed to boost corporate investments, and the tax cut package is running into resistance by the U.S. Senate—whether it would help at all is another question—some people in the Administration might welcome a smoothly declining dollar. Even if it doesn’t foster U.S. exports, it might increase the price of imported goods, thereby reducing the trade deficit and helping domestic producers.

Such theories are pretending there is a control over foreign exchange movements, which the Administration no longer has. The whole dollar-denominated financial system is disintegrating. Since Spring-Summer 1995, Group of Seven central banks have again and again opened up their monetary floodgates to rescue a system, plagued by one catastrophe after the other: the near-default of Mexico and the Japanese banking crisis in 1995; a series of derivatives disasters including Barings bank in the same year; the Asian economic and financial dramas in 1997-98, the Russian bond default in August 1998; the LTCM meltdown a month later; the Brazil crisis in 1999; the Argentina default in 2001. The net effect of the liquidity-pumping was the build-up of new financial bubbles, which later burst, culminating in the biggest stock market slide in 70 years.

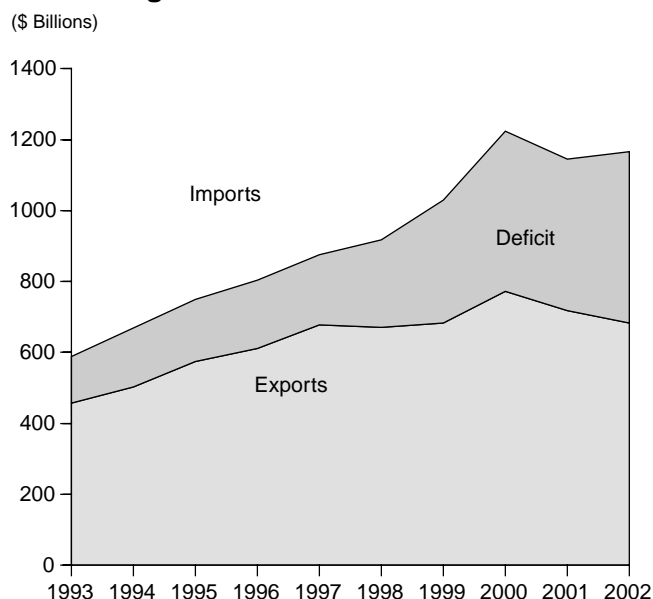
Starting from the periphery, the global financial disintegration has now made its way right into the very center of the system: the U.S. financial markets and the dollar. While the American industrial sector is shrinking, corporations, households, and governments are still piling up almost \$2 trillion in additional debt every year, both in respect to domestic and foreign creditors. This debt pyramid is coming down soon, no matter how much more liquidity the Federal Reserve might pump into the system. And the rapidly deteriorating power to finance the U.S. current-account deficit is just one aspect of this overall financial disintegration process.

### Tectonic Disruptions of Foreign Capital Flows

In the year 2002, the U.S. current-account deficit exploded to yet another record-high of \$503.4 billion, up from \$393.4 billion in the year before. The main contributing factor was, of course, the giant deficit in foreign trade, which worsened again last year (**Figure 3**): While exports of goods decreased from \$718.8 billion to \$682.6 billion, imports further increased from \$1,145.9 billion in 2001 to \$1,166.9 billion in 2002, pushing up the trade deficit alone to \$484.4 billion (compared to 2001’s \$427.2 billion).

The extremely high and still rising U.S. trade deficit would require further net capital flows into the United States to finance it. However, there actually has been a dramatic decline in the overall net purchases of U.S. assets by foreigners: from \$1,024.2 billion in 2000, to \$752.8 billion in 2001, and only

FIGURE 3  
**U.S. Foreign Trade in Goods**



Sources: U.S. Treasury; EIRNS.

\$630.4 billion in 2002.

One category of U.S. assets after the other is facing a collapse in foreign demand (**Figure 4**). At a time when the Potemkin village of the American “New Economy” was fooling investors worldwide, foreign net buying of U.S. stocks doubled each year, reaching an all-time high of \$192.4 billion in the year 2000. Since then, stock markets all around the globe have crashed and foreign net buying of U.S. stocks has plunged, to \$119.5 billion in 2001 and to a tiny \$55.8 billion in 2002.

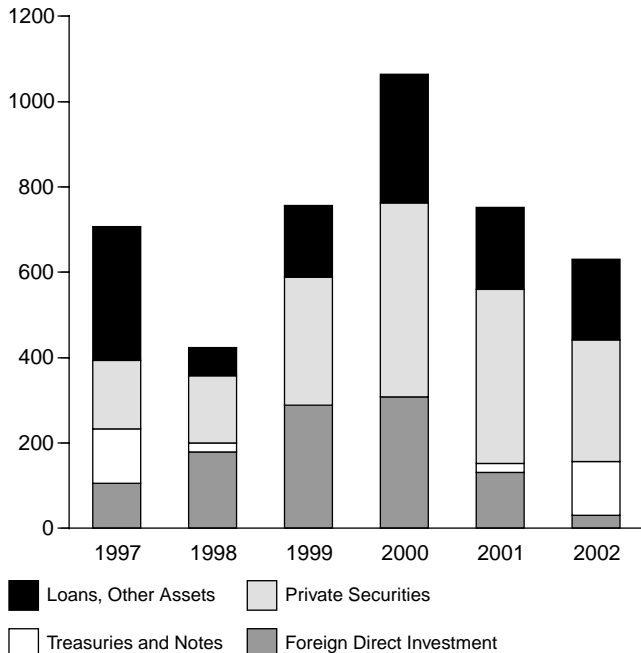
Again related to the “New Economy” hype was the global takeover bonanza in the late 1990s and 2000, preferably the buying up of U.S. entities. Net financial inflows for foreign direct investments in the United States peaked in the year 2000 at \$307.7 billion, before melting down to \$130.8 billion in 2001 and \$30.1 billion in 2002, just one-tenth of what it was two years before.

What somehow kept foreign capital flowing into the United States in the recent two years, was the bond market. Bonds promise a defined return and, following the stock market crash, were perceived as a safe investment. Foreign net buying of U.S. corporate bonds, therefore, was still able to reach a record high in 2001, at \$288.2 billion. But since then, there has been an unprecedented series of mega-defaults in the U.S. corporate sector—seven of the ten biggest corporate defaults in U.S. history happened in the years 2001 and 2002—and bonds of the respective firms lost of all their value. Those firms still offering corporate bonds have to promise



FIGURE 4  
**Foreign Net Purchases of U.S. Assets**

(\$ Billions)



Sources: U.S. Treasury; EIRNS.

much higher yields. As a consequence, foreign net buying of U.S. corporate bonds fell more than 20% last year, to \$228.8 billion in 2002.

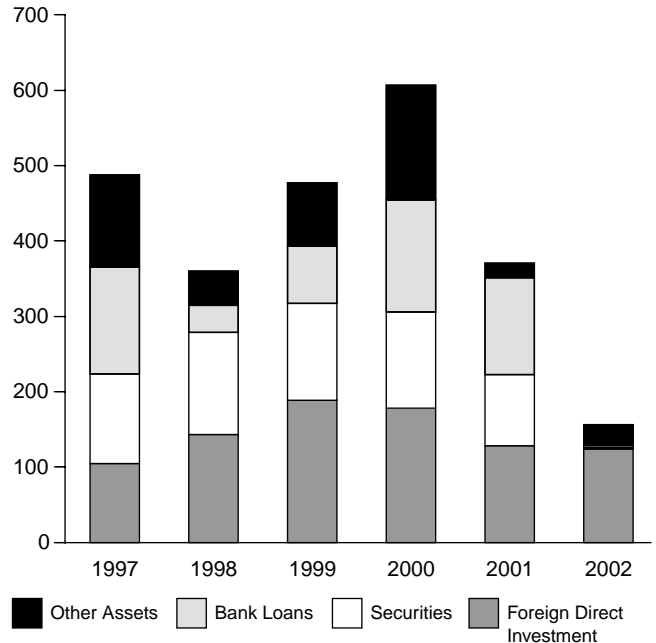
The only asset category showing rising foreign demand in 2002 was government bonds. While in the years 1999 and 2000 there had been net selling of U.S. Treasuries and other U.S. government securities by foreign investors, 2002 saw a remarkable net capital inflow in this category, amounting to \$127.3 billion. But following Federal Reserve Chairman Alan Greenspan's 12 interest-rate cuts since early 2001, the yields on government bonds have also fallen to a 40-year low. The only way for the U.S. Treasury to boost foreign buying of its debt would be a sharp rise in interest rates, which would further depress public finances, could trigger the bursting of the housing bubble, and would certainly cause the default of numerous corporations and private households.

### 'Can Nothing Stop' Dollar Fall?

Overall, as the "new economy" myth has collapsed, total net purchases of U.S. assets have dramatically declined in the recent two years. But, the U.S. current-account deficit is still rising; therefore, the United States now needs even higher capital inflows than two years ago. How can this be done? In 2002, it was only possible to create an apparent increase in

FIGURE 5  
**Net American Purchases of Foreign Assets**

(\$ Billions)



Sources: U.S. Treasury; EIRNS.

net capital inflows, by cutting American net purchases of foreign assets, much faster than foreign investors cut down their purchases of American assets (Figure 5). From \$581 billion in 2000, American net purchases of foreign assets fell to \$371.0 billion in 2001, and to \$156.6 billion in 2002. In the category of stocks and corporate bonds, there was a *net liquidation* by U.S. investors in 2002. In particular, the German stock market was affected by massive American liquidations.

Since there is no longer any attractive investment which the United States can offer foreign investors, and as the liquidation of foreign assets doesn't present a long-term alternative, the U.S. current-account deficit is now about to hit the wall. As a European bank economist with special insights into U.S. economic developments noted recently: The fall of the dollar "is out of control, nothing can stop it."

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# Only 'FDR Solution' Can Stop States' Collapse

by Mary Jane Freeman

Over two years ago, in February 2001, Lyndon LaRouche, now the leading Democratic Party 2004 Presidential pre-candidate, warned a group of American state legislators that the Federal states faced huge revenue declines—30% was his estimate—unless economic policy dramatically changed. He counseled legislative leaders and others, then, to learn and adopt the lessons of President Franklin D. Roosevelt's 1933 emergency actions to restart the economy.

Recalling FDR's use of the Reconstruction Finance Corporation (RFC) to issue directed credit for economic projects, LaRouche told a March 21, 2001 webcast audience, "You put the [public infrastructure] project into effect, in order to stimulate that local, state economy. In that way, you're able to pull things together and get the state through it." In other words, a real Federal-state partnership centered on job creation, to grow the productive economy as the only sound means to reverse revenue declines.

Most state leaders didn't listen, considering LaRouche's forecast of revenue collapse, as incredible. Now, they are suffering through it in shock. Holding fast to their delusion that the "New Economy," stock market-driven speculative consumer economy would somehow revive, governors and legislators have been scrambling to "manage" a cumulative three-year collapse of state revenues of nearly \$200 billion. The result: School districts have shortened school years and/or days, laid off teachers, increased class size; aid cuts to colleges and universities have brought tuition increases from 10-40%; Medicaid coverage has been eliminated for hundreds of thousands of Americans, swelling the number of uninsured and straining overcrowded hospital emergency rooms; aid to localities has been cut, slashing fire, police, and sanitation services; and, in nearly 40 states, taxes have been or are about to be increased.

## No End in Sight Without Policy Change

Another unexpected shock to most state elected officials: The budget cuts and tax increases failed to stop the revenue hemorrhaging; new, and worse, revenue shortfalls appeared. Fiscal Year 2003 (July 2002-June 2003 for most states) is a prime example. States had closed a nationwide \$49.1 billion revenue gap—by cutting expenditures, draining reserve funds, or using other accounting measures—in order to enact

their FY 2003 budgets. By January, they faced a new cumulative shortfall of \$25.7 billion, forcing many to make more spending cuts at mid-year. Then by mid-April, the shortfall reappeared, and grew another \$4.2 billion. Revenues were falling like stones in water. Up to mid-April, the total revenue shortfall—despite steadily reduced spending—for Fiscal Year 2003 had mounted to \$79 billion, according to the National Conference of State Legislatures' (NCSL) "State Budget Update: April 2003," and was still rising. *EIR* estimates that the shortfall is much larger.

NCSL's report was issued before April 15 tax receipts had been tallied. So they, rightfully, included a *caveat*: FY 2003's deficit could get worse if April tax returns fall short. This would send "precariously balanced 2003 budgets into a tailspin," and in turn, require 2004 budgets to absorb bigger carried-forward deficits, and/or more spending cuts than are already being hashed out by legislatures. The report also showed that even before the June 30 end of FY 2003, 41 states face a cumulative \$78.4 billion gap between revenues and expenditures for Fiscal 2004! This predicament is why numerous legislators and governors are still wrangling over Fiscal 2004 budgets, which must be in place by July 1.

With barely one month now left before the end of most states' 2003 fiscal year, the rate of economic collapse continues to accelerate, and the folly of trying to cut budgets and raise taxes so as to "adjust" to this process of collapse, could not be more clear.

As of mid-May, in those states which *have* tallied April tax receipts, revenues have indeed, again, fallen short even of lowered forecasts, and thus the FY 2003 deficit is still growing. April shortfalls have been reported in Arkansas, California, Colorado, Connecticut, Idaho, Indiana, New York, North Carolina, Oregon, and Pennsylvania. By law, all states except Vermont must balance their budgets by fiscal year's end. Either new rounds of cuts before June 30 will be made, or the new deficits rolled into Fiscal Year 2004, thereby further complicating adoption of new budgets.

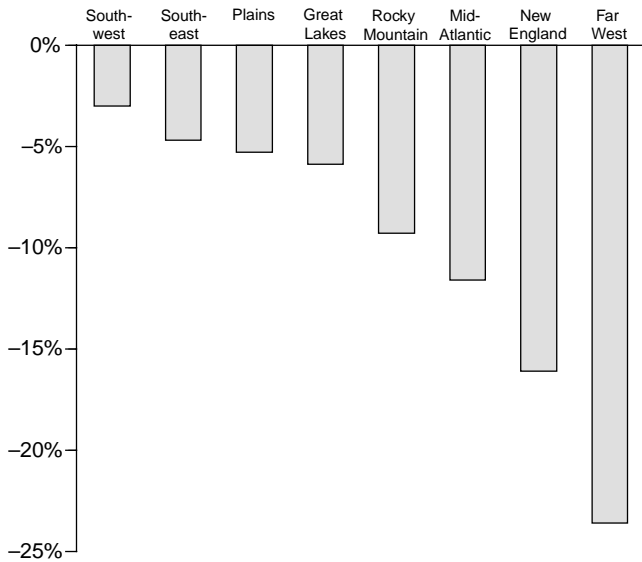
Speaking on May 10, LaRouche insisted that within the confines of the current failed economic policy, there is "no hope of balancing their books without killing people, that is, without cutting costs of government, which will have the effect of increasing the death rates and the general sickness rate; and will not allow people to develop, in terms of education and so forth," for a majority of states. Under present conditions, the states "cannot raise sufficient tax revenues to provide the things that the states *must* provide, to maintain the level of existence within those states. And therefore, we have genocidal programs of cuts in employment and services, which are hitting these states now," the candidate said.

## No Region Is Spared

There's not a region of the country unaffected by the collapse. Taking the metric of personal income tax (PIT) revenues collected by states—which is the largest share of the

FIGURE 1

### State Personal Income Tax Revenue Plunges from FY 2001 to FY 2002, by Region



Source: Rockefeller Institute of Government, *Fiscal State News*, April 2003.

revenues the states take in (**Figure 1**)—shows that one year after the unravelling of the stock market which began in March 2000, PIT revenue declines, from Fiscal Year 2001 to 2002, hit everywhere. The greatest falls were in states in the Far West (-23.6%), New England (-16.1%), and the Mid-Atlantic (-11.6%), mirroring the collapse of U.S. trade and exports produced and/or transported through these areas and, incidentally, confirming LaRouche’s “incredible” forecast.

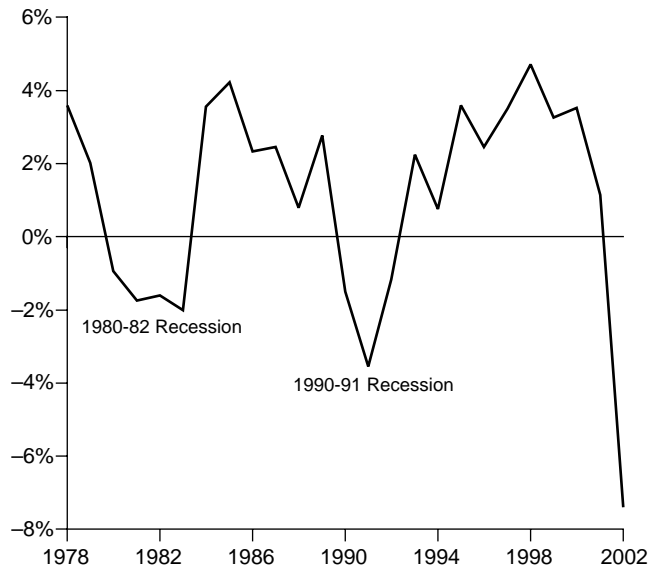
For all 41 reporting states, the national average decline of PIT revenue entering states’ coffers, from 2001 to 2002, was 12%. States with greater declines than the national average were: California (-25.6%), Massachusetts (-18.5%), Vermont (-16.6%), New York (-14.3%), New Jersey (-13.8%), and Connecticut (-13.7%). The Rockefeller Institute of Government’s Fiscal Studies Program, which compiled and analyzed this data, also noted that only six states had positive PIT revenue growth in this period, and none with “more than 2.6%, barely enough to keep pace with inflation” (see *EIR*, May 19, showing the degree of this understatement of the *real* inflation rate).

Vanishing PIT income to states also reflects the accelerating rate of unemployment, with officially more than 3.3 million people laid off since November 2000. National unemployment, officially, now stands at 8.786 million, having grown by 341,000 in April. If we look at state revenue on a per capita basis, the depth of the ongoing economic depression is clear. **Figure 2** shows that Fiscal Year 2002’s huge 7.4% fall

FIGURE 2

### 2002 State Tax Revenue Collapse Worse Than 1980-82 and 1990-91 Recessions

(State Tax Revenue per Capita)



Sources: Rockefeller Institute of Government, *Fiscal State News*, May 2003; U.S. Bureau of Economic Analysis, U.S. Bureau of Census.

in real per capita state tax revenue was more than twice the fall in the most recent recessions of 1980-82 and 1990-91, when the declines were 3% and 3.5%, respectively. Contrary to officialdom, the economy is not in a cyclical collapse, but rather, as LaRouche has demonstrated, at a systemic end point.

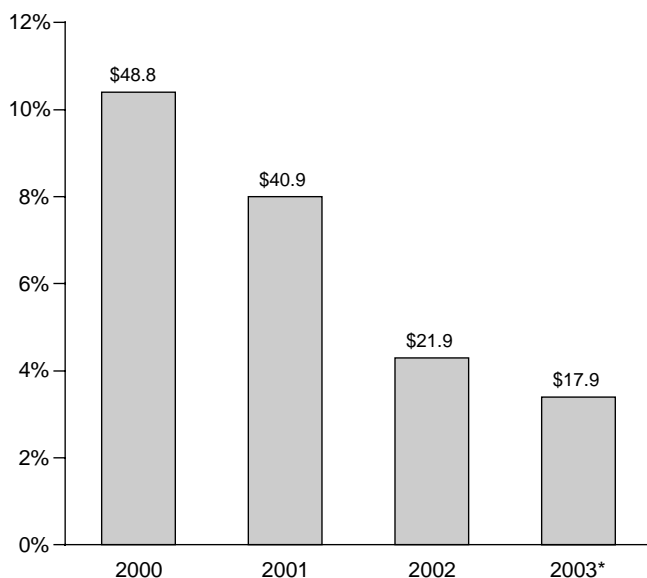
State budget cuts are impacting every aspect of our lives, from healthcare to public safety to education. In April and May, tens of thousands of citizens took to the streets to protest the cuts. In New York, where the state deficit is \$12 billion, 20,000-40,000 educators and other citizens rallied at the capitol to demand more monies for schools, and 40,000 healthcare workers rallied to halt Medicaid cuts which would, over two years, cut \$1 billion from hospital payments. In Massachusetts and Texas, wheelchair-bound citizens protested in their state capitols against healthcare cuts which would affect 8,000 and 90,000, respectively. In South Carolina, several thousand teachers went to the statehouse to protest public school cuts which would eliminate 6,600 teaching jobs. “Stop building prisons and start building schools,” was one teacher’s plea.

Thousands of state and local government workers lost their jobs in Fiscal 2002, and in 2003 layoffs have accelerated, with roughly 50,000 announced in April alone. More layoffs are a significant part of plans for FY 2004 budgets. Connecti-

FIGURE 3

## States' Total Reserve Balances Plummet as Percent of Total Expenditures

(Percentage of Expenditures in \$ Billions)



\* Estimated

Sources: National Association of State Budget Officers; Center on Budget and Policy Priorities.

cut has cut 5,300 jobs; Louisiana eliminated 4,300 positions, 3,700 of them in the Department of Health and Hospitals; Michigan expects widespread layoffs, without labor concessions; and Wisconsin slashed 2,000 jobs. Cost-of-living adjustments and state contributions to pension funds are either frozen, or cut outright in many states.

Just as cutting the life-blood out of the services which states provide for their citizens is a dead-end, so too is draining their reserve funds. **Figure 3** shows that to stay afloat from Fiscal Years 2000 to 2003, states have drawn down their total reserve balances by a whopping 60%. Total reserve balances are comprised of two parts, year-end general fund balances, and rainy day fund balances. These have plunged from \$48.8 billion in 2000 to an estimated \$17.9 billion in 2003, according to the Center on Budget and Policy Priorities (CBPP), which compiled and compared the data. Figure 3 measures total reserve balances as against budgeted expenditures. So at the end of Fiscal Year 2000, these reserves for all states were 10.4% of expenditures; in FY 2001, they were 8%; then they plummeted to 4.3% in FY 2002, and are optimistically estimated at 3.4% for FY 2003.

The year after LaRouche's warning, 16 states covered a third or more of their 2002 deficits with rainy day fund withdrawals, causing, according to the CBPP, the plunge

from \$40.9 billion in 2001 to \$21.9 billion in 2002. By mid-May 2003, the 2003 total reserves balance for states stood at \$18 billion—a sum, in light of continued revenue shortfalls, which is likely to vanish quickly. Of the remaining \$18 billion reserves, CBPP reports they are “heavily concentrated in a few states. In fact five states hold over half” the remainder—Florida, California, Alaska, Georgia, and Texas.

## Genocide or LaRouche's Solution

The austerity alternative to LaRouche's policy? It is a banker's fascism, announced in the *Wall Street Journal* on May 9 by a group led by Lazard Frères banker Felix Royatyn, a 30-year opponent of LaRouche. Taking New York City's extreme revenue crisis as their example, Royatyn's group called for a) unelected financial board control of city finances; b) “a two-year freeze on hiring, wages, and benefits”; and c) a “blueprint for reducing the municipal workforce.” In New York, they demand 8,500 more municipal layoffs, dumping health insurance costs for the employees to pay themselves, and privatizing the city's services.

The hard-core fiscal austerity crowd of the Mont Pelerin Society persuasion, who push an agenda of Bush's tax cuts and no aid to states, espouse the “let em die,” solution for budget crises. Leading this pack is the American Legislative Exchange Council (ALEC), a hotbed of Mont Pelerinite free-trade fascists who promote downsizing and privatizing government. Right-wing ideologue and president of Americans for Tax Reform, Grover Norquist, was explicit in telling the *New York Times* his solution for the states: “I hope a state goes bankrupt. I hope a state has real troubles . . . so that the other 49” will face a total crisis. “We need a state to be a bad example, so that the others will make the serious decisions they need to get out of this mess.”

On the other side of the spectrum, the U.S. Senate, against Bush's wishes, has proposed a \$20 billion aid package for the states, hardly enough to sneeze at, as it would cover less than one-quarter of the FY 2003 year-end deficit plus the FY 2004 deficits.

The current and proposed cuts will cost lives, jobs, and the future well-being of America. The alternative: Adopt Lyndon LaRouche's call for New Bretton Woods monetary system and a U.S. “Super-TVA” policy of infrastructure-building, jobs-creating recovery measures. The method of FDR, applied today by LaRouche's leadership, is the only real solution “on the debate table.”

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## Current Policy Can't Stop Unemployment Rise

by Rainer Apel

Even with a new, "adjusted" statistical approach, national unemployment in Germany reached a 13-year high at the end of April, with 4,485 million officially registered jobless citizens, above 10% of the workforce. The steady increase—500,000 more since last Summer's election campaign—cannot be stopped without wrenching government policy away from obedience to the free trade and austerity enshrined in the European Union's Maastricht Treaty.

One major "adjustment": Germans who are—because of age, for example—no longer "expected" to get a new job, are taken out of the labor market statistics. Another has been to discount all those that are without a regular job, but take part in state-funded retraining courses. Formerly, this category counted several hundred thousand jobless; but nowadays, these special programs fall victim to the budget-cutters. Especially in the eastern states of Germany, where usually, 20% or more of the jobless were transferred to such programs, the budget cuts in this area have contributed to a disproportionate rise of unemployment. The five eastern states (Mecklenburg-Premomera, Brandenburg, Saxe-Anhalt, Thuringia, Saxonia), reported jobless figures twice as high as those in the western states, and the differences between regional unemployment figures in Germany are enormous: the western state of Baden-Württemberg has a jobless figure of 6.3%, the eastern state of Saxe-Anhalt, 21%.

But most recently, the steepest rise of unemployment has been observed in the western parts of Germany, notably in the big urban areas with a lot of bankrupted "new economy" firms, and with cutbacks in the banking and insurance sectors. In April, the increase of unemployment in the western states was 14.8% over a year earlier; in the eastern states, it was "only" 6.9%. A worrisome pattern for all of Germany is the increase of longterm unemployed, which in April was 13.3% above the level reported a year before. Another alarming development: 10.3% unemployment among Germans under 25 years of age, and the net loss of 70,000 apprentice jobs (because corporate budget-cutters want already available, fully-trained workers, to maximize productivity per capita of workforce, rather than train the workforce of the future).

A telltale sign of the direction of Germany's economy is the fact that whereas 1.5 million new jobless claims have been reported during the four-month period January-April,

614,000 of these were filed in April alone. What this accelerated wave of firings indicates is that for all of 2003, the average jobless rate will be at least 4.4 million, as the Institute of Labor Market Research forecasts in its latest review, which still assumes that during the second half of this year, a mysterious conjunctural recovery would occur. Other experts in the industry speak of an average of close to 5 million unemployed.

The dynamic of job extinction is outpacing everything the government has tried, to reduce the unemployment figures through special incentives. These "incentives" do not deserve their name, however, because they are based on the flawed assumption that the free-market economy is basically still functioning. Last Autumn, the government launched a program of co-funding the stimulation of new jobs through "personal service agencies," expecting the creation of 750,000 jobs. This has not worked: Experts now guess that at best, some 50,000 new jobs may be created by the end of 2003. Another special incentives program has been the "capital for labor" scheme, which initially did not look bad, because it involved low-interest special loans by the Kreditanstalt für Wiederaufbau (Reconstruction Bank) to *Mittelstand* (small and medium-sized) firms that created extra jobs for unemployed Germans. But that also was dependent on the "free market," and has so far created only 3,300 jobs during the January-April period; the government aimed for 50,000 by the end of 2003.

Before last September's national elections, the government was still talking about 2 million jobs that could be created through such programs, during the 2002-06 period. Today, politicians are glad when they can report the creation of a few thousand jobs. Against the overall trend of economic depression that features the net loss of at least 250,000 jobs every single month, government "incentives" to private firms are a total flop. And, they are increasing the budgetary burden which they were believed to reduce; this year, the government has to make an additional 7 billion euros available to the National Unemployment Office to pay jobless claims. Less production and less employment means less tax revenue, and even more imbalance in the state budget.

The net loss for the German economy even at an average of 4.4 million jobless for 2003, is about 70 billion euros: 55% of that in unemployment checks; 45%, in loss of tax income. U.S. Presidential pre-candidate Lyndon LaRouche, in a speech to youth broadcast from Wiesbaden, Germany on May 10, said, "At that level [5 million unemployed], Germany can not balance its books. That is, the German government can not raise and spend sufficient tax revenues, to maintain society at its existing level." It can only reverse the collapse through long-term state credits for projects linked to Eurasian infrastructure development and technology transfer. This is Helga Zepp-LaRouche's and her BüSo Party's "Lautenbach" program: longterm, low-interest loans that are restricted to productive projects, in a clearly-defined context of economic development that improves the common good.

# Infrastructure Centers Brazil's New Diplomacy

by Lorenzo Carrasco

Today in Brazil, the impact of the U.S. Iraq war and its preemptive war doctrine has triggered new diplomatic initiatives toward economic integration of Ibero-America.

In mid-April, during a visit to the Brazilian National Congress, the author met with Federal Deputy Miguel de Souza, from the western Amazon state of Rondônia; de Souza had just issued a statement on the visit to Brazil of Peruvian President Alejandro Toledo, and on a series of historic agreements for physical economic integration that will soon make possible one of the most important bi-oceanic corridors in South America. Nearly 13 years ago, in September 1990, I had first met Miguel de Souza during a seminar entitled "Brazil's Outlet to the Pacific," organized by the Rondônia Industrial Federation, which de Souza then headed. At that time, he had commented on the open opposition of then-President George H.W. Bush to the construction of Highway BR 364, designed to unite Brazil with Peru. Said de Souza, "President Bush's opposition shows us the importance of this new highway, and the urgency of building it."

Months after that 1990 seminar, the first Portuguese-language edition of *EIR's* book *Ibero-American Integration: 100 Million New Jobs by the Year 2000* was published. It detailed the combination of infrastructure projects for physical integration of the continent, that had been outlined by Lyndon LaRouche in his August 1982 *Operation Juárez*. LaRouche's famous proposal for the reformulation of the world financial system had been presented to then-Mexican President José López Portillo just weeks before Mexico's decision to declare a debt moratorium and bank nationalization.

The 1990 publication of the *Integration* book in both Portuguese and Spanish served as the basis for multiple discussions around the question of physical integration, discussions which have not ceased despite the intervening decade of neoliberal "free trade" dominating the entire region's economic policies. It wasn't until the South American heads of state summit of September 2000, that many of those projects were concretized—with new technical details—in the Initiative for Regional Infrastructure Integration of South America (IIRSA), where seven distinct axes of regional integration and development were identified. After September 2001, Brazil created, by Presidential decree, an Interministerial Commission to implement IIRSA, made up of the ministries of Foreign Relations, Transport, Mines and Energy, and Communications.

## Brazilian Drive for Regional Infrastructure

With the arrival of the new government of President Luiz Inácio Lula da Silva at the beginning of 2003, South American unity has become Brazil's number-one foreign policy priority, and the basis for an unprecedented diplomatic offensive to solidify agreements with every country in the region, for the specific purpose of implementing the IIRSA projects. To achieve this, the credit-generating capacity of the National Bank of Economic and Social Development (BNDES) will be drawn on.

BNDES was originally conceived by the mid-20th-Century government of President Getulio Vargas, as a national bank in the tradition of America's first Treasury Secretary, Alexander Hamilton. Some have proposed that, along with the Andean Development Corporation (CAF), BNDES could become the nucleus of a regional credit system for development, independent of the International Monetary Fund (IMF). This would be an excellent step to protect the region from the worst effects of the ongoing disintegration of the world financial system.

But, such a regional credit system can only work if there is a "Chinese wall" separating it from the global speculative bubble built around the dollar, either by establishing a new currency which is *inconvertible* with the dollar, or some similar protectionist measure.

The fact that Brazil has assumed leadership of this integration project has transformed Brasilia, over the past four months, into a beehive of diplomatic activity. The war against Iraq has definitively convinced Brazilian diplomacy that the only path left is that of regional cooperation—such that Foreign Minister Celso Amorim has decided to create a special sub-ministry for regional affairs.

Argentine President Eduardo Duhalde was the first—only days after President Lula took office—to strike a strategic alliance between these two key South American countries, an alliance which will only be preserved if Argentine Presidential candidate Néstor Kirchner wins the second electoral round against former President Carlos Menem, who is considered the greatest threat today to the South American integration process. That is why the Lula government has already offered its Argentine counterpart a credit line, to promote Argentine exports and to help alleviate the economic crisis there in some way, while receiving Kirchner in Brasilia even before the second electoral round takes place on May 18.

Colombian President Alvaro Uribe visited Brazil in early March. Brazil shares more than 2,000 kilometers of border with Colombia, in the highly vulnerable Amazon region. It is here that infrastructure projects of the so-called Northern Arc, as contemplated by IIRSA, are urgently needed, and in fact figured in the joint declaration issued by Lula and Uribe.

On April 11, Peruvian President Toledo arrived in Brazil, accompanied by several ministers. He, too, signed a "strategic alliance" with Brazil. According to President Lula, the joint initiative revealed Brazil's determination to pull the other

## Major Projects of Ibero-American Integration



*This map of the IIRSA project of the South American heads of state shows the major projects of infrastructure to integrate the region's economies, on which Brazil has undertaken a diplomatic offensive. Priorities are the bi-oceanic transport and development corridors (gray lines) and the integration of the largest rivers into one navigation system (black lines).*

11 nations of South America into his government's "high-priority and strategic project to place the continent on the world stage."

The most substantial aspect of the agreement is the refer-

ence to implementing IIRSA within the Amazon corridor—and its northern and central branches—and along the Bolivia-Brazil-Peru axis. These development corridors are conceived as having three components: multi-modal transportation, energy, and communications. "The central goal is to make the flow of trade between the Pacific and Atlantic a reality, generating opportunities for wealth and sustainable development for populations along the identified axes and surrounding areas of influence."

Concretely, it was decided to build a bridge over the Acre River, near the cities of Assis in Brazil and Iñapari in Peru. This would only be a departure point for a highway connection between Brazil and Peru, which would also include a highway from Acre to Cuzco in southern Peru, and another from the river port of Yurimaguas, on an Amazon tributary, to the city of Tarapoto, in northern Peru.

