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LaRouche Webcast: 'We're At Turning-Point in History'
U.S. Finally To Join Mekong River Development?
Missing Link: Neo-Cons Created 'Democratic' Leadership

'Smoking Gun': Cheney Can Be Removed Now



This Financial System Is Doomed!

LaRouche's Presidential Campaign: Leadership For a New Bretton Woods

SPECIAL REPORT

LA ROUCHE
IN 2004 *



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To Reconstruct
A Bankrupt
World

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"The IMF in its present form, can not survive. . . . There are forces in Europe, as well as in Asia, who know they need a recovery program. They recognize the importance of closer ties of cooperation, especially economically based, on technology-transfer relations in the long term, between Western Europe and Asia. These things must occur now."

—Lyndon H. LaRouche, Jr

**A LaRouche in 2004
SPECIAL REPORT**

THIS SPECIAL REPORT INCLUDES the transcript of the Schiller Institute's conference in Bad Schwalbach, Germany on March 21-23. International experts, and a panel from the LaRouche Youth Movement, tell how to rebuild the bankrupt world, on the basis of LaRouche's concept of a New Bretton Woods System, the Eurasian Land-Bridge, and a revolution in educational policy.

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May 2003 L04SP-2003-001

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From the Associate Editor

Lyndon LaRouche's July 2 webcast speech, our *Feature* this week, is titled "We Are Now at a Turning-Point in History." He points to indications of the breakthrough-potential on economic policy in Europe and Asia, and compares the current conjuncture to that faced by President Franklin D. Roosevelt: economic collapse, war, and fascism—or recovery and victory.

But, LaRouche's speech itself may end up being a "turning-point in history," as well! He issued a clear call: Impeach Dick Cheney! And right afterwards, things really started popping in Washington. A "smoking gun" was found in the Vice President's office, proving his crucial role in perpetrating lies about "Saddam Hussein's weapons of mass destruction" which were used to justify a senseless war. The U.S. envoy who had been quietly sent to Niger in February 2002 to check out claims that Iraq had attempted to buy uranium "yellow cake" for a nuclear weapons program, surfaced publicly to say that the claims were not true—that he had said so at the time, but was ignored. Former Ambassador Joseph Wilson IV was suddenly giving interviews everywhere, pointing to Cheney's role in suppressing his report—and the story was out (see *National*).

Will this give honest, but timid, Democrats the push they need to dump the neo-conservatives from the Democratic Leadership Council (DLC), who have blackmailed them against going after Cheney, or publicly welcoming LaRouche's Presidential candidacy? Read our exposés by Michele Steinberg and Anton Chaitkin (in *National*), for the outrageous story of how the DLC—avowed opponents of Franklin D. Roosevelt—came to exert top-down control over Roosevelt's party, in league with such Republicans as Newt Gingrich.

Elsewhere in this issue, we underline the opportunities for the United States to benefit from a Rooseveltian change in economic and foreign policy. I don't think you'll want to miss LaRouche's "Sedate That Accountant!" Michael Billington reports on a meeting in Washington on Mekong River development, which was an historic first (see *Economics*); and the Guadalajara Forum's meeting in Argentina—addressed by both LaRouche and newly released political prisoner Mohamed Alí Seineldín—pointed the way toward continental integration and economic development.

Susan Welsh

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Impeach Cheney: A LaRouche Youth Movement rally in downtown Houston in mid-June.



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Lyndon LaRouche identified the crucial role of Dick Cheney in manipulating the war against Iraq, and called for his resignation, as early as September 2002. Now, LaRouche's insistence that Cheney is the key culprit, is producing results: A "smoking gun" has appeared—and it's not in a bunker in Baghdad.

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Correction: In last week's article "Blair Fights One War Too Far—At Home," pp. 45-46, we incorrectly identified Greg Dyke as BBC Chairman. Dyke is BBC Director-General; BBC's Chairman is Gavyn Davies.

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Will United States Finally Join the Mekong River Project?

by Mike Billington

The “great project” of developing the mighty Mekong River in Southeast Asia was once called the United States’ last option for ending the disastrous Vietnam War. Nearly 40 years later, on June 26, 2003, for the first time, a public forum was held in Washington to discuss the potential for the United States to become involved in one of the great infrastructure projects of our age. The region defined by the Mekong starts in China’s western provinces, whence it flows through Laos, Myanmar, Thailand, Cambodia, and Vietnam.

At the end of World War II, America defined its mission in light of its own economic transformation under Franklin Roosevelt’s Presidency, best represented by the Tennessee Valley Authority (TVA), a project which used national credit to turn a vast, impoverished area into a prosperous region of modern agriculture, industry, scientific research, and advanced education. But today, U.S. foreign policy has gone the “post-industrial” way. When asked about U.S. support for economic infrastructure development overseas, the average foreign policy official will respond: “We don’t do that anymore.” Perhaps the Washington conference, “Economic Cooperation and Opportunities in the Greater Mekong Subregion,” will contribute to reversing that foolish policy, and revive an American System approach.

The Conference was sponsored by the Asian Development Bank (ADB), which coordinates the Greater Mekong Subregion (GMS) from its headquarters in Manila, and by *Foreign Policy*, the journal of the Carnegie Endowment for International Peace. It was addressed by spokesmen from across Southeast Asia, Japan, and India. The historical importance of the event was captured by Takao Toda, of the Japan International Cooperation Agency, who described a proposal made by an American professor, Gilbert F. White, in 1963, as the United States was contemplating its role in the unfolding Indochina crisis. White studied the plans of the Mekong Committee, set up in 1956 with input from experts from the TVA and the U.S. Army Corps of Engineers. “He proposed four

possible paths for the region: The first one was a chaotic war, without intervention by the U.S. The second one was a similarly chaotic war *with* intervention by the U.S.—which was the path chosen. . . . The third one was the neutralization of the region by the United Nations. The fourth was to achieve peace and prosperity through collaboration of the regional powers to develop the Mekong River.

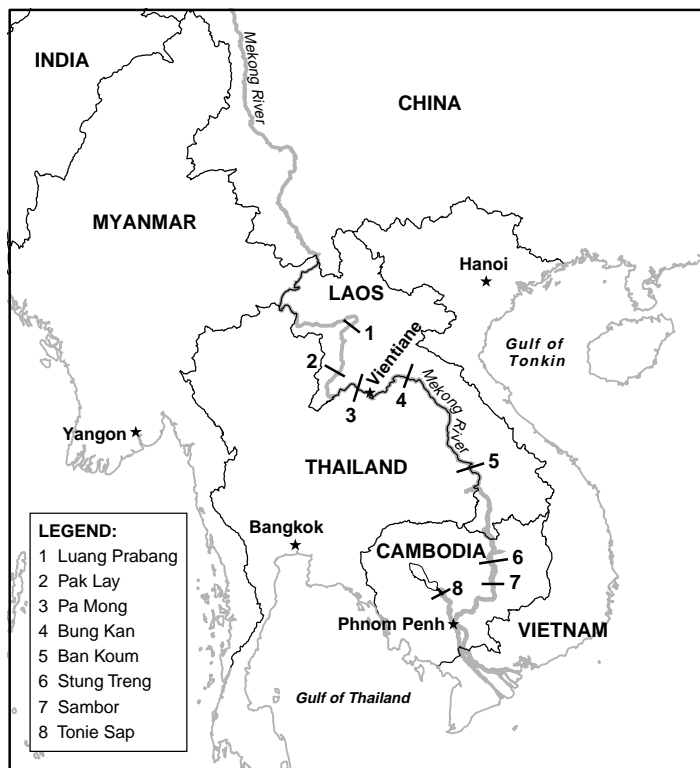
“The fourth option was the one recommended by Professor White. I believe the basic idea, or the spirit of this idea, is still effective even now.” This same image was featured in an *EIR* special package on the Mekong (*EIR*, June 27), distributed to most of the conference participants.

The nations of the region have today, largely on their own and after winning a long-sought peace in the region, relaunched the long-stalled Mekong Project. It includes water control and hydroelectric power generation; roads and rail routes to function as “corridors of development,” within the region and extending out through China and India to Europe and the Mideast; and educational and health programs to uplift their populations.

Two obvious problems stand in the way of the full promise of the Mekong Project. One is the extreme environmentalism fostered by some of the Western foundations—a common disease of the post-industrial ideologues, and one which was evident among the Washington conference speakers and others. On this account, the GMS directors appear to be on their guard. Rajat Nag, the Director General of the Mekong Department at the ADB, began his presentation by insisting that “We should not be apologetic about infrastructure development in the region. Some has been done poorly, but the region must be connected. And we must not just connect two points, but we must follow the concept of the ‘development corridor,’ developing the entire region.”

Myo Thant, the Principal Regional Cooperation Economist at the ADB’s Mekong Department, said that the trip from Yangon, Myanmar to Bangkok, Thailand today, by sea, is

Proposed 'Mekong Cascade'



The Mekong River region with long-proposed hydroelectric and water-management projects. Said an Asian Development Bank official at the Washington conference on June 26, "We should not be apologetic about infrastructure development in the region. Some has been done poorly, but the region must be connected. And we must not just connect two points, but we must follow the concept of the 'development corridor,' developing the entire region."

2,000 miles, but when the road is completed in 2006, it will be only 500 miles overland. He added that "development corridors" do not go through capital cities, but through the countryside; they can help end the endemic problem of economic development being restricted to the major cities, and also create conditions for a greater political involvement of rural leaders in national policies.

The second, more serious potential block to development is an overdependence on private financing, ignoring the fact that large infrastructure projects do not return short-term profits to an investor, but rather, transform the productivity and profitability of the entire region over the long term. These projects are the responsibility of governments, acting alone or in cooperation with others, confident that the enhanced productivity of the national economy will more than pay for the sovereign investment.

This is only made more obvious by the reality of the current collapse of the dollar-based financial system. Toda pointed out that there has been a drastic decline in direct foreign investment in the region over the past decade. To

attempt to bring about a "take-off of the region," he said, "with only the participation of the private sector, is almost an impossible scenario. If we left the matter in God's hands, only the skeleton would stand up, like a ghost, and the rest would remain on the ground in a hopelessly scattered way, which is not at all economic integration."

Another leader of the ADB's Mekong Department, Khalid Rahman, spoke at a June 12-13 conference in Bangkok, "Mekong Region Comes of Age," and said that the estimated financial needs of the primary programs of the GMS are \$14-15 billion over the next ten years, with projects worth about \$2 billion already completed or under construction. "We believe that the Asian and Pacific region has enough savings and productive capacity to finance regional infrastructure development," he said. "Several countries in the region have a large part of their savings deposited in nonregional centers [i.e., New York and London] where the rate of return is several percentage points below what the regional borrowing countries have to pay to the lenders from outside the region! There is clearly a need for an institutional mechanism to enable the utilization of a greater proportion of the region's savings for regional investment needs. . . . Resource-surplus countries such as Japan, Hongkong, China, Republic of Korea, Singapore, and Taipei, China could transform their excess savings into loans for regional infrastructure projects."

At the Washington Conference, however, Mr. Nag of the GMS spoke of seeking 80% or more of the financing in the private sector. Perhaps there is an effort to convince U.S.-based investors to see the efficacy of their involvement in the region, but the only viable means to achieve the required scope of investment is to

convince those interests to join in the effort to turn the United States back to its historic nation-building mission, and get government investments and guarantees for the great projects.

Questioned by *EIR* about the alternative method of sovereign credit—including the current plan proposed by Italian Economy Minister Giulio Tremonti, for the European Union to invest 70 billion euro annually in infrastructure projects to build out of the depression, Nag expressed hope that the recent development of an "Asian bond market," which will draw on the huge reserves of the Asian nations to invest in regional infrastructure, will bring a similar solution for Asia.

Another promising development was the announcement by Joern Kristensen, Chief Executive Officer of the Mekong River Commission, based in Phnom Penh, that representatives of the Mekong River Commission members (Thailand, Vietnam, Cambodia, and Laos) plan to visit the United States in the Fall, to take a trip down the Mississippi River. They will examine the projects built by the Army Corps of Engineers, with Federal funding, after World War II, and meet with officials of the Army Corps in Vicksburg, Mississippi.

Sedate That Accountant!

by Lyndon H. LaRouche, Jr.

The following was released by the LaRouche in 2004 campaign committee on July 8, 2003.

Herbert Hoover's foolishness of 1929-1933 has now been running the U.S. economy once again, for more than the past three, ruinous decades. The present result of that is, that the mental vacuum in the top ranks of the leading U.S. political party organizations, is now the source of that "great sucking sound" to which Ross Perot referred prophetically in his own 1992 campaign against the insanity of NAFTA. So, the U.S. economy is now sliding downward, toward a threatened early disintegration of the world's presently bankrupt, post-1971 "floating-exchange-rate monetary-financial system."

Admittedly, as of the date of this writing, we have not yet gone over the cliff; but we are presently sliding, at an increasing speed, down the steep slope toward that yawning precipice. Federal Reserve Chairman Greenspan's 1988-2003 financial bubble-blowing practices being what they are, no one can predict mechanically what hour, day, or week that final collapse will occur, but it could come as a gigantic, global explosion at almost any time. More important, if we do not make certain radical changes which I have proposed, the collapse will become inevitable, soon. Meanwhile, most of my silly rivals among current candidates squat, lugubriously, promising the greedy suckers a miraculous midnight recovery in Alan "Dracula" Greenspan's hopelessly rotten financial investors' markets.

Therefore: When, and why, under such circumstances, should anyone throw his or her money away as financial contributions to any of the leading parties, or their presently approved lists of Presidential pre-candidates? For example: What price should you be willing to pay, as campaign contributions, for the kinky, gutless, eternally boring "adagio rave dancing" of the joint political-campaign of the Democratic National Committee's list of nine pirouetting lame pretenders?

Therefore, the present economic crisis is warning you that the time has come to sedate your financial accountant. Let him continue to record the figures as honestly, promptly, and as calmly as his skills and sedated passions allow, but do not take today's popular financial accounting's business-investment advice as a substitute for the work of competent economists. Mercifully, still your financial accountants' occasional "bottom line" tantrums! Put their tantrums aside. Focus your

attention on choosing a policy which will successfully end the wasteful economic habits most of you had come to accept during the course of a more than thirty-year down-trend, the long-term economic down-trend in the rate of physical growth of the economy per capita and per square kilometer, the down-trend traceable since U.S. Fiscal Year 1966-67.

Now, ask yourself, how could a Presidential election campaign actually earn the money it spends for its cause? Did you ever think of measuring the relative value of a candidate's campaign by that standard? What is the value of a campaign which convinces you to make necessary changes in your political habits? Do you actually know why I, dollar for dollar, more than beat, easily, even the relatively best—or less bad—of all visible rivals, most of whose campaigns have a markedly negative net economic value to the nation? I shall identify the scientific standard of measure required, in the following pages.

When Money Goes Mad

To illustrate the point: Look again at pedagogical curves covering trends since 1966-67. Concentrate on the admittedly simplified pedagogical curve which I have often used for classroom purposes; but, also check the simplified data-trends of that chart for fairness against the detailed data (**Figures 1 and 2**). In short, over the course of 1966-2003, the per-capita nominal valuation of financial assets and monetary emissions has increased more or less hyperbolically, while the net physical output per capita has declined at an accelerating rate. In other words, under 1996-2003 trends in policy, generally accepted standards of financial accounting have provided a monstrosity dishonest measure of performance of the real

FIGURE 1
The Collapse Reaches a Critical Point of Instability

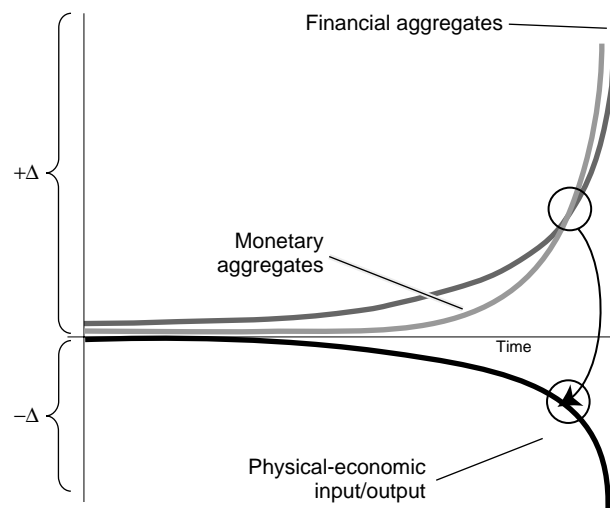
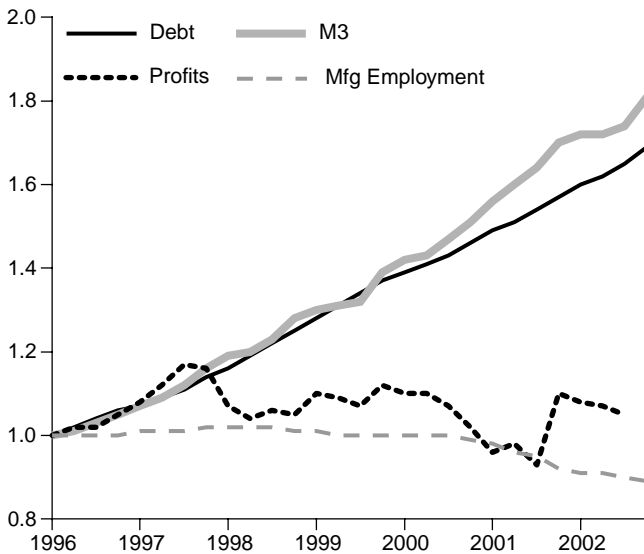


FIGURE 2

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

(Indexed to 1st Quarter 1996 = 1.00)



Sources: Federal Reserve; U.S. Dept. of Commerce; U.S. Dept. of Labor; EIR.

economy. This has been true for the U.S. economy itself; it has been the characteristic feature of the world economy since the 1971-72 introduction of the so-called “floating-exchange-rate” form of the IMF-dominated world monetary-financial system.

Those charts show you that the present bankruptcy of the world’s actual monetary-financial system is dwarfed only by the moral and mental bankruptcy of the majority among “free trade”-style academic and related economists and their treatises and textbooks.

In the history of modern economy, the causes for this present moral and intellectual bankruptcy of existing national financial accounting systems, can be efficiently understood only by contrasting the U.S.A. constitutional, Hamiltonian national banking system to the *fondi*-controlled “independent central banking” systems of today’s Europe, such as the Anglo-Dutch Liberal, “Keynesian” models of parliamentary government. If we also recognize the existence of the U.S. Federal Reserve System as the outgrowth of an anti-constitutional reform imposed upon the U.S.A. by the overreaching influence of Britain’s King Edward VII and his New York sub-agent Jacob Schiff, the U.S.A.’s victimization by quasi-European methods of central banking should begin to be clear.

The positive feature of post-1400, modern European civilization over the opposing Physiocratic and kindred, ultra-montane relics of feudalism, is the adoption of the notion of

perfectly sovereign nation-state republics, which were committed as the natural-law doctrine of the Preamble of our Federal Constitution prescribes our fundamental law. Our Constitutional system devotes the sovereignty of our republic to the obedient service of promoting the general welfare of the entire population, and the dedication of that population to the improved welfare of our posterity.

With relatively rare, and only temporary exceptions, that policy was almost never actually adopted in the constitutional forms adopted in post-1648 Europe generally. In opposition to that true republican principle, the emergence of sovereign forms of modern nations in European post-feudal institutions, was generally of the form which became what we know today as that Anglo-Dutch Liberal model of parliamentary government, a form lately typified by the curiously fertile financial folly of John Maynard Keynes. This model was shaped under the overreaching influence of a pack of financier parasites known either as Venice’s *fondi*—the so-called “Lombard banking system,” or imitations such as, most notably, the post-1688 Dutch and British models of private-financier-controlled central banking.

The practical result of that difference is the following.

Money is an absolute idiot, by definition. Under the world’s best system, the so-called “Hamiltonian” American System of political-economy, the creation and control of the circulation of money is a Constitutional monopoly of the Federal Executive, a monopoly subject to the consent of the Congress. The official currency is nothing but a special kind of indebtedness, whose value in circulation is set and defended by action of the U.S. Executive branch as conditioned by the laws set by the Congress. Indeed, there is no form of money, metallic or other, which has intrinsic value. Money has only a relative value, as determined by the care or recklessness with which it is issued, circulated, and regulated.

As the pedagogical charts should suggest to the reader, the chief business of our republic’s national Treasury and law-making, is to regulate the issue and circulation of money in ways which promote useful employment and capital investments, and which intervene in markets to keep monetary and financial values within the bounds of fixed, or improved physical value of the content of circulated goods and services. The appropriate intention of the policy of a modern republic, is to maintain a steady increase in the relative physical value of the purchasing power of a national currency, and to effect that result through fostering capital improvements in science-driven forms of productive and related technologies. The latter policies are integral to the use of the market as an instrument which mediates the population’s disposition to save.

The policies of a true republic such as that intended by the Preamble of our Federal Constitution, rest upon a notion of the nature of the human individual as set absolutely apart from and above the beasts. This sublime quality of superiority of the human individual’s potential, is expressed typically by the accumulation of experimentally validated universal

physical principles, from which we derive the technologies through which the average physical-productive powers of labor are increased. A “zero-growth” economy is a design for monkeys, not men and women.

Thus, value is not determined by the assigned price of a product or service, but by the role of the consumption of that item in fostering increases in the average productive powers of labor, as a relative valuation which is measurable in useful objects, or improved cultural conditions of life.

The difference between the value of a currency under the American system, and the inflationary trends inherent in the European style of “independent central banking system,” is as follows.

In the Venetian model of “independent central banking system,” an inherent price-inflation is the result of what is described as the “multiplier factor” in a Keynesian system, such as that of Keynes’ Bank of England. An arbitrary discount factor is added into the capital financial expansion of both productive investment and trade. The relatively most vicious form of this development occurs in what Herbert Feis described as a sick global system of international financial loans, such as the post-1971 IMF “floating-exchange-rate” monetary-financial system. The usual result is a compound-interest piling-on of inflationary charges built into the cost of both physical goods and financial instruments generally. The result is that illustrated by the referenced pedagogical charts.

Thus, the financing of financial-capital expansion by the mechanisms of a Venetian-style “independent” central banking system, is inherently inflationary, with resulting, increasingly powerful, recurring tendencies toward inflationary financial expansions which lead toward a purging of the financial system through large-scale, collapse-driven waves of deflationary bankruptcy. On the contrary, a protectionist Hamiltonian system of national-banking-orchestrated credit expansion, is characteristically deflationary, but nonetheless expansionary, most of the time. This advantage tends to be prominent in a well-regulated, protectionist form of fixed-exchange-rate monetary-financial system.

Thus, the economic policy-shaping of a rational form of government, tends to focus on using monetary expansion as a driver for modes of technology-driven, long-term capital formation in basic economic infrastructure and production of physical goods and science-related services. This should be done on the assumption that money is an idiot, and money circulated by an independent central banking system, a dangerous lunatic. This should be done under policies of protectionist fair trade and monetary-financial regulation which combine effects to act as a deflationary trend in long-term value of necessary market baskets. It is therefore the responsible function of government to promote and regulate monetary processes and total investment within bounds which foster long-term deflationary trends in net physical expansion of both total and per-capita market-baskets.

Under a sane government, about half or more of the throughput of a national economy is represented by cycles

of investment in generating and maintaining basic economic infrastructure, and approximately half in the entrepreneurial sectors. Government manages its monetary and financial policies, through aid of regulation, to encourage increases of intensity of productive capital formation, and physical standard of living of households, through emphasis on scientific-technological progress in quality of infrastructure and expressed ingenuity of entrepreneurs and their employees.

Such is what is known, alternately, as “The American System of political-economy,” or, as by the German-American Friedrich List, “The National System of Economy.”

The proper objective of today’s urgently needed, drastic reforms of the international monetary-financial system should be to the effect of ending the hegemonies of Venetian-style “independent central banking systems,” and “invisible hands” groping in your purse, in favor of the American System of political-economy.

The possible economic value of a Presidential candidacy lies in the candidacy’s contribution toward the latter class of desired results.

My Campaign, For Example

An election-campaign’s economic function does not lie within the sale of objects, such as periodicals, canned goods, snake-medicine-man rallies, or what-not. It lies in those actions which induce useful changes in thinking and cooperation among our citizens. If those changes, so induced, would result in an improvement in the average conditions of life of present and future generations, that campaign has delivered a net positive economic value to the nation. If not, it is probably a net waste. Today, most of the money contributed to, and spent for the Republican and Democratic campaigns is a monstrous mass of such economic waste, a vast expenditure which does far, far less than nothing of benefit to the economy as a whole.

The economically useful function of a Presidential campaign is to propagate those changes in policy which contribute to reversing the economic-social trends of the recent three-odd decades, and putting our nation back on that track of net physical growth which was bequeathed to us by President Franklin Roosevelt’s recovery. This work must go further, to present those proposed great tasks which are, first and foremost, the visible requirements for the coming two generations on this planet. It means, most urgently, a vast expansion of productive employment in needed items of basic economic infrastructure, which are the most immediately accessible, relatively large-scale programs of upgrading of a burgeoning sea of unemployed, infrastructure programs urgently needed to bring the total income of the labor force above national economic break-even. It must include long-range mission-orientations toward developing the needed technologies of the future.