At the same time, authorities from both countries will seek to establish air routes between the principal Brazilian cities in the Amazon, and the Peruvian cities of Iquitos, Tarapoto, Pucallpa, Puerto Maldonado, Arequipa, Cuzco, and Tacna. Peru would simultaneously have access to the services of Brazil's Amazon Oversight System (SIVAN), an advanced radar system that could be very helpful in defending the region's nations against the narco-terrorist apparatus operating in the area.

There is a great irony in President Toledo coming to Brazil to ratify the agreements that came out of the Presidential Summit of 2000, where Peru's then-President Alberto Fujimori made his famous call for the formation of a United States of South America. That



*The Brazilian government of Luis Inácio Lula da Silva is conducting high-level meetings across South America to discuss funding economic integration projects as recovery measures. To succeed, a credit facility independent of the IMF will have to be created.*

call triggered the United States move to launch a coup d'état that deposed Fujimori and brought Toledo into the Presidency.

On April 14-15, Chilean Foreign Minister Soledad Alvear undertook an official visit to Brazil, for similar purposes.

### **The Chávez Problem**

The most frequent, and problematic, visitor to Brazil has been Venezuelan President Hugo Chávez, who has traveled there four times so far this year. The Venezuela problem is seen by Brazilian diplomacy as the most critical, because the lunatic personality of its President constitutes a primary factor of institutional instability in the region. Nonetheless, the most recent Chávez visit, to Recife on April 25, led to the signing of important agreements for economic cooperation. Among the 25 pacts signed between the two Presidents, the most important created a BNDES credit line for \$1 billion to finance export of goods and equipment, including complete agro-industries, over the next two years. Venezuela put up its oil as a guarantee. Negotiations between the two countries' state oil companies, Petrobras and PDVSA, were also re-

newed, and could well begin with PDVSA's participation in the construction of a new refinery that Brazil's Petrobras hopes to build, with a daily processing capacity of 150,000 barrels of heavy oil.

In recent years, Brazil and Venezuela have drawn up an important list of projects. These include a 690 kilometer electricity transmission line that would link the generating complex Guri-Macáguas II in Venezuela, with the Brazilian city of Boa Vista, in Roraima; a highway-railway bridge over the Orinoco River; the BR-174 highway that links Manaus to the Venezuelan capital, Caracas; and the first leg of Line 4 of the Caracas Metro. These projects represent investments of more than \$1 billion.

On April 28, Bolivian President Gonzalo Sánchez de Lozada visited Brasilia, along with nine of his ministers of state, in order to sign a number of similar integration pacts, including the construction of a bridge between the Bolivian city of Cobija, and Brasileia in the Brazilian state of Acre. Also, priority was given to finishing various highway projects, especially between the cities of Corumbá and Santa Cruz de la Sierra, which are to be jointly financed by BNDES and CAF. In addition, a \$600 million credit line was extended by BNDES for infrastructure works inside Bolivia, which are to contribute to these integration projects. Also emphasized was the importance of the Paraná-Paraguay waterway in developing the vast regions within that area of influence, in particular for land-locked Bolivia, as it represents a much-coveted outlet to the Atlantic Ocean.

These visits are to be followed during the month of May by a visit from Uruguayan President Jorge Battle and by Ecuador's President Lucio Gutiérrez. Still to be set are the visits of Chilean President Ricardo Lagos, and of Paraguayan President-elect Nicanor Duarte, who is especially favorable to expanding Mercosur (the Common Market of the South trade alliance) and integration with the Andean community.

### **A South American Development Fund**

Perhaps the most significant aspect of this new round of South American diplomacy is the prominent role that Brazil wants to give to the BNDES, together with the CAF, as the generator of credit outside the strictures of the international financial institutions. President Lula himself defined it as such, in inaugurating a seminar on trade relations between Brazil and China, at the BNDES headquarters. "Brazil needs to learn that we are a great country, that we have the vocation to grow and do not need to ask anyone's permission for our political, diplomatic and trade relations." Lula emphasized that his government would be characterized by an aggressive foreign policy, not only favoring integration of South America, but for relations with China, India, the rest of the Asian continent, and the Middle East as well. He also declared, "It is Brazil's political, moral, and historic obligation to build increasingly closer ties with the African continent."



## LaRouche Reform of Credit System in the Americas

*On April 12, Lyndon LaRouche spoke by phone with simultaneous youth movement gatherings in Mexico City and Lima (see EIR, April 16). Excerpted here is his answer to a question from Mexico.*

**Q:** What is the alternative to replace the International Monetary Fund/World Bank system, and what would be the mechanism for financing it?

**LaRouche:** What has to happen now is that the leading nations of the world, or a group of them, must put the banking systems of their respective countries in bankruptcy reorganization, with the possible exception of China, and must together put the entire IMF system into bankruptcy reorganization. This means that the governments are putting entire financial systems, both international and national, into receivership. This means that, immediately, we are eliminating, in fact, the system of independent central banking systems, because . . . the financial systems which are members of these banking systems, are bankrupt. Therefore, you can not continue the obligations of these financial interests on the books, because they are not honorable. Therefore, some agency—that of government—must intervene to reorganize these debts, and say which will be paid and which will not be paid. . . .

When a government puts a banking system into bankruptcy reorganization, the government under the general welfare principle, and under the principle of sovereignty, must make sure that essential functions performed by banks and similar institutions, are continued. That is, the savings of families, the flow of credit to farms, businesses, manufacturing, and so forth, must continue. The general welfare must continue; public payments, public services must continue. Therefore, the government will order the banker, even though he's sitting in a bankrupt bank, to deliver these financial services as before, in a normal way, especially in these priority areas.

Government in turn must mobilize the credit needed to be conduited through these banks, to make sure of the continuity of the functioning of these elements in society. This means that all creation of money and national debt is in the hands of governments, not the banks. This also means on an international level, that there's an agreement

among governments on control of finances, [that they] will create a new international monetary-financial system, much like the 1946-1958 phase of the old Bretton Woods system—a gold-reserve system of fixed exchange rates. . . .

For example, under such an arrangement, as [EIR Ibero-America Director] Dennis Small and others have done this work, you take the debt of the Americas that is illegitimate—that is, the amount of the accumulation of debt to the international monetary system, which was imposed immorally, and by fraud upon these nations since 1971, using fluctuations in the monetary-financial system as a pretext for forcing governments to devalue their currency, and then to compensate for devaluation by accepting a new, artificial debt, which they had not actually incurred, on their books. This has been sucking the blood of Central and South America since that time.

So, that kind of credit will be wiped from the books, as illegitimate, as immoral from inception. Honorable credit, honorable debt will be honored as much as possible, with certain priorities. . . .

Now, in addition to that, we have other forms of credit . . . [via] respectively sovereign nation-states, who would enter into partnership for the purposes of long-term cooperation with countries in Eurasia. . . . [T]reaty agreements would create credit among states, because they promise payments. The promise of one government to pay another, or the people of another government, is also a form of monetary creation. This monetary fund, based on this kind of credit, can be used to promote increases of employment. . . . Therefore, these long-term agreements, which increase employment and increase investment, are solid things.

Let's take the Americas. . . . As we discussed this with circles around José López Portillo at the time he was President—on the question of the 1982 crisis, as I presented this in my *Operation Juárez* proposal—this means we would create a facility of cooperation among consenting states of Central and South America, a credit facility, a monetary facility for agreement among themselves.

This facility would then be used to negotiate long-term credit agreements with other parts of the world, such as the U.S., Canada, and so forth. . . . This means that not only would we reorganize the International Monetary Fund accordingly, with a group of treaty blocs, reconstruction blocs, but we would also have created, in effect, a new kind of world political arrangement, which is based on the idea that the world must be a community of sovereign nation-states, each perfectly sovereign, but joined together by sharing certain common principles. And that's what the reform means.

Lula stated that the expansion of trade with China would also strengthen the integration of South America, in that it will stimulate construction of the Atlantic-Pacific bi-oceanic corridors.

To get some idea of BNDES's capacity as a bank for industrial development, one need only look at the amount of credit it issued last year—\$12.5 billion, more than double the \$5.5 billion of the Inter-American Development Bank, which finances operations all across Ibero-America. Now, BNDES will serve as the foundation for the unification of South America. According to reports published by the newspaper *Folha de São Paulo*, BNDES would have a 20% holding in the CAF. Until now, CAF has been the leading credit agency for infrastructure in the region. To accomplish this, BNDES will inject some \$400 million into CAF. There is also a plan in the works to merge the CAF with the Rio de la Plata Investment Fund (Fonplata).

The objective is to plant the seed of what could grow into a South American Development Fund, whose goal would be the financing of IIRSA's 123 projects, with a budget of more than \$40 billion.

The unification of regional credit agencies is being proposed, in parallel to negotiations between Brazil and Argentina for the creation of a common currency in the context of the consolidation of Mercosur. The matter was raised anew by authorities from both countries, during an early May visit to Brasilia of Argentine Deputy Foreign Minister Martín Redrado. What has already been decided concretely is the creation of a Monetary Institute within Mercosur, which would be charged with studying the various means of achieving monetary unity.

The problem here is clearly that both Brazil and Argentina are conceiving of this monetary unity within the context of the brutal austerity policies enforced by the IMF; this is the Achilles' heel of the entire economic integration effort. Specifically, if that monetary unity is conceived of as a simple combination of the international reserves of the two countries, to try jointly to defend themselves from international speculative attacks against their currencies, the proposal will be a smashing failure. It will only work if that unity is designed to strengthen them in order to impose the necessary monetary inconvertibility.

### **South American Defense and Security**

In parallel to the efforts for the physical economic integration of South America, Brazil is also diplomatically pursuing a security and defense agreement for South America, while keeping TIAR (the 1947 Rio Treaty) alive and functioning. For the first time ever, South America's defense ministers met on April 23, during the Latin American Defense Fair. One of the most important proposals they discussed, would standardize military and security equipment: according to Brazilian Defense Minister José Viegas Filho, a kind of "joint venture among the industries of the

region, to enjoy an economy of scale."

Minister Viegas wrote an article in the May 2 *O Globo*, which stressed that this unprecedented meeting "reflected the fact that our region has already reached sufficient maturity to achieve its own political and strategic identity. Today, we have the clear perspective that the problems we face do not separate us, but unite us. The peoples of this region, from the common citizen to the leading figures, can work peacefully, knowing that wars among our countries are a thing of the past. Common problems, against which we are united, are the fight for economic and social development, and for the protection of our territories and our institutions against the activities of multinational organized crime."

"This new perspective of unity," Viegas continued, "allows us to think of our Armed Forces as sister organizations in solidarity. It allows us to think of common tasks, of common goals, and of a progressive broadening of our common efforts and shared activities. Today there exists, among the ministers of defense and among the armed forces of South America, an atmosphere of flourishing friendship and growing confidence."

## **FDR Sought Brazil's Industrialization**

by Cynthia R. Rush

In his accompanying article, *EIR's* Lorenzo Carrasco reports that Brazilian President Luiz Inácio Lula da Silva's efforts to make the National Economic and Social Development Bank (BNDES) function as a real development bank, has a precedent in Brazilian history. In 1952, during his second term in office, nationalist President Getulio Vargas set up the precursor to BNDES, the National Economic Development Bank (BNDE), for the purpose of financing Brazil's industrial and agricultural development.

Until the Presidency of Fernando Henrique Cardoso in the 1990s, who forced BNDES to oversee the International Monetary Fund (IMF)-dictated privatization of state-owned companies, BNDES largely played the role that Vargas envisioned.

It is notable that in September 1942, during Vargas' first term in office, a proposal for national banking also came out of the technical mission sent to Brazil as part of Franklin Delano Roosevelt's Good Neighbor Policy, and charged with surveying every aspect of that country's economy, labor force, and natural resources, to determine how its rapid industrialization could be most efficiently achieved. The 12-person commission, led by FDR's close friend and collaborator Morris Llewellyn Cooke, former head of the Rural Electrification



Under Franklin D. Roosevelt's Good Neighbor Policy, a commission sent to Brazil in 1942, headed by Morris Llewellyn Cooke, proposed a national banking policy to foster Brazil's industrial development.

Administration, was one of several such missions sent to a number of Ibero-American countries, reflecting the Good Neighbor Policy's intention of reviving the foreign policy thrust of the giants of the American System—John Quincy Adams, Henry Carey, and James Blaine—which had been trampled on by previous administrations.

The cornerstone of that policy was respect for the sovereignty of each nation in the hemisphere, and recognition that it was in the interest, and to the benefit of the United States, to have economically prosperous and constantly developing neighbors.

The chief of staff of Cooke's team was Corwin Edwards, former chairman of the Policy Board at the Justice Department's Anti-Trust Division, and former Assistant Chief Economist and Economic Advisor at the Federal Trade Commission. *EIR*'s Rio de Janeiro bureau reports that it was Edwards who proposed that Brazil's public sector participate in investment through the creation of a state bank, to be jointly owned by the Federal government and the states. Edwards' proposal was favorably discussed by State Department officials close to Undersecretary of State Sumner Welles, and his key politi-

cal advisor Laurence Duggan.

At the end of World War II, Edwards would go on to work in Japan, as head of the economics team under Gen. Douglas MacArthur, directed to rebuild the Japanese economy.

### Always Allies

Getulio Vargas' first meeting with FDR in 1936 launched several years of close cooperation and friendship between the two. They discussed Brazil's hopes for industrial development and its contribution to Western Hemisphere defense. It was during the Roosevelt Administration that the U.S. Export-Import Bank provided funding for construction of Brazil's vast Volta Redonda steel complex, the jewel of Vargas' national industrialization plan. FDR envisioned a key postwar role for Brazil, and told Vargas that, at war's end, he wanted the Brazilian President to sit "at the peace table" with him.

Cooke, who was also an expert in the workings of the Tennessee Valley Authority (TVA), produced a lengthy two-volume report, later abridged for publication in the United States, entitled *Brazil on the March: a Study in International Cooperation*. That work, also admired inside Brazil by such American System advocates as Roberto Simonsen, stands in stunning contrast to the IMF's insane policy focus today, to ensure that "no Japans" develop "south of the border." Emphatically, that means Brazil.

Simonsen's political faction endorsed the Cooke mission's finding, that a dirigist approach to Brazilian development was needed.

With great optimism, Cooke dedicated *Brazil on the March* to "the friendly people of Brazil. May the policies and plans here discussed bear plentiful fruit to satisfy human wants. In the forthcoming industrialization, may every lovely facet of Brazilian life be protected." It was Cooke's desire that *Brazil on the March* would help the "non-technical American reader," to understand "those portions of the mission's findings which throw light on the development of present-day Brazil, a nation girding itself for a far-flung industrialization in which our people's understanding of the problem may play an important role."

The jacket of *Brazil on the March* underscored that the Good Neighbor Policy shows that "cooperation does pay off in hemispheric solidarity, rather than rivalry for empire. For Brazil is on the march to greatness, and the United States is helping to make her dream of industrialization come true."

There's no question that Cooke saw his work in Brazil as something to be replicated hemisphere-wide. Upon completion of the mission's work, he wrote a 50-page memorandum, entitled "Promotion of the Development of the Brazilian Economy as a Pattern for Hemispheric Economic Relations—the Long View." In an upcoming article, *EIR* will present an in-depth picture of FDR's Good Neighbor Policy for Ibero-America, including its ramifications internationally.

## LaRouche in Italy: Take the Lead for Eurasian Development

by Claudio Celani

For the second time in a month, Lyndon LaRouche visited Italy, a country where he has high recognition and where, last year, the national Chamber of Deputies approved a resolution calling for a “new world financial architecture” oriented toward productive investment, not speculation—as LaRouche’s proposed New Bretton Woods system specifies. From May 5-8, LaRouche paid a visit to the northern Italian cities of Vicenza and Milan, holding public events and private meetings. In this trip, as in the previous one, LaRouche called on Italian leaders to break with the new “Roman imperial” policy of the Bush Administration, and to join ranks with its European allies in organizing for a Eurasian development policy (see *EIR*, April 25). Italy plays a special role in the Eurasian project, because of its natural projection into the Mediterranean Sea, toward the Mideast, which is the crossroads between Eurasia and Africa. A special feature of LaRouche’s visit this time was the expansion of the LaRouche Youth Movement to Italy.

### **Vicenza: A High-Export Region**

On May 5, LaRouche was the main guest speaker at a conference at the Vicenza Chamber of Commerce, organized by *EIR* and by the International Strategic Political Economic Institute (ISIES), founded by a group of businessmen from the region. Vicenza represents a singularity known to LaRouche, who was there already in July 2001: A city of 200,000, Vicenza has a high density of small and medium-sized enterprises, and alone exports more than the nation of Greece. As its traditional export markets shrank, however, and its firms came under pressure of cost-cutting competition, Vicenza tried outsourcing in recent years (for instance, establishing 30,000 firms in Romania), only to realize that—as LaRouche had warned—such “globalization” is no long-term solution. As the world financial and economic crisis developed in the last two years, the analyses and the solutions that LaRouche presented in 2001 have gained even more credibility among his followers in Vicenza, who invited him again to discuss strategic and economic issues.

LaRouche delivered an address (see complete speech, below) on the global



*Lyndon LaRouche (center) in Milan at the Chamber of Commerce. In his meetings with business and political leaders, and young people, LaRouche underlined the need for an international effort to defeat the imperial “war party” in Washington, and to establish an alliance of sovereign nations, for economic progress. To the left is translator Claudio Celani, and to right is Paolo Raimondi of the Italian Solidarity Movement.*

economic and strategic situation, focussing on the new opportunity defined by his position as number-one in contributor support among the candidates for the Democratic Presidential nomination, and the fact that the “liberal imperialist” faction in the United States is using LaRouche’s exposure of the fascist nature of the pro-war neo-conservative cabal and the perspectives for a recovery of the world economy offered by Eurasian development, with special emphasis on the opportunities for Italian medium-sized and small enterprises.

While a global recovery can occur only through a Bretton Woods-style financial reorganization of the economy, LaRouche said, existing resources should already be invested in promoting technology-transfer agreements between Italian firms and countries such as China. If we successfully address the economic crisis, we will have removed a major cause for war, he said.

LaRouche was introduced by Paolo Raimondi, chairman of the Italian Solidarity Movement, and by ISIES Chairman Luciano Bisortole, who addressed the issue of re-establishing international law after the Iraq War. Bisortole asked whether, at the root of the current international crisis, is not maybe “someone’s new and dangerous doctrine concerning perverse lifestyles and political-ethical views of human life?” By promoting terror, “they bring the international community to inevitably fear for its own future, throwing on entire peoples—and not on those really responsible—the responsibility for terrorist acts.” Peace is not just the absence of war, Bisortole said, but “peace can be achieved only by respecting fundamental truths about man and his rights.”

From the audience, Luigi D’Agrò, a member of Italy’s Parliament who, in September 2002, had signed the resolution for a New Bretton Woods, initiated by several parliamentarians who favor LaRouche’s plan, reiterated his support for that initiative. He thanked LaRouche for his work, which, among other things, has had the merit of exposing the perverse effects of financial speculation, in terms of looting of the real economy and especially of impoverishment of the Third World. D’Agrò then asked two questions: the first, related to the Mideast as a geopolitical region as defined by oil resources, and what European interests in this context should be; the second, on what a future world political order should look like.

This opened the way to a long and intense discussion, which continued informally after lunch, among LaRouche and some local supporters.

### **Intervention in Milan**

On May 8, LaRouche gave a speech on the same subject at a public meeting in Milan, hosted by the Milan Chamber of Commerce at the historic Palazzo ai Giureconsulti. As in Vicenza, the lecture was followed by a long discussion, in which participants raised questions related to energy, credit generation, the fight against terrorism, and other issues.

One question on the so-called “American Jewish Lobby” gave LaRouche the opportunity to explain that what Europeans see under this name, is in reality a phenomenon of organized crime, which has nothing to do with the Jewish tradition, and should not even be given that name. The true Jewish

identity, LaRouche explained, is exemplified by the tradition that goes “from Moses to Moses to Moses”—i.e., from the Biblical Moses to Moses Maimonides to Moses Mendelssohn, the “Socrates of Berlin” in the 18th Century, who made a crucial contribution to Classical European culture. What is today mistakenly called the “Jewish Lobby,” he said, is in reality a group of thugs who are the financial moneybags for people like Israeli Prime Minister Ariel Sharon and Finance Minister Benjamin Netanyahu, followers of the fascist tradition of the late Vladimir Jabotinsky, an admirer of Hitler. As for American voters of Jewish origins, they, like other Americans, are afraid of the political and economic crisis, and would vote for somebody like me, LaRouche said, who comes out with a solution in the tradition of President Franklin D. Roosevelt.

Several members of the Lombardy Regional Council (the rough equivalent of a U.S. state legislature) participated. As well, as the chairman of the influential association Casa d’Europa, Orazio Crisafulli, intervened by calling on the politicians to work so that the issues raised by LaRouche could be included on the agenda when Italy assumes the presidency of the European Union for the second half of 2003.

One regional councilman asked how, according to LaRouche, terrorism should be fought. Since there is no significant terrorist capability outside of state or state-similar powers, the most efficient pre-emptive policy against terrorism, LaRouche said, is to make friends, not enemies, among the nations of the world.

Answering another question, on how to generate credit in a bankrupt economy, LaRouche explained that there are two ways. The first is the U.S. model under the Constitutional system, of credit generated directly by the government (this implies a reform in Europe, where there is a system of independent central banks). The second one, is credit generated by long-term trade and investment agreements among nations: If two nations sign such an agreement committing themselves to honor the debt incurred by the agreement, this automatically generates credit. But a fixed-exchange-rate monetary system is needed in order to be able to issue such credit at a low interest rate.

## Press Coverage

Several print media and four TV stations carried interviews with LaRouche. *Il Giornale di Vicenza* dedicated an article to his tour on May 4, quoting ISIES Chairman Bissortole that “LaRouche is committing all his efforts to bring the United States into the process of peaceful reconstruction of the world economy. Among the targets of this policy, which includes infrastructure, are Eurasian ‘development corridors,’ extended to the rest of the world.” The article wrote that LaRouche advocates a “progressive democracy” and “is a most ferocious critic of President Bush and of the entourage which inspires Bush’s international political actions.”

Another daily, *Il Gazzettino*, published an article on May 6, which stated: “The future of Vicenza’s small and medium-sized firms cannot but be in Eurasia—LaRouche comments—but only if they shift from being simple products exporters to technology exporters. Eurasia—the economist continues—demands, due to its dimensions, that small and medium-sized firms move not alone, but organized and supported by institutions. It is not easy, but it is important to start with a pilot project, where some firms join in a consortium and start partnership projects with Asian firms.”

## Launching the Youth Movement

In addition to the public conferences, LaRouche had also private meetings with local politicians and legislators. On May 6, LaRouche met with a couple of dozen young (and not so young) supporters, to discuss the expansion of the LaRouche Youth Movement in Italy. The LYM is what has made possible his current position among Democratic Presidential candidates (he has raised more individual contributions than any other candidate), and will be the decisive factor for his chance to win the 2004 Presidential elections, LaRouche explained in most of his meetings. The youth movement is necessary to bring about changes in society, LaRouche explained, because the youth—the “no-future” generation—will act upon the previous generation, the generation now in power, giving them back a sense of optimism for the future. Therefore, we must build a LaRouche Youth Movement in Europe too, he said.

The problem in Italy, LaRouche explained to his supporters, is that, although the average politician is better than his colleagues in most parts of the world, in Italy too, society has no future, due to the changes allowed by the 1968 “Now” generation. In the case of Milan, a once-powerful industrial center has been transformed into a post-industrial society, where the main activity is centered around the fashion business.

LaRouche cracked countless jokes about the famous Milanese fashion models, who are forced by a decadent culture to become unnaturally skinny and to run around wearing a few centimeters of clothing. Once, in previous generations, morality in society was shown practically by parents showing care for their children and grandchildren, as well as for the older generations. In Italy, this morality has also been shown in the care for the *beni culturali*—works of art left from past generations in the form of paintings, sculptures, and architectural works, which constitute 50% of the world’s total collection, according to UNESCO. This kind of morality was lost with the “Now” generation, the ’68 generation, and now we have, for the first time in history, a lack of connection among generations.

The task of the LaRouche Youth Movement is to re-establish a standard of truth against cultural and scientific empiricism, and bring back to life the generation of their parents, which today runs society.

## The Precedent of Postwar Reconstruction for Today

*On May 5, Lyndon LaRouche was the main speaker at a conference of ISIES, a think-tank associated with the Chamber of Commerce of Vicenza, Italy. Here is an edited transcript of his presentation and the two-hour discussion which followed.*

What I shall present is, essentially, in the final analysis, a message of optimism. But we must face the realities which stand in the way of success.

To situate ourselves in the larger picture: After the close of the Second World War, a policy developed by Franklin Roosevelt was incompletely used in cooperation between Europe and the United States, and elsewhere. This was the original Bretton Woods system. A system of fixed exchange rates, of long-term regulation of tariffs and trade, and of the use of the power of the U.S. dollar, then, to provide credit for the reconstruction of Europe and other parts of the world.

This continued until a change occurred at the beginning of the 1960s. Some of you are old enough to remember, as young people or as adults, what happened in 1962: the great Missiles Crisis; the repeated efforts of the international synarchist movement to assassinate President Charles de Gaulle of France; the assassination of President Kennedy; the entry of the United States into the war in Indo-China. This began a process of self-destruction of the United States, which gradually spread into Europe, and became severe after the 1971 change in the monetary system.

The coincidence of the Indo-China War's beginning, with the Harold Wilson government in England, was a disaster for the United Kingdom as well as for the United States; and this disaster spread, as a trend in Europe, shortly after that.

What happened in the United States was, there was a long-term trend toward transforming the U.S. economy from a production economy to a consumer society. . . . In this process, between 1964 and 1971, and continuing through 1981, we had a very profound transformation in the characteristics of the world economy.

The first phase was 1964 through 1972, predominantly the shift to a "post-industrial society" and the beginning of trouble in the form of an insurrectionary movement among youth and others.

In 1971, with the decision, under the influence of Kissinger, Paul Volcker, and George Shultz, Nixon broke up the postwar monetary system.

From 1971 to 1981, we had, both in the United States and

Britain, and also worldwide, a process of deregulation, of destruction of the entire protective system of tariffs, trade regulation, and so forth. And this was continued also in the form of a breakdown and destruction of larger and larger amounts of the basic economic infrastructure of nations—mass transportation, power generation and distribution, water management, reforestation and similar environmental improvement programs; a post-1973 general global collapse of health-care systems; a post-1963 degeneration of educational systems of Europe and elsewhere, motivated by the OECD report of 1963. Many parts of Europe have lost the ability to think—or to eat.

### Thinking of the Future

What has happened to a generation that has been victimized by this, the adult generation, was a change in the moral character of society. In all my experience, and my knowledge of history, prior to the counterculture movement of the 1960s, the tendency in society, the practical, moral tendency within the population, was that the existing adult generation would think in terms of their children's and their grandchildren's generations.

The cultural change to a consumer society from a producer society, combined with the counterculture, produced what we call today the "Now" generation. As a result, the generation of younger people—and I am working specifically with a generation between 18 and 25 years of age, the so-called university-age generation—is a "No-Future" generation. They think they have no future, or they have a shallow hope that they might have a future, as an exception to what is happening to everyone else in their generation.

This has an effect on the political systems. People, say, between 50 and 60—who are now becoming dominant in running the institutions of society—they reflect an indifference toward the future. They think about the short term, the *now*. There is no significant long-term thinking in that generation, and the younger generation, which will be the future, sees itself as abandoned.

So, therefore, as we enter a great crisis, the political-party systems in which we had confidence in the 1950s and 1960s, have become ineffective.

We have now entered a great collapse crisis of the present monetary, financial system. This is extremely dangerous. You have a political system that is not working because of this "Now" generation/"No-Future" generation problem.

Great masses of the poor, those below the lower 80% of family-income brackets, are abandoned, and feel themselves abandoned. This is extremely dangerous. This is the kind of circumstance under which dictatorships arise.

We have now, as a result of this—and I speak frankly—a man, who is President of the United States, who I don't think knows how to think, who is controlled like a puppet by a pair of conspirators typified by the Vice President, which is very much a minority.



*The Chamber of Commerce of Vicenza, a productive and technology center of Northern Italy, invited Presidential pre-candidate Lyndon LaRouche to keynote its May 5 conference. Chamber representative Sgr. Bisortole is at left; LaRouche's translator Claudio Celani and Italian representative Paoli Raimondi are at right.*

There is no support for this government in the majority of the Republican Party or the Democratic Party. It is like a coup d'état. It tries to preserve its power by shooting for wars, as distractions from an economic crisis they refuse to deal with.

So, therefore, where is the reason for optimism?

We have, in Europe, good reason for optimism about the possibilities for the future. We have a resistance to this war, which involves Russia, Germany, and France, in the United Nations. Various meetings held in St. Petersburg, among representatives of these countries, typify an intention to move toward some form of beneficial cooperation.

At the same time, the great opportunities for Europe, which is bankrupt under the present system—Europe can not continue this way—lies in Asia. The greatest population centers of the world and the greatest areas of growth lie in South, East, and Southeast Asia.

### **Eurasian Cooperation and Technology-Sharing**

On the one side, Europe, to survive, needs those markets. On the other side, Asia, most notably in the case of China, requires the technology-sharing, which enables it to deal with its internal problems.

You have in Asia—you have in China, Russia, Kazakstan, included, as a partner, and in India—you have the immediate basis for developing a system of cooperation, security, and stability. You have the beginning of large-scale cooperation between this group of nations and the so-called ASEAN group of 10 nations.

The greatest water projects in modern history are under discussion, or are already in progress, in this part of the world.

The water-management projects in China are beyond anything we've seen in Eurasia before this time.

The hydro-electric project in Tibet, using the Brahmaputra to develop energy sources for China, India, Bangladesh, and Myanmar, is already being seriously pushed.

If we succeed in the policy effort launched as the so-called "Sunshine Policy" by South Korea, we will have, also, another factor, called the North Asia factor: the railroad systems of Korea, if you unite Korea's railroad systems, going two directions. They start from the southern tip of Korea in Pusan; as they go north, they bifurcate: One goes to China, one goes to Siberia; which means, that if you link up these systems, if you repair the trans-Siberian route, if you complete the Silk Road route, then, you can have high-speed freight transport from Pusan to Rotterdam, and so forth.

Now, there is another problem in this: raw materials. That is, the raw materials of Asia are, to a large degree, concentrated in Central and North Asia, in a part of the Biosphere which contains a lot of these minerals. The central part is largely arid. The northern part is Arctic tundra. There are vast amounts of water going by rivers, such as the Ob, into the Arctic Ocean. The diversion of some of that water south would transform Central Asia.

In Russia, the technologies for working in the Arctic have been in progress for some time. We can conquer the tundra as a matter of economy. With high-density energy systems, we can conquer the tundra.

Therefore, what we need is not merely a transport system from Europe to the Pacific; those transport systems must be routes of development, the way we did in the United States with the transcontinental railroads.



New cities, power projects, water-management projects, production projects, shifts of population into the newly developed areas. That will permit us to conquer the territory economically, where the largest resources for the future lie.

Now this is in the interest of Europe. It is in the interest of Asia. This involves, not export of products, but, as we see in the case of Germany's sale of maglev technology to China, the future lies in technology-sharing. The great export industry for Europe is technology-sharing export.

The heart of this will be, to a large degree, the independent medium-sized and small businesses. What is needed, is to set up mechanisms under which we can integrate the potential of what we call in German, the *Mittelstand* layer of Europe, to integrate it efficiently as a partner in a long-term process of technology-sharing.

This means, practically, more immediately, more channels of discussion between people in Europe and people in Asia. You know how technology-sharing works, you have already experienced it in various approximations.

### The Obstacle of Financial Collapse

But the difficulty in bringing the partners together, if the partners are individual small or medium-sized firms, is obvious. Facilities of discussions and explorations are essential, because what Europe needs is an increase of productive employment sufficient to allow the countries of Europe to operate at a real breakeven level, physically.

For example, if Germany fails to increase the number of employed people by 3 million employees, it is a disaster for all Europe.

Similarly, in the United States, we have 50 Federal states in the United States. Forty-six are bankrupt. That is, they can not maintain essential functions on the basis of states in the United States. If you use so-called fiscal methods of austerity, you make the problem worse. You raise tax rates on the lower levels of income and production—you make the problem worse.

So, the problem is, as in Europe, the need for large-scale infrastructure projects of an essential character, which will raise the employment levels. In the case of Eurasia, it is cooperation throughout Eurasia, which gives the impetus for large-scale projects. . . .

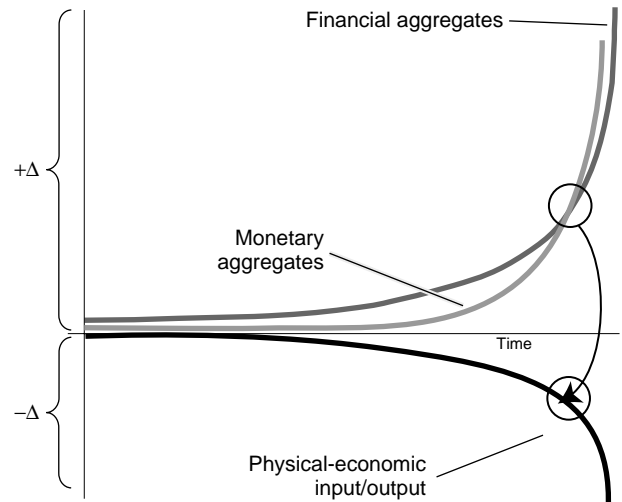
The obvious infrastructure thing, which includes the Messina Bridge, is the connection to Africa. Immediately, North Africa, the traditional route. Italy is, economically, a maritime country. The coastal area relative to the habitable land area is very large. It is surrounded by the Adriatic and the Mediterranean. It historically has always been a crossroads to the Middle East, as to North Africa.

So, therefore, if you have cooperation in long-term economic objectives, then you have the need for, and the motive for, developing the infrastructure systems, which will develop the internal parts of the country.

We have similar situations in the Americas between North

FIGURE 1

### The Collapse Reaches a Critical Point of Instability



and South America. The physical opportunities for great rates of growth are there. The problem is the present monetary system, financial system, and the problem is this shift from a producer society to a consumer society mentality.

### History of This Monetary System

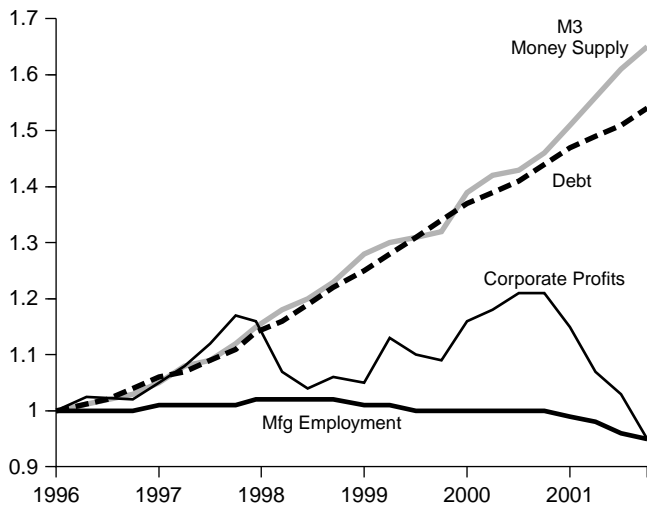
So, just look again at this chart (Figure 1), which I've used many times, but just to make the point clear. What this is, is a pedagogical outline of the economic history of Europe and the Americas, especially, since 1966.

The U.S. government budget and policies of 1966-67 fiscal year were a turning point in U.S. internal economic history. If you take what was happening in England under the first Harold Wilson government, a terrible process of wrecking what remained of the economy was launched. This spread throughout the British Commonwealth system. This was accelerated by 1971, by the change in the monetary system. This went along with the destruction of the economy through 1981.

It occurred the following way: The United States made a stupid turn, in dealing with the collapse of the Soviet system. We should have, as I proposed in 1988, before it collapsed, knowing it was going to collapse, we should have gone in with what I called a "Food for Peace" program. Since I had studied it, and had known the reasons for the Soviet collapse, I had warned that it was going to occur. I knew the potential, economically, in that area, under certain reforms. Instead, what happened was, the United States looted the former Soviet system. The so-called prosperity of the 1990s was largely based on looting the former extended Soviet system, including Eastern Europe. In 1996, this reached the breaking point.

FIGURE 2

**The U.S. Economy's Collapse Function Since 1996**



Source: EIRNS.

You had the speculators, in 1996 and 1997, rush into a hedge-fund looting of Asian nations. We exported the disease, and sucked the blood of Asia, and called it an Asian crisis. After 1997, Russia was also at the limit of its ability to sustain this kind of looting.

The 1996 re-election of Yeltsin was the beginning of the end of the Yeltsin system. The last gasp was done with the hedge funds again, in floating a phony bond called a “GKO.” In the middle of August 1998, the GKO-bond system collapsed. They were faced, then, with an immediate next crisis in February 1999: the Brazil crisis. The Brazil crisis threatened a total collapse of South America—which we have seen in the case of Argentina, which has threatened Brazil.

In anticipation of this, President Clinton announced that he had planned to make moves toward a reform of the international monetary system—this was in September of 1998. He was attacked with a scandal, which was used to try to impeach him, to get him to stop doing that—the usual way of making a coup d’état with a scandal. It didn’t work, but it weakened Clinton greatly. As a result, in October [1998], at the Washington monetary conference, certain insane policy decisions were made, out of desperation.

The policy, then, was the “wall of money” policy. That is, to print more and more money, using new means, made possible by electronic monetary emission. The rate of monetary inflation in the system now is greater than it was in 1923 Germany. That’s why I put this chart on (Figure 2), to illustrate what our present problem is. In the Spring of 1999, our statistical studies of this process showed that the rate of mone-

tary emission exceeded the rate of financial rollover. This is what happened in Germany, between June and November of 1923.

Now, the first question in my mind was, is this a temporary phenomenon, or a permanent one? By the beginning of 2000, it was obvious that it was permanent. It was a systemic structural feature of the system, as it was then operating.

The system is finished, which is why I was able—when this funny thing, Bush, was inaugurated—was able to forecast exactly the kind of thing that would happen under Bush: the collapse of the system, and an incident like the Reichstag Fire of 1933.

Remember, on Feb. 27, 1933, Hermann Goering set fire to the Reichstag. On the 28th of February, Hitler was declared dictator.

On the 11th of September 2001, the attack occurred by aircraft on the buildings in New York and the Pentagon. Vice President Cheney emerged immediately, with a program he had had since 1991, for a war in Iraq, for general dictatorial measures of so-called “security” inside the United States, and so forth.

That’s the reality we are living with.

Now look at the other part of the curve, the down curve. Over the period from 1996 to the present, while there has been growth in financial aggregates—actually hyperinflationary growth in financial aggregates—there has been a decline in the net physical output, per capita and per square kilometer. This is clear if you use actual proper deflationary figures, and if you take into account the loss of economic potential represented by loss of basic economic infrastructure.

**A Great Opportunity for a New System**

So, we have reached the point where it is not possible to reform the present system. Therefore, as I indicated earlier, on the optimistic side, the nations of the world have before them a magnificent opportunity, especially in Eurasia, for great growth. Under any rational monetary-financial system, there should be great growth. If we could operate, even under the rules we used between 1945-46 and 1960, we would have great growth.

The model of postwar reconstruction is an ideal model of growth. The problem is, that you can’t do it under this system, because the amount of financial debt and monetary debt on top of the production is so high, that you can not pay the financial charges. You can not grow to pay off the financial charges, because there is no capital to invest in things that are productive.

Therefore, the world is bankrupt. What do you do with a bankruptcy? You go to government, and you put the bankrupt institution into receivership. You put the monetary system and the financial system into receivership. You reorganize the system to save “the baby.” If we were to do that, we could survive. There are things that we could be trying to do now,

which, were we to do that, we could survive. Improvement of east-west trade in Eurasia is a good idea. It is what you have to do. It should emphasize technology-sharing, rather than simple exports, but we can not continue that unless we put the system into bankruptcy.

What do we need? Put the system into bankruptcy under the general welfare principle. Then what do you do? We have to establish agreements of the following form: The governments, which must take over the financial systems and the central banking systems, must move to establish a fixed-exchange-rate system. It is the only way you can do it, because if we can not have 1-2% maximum rates of interest on long-term loans, we can not finance our way to recovery. And, you can not maintain loans at 1-2% simple interest rate under a floating-exchange-rate system.

Now, how does it work? You have to create credit. How do you create credit? In the United States, by our Constitution, we can create credit by fiat act of government, with the approval of Congress. Under the existing systems in Europe, which are based on the Anglo-Dutch Liberal model of the state apparatus of the parliamentary system and the central banking system, measures have been taken to prevent that from being done. The *fondi* won't allow it. So, the other way to create credit—you can't use the Keynesian system under this condition—governments can make long-term agreements with other governments on trade.

So, a regulated fixed-exchange-rate system, with long-term agreements, 25-50-year lifespan, on tariffs and trade and investment—these kinds of things are what you need, to have a rapid expansion of what the potential in Eurasia, for example, represents.

So what does an optimist do in a situation like this? And, there is no sense in being a pessimist. In addition to all your other troubles, you'll feel miserable. The only thing to be is a wise optimist.

So, in the matters of business and economy, think of the long term of where we should be going; try to move in that direction any way you can, at the same time, knowing that the governments can not solve the problem that they have with their present ideas. We are going to come to the point where the governments are going to have to change their way of thinking. They are going to have to be realistic about this crisis. Then, they are going to cry, "Come save us!"

And the only thing that exists for us that we can get agreement on, is the historical precedent of postwar reconstruction, as between Europe and the United States.

What we had then, worked. What we have had since 1971, did not work. You tell the man to stop going to the gambling casino, and go back to work. The connection between the two is the spreading of those ideas, political and other ideas, which will make it possible for us to make the connection between the two things.

Study for survival and qualified success within the terms available. But you can't swim across the ocean. Build a boat.

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## Dialogue With LaRouche

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# The Dollar's Fall, the World Economy's Future

Lyndon LaRouche's May 5 presentation was co-sponsored by the International Strategic Economic and Scientific Institute (ISIES), an offspring of the Vicenza Chamber of Commerce and Industry. The audience of 50 engaged the Presidential pre-candidate in a two-hour discussion, of which an edited transcript follows.

Italian Parliamentary Deputy Luigi D'Agro began the discussion by reiterating his support for the Chamber of Deputies' resolution for a New Bretton Woods monetary system, instigated by LaRouche's ideas, and adopted by the Chamber of Deputies on Sept. 25, 2002. Senator Oskar Peterlini is now sponsoring a New Bretton Woods resolution in the Italian Senate. Deputy D'Agro attacked the rampant financial speculation dominating the world economy and causing the collapse of production; and asked LaRouche to comment on the moral purpose of economics, specifically citing the task of peace and development in the Mideast.

**LaRouche:** The interest of Italy, among other countries, is to try to get some kind of pacification, and development, cultural development, in that region of the world, which pacifies it, and makes it what I proposed in an Abu Dhabi speech I gave: To see this area of the world as the crossroads between the Mediterranean and the Indian Ocean.

I don't believe in burning oil for fuel. The problem that leads us to idiocy, is this ban on nuclear energy. And what's happened is that the discussion of energy, especially over the period since the 1970s, has been increasingly idiotic, scientifically. And this is something that goes to the second question you raised, the purpose of economy, the moral, political purpose of economy.

## Humanity's Powers and Nuclear Power

Let's go back to the beginning of our civilization. We are a European civilization, globally extended, primarily Europe and the Americas, with great impact on the cultures of the entire world. Our origin is probably Egypt. Our beginning is Greece, Homeric Greece perhaps. That's the beginning. We date our civilization generally from Solon of Athens. The design of the Constitution of the United States, especially the Preamble, was based on Solon of Athens.

In ancient Greece, science, before Euclid, was based on a concept of power, as the concept is used by Plato. The concept of power is valid in modern scientific terms. Whereas the contrary concept, which was introduced by Aristotle, against

FIGURE 1  
**Features of the LaRouche ‘Oasis Plan’**



*LaRouche views the Mideast as the strategic crossroads linking economic development of Eurasia as a whole and Africa. His “Oasis Plan” for bringing the new water resources critical to the region’s infrastructural and economic expansion, has been in circulation for 25 years as a peace policy. It involves important construction of nuclear energy sources.*

Plato, was the concept of energy. And the problem is the concept of energy defies, is contrary to, the nature of man. See, if Aristotle had been correct, the human population would never have exceeded several million individuals. Aristotle did not understand the nature of man, which is why Christian theology is based on Plato.

What do we mean by that? What is the difference between man and an animal? Why are we designing an economy for apes, instead of for people? The difference is simple, from the standpoint of science: the discovery of a universal physical principle. Did you ever kiss, see, eat, taste a physical principle? No. You can’t see it. You can’t see it with sense percep-

tion. It’s something that’s invisible to the senses, but which you prove exists, and you prove it by being able to use it to change the world in which we live. Man is not an animal. Man is a creature made in the image of the Creator, who can discover these principles and use them to change the universe. Plato used the term, described as what we mean by power, as Leibniz used the term power. So, what we should do, is look toward the use of technologies which are derived from the discovery of principles, in order to increase the power of the individual personality, and mind, over nature.

That means we must stop treating many human beings as human cattle. We must stop herding, and culling, herds of human cattle, as policy. We must now think about the general education of all persons in society, to their maximum potential, in terms of what the existing culture can provide them.

What is nuclear power? Nuclear power is a result of man’s understanding, and discovery, of principles of what are called microphysics. And those powers we have discovered—through the work of people like Mendeleyev, and Pasteur and Curie, and Max Planck, and Betti, here in Italy, and the hydrodynamic school in Italy—we have discovered powers way beyond anything we knew before, in nature. And we have to use them intelligently; because when you discover fire, you don’t use it to burn down your house. So therefore, we have to take responsibility for controlling those powers we develop. . . . Once we do that, then the myth that we must not have nuclear energy, will vanish. Ir-

responsible behavior cannot be tolerated by society. So, whatever is done in energy policy, must be responsible for mankind. Because we’re made in the image of God, we are capable of discovering the principles in the universe. We are then responsible for the way in which we use them.

Then, what shall we do with oil? Burn it? It’s a waste. Petroleum is a petrochemical feedstock. So therefore, what we should do is transform the Middle East, as we can phase out of oil into higher technologies, from burning it, into using it as a petrochemical feedstock, and turn the Middle East into an area of chemical production for fertilizers and other things.

In your second question, you go to another aspect of the same question, which has two aspects to it. First of all, as to what is the nature of economy. From my standpoint, as these figures illustrate, the nature of economy is essentially a physical one. It is proving and improving the conditions of life. To make life richer for people, physically. To provide more energy, more effort, assigned to developing the mind of the young individual, as opposed to using them like human cattle in work.

You think of modern civilization. When did modern civilization come into being? Here, Fifteenth Century. Here, in this area. Fifteenth Century. What was the difference? Our civilization is based on the Greek origins, especially the ancient Classical Greek, and a great revival of that knowledge, as part of the Christian revolution which occurred here in the Fifteenth Century. You take the relationship of Plato, for example, to what was done by the Apostle John and Paul—that is our civilization.

### Government Establishes Financial Systems

In the Fifteenth Century, we, from the beginning, efficiently established government, based on the concept of *agapē*, which we call general welfare, or common good. Therefore, the physical conditions, including education, and other things that cost physical effort, which are necessary for the common good, are the proper purpose of economy. Profit and capital, should mean the improvement of those conditions. Therefore, since we have to integrate the individual initiative into the total society, and give the individual freedom to innovate, therefore we have to set up rules on how monetary and financial systems, and tax systems, work. To cause money, which is an idiot, to serve our purpose. The point is to put the power of money in the right hands, to the benefit of the population, and to the advantage of those who are capable, and willing to improve the situation. And that's why I start from physical economy. And say, "Don't start from a financial economy, and try to prove that a financial economy will do good." A financial system is an idiot. You set it into motion, it's like a sorcerer's apprentice, it does whatever it wants to do. That's why some of the so-called greatest world economists are idiots, because they are too much absorbed in their own financial systems.

Government, the function of government, under the general welfare principle, is to set the rules by which financial systems operate, and tax systems, to ensure that the benefit of present and future generations is secured. To favor investment into useful capital formation, and to favor that profit which is used for such purposes. If you've invested for the benefit of the economy, you should pay less taxes than the one who wastes it. If you do that, the economy will grow. If you let the fellow have free taxes for having ten mistresses on the beach, the economy will not grow.

So, I think the problem, really in both cases, is our conception of man: one, what do we mean by science and power, and

secondly, do we understand that the problem of society is: We have abandoned the principle upon which the modern nation-state was based, through innovations such as those of Brunelleschi, and Nicholas of Cusa, and Leonardo da Vinci, here [in Italy], in the Fifteenth Century. *Agapē*, the principle of *agapē*.

### The Dollar Is a Political Problem

**Q** (from the chairman of the Vicenza Chamber): How do you see the U.S. dollar? The second question: After the steel tariffs in the United States, which blocked successfully the exports of, for example, European steel into the United States, this brought to life an internal difference within the United States. Why? Because the U.S. producer companies, the U.S. producers of finished products, at that point decided, preferred, to buy finished products in Europe, and this led to unemployment, large unemployment, in that sector in the United States.

**LaRouche:** Well, the U.S. dollar is a political problem. It is now collapsing. It should collapse under present policies, because the dollar has been—in real standards—has been greatly overvalued. The dollar has operated as an imperial consumer-society dollar. Prior to the crisis of '61-'64, the U.S. dollar was the most powerful currency in the world, because we were the most productive nation in the world, per capita. The IMF rules, under the 1971-75 changes, allowed the U.S. dollar to steal.

For example, what happened to Italy in 1976, in the imposition of the IMF rules? What happened is, the United States rigged the values of currencies worldwide, by its power. By imperial power. It shut down its own industries, by forcing other people to sell to us, way below value. Then it forced them to invest in our financial markets, to participate in the profits we got from stealing from them!

Now, that dollar system is disintegrating. So therefore, what's going to happen to the dollar? The idiots think that by military power, they're going to intimidate the world into continuing the system. The U.S. is going into what we call the "steal" business, stealing. That's Cheney, typified by Halliburton, and Bechtel, and so forth—that's stealing. They're going to the Middle East to steal. They stole all the art treasures. That was an organized theft, organized by gangsters in the United States. The same thing they've done with the *beni culturali* in Italy.

So, the question is, what's the United States' value in the world? Because the dollar is no better than the nation. The value of the United States to the world today, lies only in the tradition of our birth and our long history. It is very politically concrete. Many countries in Europe, leaders of political forces in Europe, would agree completely on the Bretton Woods reform, a New Bretton Woods reform. But they're afraid. Because the imperial power is threatening. Therefore, if the United States changes its policy, and I've written two recent papers—one he referred to earlier, on my foreign policy,

which was written especially for Europe. The point is, I'm at present the number-one candidate for the Democratic nomination in the United States—that's the opposition party, technically. And therefore it was my responsibility to state U.S. foreign policy, as I would define it, especially for the governments of Europe. And I've also written a commentary on my view of the Church-state relationships, from the standpoint of reference of the Pope's two addresses to the United Nations organization, one in 1978, and the other in 1995 (see *EIR*, May 16, 2003 for both papers).

If the United States says to the governments of Europe and other countries, "Let us assemble to discuss a general monetary and economic reform"; and if a majority of those governments agree, it will happen. The value of the United States is its potential to play the political role, by giving up its imperial power, from its imperial position.

In the post-war period, we saved Europe and some other parts of the world, with the great Bretton Woods reform at that time. We did that because we had all the power. That's why we were able to do that. Now, we no longer have all the power, economic power. The world has great economic power; we have given up ours. Therefore, the function of the United States is to go to the next step, to play its part in creating a new world order, based on a coalition of sovereign nation states. Under that condition, the dollar value will be stronger. If it goes the way Bush is taking it now, it will go to

the bottom.

**Q:** Don't you think that too much paper has been printed?

**LaRouche:** Yes. We're going to have to cancel much of it. Bankruptcy reorganization. Sometimes the only way you save a business, is with bankruptcy. Save the system, bankrupt the bankrupts.

## What Creates 'Long Waves'?

**Q:** Do you know [Russian economist Nikolai] Kondratieff?

**LaRouche:** Yes.

**Q:** What you think about Kondratieff?

**Moderator:** Let's add another question. The other question is: What do you think about the idea that France, Germany, and Russia have common interests, economic common interests, and they are kept together by these economic common interests—but one aspect of this is that they have common interests on Iraq, and this would be bad, if they were kept together just by this.

Then he [an attendee at the conference] has another question. He has just come back from Russia, and he has the impression that actually your idea of the program of Food for Peace, in Russia, was very good, because there's a devastating situation where old people, pensioners, live on \$50-60 a month, and this is really dangerous for democracy in that country.

Three questions—do you want to take more questions?

One more question. His question is: He was favorably impressed, he liked very much, what Clinton proposed in Seattle. Clinton proposed that China's entrance in the WTO would be agreed on, in exchange for China accepting the Kyoto protocol. Also, Clinton proposed, and he finds this particularly good, that a general rule of social protection be established also in poor countries, in order to avoid unfair competition with advanced countries; because the [poor countries] produce, of course, cheaper, because they don't pay for social protection for workers, they don't pay high wages, etc. And what do you think about this?

**LaRouche:** Okay, I'll take these three.

Kondratieff, of course, I know his work fairly well. Leontieff, Wassily Leontieff, who was the designer of the structural national income accounting system of the United States, was a student of Kondratieff. I also—in contemporary times—Professor, Academician Lvov, who's head of the CEMI, the Center for Mathematical Economics [of the Russian Academy of Sciences], and my friend [Dr. Sergei] Glazyev, who is his protégé, and son-in-law, are specialists in the area of Kondratieff today.

Kondratieff's work was based on a study of what he called technological long waves. The fault in that, that he does not understand, and did not take into account: That we, man, generate those long waves. For that reason, people such as Lvov and Glazyev have taken much interest, along with other Russians, in my work, because they are interested in the idea:

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Well, let's get away from the Soviet idea of taking long waves as something that's mechanistically determined, and let's be Christians, and let's make the long waves ourselves. I think they'll come over completely into my camp, and this goes with the third question today.

It's that the Kyoto conference was not competent in terms of its scientific assumptions. Because the question about the global warming, and so forth, is not true, is not valid scientifically.

However, there's a much more severe problem, which is that the fact is, as defined by another great scientist, Vernadsky, who was a student of Mendeleev, who's responsible for the modern scientific definition of both Biosphere and Noösphere. Now, the problem is, largely, how do we manage the Biosphere, and Noösphere? When we're dealing with large-scale systems, systems in countries, national systems, or international so-called ecological systems, we do have the alternative of giving ourselves blessings, or catastrophes. Because what is needed—and this comes back into the Kondratieff question—we have to go to this aspect of science, real science, define these real problems, and have functioning international agreements, on what are the actual opportunities, and dangers, in mismanaging the planet.

### **Economic Solutions To Prevent Wars**

I'll come back to the rest of your question. On the question on cooperation, the Iraq issue, and so forth. In the foreign policy paper I've issued this week, I addressed this question, exactly. The problem is, we have two issues on people's minds. One is the military issue of the insanity of, call it honestly, the Cheney Administration, because Cheney is the keeper, and chief trainer, of President Bush, who doesn't really function too well. (Microsoft may actually develop a package, which enables the President to use verbs).

All right. So the problem here is, one thing is the war issue. The other is the issue, the positive question, of economic solutions to the present world crisis. If we do not deal with the economic questions, then dealing with the war question will be a failure. If we let the world economy go in the direction it's going now, we will have war—you can't stop it. However, the reason for the danger is that the society is demoralized. People are going crazy, under the demoralizing conditions that exist. The danger is what is called fascist states, or fascist imperiums—that's the danger. The only way we can prevent that, in the long term, is by developing economic solutions, which have to be based on partnerships among sovereign nation states, which have to be oriented toward economic development of all nations.

If we do that, then we can shape the opinion of institutions of the world, in the main, in the sense that nations will unite against any attempt to spoil this by going to some crazy war. So, we must, in this case, do that. The problem in Russia, was not just the Food for Peace. My view—I knew what was

wrong with the Soviet economy. The military system worked, the military-scientific system worked. The civilian economy didn't. Because the civilian economy had no concept of entrepreneurship. The Soviet military scientist was successful, or got shot. Much of Soviet science was based on *gulag* science. You herded a bunch of scientists, like cows. You put them in a concentration camp, a *gulag*. The KGB chief comes in: "You produce or we shoot you."

I had a friend of mine, who just recently died—Kuznetsov, Pobisk Kuznetsov, who was in a concentration camp, a Soviet concentration camp, for 10 [years] plus one, particularly because he was being milked like a human cow, for ideas, for science. He was a good scientist too. So Russian culture today, still today, has embedded in it those particular qualities, which are a vital part of U.S. and world scientific capabilities. The problem is to make a package, in which we assist Russia to deal with these immediate social problems, of an economic nature, and we go into partnerships with Russians.

For example. Russia has debts, debts left over from the Soviet period, other debts. We can reorganize those indebtednesses. We can use the reorganization of the indebtedness, as there's been discussion between Russia and Germany on this. To set up technology sharing, and export programs, around Russian firms, new Russian firms, which are the vehicle of capturing this intellectual capital which still exists in Russia, for common benefits, as in the development of Asia.

That comes back to the third question—you asked about this Kyoto-China business, and so forth. Now, the best knowledge of how to deal with Central and North Asia, is concentrated in Russian scientists who worked in these areas, particularly those who are familiar with the work of Vernadsky. That is, dealing with the problems of desert areas, dealing with tundra areas, all these kinds of so-called ecological problems, there is in Russia, a great knowledge of this, and in the area especially of Russia and Kazakhstan, there's a great area in which much of this work has to be done.

Now, I've made certain critical adjustments in the concept of Biosphere and Noösphere by Vernadsky. And what I've proposed, in particular, is that this case of North and Central Asia be used as an area, one of the great areas of the world—another is Africa, and the other is South America—areas of the world in which the combination of raw materials management, the environmental management in general, and development—for the purposes of benefit to these whole regions—of regional programs would be carried out. That is where I think Russia plays a very key role in Asia.

And we have, for example, in the great raw materials area of Africa, which we must help—it's a great African mineral shield, South Africa, in particular—to help Africa as a whole. We have to do the same thing in one of the other great areas of raw materials on this planet, which is South America.

## Europe's Anti-War Three Build Bridges With Southeast Asia

by Mike Billington

In resistance to the American turn to unilateralism and preemptive warfare, and the collapsing dollar-based financial system, Russia, France, and Germany are looking increasingly to Asia, and Eurasia-wide economic infrastructure and technology development projects, as the basis for a new economic order. In the past weeks, these “anti-war three” European powers have extended their gaze to three leading nations of Southeast Asia—Thailand, Malaysia and Indonesia—through high-profile heads of state and government visits, and new economic and cultural agreements.

Indonesian President Megawati Sukarnoputri conducted a highly successful trip to Russia in April, while during the second week of May, Thai Prime Minister Thaksin Shinawatra visited France, and German Chancellor Gerhard Schröder toured Southeast Asia, stopping in Malaysia, Singapore, Indonesia, and Vietnam. Not coincidental to these visits: Thailand, Malaysia, and Indonesia are also challenging the new American unilateralism, while taking measures to find alternatives to their dependence on a dying dollar economy. Both in Europe and in Southeast Asia, the urgency of building Eurasian unity, based on real physical economic development, has increased in step with U.S. unilateralism and economic decay. The Southeast Asian exception, the Philippines, proves the point: The current government in Manila, which has hitched its wagon to the chicken-hawks in Washington, finds itself increasingly isolated from the rest of Asia, and from the new diplomatic and economic ties being formed across Eurasia.

President Megawati's visit to Russia, Poland, and Romania focussed on building new military ties, explicitly countering the continuing U.S. ban on military sales to Indonesia. Government officials have stated clearly that they are not

turning away from the United States itself, but that U.S. unilateralism and economic sanctions will be challenged by Indonesia through new alliances based on respect for sovereignty (see “Indonesia and Russia Launch New Beginning,” *EIR*, May 9, 2003).

Thai Prime Minister Thaksin then led a delegation representing 60 Thai firms to France, the first Prime Minister of his country to visit France in 15 years. The French are particularly anxious to participate in the ambitious infrastructure development plans in the six-nation Greater Mekong Subregion, which has Thailand as its base. Thaksin said that Thailand wants to complete a trade and investment agreement with France within the next year. France is the “key member of the EU,” said Thaksin after a visit with French President Jacques Chirac, “and the EU is a big market that we should apply more concentration to.”

Similarly, Frédéric Favre, president of the French Foreign Trade Advisory Committee, said that French companies were “eager to set up regional headquarters in Thailand as an investment center to build their presence in the Greater Mekong Subregion.”

### Schröder in Southeast Asia

The most dramatic diplomatic initiative in this new geometry between Europe and Southeast Asia was the mid-May visit of German Chancellor Schröder to the region. Speaking at a forum in Kuala Lumpur on “Malaysia-Germany, A Dialogue between Civilizations” on May 13, Schröder said: “It is not just because of the ethnic and religious diversity that your country is particularly important for worldwide cooperation between cultures. The early co-existence of Islam, Buddhism, and Hinduism in your country





*German Chancellor Schröder's mid-May Southeast Asia tour (left, with Prime Minister Mahathir in Malaysia on May 12; right, May 14 meeting with Indonesia's President Megawati Sukarnoputri) was part of Eurasian diplomacy provoked by both the U.S. threat of "perpetual war," and the collapse of the dollar.*

was met with a tolerant policy towards religions. For this reason, I think Malaysia is well equipped to act as a bridge between civilizations." Schröder and Malaysian Prime Minister Dr. Mahathir bin Mohamad agreed that the world must return to the multinationalism represented by the United Nations, and that "the strong must not prevail over the law, but the law must receive the strength to prevail over the strong," in Schröder's words.

The Chancellor sees Malaysia as the base for Germany's expanding cultural and economic relations in Southeast Asia. "Malaysia can be the engine of that integration, for your country has always assumed an active role on the world stage," he said.

Schröder officially opened a new center in Malaysia for the Siemens Transportation Systems Group, the giant German construction firm, which is playing a significant role in the "Asian Railroad" project, connecting Singapore with Kunming, China, by a modern rail system. The center in Malaysia will serve the entire region, where Siemens is also bidding on transportation projects in Taiwan, Thailand, and Vietnam, among others.

Schröder also expressed his strong support for the French invitation to Malaysia, as current head of the Non-Aligned Movement, to attend the Group of Eight summit in Evian, France, which formally takes place on June 2-3. At that annual summit of the industrial countries, on host France's initiative, leaders of several of the largest developing sector nations will be attending for the first time.

Chancellor Schröder's visit to Indonesia was the first by a German leader since the fall of President Suharto in 1998. The bank which was largely responsible for the reconstruction of Germany after World War II, the Kreditanstalt für Wiederaufbau (KfW), signed three major agreements during the visit, totalling 26 million euros, over half in grants and the remain-

der in 40-year loans at 0.75% interest rates. The funds will be allocated for basic science education, as well as health and water infrastructure.

### **Moves To Reject IMF**

There are other signs of Southeast Asia's growing independence from the U.S.-dominated international institutions. Thailand withdrew from the International Monetary Fund (IMF) last year, and Indonesia has now announced that it, too, will terminate its IMF program at the end of the year—with strong support from Thailand. Former Thai Commerce Minister Narongchai Akrasanee, speaking in Indonesia on April 29, advised his host that "the formula of liberalization, deregulation, and privatization, as endlessly advocated by the World Bank and IMF, cannot be taken as a cure-all strategy. . . . We cannot afford a fully open capital account, despite what the IMF tells us." The message found strong support in Indonesia.

Malaysia, of course, rejected any IMF program during the 1997-98 speculative attack on the Asian currencies, and thereby avoided the devastation which struck Thailand and Indonesia under IMF tutelage.

Moreover, both Indonesia and Malaysia have announced that their state oil companies—two of the largest in the world—are preparing to trade in euros, rather than dollars. This is not for political reasons, they report, but due to the rapid rate of collapse of the value of the dollar in international markets, with no sign of a turnaround in the U.S. economy.

But the political threat is not being ignored. Dr. Mahathir on May 12 said of the current leadership in Washington: "They will push for regime change. They want governments that idolize them. When they are finished with the Arabs, they will turn their attention to us." The integration of Southeast Asia into the emerging Eurasian unity is intended to counter that harsh reality.

# Sharon Killing Palestinians To Kill The 'Road Map': Will Bush Stop Him?

by Michele Steinberg

On May 8, in brief, but stunning remarks at the Center for Policy Analysis on Palestine in Washington, D.C., Ghaleb Darabya, the counsellor for political affairs for the Palestine Liberation Organization, told the audience that Israel had given its "answer" to the Road Map already on May 1—with deeds, not words; with blood, not peace. Darabya said that "in the very first day the Road Map was presented," Israel "went into Gaza, killing 18 people" including a "a baby two months old" and several members of a single family of Palestinians. Darabya called the attacks not a coincidence, but a calculated strategy by Prime Minister Ariel Sharon and his Cabinet of Israeli Defense Forces generals, to sabotage any peace initiative that is at hand.

The May 1 massacre resembled the July 2002 mass killing by the Israelis in Gaza, Darabya said. Then, the Palestinian leadership was holding talks in Cairo, and was near agreement with Hamas and other "rejectionist" groups to stop terrorist attacks. Sharon gave the order to drop a one-ton bomb on an apartment building in Gaza, to assassinate Hamas leader Salah Shehadeh—an operation which killed 14, including 9 small children, and wounded 145, among whom more children and others subsequently died from their injuries. With that, the ceasefire talks broke down—exactly what Sharon had wanted.

Indeed, after the July 2002 bomb massacre, leading Israeli newspapers denounced the timing of Sharon's decision to assassinate Shehadeh, as aimed at assassinating the ceasefire talks rather than the Hamas leader. The daily *Yediot Aharonot* reported on July 24, 2002 that, just an hour and a half before the Gaza attack, Fatah's Tanzim organization had finalized the wording of a ceasefire declaration, which was to state: "We call on all the Palestinian political organizations and movements to put an immediate end to these attacks [against innocent men, women, and children], and to do so without hesitation and with no preconditions." *Yediot's* sources were Tanzim activists.

It was the horror of that Gaza massacre last July that actually spurred on the discussions leading to the Road Map, the peace plan put together by the "Quartet" of the United Nations, European Union, United States, and Russia. But, unless President Bush pushes the peace plan with "not just

words, but with deeds"—the slogan he was fond of citing to the Palestinian leaders on the need for reform—history will repeat itself, and Sharon will assassinate another totally viable peace plan. Peace advocates, from the United States, Europe, the Arab world, and Israel, have told *EIR* that it is not the text of the Road Map that is the problem—but whether there is any political will to enforce it. Many governments see George W. Bush as a fraud, whose word on the Road Map means nothing in the aftermath of the Iraq war—seen as a Clash of Civilizations war against Islam.

It is well-known that the neo-conservative fascists who ran the Bush Administration's war policy against Iraq completely reject the Road Map, and are actively involved through neo-con "cutouts" in the American Enterprise Institute orbit—Michael Ledeen, Frank Gaffney, and Daniel Pipes—in putting forward a *different* road map—Tourism Minister Benny Alon's plan for "transfer" of Palestinians into Jordan (see *EIR*, May 16). As *EIR* and Democratic Presidential pre-candidate Lyndon LaRouche have exposed, several of these chicken-hawk leaders—Deputy Secretary of Defense Doug Feith, former Defense Policy Board Chairman Richard Perle, State Department advisor David Wurmser—wrote "Clean Break: A New Strategy for Securing the Realm," a 1996 blueprint for Israel's then-Prime Minister Benjamin Netanyahu, which called for war against Iraq, and abrogation of the Oslo Accords. Netanyahu today is Sharon's Finance Minister, and led the fight to pass a resolution in the Likud Party against *any form* of Palestinian state. That resolution passed by a landslide.