In such ways, an appropriate Presidential or comparable election-campaign makes the same kind of contribution to the general welfare of a nation’s economy, as an important break-

through, or set of break-throughs in technology. That, implicitly, is the way in which the economic impact of an election-campaign itself should be estimated.

The present package of policies of the U.S. government, and of the nine referenced rival Democrats, are the policies which have continued to lead the nation down into the sink-hole of a global monetary-financial-economic calamity. Therefore, what the nation and its people need, most urgently,

The principal long-term source of growth of the U.S.A. and other national economies, will be an aggregation of vast programs of development of basic economic infrastructure throughout the planet. The largest single new world market for long-term capital investment lies presently in the great concentrations of population-growth of East, Southeast, and South Asia.

is the immediate scrapping and replacement of the defective financial-monetary system which has brought the present calamity upon us.

This immediate national task is coupled with urgent changes in global relations among states. We require a return to the kind of fixed-exchange-rate, protectionist model of international monetary-financial system which served us so well during the immediate post-war decades. We also require a new system of cooperation among a community of respectively perfectly sovereign nation-state republics, a community of nation-states united by a common principle of cooperation.

Look briefly at some leading features of such a change in policies.

The principal long-term source of growth of the U.S.A. and other national economies, will be an aggregation of vast programs of development of basic economic infrastructure throughout the planet.

The largest single new world market for long-term capital investment lies presently in the great concentrations of population-growth of East, Southeast, and South Asia. A combination of massive investments in transportation, power, water, and related basic economic infrastructure, combined with emphasis on high rates of gain in scientific-technological prog-

ress centered on Eurasia, will be the keystone-driver of world-economy growth for two generations to come.

The fact, that relatively high rates of scientific-technological progress are being generated within the indicated Asia markets, means that the rate of increase of productivity worldwide should be the result of combining new technologies developed in various parts of the world, into the designs of products and processes generated from many other parts of the world. We are thus now entering a new phase of world economic history, in which export of technology-transfer overtakes the role of export of finished goods.

If we are sane, we shall build the needed revival of the principle of the original, fixed-exchange-rate Bretton Woods system, on the basis of this long-term perspective.

This presents us with an interesting paradox. "Globalization" must be scrapped as an idea whose time to be never was. The sovereign nation-state is the only form of economy which has any long-term viability. However, the shift of world trade from export of relatively finished goods to technology-transfer exports, places a much greater emphasis on the need to return to a fixed-exchange-rate monetary-financial system. In other words, a fixed-exchange-rate monetary-financial system becomes the urgently needed form of general economic-treaty partnership among respectively sovereign nation-state economies.

This means, in practice, a long-term, deflationary trend in capital loans of between 1-2% simple interest, with emphasis on capital formation of basic economic infrastructure over terms of one to two generations: 25 to 50 years.

For example, the case of China.

The characteristic feature of China's development during the coming 50 years will be a two-phased process. First, an infrastructure-based shift of population and production, from the coastal toward interior areas. The first generation will build up that infrastructure in its initial phase; the succeeding, second generation will see China emerging among the world's absolutely leading national economies.

Similar, related development is now getting under way in the Mekong water-development region of Southeast Asia, in the North Asia corner of Japan, China, Korea, and Russia, and in the trend toward extensive cooperation with the Asia subcontinent.

We in the U.S.A. have an analogous challenge, in our part in rebuilding the economies of Central and South America. We in Eurasia and the Americas, have a common duty to bring about the economic development of Africa, especially Sub-Saharan Africa.

Overall, this means a global shift away from the cheap-labor orientation of the 1971-2003 period, toward emphasis on upgrading employment toward both more technology-intensive and science-driven advanced-technology rations of total employment. The present U.S. crisis on its border with Mexico, should warn us of the sheer lunacy of the NAFTA and related orientations toward destroying Mexico, which has been done in service of ultra-cheap labor roles for both the

population in Mexico, and the spill-over into the U.S. labor markets. In a world economy oriented increasingly to the export of technology-transfer product, there is no place for a continuation of cheap-labor policies in employment. This means relevant changes, immediately, in educational and capital formation policies, and labor-force upshift policies.

An After-Thought: My Youth Movement, for Example

My rivals repeatedly express their awe and fear of what has become known internationally as my youth movement. Unlike some youth movements of the recently remembered past generations, the fear does not come from a sense that these youth are violence-prone; quite the opposite. What frightens my rivals is the manifestly superior intellectual qualities of those youth, youth recruited from all walks of life.

Admittedly, most political-party organizations have what they regard as their own youth movements. That means errand-boys and errand-girls for passing out cookies and lapel buttons at party functions: not spectacularly intellectually challenging occupations. My youth have been organized around the thematic topic of a 1799 revolutionary paper by modern history's greatest mathematician, Carl F. Gauss: Gauss's initial definition of what is called the "complex domain." That challenge sets the intellectual standard for the movement, and its political expression as a whole.

The point is, these youth are oriented toward building the kind of future society which fits the now-oncoming agenda of global technology-transfer. What those youth dispense, as their campaign materials, are ideas which are aptly designed to meet the requirements of a general recovery, from the presently onrushing global monetary-financial crisis, to the work opening up for us now.

My movement and I represent actual ideas for building the future. My campaign is already worth far more to every U.S. citizen than the dollar spent to conduct it. Could any rival campaign dare to claim as much? What the rivals appear to be producing, is chiefly waste-materials.



Fiscal 2004 Begins: States in Maelstrom

by Mary Jane Freeman

Forty-six of the 50 American Federal states began a new fiscal year on July 1. At least five or six of them started Fiscal Year 2004 with no budget, or only a stop-gap measure to keep government open. Another four squeaked by, passing a budget in the wee hours of June 30-July 1. Three others saw their governors use executive powers to suspend payment of already-appropriated funds, warning that they deemed adopted budgets out of balance. Turmoil abounds as states face the worst fiscal crisis in 50 years.

In California, where the deficit (\$38 billion) is the gravest and where no budget was adopted, Democratic Gov. Gray Davis had to issue an order July 1 to keep a hiring freeze in effect and eliminate all currently unfilled state positions, to save \$250 million. All remaining California state workers' salaries were reduced to the Federal minimum wage, \$6.25 per hour, as of July 1, by a court order mandating the action if no budget were adopted.

In Connecticut, where a brutal budget battle raged for months and the deadline was missed, Republican Gov. John Rowland is running state finances by executive decree. No grants for cities and towns, libraries, museums or pharmacies were issued. Nursing homes, mental health programs, and some hospitals won't receive any money until a budget is passed.

Nevada, as the deadline passed, adopted a partial budget, lacking sufficient funding for education. This led Gov. Kenny Guinn to file suit to force legislators to pass a tax hike that would fund education. Pennsylvania Gov. Ed Rendell cut \$4 billion to prevent the adopted budget from taking effect July 1, and forced renewed debate. Deals and compromises struck in the wee hours got budgets passed in New Jersey, North Carolina, Missouri, and Rhode Island. How long these can last is a question: Days after adoption, Missouri Gov. Bob Holden used executive powers to withhold \$240 million from appropriated funds. Maryland and Massachusetts Governors had already done the same, and Wisconsin's may do so too.

'An Impossible Situation'

Lyndon LaRouche, Democratic Presidential pre-candidate, in his July 2 campaign webcast, declared that the states are in an "impossible situation" as he forecast publicly nearly

two and a half years ago. Legislators, he said, “can not possibly balance the budget of these states. It can’t be done. . . . Take the case of California: It’s way beyond that.” LaRouche Youth Movement organizers brought this reality to dozens of state capitals, and provided elected officials with LaRouche’s alternative to their genocidal slash-or-tax insanity: a “Super-TVA” job creation initiative. To undertake this, LaRouche reminded his audience how American System economics works: “There’s only one way to deal with it. The Federal government has the power to create credit. No other agency in the United States has the legal, constitutional power to create credit. . . . [W]hat is needed, is Federal funding, which would . . . the states would participate in, for infrastructure projects.”

Budget battles intensified in legislatures as revenues plunged. At least 16 states have held special sessions since January, to slash budgets and/or hammer out new ones. The upheaval began in January when expected revenues fell short by \$26 billion (cumulatively, for all states). By fiscal year’s end, 37 states had cut their FY 2003 budgets by a combined \$14.5 billion, on top of the nearly \$49 billion which had been cut from those budgets before adoption in July 2002). All told, states juggled a revenue gap of nearly \$80 billion in FY 2003.

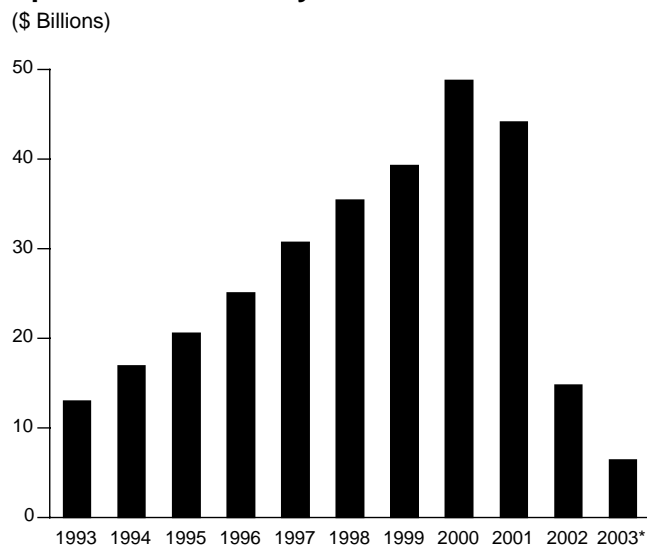
How did they do it? According to a recent national survey, 28 states made across-the-board cuts to services and programs; 17 laid off state workers; 10 furloughed workers without pay (“temporary layoffs”); and 10 cut aid to localities. Ten states hiked fees to increase revenues; 22 tapped rainy-day funds. Medicaid’s health insurance coverage was cut. Finally, states borrowed \$224 billion in FY 2003—double the 2001 level—to cover everything from salaries, to capital projects, to debt service payments.

At a Dead End

To pass 2004 budgets has been no small task. In 2001-03, states suffered a \$200 billion revenue loss, due to the collapse of the productive economy, which threw millions of workers out of jobs; and to states’ foolish previous reliance on revenues from the speculative economy.

The lack of a real wealth-generating, productive economy is epitomized by the near-insolvency of California’s unemployment insurance fund. On July 3, the state’s Employment Development Department announced it will raise unemployment taxes by a record 51% to stem losses. The fund dropped from \$5.6 billion in 2001 to \$2.9 billion in June 2003, a 48% decline in three years! The tax increase will raise employers’ premiums to 6.2% on the first \$7,000 of a worker’s pay, or \$434 per employee. The collapsed job market, putting more people on unemployment for longer periods; and higher benefits paid, especially to the high-tech employees who have lost their jobs *en masse*; have combined to cause rapid draw-down of the fund. Should the tax hike fail to stem the rate of loss, California may, for the first time in its history, have to borrow

FIGURE 1
States’ Total Reserve Balances Plummet as Speculative Economy Crashes



* Estimated.

Source: NASBO June 2003 Fiscal Survey of States.

from the Federal government to pay benefits.

Going into FY 2004, the cumulative projected revenue shortfall of all the states was \$80 billion-plus. Since states must have balanced budgets—no deficit spending—that meant slashing budgets. But that wasn’t enough. Rainy-day funds had been largely drained; one-time revenue fixes from tobacco settlement or other sources had been used up.

This end-game situation is reflected in the drastic collapse of states’ total reserve balances. These balances include year-end balances, rainy-day funds, and other special funds for unforeseen events. **Figure 1** shows that during the high-flying 1990s speculative binge of taxable capital gains, states built up reserves. They peaked in FY 2000 at \$48.8 billion. But then the New Economy’s bubbles burst, and with no buildup of the manufacturing base whereby regenerative revenues could have been created, these reserves were liquidated. They dove from \$48.8 billion in 2000 to an estimated \$6.4 billion in 2003—a whopping 87% decline.

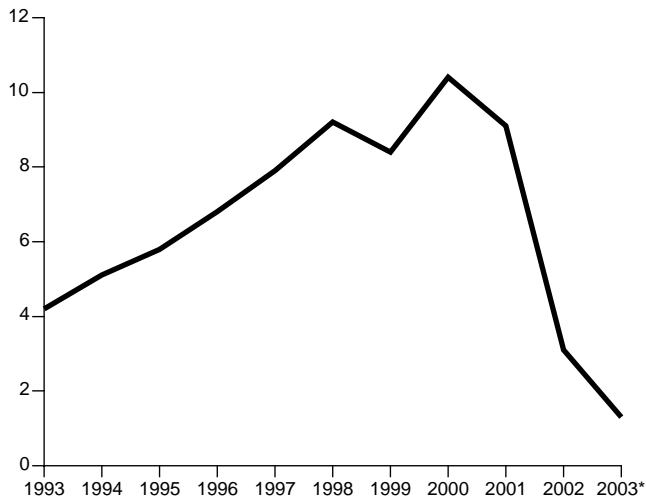
A safe ratio of reserves to expenditures is a minimum of 5%. **Figure 2** shows the ratio has plummeted to 1.3%, based on 2003 estimates.

States without budgets as of July 1 have already felt the consequences of their delay; inability or difficulty in borrowing money in the face of growing shortfalls. Moody’s credit-rating agency downgraded Connecticut’s state bond ratings from AA-2 to AA-3, saying the state’s “balance sheet will remain weak at least over the next few years.” The Fitch agency has Connecticut on a watch list due to its “very high

FIGURE 2

States Reserve Balances Collapse as Percent of Expenditures

(Percent)



* Estimated.

Source: NASBO June 2003 Fiscal Survey of States.

debt” level and weak job growth. Similarly, in California, Standard & Poor’s and Moody’s issued downgrade warnings for the state’s already low credit rating. Moody’s said the warning was due to the “political climate” of the budget debate and recall efforts targetting Governor Davis. A local newspaper wrote, “Moody’s . . . could drop California from A2 to ‘the Baa category,’ that is regarded as junk-bond status.”

For California, Wall Street’s move has serious consequences: 1) the state would have to pay a \$33 million penalty to eight banks that just guaranteed an \$11 billion loan, to tide it over the Summer months; 2) market value of the states’, cities’, and counties’ bonds would fall by perhaps 10% or more; and 3) bankers have told Davis that without a budget by July 15, a \$3 billion loan needed by the state in August, may be delayed. With or without the downgrade, California has entered into a deadly loan-debt to loan-debt cycle. The recent \$11 billion loan was largely needed to pay back a \$12 billion loan taken out last Fall.

More Pain, or Prosperity?

Just how dire the crisis is, was suggested by National State Budget Officers Association executive director Scott Pattison, who was quoted in the *Washington Post*: “Here comes the bleeding, the real pain. We’ve crossed the line where this has lasted long enough and the budget shortfalls are deep enough that states really do have to do painful actions, whether it’s [to] cut politically popular programs

or raise taxes.”

Such so-called solutions are nothing but fascist austerity with ideological spin one way or the other. Republicans insist on “no new taxes,” and cut programs. Democrats want tax hikes, and no cuts. Both are no-win options—this is not a state problem.

The problem is the imminent collapse of the world monetary-financial system. In the current situation, the depression reality has nearly all states both slashing *and* taxing, in hopes of managing the hemorrhaging; whereas in recent recessions of 1981-82 and 1990-91, two-thirds of states increased taxes, and one-third cut budgets.

A bittersweet irony of President Bush’s tax-cut “stimulus” package is that, while he claims he’ll put dollars in Americans’ pockets, 29 governors have asked for tax and fee hikes in their plans for 2004 budgets. California and Pennsylvania would increase personal income taxes to rake in \$2 billion each in new revenue. Fifteen states plan to raise sales taxes, while 19 plan to hike fees on everything from driver’s and fishing licenses, to motor fuels, cigarettes and alcohol, and nursing homes.

Contrast this approach to that of economist and candidate LaRouche. He noted the quandary: “Forty-six, at least, of the 50 states are in a virtual state of bankruptcy: They can not raise the taxes to balance their budgets! And if they don’t, something is going to collapse inside the state economy.” At his July 2 webcast, LaRouche pointed to the way out of the mess. “Look at the state budget as a total state budget—not just a state budget, but the total income of the state. Look at it from a physical standpoint first, rather than money first.”

Using FDR’s Reconstruction Finance Corp. as a model, he called for “the Federal government . . . to create credit.” The states would participate in a “special fund outside the regular budget, . . . for infrastructure projects: water projects, transportation projects, things of that sort, which are long term—15-, 25-year investments.”

This, LaRouche said, “will create employment [and] production. So the trick here is to increase the total employment level, to the level that the income of the population is now able to pay the bills of the state.”

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German Labor Fight: Can Unions Back Growth?

by Rainer Apel

A July 8 emergency session of the national executive of Germany's largest labor union, the metalworkers, ended without conclusion after 12 hours' debate on the apparent issue: Find someone to blame for the failed strike in eastern Germany for the introduction of the 35-hour working week. But larger matters, of the potential to restart growth in the depression-ravaged German, and wider European economy, were also being fought over.

Backed massively by the mass media, the "reformers"—who also support the government's budget-balancing austerity policy—tried to put the blame for the strike's flop on the metalworkers union's vice chairman, Jürgen Peters. He is the main candidate for the post of union chairman, but is opposed by a strong minority that is controlled by the "reform" faction. Like all leading labor unionists in Germany, Peters is a pragmatist, but he is also a "radical" on issues of taxation, wage levels, and budget-cuts: He is opposing any "reforms" that are carried out at the expense of the workers and the low-income categories of the population. That has made Peters one of the hardline opponents to the budget-cutting Agenda 2010 project of the German government, and a prime target of the neoliberal free-trader sections of the German media.

Strike in East Derailed Policy Fight

In early April, when the metalworkers' executive had to vote on its main candidate to replace outgoing chairman Klaus Zickel in October, Zickel and the reform faction tried to push through Berthold Huber; but because labor opposition to the Agenda 2010 project is very strong, Peters won the upper hand. He was hurt, however, by his high profile in the June strike of eastern German metalworkers for the introduction of the 35-hour work week, already the standard in western Germany. Eastern German metalworkers work 38 or more hours a week, which means that during one year, they have to work one month more than their western colleagues, and as eastern wage-levels are also lower, there is a feeling of double injustice among metalworkers in the East.

The strike, which collapsed after less than four weeks for lack of broad workers' support, distracted the unions from the struggle over the Agenda 2010 and the general orientation of governmental policies. There, the metalworkers actually were much better equipped for a fight, because repeatedly, they have called for a shift away from budget-cutting, to a policy of targeted state-backed investment programs, to create jobs

and improve the tax revenue base.

In early 2002, Peters campaigned for a proposal drafted by the metalworkers union's chief economists, calling for a five-year investment program of 18 billion euros per year into projects of municipal and transport infrastructure. The main emphasis of the program, Peters said, should be on projects for "municipal and regional roads, public transportation, water supply, sewage systems, and environmental protection." Together with projects of improving the "social infrastructure" in the municipalities—such as hospitals, schools, care for the elderly—and with projects in the energy supply and housing sectors, more than 500,000 jobs could be created in all of Germany, said the union's memorandum.

The financing was to be run through the Kreditanstalt für Wiederaufbau (KfW), with involvement of the European Investment Bank (EIB), and with long-term, low-interest loans at long grace periods. "Seen from a national-economic viewpoint," the metalworkers' memorandum said, "credit-financed investments create additional income that in turn creates new demand. This stimulates production and creates more income. From that, taxes will flow into the public-sector budgets, and expenses for the jobless will be reduced. This effect alone can balance two-thirds of the original expenses. Investments in public-sector facilities in eastern and western Germany do create employment, close infrastructural gaps, and increase the national economic productivity over the mid- and long-term perspective."

Most of the time, labor leaders talk about other subjects, but that metalworkers memorandum has strong backing among union members. Its theses reflect the Europe-wide discussion, sparked by Lyndon LaRouche's proposals and Helga LaRouche's campaigns in Germany, of a similar, but bigger, European investment program.

Italian Finance Minister Giulio Tremonti made his "New Deal" proposal in early June. On June 11, the national labor federation of Germany, DGB, explicitly endorsed it in a letter to EU Commission President Romano Prodi, who had signalled support for the Tremonti Plan a few days earlier.

Depression Demands Creating Jobs

But Peters, instead of escalating this metalworkers' campaign on growth, got drawn into the dead-end 35-hours fight, which entrepreneurs facing depression bankruptcy cannot agree to. This gave the opening to the labor "reformers," with their weird support for the Agenda 2010 budget-cutting. Peters' leadership could have won allies among the entrepreneurs, against the union reformers, had they stuck to the big-programmatic orientation.

Although Peters was able to repel the attempt to oust him at the July 8 session, the challenge of changing general economic policy orientation is still there for the metalworkers and the whole European labor movement. There is no substitute, at times of economic depression, for a program of economic recovery and growth.

U.S. Is Losing Its Watershed Infrastructure

The Executive Director of the National Watershed Coalition, John W. Peterson, a watershed specialist, spoke to Marcia Merry Baker of EIR on May 30 about the growing “infrastructure deficit” in the management of the land and water resource base of the United States, particularly since the “Conservative Revolution” 104th Congress of 1994. Along with the heavy rains this spring came many instances of dams breaking, from Michigan to the Carolinas. Mr. Peterson, who has had long experience at the U.S. Department of Agriculture in the Natural Resources Conservation Service, provides the history and overview of dam-building in the country, and how rehabilitation is overdue for thousands of structures.

The National Watershed Coalition is a nonprofit entity made up of national, regional, state, and local organizations and individuals, that advocate dealing with natural resource problems and issues, using the individual watershed as the planning and implementation unit. (www.watershedcoalition.org)

EIR: Let’s begin with the water resource base of the United States, in terms of what’s been done in the way of improvements, and what is lacking.

Peterson: We might want to go back and talk a little bit about how our nation has dealt with, not only the control of flooding—or flood damage reduction as I prefer to call it—over time, and why in the world our National Watershed Coalition is advocating what it does. I can do it fairly briefly.

If you go back far enough, you know, there is evidence of flooding that goes back to when [Hernando] de Soto got to the area that’s now about where Vicksburg, Mississippi is. In his legends and journals, [de Soto] recorded all manner of flooding. And as we were even a colony, before we even became a country, there is a lot of evidence of flooding on the major rivers—the Missouri, the Mississippi, and whatnot—and we, traditionally, in the United States have looked to the Corps of Engineers as the agency, of the Federal government at least, that was primarily responsible for dealing with water. And while we started, I suspect, looking at things like navigation and power early on—in the later 1800s and the early part of the [20th] Century—of course, flooding and flood damage reduction was a big part of what they were concerned about, too. . . .

EIR: The Corps has great success stories. The Lower Mississippi, and so on?

Peterson: Yes. But the Corps traditionally has been the builders of large dams on the major streams, and you know, without getting into the fact that early on, we saw in the 1700s, people building dykes and levees down in the Louisiana part of the Mississippi Basin. And then pretty soon, they formed districts, where they got together as groups of individuals, and built bigger and better dykes, and on and so forth. Coming back up to this century, of course, the Corps had built a lot of large dams on the major streams.

In the late 1930s and in the 1940s, particularly in the breadbasket of the country in the Midwest—Kansas, Nebraska, Oklahoma, that part of the world—people reacted to what at one time—and I think it came out between 1944 and 1947, what was called the Pick-Sloan Plan. And even in those days, the Pick-Sloan Plan was a plan to do a lot of major dam construction on the major rivers, particularly the Mississippi and the Missouri. And even in those days, it was a \$57 billion plan, as I recall. And people really objected to that.

They said, first of all, it’s a lot of money. Secondly, you know, if we would spend more time looking at the rural upstream smaller watersheds, and trying to deal with those, and manage those lands properly, and try to manage the water a little bit, and stay away from the mainstreams, and get up on the intermittent streams, that were in the headwaters of most of these larger basins, it just might be that if you did good management there, you might negate the need for some of these larger downstream structures.

In 1936 the nation had passed the “Flood Control Act of 1936,” which is still the basic umbrella piece of legislation that deals with Corps-type things. And in that ’36 Act, there were some references to USDA—U.S. Department of Agriculture—in the fact that we might assist the Corps in doing some studies in some watersheds. There already had been a lot of people in USDA that had been advocating working in the rural upstream watershed. . . .

In ’44 then, the ’36 Flood Control Act was amended, which allowed USDA’s technical specialists to work with these special purpose units of state government, and deal with watersheds. In that ’44 Act, it identified 11 major basins, such as the Washita, in Oklahoma, and the Trinity in Texas, and the Little Sioux in Iowa, and the Potomac in Maryland, and Virginia, and West Virginia, and some of those. It identified these big basins, and said, these were the basins that we were going to try this upstream watershed approach in.

But at that time, in 1944, USDA’s technical specialists weren’t allowed to build dams. They were basically doing the land management kinds of things that we still think are important when you are dealing with watersheds. So in 1948, they finally built the first actual upstream flood control structure. It was built in Cloud Creek, in Oklahoma on the Washita. That dam was built in ’48, so in 1998 it became 50 years old.

EIR: So we face the rehabilitation question.

Peterson: So, I’m leading up to what we tried to address



America has 85-90,000 dams in its official inventory. There are the large mainstream—usually “downstream”—dams on major rivers, almost all the responsibility of the U.S. Army Corps of Engineers, such as the Willow Island Lock and Dam on the Ohio in West Virginia (left). On upstream sites, some 11,000 smaller—“watershed”—dams have been built through the partnership between the U.S. Department of Agriculture and local watershed project sponsors. Shown is a small dam and lake in Tama County, Iowa, with terraces, grass plantings, buffer strips, and other conservation measures.

with rehabilitation. . . .