## The Mess Powell Couldn't Fix

LaRouche also agrees that the problem with the Road Map is not in the Middle East, but in Washington. LaRouche, who has campaigned for Palestinian independence and Middle East peace through economic development since the 1970s, warned that nothing much could be expected from the Middle East trip by Secretary of State Colin Powell. Powell doesn't have the backing to accomplish anything on his own; Bush, under the control of the neo-conservative gang—set him up. Bush alone can deliver the threats against Sharon that will make him accept the peace that the world,

including a large majority of the Israeli people—who say they want a peace agreement and a Palestinian state—is waiting for.

And Powell's trip was a disaster; he was treated "like dirt" by Sharon at their meeting on May 11. Sharon refused even to acknowledge the term "Road Map," at their press conference, and reportedly lectured Powell in the private meeting about how the Quartet had ruined Bush's true intentions. Immediately after Powell left, Sharon told the *Jerusalem Post* that dismantling Israeli settlements "was not an issue." Sharon said his earlier comments about "painful concessions," and his references to the settlements at Bethlehem, Shilom, and Beit El, were misinterpreted, and that these areas are not "candidates" for Israeli withdrawal. Powell had reportedly talked directly to Sharon about closing settlements, especially since "Phase I" of the Road Map specifically says, in a section called, "Obligations," that Israel "immediately dismantles settlement outposts erected since March 2001." There are over 70 such settlements.

From there, Powell went immediately to meet Palestinian Prime Minister Abu Mazen (Mahmoud Abbas), and a number of his Cabinet ministers, in Jericho in the Palestinian territories. While the meeting—totally opposed by the Bush "chicken-hawks"—was a huge concession by President Bush, who had been urged by them to not only sideline Palestinian Authority President Yasser Arafat, but also to reject Prime Minister Abu Mazen, it accomplished nothing.

Powell's trip was "a failure," Ghaleb Darabya told *EIR*: "Israel did not accept the Road Map. So, there was nothing to discuss." Instead, Sharon put things off until his trip to Washington to meet with Bush on May 20. Powell put pressure on Prime Minister Abu Mazen about the "security issue," but the Prime Minister made clear that progress cannot be made without Israel "fulfilling its obligations."

The major obligation, said Darabya, is for Israel to accept Palestinian statehood, which the PLO Negotiations Support Unit notes, is rejected by the parties of 18 of the 23 Cabinet ministers in Sharon's government. Israel must also "stop the provocations," he added, "including, stopping the incursions into the Palestinian territories; stopping the killing of civilians; . . . and stopping the closures." These requirements are all stated in the Road Map, he said, as well as the Oslo Accords, and UN Security Council resolutions.

On May 12, a day after the meeting with Abu Mazen, Powell was taken to task in Cairo, in his press conference with Egyptian Foreign Minister Ahmed Maher, who diplomatically accused Powell of lying. After Powell had tried to cover up for Sharon, and for Bush's double standard, and told reporters that it is not necessary to "use the word 'accept'" in order to begin "implementation" of the Road Map, Maher shot back in an angry retort. "The word 'accept' is not a dirty word," said Maher. "It seems to me a little strange that if you are willing to do things, you are not ready to say you are willing to do that." Maher's statements reflect a unanimous

view among Arab and Muslim leaders, which is becoming even more widespread. In almost every subsequent press conference, even in Sofia, Bulgaria on May 15, Powell was hounded by the question of what the United States is going to do about Sharon's boasting that he will not remove settlements. Powell finally said that Sharon will have to answer Bush at their May 20 meeting.

### Did Bush React?

May 15 is the 55th anniversary of Israeli independence, and sadly, news services around the world ran headlines along the following lines: "Israel Celebrates Independence by Killing 5 Palestinians." On May 14, seventy Israeli tanks rolled into Gaza for yet another assault plan, whose details will only be known after more killings are carried out.

But, the butchery and arrogance by the Sharon government may have pushed too far. Two sudden developments may indicate that Sharon is getting more pressure than he is willing to make public.

On May 14, the gala anniversary bash—"Israel at 55"—at Washington's Convention Center on May 19, was abruptly cancelled and rescheduled for Dec. 18. The Jewish Telegraph Agency reported that Israel's Ambassador to Washington, Daniel Ayalon, had *denied* he had told organizers to call it off because the May 20 meeting between Sharon and Bush was "too sensitive."

On May 15, around midnight in Israel, it was announced that Sharon had set a meeting for Prime Minister Abu Mazen at his residence in Jerusalem on the night of May 17, prior to Sharon leaving for his May 20 meeting at the White House. This is the first Israeli-Palestinian summit meeting in nearly three years. Did Bush force Sharon to set this meeting, against the wishes of Sharon's own Cabinet?

On May 15, DEBKA, a Sharon-controlled Internet intelligence sheet, went to pieces over the fact that Javier Solana, for the European Union, is pushing for the Road Map to be made into a UN Security Council resolution. This would put Israel in violation of yet another Security Council resolution, if it were to happen.

Speaking in Sofia on May 15, Powell came close to denouncing Sharon over the settlements. He did not, but the tension was clear, when he said that *the opportunity embodied in the Road Map cannot be missed this time*. In Washington, dozens of retired diplomats, members of Congress, Jewish activists, rabbis, and Islamic clerics have begun to mobilize *against* the groups hell-bent on destroying the peace talks leading to a Palestinian state—including the Christian Zionists, the neo-conservatives, and the American Israel Public Affairs Committee (AIPAC). On May 14, a full-page ad in the *New York Times* was taken out by Tikkun, an American Jewish group, which calls for creating "An Alternative to AIPAC and the Pro-Ariel Sharon Lobby." This pressure could help to secure what LaRouche calls "the counter-coup" against the neo-conservatives, and provide a path to peace.

# On the 300th Anniversary of The Founding of St. Petersburg

by Konstantin Chermnykh

Beauty is no whim of some half-God;  
It is the modest carpenter's grasping eye.  
—Osip Mandelstam, *The Admiralty*

It has often been difficult for the leadership of post-Soviet Russia to invoke Russia's historical past. The 300th anniversary of the Russian Navy, marked in 1997, was reduced to a bureaucratic procedure, with a bit of phony pomp played out against a backdrop of the miserable devastation of that once glorious defense institution. That anniversary was intentionally downplayed, so as not to hurt the feelings of the many Navy men forced to retire, or continuing to serve under horrific social conditions for themselves and their families.

Unlike the restrained Navy jubilee, the 300th anniversary of the founding of St. Petersburg has been regarded as a political priority since Vladimir Putin's inauguration as President of Russia in 2000—and not only because it is his native city. The date of the foundation of the capital of the modern Russian Empire, which St. Petersburg was from 1712 to 1918, is regarded as a matter of honor for the whole community known as “the St. Petersburg elite” or, by its enemies, “the St. Petersburg clan.” The splits and fissures within this community are supposed to be overcome by turning to the city's historical memory, thereby to inspire the thinking part of the community toward a new understanding of the mission of Russia.

“The window to Europe,” as the poetic genius Alexander Pushkin once formulated the intent of the genius of statecraft, Peter the Great, is now intended to serve as the fulcrum of a new foreign policy, inheriting the tradition of Russia sovereigns during the nation's modern history, which may be dated from May 27, 1703.

The tragic wreck of the *Kursk* submarine in August 2000, in the midst of what was supposed to be a proud demonstration of the capabilities and skills of the Russian Navy, recalled the first humiliating defeat of Peter I's army in the Battle of Narva (November 1700), which was supposed to have demonstrated the strength of Russia under its young and ambitious leader. The lessons derived from that episode—which was downplayed even in Soviet period, anti-Tsarist history books—served as an impetus to revise Russia's national strategy and the very design of its policies of state.

In recent months, when Vladimir Putin rejected the inten-

sive prompts from Moscow-based survivalists to cave in to the geopolitical line of Washington and London, in view of Russia's obvious weakness, he was definitely listening, not to a crowd of servile advisors, but to the voice of modern Russian history: particularly, to the behest of his native city's founder, who challenged the tide, literally and figuratively, at the moment of his decision to establish the new capital of Russia at the mouth of the Neva River on the Gulf of Finland.

## Against the Rules of Chaos

From the standpoint of a Club of Rome ideologist, the place chosen for the founding of St. Peterburg would have been perfect for a wetlands park—an almost virgin area covered with damp forests and vast marshes. The ocean tide,



*The bronze statue of Peter the Great in St. Petersburg's Senate Square. The poet Pushkin asked the famous question, which is once again posed to Russia: “Where art thou leaping, O proud horse. . . ?”*

which regularly poured in and reversed the flow of the gently sloping Neva, once physically washed away a whole garrison of the Swedish army, based on an islet in the river, a place Swedes, probably ironically, called Pleasure Island. It was right on this place that Peter I chose to erect his stronghold, later known as the Fortress of St. Peter and St. Paul.

Traditionally in Russia, a large city was supposed to be centered on a strong and spacious Kremlin, atop a hill. At the mouth of the Neva, however, there was no place suitable for a traditional Kremlin. For Peter, that was not an obstacle. The fort on the isle was completed, along with huge, castle-like fortifications on a larger island. The area behind it, was later used as a field for military parades and exercises. The noblemen, who under Peter's civil service reforms were able to make a state career only through military service, settled at that time in the same area. A smaller new city was built on Kotlin Island in the Gulf of Finland, where the satellite town of Kronstadt served as a frontline military stronghold for nearly the next three centuries.

The swamps along the Gulf were developed into industrial areas, being the perfect place for shipyards. Shipbuilding became the chief industry in St. Petersburg throughout the imperial period, the Soviet period, and to this day. The current emblem of St. Petersburg, the image of a ship rotating on the spire of the Admiralty building, brings to mind the wooden sailboat Peter I carved with his own huge hands—the only sovereign of Russia remembered by his people as “The Carpenter.”

The supply of water, a vital precondition for industrial development, predetermined the location of the first metallurgical facilities on the banks of the Neva, originally directly opposite the Fortress of Peter and Paul, then later along the right bank, which remains a major industrial area today, in both metallurgy and machine-building. The former mansion of Count Kushelev looks lonely among the huge units of a machine-building plant. Much of the central part of the city developed from the outset rather as a workshop of national industry, than a trading place, as used to be the case in traditional Russian cities.

From this standpoint, the design of St. Petersburg is also a challenge to the British imperial philosophy of free trade. A citizen of St. Petersburg will be puzzled, if asked which area in the city was designed for banking. Finally, you might be pointed to the modest old Classical building, now occupied by the University of Economy and Finances, tucked away behind the imposing Kazan Cathedral. The financial center, however, moved out of there a long time ago to a more remote area. Investigating this phenomenon, a decent researcher will soon realize that banking has never been regarded here as something important, since it is neither industry, nor education!

The tremendous human effort, invested in the construction of Russia's beautiful European city in a completely wild area, has nothing to do with classroom economics. It was based on the human will for self-perfection and the improve-

ment of human life, organized by the directing will of enlightened statesmen. This effort can't be measured in terms of banking and speculation. Its result remains today a surviving and impressive challenge to any “invisible hands.”

In 1976, I was told the story of Plato and three bricklayers, whom he asked the same question, “What are you doing?” One man said, “I am carrying these damned stones.” Another said, “I am working to feed my family.” The third one said, “I am building a beautiful cathedral.” This story was told in Leningrad (as St. Petersburg was called in the Soviet period) to a Marxist-Leninist University class for the political education of workers and students. As a matter of fact, the heritage of Peter I, based on the principle of beauty created for people for the sake of posterity, was absorbed, consciously or subconsciously, by anybody born and educated here—even professional Communist Party propagandists.

### **The Challenge of Peter's Bequest**

It is clear from the above description that Peter the Great, like any talented warrior, drew the best lessons he could from Russia's adversary in that era, Sweden. He borrowed a number of strategic designs for the city from the design of Stockholm, which was also built at the mouth of a river and protected by fortifications on adjacent islands. On military engineering, Peter was advised primarily by German specialists, who at that time began to be adopted into the Russian nobility and greatly contributed to military industry, mining, and the medical sciences.

The architecture of St. Petersburg, however, is primarily an achievement of the Italian school, starting with the designer of the Fortress of St. Peter and St. Paul, Domenico Tresini. The same architect designed also the buildings to house the 12 collegiums of the Russian government (under the plan of organization recommended to Tsar Peter by the German philosopher Gottfried Leibniz), and the St. Petersburg State University building on Vasilyevsky Island, a place later associated with the great scientists Dmitri Mendeleev and Vladimir Vernadsky.

During the reigns of Elizabeth I (1741-61), Catherine II (1762-96), Alexander I (1801-25) and Nicholas I (1825-55), new grand palaces added new features to the image of the city and its suburbs, contributing rather to the grandeur of the empire as such, than to its original mission. This excessive luxury greatly contrasted with the increasing ugliness of the quarters where the lower class lived, giving impetus to social protests, which later became fuel for revolutionary movements. The transformation of the Western stronghold of the country into the center of revolutionary activity cannot be explained only with the fact that the “window to Europe” was also a window for 19th-Century revolutionary theories. The transformed reality of the city, where palaces came to dominate over the design of Peter (who had lived in a small wooden house, during the construction), bred a strong desire for social change, lacking in sleepy patriarchal Moscow, or Nizhny Novgorod with its practical merchant class. The corruption

of the top Orthodox clergy, as well as the lechery of the administrative class, were most obvious and most intolerable for educated workers, descended from the families of those who built the city.

From this standpoint, the oppressed and desperate hero of Pushkin's long poem *The Bronze Horseman*—a warning addressed by the poet to the statesmen—should have blamed not Peter, but his royal descendants, for his misfortune. The same is true for the whole gallery of Petersburg characters in Dostoevsky's novels, living in dreadful poverty amid disgusting luxury. Those who transformed Peter's fortress into a jail for "nihilists," planted a powerful mine under Russian statehood.

Kronstadt, with its specific community living its own life, indivisible from the original mission of Peter's city, was the place of strongest resistance to the power of the Bolsheviks—and later, during World War II, the most powerful stronghold of the Red Army in resisting the Nazi invasion and siege of Leningrad. Anatoli Sobchak, the first post-Soviet governor of the city, yearned for a Western oligarchical way of life. He viewed St. Petersburg as "the Venice of the North," a term coined in Peter's time by the French architect Jean-Baptiste Leblond, whose design of criss-crossing Vasilyevich Island with canals—for merely decorative purposes—was rejected by Peter, who regarded this area as one of the main sites for large-scale industry.

The idea of St. Petersburg as primarily a tourist center, promoted by Sobchak, contradicted the very essence of the founder's design. No wonder that in 1996, even support from the giant firm Gazprom did not help Sobchak to stay in power for a second term. The legacy of Peter the Great is a real challenge for Russian state officials. Those who followed Peter's design, remain in the memory of the citizens and serve as an example which is not influenced by political changes. In the upcoming 2004 St. Petersburg gubernatorial elections, the candidates will have to measure up to the type of leaders represented by Sergei Kirov (the Communist Party chief in Leningrad, assassinated in 1934) and Grigori Romanov (Communist Party leader in the city in the 1970s and 1980s), who most followed the tradition of the city's founder, in that they promoted it as a center of industry and education.

In the present era, declared on the global level to be "post-industrial," the real economic elite of St. Petersburg is still dominated not by banking figures, but rather—even with the deterioration of entire strategic sectors of industry—by a number of former directors of construction trusts, transformed into private companies, and their close partners in the scientific community, as well as in the administration. In April, the Economic Development Committee of City Hall assembled to discuss a new strategic plan for the city's development. The media reported that the discussion was actually concentrated on the future mission of the city, with regard to an accurate calculation of the city's demography, the quality of infrastructure, and the strategy of the Russian

economy as a whole.

Each of the designers, however, will have to start from the original project of Peter the Great.

## The Bridge to the Future

The choice of St. Petersburg's future, by eerie coincidence, will be made simultaneously with the strategic decision about Russia's mission in the world. In numerous meetings with foreign leaders, currently being held in St. Petersburg, the leadership of Russia is today focussed on the choice confronting not only Russia, but all of Christian civilization, and the rest of the world. To yield to the tide, or not? To allow oneself to be humiliated and manipulated by the

## Pushkin on St. Petersburg

"[T]he Tsar . . . has taken me into service—i.e., has given me a salary and permitted me to burrow in the archives, to compile a history of Peter I. God grant the Tsar health!" The Russian poet Alexander Pushkin was jubilant, as in this 1831 letter, about the possibility of serious work on the history of Russia. Being the successor to Karamzin, whom he called "our first historian and last chronicler," he considered it a vital part of his identity and a matter of civic duty.

Never letting go of the ideals of freedom expressed in his early poems, Pushkin delved into the complex relationship between Russia's people and its Tsars. He wanted to look at what had happened, when the Romanov Tsars launched reforms, without being able to recruit the politically active layers of the population, never mind the peasantry, to support a workable idea for the betterment of the nation. In surviving notes for his history of Peter I, covering the year 1721, Pushkin observed:

"There is an amazing difference between Peter the Great's state institutions and his ukazes of the moment. The former are the fruits of a broad mind, full of benevolence and wisdom, while the latter are *not infrequently cruel, capricious, and seemingly written with a knout*. The former were for eternity, or at least for the future,—the latter were the outbursts of an *impatient*, autocratic landowner" (Pushkin's emphasis).

He added a note to himself: "N.B. (Think this through and put it in the *History of Peter*)."

Pushkin's notes for his *History of Peter* are the assembled raw materials for a great chronicle, spiced with the sort of pungent insight, noted above, with respect to the contrast between Peter's institutional designs and his pragmatic cruelty. Pushkin recorded Peter's development of

world's only empire—or to mobilize the partisans of national-statehood, from historical neighbor-countries, for a joint strategic mission of the future, elevating the role of this city as the world's strategic crossroads?

Actually, since the second half of the 19th Century, St. Petersburg, regarded as Russia's most European city, acquired the role of a window not only to the West, but also to the East. For a century and a half, the city developed a tradition of scholarship in oriental studies, especially the study of Islamic countries and China. In January 2003, the President of Iran presented a special award to Prof. Yefim Rezvan from the St. Petersburg Institute of Oriental Studies, for his research on the history of Islamic theology. In February, Gov. Vladimir

Yakovlev spent two weeks in China, negotiating on several of the most advanced Russian-Chinese economic cooperation projects. Despite wrinkles introduced by infighting among economic clans, the main line of Russia's foreign economic strategy in the East is concentrated on the development of natural resources and infrastructure in the Far East. The most energetic young economic leaders from St. Petersburg are involved—people like Alexander Nesis, whose company owns the major stake in the Baltic Shipyard, but also in Polymetall Group, the major metal-mining company working in the Far East. The board of Polymetall is headed today by Alexei A. Bolshakov, deputy mayor of Leningrad in the late Soviet years, author of the project for a high-speed railroad

the economy, from the mapping of Siberia, to silver prospecting, to the establishment of iron foundries and shipbuilding. He detailed the purchases of scientific instruments, made during Peter's travels to Germany, Holland, and England, and the founding of the Academy of Sciences, as well as the Russian Senate, according to designs from Leibniz.

The *History of Peter* being unfinished, Pushkin's strongest statements on the central figure of Peter the Great are in his poetry. Pushkin could look at Russian history through the prism of his own family, as he did in the poem "*Moya rodoslovnaya*" ("My Genealogy") (1830). Its refrain is "I am simply a Russian bourgeois," a status that Pushkin traced, in verse, from the noble roots of the Pushkins, through the conflicts around the accession of Catherine II:

Then the Orlovs fell into favor,  
And into jail my grandpa fell, . . .

In a postscript to this poem, Pushkin replied to sniping by his literary adversaries, by bringing the matter back to Peter the Great:

Figlyarin from his armchair judges,  
That my black grandpa Hannibal  
Was purchased for a bottle of rum—  
Into the skipper's hands he fell.

That skipper was the famous skipper,  
By whom our native land was moved,  
Onto a course of power and greatness,  
With might, the helm of state he hove.

Pushkin's great-grandfather Ibrahim Hannibal, here also called "the Tsar's confidant, not his slave," was the subject of his unfinished novella *Arap Petra Velikogo*

(*The Moor of Peter the Great*).

In *The Bronze Horseman*, Pushkin captured the tragedy of Peter by setting a "sad story" of little people, in St. Petersburg, the gloriously conceived northern capital he founded. First, Peter the Great brings the city into being by the power of his thought:

By nature we are destined here  
To cut a window through to Europe.  
To stand with firm foot by the sea.  
Hither, across waves new to them  
All flags will visit as our guests,  
And we shall feast on the expanse. . . .

The poet rejoices at the new city:

I love thee well, Peter's creation,  
I love thy strict and well-built look,  
The river Neva's stately current,  
The guardian granite of her banks.

The clerk Yevgeni, who loses his fiancée in the great St. Petersburg flood of 1824, goes mad and imagines that Falconet's bronze statue of Peter the Great (it stands in the Senate Square, the place of the Decembrist revolt) pursues him through the streets of the city. As Yevgeni looks in horror at the statue, the poet-narrator asks:

Where art thou leaping, O proud horse,  
Where will thy hooves come down again?  
O mighty master of destiny!  
Just so, didst thou not o'er th' abyss,  
On high, with iron bit in hand,  
Rear Russia up on its hind legs?

*Excerpted from Rachel Douglas, "The Living Memory of Alexander Sergeevich Pushkin," Fidelio, Fall 1999.*

between St. Petersburg and Moscow, and a person who played a decisive role in Putin's Moscow career. The Baltic Shipyard, birthplace of the Soviet Union's nuclear icebreakers, builds ships for India and China today.

On April 13, a St. Petersburg Channel 5 TV program on the 300th anniversary of the city was focussed on the role of another great statesman, Sergei Witte, who became Russia's Finance Minister in 1892. The presenters emphasized that in Witte's period in office, Russia turned to both Europe and to Asia. By driving home the historical connection between the founder of the city and his glorious late-19th-Century successors, and recalling that the construction of the Trans-Siberian Railroad started from the Chinese Eastern Railroad (Chita-Harbin-Dalyang), today's historians and journalists gave tribute to the half-forgotten names of engineers and specialists involved in the Trans-Siberian project, such as Anatoliy Kulamzin, head of the state commission for construction of the Trans-Siberian Railroad, and Prof. Lavr Proskuryakov, a European-trained engineer who designed most of the railroad bridges on the route across the almost virgin wilderness of Siberia.

Witte and his colleagues emphasized, as this TV program reported, that the construction of the great railroad was to be carried out by Russians and with Russian materials. The most outstanding contributors to the historic economic efforts of the late 19th and early 20th Centuries were European-educated Russians.

Even in Peter I's time, when Russian specialists obviously lacked the necessary education, the planning of the city was carried out by domestic cadres, not by the invited foreigners. Architects Pyotr Yeropkin, Mikhail Zemtsov, Ivan Korobov, Andrey Zakharov, and Vasily Bazhenov represent only a part of the list of talented Russians, who took lessons from Peter's colleagues and friends, such as Franz Lefort, Andrei Osterman, Domenico Tresini, and other foreigners who served Peter as devoted Russian citizens.

The new Russia, which has gotten rid of its humiliating dependence on the International Monetary Fund, which has completed construction of the Baltic and Caspian pipelines, as well as the Baikal-Amur Railroad, has a huge potential of natural resources, industrial facilities, and educated personnel, to take up the strategic line of the founder of St. Petersburg—"a city built on intention," as Fyodor Dostoevsky, not an admirer of Peter I, once confessed.

The bridge to the better future world can be paved only in this way—with intention, and despite resistance from wild forces in nature and in the human soul. The best advice for a person who has lost confidence in the future is simple: Visit St. Petersburg, and seeing the masterpieces of Tresini, Zakharov, Voronikhin, Rossi, Stackenschneider, and Stasov will inspire you, giving powerful evidence of beauty based on the exceptional virtue of Man, as well as the great task of building a bridge between the West and the East, which the human race faces today.

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## Conference Report

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# What the Iraq War Hath Wrought

by Muriel Mirak-Weissbach

What would you have done, had you been in Germany in 1932 when the specter of dictatorship stalked the country? Presidential pre-candidate Lyndon LaRouche recently emphasized that this is the question individuals and political forces outside the United States must ask themselves today, in the wake of the catastrophic "permanent war policy" launched with the U.S.-led war against Iraq. It was at the center of a debate in Potsdam, outside Berlin, on May 6, among persons who have been involved in Iraq—including two former United Nations officials, the German Hans von Sponeck and the American Scott Ritter. Other speakers at the meeting, organized by the Einstein Forum, were British author Sarah Graham-Brown, American researcher Joy Gordon, and Israeli writer Amos Alon.

Scott Ritter, a Republican and former U.S. Marine, who was a UN weapons inspector in Iraq from 1991-98, argued that the current U.S. Administration—by waging an illegal war in violation of the UN Charter, which the United States signed; and by motivating its aggression with "lies and deceit," including forged documents purporting to show that Iraq had weapons of mass destruction—is on its way to becoming an imperial power. By usurping the rights attributed by the U.S. Constitution to the Congress, to decide in matters of war and peace, the Administration, Ritter charged, is leading the United States through a transformation, from a republic to a dictatorship. Ritter compared the U.S.-led invasion of Iraq to Hitler's invasion of Poland in 1939, and identified the central issue: "If the world does not confront the United States" on its illegal war of aggression, "then it is certifying the legitimacy of this illegitimate action, and is saying, essentially, that international law no longer exists."

As a further example of violation of international law, the former UN inspector mentioned the U.S. demand that UN sanctions on Iraq be lifted. They cannot be lifted, he explained, without ascertainment by UN inspectors that Iraq is free of weapons of mass destruction. As to claims that the United States is doing that job itself, he said, "The U.S. military have no mandate; you need the UN."

### Von Sponeck: What Went Wrong?

Hans von Sponeck was one of the first Germans to serve in the United Nations, and worked in various posts for 32



years, including in the UN Development Program (UNDP), before taking charge of the oil-for-food program in Iraq in 1995. He resigned that charge in 2000, in protest against the impact of the UN sanctions on Iraq's civilian population.

In von Sponeck's presentation to the Potsdam conference, he demanded that the past 13 years of the sanctions regime be reviewed and understood, to identify what went wrong, and what the UN could have done but did not do. First, he said, the UN Security Council had oversight responsibility to monitor the impact of its policies—the sanctions—but it did not do so. No members of the UNSC visited Baghdad, nor did they interact with inspectors. On the contrary, the United States and United Kingdom tried to prevent him and others from going to the UNSC; they “humiliated and ridiculed us, and rejected our statistics,” he said. Furthermore, the UN conducted no analysis of the overall human condition in Iraq under sanctions. When he proposed that wheat grown in Iraq be purchased in the oil-for-food program which he directed, von Sponeck was told that only Australian wheat would be bought. When he presented reports on the impact of the U.S. and U.K. air strikes (under the “no-fly zone” regime), he was told by those two governments to stop reporting. This, despite that fact that every UN resolution related to Iraq has ritually repeated that the country's territorial integrity must be protected.

One major problem with the oil-for-food program, von Sponeck explained, was that the Office for Iraq Program which ran it, was created outside the Office for the Coordination of Humanitarian Assistance (OCHA), and deliberately so, in order to allow the United States and Britain to control it. Financial policy and practice was “morally indefensible,” von Sponeck charged; the \$1.3 billion for the program was not only inadequate, but 13¢ of each dollar was allocated for “compensation” of firms and governments which had lost business in Iraq! The distribution of funds was also inequitable, as the Kurds, representing 13% of the population, ended up with 90% of what the oil revenues purchased. Most important, he stressed, nothing was allocated for Iraq's running costs—that is, payment of civil servants, infrastructure, and especially education. The lack of funds for education violated the Universal Declaration of Human Rights, whose Article 26 specifically guarantees the right to education and the full development of the human person.

## Effect of the Sanctions

Just how the sanctions worked, and what devastating impact they have had on the Iraqi people, were detailed by Joy Gordon of Fairfield University. Prior to the imposition of sanctions in 1990, Iraq had consistently invested its oil revenues into development of infrastructure. It boasted a very high standard of living, with an advanced health system, education, and other infrastructure, so that, for example, 90% of the population had guaranteed access to safe water. The World Health Organization had documented high levels of vaccina-

tion, of adult literacy including among women, and general availability of water and electricity.

With the sanctions, all that changed, dramatically. Professor Gordon paid special attention to water, as a factor affecting public health, and showed how the handling of the sanctions regime by the United States undermined Iraq's ability to produce safe water—deliberately, she argued. She cited a report by the Defense Intelligence Agency *prior* to the 1991 war, predicting that the collapse of the water system, through sanctions, would lead to a reduction in food production, and that the unavailability of chlorine would cause an explosion of cholera, typhoid, and other water-borne diseases. In March and July 1991, UN personnel confirmed that this is precisely what happened.

The mechanism for preventing the import into Iraq of items vital to maintain a functioning water system, was the “661 Committee” (named after UNSC resolution 661 which introduced sanctions), which enforces sanctions and grants humanitarian exemptions. The Committee, whose meetings are secret, consistently blocked the delivery of chlorinators, pipes, water tanks, and equipment to dig wells. One member alone could block contracts, and the United States led the way in preventing the import of these items. Thus, perhaps water pipes would be allowed in, but the generators to run water treatment plants were not. Chlorine was not allowed in, on grounds it had a “dual use” as a weapon.

Gordon also addressed the fact raised by von Sponeck, that inadequate funds were allocated for the oil-for-food program. The amount available between 1996 and 2003, Gordon said, was \$24 billion—\$180 per Iraqi per year. This is one-half the per-capita annual income of Haitians. The funding to buy food for dogs used in de-mining operations was two and a half times that amount.

Gordon noted that UN agencies had issued scenarios, in December 2002 and January 2003, regarding the recent war's impact. Considering that 60-80% of the population were dependent on government food rations, any disruption could lead to famine. Some 1.2 million children under the age of five who suffered severe malnutrition as a result of years of sanctions, could die if food supplies were stopped. Now, with water treatment facilities and the overall water system—including electricity generation—bombed and not functioning, massive epidemics of water-borne diseases must be expected. First reports of cholera in Basra confirm this.

In *Harper's* magazine of November 2002, Gordon wrote an article entitled “Cool War: Economic Sanctions as a Weapon of Mass Destruction.” The material presented at the Potsdam seminar made clear, that this was no exaggeration.

The political question was: How can the international community organize to stop the rogue forces in Washington and London wielding this and other weapons threatening humanity? Von Sponeck asked how to translate the will of 95% of the world's people who opposed the war—the “second superpower”—into the upholding of international law?

# Is It Operation ‘Enduring Chaos’?

by Hussein Askary

As has been suggested that the stabilization of the situation in Iraq, and the Middle East in general, would be an easy task if there were an intention to do that. The American Administration would need to undertake several dramatic measures to reach that end.

First, it could invite the United Nations Organization and other major powers to Baghdad to discuss joint plans for immediate humanitarian relief, reconstruction, and the creation of a genuine Iraqi political regime representing the aspirations of the Iraqi people in independence and prosperity. Second, pressure would have to be placed on the government of Israel to accept the “Road Map.” Many nations would join in this effort.

But more than one month after the “liberation” of Iraq, that country and the Middle East region are gazing into a dark abyss. It turns out that the coalition “liberation army” had no idea what to do once the war against Saddam Hussein was over; the only real plan in court is the one designed by the neo-conservative war party some years ago, as a policy document for the Israeli government of Benjamin Netanyahu, called “A Clean Break.” But is the Mideast region being “re-shaped” to fit the new Roman Empire as the Clean Break plan had intended? Probably the region has to go through more instability and chaos, before that catastrophic objective is achieved.

The current situation in Iraq itself, the Palestinian occupied territories, Saudi Arabia, and Jordan suggests that an uncontrollable, chaotic situation is breaking out.

## Critical Situation Within Iraq

The humanitarian crisis has deteriorated further inside Iraq since major military operations ended in late April. The most dangerous aspect of this is proliferation of disease, due to the lack of clean water and adequate medical care. The other aspect of it is rapidly shrinking food supplies (see article following). The UN oil-for-food import program, on which 16 million Iraqis had become dependent, has been suspended, and goods already purchased have not been allowed to enter the country. Lack of basic security has forced many UN and related humanitarian organizations, such as the World Food Program and CARE, to suspend their operations.

On May 12, the World Health Organization (WHO) warned that a cholera epidemic had started in the southern

Iraqi city of Basra. Dr. Claire-Lise Chaignat, director of WHO’s cholera program in Geneva, said, “Cholera has not been diagnosed officially, but we are acting as if it was cholera because we cannot wait for the confirmation.” WHO officials said that at least 55 suspected cases have been reported in recent days, and Dr. Denis Coulombier of WHO, on the scene, estimated that several hundred more cases have yet to be diagnosed. No deaths are reported yet. Said Coulombier, “Given the health and sanitation condition, it could spread very fast. I believe what we are seeing is the tip of the iceberg.” And in fact, other cases of cholera were reported in Amara and Samawa north of Basra.

The cholera bacterium expresses a toxin that typically causes severe diarrhea; death from dehydration may be the result. One major problem, in addition to the lack of sanitation, is the lack of security for hospitals in this British military zone. Under chaotic conditions, even the 17 specimens sent from Basra to Kuwait for testing for cholera, were unfit for a diagnosis.

Earlier, doctors at the Al Tahrir Teaching Hospital in Basra told a WHO team that there has been a significant increase in cases of diarrheal diseases, gastroenteritis, and dehydration. Seven cases of clinically confirmed cholera were reported, mostly among children under 4. WHO cited the lack of clean water as the source of the cholera outbreak—sewage is not being disposed of, garbage collection occurs only intermittently or not at all, and people are using water from the polluted Shatt Al Arab River. Moreover, there is an almost total lack of surveillance and control of communicable diseases.

Hospitals in every part of the country remained almost non-functional in mid-May, due to the lack of water, electricity, and medical supplies. The little which has been done to restore electricity and water supplies, was thanks to Iraqi engineers who are fighting to restore some of the facilities and services destroyed during the war. The international media greet with much fanfare the occasional airplane arriving at Baghdad Airport carrying medical supplies and food. Though necessary, the amounts, in a country of 25 million inhabitants, are pathetic, when a “Berlin Airlift”-scale of operation is needed.