The other thing that was distinct about this program, and USDA’s involvement, is, it became a Federally-assisted program, and not strictly a Federal program. Back during this debate over upstream and downstream, big dams and little dams, centralized control versus decentralized control, these kinds of projects were built in conjunction with local sponsors. The local sponsors actually took the lead, and made the “go, no-go” decisions. And the financing of these things was shared between the Federal government and the local people. It was not like the Corps of Engineers, which comes in, buys the land, builds the structures, and the Federal government maintains that in perpetuity.

There were a lot of differences in this upstream approach we are familiar with, and the major downstream approach.

So, they had a lot of success with this approach in the upstream watersheds in these 11 basins; so in 1953, USDA said, well, let’s get permission from the Congress to take this approach nationwide. In 1953 and ’54, they had a pilot program, that took basically that concept, and let any state that wanted to have a watershed project, apply for one. That again proved very successful.

So in 1954, Congress passed Public Law 566, which basically said, we will have an upstream rural watershed program throughout the United States. That’s the program that we still have today, and the one that we have tended to support. Our National Watershed Coalition tends to be, in a manner of speaking, a support group for this USDA approach to the rural, smaller watersheds.

Another thing to keep in mind, and there’s a whole background on how it came to be this number, but, the Law says that these small watersheds, by definition, will be watersheds

of 250,000 acres or less. The area of 250,000 acres is roughly 400 square miles. The reason for that, is that it was thought that if we kept USDA in those smaller watersheds, that would force them to be upstream in the headwaters in the rural areas, and they wouldn’t get in the way of the Corps.

Now, you have asked, why the “watershed”? Why do we support the notion of using the watersheds? There are a number of reasons, but it is really quite simple.

First of all, for the most part—and not always, but for the most part—we’re dealing with water, and we’re dealing with soil. We started out thinking, flooding and erosion control, even though today, there is a whole host of water-related issues that are important to us. You know, water quality, and groundwater recharge and a whole host of things. But the fact of the matter is, watersheds don’t seem to scare people.

If you go out into a meeting in the heartland, and go out to a meeting of local people, and start talking ecosystems, and airsheds, and viewsheds, and this sort of thing, a lot of people react negatively to that. They understand what a watershed is. Most people do. They can be drawn on maps. They’re easy to see. People understand them. And if you’re dealing with water, for the most part, or at least, as one of your objectives, why it’s a very natural, logical thing.

You and I would both understand that living things don’t necessarily—you know, plants and animals don’t necessarily just abide by those geographic, physical boundaries, but water does.

EIR: About 30 years ago, was a period of shift in policy, in which some outright anti-infrastructure groupings were formed such as the American Rivers group, and World Watch and so on. They were against traditional public works



A 1993 satellite photo shows “Lake Iowa”: River flooding had left so much soil moisture that Iowa showed up like a sixth Great Lake. Yet even within and around Iowa then, Peterson recalls, watersheds with full local water management plans and structures were far less affected than the rest of the state.

in the national interest.

Peterson: Correct.

EIR: Heavy-influence blocs opposed infrastructure-building worldwide.

Peterson: You are getting down to something fairly basic. And that’s this business of mankind, population, and the need for development to sustain those populations.

There are a lot of folks around that think, first of all, we have to limit the population growth. We have to limit development. You never should build a dam. There’s no such thing as a good dam. As a matter of fact, American Rivers tends to be wanting to remove most of the dams.

EIR: Exactly. So we’re at a point now, after 30 years, where just sanitation and safe water supplies are threatened, because we coasted. Same in other nations. In the 1960s, Mexico was building in the way you were saying; but then that was blocked. We are now seeing biological and disease threats resurgent. We are seeing the penalties of not going ahead with infrastructure.

Peterson: Well, yeah, in the end, I guess we all—the thing that drives almost everything, of course, is the need to support the people. And some of us, myself included, probably still think that the primary interest ought to be the human one, and then everything else takes another, lower priority. I know there’s a lot of people who don’t agree with that. It gets into religion and a whole bunch of things.

EIR: Let’s put it in terms of culture. . . . The reason we are

here today is that people over thousands of years believed in infrastructure, or we might not still be around.

Peterson: There is a really excellent publication, called, “Conquest of the Land Through 7,000 Years.” It’s about a 60- or 70-page booklet. It’s by a gentleman who was in one of the positions that I held with the USDA—he was an assistant chief of the Soil Conservation Service, much earlier than I, a guy named Dr. Walter Lowdermilk. He studied in China in the 1920s, and in the area that is now Iran/Iraq, and in Egypt, and all over there in the 1930s.

Dr. Lowdermilk looked, while he was a professor, at all of these civilizations, and how they managed their lands. He sees where people actually managed well, those civilizations thrived, and in some instances, are still in existence today. But where they didn’t manage, the civilizations disappeared. It’s a really good little book.

I usually advised people, and I did when I was still at work, at least once a year to go back and re-read that. It’s Agriculture Information Bulletin No. 99. It’s a good little primer. I read it about once a year. I’m looking through it all the time. (www.usda.gov)

Let me go back and address the need to maintain and rehabilitate some of these older structures.

First of all, I mentioned that many of our structures—these rural upstream structures, where USDA-assisted local sponsors—most of those were designed, as I mentioned, for rural kinds, levels of protection—agricultural levels of protection. Number one. So they are very different than the major, big dams. Although many of them do service multiple objectives, including water supply, recreation, and a whole host of



The same area with its major rivers and tributaries which flooded in 1993 (the lower Mississippi, long controlled by the Army Corps of Engineers, did not flood). Water control structures on dams up on the tributaries, Peterson maintains, will make the demands down in the big main river valleys much easier to meet.

those things.

The other thing is, they were out in the country. They were not above major urban areas. So what's happened? Well, over time, a number of things have happened.

First of all, these local sponsors, these districts, for the most part, are pretty poor.

EIR: Especially now.

Peterson: Especially now. They don't have a lot of money, and what money they do get, they probably get from a county government that provides a little support, or state government that provides a little support. Most of them don't have much staff, if any. They may have an elected board of directors that meets every now and again, but, you know, they weren't in the business—or didn't think they were in the business, of dealing with major pieces of our nation's infrastructure, and maintaining it. . . .

In some cases—not all, in some cases, these folks just have not had the money to keep these things in good condition. It just wasn't there. It wasn't available.

And the Federal government—even though they helped these folks build these initially, and the Federal government helped design them, and helped get them constructed, helped share in the costs of constructing them, and that sort of thing, the Federal government always argued they had no authority to assist these people, when one of these things got into a condition where it needed to be rehabilitated. And as it turns out, that was actually true, they didn't have. And of course, they didn't *want to have* either. The Federal government doesn't want to do anything like that anymore.

But we argued, and argued successfully, as it turns out: No, the Federal government really did have an interest. That they were agents of these people all throughout the process of

getting these projects on the ground, and even though they'd like to duck away from that role, they really couldn't. And while they didn't have the *legal* authority to help these folks share in rehabilitating those that needed rehabilitation, we thought that was something that was in the Federal interest and needed to happen. And Congress agreed.

In 2000, the law was passed that allowed, again, for the Federal government, through USDA, to cost-share with these local sponsors, and upgrade those structures to meet current health and safety conditions where that was needed.

EIR: So, in other words, that was the authorization.

Peterson: Yes. Public Law 106472. And I wrote the initial drafts of that for a Congressman from Oklahoma, who at that time had the Sixth District in Oklahoma. It's now the Third District. His name is Frank Lucas. We got the bill signed by President on Nov. 9, 2000.

We ended up, because they did use some shortcut procedures, having to modify the dollar limits—the financial things in the bill, because I think, when you use the shortcut procedures in both the House and the Senate, no bill can have a pricetag of more than a hundred million.

We had estimated the need throughout the country, even back in the early '80s, at closer to \$600 or \$700 million. The important thing was, we not only got the legislation passed, which was the authorization legislation—it certainly wasn't appropriations, and as you know, that is a very different animal. But we now had the authorization, and we had money in the bill for rehabilitation. And we could work with the Committees of the House and the Senate in the future. . . .

EIR: The \$600-700 million is to cover rehab on the upstream watershed structures?

Peterson: Now that doesn't at all come even close for what the national needs might be for the entire range of looking at dams of every size.

EIR: The whole range, meaning the Army Corps "big dams," the locks, the big systems like the Ohio, and so on.

Peterson: Right. . . . If you look at all those things that exist in our country, you know, we've got about 11,000 of these dams that you and I are talking about, that USDA helped people build. But in the Dams Inventory that exists now, I think there are 85-90,000 dams in the inventory now. It's kept out at Stanford—they just volunteered to do it. It was something that resulted after a whole bunch of major dam failures occurred in our country.

Remember, we had the Teton failure. We had the Toccoa Falls failure in Georgia, which is why Georgia got so interested. That killed 80 or 90 people.

Then, there was this Buffalo Creek disaster out here in West Virginia, which, basically, was nothing more than a slag pile that they had dumped across one of the rivers. So it was never built to much in the way of standards.

Then there was a dam that collapsed out above Rapid City, South Dakota.

I think those four things combined to cause people's interest in this. What the Federal government did, is to appoint a committee to deal with large dams. So this committee then, started putting together this inventory. And I think there are 85-90,000 dams in the inventory now.

EIR: So they are monitoring the condition of these 90,000 dams. How long has that been going on?

Peterson: Probably now, for—I'm going to guess, for 15 years or so.

EIR: In testimony to Congress this March, you go into the lack of funding for rehabilitation of dams. What about the consequences?

Peterson: Let's talk about the funding for the base watershed program. It's just kind of interesting, if you remember that—that great Midwest flood of 1993?

EIR: I remember it well. "Lake Iowa"!

Peterson: Yeah, right. Well, there are a couple of interesting things about that period of time. When I was still at USDA, and we were managing this watershed program, we had annual appropriations in the \$250-300 million range, which basically allowed USDA to keep up with what, I think, anybody's best estimate is of what the true national need was.

In other words, the people out in the country—the local people—through their individual districts, would come to USDA and ask for this kind of assistance. And it took about that kind of annual funding to make sure that all the watersheds the people had an interest in dealing with, were addressed.

Well, in 1993, that monstrous flood occurred throughout the Mississippi and Missouri Basins, and it became clear to Congress that USDA, and its technical specialists were going to be spending a great deal of their time over the next year or two, in recovering from the flood. And of course, there is both the financial side of this picture, and the people side.

So what Congress did, in their wisdom, they said, OK, we're going to take away about \$200 million of the money that we normally would have given USDA for the basic watershed program, and we are going to supplement that \$200 million we just took away, with another \$250 million, and we're going to give USDA \$450 million in 1994 to do the flood recovery work. And when the flood is all recovered from, we're going to restore the funding for the base program.

That left the base program with funding in the \$95 to \$100 million range, which is roughly one-third of what the needs really were, and still are to this day.

EIR: So that's how it ended up being cut back.

Peterson: And interestingly enough, that was all in the 103rd Congress; and in the 104th Congress, the Congress changed from Democrats to Republicans.

EIR: Was that the famous "Conservative Revolution" shift?

Peterson: Yep, sure was. And interestingly enough, that money never got restored.

So, the fact is, over the last 10 years, or close to that, we've been dealing with probably one-third of the national needs for this rural, upstream watershed program. One-third of the funds that were needed. And that condition still exists today, and that was before we started addressing the [dam structure] rehabilitation needs. That has nothing to do with rehabilitation; that's just the need to continue working in rural upstream watersheds in this country.

EIR: Meaning work of different kinds—planning, and so on?

Peterson: Yeah. The planning and implementing. Many of the projects don't contain any kind of structures. They are basically just good land management projects.

The rehabilitation needs—as I told you before, we have estimated that need to be \$600 million. And if you made a conscious decision as a nation to attack that, and did it over a ten-year period of time, you'd need about \$60 million a year. And that's how we crafted the first of the rehab bills that we got Frank Lucas to introduce in the House.

We've never had \$60 million a year for rehabilitation. In recent years, even with the passage of the Act, we've now been approaching \$10-11-12 million for rehab. . . . But it doesn't address the needs, though.

EIR: So you have downsizing all the way around, while the need is increasing, because the aging is going on.

Peterson: Correct.



Contour farming is a basic part of the work of the USDA-assisted Soil Conservation Districts and watershed basins—one of many land- and water-preservation measures which are done before the district implements the “last resort,” building a dam, if necessary.

EIR: Besides the obvious merits of having well-maintained, safe working dams and water control systems, there is the huge benefit of creating jobs through the rehabilitation of dams. We are in a very serious economic crisis.

Peterson: There is a tremendous job creation component to this. Here’s the thing that worries me the most, I guess. You’re dealing with one small aspect of our nation’s infrastructure, and this gets back to that whole business—we’re a developed country. Everything that we’ve done, though, was done to help us live. And to make our lives more livable, and raise the standard of living, which was done marvelously.

But all of this stuff that we placed on our landscape, needs to be looked at and attended to, and maintained. And unfortunately, we haven’t spent the money over time, to do the job of maintenance that’s needed. And we certainly haven’t established the sinking funds, and the other kinds of accounts that would provide that funding. And what we’re going to find, if we haven’t already found in some instances, is some tremendous needs, and needs to address things that we absolutely depend upon; and the money isn’t there.

And we did a study in the early part of the Reagan Administration—an infrastructure study. The Federal government did it. It addressed every aspect of our nation’s infrastructure. It looked at roads and bridges and sewage treatment plants, and buildings and the sanitary sewers and waste treatment facilities, and things like dams. And I was part of the taskforce that dealt with them.

It was a very good assessment of virtually every part of our nation’s infrastructure. But unfortunately—and I don’t

think that there is any one political party that’s to blame for this, maybe the numbers were just so staggering, that people didn’t know how to deal with it. But we haven’t really done much with that.

And the dam part of it, that I am interested in, for the most part, is just one small aspect of it; it happens to be the aspect that I’ve spend my life with. But we’re not doing very well. I’m not talking necessarily only about these 11,000 dams that you and I have been discussing. It’s all of them.

EIR: What can you say about R&D? For example, there is an Army Corps experiment with replacing a dam on the locks on the Monongahela, where they have three modules of the dam built off-site, then they float them into place.

Peterson: I’m going to mention some things that I feel very good

about, and I’m going to tell you that they are success stories. You mentioned, “Lake Iowa.”

People who looked at what happened in Iowa after that flooding, were amazed at what they saw. If you took a look at where the flooding occurred, and if you overlaid on the map, where watershed projects of the type I’m talking about, were actually installed and in place, you find a couple of very interesting things.

First of all, in areas where watershed projects were completed, the flood damages were remarkably less. And the need for Federal emergency assistance was far less. The projects really paid for themselves.

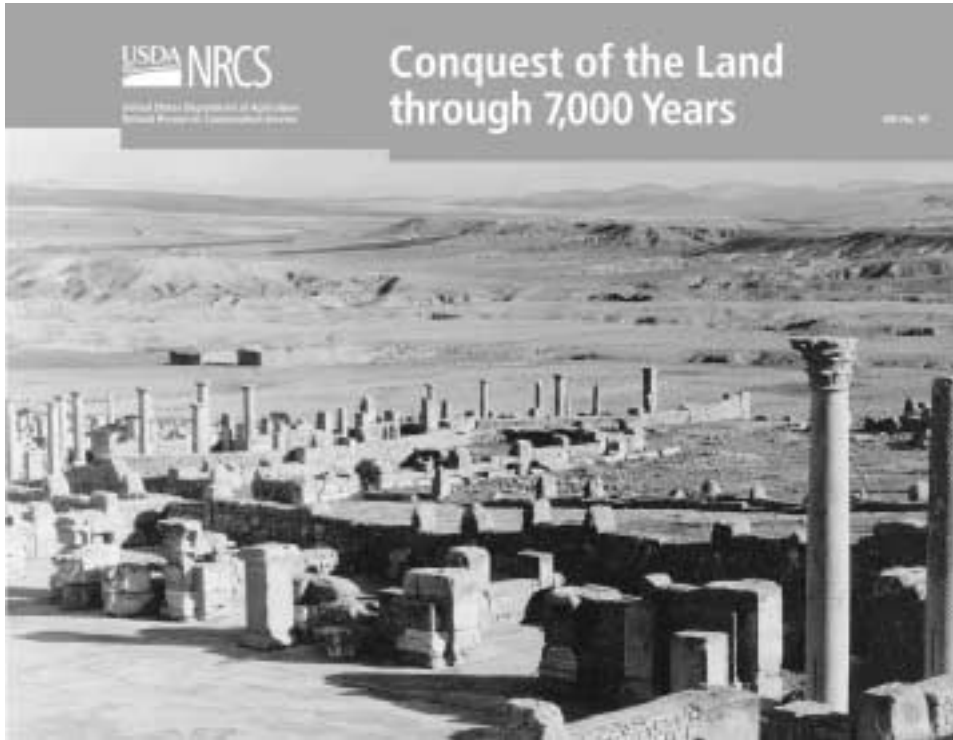
So Iowa is kind of a good case in point.

EIR: You have referred several times to the principle of: You do what’s in the interest of humankind, including thinking ahead to the future.

Peterson: And that isn’t the same as saying, now, that you deliberately go about doing damage to things that are not human. As a matter of fact, one of the things that we’ve always said is, while we do advocate the building of dams, it’s usually—structural things are usually your last resort. And that’s why I so much like this upstream watershed approach, because it starts—the first increment of planning is the proper land management and land use.

A lot of people don’t like you to use the term, “land use.” We still advocate it being done, on a voluntary basis by private individuals.

We suggest that, hey, even if flooding is your problem,



This short but fundamental study done in 1938-39 by Prof. Walter Clay Lowdermilk, a predecessor of John Peterson at the USDA, measured the success of societies at water management and land management over seven millennia, and its direct contribution to their survival.

first of all, let's make sure we are doing everything that we know how to do, and the best way we know how to do it, to manage the land to protect itself from water and flooding as best we can. And then if we still have a problem, as a last resort, we may have to resort to structures. But even when you build them, you take the environment into account.

I think that's just the responsible approach. There are others who would say, "Well, shoot, if there's flooding, so be it. It's just natural; it's supposed to be there. So just get things out of the way."

EIR: Yes, for example, the *New York Times*, during the Flood of '93, in their *Science* section, ran coverage saying, "You must let rivers *run free*. Don't build levees, dams, water control." What is behind this, of course, is the premise that man is completely separate; and there is such a thing as nature separate from mankind.

Look at the major projects under way in China.

Peterson: I was in China last year. I was first in China in '93. That was when Clinton was President, and we were getting ready for the Asian-Pacific Economic Cooperation Summit that they held in Seattle. So I went over with the Secretary of Agriculture, who was a gentleman named Mike Espy. I was part of that team, and we went over to negotiate things on that Summit; then I stayed for a couple of weeks. We started in Beijing, as most everybody does. Then we went down to Zhangdou in Szechuan Province, and ended

up at Quangdong, at old Canton, and Guangzou. But at any rate, at Zhangdou in Szechuan Province, we went out to a dam that had been built 2,400 years ago, or something like that. It had a big sediment problem. But what was fascinating to me is that here's this old structure that's still in service. Still doing its job.

EIR: Was it all stone?

Peterson: Stone and a whole bunch of things—concrete and wood, and logs. But the interesting thing to me is: The way they handled the sediment then, and those crude methods that they were using years ago, are still in use. We talk about dams in our country, and we're worried about dams that are 50 years old. And here they got one over there—and probably more than one, that's 2,500 years old that's still in service and still doing it's job.

I don't want to get into a big long discussion of Three Gorges [Dam] and all, but that you know, they're still working on those kinds of things. Of course, they feel they need to to support their people.

The other thing is, I went back to China last May and June, with the International Erosion Control Association. I was presenting a paper to one of the International Soil Conservation Association conferences. Each year they have a conference. This one happened to be in China.

The thing I found, is that on my last trip to Beijing—the two trips were, like, ten years apart—it was almost like Beijing was re-built. Day and night.

Business Briefs

Unemployment

June Figures Show Downward Spiral

The Department of Labor's July 3 report showed that American unemployment had increased by 913,000 workers in the second quarter. In June, *official* U.S. unemployment jumped to 9.358 million from 8.998 million in May, an increase of 360,000. The official U.S. unemployment rate increased by 0.3% to 6.4% in June, the highest level since April 1994. Most professional economists, who had expected the June unemployment rate to be 6.1% or 6.2%, were shocked, and scrambled for explanations, arriving at the absurd claim that increased "confidence" in the economy was causing more Americans to look for work, swelling the unemployment ranks!

Labor Secretary Elaine Chao claimed that the new round of Bush tax cuts would put people back to work.

In the trajectory of unemployment, during the second quarter of 2003, 913,000 workers became unemployed. Since June 2000, when this wave of unemployment began, 3.784 million workers have *officially* joined the ranks of the unemployed; and since January 2001, when George W. Bush took office, 3.402 million people have become unemployed. For black workers, official unemployment leapt from 10.8% in May, to 11.8% in June. In fact, the real unemployment rate for blacks is at minimum 16%, and as much as 22%, with rates at 30% in some cities and towns.

In June, more than half of the 9.358 million unemployed had been looking for work for more than 12 weeks, the highest level since 1983.

Unemployment continues to strike at the manufacturing sector. During June, a further 56,000 manufacturing workers' jobs were eliminated. Of these, 48,000 *manufacturing production workers jobs*, those who physically alter nature to improve mankind's existence, were eliminated. This is the 35th consecutive month in which manufacturing jobs have been axed. Since July 2000, there have been 2.623 million manufacturing jobs eliminated, of which 2.178 million were production manufacturing workers. This is the elimination of 15.1% of the U.S. manufacturing workforce, and 17.5% of its manufac-

turing production workforce. *EIR's* preliminary investigation shows that the last time the United States had 35 straight months of manufacturing production worker loss was during the 1930s Depression.

Bonds

German Economist Warns of Blowup

The bursting of the U.S. bond market "may have apocalyptic consequences," warned Kurt Richebächer, former chief economist of Dresdner Bank, in his July newsletter. "During the late 1990s, Mr. [Alan] Greenspan was keen to foster the stock market bubble by aggressively manipulating both market rates and market perceptions. This time, he is keen to foster the three new bubbles that he has kindled in fighting the bursting of the stock market bubble—the housing price bubble, the mortgage refinancing bubble, and the bond bubble. . . . But among the three bubbles, one is of crucial importance because it drives the other two. That is the bond bubble. In essence, it was the sharp drop of Treasury yields over the past two years that led the simultaneous, steep decline of mortgage rates." And falling mortgage rates drive refinancing.

Greenspan and other Fed members fed the bond bubble: First, they assured markets repeatedly, "that there would be no interest rate hike as far as the eye can see." As a consequence, "investors and speculators, desperately hungry for big profits, stampeded into heavily leveraged bond purchases, giving, through the sliding yields, a new strong boost to mortgage refinancing." Second, as part of the talk about deflation, "Greenspan signalled to the marketplace . . . that "senseless liquidity is available for the taking by the speculative financial community. The obvious result is a credit and bond bubble that vastly outpaces the excesses of the equity bubble.

"The fundamental dilemma today," Richebaecher wrote, "is that the Greenspan Fed and Wall Street are making desperate efforts to sustain unsustainable bubbles. In the end, all bubbles are unsustainable because in order to stay afloat they have to inflate endlessly. Our greatest fear is now the

bond bubble. Its influences are pervading the whole economy and the whole financial system, and its bursting may have apocalyptic consequences." In Richebächer's view, "this bursting cannot be far away." It doesn't even require that Greenspan prick it by hiking rates. "Long-term rates have already fallen to such extreme lows—which means bond prices have been pushed up sharply—that there will soon come a point where new buying ceases."

Overtime

Speedup Causing Assembly Line Deaths

Two workers in their 40s have died on the job in Detroit area auto plants in recent weeks, and there have been additional cases of heat-stroke, a union official reported to *EIR*, citing abuse of overtime requirements as one factor. This is the context for recent Department of Labor promulgation of new regulations on overtime pay—which would force millions of workers into overtime now paid at the normal time-and-a-half.

On July 3, *New York Times* columnist Bob Herbert, in an op-ed titled "Picking Workers' Pockets," warned that "one of the last major reforms of the New Deal"—the Fair Labor Standards Act, that established the 40-hour workweek and minimum wage—is under attack from the Bush Administration, which wants to "recategorize" skilled workers as "professionals" who don't receive time-and-a-half for overtime. The Economic Policy Institute published a study on the new rules, saying they potentially steal the overtime pay from 8 million U.S. workers.

The conditions in the auto industry, described by *EIR's* source, indicate that this is a conscious speedup, and it is deadly. Already, though the UAW contract says that workers only have to accept 9 hours per week overtime, the auto companies are pushing 12 hours. It is supposedly "voluntary," but if a worker refuses to take the 12 hours—there is never a 9-hour opportunity—he is put onto the bottom of the list, losing any overtime. After a round or two, the worker capitulates and works the longer hours. This is one of the ways that manufacturing jobs can be reduced. The health danger is also alarming.

LAROCHE WEBCAST

We Are Now At a Turning-Point In History

Lyndon LaRouche gave this presentation to an overflow audience of more than 300 people, in Washington, D.C., on July 2; it was simultaneously broadcast over the Internet. A more than three-hour dialogue with those present, and those listening around the world, followed. The complete four-hour event is available on LaRouche's website, larouchein2004.com.