The Iraqi population’s nutritional condition is worsening, and Iraqi domestic food production is becoming obsolete, due to the lack of seeds, artificial irrigation through water pumping stations that lack power, and other technical requirements for planting and protecting the crops. This means that there could be an acute shortage of necessary poultry products, fruit, vegetables, and rice, all started in the Spring. Few Iraqis are receiving salaries to spend in the markets in any case; most people working in services essential to the immediate survival of the population have been doing their jobs as volunteers in the past few weeks.

There is also a grave state of lawlessness and criminality



*The chaos triggered in Iraq by the “coalition” conquest has spread—by design, according to the neo-conservatives’ “Clean Break” strategy—to Saudi Arabia and immediately targets Jordan’s King Abdullah II (above) for destabilization and possibly overthrow.*

spreading, in the absence of efficient police and security forces. It is the responsibility of the American and British occupation forces to make sure that security is provided to the population. Apparently, there are two reasons for this problem. One is the lack of sufficient U.S. troops to maintain order. The other is the unwillingness by the occupation forces to seriously cooperate with Iraqis who have come forward for these kind of jobs. U.S. and Western media have started a debate on that situation which is reaching a scandalous level.

### **Bremer Starts Mass Roundups**

Out of this debate has come the purge of the U.S. administration in Iraq. Paul Bremer, a State Department anti-terrorism senior official, with no experience in the Middle East, is Bush’s new civilian administrator, replacing retired American Gen. Jay Garner as the chairman of Office of Reconstruction and Humanitarian Aid (OHRA).

Bremer’s first response to the state of lawlessness, when he arrived in Iraq on May 11, was to suggest that the U.S. Army would be given orders to “shoot to kill looters.” This was described as the new, “far more muscular approach” of Bremer; the *New York Times* reported being told by officials that Bremer is being ordered to save the Iraq victory from descending into anarchy, and to do whatever is required. Much of the looting had taken place under the passive eyes of the U.S. troops. The only ones stopping the looting, were Iraqi vigilantes. Most of the criminal acts are taking place at

night or in areas where there are no U.S. forces. The core of the problem is that there is no organized police force. But lawlessness is not stopped by shooting at people and treating the population as terrorists, which will only provoke more violent reactions.

Meanwhile, in the U.S. and elsewhere, the fiasco created by the American war-hawks’ lack of interest in dealing with the situation, once the regime in Iraq had fallen, is becoming more obvious. In discussions with *EIR*, senior State Department officials, both retired and in active duty, provided horrific new details about the crescendoing chaos on the ground in Iraq, as the result of the Rumsfeld/Wolfowitz/neo-con bungling power trips.

One diplomat, with years of experience dealing with biological and chemical weapons of mass destruction, reported that the Pentagon refused to even consider the long list of experts in the field, offered by the State Department for the post-war weapons search, choosing instead to recruit a rag-tag team of former START weapons inspectors, who were given a two-week crash course in biological and chemical weapons. As a result, the initial team has been pulled out of Iraq, after one month of accomplishing nothing, and there is no way to determine whether this means that there were no weapons of mass destruction, or the search effort was just fatally flawed from the outset. Such incompetence, the sources said, is typical of the planning for the post-war stabilization.

A leading European Iraq expert told *EIR*, “They may have defeated Iraq, but the Middle East map is stubbornly refusing to change.” The situation is deteriorating by the day, he said, adding that the recurring chaos and criminality is starting to give way to “politically motivated violence,” as the killings of three Americans in the second week of May demonstrated. The U.S. has plenty of expertise in nation-building and logistics, this expert acknowledged, and plenty of Arab experts in the State Department and Pentagon, but they are being systematically kept out of Iraq, purely for ideological reasons. He compared the Cheney-Rumsfeld group to the “cabal that brought us the Vietnam War.”

Ironically, this source noted, the failure of Washington to stabilize Iraq has contributed to slowing down the chicken-hawks’ in their threats attack other countries. However, as long as the imperialist cabal is not reined in, the destabilization of the entire Mideast region would continue. The chaos could always be blamed on “bin Laden” terrorists, or sympathizers with the ghost of Saddam Hussein.

### **The Other Destabilization: Palestine**

Observers see an intentional passivity by the American forces on the ground, meant to keep the situation rolling towards a disaster, at a time when the safe alternatives are being neglected. And the situation in Iraq is not the only one being driven to its limits by the manic believers in the “Clean Break”

strategy, which held that the elimination of Saddam Hussein would trigger “regime change” throughout the Arab world, to American-Israeli specifications. The U.S.-backed Israeli government of Prime Minister Ariel Sharon is actively contributing to the potential outbreak of regional, religious war. The failure of Secretary of State Colin Powell’s mission to jump-start the “road map” negotiations, was just the most prominent sign of this drive for further wars and destabilizations.

While Israeli incursions into the West Bank and Gaza continued, and intensified immediately after Powell’s visit, killing and wounding scores of Palestinians, the Israeli Interior Ministry issued a statement, that it is intending to begin allowing Jewish religious extremists to pray at the site of the Al-Aqsa Mosque, which they maintain is the site of Solomon’s Temple. This is an unprecedented move, ensuring a bloody religious confrontation with the Muslim Palestinians, potentially spreading across the Muslim world, which considers the Al-Aqsa Mosque as the second holiest site of Islam.

As *EIR*’s May 16 issue reported, a week earlier Israeli Tourism Minister Benny Elon was touring the United States advocating the mass deportation of the Palestinian population into Jordan. This is a long-standing scheme usually advocated by Israeli fanatics, but never before by a member of an Israeli government. The Jordanian Kingdom, almost half of whose population is comprised of Palestinian long-term refugees, is directly affected by whatever happens in the Palestinian territories. The government headed by King Abdullah II would be the first victim of such a dramatic move as Elon is demanding. Israeli extremists and American neo-conservatives have long contemplated overthrowing Jordan’s King while creating a “homeland” for the Palestinians, driven out of the West Bank and Gaza.

Jordan was simultaneously targetted for destabilization from a different flank, Iraq. Ahmed Chalabi, chairman of the Iraqi National Congress (INC) and close collaborator of the Pentagon’s neo-con hawks, threatened the King of Jordan and other members of the Jordanian royal family, claiming that he has damning information about King Abdullah’s dealings with Saddam Hussein. In separate interviews with *Newsweek* and the *New York Times* on May 5 and 6, Chalabi said that his group has seized “tons” of documents of the former Iraqi tyrant. “It’s a huge thing,” Chalabi told *Newsweek*. “Some of the files are very damning.” And some of the most incriminating, Chalabi implies, could tell a lot about the royal family in neighboring Jordan. King Abdullah, who has ruled Jordan since 1999, “is worried about his relationship with Saddam,” says Chalabi in the interview. “He’s worried about what might come out.” He hints there was an especially close tie—“a subsidiary relationship”—between then-Prince Abdullah and Saddam’s infamous elder son, Uday.

King Abdullah II had reportedly come under pressure from people within his government, urging him to drop em-

bezzlement charges against Chalabi, and thus clear the record of this banker being promoted by the Pentagon and Vice President Dick Cheney as the new leader of Iraq. The King refused to clear Chalabi, letting stand a 20-year prison term, to which Chalabi was sentenced *in absentia*, after he had looted his own Petra Bank in the 1980s, leaving behind a major currency crisis in Jordan in 1989.

### Who’s Next for ‘Regime Change’

Chalabi’s move against the King of Jordan is not simple blackmail. It is part of a strategy to drive a wedge between Iraq and all its neighbors, especially those who opposed the war and the current occupation—especially Syria and Saudi Arabia. In his interview with *Newsweek*, Chalabi said: “We have some issues with those people who supported Saddam Hussein and tried their damndest to dissuade the United States from going to war.”

Saudi Arabia, one of the countries the neo-con chicken-hawks have targetted for regime change and “reshaping,” was hit with coordinated terrorist bombings on May 12 in the capital, Al-Riyadh. Although the targets were residential buildings of foreign companies, mainly American, the real aim of the attacks seems to be the government of Saudi Arabia itself. The government is coming under fire from two sides, the American imperialist faction which blamed the Sept. 11, 2001 attacks on Saudi Arabia, and the allegedly Islamist terrorists, who claim that the Saudi government is collaborating with the Americans against other Muslim nations.

A Middle East intelligence source told *EIR* that such attacks were expected to take place in Saudi Arabia during the Iraq War. The fact that this occurred after the war indicates that Saudi Arabia is becoming a target. The neo-conservative hawks do not want Crown Prince Abdullah, the Deputy Prime Minister, who intends to implement genuine political reform, to become King of Saudi Arabia. The United States has virtually taken over Kuwait and Qatar, but not yet the Saudi Kingdom. In the meantime, Saudi Shi’ite groups are being politically activated in its oil-rich eastern province, demanding more rights in the Sunni- and Wahhabi-dominated Kingdom. The demand is legitimate; the timing of its resurgence is of concern, especially after Prince Abdullah made it an important part of the official discussion of reforms in the country.

Prominent members of the Pentagon’s Defense Policy Board, especially its former chairman Richard Perle, had explicitly singled out Saudi Arabia as a target in the reshaping of the Middle East map. Other countries on that list, with a large territorial size and populations, and strategic location, are Egypt, Syria, and Sudan. However, before the “reshaping” of the map of the Middle East could be accomplished, a great deal of killing and destruction would be taking place.

To prevent such a horrible outcome, the reckless war-hawks in Washington have to be stopped.

# Chaos in Iraq Food Aid A Disaster for Africa

by Paul Gallagher

An unusual protest by the director of the World Food Programme (WFP) to the UN Security Council has highlighted the fact that the huge American-driven food aid program for conquered Iraq—a program now completely stalled in the absence of security in the country—is causing the food crisis in Africa to become disastrously worse.

WFP Executive Director James Morris' April 27 complaint was diplomatically stated and did not name the United States; it introduced a report primarily concerned with what to do about the drought, war, and economic crisis which now threatens nearly 45 million Africans with malnutrition or even starvation. But Morris decried a "double standard," by which Iraq aid was robbing Africa's emergency food supplies. This is the unfolding global human cost of the Iraq war pointed to by *EIR* six weeks ago ("Iraq War Drastically Distorts World Food Aid," *EIR*, April 18). "There are over 40 million Africans in greater peril" than Iraqis, Morris warned, "most of them women and children, and they would find it an immeasurable blessing to have a month's worth of food," as most Iraqi families had had when the bombing ended.

Morris' complaint was the more unexpected because he himself, on March 28, had issued a WFP appeal for a gargantuan \$1.3 billion six-month emergency food aid program for Iraq—the largest such appeal in history, and equal to nearly 70% of all WFP's aid resources for the whole world in 2002. That this would badly hurt the desperately needed aid to Africa, North Korea, Afghanistan, Palestine, etc. was obvious; especially when, as Morris said in his UNSC report, "Global food aid continued to plummet [in 2002], dipping below 10 million metric tons—down from 15 million in 1999. Chronic hunger is rising in the developing world outside China." The Iraq appeal was the all more lunatic, because a) the country had imported only about \$400 million in foodstuffs per year under the UN Oil for Food Program (OFFP) since 1995; and b) WFP aid was required at all, only because the OFFP has been broken up and stopped by the U.S./British invasion and occupation, and Iraq's oil production is now not even meeting its own petrochemical consumption needs.

## 'Double Standard' Is Not the Word

The huge Iraq appeal was part of American/British war policy, and WFP had had "no choice" but to carry it out. Half of its \$1.8 billion in food aid donations in 2002 came from the United States; yet total donations are falling at the same

time, so the agency has no leverage. The result is that since the months before the war, worldwide food aid has flowed to the borders of Iraq and piled up by the hundreds of thousands of tons. Most of what has actually entered the country has been stolen, including the WFP's grain trucks. And as confirmed by *Der Spiegel* journalists reporting on May 10, the rest is wasting in Jordan, Turkey, Syria, and Kuwait; WFP truck caravans cannot bring it in because they would be attacked and the food and trucks stolen. Meanwhile, WFP is forced to cut UN food assistance rations in African countries by 25-30%, as emergency appeals for more than 40 million people go 40-60% unmet.

A look at the international contributions, or "donations" of food aid in recent weeks shows the absurd consequences of the U.S./British "biscuit war" policy. In the first 10 days of April, \$272 million in food aid was pledged for Iraq, 71% of the total of \$384 million for the whole world over that period. The first 10 days of May were even more extreme: \$137 million (about 300,000 metric tons of grain worth) pledged for Iraq, and only \$4.45 million for the rest of the world. In six weeks since it was announced March 28, the Iraq appeal has drawn nearly \$600 million (roughly 1.5 million metric tons of grains) in pledges, largely from the United States and British Commonwealth countries. Compare this to \$428 million (under a million tons) donated or pledged to WFP for all of Southern Africa for the 15-month period from January 2002 to March 2003; or the 29,000 tons for the Palestinian territories over those 15 months.

The hunger crisis in Africa has expanded and worsened over that time, from 30 million people facing more or less severe lack of food last Fall, to 38 million by December, and nearly 45 million now. Drought, debt, and war are the worst causes. Throughout this time, WFP officials have forecast that food aid stocks in African countries would run out by April-June 2003. This has already happened as donations have fallen in recent months, and so the amount of food given to millions of recipients in Kenya, Ethiopia, and around the Democratic Republic of Congo, has been cut by at least 25%.

In Iraq, delivery of the food aid is going backwards. Whereas WFP said it had four "humanitarian corridors" open in April, as of May 10 its trucks were going only into Kurdish territory in the North. "Security is the main obstacle," a WFP release acknowledged on May 12, saying that now its aim was "to revive the food distribution system by June 1." But millions of Iraqi households' food stores, last replenished in early March, are running out. *Spiegel's* reporters observed that food trucks cannot enter the country from Jordan, for lack of coalition troops available to protect them; bakeries in Baghdad are closing for lack of wheat; and thousands of the "food agents" who distributed food for the Oil for Food Program—mostly shopkeepers—cannot keep their shops open because of chaotic conditions. Thus, the distribution of Iraq's own domestic harvest of Winter wheat and barley, is also being blocked.

## Chicken-Hawks as China-Hawks: The Straussians Target Beijing

by Mike Billington

Many leading U.S. policy-makers, military officers, and foreign service experts believed that their outspoken opposition to the war plan on Iraq would prevent that misadventure from taking place. The voice of the “Establishment,” they believed, would overcome the irrational impulses of the neo-conservative “chicken-hawks” who had the ear of a weak-minded President. Democratic Presidential pre-candidate Lyndon LaRouche agreed with these traditionalist leaders that the war could be prevented, but warned that rational persuasion would not succeed—only a full exposure of the geopolitical purpose behind the drive for war could prevent it and the continual, global warfare it would trigger.

“Jamming up” the war plan with mass-circulation exposés through the last half of 2002, LaRouche demonstrated that the war on Iraq had nothing to do with terrorism, 9/11, or weapons of mass destruction, but was set in motion in the early 1990s as part of the imperial vision of Dick Cheney, Paul Wolfowitz, and others in their Straussian circle, as a necessary step toward the policy defined in their 1992 “Defense Policy Guidance” following the fall of the Soviet Union—to maintain the position of the United States as the “only superpower” *in perpetuity*, by preventing the emergence of any nation or alliance of nations which could match the economic and military strength of the United States.

We shall show here that the original writings which document the intentions of this utopian faction to use an Iraq War as a means to implement their imperial, pre-emptive war policy, also demonstrate that a primary target—perhaps *the* primary target—is China. The precise intention of the war party is the prevention of any alliance among the nations of Eurasia—China, Russia, and India, in particular—allowing the physical economic development of the Eurasian continent as a whole, and potentially serving as the basis for a new world economic order, independent of the bankrupt

dollar-based system.

While the neo-conservatives do not now have full control over the Bush Administration, the fact that they succeeded in launching the insane war on Iraq, with the expressed intention to proceed on to Syria, Iran, Saudi Arabia, North Korea, and others yet to be named, requires that serious minds consider seriously their intentions in Eurasia as a whole. The fact that their target is the *disruption* of any alliance of nations capable of creating a new world financial/economic order, is critical in understanding why they are willing to unleash operations self-evidently doomed to end in chaos.

### Cheney and RAND Target China

The 1992 Defense Policy Guidance issued by then-outgoing Secretary of Defense **Dick Cheney**—portions of which were leaked to the *New York Times* at the time—included the first official expression of the now-operational “pre-emptive strike” doctrine. The document defined the purpose of pre-emption as the need to preserve America’s “pre-eminent responsibility for addressing selectively those wrongs which threaten not only our interests, but those of our allies or friends, or which could seriously unsettle international relations.” The United States must, the document continued, “maintain the mechanisms for deterring potential competitors from even aspiring to a larger regional or global role.” The document identified China and Russia as the most immediate threats, but even several of America’s closest allies, such as Germany and Japan, were named as potential threats that might need to be “deterred.”

This expression of a new imperial vision for the United States, in direct contradiction to the fundamental mission defined by the Declaration of Independence and the Constitution, was amplified over the following decade by a number of governmental and neo-conservative think-tank documents,



Two leaders of the “chicken-hawk” faction that launched an unnecessary, pre-emptive war against Iraq: Undersecretary of Defense for Intelligence Stephen Cambone (left) and Vice President Dick Cheney (shown at the Pentagon crash site on Sept. 16, 2001). The war party’s primary aim is to prevent an alliance of Eurasian sovereign nations, and one of their primary targets is China.

leading to the *official* adoption in 2002, of the pre-emptive war policy which had been contained in the rejected 1992 Defense Policy Guidance, and its implementation in 2003 with the pre-emptive war on Iraq.

The clearest expression that China was a primary target of this policy emerged in 1999 and 2000, in a series of RAND studies under the direction of **Zalmay Khalilzad**, a neo-conservative who worked under Cheney in the Bush “41” Pentagon, and is now the Bush “43” Administration controller of the Iraqi opposition networks, which the United States is trying to foist on the Iraqi people as “democratic leaders.” Khalilzad’s leading assistant in the RAND project was **Abram N. Shulsky**. Shulsky has subsequently made his name as the key player in the recently established Office of Special Plans, set up within the Department of Defense by **Secretary Donald Rumsfeld**, who was dissatisfied with intelligence reports coming from the CIA and the DIA which didn’t conform to his utopian, preconceived notions of what needed to be done (the new intelligence unit is known in some circles as the new CIA—Chicken-hawk Intelligence Agency).

The Khalilzad/Shulsky RAND series, called “Chinese Defense Modernization and Its Implications for the United States Air Force,” started from the premise of the Cheney/Wolfowitz Defense Policy Guidance—the need to prevent the emergence of any competitors to the American hyperpower. One of Shulsky’s contributions, “Deterrence Theory and Chinese Behavior,” states: “Chinese reforms since 1978 have given rise to unprecedented economic growth; if this course of development is sustained, China will be able to turn its great potential power, derived from its huge population, large territory, and significant natural resources, into actual power. The result could be, in the very long term, the rise of

China as a rival to the U.S. as the world’s predominant power. However, long before that point is reached, if it ever is, China could become a significant rival in the East Asian region.”

The suggested policy in this RAND proposal—and the ongoing policy of its authors from their current positions within the Bush Administration—is unambiguous: end the Clinton policy of “engagement,” use sanctions against the Chinese government and state industries, surround China with military forces and client states, and assert “the need to threaten high levels of violence to deter China.”

To understand the mentality behind this search for enemies by the neo-con imperial set, it is essential to understand the worldview of the Leo Strauss epigones. While Deputy Defense Secretary **Paul Wolfowitz** is the most famous of the direct Strauss creations, having studied with **Allan Bloom**, Strauss’s foremost student. Shulsky is also a leading Straussian: He runs a website dedicated to Strauss and his academic children, and co-authored with **Gary Schmitt** a chapter in the book *Leo Strauss: The Straussians and the American Regime*, called “Leo Strauss and the World of Intelligence (By which we do not mean *Nous*).”

Strauss, in a letter to his German sponsor Carl Schmitt, the Nazi jurist who authored and promoted Hitler’s emergency codes establishing the Nazi dictatorship, characterized Schmitt’s views as follows: “Dominion can be established—that is, men can be unified—only in a unity *against* other men. Every association of men is *necessarily* a separation from other men. The *tendency* to separate (and therewith the grouping of humanity into friends and enemies) is given with human nature; it is in this sense destiny, period” (emphasis in original).

With the fall of the Soviet Union, the neo-conservatives



*Britain's Prof. Bernard Lewis (left) introduced the concept of the "Clash of Civilizations," which is now being implemented as policy by the Bush Administration cabal that includes Deputy Secretary of Defense Paul Wolfowitz (right).*

saw the opportunity to build their new Empire, but believed this required the creation of a new "enemy image," in keeping with this Straussian, Satanic sense of "human nature." The modern-day Straussians found their enemies in Islam, and in the Confucian culture of China.

### **Clash of Civilizations**

The first formulations of the new Straussian "enemy image" following the demise of the Soviet Union, came from the academics **Bernard Lewis** and **Samuel Huntington**, with the introduction of the Clash of Civilizations. Lewis, a top British Arab Bureau asset working in the United States, introduced the concept; and Huntington, the Harvard icon who has issued constantly changing interpretations of "democracy" over the past 50 years, all aimed at facilitating the transformation of America into an imperial power, turned the phrase into a popular cliché. Western civilization, Huntington argued, is faced with a population explosion in the Islamic and Confucian areas of the world, and an unavoidable conflict over control of the world's resources and polity. Only the mobilization of the white races, he argues, to defend his perverse notion of "Western civilization," can prevent the eventual domination of the inferior Islamic and Confucian cultures.

The insanity of the Clash of Civilizations doctrine has been widely acknowledged, but nonetheless the policy is actively pursued. Take, for example, **Dr. Stephen Bryen** and **Michael Ledeen**, both leading spokesmen for the neo-conservatives and overt American agents of the right-wing Israeli networks of Ariel Sharon and Benjamin Netanyahu. Both Bryen and Ledeen are board members of the Jewish Institute for National Security Affairs, JINSA. Bryen, a former Undersecretary of Defense under President Reagan, is suspected to be one of the controllers of convicted Israeli spy Jonathan Pollard, while Ledeen is a self-described "universal fascist." The two authored an article in 1997 called "China-Related Challenges," which described the United States as "the sole

surviving superpower, the source of inspiration for a global democratic revolution that has destroyed tyrannies ranging from Spain and Portugal in the '70s, to virtually all of Latin America and then Central and Eastern Europe in the '80s, culminating in the fall of the Soviet Empire itself." Unfortunately, they argued, the United States was slow to pick up on the need for Empire—in fact, both George H.W. Bush and Clinton are to be considered "criminally irresponsible" (!) for not only failing to take advantage of American power to "protect us and our allies against the inevitable rise of new enemies, but actually facilitated, indeed even encouraged, the emergence of new military threats." They name Bush "41" and Brent Scowcroft, as well as Clinton and his Defense Secretary William Perry, among others, as guilty of the crime of allowing advanced technology to be shared with foreign powers, specifically China, and thus failing to "protect American military superiority for years to come. To understand our current plight with China, it is necessary to understand what we unilaterally dismantled under Bush and Clinton. . . . We know that China is a totalitarian regime. And we know that the stronger China becomes, the easier it will be for Peking [Beijing] to maintain its evil regime."

Ledeen and Bryen are among the neo-con spokesmen for the pre-emptive war doctrine and the war on Iraq, and both are treated as "experts" on China! Both were chosen to be members of the "Congressional U.S.-China Security Review Commission," whose report in July 2002 reflected the hysterical mentality of these two extremists and their cohorts (see below).

### **Clinton's Engagement with China**

President William Clinton embraced an engagement policy with China which went far beyond the "opening up" orchestrated by Henry Kissinger and Zbigniew Brzezinski during the Nixon and Carter Administrations, and sustained by Bush "41." The shift was clearly enunciated by Clinton's





*President Clinton's diplomatic initiatives toward China sent the neo-conservatives into a frantic counter-mobilization, which included the President's impeachment. Here he is shown with Chinese President Jiang Zemin in Beijing in 1998.*

Commerce Secretary Ron Brown, during his 1994 trip to China with a delegation of American industrial leaders: "We regard China as a commercial ally and a partner—that China's long history is deserving of respect; and China has responded." Most importantly, Brown said that Clinton had "junked a 12-year tradition of laissez-faire government." This Administration was not simply looking for a "level playing field," Brown said, meaning free-trade agreements aimed at consumer goods and financial services, but at major industrial and technological cooperation between the United States and China. "In this mission, we focus on infrastructure . . . , telecommunications, transportation, and power generation."

This concept moved forward dramatically over the following two years through the intervention of the movement of Lyndon LaRouche. In May 1996, Helga Zepp-LaRouche led a delegation from the Schiller Institute to the "International Symposium on Economic Development of the Regions Along the New Eurasian Continental Bridge" in Beijing. The adoption by China of a Eurasian development perspective, and the direct role of Lyndon and Helga LaRouche in that process, was viewed with alarm by the geopolitical practitioners of the New American Century.

Their fears were further aggravated in September 1996, when a delegation from the Tennessee Valley Authority (TVA), the foremost institutional expression of the Franklin Roosevelt tradition of state-sponsored infrastructure projects

as the basis for national development, attended another conference in Beijing on "Economic Opportunities Through Water and Energy." The U.S. delegation, headed by Clinton's Ambassador to China, Tennessee's former Senator James Sasser, and TVA Chairman Craven Crowell, concluded agreements with China for the TVA to contribute to major water development projects on several Chinese waterways.

The following month, Dr. Song Jian, director of China's State Science and Technology Commission, visited the United States, signing protocols with U.S. agencies covering transportation, environmental technologies, high-energy physics, nuclear energy, and fusion energy research. He visited NASA's Johnson Space Center and the Center for Superconductivity at the University of Houston. He specifically offered the United States a major share in China's expanding nuclear power industry.

The potential for the United States and China to redirect the "globalization" process, for themselves and perhaps internationally, away from the speculative "new economy" bubble, toward the mutually beneficial exchange of heavy industry and infrastructural technology, was on a rapidly accelerating trajectory.

But this was not to be. A campaign of "China-bashing" had been launched in the Spring of 1996, led by the British, with cheerleading from the Anglophile American neo-cons. **Margaret Thatcher** traveled to the United States to speak at Fulton, Missouri, on the 50th anniversary of Winston Churchill's "Iron Curtain" speech there, which had launched the Cold War. In a speech that sounded like many heard in America today, Thatcher sounded the Clash of Civilizations theme, but identified the threat as being terrorism from "rogue states, like Syria, Iraq, and Libya," and the "proliferation of weapons of mass destruction and the means to deliver them" from "other powers like China and North Korea." She said that we could no longer "place our trust in international institutions to safeguard our future," and proposed that America and its allies "deal with the problem directly by pre-emptive military means."

As Thatcher's call for World War IV (as **James Woolsey** has recently called it) against the Islamic and Confucian world, was promoted by such neo-conservative institutes as Frank Gaffney's Center for Security Policy, former Congressman **Newt Gingrich** and Senator **John McCain** launched their own assault on Clinton's China policy, which soon became "China-gate." McCain demanded the appointment of a Special Prosecutor to investigate allegations that China had attempted to influence the U.S. elections through illegal contributions to the Clinton campaign. A series of popular books by *Time* reporters and other pseudo-experts, naming China as the next enemy to be confronted by the American "lone superpower," influenced popular opinion against China and against President Clinton. New neo-conservative think-tanks and journals popped up like weeds, all funded and staffed by a close-knit circle of Straussians (see below), all peddling the same "new American empire" theme, with the Islamic and

Confucian world on their enemies list.

Harvard China specialist Ezra Vogel told *EIR* at the time, “The President, Bill Perry, and Ron Brown had a vision of a much wider friendship with China. But there are a lot of people who would like to sandbag the President’s China policy.”

### Target: Eurasian Land-Bridge

Clinton persevered, welcoming Chinese President Jiang Zemin in a highly successful visit in October 1997, and visiting China himself in July 1998, where he addressed the Chinese people on a live television broadcast. But China-gate was soon joined by the Monica Lewinsky/impeachment operation, which successfully sidelined the President from carrying out his intended policies.

However, the international efforts to foster Eurasian unity and development continued to progress. In September 1998, then-Russian Premier Yevgeny Primakov, while visiting India, proposed that the three dominant nations of Eurasia—Russia, China and India—ally themselves as a “strategic triangle” for the joint mission of developing the Eurasian continent. The idea paralleled LaRouche’s standing proposal for a “New Silk Road” of high-speed rail development corridors connecting the Atlantic to the Pacific, as the core of a joint economic development program for the Eurasian landmass.

This was the time of the so-called Asian Crisis of 1997-98, when the hedge-fund speculators raided the Asian currencies and thrust the last remaining area of real growth in the world into economic free fall. In the same month as Primakov’s call for the strategic triangle, Malaysia’s Prime Minister Dr. Mahathir bin Mohamad struck a blow at the aura of invincibility of the Western financial institutions by rejecting an International Monetary Fund (IMF) “bail-out,” and the attached IMF conditionalities of austerity and free-trade concessions. He chose instead to impose strict currency and exchange controls on the Malaysian ringgit, thereby ending the power of the speculators and providing a demonstration to the world that sovereign nations need not submit to supranational economic tyranny.

The Asian Crisis was actually a global crisis, the first stage in the collapse of the great globalization bubble of the 1990s. It was soon followed by the collapse of the speculative bubble in Russia, and the near-systemic collapse of the world financial system when the hedge fund Long Term Capital Management (LTCM) went bottoms up. Primakov’s proposal for Eurasian unity set off alarm bells in the utopian citadels of power. Disruption of these proposed corridors of physical-economic development, connecting Europe, Asia, the Middle East, and



*Lyndon and Helga LaRouche played a crucial role in China’s adoption of a Eurasian development perspective. Here, Helga Zepp-LaRouche, during her May 1996 visit to Beijing, speaks to a university audience. She also addressed the “International Symposium on Economic Development of the Regions Along the New Eurasian Continental Bridge.”*

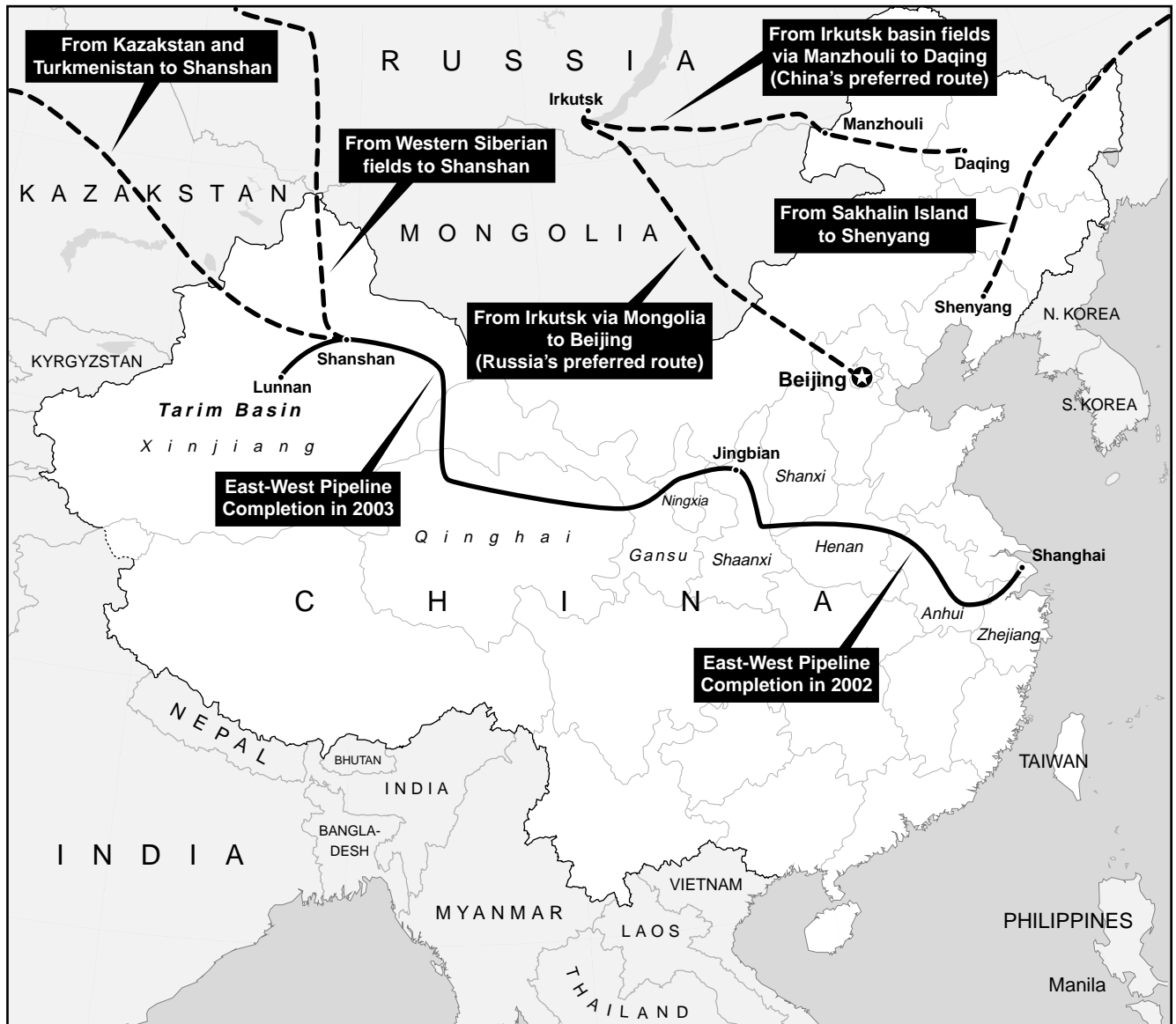
Africa, is the central target of the underlying oligarchical pseudo-science of “geopolitics.” As we have seen over the past five years, its core tactic is the disruption, through warfare when necessary, of the pivot points of Eurasian development—the Balkans, the Middle East, and Central Asia.

At the Heritage Foundation, Russian and Central Asia specialist **Ariel Cohen** went to work on Primakov’s new threat to the myth of the “only superpower.” In an April 13, 2001 paper for Heritage, Cohen told Putin’s Russia that it had better make up its mind: “Does it want to belong to the Euro-Atlantic world and to the democratic West, or does it want to build an anti-American ‘Eurasia?’” Cohen clearly identified the enemy: “Russia’s attempt to build an anti-American coalition to include China, India, Iran, Iraq, and other rogue states, started during the tenure of Yevgeny Primakov, [who] coated his anti-American policy in ‘multi-polar world’ rhetoric.” Thus, the notion that there could potentially exist anything other than a “uni-polar” world, dominated by “the world’s only superpower,” is a notion that defines an enemy of the United States, in Cohen’s imperialist-minded worldview.