When I rose this morning at about five o'clock, I had some messages from Europe, plus my usual overnight briefing, and I was reminded that today is a turning-point in world history. First of all, 140 years ago, the fate of the United States was being decided on the battlefield of Gettysburg, on the same date.

Today, or this week, starting Monday [June 30], there's a change in the policies of Europe, which will be a change in world policy. And, whether they know it in Washington, or not, it will be a confrontation with the government in Washington, now. The assumption of the position of leader, for the coming six months of the European Union, by the Prime Minister of Italy, Silvio Berlusconi, and his address which he delivered yesterday, defines a change in the world economic and financial situation, a policy change.

As a result of efforts, which I've been involved in, in Italy and elsewhere, including votes taken by a majority of the Chamber of Deputies of Italy, resolutions coming out of the Senate of Italy, and other things in other parts of the world, and with the initiative of the Minister of Economy and Finance of Italy, Giulio Tremonti, there was presented to the European Union yesterday, by the Prime Minister of Italy, a proposal for the implementation of a large-scale infrastructure program for Europe, as a recovery program, based on what is called the European Investment Bank.

This European Investment Bank will do what many people in many states in the United States wish would happen, under the present economic conditions: And that is, large-scale infrastructure programs, in necessary infrastructure, as in transportation, power, and so forth—water management—in order to stimulate



With the imminent total collapse of the present world monetary-financial system, LaRouche said, “this means we’re at a turning-point in world history, comparable to the crisis periods of the 1930s, but much more severe.” Here, the LaRouche Youth Movement campaigns in California on June 5; LaRouche delivers his webcast speech in Washington on July 2.

employment on long-term projects financed through the European Investment Bank, which will be outside the monetarist control of the European Maastricht agreements, the so-called Stability Pact agreements.

Now, there’ll be a fight about that. Delors, a former minister of France, spoke on this; others spoke on this. This is going.

Not only is this happening, but at the same time, in Asia—especially as result of the recent visit by the Prime Minister of India to China, on an official state visit—there will be an acceleration in infrastructure-building programs throughout Asia: That is, large-scale programs in China are already under way. New programs are being negotiated; major projects, India and China; Southeast Asia, the Mekong development project is a major project under way. There are large-scale projects which will involve Europe, as well as Asia. And this means that Asia is committed to a program of recovery which is not entirely unlike what Franklin Roosevelt did, from 1933 on, from his inauguration as President. That is happening in Europe. It is not adequate, of course. But, it shows the sign of the times.

Similarly, in the United States, despite the government in Washington, despite a lunatic Alan Greenspan, throughout this country, the states of the United States know they’re bankrupt. Forty-six, at least, of the 50 states are in a virtual state of bankruptcy: They can not raise the taxes, to balance

their budgets! And, if they don’t, something is going to collapse inside the state economy.

Some states are moving with small-scale infrastructure proposals, in that direction. But, there is no Federal support for it.

So therefore, under these conditions, and with the imminent total collapse of the present world monetary-financial system—to which I’ll refer a little bit later—this means we’re at a turning-point in world history, comparable to the crisis periods of the 1930s, but much more severe.

The U.S. Today, and Under FDR

Now, what I shall address today, are several points, which are interrelated. First of all, I wish to make clear the similarities and differences, between the problems faced by the United States with the inauguration of President Franklin Roosevelt during the 1930s, and today. That then, as now, the world is dominated by the imminent, general collapse of the existing world financial system. Then, it was the Versailles financial system which was collapsing. Today, it is the floating-exchange-rate monetary system, established between 1971 and 1972. Nothing can prevent these systems, in their present form, from collapsing.

The collapse is more or less immediate. And what Alan Greenspan is doing, is actually criminal. That is, what Alan

Greenspan is doing right now: He's got a hyperinflationary drop of the discount rate. This hyperinflation is a trap, to lure suckers into financial markets, for one last go. Soon, one of these bubbles, or more of these bubbles, will blow out. Credit derivatives bubbles; mortgage-based securities bubbles; similar kinds of bubbles will blow. At that point, the present plan is, to run the interest discount rate up to, say, 6, 7, or 10%; which means that all of those suckers, who have expressed their confidence in the present financial market, will be looted.

We will have businesses collapse, state governments collapse, *everything* collapse, if Alan Greenspan and his crowd have their way. I know what they're up to.

So therefore, this is the kind of situation we face.

We also, of course, as you know, are involved in wars. How did this come about? Compare the two periods: Compare what Roosevelt faced, and what we face today. Then, we had a crisis, a threat of fascism in Europe. There was a conspiracy by a group called the Synarchists, which is a front group for a group of bankers, to establish a fascist dictatorship—a so-called Synarchist dictatorship—involving France, Italy, Germany, Spain, and also the United Kingdom.

At that time, to prevent this from being consolidated, President Franklin Roosevelt had discussions with Winston Churchill, who later became Prime Minister, or was becoming Prime Minister, in this period, to try to prevent those inside the United Kingdom, who intended to cooperate with Hitler, with fascists in France, with the Franco regime, with the Mussolini regime, and with the Hitler regime, especially with Göring. To establish a coalition which would take over Eurasia, and, with the cooperation of the British Navy, challenge the United States and conquer it.

Under those conditions, there developed a cooperation among two gentlemen who didn't like each other at all: Winston Churchill and Franklin Roosevelt. But they recognized, they had to have a coalition of forces to prevent this catastrophe from occurring. Churchill had communicated to Roosevelt, his intention and commitment to take the British Navy to Canada, if England were overrun. It didn't happen. But Roosevelt treated the commitment as serious. And, the United States' policy was oriented in that direction. We stopped it.

But, at a later period, we had a similar situation: We've had, in the recent period, we've had something like the Versailles system, or worse: the floating-exchange-rate monetary system, which is now disintegrating. This system has inspired some people—like the fascists, the Synarchists of the late 1920s and 1930s, who launched the Hitler effort—to launch a similar effort inside the United States. The effort is centered on those we call the “neo-conservatives.” Not only the neo-conservatives inside the Republican Party, gathered around Dick Cheney, the Vice President; but the neo-conservatives, also, who are their buddies, inside the Democratic Leadership Council, and those corresponding sections of the Democratic National Committee.

The Democrats Were ‘Neutralized’

The reason we went to a war in Iraq, was because the Democratic Party was neutralized, by the belief, that Cheney had the evidence, that Iraq was getting nuclear weapons. Cheney *knew* there were no such nuclear weapons. Cheney *knew* the story about Niger “yellow cake” going to Iraq was a fraud. And yet, with that knowledge, he *pushed* that argument, in order to convince the Congress to subside, and to allow the war to go ahead.

The Democratic members of the Senate, who should have stopped the war, *did not do it!* They consented to it. We're now in a war, which is a mess, for which there is no solution. The President of the United States is talking about a long period of occupation, which we can ill afford. There's also the threat of a war against Iran, spreading around the world, because the Democratic leadership in the Congress did not have the honesty and guts to exercise their Constitutional responsibility to prevent this war from occurring! And when they squawk about the war, or squawk about the issues, they're committing a fraud: They didn't stop it when they could have. No one moved against Cheney on his fraud. They all talked about how bad the President was.

You can't impeach this President! You can't convict him of *intent!* He's not smart enough to know what his intent is! You want to stop the war? Get *Cheney* out! Any serious person knows that. And if Cheney goes, Rumsfeld will go, his so-called “chicken-hawks” will go, and we will have a new opportunity to rescrumble and reconfigure our national policies.

The point is, this is fascism. What Cheney represents—or, I think Cheney's a dummy; I think his wife is a ventriloquist; she's the smart one in the family—what Cheney represents is the same kind of threat that Adolf Hitler represented in 1933-34, and beyond. If we don't stop it now, we'll find out what happened in Germany, as our own experience, *now*. And therefore, that's the issue on the table.

The issue right now, is *not* who is going to win the November 2004 elections; not who is going to be President in 2005. The issue is: *Are we going to get to that point*, without going to Hell, instead. We have to change the politics of the United States, *now*, on two points. As Roosevelt did then, in a much more serious situation now, we have to deal with the economic crisis, which is destroying our people and threatening the world. We have to deal with the war threat, which can take us down the road, that took Germany under Hitler—or something worse. These are the two questions, which we must deal with *this year*, not next year, not ten months from now, not five months from now. *Now!*

And therefore, we have to change the Democratic Party, at the top, by getting the present right-wing gang out of control of the Democratic Party. If we don't—and those candidates who will not do that, *ain't worth shucks*.

Let's take the case, for example: There's only one of these nine, who are my putative rivals, who is worth mentioning, and that is Senator Kerry. The others are not necessarily bad



“What do you want to do: Get rid of poor George Bush, and get Cheney as President? Do you want to get the fool out, in order to get the devil in? Not good politics. That’s the kind of situation we face.”

people, but they do not represent a serious proposition of contention for the nomination for the Presidency. Kerry does, in a sense. He has certain points in his favor. Unfortunately, so far, Senator Kerry has played the role of Hamlet.

The ‘Hamlet’ Problem in American Politics

Now, let me just go through this issue of Hamlet, because it’s a typical problem in American politics. We have a lot of Hamlets in politics. I used to accuse Bill Clinton, whom I liked and I still do, of playing the part of Hamlet. Now, as we know, Senator Kerry has a rather distinguished war record. He’s not a coward. Neither was Hamlet. Hamlet was a swordsman. When his father was murdered, he was out slaughtering Poles! A swordsman, and a professional soldier: He ran his sword through a curtain, without even knowing who was standing behind it, and killed poor Polonius. He was a warrior. But, as he says, in this Third Act soliloquy of his, after going through the threats to Denmark, his kingdom at that time, and saying, “But thus, when we shuffle off this mortal coil, what becomes of us? What happens to us after death?” *This thought*, he says, makes cowards of us all. It doesn’t make a coward of me; but it made a coward of Hamlet.

And, in a sense, it made a coward of Senator Kerry. When he had a chance to speak out and say who was responsible for the fraud of the Iraq War, when he could have said “Cheney,” he didn’t. He pointed at that poor President, who can not be convicted of intent: George Bush.

What do you want to do: Get rid of poor George Bush,

and get Cheney as President? Do you want to get the fool out, in order to get the devil in? Not good politics. That’s the kind of situation we face.

The economic situation is similar. We face an immediate crisis. Now, some people say, “Europe’s a problem. Asia’s a problem. Those guys overseas. They’re the problem.” They’re not the problem! They are *a* problem. I know them better than you do. I deal with them. I have been dealing with them. Many of them are my friends, or many of them I talk to. I spend a good deal of my time overseas, or dealing otherwise with leading circles in foreign countries. What any decent Presidential candidate of the United States would do!

Because the main business of the United States, as a world power, is to account for our dealings with foreign nations: to the south of our border; Africa; Eurasia; dealing with China; dealing with the Korea situation; dealing with the Japan crisis; dealing with India; dealing with Russia; dealing with Western Europe. Where are our politicians, on these questions? Nowhere. They’re sitting here talking about how good they’re going to be—saying nothing.

Now, I’ve been dealing with that.

Now, what’s the situation? We have, presently, the most important and largest-scale program of economic expansion ever dreamed of in human history, now beginning, in Eurasia. China, for example: the largest water projects in history; Southeast Asia and China: The Mekong project, one of the largest water projects in history; China is launching one of the largest railroad-building projects in history; India’s now



The potential for large-scale economic development of Asia is demonstrated by this historic June 15 ceremony, linking the railroads of North and South Korea for the first time since the Korean War. The chicken-hawks are trying to sabotage such moves toward reunification.

in discussion with China on one of the largest water projects in the world, the Brahmaputra power project, on the borders of Tibet and Assam.

Europe knows that it's bankrupt, unless it can export to Asia. The biggest export market for Germany, is China. The next largest export market for Germany is India. The survival of Western European economies depends upon increasing their output, largely through export and trade, and chiefly to Southeast Asia.

Africa is subject to genocide: Without a recovery, in the Americas and without a recovery in Eurasia, it will be impossible to reverse the genocide which is going on in Africa.

These are the kinds of things which confront us, which should confront a President.

The System Is Bankrupt

The problem today, is, that everyone is afraid to take on the IMF [International Monetary Fund] directly. In the case of the recent meetings which occurred in Europe this week, with Berlusconi addressing the European Parliament in his new position [as President of the European Union], the problem is: Are these fellows willing to move on good projects, like many states are willing to move ahead with proposing good projects, of infrastructure-building, under present condition? I think about seven of these states have significant projects they're now discussing. They're not willing to bite the bullet on the big question. The point is, the present world monetary and financial system is hopelessly bankrupt. There's no way, by small reforms, within the present world

financial-monetary system, that this world economic can continue to function.