Putin’s foreign policy, wrote Cohen, “is mostly a continuation of the Primakov doctrine.” When the Russians and the Chinese signed a Treaty for Good Neighborliness in July 2001, Cohen responded: “A major geopolitical shift may be taking place in the Eurasian balance of power.” He identified the danger as precisely the development of the vastly underdeveloped Eurasian landmass, the “Great Eurasian Land-Bridge” concept promoted by LaRouche since the early 1990s, and adopted as policy by China and Russia. “Russia and China could cooperate,” warned Cohen, “in developing a network of railroads and pipelines in Central Asia, building

FIGURE 1

**China's West-East Pipeline Project, and Planned Links Into Russia**



John Sigerson / EIRNS 2001

*The emergence of a strategic triangle of cooperation among Russia, India, and China—including such infrastructure development projects as those shown here, has been continuously under fire by the neo-conservatives, who falsely describe it as an “anti-American” policy.*

a pan-Asian transportation corridor (the Silk Road) from the Far East to Europe and the Middle East.”

The Israel-educated Cohen is intimately familiar with the U.S./British/Israeli recruitment of Islamic militants from around the world, throughout the 1980s, for training and service as *mujahideen* to fight the Soviet Union in Afghanistan. He pointed out that the best way to disrupt the emerging collaboration of the Eurasian nations is to play this Islamic radical card, to justify the introduction of U.S. forces into Central Asia. Cohen noted that the Shanghai Cooperation

Organization (SCO), formed by Russia, China, and four Central Asian republics, was primarily created to deal with the spreading terrorist threat left over from the anti-Russian *mujahideen*. “What remains to be seen is how effective the two countries will be against the Taliban, the Islamic Front of Uzbekistan, and the organization of Osama bin Laden.”

Note that this was two months *before* the 9/11 terrorist attacks on New York and Washington—a crucial example of how the “Reichstag Fire” of 9/11 served to facilitate the implementation of long-existing neo-conservative policies.



*U.S. Special Envoy for Afghanistan Zalmay Khalilzad. In 1999-2000, he directed a series of RAND Corp. studies on "Chinese Defense Modernization and Its Implications for the United States Air Force."*

For example: Cohen's proposed solution to the problem was for the United States to "offer to help Russia and China counter the efforts of radical Islamic groups in Central Asia, including the Taliban and the Osama bin Laden organization. . . . Beyond such efforts, it should ask to join the SCO as an observer, to examine how sincere China and Russia are about cooperation in dealing with Islamic fundamentalism."

RAND released a study with similar results in 2001, authored by the same team of Khalilzad and Shulsky, among others, called "The United States and Asia: Toward a New U.S. Strategy and Force Posture." The study identified the unity of the Eurasian Land-Bridge nations as the primary strategic challenge to the United States. The study demands that America "prevent the rise of a regional hegemon" in order to "ensure its global pre-eminence." This requires the application of a "balance of power strategy" aimed at "China, India, and a currently weakened Russia—that are not now part of the U.S. alliance structure. The objective of this strategy must be to deter any of these states from threatening regional security or dominating each other, while simultaneously preventing any combination of these states from 'bandwagoning' to undercut critical U.S. strategic interests in Asia."

### **Cheney's China-Bashers**

Vice President Dick Cheney, whose immediate response to the 9/11 attack was to call for the adoption of his long-standing pre-emptive war doctrine against Iraq and others, has an office which is top-heavy with notorious China-bashers from the neo-conservative stable. The Heritage Foundation is represented by former staffer **Stephen J. Yates**, who earned his appointment through dozens of papers and seminars during the Clinton years, denouncing Clinton's engagement policy with China, and warning of the dire threat to civilization brought about by such "coddling of communist dictators." Yates compiled his thoughts into a policy proposal for the

newly elected Bush Administration in 2001, called "Restoring Perspective and Priorities in U.S. Relations with China." "The Clinton Administration's greatest mistakes," he wrote, "were emphasizing economic over security interests, and focusing too much attention on China at the expense of significant regional allies." He argued that such "vacuous slogans" as "One China," "engagement," and "constructive strategic partnership" only served to draw the United States "dangerously close to Beijing's own view of China as the focus of power in Asia."

Since no sane observer could truthfully deny that China is now, and will be increasingly in the future, the "focus of power in Asia," the only worldview which permits of such a perspective as that of Yates, is one which is intent on undermining China's political and economic existence.

Cheney's Chief of Staff, **Lewis "Scooter" Libby**, was one of the primary authors, with Paul Wolfowitz and **Eric Edelman** (also in Cheney's office today), of the original Cheney proposal for pre-emptive war. Libby also served as the lawyer for fugitive gangster **Marc Rich**, the conduit for organized-crime money from the Russian and Israeli mafias into both the Democratic and Republican parties, still today.

Not least of Libby's services, was as legal advisor to the House Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China—called the Cox Committee—set up in 1998 under the chairmanship of California Republican Rep. Christopher Cox, Chairman of the House Policy Committee. The Cox Committee served as a witch-hunt against the Clinton Administration's engagement policy with China. It was set up at the instigation of the deranged Speaker of the House Newt Gingrich (an old friend of both Cheney and Rumsfeld, now on the Defense Policy Board, who recently made a McCarthyite assault on Secretary of State Powell and his department). The Cox Committee was mandated to investigate alleged illegal technology transfers to China, and Chinese government covert financing of Democrats in the 1996 election. Libby served on the Cox Committee under Staff Director C. Dean McGrath, who now serves as Libby's assistant in Cheney's office.

The Cox Committee's investigation had hit a brick wall on all counts, until a "walk-in" to the CIA supposedly provided the committee with evidence of Chinese theft of computer designs of U.S. nuclear warheads from a U.S. nuclear laboratory. The original charges, of illegal campaign contributions and the illegal transfer to China of restricted technologies, were essentially dropped, while "stolen nuclear secrets" became the new target. Not a single member of the Cox Committee had any scientific background, nor did the committee call any of the expert scientific witnesses who were ready to demonstrate that the "secrets" supposedly stolen by the Chinese were readily available on the Internet. Former Los Alamos National Laboratory Director Dr. Harold Agnew, and several other former directors of national laboratories, endorsed the sentiments of leading Chinese scientists who

ridiculed the report, such as nuclear scientist Dr. Wang Fei, who called the report an “intentional insult designed to show contempt for Chinese scientists.” This did not restrain Cheney staffers McGrath and Libby from approving the final, fraudulent report, asserting Chinese criminal behavior on multiple counts. It is of note that a leading promoter of the Cox Committee’s “stolen scientific secrets” hoax was Washington Democrat Rep. Norm Dicks, a close collaborator and supporter of Al Gore within the Democratic Party.

The Cox Committee Report was coupled with that of another special Congressional Commission, headed by none other than Donald Rumsfeld, to appraise the ballistic missile threat to the United States. In a report released in July 1998, the Rumsfeld Commission warned of imminent danger of ballistic missile attacks from North Korea, China, Iran, Iraq, and Pakistan, and branded Russia a “proliferator.”

Demonstrating that Rumsfeld is not a newcomer to rejecting the professional judgment of the uniformed military on military matters, or the traditional intelligence community’s judgment on intelligence matters, the Rumsfeld Commission reported that under the existing military and intelligence estimates, “the threat is broader, more mature, and evolving more rapidly than has been reported in the estimates and reports by the Intelligence Community,” and that “the U.S. might well have little or no warning before operational deployment.” The primary intent of the Rumsfeld crew was to create a justification for the development of a missile defense program. This was not to be a competent program based on new physical principles and cooperation among sovereign nations, such as designed by Lyndon LaRouche and adopted by President Reagan in 1983 as the initial concept of the Strategic Defense Initiative (SDI), but the ineffective, off-the-shelf boondoggle of “anti-missile missiles.”

The missile defense plan was part of the “Revolution in Military Affairs” (RMA) peddled by Rumsfeld and his cohort **Andrew Marshall** at the Office of Net Assessment (ONA) within the Department of Defense. The RMA policy, whose incompetence has been proven in the ongoing Iraq fiasco, promotes warfare from the air, with special forces and “high-tech” gadgetry supposedly eliminating the need for more than token troop deployments.

The Rumsfeld Commission’s manufactured evidence so angered the uniformed military that the Chairman of the Joint Chiefs of Staff Gen. Henry Shelton submitted a rebuttal to the U.S. Senate. To Sen. James Inhofe, General Shelton wrote: “While the Chiefs and I, along with the Intelligence Community, agree with many of the Commission findings, we have some different perspectives on likely developmental timelines and associated warning lines. . . . We remain confident that the Intelligence Community can provide the necessary warning of the indigenous development and deployment by a rogue state of an ICBM threat to the United States.” Shelton specifically refuted the claim that North Korea could quickly develop an ICBM which the Intelligence Community could not detect.

Andrew Marshall’s primary theoretician at the ONA, **Andrew F. Krepinevich**, claimed that the Rumsfeld Commission conclusions show that existing missile defense plans were inadequate, “and perhaps even dangerous.” To Krepinevich and Marshall, “transformation” in an age of budget shortfalls required scrapping “outmoded” policies and technologies, such as modernization of armor and large troop concentrations, in favor of *wunderwaffen*.

Krepinevich also claimed that the Rumsfeld Report conclusions “have great credibility, given their unanimity and the Commission’s balanced and diverse composition.” In fact, the commission was a who’s who of the utopian chickenhawks, with a smattering of former Air Force officers who were partisans of the RMA. These included the leading Straussians in the utopian circle: Paul Wolfowitz; **Steven Cambone**, now Rumsfeld’s Undersecretary of Defense for Intelligence, created by Rumsfeld to grab control of 80% of the intelligence community’s assets from Director of Central Intelligence George Tenet; James Woolsey, the would-be intelligence czar of the new American Empire; and **Bernard Victory**, a proponent of nuclear war from within the National Institute for Public Policy (NIPP, see below).

### **Andrew Marshall’s ‘Revolution’**

The Revolution in Military Affairs, also known as “military transformation,” was launched after the first Gulf War, but had been a project of Andrew Marshall’s for several decades. Marshall started out as a nuclear planner at the Air Force-linked RAND Corporation, but has been at the Defense Department since 1973, where the ONA was essentially created for him, and has been his personal fiefdom ever since. He turned his attention to China after the fall of the Soviet Union, arranging for the translation of Chinese military publications during the 1990s, and creating a special project group in 1999 to prepare a report called “Asia 2025,” focussed on China. The “accidental” bombing of the Chinese Embassy in Belgrade during the U.S. air assault in May 1999, and the angry response of the Chinese population, provided the environment for Marshall’s new “yellow peril.”

The final “Asia 2025” report asserted that China must be dealt with as an enemy, whether or not it continued its current rapid pace of development. If it did continue developing, it “will be constantly challenging the status quo in Asia”; while if it falls back economically, “an unstable and relatively weak China could be dangerous because its leaders might try to bolster their power with foreign military adventurism.”

This is the same Andrew Marshall whom Rumsfeld called on in the first weeks of the Bush “43” Administration to conduct a full-scale review of the entire military process. This huge task was to be carried out in six weeks, obviously not allowing for any actual investigation, but only for Marshall to write up his already well-known fantasies for implementation.

Rumsfeld also slapped an effective ban on U.S./China military-to-military relations, by insisting on his own case-

by-case personal approval (none were approved before 9/11). Similarly, in the case of North Korea, the Marshall/Rumsfeld Pentagon successfully undermined the effort by Secretary of State Colin Powell to proceed with the uneven but promising U.S.-North Korea relationship set in motion during the Clinton Administration, which had allowed for the historic “Sunshine Policy” of South Korean President Kim Dae-jung. Kim’s Sunshine Policy aimed at reuniting North and South Korea in the context of Eurasian cooperation in building the “Iron Silk Road” from Pusan to Rotterdam. Bush eventually rejected Powell’s approach in favor of Rumsfeld’s confrontation, the “axis of evil,” leading to the potentially disastrous situation today.

## 9/11

The campaign to target China was shifted after 9/11, which provided the opportunity to activate the Ariel Cohen plan to use the war on terrorism to facilitate “cooperation” with China and Russia in the introduction of U.S. military forces across Central Asia. American promises that army and air bases in the region would be strictly temporary have, of course, proven false.

But despite initial U.S.-China cooperation in the war on terrorism, the targeting of China never dissipated, though it fell off the front pages. In July 2002, the chicken-hawks in the Pentagon and Congress released a double-barreled shot across the bow of the Middle Kingdom, in the form of the Pentagon’s *Annual Report on the Military Power of the People’s Republic of China*, and the *Report to the Congress of the U.S.-China Security Review Commission*. Neither report was intended to be a factual appraisal or a serious strategic study of U.S.-China military relations, but only to further the ideological fixations of the new imperial faction in the United States. The Pentagon report, signed by Deputy Secretary Paul Wolfowitz, was unambiguous in identifying the actual target of U.S. strategic planning to be China’s dedication to development. The Chinese promotion of “principled themes” such as national economic development and peaceful co-existence, the report states, “should not obscure the ambitious nature of China’s national development program and the nature of China’s approach to the use of force, which is contingent, rather than inherently passive or defensive, as Chinese commentators often vigorously assert. In particular, Beijing probably calculates that ambiguity in international discourse helps to buy China time in developing its national power.”

As to the Congressional study, the conclusions were best summarized by the one dissenting opinion on the commission, that of William A. Reinsch, the former Undersecretary of Commerce in the Clinton Administration, who wrote that the report “fails to present a fair and objective analysis of the U.S.-China security relationship . . . , adds to the level of paranoia about China in this country, and contains recommendations that could make that paranoia a self-fulfilling prophecy.” He particularly ridiculed the report’s effort to blame the decay of the U.S. economy on China, and adds: “It is ironic that the

Report implicitly criticizes the Chinese for viewing the United States as a hegemon, at the same time it presents a view of U.S. interests in Asia that can only be described as hegemonic.”

The Congressional report is revealed as a fraud by the character of its primary Commissioners. Both Michael Ledeen and Stephen Bryen, the JINSA spokesmen who hold Clinton and George H.W. Bush “criminally irresponsible” for not preventing the economic and military development of China, served on the Commission—with universal fascist Ledeen one of the co-signers of the report. The insanity of Ledeen’s approach towards China was captured earlier in his *Wall Street Journal* op-ed of Feb. 22, 2002: “China feels betrayed and humiliated, and seeks to avenge historic wounds. China even toys with some of the more bizarre notions of the earlier fascisms, like the program to make the country self-sufficient in wheat production—the same quest for ‘autarky’ that obsessed both Hitler and Mussolini.” Ledeen and Bryen, in their capacity as “China experts” for such neo-conservative centers as the American Enterprise Institute (AEI), also called for a boycott of virtually all technology sales to China, naming computers and machine tools.

**Arthur Waldren**, AEI’s Director of Asian Studies, was also appointed to the Congressional Commission, despite his published description of China as an “outlaw” nation, which is “almost by definition a potential threat to her neighbors and to the U.S.” Another Commissioner, **Larry Wortzel**, Director of Asian Studies at the Heritage Foundation, had repeatedly called for cutting off trade relations with China and building up Taiwan’s military capacities, while expanding U.S. presence in the region.

## Surrounding China

In addition to the existing U.S. military presence in Korea, Japan, and more recently in Central Asia, the utopian plan is to further surround China, both militarily and politically. Straussian Abram Shulsky, one of the authors of the RAND studies discussed above, and part of Rumsfeld’s private intelligence operation at the Pentagon, also authored a RAND study in 2000 called “The Role of Southeast Asia in U.S. Strategy toward China.” The report called for “expanded U.S. military cooperation with the Association of Southeast Asian Nations (ASEAN),” as a necessary response to the “regional perception of a ‘rising China.’ ” These military relations with ASEAN were viewed as a “hedge” against what Shulsky conjured up as China’s “use of force to defend Chinese territorial claims and continued Chinese development of power projection capabilities.”

Shulsky spelled out the necessary measures, which, in hindsight, have in fact become the active policy of the Rumsfeld Defense Department: “Regional basing and access: . . . to secure cooperation from several ASEAN countries in establishing a more robust network of access arrangements. The Philippines and Singapore are the most promising candidates for such enhanced access. Military operations and force



The 9/11 terrorist events deflected the neo-cons' campaign against China for only a short time. Less than a year later, Congressional and Pentagon reports sounded the alarm of an emerging Chinese threat. Here: The World Trade Center, and (inset) President Bush with Defense Secretary Donald Rumsfeld at the Pentagon on Sept. 12, 2001.

structure: The U.S. Air Force should consider the merits of increasing exercises in and rotational deployments of combat aircraft to Southeast Asia. . . . U.S. arms transfers and combined exercises could promote interoperability with ASEAN forces.”

Again, the so-called “war on terrorism” following 9/11 simply facilitated the already-existing intentions of this imperial cabal. In certain circles, this is a matter of pride, as seen, for instance, in Gary Schmitt, the head of the Project for the New American Century (PNAC), and the co-author with Abram Shulsky of a chapter in the book on Leo Strauss referenced above. PNAC was established in 1997, shortly after the *Weekly Standard* in 1995—both, by a core group of dedicated Strauss acolytes, including **William Kristol**, **Robert Kagan**, and Schmitt himself, dedicated to providing outlets for Straussian “big lies” in pursuit of the American Empire.

In an article the *Weekly Standard* published on July 15, 2002, just days before the release of the China-bashing reports from the Pentagon and the Congress, Schmitt gloated that 9/11 had permitted the encirclement of China, but complained that Bush was not taking proper advantage of the opportunity. Look at Asia since 9/11, wrote Schmitt: “The U.S. now has troops and bases at China’s back door. Add to this the new military-to-military ties between the U.S. and the Philippines, and the growing cooperation between Washington and New Delhi, and Chinese strategic thinkers had to wonder whether America’s war on terrorism wasn’t just an excuse to tighten the security noose around Beijing’s neck.” Although Beijing appeared to be avoiding a serious confrontation with the United States for the moment, Schmitt wrote, “the truth is, that the U.S. can put off competition with China only so long. At the end of the day, China’s ambitions make a contest inevitable. For that reason, the U.S. should be taking advantage of China’s current preoccupation with its internal affairs to

strengthen our hand in the region.”

Wolfowitz still brags today about his earlier exploits as a member of the U.S. diplomatic corps in Asia, where he claims he played a central role in bringing down the regimes of Ferdinand Marcos in the Philippines, and General Suharto in Indonesia, faithful partners of the United States at the time, who had to be eliminated to make way for the desired instability in which the new American Empire could be established.

### **Korea as an Opening Target**

The tensions between the United States and North Korea served the neo-conservatives as a means of indirectly circumventing the Clinton engagement policy with China, and continues today as a main theater in their “surrounding China” strategy. The effort by the neo-conservative faction to provoke a confrontation over North Korea is ultimately aimed at China. The fact that the Sunshine Policy of South Korea’s Kim Dae-jung centered on the rebuilding of the rail connections between the divided nations, and thus, via China and Russia, completing the “Iron Silk Road” connection between Pusan and Rotterdam in Europe, made the Korean Peninsula a particularly critical target in the minds of the neo-conservatives.

A confrontation with North Korea developed in 1993 over the U.S. insistence on inspection rights over the North Korean nuclear energy development program, and their potential for nuclear weapons development. **Richard V. Allen**, an analyst with the Center for Strategic and International Studies (CSIS) at Georgetown University, and chairman of the Heritage Foundation’s Asian Studies Center Advisory Council, proposed a set of policies for the crisis, including: “The U.S. must be ready to lead its allies. . . . Washington must not defer leadership to any other country or to the UN . . . ; seek broad economic sanctions against North

Korea . . . , and inform the American people and its allies that economic sanctions could result in greater tensions with North Korea, and that the risk of war would be increased . . . ; dispatch additional attack aircraft and ground-support helicopters to the region; do not rely on China or Russia. . . . The U.S. should make clear to China that its cooperation is expected and then establish consequences for Chinese non-compliance . . . ; interdict North Korea missile sales and transfers of technology.”

**Richard Perle**, the “Prince of Darkness” of the utopian set, was just as bombastic in his demand for war on North Korea, as he is today regarding Iraq. Perle complained in a May 4, 1994 op-ed in the *Wall Street Journal* that the Clinton Administration was working with the United Nations to try to solve the Korea problem peacefully, rather than letting the military handle it: “That is a task for our armed forces. But this task is, unhappily, one they cannot now carry out.” In an April 10, 2003 special program by Public Broadcasting System’s “Frontline” entitled “Kim’s Nuclear Gamble,” Perle let it all hang out. We had then, and have today, he said, a “wider range of potential responses,” including a “precision strike to destroy the facility that we are most concerned about.” He treated former South Korean President Kim Dae-jung, the author of the Sunshine Policy, with nearly equal disdain as he did the leadership in the North: “I think that Kim Dae-jung’s interests, and the interests of the South Koreans, are not at all identical to ours. They have an interest in doing everything possible to avoid military conflict.” The Sunshine Policy, Perle said, was not only a failure, but was essentially a corrupt effort by the South to stage meetings with the North for political effect in the South.

Sharing Perle’s sentiment, Sen. John McCain presented a lengthy speech on North Korea on the Senate floor on May 24, 1994. The Senator raged that Clinton was relying “too little on the prospect of punishment, giving the impression of weakness in our resolve.” As with all of the proponents of waging war on Korea, McCain had China in mind: “We should make clear to China, quietly but very forcefully . . . , that a mutually advantageous engagement between our two countries will simply not be possible absent their cooperation on the sanctions [against North Korea]. China must understand that should they decline to cooperate, we will have reached an insurmountable impasse in our own relations. We should make the same representation to Russia.” We must “resolve the North Korean nuclear crisis on our own terms by whatever means necessary.” He then reviewed the options he considered viable for bombing targets in the North.

More recently, on Jan. 13, 2003, McCain was joined by Senators Jon Kyl, Jeff Sessions, and Democrat Evan Bayh (the leader of the neo-con Democratic Leadership Council—Bayh has demanded that no Democratic candidate should criticize the Iraq War), to introduce the “North Korea Democracy Act of 2003,” with the same general war cry as McCain’s 1994 diatribe.

A war against North Korea was avoided in 1994 through an intense diplomatic effort which went “outside the box.” Former President Jimmy Carter told the April 10, 2003 “Frontline” show on Korea, that he and President Clinton’s negotiator with North Korea, Robert Gallucci (probably speaking for the President), and the U.S. commander on the ground in Korea, Gen. Gary Luck, concurred that a catastrophic—and avoidable—war was about to break out. Recognizing that the failure in diplomacy was due in great part to the role of Secretary of State Madeline Albright, Carter circumvented the State Department, obtaining President Clinton’s agreement for him to undertake a “private” visit to Pyongyang, where, with help from his friends in China, Carter essentially arranged the deal which stopped the war and facilitated the subsequent progress on the Sunshine Policy.

The 1994 “Agreed Framework” with North Korea stopped the war, but it was undermined almost from the beginning. Donald Gregg, a former CIA and National Security Council official, and Ambassador to South Korea under President Bush’s father, told “Frontline” that the blame for the ultimate failure of the agreement falls largely on the 1994 right-wing takeover of the Congress under Newt Gingrich’s “Contract for America.” Gregg reported that “Gingrich began to wave the bloody shirt immediately,” demanding that the agreement be rescinded, while McCain called it “appeasement,” and accused Gallucci of treason. In addition to U.S. stalling on building the promised nuclear power plants to replace the more dangerous facilities which North Korea shut down, Gregg said that “a number of the ancillary agreements, such as getting North Korea off the terrorism list and improving relations between the United States and North Korea—they were just dropped.”

In 2002, as the new Korea crisis emerged, Ambassador Gregg followed the successful model set by Carter, visiting North Korea twice on his own, in an attempt to stop the rush for war by the neo-conservatives who had seized control over the White House. Gregg also speak out against the insane demonization of North Korean leader Kim Jong-il (which he compared to the demonization of Ho Chi Minh during the Vietnam War), and the foolish “axis of evil” diatribe.

## **Nuclear Weapons**

However, there is a significant difference today. First, Clinton was then President, while today the utopians are ensconced in the White House. Secondly, and more importantly, the same crew that gave us the new strategic doctrine of pre-emptive warfare, also gave us the Pentagon’s Nuclear Posture Review of 2002, allowing the pre-emptive use of nuclear weapons, even against non-nuclear powers. Clinton’s 1994 negotiator Robert Gallucci told “Frontline”: “The North Koreans would notice not only the ‘rogue’ references in the State of the Union; they’d notice the leak of the Nuclear Posture Review . . . , they’d read our national security strategy in September 2002 and find that we will deal, by pre-emptive action,



or what we would call ‘preventive war,’ with rogues moving towards weapons of mass destruction who might be a source of fissile material for terrorist groups. I think that at that point the jig is up. . . . The North Koreans were worried once again that this Administration would deal with them by regime change.”

As LaRouche has warned, the pre-emptive war on Iraq—even though Iraq had largely submitted itself to disarmament—together with the adoption of the Nuclear Posture Review, has transformed a situation in Korea which was immanently solvable, into a nearly impossible quandary, since there is absolutely no motivation for North Korea to expect anything but the same treatment if they go along with U.S. demands. LaRouche also warned that the chicken-hawks are itching to use their new license to deploy nuclear weapons, and North Korea is deemed their favorite target.

This is not speculation. The Nuclear Posture Review drew largely on a study prepared by the National Institute for Public Policy (NIPP) in January 2001, called “Rationale and Requirements for U.S. Nuclear Forces and Arms Control.” The participants in the study included many familiar neo-cons: Steven Cambone (Rumsfeld Commission, now Undersecretary of Defense for Intelligence); **Fred Iklé** (leading Straussian, mentor of Wolfowitz); **Stephen Hadley** (former Defense Secretary Cheney’s personal representative, now Deputy National Security Advisor); Lt. Gen. **William Odom** (aide to Zbigniew Brzezinski, now a director at the Hudson Institute); Bernard Victory (Cox Committee and Rumsfeld Commission, now with the NIPP); and James Woolsey.

The NIPP report promotes new justifications for a “robust nuclear capability,” while calling for the accelerated development of tactical nuclear weapons (so-called “mini-nukes”) for use in the “possible deterrence and wartime roles,” such as: “Deterring weapons of mass destruction use by regional powers . . . or massive conventional aggression by an emerging global competitor. . . . Providing unique targeting capabilities (deep underground/biological weapons targets).” A bill lifting the existing ban on research into these weapons was recently passed through the Senate Armed Services Committee, but is facing strong opposition.

The fact that the NIPP criteria for the use of tactical nuclear weapons all fit the neo-cons’ paranoid descriptions of North Korea, especially when the latter is linked to China as an ally, was not accidental, and has not been kept secret. In March 2003, in response to a recently declassified study from 1967, which found that the use of nuclear weapons would have been counter-productive from a military perspective in the Vietnam War, one of the participants in the NIPP study, **Willis Stanley**, spelled out the Korea scenario. Agreeing with the 1967 findings, Stanley asks: What do the findings say about “the utility of tactical nuclear weapons in 2003 in locales other than Vietnam? Alas, they found no universal truth . . . and we must look to the unique circumstances of any

present-day case in order to make similar judgments.”

This present-day case is Korea, says Stanley. North Korea, has “vast conventional force, and (at least) chemical weapons,” and “12,000 artillery tubes and 2,300 multiple rocket launchers that are capable of raining 500,000 shells per hour on U.S. and South Korean troops.” In these circumstances, Stanley writes, nuclear weapons are hardly irrelevant: “it remains possible that an American President’s only option to avoid catastrophic loss of life might be to authorize nuclear use,” either to stop a massive conventional force from the North, or for a “prompt, certain kill of a [North Korean] weapon of mass destruction-armed ballistic missile preparing for launch against Tokyo or perhaps even Anchorage,” or to “defeat certain target types that currently are only vulnerable to nuclear attack, for example, mobile strategic targets and hard underground facilities.”

With the proven record of the Cheney-Rumsfeld team’s willingness to launch war based on fraudulent intelligence readings cooked up in the Shulsky-Cambone Straussian kitchen in the Pentagon basement, such open-ended justification for nuclear warfare cannot be dismissed merely because it is mad. Stanley concludes with an appeal to “conscience”: “In the post-Cold War world, including Korea, the barrier between tactical and strategic nuclear forces has crumbled. . . . U.S. planners can not in good conscience rule out an option that may be the lesser of two very evil choices.”

## COVERUP EXPOSED!

### The Israeli Attack On the ‘USS Liberty’



“The Loss of Liberty,” a video by filmmaker Tito Howard, proves beyond any doubt that the June 8, 1967 Israeli attack against the *USS Liberty*, in which 34 American servicemen were killed and 171 wounded, was deliberate. The video includes testimony from Liberty survivors, many Congressional Medal of Honor winners, and from such high-ranking Americans as Adm. Thomas H. Moorer, Adm. Arleigh Burke, Gen. Ray Davis, and Secretary of State Dean Rusk.

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## LaRouche Invites Democratic Candidates To Debate on FDR

by Nancy Spannaus

Democratic Presidential pre-candidate Lyndon LaRouche, currently the frontrunner in the Democratic race according to leading measures of broad financial support, issued a debate challenge to his nine opponents on May 11, by offering to host a webcast devoted to the topic: "Is the precedent of FDR's response to Hoover's 1929-33 Depression, still relevant for today's crisis? Why, or why not?"

LaRouche's offer (see box) threatens to upset the game being played by the organized-crime-linked Democratic Leadership Council crowd which controls the Democratic National Committee. By demanding the exclusion of LaRouche from their debates, and simultaneously seeking to muzzle or discredit those Democrats who oppose the chicken-hawk imperial policies that have seized the Presidency, the Democratic Party "leaders" have deprived the country of any

meaningful opposition voice. But there are clear indications that many Democratic leaders, beset by the horrible realities of the economic crisis which the party is refusing to address, are moving toward revolt against the DLC/DNC clampdown, and the LaRouche debate challenge may provide just the opportunity they require to do so.

### Leadership in Action

LaRouche's challenge comes in the context of the undeniable fact that he is outstripping all the other Democratic Presidential pre-candidates in both the number of contributions from those who've given over \$200 to his campaign, and the amount of money raised by contributors giving less than \$200. One million leaflets documenting this reality have hit the United States, in addition to broad circulation of the "shocker" on the Internet. While the news that LaRouche has raised over \$3.7 million in all, putting him ahead of DLC darling Joe Lieberman and "anti-war" candidate Howard Dean, has succeeded in piercing the total press blackout on LaRouche, the DNC is still determined to prevent LaRouche from being included in any events, or even public discussion of the race.

As LaRouche has emphasized, however, the Democratic officials are only proving how foolish they are by such antics. The LaRouche campaign, led by a youth movement which is deploying a couple hundred young people around the country daily, and is growing fast, is going out to organize the public, and to change U.S. policy now, regardless of official sanction. LaRouche's attacks on the source of the chicken-hawks' imperial policy, as the Nazi political philosopher Leo Strauss, have already shaken up, and emboldened, opposition to Rumsfeld, Cheney, et al. within the Democratic and Republican parties. Increasingly, those who want an alternative to depression and war are realizing they have to turn to the potent political force on the scene, the LaRouche force.



*LaRouche Presidential campaign organizers in the Texas capital of Austin on May 12, as his youth movement grew nationwide. Democratic legislators had to flee the state to stop an unconstitutional Republican power grab, the result of years of weakening of the Democratic Party through attempts by LaRouche's enemies to ban him.*

## LaRouche's Invitation

*This statement was released by the LaRouche in 2004 Presidential campaign committee on May 11, 2003.*

To rescue the Democratic Party from the still reverberating and enervating boredom of the recent South Carolina charade, I am offering to host a web-cast event, in the Washington, D.C. area, to which all ten present Democratic Presidential pre-candidates will be invited to present and argue what they consider to be the kernel of their case.

It is of crucial strategic importance for this nation, that the Democratic Party present itself as a lively and well-focussed opposition to the mounting mass of follies of the present Bush Administration.

I propose that the thematic issue to be addressed, be

the principal real issue within the Democratic Party ranks today:

*Is the precedent of FDR's response to Hoover's 1929-33 Depression, still relevant for today's crisis? Why, or why not?*

I propose that each participant present his or her view on this, initially, within an agreed sharing of the time for opening few sentences, followed by approximately two hours of more fulsome debate on that thematic issue.

I propose that this become the first of a series of such thematic presentations, of two hours or more duration, on other leading topics which tend to unite or divide candidates.

I intend that such an event should occur as soon as feasible.

The slogan for the series might be, that a good, hearty squabble over leading national and world policy-issues is the only way in which Democratic voters were ever willfully united.—*Lyndon H. LaRouche, Jr.*

## Backhanded Recognition

One reflection of LaRouche's influence has come from the increased attention being paid to Franklin Delano Roosevelt, the Democrat whose tradition LaRouche represents, and carries forward today. *Time* magazine, for example, put FDR on its May 19 cover, headlined "How To Build a Better Democrat," advising Democrats to change what author Joe Klein called "the mingy, defensive, consultant-driven style of recent campaigns."

Equally interesting was the statement put out by the Democratic Leadership Council, after its May 14 "strategy session" in Washington, D.C. In general, the session seems to have been devoted to pumping up the rhetoric for the campaigns of DLC favorites, Joe Lieberman and Bob Graham, and attacking Howard Dean and Dick Gephardt for appealing to what they called "activist elites," on issues like health care.

But, in the course of this attack, the DLC's CEO (that's what he calls himself) Al From, and President Bruce Reed felt compelled to claim the "real tradition" of the Democratic Party represented by FDR. But FDR would hardly recognize himself! Ignoring the central thrust of FDR's Presidency in reviving government policies to promote the general welfare, against the free-enterprise pirates who had dominated the Coolidge-Hoover Administrations, From and Reed characterize FDR's platform as one for "reciprocal trade agreements," "drastic reduction of government expenditures," and building the best Army, Navy, Air Force, and merchant marine in the world. They don't want you to think about the TVA, Social Security, or public works.

There is no question but that the DLC is being forced to fight on the turf defined by LaRouche.

## Emboldening the Fighters

Most importantly, LaRouche's leadership and activity are bringing certain Democrats out of the woodwork, to begin to fight against the Bush Administration's chicken-hawk policies, and against the chicken-hawk influence in the Democratic Party as well.

As several other articles in this issue indicate, there are signs of a coherent form of fight-back by Democrats in the Congress, for the first time in two years, against the crazier aspects of the imperial policy, including Rumsfeld's attempted anti-Constitutional coup at the Pentagon. Acting as a group, these Democrats are reaching out to like-minded Republicans, and beginning to win some crucial victories.

Additionally, some Democratic leaders are continuing to come forward to demand that state parties buck the DNC, and include LaRouche in their events. At the time of the South Carolina "debate," 20 local Democratic office-holders and labor officials, joined with 14 prominent national Democratic leaders to insist that LaRouche be included. Now, on the eve of the May 17 Ohio Democratic event, to which all the candidates but LaRouche were invited, 20 top Ohio Democratic office-holders and labor officials have come forward, with the same demand. Sixteen national Democratic figures also signed the open letter to Ohio Democratic Party Chair Dennis White, including former Democratic Party Presidential candidate and Sen. Eugene McCarthy, and former U.S. Surgeon General Joycelyn Elders.

Regardless of the outcome, you can be sure LaRouche will be everywhere, in the form of his debate challenge and attack on Rumsfeld. Democratic officialdom spurns him at their own peril.

# Rumsfeld's 'Notverordnung' Still on a Fast Track

by Carl Osgood

Secretary of Defense Donald Rumsfeld's demand that the Defense Department be almost completely exempted from Congressional oversight has hit growing resistance, but that resistance has not yet provided a barrier to passage of the Defense Transformation for the 21st Century Act. The act was reported out by the House Armed Services Committee on May 14, as part of the Fiscal Year 2004 defense authorization bill, with most, but not all, of its provisions intact.

Surprisingly, the provision giving Rumsfeld *carte blanche* to hire and fire four-star military officers at will was stripped from the bill, by a vote of 30 to 28, during the first day of the markup on May 13. Rep. Ellen Tauscher (D-Calif.), the sponsor of the amendment stripping that provision, called for more Congressional hearings before making such "sweeping radical changes" to longstanding policies. The defeat of this attempt to put a political straitjacket on top ranking military officers came in the wake of Lyndon LaRouche's May 10 intervention attacking the unconstitutional character of the entire Rumsfeld-Wolfowitz assault on the Defense Department. (LaRouche's statement, which appeared in last week's *EIR*, is being circulated as a mass leaflet by his Presidential campaign committee.)

## 'Sole and Unreviewable' Authority

Tauscher's amendment, while a defeat for Rumsfeld, did not address the other major feature of the Pentagon's transformation proposal, however: the so-called National Security Personnel System Improvement Act. That bill, as passed by the House Government Reform Committee, had been fully incorporated into the defense authorization bill, before it went into markup before the full committee. It exempts the Defense Department from most of the civil service laws, and gives Secretary Rumsfeld "sole and unreviewable" authority to create a personnel system out of whole cloth, without Congressional oversight.

The problems that the Democrats see with the bill were laid out in a letter to House Speaker Dennis Hastert (R-Ill.) and Minority Leader Nancy Pelosi (D-Calif.), dated May 13, and signed by Reps. Ike Skelton (D-Mo.), Henry Waxman (D-Calif.), David Obey (D-Wisc.), and John Spratt (D-S.C.), the ranking members respectively, of the Armed Services, Government Reform, Appropriations, and Budget

Committees. The letter noted that the Pentagon proposal would drastically reduce Congressional oversight "in numerous ways," which would be likely "to increase the level of waste, fraud, and abuse of taxpayer funds at the Department." The letter further noted that the Department of Defense is the largest Federal department, with an annual budget now at \$400 billion, and, yet, still has massive management problems. These facts ordinarily mean that Congressional oversight should increase, yet the proposal "goes in exactly the opposite direction and seeks to exempt broad areas of the Defense Department's operations from Congressional oversight."

Besides the civilian and military personnel provisions, the bill also seeks to exempt the DOD from environmental statutes, and Congressional reporting requirements. The reporting requirements include studies of cost and military readiness, as well as waivers of existing statutes. The only report that would be left is the annual report of the Secretary of Defense, but Rumsfeld "has failed to submit even this report in two out of the last three years."

"The common thread linking all of these provisions," the letter states, "is an effort by the Department to substantially reduce Congressional oversight and public accountability." It then says that "it would be a dereliction of Congress' Constitutional responsibilities to adopt these provisions because they would significantly curtail Congress' ability to monitor the spending of taxpayer dollars at the Defense Department."

The letter concludes by calling on the Congress to "strongly resist" the DOD proposals and "instead, take time to carefully review each of these significant proposals," separately from the authorization bill. "It is not necessary," the letter ends, "to sacrifice Congressional oversight and public accountability to achieve military effectiveness."

## Obstacles in the Senate

While the bill is still on a fast track toward passage in the House, in the Senate the picture is much less clear. The Senate Armed Services Committee finished work on its version of the 2004 defense authorization bill on May 9 without including any of the language in the transformation proposal. The committee has not even begun work on that bill as of this writing.

During a May 14 hearing of the Senate Armed Services Committee, Sen. Daniel Inouye (D-Hi.) suggested to Rumsfeld, the witness at the hearing, that the chances of passage "would be rather bad at this moment." Rumsfeld never commented on Inouye's statement, instead arguing why the Pentagon needed the legislation. Earlier, during the April 29 House Civil Service Subcommittee hearing, D.C. Delegate Eleanor Holmes Norton (D) quoted Sen. George Voinovich (R-Ohio) saying that the bill was not even going to pass the Senate, so why was the House, she wanted to know, even taking it up?

# Why Rumsfeld's 'Transformation' Bill Is Unconstitutional

by Edward Spannaus

In Lyndon LaRouche's "Rumsfeld's *Notverordnung*" statement issued on May 10, the Democratic Presidential pre-candidate charged that Defense Secretary Donald Rumsfeld's "Defense Transformation for the 21st Century Act," violates the separation of powers provisions of the United States Constitution, and that it would be "a leak in the dike which opens the way for the kinds of dictatorial powers assumed by the Adolf Hitler regime on Feb. 28, 1933, powers from which all the principal crimes of the Hitler regime ensued."

Constitutional questions over the Rumsfeld legislation had been raised about ten days earlier, by members of Congress during May 1 hearings in the House Armed Services Committee.

Rep. Jim Cooper (D-Tenn.), for example, stated that what Rumsfeld wants is a "\$100 billion-plus blank check," to be spent entirely at the Secretary's discretion: "Because there's so much sole, exclusive, and unreviewable discretion here, I worry that we're abrogating our Constitutional responsibilities."

Rep. Gene Taylor (D-Miss.), citing the sweeping changes in acquisition procedures contained in the Defense Transformation bill, told the Undersecretary of Defense for Acquisition: "I have read the Constitution, sir, and it does not call on me to give to the Secretary of Defense my constitutionally mandated duties. And I deeply resent that you're trying to bury this somewhere in a 300-page bill and then give me one week to vote on it."

Citing the fact that Rumsfeld is demanding a rapid passage of the transformation bill, which would gut Congress's constitutional oversight responsibilities, Representative Taylor called this "appalling," and he said bluntly: "There's absolutely no reason for this committee to meet, if his bill passes."

Why this uproar? Isn't this whole business of Congressional oversight just a modern bureaucratic function? And why should Congress get so involved in writing laws and regulations for the military anyway?

Let's ask some experts—such as those who wrote the Constitution.

## Background to the Constitution

The Constitution of the United States places the responsibility for organizing, funding, and regulating the Armed Forces directly in the hands of the Legislative, not the Execu-

tive, branch. Article I, Section 8, Clauses 11-14 give to the Congress the exclusive power to declare war, to raise and support an Army and a Navy, and to make rules for governing and regulating the Armed Forces.

The decision to place the Armed Forces under the control of Congress, was not a matter of extensive debate—in contrast to other issues concerning the plan of the new government—simply because there existed general agreement on this point. The only objection raised, was that it might be too cumbersome to have the power to declare war rest in the entire Congress; Alexander Hamilton's original proposal was to vest the power in the Senate, and there was some support for this.

There was one voice heard (that of Pierce Butler, a wealthy South Carolina planter and slave-owner) proposing to vest the power to declare war, in the President. The notes of the Convention report the response of Elbridge Gerry of Massachusetts to Pierce's suggestion: "Mr. Gerry never expected to hear in a republic a motion to empower the Executive alone to make war."

Even the formal motion to vest the power in the Senate alone, offered by Charles Pickney of South Carolina, was rejected overwhelmingly.

The firm opposition of the Founding Fathers and the Framers of the Constitution to giving war powers, and the power to raise armies, to the Executive, was shaped by their knowledge of the British system, and their experience under British colonial rule, during which the British military was deployed at the whim of the King, to the detriment of the colonists, and sometimes directly against them.

Among the grievances against the King, cited in the 1776 Declaration of Independence, were:

"—He has kept among us, in times of peace, Standing Armies, without the Consent of our legislatures.

"—He has affected to render the Military independent of and superior to the Civil power."

## Not the British Model

The Articles of Confederation, drafted by Benjamin Franklin in 1775, gave the Congress "the sole and exclusive power of determining on peace and war," except under conditions where a state had been attacked. The Congress also established detailed rules of discipline and regulations for the military. The fatal weakness of the government under the

*The relevant elements of the United States Constitution are found in Article I, Section 8, Clauses 1 and 11-14:*

Section 8. The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defense and general welfare of the United States . . . ;

To declare war, grant letters of marque and reprisal, and make rules concerning captures on land and water;

To raise and support armies, but no appropriation of money to that use shall be for a longer term than two years;

To provide and maintain a navy;

To make rules for the government and regulation of the land and naval forces. . . .

Articles of Confederation was the lack of an Executive—the Congress itself exercised executive powers—which caused Washington and Hamilton, among others, to argue the need for a strong Executive.

But, nonetheless, even the most fervent proponents of a strong Executive, never considered putting the power over war and the military in the hands of the Executive, except insofar as the President would be the Commander in Chief in wartime, a function which obviously could not be exercised by Congress.

Both of the original plans submitted to the Constitutional Convention—the Virginia Plan with its strong, single Executive, and the New Jersey Plan with a weaker, plural Executive—vested the power to declare war and raise armies in the Legislature. These powers, and the designation of the President as Commander in Chief, were enumerated in the plan submitted by the Committee on Detail on Aug. 6, 1787, apparently without significant debate.

There were repeated general declarations throughout the Convention that the British system of government could not be the example for the United States. As James Wilson of Pennsylvania put it: “The British Government cannot be our model. . . . Our manners, our laws, the abolition of entails and primogeniture, the whole genius of the people, are opposed to it.”

The provision which is now Clause 14 of Article I, Section 8, giving to the Congress the power to make rules for the governing and the regulation of the Armed Forces, was inserted by the Committee on Style almost word-for-word from the Articles of Confederation, and this was also a matter over which there was no disagreement among the delegates.

The only conclusion admissible from this, is that the Framers of the Constitution were determined that the Armed Forces could not be used by the Executive for imperial pur-

poses, or against the people, but that the military must operate under the authority of, and under rules and regulations set by, Congress. Congress cannot constitutionally delegate this power to the Executive branch, in the person of the President or the Secretary of Defense—no matter what some modern judges might say.

## **The Accountability Clause**

There is yet another Constitutional question posed by the Rumsfeld “Transformation” bill, which was raised recently by the four senior Democrats on the relevant House oversight committees. Their letter details a number of the ways in which Rumsfeld’s proposal would impede Congress’s oversight responsibilities, and reduce accountability on the part of the Pentagon—including eliminating more than 100 reports to Congress now required under law, and “sunsetting” almost all those remaining—reports which are essential for Congress to fulfill its oversight responsibilities.

The Democratic letter points out that the Rumsfeld proposal also violates the provision of Article I, Section 9 of the Constitution, known as the “Accountability Clause,” which reads: “No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.”

The Congressmen state that “it would be a dereliction of Congress’ constitutional responsibilities to adopt these provisions, because they would significantly curtail Congress’ ability to monitor the spending of taxpayer dollars at the Defense Department.”

## **An Imperial Presidency**

There is a pattern here. Since Sept. 11, 2001, acting under the advice of Attorney General John Ashcroft and Defense Secretary Rumsfeld, President Bush and his Administration have violated the separation of powers regarding the Armed Forces in at least two crucial respects.

Most important of these, which is properly regarded as an impeachable offense, was the Administration’s launching of a full-scale invasion of Iraq—a country which had not attacked the United States—without a Congressional Declaration of War. As we have seen, the Constitution is unequivocal, that the power to declare war is vested in the Congress—the present cowardice of that body notwithstanding.

Preceding that, was Bush’s October 2001 Executive Order establishing military tribunals for prisoners captured by the military in Afghanistan or elsewhere; this also violated the military rules and regulations clause of Article I, which has always been taken to include the rules for military tribunals and courts martial.

With this sorry record, it remains to be seen whether the members of the House and Senate themselves can be made to show more regard for the Constitution and its separation of powers, than has the Administration to date.

# Bush Administration 'Dr. Strangeloves' Take a Hit

by Jeffrey Steinberg

In the latest sign of resistance to the mad imperial-utopian war schemes of the Bush Administration, a bipartisan group of House Armed Services Committee members has blocked the deployment of mini-nuclear weapons, thus stalling a decade-old scheme of Vice President Dick Cheney, Deputy Defense Secretary Paul Wolfowitz, and other Administration "Dr. Strangeloves," to make nuclear war "thinkable" and "doable." The Cheney-Wolfowitz drive to include nuclear weapons in the arsenal of offensive weapons, under the new preventive war doctrine, was exposed by *EIR* of March 7.

On May 14, the House Armed Services Committee voted to retain the ban on the development, testing, and deployment of so-called "mini-nukes," nuclear weapons with a yield of below five kilotons of TNT. The ban had first been voted by Congress in 1993, as part of the Fiscal Year 1994 Defense Authorization, in what became known as the Spratt-Furse Amendment.

In early March 2003, the Bush Administration submitted its FY 2004 defense budget proposal to Congress, which contained a single sentence, asking lawmakers to "rescind the prohibition on research and development of low-yield nuclear weapons."

Rep. John Spratt (D-S.C.), the co-author of the Spratt-Furse Amendment, responded to the Administration's mini-nuke revival in a March 9 interview with the London *Guardian*, telling Julian Borger, "Some in the administration and in Congress seem to think that the US can move the world in one direction while Washington moves in another—that we can continue to prevail on other countries not to develop nuclear weapons, while we develop new tactical applications for such weapons, and possibly resume nuclear testing."

## Vote in the House Armed Services Committee

The House Armed Services Committee's May 14 vote to maintain the Spratt-Furse ban came as the result of a compromise between two leading Committee members, Republican Curt Weldon (Pa.) and second ranking Democrat Spratt. Under the compromise, the defense authorization bill will include funding for research on mini-nukes at several U.S. government weapons labs, but retains the ban on development, testing, and acquisition—a major setback for Cheney, Wolfowitz and other Bush Administration nuclear warhawks,

who have been pressing for the United States to develop and field a new generation of mini-nuclear weapons, suitable for use against Third World countries.

Representative Weldon, the architect of the compromise language, told the *San Francisco Chronicle*, in a May 15 interview, "The administration is not real happy with this. The key thing for me," he admitted, "is to legitimize the basic research" on low-yield nuclear weapons." Under the Weldon-Spratt compromise, the Congress would also commission an 18-month study by a 12-member panel of experts, on the overall nuclear weapons requirements of the United States. "That's the most important thing we've done here," Weldon said, referring to the commissioning of the panel.

Spratt had a different view. In a statement issued after the bipartisan vote banning development and deployment of mini-nukes, Spratt stated, "The action in the House sends an important message: that the United States is not backsliding towards development of new battlefield nuclear weapons." He was backed by fellow Committee member Rep. Ellen Tauscher (D-Calif.), who told the *San Francisco Chronicle*, "We still have a long way to go, but we're trying to do something better under very tough conditions," a reference to Secretary of Defense Donald Rumsfeld's persistent drive to get authorization for the deployment of a new generation of low-yield nuclear weapons. "People should shudder when they hear about" the Bush Administration plans for a new nuclear weapons arsenal, Tauscher added.

## Fight Is Not Over

On May 9, the Senate Armed Services Committee, voting on party lines, passed the Administration's request to lift the ban and fund research and development of battlefield nuclear weapons. This means that the issue of the mini-nuke ban will be battled out in House-Senate conference, once the separate authorization bills pass both Houses.

The Senate Armed Services Committee vote had been preceded by intense debate, with Sen. Edward Kennedy (D-Mass.) vowing to take the fight to the floor of the Senate, and denouncing President Bush as a "nuclear bully." Sen. Jack Reed (D-R.I.) had called the Administration's push to develop a new generation of tactical nuclear weapons "a dangerous departure" from a half-century of efforts to reduce the threat of nuclear weapons proliferation. Ranking Committee Democrat Carl Levin (Mich.) warned that the mini-nuke push would undermine the entire effort at nuclear weapons non-proliferation, declaring that "We're driving recklessly down a road we're telling other people not to walk on."

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# Anti-American Roots of the ‘Leo-Cons’; What the New York Times Won’t Print

by Barbara Boyd

While newspapers throughout the world have republished Lyndon LaRouche’s exposé of the fact that the neo-conservatives presently running the White House occupied by George Bush—such as Donald Rumsfeld, Dick Cheney, Abram Shulsky, Paul Wolfowitz, Gary Schmitt, and John Ashcroft—are maniacal devotees of the late University of Chicago Prof. Leo Strauss, many of them have also sought to blunt the horrified political reaction which this revelation should create.

For example, the May 4 *Sunday New York Times* features Paul Wolfowitz dressed as a Roman gladiator, and carrying a copy of *On Tyranny*. That book is the correspondence between Leo Strauss and Alexander Kojève, the Paris-based Synarchist and Satanist, to whom Strauss regularly sent his American students. The *Times* makes a single (and unexplained) mention of Kojève—whom LaRouche has identified as “Dick Cheney’s French Connection”—in its exposé of the Straussians, and blots out any reference to Strauss’s intellectual godfather, Carl Schmitt, the Nazi Crown Jurist, whose fascist writings are receiving major play in this country, and are internationally funded, in large part, by Straussians at the Lynde and Harry Bradley Foundation (see box).

Kojève, an ideologue of universal fascism, Satanism, and purgative violence as the means to revitalize social order, was also a leading figure in the most powerful fascist circle of 20th-Century France, the Synarchists. Indeed, the Movement for Synarchist Empire, founded in the early 1930s, was part of a Europe-wide apparatus of businessmen, bankers, and government officials dedicated to a fascist unified Europe, with Adolf Hitler as their instrument (see *EIR*, May 9, 2003).

Schmitt was dubbed “Crown Jurist of the Third Reich” by the Nazis, because of his role in subverting Germany’s Weimar Republic Constitution, and providing the twisted legal theories which legitimized each step in the creation of the Nazi totalitarian state and its drive for imperial conquest. Strauss, a student of Schmitt, received a Rockefeller Foundation grant to emigrate from Germany, based on Schmitt’s efforts. Strauss’s fawning notes on Schmitt’s most famous book, *The Concept of the Political*, which reduces all political relations to that of the friend and the foe, continues to be circulated in the United States today.

Like the Straussian U.S. Attorney General John Ashcroft today, Schmitt cited the “exceptional situation” of the Reichstag fire—a terrorist act actually staged by Hermann Göring—to justify suspending German civil liberties, launching

its descent into Hell. As part of the drive to render all of Europe fascist, Schmitt met with and promoted Benito Mussolini, exchanging commentaries on Hegel with Il Duce, and played a leading role in creating the fascist mythos for Francisco Franco’s Spain, through his revival of the Catholic medievalist Juan Donoso Cortés.

After the war, Schmitt corresponded with the Synarchists and Kojève, explicitly targeting the American nation-state and its cultural paradigm of scientific and technological progress for elimination and replacement by a fascist feudal system of empires, whose subjects are governed through myths and disinformation.

This author got a taste of the Schmitt revival, U.S.-style, in a call to *Telos* magazine on May 14. *Telos*, founded as the theoretical journal of the American “New Left” in May 1968, is dedicated to being a forum for Schmitt’s views, working with such proponents of universal fascism as Thomas Fleming of the pro-Confederate *Southern Partisan*, Alain de Benoist of the French New Right, and Norberto Bobbio and the Italian separatist movement Lega Nord. When I called, I explained that I was deeply intrigued by Carl Schmitt, but I could not get past the fact that he was a Nazi. “You stupid Americans,” the *Telos* staffer answered, “you are ignorant of and never read Schmitt’s post-war writings.” My interlocutor made it clear, however, that he was not claiming that Schmitt had stopped being a fascist. “Yes, yes,” he explained, “Schmitt was a horrible criminal, and despicable morally; but, don’t you see, horrible criminals very often have the most interesting ideas.”

Intrigued by this definition of Schmitt as the Hannibal Lector of modern politics I pressed on, learning that part of this group’s fascination with Carl Schmitt stems from his violent hatred of the United States, and his post-war promotion of the Southern Confederacy as a political model.

## Carl Schmitt’s Post-War Career

Following his arrest, interrogation, and release by the Americans at Nuremberg, Schmitt retired to his home in Plettenberg. As punishment for participating in Hitler’s rise to power, and for his refusal to undergo de-Nazification, Schmitt’s library was confiscated and he was banned from teaching, on the grounds that his teachings were “seductive” to young students.

Schmitt lived on subsidies from the German industrialists



and oligarchs who had otherwise supported the imposition of Hitler. Schmitt told Kojève, for example, that he was in frequent contact with Hitler's Economics Minister Hjalmar Schacht—the agent of Montagu Norman, the Bank of England, and the Harrimans, who was the bagman for the Hitler project. Schmitt bemoaned the fact that Schacht could not be present for a speech which Schmitt arranged for Kojève at the Rhein-Ruhr Club in Düsseldorf, which was frequented by Schmitt, Schacht, and former Nazi industrialist financiers.

Between 1949 and the early 1970s, Schmitt's notoriety as a Nazi and universal fascist meant that his ideas were freely appropriated by various U.S. nihilist and existentialist philosophers without public attribution. Leo Strauss was perhaps the most significant in appropriating whole sections of Schmitt's critique of liberalism, moralism, and modernity. But Herbert Marcuse, Hannah Arendt, and others of the Frankfurt School, as well as C.J. Friedrich at Harvard, Hans J. Morgenthau, Henry Kissinger, and Samuel Huntington, also adopted whole sections of the Schmitt corpus.

Whatever the secondary differences among Schmitt's appropriators, they all believe, with Schmitt, that man is incapable of knowing truth or of knowing God; and that Nietzsche's will to power accompanied by unconditional destruction and violence, and Hobbes' war of each against all, provide the appropriate framework for assessing the human condition and changing human relations. In a universe devoid of a knowable God, truth, or actual meaning, powerful myths and disinformation, promulgated by an elite to a labile and stupefied population, allow for governance and popular contentment. Outside of academe, however, Schmitt continued to write, circulating works in these circles until his death in 1985. These works largely focused on a fascist theory of post-Cold War international relations, positing federated blocs or empires in place of sovereign nation-states. Each empire would be culturally and racially heterogeneous, and a ruling dominant power would make decisions, as to who the enemy of any given federated area was, and as ruler would protect it both from other empires and from heterogeneous terrorist groups engaged in "world civil war."

By the 1960s, Schmitt had achieved veritable cult status among the "post-modernist" schools of nihilism which emerged from the 1960s social upheavals. Kojève for example, famously departed from a seminar in Germany, sponsored by the arch-Zionist Jacob Taubes, and publicly exclaimed that he was going to Plettenberg to speak with Schmitt, the only man "worth talking to in all of Europe." In the ensuing scandal in the German Jewish community, Taubes himself finally admitted that he too had secretly journeyed to Plettenberg to discourse with the infamous Nazi.

### Rehabilitating Schmitt in the U.S.

The first steps were taken to making Schmitt's fascism acceptable to Americans in the early 1970s, when City University of New York Prof. George Schwab, a student of Hans Morgenthau, translated his works. Schwab and Morgenthau

## The Bradley Foundation

The Lynde and Harry Bradley Foundation had over \$500 million in assets as of 2003. Initially a funder of the John Birch Society and William Buckley's *National Review*, Bradley changed dramatically in 1985, when Rockwell International bought the Allen-Bradley Company for \$1.651 billion. Bradley, along with the John Olin Foundation, the Smith Richardson Foundation, and others working out of the Philanthropy Roundtable at the American Enterprise Institute, have lavishly financed the imposition of the neo-conservative agenda in the United States, via university chairs and grants, journalists such as the *Weekly Standard*, and think tanks, such as AEI and the Heritage Foundation.

The Bradley Foundation began its significant targeted funding after it recruited Michael S. Joyce as director. Joyce had previously presided over the John M. Olin Foundation. Joyce, who also chaired the Roundtable, started his career with fellow-Straussian Irving Kristol and the Institute for Educational Affairs in New York City. Among the former and present members of the Bradley board are J. Clayburn La Force, (Rockwell International), William Bennett, George Stigler, and Frank Shakespeare.

co-founded the National Committee on American Foreign Policy in 1974, as a think-tank dedicated to Morgenthau's vision of "realism" in American foreign policy based on power relationships stripped of "illusory" notions of idealism or morality in dealings among nations. In recent years, NCAFP has been funded by the Olin Foundation and the Smith Richardson Foundation, which, like the Bradley Foundation, are more notorious as funding the "Conservative Revolution." NCAFP's officers include author of the Cold War "containment" policy George Kennan and former Federal Reserve Chairman Paul Volcker. Among the executive committee, trustees, and advisors are: Kenneth Bialkin, former chairman of the Anti-Defamation League of B'nai B'rith; former U.S. Ambassadors Thomas Pickering and Jeane Kirkpatrick; and former National Security Council Soviet affairs specialist Richard Pipes.

In the late 1970s, Heinrich Meier of Germany's Siemens Foundation also began working on a reformulation of Schmitt for purposes of the emerging Conservative Revolution. Meier, a Straussian, was also a protégé of German fascist Armin Mohler (he wrote the book, *The Conservative Revolution in Germany: 1918-1932*), who studied directly at university with Schmitt. Concentrating on Schmitt's post-war diaries, his early work with Leo Strauss, and Schmitt's

resurrection of Spanish philosopher Juan Donoso Cortés to legitimize Franco, Meier recast Schmitt as the theoretician of permanent religious warfare or world civil war on behalf of the God of revealed religion, which theory we scrutinize further. Meier was provided full access to the Strauss archives by his “friend,” Strauss’s lifelong collaborator and literary executor, Joseph Cropsey at the University of Chicago. That university published the English translations of Meier’s two books on Schmitt, under grants from the Bradley Foundation, facilitated by Hillel Fradkin. Fradkin, also a Straussian, taught on the Committee on Social Thought at Chicago, and was vice president of the Bradley Foundation from 1988-98, a program officer at the Olin Foundation, and currently heads a Straussian think-tank in Israel called the Shalem Center. He recently replaced Iran-Contra’s Elliott Abrams as the head of the Ethics and Public Policy Center in Washington. Chaired by Jeane Kirkpatrick, EPPC promotes itself as seeking to “reinforce the bond between Judeo-Christian moral tradition and public debate over domestic and foreign policy issues.”

The other major authors in the Schmitt revival have been centered at *Telos*. For years a bastion of Marxism and the Frankfurt School, in 1987 *Telos* declared the left and the Democratic Party politically bankrupt and undertook “a re-evaluation of 20th-Century intellectual history, focusing primarily on repressed authors and ideas beginning with Carl Schmitt and American populism.” Since then, *Telos* has devoted whole issues to Schmitt’s writings and discussions of his thought, and similar manifestations of Synarchism, while also providing theoretical backing for the populist anti-globalization and environmentalist movements in the United States.

Paul Piccone and Gary Ulmen, the two main proponents of Schmitt at *Telos*, advocate the dissolution of nation-states in favor of autonomous regional governing units. They and others at *Telos* have been particularly fascinated by Schmitt’s positing of a post-war order composed of Empires or *Grossraume*, replacing the modern nation-state, which represents, to Schmitt, the root of all evil. In Schmitt’s theory, culturally homogeneous states, each controlled by a larger state, will replace ungovernable nation-states. They have also resurrected Schmitt’s violent attacks on Alexander Hamilton and the American Constitution, and Schmitt’s praise for John Calhoun and the Confederacy on behalf of their Schmittian theory of populism.

Ulmen’s book about *Grossraume* is being funded by the Bradley Foundation. Until recently, *Telos* Press also published the papers of George Schwab’s American Committee on Foreign Policy.

Heinrich Meier draws on diverse aspects of Schmitt’s post-war writings to paint the Nazi jurist as a Catholic mystic whose critique of modern liberalism is fundamentally based in revealed religion—a view of Schmitt which provokes passionate resonance with U.S. Christian fundamentalists, and legitimizes religious warfare in the service of a return to the

oligarchical social structures of the Middle Ages.

What counts in maintaining any political entity, according to Schmitt, are drive, faith, hope, and courage, creating a mythology which will awaken and develop these forces with the greatest intensity in its subjects. Schmitt cites Mussolini’s October 1922 speech, in which Il Duce pronounced, “We have created a myth; the myth is a faith, a noble enthusiasm; it need not be reality, it is a drive, a hope, faith, and courage. Our myth is the nation, the nation we want to make a concrete reality.”

### **‘You Are Either With Me or Against Me’**

Meier argues that by the end of his life, Schmitt had settled on revealed religion as the most powerful method of social control, and, by then, had singled out “Prometheus,” the titan who celebrated human reason, as his most bitter opponent. According to Schmitt, the hubris of man’s belief that truth is knowable, that God and the principles of the universe are discoverable through advances in human knowledge, has resulted in a godless age of chaos, moral neutrality, relativism, and bureaucratic sterility, in which life has been deprived of all meaning, politics impermissibly severed from nobility, honor, and religion.

Without original sin, stipulates Schmitt, there is no social order. Man is not naturally good but evil, dependent on God for salvation; man fell from grace by imbibing knowledge. If man is good, and not “evil and dangerous,” Schmitt argues, God loses his capacity to command absolute obedience, he loses his sovereignty. Put another way, but by Leo Strauss, “According to the Bible, the beginning of wisdom is the fear of the Lord; according to the Greek philosophers, the beginning of wisdom is wonder.” Mankind must take a stand, between these incompatible views, “Athens or Jerusalem.”

What is terrible about the Anti-Christ, Schmitt writes, is his devotion to science—“the sinister magician recreates the world, changes the face of the earth and subdues nature”—“and the promise of the “reality of peace and security—that men no longer need to distinguish between friend and enemy and therefore no longer between Christ and Anti-Christ. . . . Whoever wants to obey the commandment of historical action must not allow himself to part with or be talked out of his enemies, whom Providence uses and through whom it raises its questions.”

Revelation is the “only permissible path to God” because “only the incomprehensible God is omnipotent.” God obliges to do something not “because it is good but because he commands it.” Providence uses historical enmities and friendships to bring about order through what God allows or doesn’t allow. The role of man is not to understand God’s commands but to obey them unconditionally. In Schmitt’s view, the Crusades and the conquests represent the most significant political battles ever undertaken in history because they represent the triumph of the believers over the “enemy,” the heathen and the Jews.

## What Happened to The Baby Boomers?

*This is the third and final part of a series of interviews with Senator McCarthy, conducted by Nina Ogden in March through May 2003. The previous installments appeared in EIR, April 4 and May 2.*

*Here, Senator McCarthy discusses how the assassinations of Dr. Martin Luther King, the Kennedy brothers, and other tragic events of the 1960s led to the destruction of the power of reason and optimism, and destroyed the promise of the Baby Boomer generation.*

**EIR:** We heard the interview WTOP radio [in Washington, D.C.] did with you yesterday, and what you said was very interesting, given the open fight breaking out against the chicken-hawks' "permanent war" coup.

**McCarthy:** I said that the warhawks in this country have been the terrorist threat to the world since they dropped nuclear bombs on Japan, and they have been continuing their terrorism, with their threats of using clean or dirty, large or small nuclear weapons. I said our 9/11 against other nations, is our threats of pre-emptive nuclear war.

**EIR:** With Newt Gingrich's ranting against the State Department and Richard Armitage saying that Gingrich is off his medication, the fight is breaking out into the open.

**McCarthy:** Imagine the AEI giving Gingrich a platform!

**EIR:** Gingrich's outbursts are like those of the infamous other Senator McCarthy—Joe McCarthy. I believe you were the first to debate him.

**McCarthy:** In 1952, when he was a particularly strong force in Washington, by virtue of his activities as chairman of the Permanent Subcommittee on Investigations of the Government Operations Committee and of his special campaign against Communists—real or imagined—in the Federal government, he was considered to be a politically dangerous opponent. I thought it necessary that someone challenge his position and power. That is why I said "yes," when Theodore Granik, then the moderator and producer of the television program "American Forum of the Air," invited me to debate Senator McCarthy on his program.

**EIR:** I suppose this was when you were still in the House of Representatives.

**McCarthy:** Other Congressmen had turned Granik down. I

was sure that one confrontation would not stop him, but could start the process of challenging him. Harry MacArthur, the television critic for the *Washington Evening Star*, wrote after the debate, "The fallacy of Senator McCarthy's invincibility in debate was exploded on Ted Granik's 'American Forum of the Air.' The technique for dealing with him in TV discussion—or maybe any other discussion for that matter—was demonstrated by another and different McCarthy, Representative Gene of Minnesota."

**EIR:** In discussing the Baby Boomers, Lyn [Lyndon LaRouche] has often said that their parents' cowardice in dealing with Joe McCarthy's witch-hunt contributed to their children's problems.

**McCarthy:** Their silence in the face of the witch-hunt allowed the institutions of government to be victims of the Cold War. The most obvious manifestation of this was the intimidation, by Joe McCarthy and his two or three active supporters, in the Senate. Both the Senate and the State Department retreated in the face of their challenge.

At the same time, the influence of the military over foreign policy increased. American military missions were set up in many countries and were used increasingly as instruments of foreign policy; and as that grew, diplomatic and even strategic considerations received less and less attention. The disposition to consider military action as the solution to nearly every problem became dominant.

**EIR:** Gingrich is singing the same tune. Just substitute the words "9/11" or "terrorist" for the old Cold War lyrics.

I want you to know about the press release we're getting out, which says that according to the FEC's own figures, not only is Lyn number four in total dollars raised among Presidential candidates; he is the first among all the candidates in the number of individual contributions.

**McCarthy:** Good for him! Now, what about the networks? What about the press? After 1968 they decided to black me out. In 1992, although I qualified by number of petition signatures, the *New York Times* wouldn't cover me. I talked to them and said, I don't get it. Who are you getting your marching orders from? What's your rationale? But they wouldn't say. In 1976 I sued to get included in the debates. I said that the fairness doctrine of equal time wasn't being honored on the Presidential level. They derived a new way to keep me out of the debates. They got the League of Women Voters to sponsor the debates, so they could say they only wanted the two candidates. Bob Strauss set it up to eliminate me from the political debate. I said to him, "Bob, you are the only one who could have done this. You've set the Democratic Party up for destruction and destroyed the political virginity of the League of Women Voters at the same time."

**EIR:** It's interesting that many of the people we've discussed, who would certainly be called hawks—Bush "41,"



*“When the cause of the young was beaten to the ground in Chicago [at the 1968 Democratic Convention]—when they were beaten bloody at their own convention—they were being eliminated as the leavening force in society. Their discouragement and failure caused anxiety, mistrust, and fear.”*

Eagleburger, Sam Nunn, and also Bob Strauss—have recently come out against the neo-con chicken-hawks’ policies.

**McCarthy:** It is interesting. Maybe they decided it would not be a great advantage to have a bomb named after them. I call the atom bomb Truman dropped on Japan “The Harry.” Or maybe they’re atoning for their past sins.

**EIR:** You know, Lyn did a webcast on Thursday [April 24] for two hours with college newspaper editors from around the country.

**McCarthy:** Good—this is a good way to get outside the control of the media monopolies. It’s a new way to reach the students.

**EIR:** One of the things he talked about with the students is a matter you and he have discussed quite a bit—what the successive shocks of the Cuban Missile Crisis, the JFK assassination, Dr. King’s assassination and so forth did to demoralize the Baby Boomers—their parents’ generation.

We’ve talked about the violence against the students in Chicago at the 1968 Democratic Convention and against the “McCarthy kids” immediately after that convention.

**McCarthy:** They were beaten bloody to the ground. Of course this was a generation whose moral courage had been tested, in the South and on their campuses, by racial discrimination and the war in Vietnam. They faced clubs, police dogs, tear gas, mace, and bullets. But they were still organizing. They were still optimistic.

We underestimate the effect on the spirit of young Americans when their government is fighting a war not for liberty,

but against the poor, the backward, and the helpless. In a society, the youth are the leavening force. When the cause of the young was beaten to the ground in Chicago—when they were beaten bloody at their own convention—they were being eliminated as the leavening force. Their discouragement and failure caused anxiety, mistrust and fear.

**EIR:** You and Lyn have discussed the problems of the “Me Generation.” In Europe they are known as ‘68ers. In France I think they’re called the “Bobos.”

**McCarthy:** The scriptural promise of the good life is one in which the old men see visions and the young men dream dreams. But the young now do not dream dreams but live nightmares of moral anxiety, and great apprehension. That is what those few years of tumult brought about. I said, at a meeting of Concerned Democrats in Chi-

cago in December of 1967, a couple of days after I decided to enter the Democratic primary elections, that John Kennedy set the spirit of America free, and that honest optimism was released. I contrasted the new programs of promise and dedication, like the Peace Corps and the Alliance for Progress, and the promise of equal rights for all Americans that were our spirit as we entered 1963, before the President was assassinated. But what was the spirit of 1967? What was the mood of America and of the world toward America? It was a joyless spirit—a mood of frustration, of anxiety, of uncertainty.

**EIR:** In our first interview you spoke of the sense of political helplessness which you aimed to change, to restore a belief in the processes of the American system. You said that you wanted to counter the frustration and cynicism you found on the college campuses.

**McCarthy:** After the ‘68 primaries, top people in the Democratic Party said, “We can’t let McCarthy have any influence in the party.” Look at what they got instead.

**EIR:** The end to the Bretton Woods system through the Nixon, or should we say the Kissinger Administration, Watergate—

**McCarthy:** Alienation, frustration, cynicism. The Party in the coming years took some things from the cause of the young: voting rights for Black people, a moral stance against the war, the right to vote for those between 18 and 21 years of age, certain other political and party reforms. But the youth lost what I experienced in the campaign in New Hamp-

shire in the early months of 1968, where they came like the early Spring, with a sense of purpose and with a promise of change.

**EIR:** At a California youth cadre school we had over the weekend, one young man asked why Lyn objects to what he called issue-based politics, and whether people just weren't taking the right approach to the right issues. Lyn answered that that approach reminded him of dividing people into a zoo, where each animal has its own cage—its own single issue. Sometimes the animals have related issues. So you no longer have a national policy, what you have is people squabbling over single-issue scraps.

**McCarthy:** We have to deal with problems that are the concern of every citizen. In my campaign I spoke about the injustices in our country—against Blacks and against others—not to get their votes on their issues, but to get all of the people to respond, not to distract people from the common problems of us all. Some of the Black Nationalist militants in Washington, D.C. accused me of not talking about the problems on their streets when I addressed their meetings. I told them that they know what the problems are on their streets, I don't have to make speeches to them about that—I have to talk about the problems facing our Black citizens when I'm speaking in New Hampshire or Wisconsin, so that we all are involved in solving the most serious problems in the country.

Some of my campaign staff didn't agree with my approach on this. This was one of the reasons, I think, that our first press officer, Sy Hersh—who is doing good work now exposing the current administration in the *New Yorker*—left the campaign.

**EIR:** I know that this "single-issueism" is something you've always objected to. We've discussed it a number of times in terms of your objections to some of Bobby Kennedy's advisors, who set up many separate interest groups.

**McCarthy:** This is a difficult situation to talk about, because of the assassination of Bobby Kennedy on the night of his California primary victory. And that, of course, brings to mind the tragic assassination of Dr. Martin Luther King just two months before, on April 4.

Bobby had too many advisors. And he listened to them too much. Some of Bobby's advisors were more interested in having power, or being in the presence of power, than they were in the policy; or in some cases, in Robert Kennedy himself. He was badly advised by those who urged him not to enter the primaries before I decided to enter. He was badly advised by those who persuaded him to become a candidate under the conditions in which he then entered the primaries, in March 1968. I never believed that victory in all primaries would assure my nomination. When Bobby first announced that he would not enter the primaries, I felt that if he maintained the standby position which he then held, he would come into the convention with great strength

and would probably be nominated.

Before announcing my own political intentions, I tried to determine Bobby's plans. I was assured in private conversations I had with him, and by his own public statements, that he would not run. I still believed in late 1967 that he could make the strongest challenge, but I believed that if he were to come into the campaign later, after I had committed myself, the whole effort to change policies would be weakened by conflict and division. Friends of the Kennedys, such as Richard Goodwin and Arthur Schlesinger, Jr., volunteered to work in my campaign or endorse my candidacy, because they were sure that Bobby had decided not to run in the primaries of 1968.

**EIR:** It seems that Bobby was torn between the advisors who said he should run and those who said he should wait until the next election. The so-called experts did not expect thousands of students campaigning for you in New Hampshire, and the so-called experts did not expect you to come within 230 votes of winning the first primary against a sitting President. Theodore White said, in discussing your campaign, "The embattled President led the mystic Senator by only 230 votes in what was supposedly one of the most patriotic and warlike states of the union."

**McCarthy:** When I returned to Washington the day after the New Hampshire election, I met with Bobby, at his request. He had told reporters earlier that day that he was reassessing his position as to whether he would run. He said, "I think the election in New Hampshire has indicated a good deal of concern in the Democratic Party about the direction the country is going in." A few days later, when I was campaigning in Wisconsin, he announced that he would enter a number of primaries. It was towards the end of the Wisconsin primary that President Johnson announced, on March 31, that he would not run for re-election.

I received 56.2% in Wisconsin. I began to feel like a relay runner, who after each lap had to face a different runner: starting in New Hampshire and Wisconsin when I ran against President Johnson; and then in Indiana where I would run against Senator Kennedy; after which, I was sure Vice President Humphrey would certainly get on the track.

There were a number of disagreements I had with Bobby's advisors. They put together 26 different committees for Bobby—Polish, Italian, Blacks, even Irish, and whatnot. I used to say in campaign meetings, "I saw where one potential candidate had 26 separate campaign committees of various kinds of Americans. I knew that Howard Johnson had 28 varieties of ice cream, but did not know that there were 26 varieties of Americans who could be combined for political purposes. I do not really have but one variety: a constituency that is a constituency of conscience. And, I think, a constituency of hope and trust in the future."

I think our student movement reflected that hope and trust. They had their own logistics, staff, and campaign. They in-

spired other students, of course, who joined them, but they also inspired the adults they canvassed, who saw them acting in such a way that these older voters once again had faith in the next generation.

**EIR:** One of your student coordinators told a reporter who came to your headquarters in New Hampshire, in 1968, “Study in the universities is irrelevant. The war is on our minds. The rhetoric of the government is outmoded. We aren’t the see-you-in-Chicago crowd. That crowd isn’t with us, they want to tear it all down.”

**McCarthy:** I tried to contact most of the student leaders throughout the country, asking them *not* to send students to the Democratic Convention in Chicago. We could have had 100,000 people at the demonstrations, but we knew there would be trouble there, so we wanted to limit it. There were 10,000 instead of 100,000.

**EIR:** How did you know in advance that there would be trouble?

**McCarthy:** Well, the police were already putting up barbed wire. And the police had proven how brutal they were in the riots after Dr. King’s assassination.

**EIR:** We forget about the violence on the campuses and in the cities, at that time. This was a great matter of concern for Dr. King, who saw operations against non-violent demonstrations, by Stokely Carmichael and others. George Wallace was running an independent campaign, pumping up the racist vote, talking about “crime in the streets” and “law and order.” And this was exploited by Nixon in his Southern Strategy. Of course, we found out later about the FBI Cointelpro operations that instigated the chaos on the streets and on the campuses. And in local and national elections, the candidates were running after the law-and-order issue.

**McCarthy:** Well, unfortunately it became a campaign siren song. Bobby talked about being the “nation’s chief law-enforcement officer.” Hubert [Humphrey] made it one of his three “great issues” in his acceptance speech. “We need a nation of law and order,” he said. They fell right into it; and of course it defined the issues in the arena of the Republicans; and Nixon won.

**EIR:** And for those who did come to Chicago, your worst expectations were realized.

**McCarthy:** I first saw it from the windows of the hotel, 23 stories up. It was like the Battle of Cannae. The demonstrators were trapped by Hannibal’s double-envelope movement. They were trapped between the police and the National Guard. It was like a ballet in Purgatory.

**EIR:** Four years before that convention, you nominated Hubert Humphrey for Vice President at the 1964 Democratic Convention in Atlantic City. That was the convention where

the Mississippi Freedom Democratic Party challenged the all-white Mississippi delegation. It could have been the end of the power of the Dixiecrats, had not some Democrats gone along with the Southern Strategy.

**McCarthy:** In advance of that convention, thinking that we might have a confrontation with conservative strength, I wrote a book entitled *The Liberal Answer to the Conservative Challenge*. But when the Republicans nominated Sen. Barry Goldwater, his positions were so extreme, they offered little challenge.

**EIR:** When you nominated Humphrey for Vice President at that 1964 Democratic Convention, you spoke of Goldwater, as the nominee of the Republican Party, as one who “chose to stay in a world of his own: a world in which the calendar has no years, in which the clock has no hands, and which glasses have no lenses. In that strange world in which he lives, the pale horse of death and destruction and the white horse of conquest and of victory are indistinguishable.”

**McCarthy:** It sounds like current events again, doesn’t it?

**EIR:** It sounds like the Straussians in the Vice President’s office.

At the end of your 1964 speech nominating Humphrey, you called upon the Democratic delegates to “affirm America.” You said, “This is a time for all of us to enter the fabric of our own time and to accept the challenge of the history of the 20th Century, to declare and manifest our belief that the power of reason can give some direction to the movement of history itself.”

**McCarthy:** The policy of which the Vietnam War was a part, eroded that power of reason. Four years later, Hubert was nominated as the candidate for President in what his own people called “a sea of blood.” My brother Austin, who is a physician, and another doctor had to set up emergency stations to treat the students who were wounded by the police in Grant Park and in the streets.

What happened to Hubert when he was Vice President was pathetic. We didn’t know that Lyndon [Johnson] was making him beg and squeal. He was begging him not to dump him from the ticket. He grovelled and said he would say anything in support of the war to stay, on the ticket. When the LBJ tapes came out a couple of years ago, we found out the whole sad story.

When we stayed in the guest room at the Johnson ranch, not long after Lyndon was sworn in as President, my wife said, “You won’t believe this—all the pins in the pin cushions are arranged to read LBJ.”

Lyndon and Hubert were caught in a classic tragedy, but of course, the tragedy was that they did not know it.

**EIR:** Your name was placed in nomination [in 1968] by Gov. Harold Hughes of Iowa and seconded by the civil rights worker who became the young Representative from Georgia,



*“I spoke about the injustices in our country—against Blacks and against others—not to get their votes, on their issues, but to get all of the people to respond. . . . I have to talk about the problems facing our Black citizens when I’m speaking in New Hampshire or Wisconsin, so that we all are involved in solving the most serious problems in the country.”*

Julian Bond. John Kenneth Galbraith also made a speech on your nomination. Galbraith said, “The American people have responded to Gene McCarthy’s counsel. My generation favors him. So, overwhelmingly, does the next generation, those who will be in your seats, our seats, four and eight years from now.

“For you, we, no more than other men, have been endowed with immortality either.

“I beg you to heed this simple fact. Democrats do not reject the will of the majority of the people. Politicians do not reject the will of the majority. Old men do not reject the young—not, at least, if they are wise. Above all let us try to be young. And let us, accordingly, nominate and elect Gene McCarthy.”

**McCarthy:** But after the convention was over, the young were rejected and beaten bloody. When the convention was completely over, the police, at five o’clock in the morning, raided the 15th floor of the Hilton Hotel—the floor where our young people were staying. The police and National Guard

burst into the 15th-floor lobby and began clubbing the young people. As soon as I was informed that there was more trouble in the main lobby, I went there and saw our young people bloodied from the beatings they received. I asked for the officer in charge. There was no answer. I began to direct the young people to leave the lobby. With the help of the Secret Service men who had been assigned to me, after the assassination of Senator Kennedy, I began to get the young people back to their rooms. Their rooms had been locked by hotel security. It took us almost an hour to get them to open the doors. In the 15th-floor lobby, I saw bloody carpets, a bloodstained bridge table, where some of the young people had simply been playing bridge before the police burst in. I saw my young supporters sitting on sofas and on the floor, shaking their heads in disbelief. We never turned up any reason for this massive police raid at five o’clock in the morning. This was an action without precedent in the history of American politics. Even attempts to put calls in to me were blocked by the hotel switchboard.

Most of the young people on the 15th floor had campaigned with me in one or more states across the country, and had been tested and proven. We had never had even one incident in any city, in any motel or hotel, from New Hampshire through California.

I had planned to leave Chicago about ten o’clock that morning, but we received warnings that the police planned more raids and also arrests on my young campaign workers, after my senior staff members and I were gone. I delayed my departure until all of our young people were out of Chicago or at least out of reach of the police. As our plane flew out of the airport, at about six p.m., our pilot said, “We are leaving Prague.”

**EIR:** Talking about this has been like presiding over an autopsy.

We’ve intervened for the past 35 years into what happened to the Baby Boomer generation.

**McCarthy:** As I said, top people in the Democratic Party told me later that they wanted to get rid of the McCarthy influence in the party. What they tried to stop, was what John Adams called a spirit of “public happiness.”

**EIR:** The young people of the LaRouche Youth Movement quote Ben Franklin, “Do you love truth for truth’s sake and all mankind.” They are inspiring their own generation—the “No-Future” generation—and giving their parents’ generation, who had been destroyed by the events we have been discussing, new hope.

**McCarthy:** Well, they have Schiller.

The ancient Celtic poet, St. Cadoc the Wise, said that no man can love his country unless he loves justice, and no one can love justice unless he also has a love of learning, and no one can love learning unless he has a love of poetry and song.

## **GOP Rams Tax Cut Bill Through House**

House Republicans gave no quarter to Democrats on May 9 on their tax cut bill, which they brought out to the floor under a rule—approved 220-203—that permitted no Democratic amendments. Angry Democrats denounced the rule, and the bill, as an affront to democracy. Rep. Charles Rangel (D-N.Y.) called the day “a day of infamy,” and demanded to know, “If they have a bill that they are so proud of, why is it that they believe that the Democrats should not be able to at least reveal what we want to do?” Rep. Martin Frost (D-Tex.) connected President Bush’s tax cut policy to the “Pioneers,” the group of fundraisers who had raised \$100,000 or more each for his 2000 Presidential campaign. “If Republicans were shooting straight with the American people,” he said, “they would call it the Pioneers’ Tax Relief Act, Part Two”—Part One having been the tax cut bill of 2001.

The bill, which passed by a vote of 222-203, goes for \$550 billion in tax cuts over the next ten years. The plan includes provisions increasing the child tax credit to \$1,000 through 2005, eliminating the so-called marriage penalty, accelerating reductions in income tax rates, and increasing the amounts that small businesses can write off for investments up to \$100,000. The bill also decreases capital gains tax rates to 5% and 15%, from 10% and 20%, respectively. It treats stock dividends the same as capital gains, and taxes them at the same rate. House Ways and Means Committee Chairman Bill Thomas (R-Calif.) claimed that the bill would create 900,000 jobs in next five years.

Being able to do little else, Democrats spent most of their efforts ridiculing the GOP claims about the bill. Minority Whip Steny Hoyer (D-Md.)

noted that while the Republicans have been arguing for years that tax cuts create jobs, 2.7 million jobs have been lost since the 2001 tax cut was passed into law. Rep. Lloyd Doggett (D-Tex.) charged that when it comes to helping the unemployed, the Bush Administration “doesn’t have a clue.” He added, “With the largest deficit in American history adding to a national debt spiraling to almost unimaginable heights, extremists borrow more from us all in order to give tax breaks to a few. . . .”

## **Frist Proposes Change In Filibuster Rule**

Senate Majority Leader Bill Frist (R-Tenn.) took to the floor of the Senate on May 9, to propose changes in the Senate rules, to make it more difficult for the minority to filibuster judicial nominees. The change would reduce the number of votes required to invoke cloture, on each successive cloture vote. The first vote would require 60 votes, but then decrease by three on each successive vote until cloture could be invoked with a simple majority of 51 votes. It also would not allow the filing of a cloture motion until a nominee was on the floor for at least 12 hours, and a new cloture motion could not be filed until the previous one had been disposed of.

Frist told the Senate that his motion was made necessary by Democratic intransigence on judicial nominations. “We confront multiple filibusters of highly qualified and intellectually superior judicial nominees,” he said, “filibusters that are unfair.” He charged that “by denying the right of an up-or-down vote on a nominee and choosing rather to filibuster, they [the Democrats] deny the Senate

and each Senator the right to vote at all.”

The Democratic response was quite mild. Minority Whip Harry Reid (Nev.) said he had no problem with Frist seeking a change in the rules, as long as it was done by long established procedure. Minority Leader Tom Daschle (S.D.) echoed Reid, but questioned the need for such a rule change, noting that the Senate has confirmed 124 judicial nominations since May 2001, when control of the Senate shifted to the Democrats, and only two nominations are being blocked. “Any time you can confirm 124 judicial nominees in two-plus years, I don’t see much broken,” he said. The chances that Frist’s proposed rule change will pass are pretty slim, since the Senate rules require 67 votes to overcome a filibuster of a proposed rule change.

## **Will Electricity Dereg Sink Energy Bill?**

On May 6, the Senate began debate on an energy policy bill that may yet prove to be as contentious as last year’s, which died in conference committee at the end of the 107th Congress. The bill, as presented by Energy and Natural Resources Committee Chairman Pete Domenici (R-N.M.), covers everything from oil, gas, and coal production, to nuclear power, to so-called renewable resources, to research and development. Domenici admitted that the most difficult title in the bill will be the one covering electricity. Among other things, it repeals the Public Utility Holding Company Act (PUHCA)—a bold step to take, especially as long as the Enron-induced 2000-01 electricity crisis in California remains a vivid memory.

That crisis, however, means different things to different Senators. Imme-



diately following Domenici's remarks, Jeff Bingaman (D-N.M.), the ranking Democrat on the Energy and Natural Resources Committee, suggested that the reliance on the spot market in California exposed flaws in the market as a whole that were exacerbated "by the unscrupulous behavior of a number of energy marketers and the inadequate responses by regulators." Larry Craig (R-Id.) argued that the California situation was solely the result of market forces. "To suggest it was a manufactured energy crisis," he said, "is absolute nonsense."

Two days later, Diane Feinstein (D-Calif.) presented evidence from the investigations of the Federal Energy Regulatory Commission that, indeed, the energy marketers had criminally gamed the market. "Yet this energy bill," she said, "doesn't prevent the type of gaming that went on during the energy crisis," but instead, only bans one type of specific manipulation. Rather than fully re-regulating the market and stripping the proposed PUHCA repeal out of the bill, however, Feinstein offered only to support an amendment "to ensure the consumer protections granted by PUHCA are not repealed."

## **Clay Decries Government Secrecy**

Rep. W. Lacey Clay (D-Mo.) put top officials of the FBI, the Transportation Security Administration (TSA), and the Defense Advanced Research Projects Agency (DARPA) on the defensive on May 6, with regard to government secrecy since the Sept. 11, 2001 terror attacks. Speaking at a hearing of the Technology, Information Policy, and Intergovernmental Relations Subcommittee of the House Government Reform Committee, Clay questioned

whether the heavy hand of security, at the expense of liberty, has actually made the United States more secure. "We must learn from the past and not allow our fears to destroy the very liberties for which we fight," he said. "The descriptions of the programs we are considering, today, with secret files and warrantless searches of our electronic lives, puncture that thin wall between liberty and security. At the same time, these programs have not proved that they have a benefit strong enough to justify that breach."

Clay went on to criticize all three agencies for failures to ensure that the information they have will be used appropriately. He charged that the FBI has issued a rule change that exempts information that it holds, including that made available to local law enforcement agencies via the National Crime Information Center, from the requirement that it be accurate. He accused the TSA of not being willing to share with Congress how its data base system works, and the DARPA of developing a profiling system, in the form of the Total Information Awareness project, and said that it doesn't want the American public to see or to correct the information that will be used to profile them.

## **Jobs Bill Includes Faith-Based Provision**

On May 8, the House GOP leadership, once again, excluded Democrats from debate on major pieces of legislation. At issue was a bill, which passed by a vote of 220-204, to re-authorize and reorganize the programs created under the 1998 Workforce Investment Act (WIA). The bill came in the context of two years of rising unemployment, especially in the manufacturing sector,

and under a rule which limited the Democrats to a motion to recommit and no amendments.

As described by House Education and the Workforce Committee Chairman John Boehner (R-Ohio), the bill would "streamline" the bureaucracy created by WIA "and give workers better access to WIA benefits," in the name of giving state and local governments "greater flexibility" in managing the program. The bill also includes a provision allowing faith-based institutions to participate in Federal jobs programs, regardless of their hiring practices.

Democrats blasted the bill for failing to address the unemployment problem. George Miller (D-Calif.) told the House that, in spite of the fact that the Labor Department's own statistics show three job seekers for every job available, the bill "begins to unravel what has been a carefully constructed job training program." He added that the White House's lack of concern for the unemployed is shown by the fact that the Fiscal 2004 budget request proposes to reduce funding for job training programs by \$200 million, on top of a \$650 million decrease in 2003.

Neither did the faith-based provision escape the scrutiny of the Democrats. James McGovern (Mass.) charged that the bill "attacks the Constitution by repealing civil rights protections that are written in the current law." He noted that protection against religious discrimination in employment, in programs that receive Federal funding, was written into law 21 years ago, but the WIA bill "shreds these protections by allowing religious organizations to receive Federal funding . . . for job training activities . . . and then to discriminate in hiring based on religion." He called this "unconstitutional, unacceptable, and offensive."

### *Who Is Running Al-Qaeda?*

It is *EIR*'s assessment, at this time, that the hideously destructive terrorist attacks which occurred over May 11-14, against both Chechnya and Saudi Arabia, were probably carried out—as Russian President Vladimir Putin has charged—by al-Qaeda. But the important question remains: Who is running al-Qaeda?

The widespread view in the Arab world is that this terrorist network is comprised of misguided adherents of Islam, who are simply choosing a counter-productive method to express their rage against the overwhelming injustices being carried out by the United States, in particular, or by Russia. That opinion would appear to be buttressed by the fact that an explosion of terrorism against the United States, had been widely anticipated, in the wake of the hated Iraq war.

But it would be a terrible mistake to chalk these actions up to simply another “sociological phenomenon.”

Start by taking a look at the pattern of terrorist incidents, for example. Look at the way in which the Israeli-Palestinian situation, for one, has developed. At virtually every point that promising prospects for peace were on the agenda, with the extremists on both sides being put under control, a new terrorist incident would break out. How convenient for those who never wanted to proceed with the peace process to begin with!

In the Israeli-Palestinian case, *EIR* has undertaken considerable study of this “coincidence.” Lo and behold, it became apparent that Israeli Prime Minister Ariel Sharon, whose entire career has been devoted to preventing a peaceful solution to the conflict, actually set up one of the most radical “Palestinian” terrorist groups, Hamas, in the 1980s. And whenever it was convenient for Sharon, the Hamas terrorists would emerge to do their dirty work. This pattern continues to this very day.

A similar point of analysis has to be taken in the case of the biggest “terrorist” incident of the recent era, the Sept. 11, 2001 assaults on the United States. No one actually knows who carried out these assaults, al-

though it can be said with surety that a network of Arabs headquartered abroad, could not have had the capability to carry out this sophisticated operation, without decisive help from forces inside the United States.

But there is no question but that Sept. 11 was “convenient,” one might even say indispensable, for those in the Anglo-American financial establishment who were determined to instigate a war against Islam, a “Clash of Civilizations” war which would pave the way for a New American-Roman Empire, and prevent the consolidation of a new just international order based on collaboration between sovereign nation-states.

So, one crucial question to ask about the recent bombings in Saudi Arabia and Chechnya, is: For whom is this bloody carnage “convenient?”

You don't have to go far to find an answer. The “Clash of Civilizations” crowd in Washington is continuous with the grouping which produced the “Clean Break” document for Israeli Prime Minister Benjamin Netanyahu back in 1996, a document which laid out a scenario for redrawing the map of the Middle East by overthrowing most of the Arab governments in the region. Among those, as the leading chicken-hawks have made very clear in recent months, has been the Saudi government. The *Wall Street Journal* has even editorialized in favor of the United States seizing the Saudi oil fields.

As for the Chechen violence, that also serves a “convenient” purpose for those who are trying to ensure that Russia sits back and permits the United States to carry out the imperial mission upon which the Utopians have decided.

You say al-Qaeda carried out these atrocities? Fine. But who runs al-Qaeda? Back in the 1980s, al-Qaeda was part of the U.S. intelligence operation in Afghanistan. When did the U.S. stop running al-Qaeda? Whose strategic purpose is this wave of bombings serving, and who will be smart enough to escape the trap which is being laid?

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Charter Ch. 16  
Fridays—9 pm
- NEW JERSEY  
• MERCER COUNTY  
Comcast\*  
TRENTON Ch. 81  
WINDSORS Ch. 27  
• MONTVALE/MAHWAH  
Time Warner Ch. 47  
Wednesdays—2 pm
- NORTHERN NJ  
Comcast Ch. 57\*  
PISCATAWAY  
Cablevision Ch. 71  
Wed—11:30 pm
- PLAINSBORO  
Comcast Ch. 3\*

## NEW MEXICO

- ALBUQUERQUE  
Comcast Ch. 27  
Mondays—3 pm
- ANTHONY/SUNLAND  
T/W Ch. 15  
Wednesdays 5:05 pm  
Daily: 10 am; or  
12 Noon; or 2 pm;  
or 12 Midnight
- 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

- AMSTERDAM  
T/W Ch. 16  
Wednesdays—7 pm
- BRONX  
Cablevision Ch. 70  
Fridays—4:30 pm
- BROOKLYN  
T/W Ch. 34  
Cablevision Ch. 67  
Tue: 3:30, 11:30 pm
- BUFFALO  
Adelphia Ch. 20  
Thursdays—4 pm  
Saturdays—1 pm
- CHEMUNG/STUEBEN  
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
- IROQUOIS Ch. 15  
Mondays—7:30 pm  
Thursdays—7 pm
- JEFFERSON/LEWIS  
Time Warner Ch. 2  
Unscheduled pop-ins
- 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  
Perennial Comm. TV\*
- QUEENS OPTV\*
- QUEENSBURY Ch. 71  
Thursdays—7 pm
- RIVERHEAD Ch. 70  
Thu—12 Midnight
- ROCHESTER—Ch. 15  
Sundays—3 pm  
Mondays—10 pm

- ROCKLAND—Ch. 71  
Mondays—6 pm
- SCHENECTADY Ch. 16  
Mondays—3 pm
- WEDNESDAYS—8 am
- STATEN ISL.  
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  
Sun: 7 am, 1 pm, 8 pm
- WEBSTER—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 Noon; or 2 pm;  
or 12 Midnight
- OBERLIN—Ch. 9  
Wednesdays—7 pm
- REYNOLDSBURG  
Ch. 6: Sun—6 pm

## OREGON

- LINN/BENTON  
AT&T Ch. 99  
Tuesdays—1 pm
- PORTLAND  
Thu—6 pm (Ch. 22)  
Thu—3 pm (Ch. 23)
- SALEM—Ch. 23  
Thursdays—12 Noon  
Thursdays 8 pm
- SATURDAY  
Cablevision Ch. 67  
Tue: 3:30, 11:30 pm
- SILVERTON  
Charter Ch. 10  
Mon, Tue, Thu, Fri:  
Btw. 5 pm - 9 am
- WASHINGTON  
Comcast Ch. 23  
Wed: 7 pm; Fri: 10 am  
Sun: 6 am; Mon: 11 pm

## RHODE ISLAND

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

## TEXAS

- AUSTIN Ch. 16  
Sundays—12 Noon
- DALLAS Ch. 13-B  
Tuesdays—10:30 pm
- EL PASO COUNTY  
Adelphia Ch. 4  
Tuesdays—8 pm  
Thursdays—11 am
- HOUSTON  
Time Warner Ch. 17  
Tuesdays—5:30 pm  
Saturdays—9 am  
Mon, 5/26: 6 pm
- KINGWOOD Ch. 98  
Kingwood Cablevision  
Tuesdays—5:30 pm  
Saturdays—9 am  
Mon, 5/26: 6 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. 13  
Fridays—9 am
- 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
- LOUDDON  
Adelphia Ch. 23/24  
Thursdays—7 pm
- ROANOKE—Ch. 9  
Thursdays—2 pm

## WASHINGTON

- KING COUNTY  
AT&T Ch. 29/77  
Thursdays—5 pm
- KENNEWICK  
Charter Ch. 12  
Mondays—12 Noon  
Thursdays—8:30 pm
- PASCO  
Charter Ch. 12  
Mondays—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. 98  
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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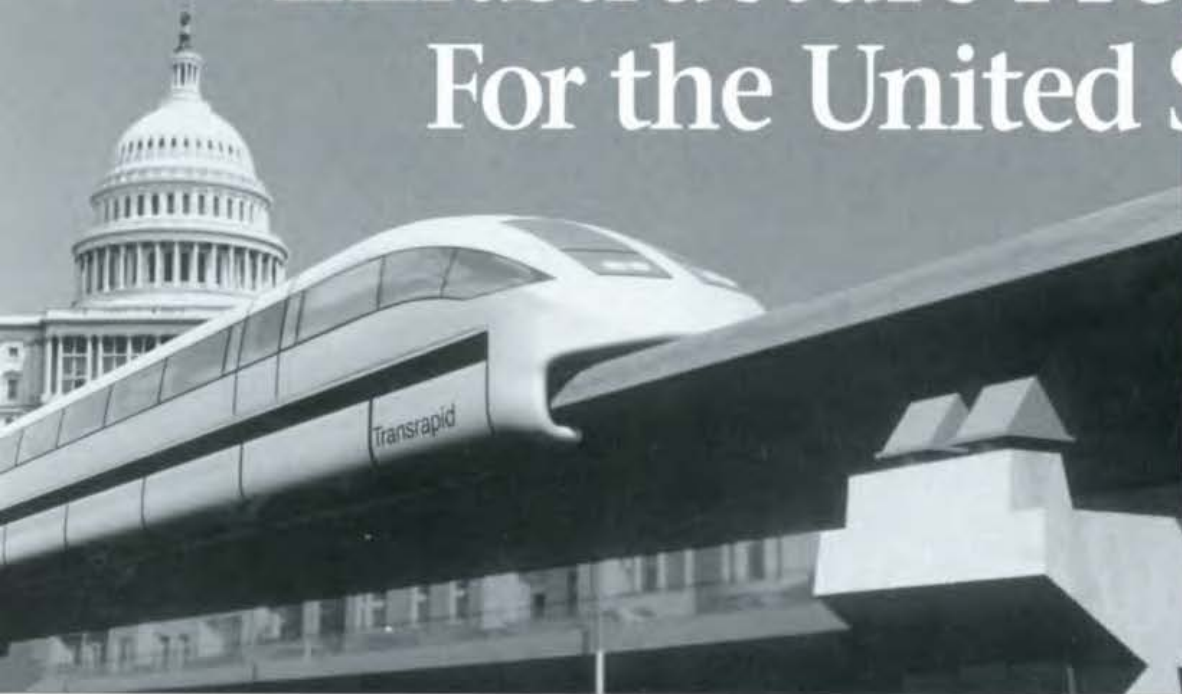
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