This world banking system is bankrupt! The leading banks of the United States are bankrupt! Now, that means that the Federal Reserve System is bankrupt! We have a similar situation in the banks of Europe, with very few exceptions: They're bankrupt. Outside of China, pretty much, the banking systems of the world's banks are bankrupt. That means the IMF is bankrupt! It means the World Bank is essentially bankrupt! And it's bankrupt because its policies have been bankrupt since 1971-1972.

Now, what do we do, under these conditions? There's no way we can pay off the world's debts. There's no way we can reschedule the world's debts and manage them. It can't happen. *Much of this debt, has to be wiped off the books.* Without that, there's no recovery.

What do we do? We do two things. First of all, we say that the fundamental obligation of government is the general welfare of its people, both the present generations and posterity. The fundamental responsibility of government, is to accomplish this in a sovereign way: to use the sovereignty of government, and the sovereign powers of government, to protect and promote the general welfare, and the welfare of posterity. Therefore, when we're faced with a bankruptcy—for example: The local bank or a local firm is going bankrupt, and that institution is essential to that community; we step in with the power of government, and we put that institution into receivership, for *bankruptcy reorganization*. We keep the institution functioning; we work out a program, under

which the institution will continue to function, and recover from its diseases and problems. We will write off what we have to write off, in terms of paper, but we will keep these institutions functioning, for the benefit of the general welfare.

We will intervene to take measures to increase employment, as Roosevelt did. And the only place that government can do an effective job, in increasing employment, is in basic economic infrastructure: transportation, water projects, reforestation, power generation and distribution—things we need very much these days. These projects, as Roosevelt used these methods, will work, and have worked in the past. That's what Europe is talking about. That's what many states are thinking about, inside the United States today.

So therefore, to bite the bullet means, with the IMF bankrupt, that the governments of the world, the sovereign nations of the world—which are the *owners of the IMF*, politically—as sovereign powers, must put the IMF into bankruptcy reorganization. They must also prepare to put the banking system of the United States into bankruptcy reorganization. We can not have chaos; we can not have people dying, because of a breakdown of the financial system. We must maintain order. And we must have a recovery program, to meet the needs of present and future generations.

Now, therefore, the big problem before the world is the fact that, while many governments, including those of Europe today, or groups of nations in Europe today, are willing to proceed on infrastructure projects which are viable and needed, they are unwilling, so far, to take on the big nut. And, the big nut is: Who is going to reorganize a bankrupt international monetary-financial system?

That is where the United States, which has now been transformed from what it used to be—the greatest productive power on this planet—into a consumer society, which is a parasite, a predatory parasite, upon the world, and upon its own citizens. That's where the United States becomes crucial: Because of our history, and because of the power we represent, a President of the United States, calling leading nations of the world *now*, to put the IMF into bankruptcy reorganization, for a general world effort at general recovery, will work. That's where the United States is indispensable. And that is the kind of leadership the President of the United States must show.

There are certain things, in our position as a world power, where we should use that power, not to become an empire—we have no business becoming an empire—but the fact that we have great power, great influence, means we must *use* that power, not merely for our own advantage, but for the defense of humanity. Because we can call nations together, to make decisions they were otherwise unwilling or lack the courage to make. The same thing is true in Asia. Great projects are going on in Asia. But taking on the IMF system, putting it through bankruptcy reorganization, which is required, is what they're not prepared to do—without the consent or backing of the United States. And, we need a President of the United

States, who will *do* that. We need a candidate for President of the United States, a President in the wings, who will assure them, that that is going to happen. Otherwise we're not going to get through this mess.

Who Are the Synarchists?

Now, let's go back a bit, and say, "Who are these guys, these Synarchists?" And it's literally an organization. Let me just tell you about it. I knew pretty much, back over the '60s and '70s, I knew what this organization was—I knew it descriptively, but I didn't have some of the fine points and details. And, as a by-product of my work with the Reagan Administration, in pushing my project which was known as SDI [Strategic Defense Initiative], certain papers were declassified and made available to me through the National Archives. I was told to get over to the National Archives, and pick up these papers which were being declassified, which were there for my edification.

And, this was a collection of papers, dating from the early 1920s, until 1945, on a subject of investigations by, in the United States, U.S. military intelligence, wartime OSS, and also French intelligence—French military intelligence and other branches of French intelligence. And this concerned a group, which was listed under the category "Synarchist/Nazi-Communist." This is the group which was behind the Hitler project, behind the Mussolini project, and so forth. A group which was assembled in that form, in about 1920, at the end of World War I. This is the group.

Now, this group has two levels: It has a political level of agents, and people like Cheney, the followers of Leo Strauss, the so-called neo-conservatives in the United States, today—whether in the Republican Party *or in the leadership of the Democratic Party*. The DLC [Democratic Leadership Council], for example—are Synarchists, of this category, U.S. official category: "Synarchist/Nazi-Communist," dating from the 1920s, 1930s, 1940s. They still exist.

Behind the people like the Cheneys and so forth, who are the tools of this group, are groups of bankers, financial interests, dating back from the 14th-Century *fondi* of the famous Lombard bankers, that caused the crisis of that period. These small groups of people, faced with a financial crisis, and with great power leverage from behind the scenes, will say, that in a crisis of this type, such as the Versailles system collapse, or the present collapse, that they know that governments, pressed, will tend, under pressure of the people, to take measures which are consistent with the general welfare of the people and the sovereignty of nations. Therefore, they say, "we have to prevent that." And the way to prevent that, is to install a dictatorship, which will control the situation, under those kinds of financial conditions.

That was the case in 1928-1933. That is the case today. Small groups of financier interests—and I know many of them by name, and they're in New York and elsewhere, today—the same groups, that were behind the Hitler campaign then.

And these are the groups whom the neo-cons represent.

So the problem is the issue of this correlation between financial-monetary crisis, and war and fascism, or things like fascism. And every time we get into a crisis, in the 20th Century or now, these groups begin to move in that direction. The idea of setting up a dictatorship and going to war, as a way of controlling a situation, to make sure that governments do not emerge which will make the reforms, which might *hurt* the perceived interests of certain financier groups. And, that's what we face, today.

So, my job is rather simple, at that point: I *do* know what to do. I *do* know who the enemy is. I *do* know what the general remedies are. I *do* have knowledge of what people in various parts of the world are thinking about this. I *do* know what the United States could successfully do, in providing leadership, which is not coming otherwise from the political circles inside the United States. And therefore, my job is to act as if I were President.

And, that's happening. It's happening, with the reception I recently received, for example, in Turkey. Or the reception I have throughout the Arab press. Or, my recent participation at a key conference in Bangalore, India. My meetings in various countries. These are the things I'm discussing with them—these kinds of options.

A Government with a Mission

I am prepared to be President of the United States today—except one problem: I need a government. Now, when I look at these candidates, and I look at other people, I'm looking in a very practical sense, "where's my government?" Now, a government, to me, means several things: It means, obviously, the obvious institutions of government, and we have those institutions. But I'm talking about a team. Remember, when Roosevelt became President in 1933, he went in with a program, called the New Deal, already so-called, and he went in with team. And the first 30 days—not the first 90, or the first 100—but the first 30 days were crucial. What he did in those first 30 days, determined the success of Roosevelt's Administration.

Now, the new government of the United States, must be of that form. It must be a team. I have to have my team. And, there's a second team, I want to talk about, too: the interim team. My team is, picking things like Vice Presidents, key appointees. Appointees who will be selected in the same way that Roosevelt selected his key figures. Each will have a mission. And as a group, they will be a mission-oriented group, to solve the tasks. I'm also looking at people *in* government; I'm looking at people in the military, at other institutions, who I know are trustworthy, and reliable. Trying to find out who they are. And, select them as a team. On the day I walk into the White House, we will go in with a team, prepared to take over, the way Roosevelt did, and solve the problems.

Now, there's a second team that's needed. I'm not President, unfortunately—unfortunately for this nation. What happens if we remove Cheney and the chicken-hawks, the neo-

conservatives? Well, we'll have a new situation in the United States. Remember, the people who took over the government, under George Bush, after Sept. 11, are a small group, relatively small—a few hundred people, at most, with a hard core of a few score. This is a rump government, a dictatorship. A *junta* is running a government for a President who is not really a President. Who operates on the basis of emotions which are not always pleasant, but the poor fellow does not really know what he's doing. He just knows he wants to be re-elected.

And, for example, we want this fellow, who wants to be re-elected, to do a job, about Middle East peace. We want Palestinian-Israeli peace, *now*; we need it now; we don't want this thing running out of control. We want to do something about this mess, which Cheney and Rumsfeld made in Iraq: This is a hopeless sinkhole. This is *worse than Vietnam*, in terms of its potential. It's a desert Vietnam. And, it's going to look more and more like that, as the days pass. This was a piece of stupidity beyond belief.

But going back to government: Who is opposed to this war in Iraq? From what I can tell, most of the retired and serving flag officers of the U.S. Army and Marine Corps; and some in the Navy and Air Force, as well. Everybody of any competence, then and now, said this was a bummer. Under no conditions should the United States become involved in this war. They not only raised objections, they raised *specific* objections!

For example, to take the case of Iraq: Now, suppose there were a legitimate reason to invade Iraq, which there was not. There was no need to do so; it was not legitimate. No reason for it. But, suppose there were: What would this require? This would require *10 corps, plus*. Ten corps. That is, a couple of heavy divisions in each, with auxiliary troops, including medical—all the rest of the stuff. Because, when you invade a territory, you are responsible, the minute you occupy it, to maintain it, and deal with it! The objective is to come out with a success! It is to come out with a pacification, a successful pacification of the territory you've invaded, *and get out!* The way we tried to in Europe. Move in, and get out.

That means you pre-assign a full corps, to each corps area, which is not merely for the purpose of invasion, but it's for purpose of occupation and *getting out*. You organize the institutions which you find on the ground. You don't try to bust them up and start from scratch. You organize them, immediately. Find all the local leaders; get, in each case, get things functioning immediately again! Get the fire system functioning, the water system, the food system functioning, the hospital system functioning. *Get things functioning and get out!*

And, our military leaders who criticized this, spoke of this very clearly. They're still speaking about it, and the nonsense still goes on. You have one of my old enemies, an idiot, Bremer, in there as the czar of the country, making a worse mess of the thing, day by day. One idiotic decision after the other.

So therefore, we have, in our existing institutions, in this case, the military institutions—not only those in uniform, but



Iraq is “a hopeless sinkhole. This is worse than Vietnam, in terms of its potential. It’s a desert Vietnam. And, it’s going to look more and more like that, as the days pass. This was a piece of stupidity beyond belief.” Here, U.S. soldiers in Mosul searched for a person who threw a hand grenade, while a crowd of angry protesters was being dispersed on June 13.

those who are working as civilians, in that division, in the military services—who are competent, and *know how to do the job*. That’s part of what we have. We have people who are senior diplomats, retired or serving, who are competent in these kinds of things. Who serve our government. Who are loyal servants of government, who can be called back in, to advise. They’re there.

So, if we eliminate a few of these junta characters, who are dominating the government today: Send Cheney back to Wyoming to grow potatoes. Find someplace to dump Rumsfeld. Get these fools out. We have, in government, around this poor President, we have people, in the Executive branch, or who are associated with the Executive branch, who represent all the intelligence and capability needed to do an honest job, and keep things functioning—with some kind of policy directive. If we can shake the Congress back into some kind of shape, especially get the Democratic Party into shape, we’ll do fairly well.

You’ve seen the group around Scowcroft, the old Bush crowd: They’ve been behaving themselves on this thing, fairly well. You see people like John Dean, and his crowd: They’re behaving themselves fairly well—not always doing the right thing, but they’re sane. So, we have Republicans, as well as Democrats, who are perfectly sane. And if we remove this junta factor, and we realize what has happened to us, and we hate what has happened to us, and we try to get back to normal, during the next year and half or so—we can *get through* in terms of day-to-day management. We can *restore* our relations with nations in Eurasia; we can restore our relations with nations in Central and South America. So that you have another team; you have a team of capabilities of people who are serving in government, or who were associated with government, who can step in and advise this poor President

what he should do.

And, the poor dummy! I mean, I’m not trying to hurt the man; the man may have hurt himself already enough. He was born dumb! But, he’s the President! And we have to have the minimal crisis of our institutions; therefore, this President, preferably, should sit there. But, he should learn to do as he’s told, by people who are wiser than he is; and rely upon them in one message. You know, how do you handle a dumb President? You say, “Now look, dummy! President Dummy, Mr. Dummy. Our job is to make your Presidency successful, while you have it. If you behave yourself, and listen to us, we guarantee you, you can go out of here clean, and, have a nice retirement. And, be called ‘Mr. President,’ after that, even after you’re out.” That’s the way you handle it.

And, what I propose to do with the poor dummy is to say: “Protect the guy. He’s mean-spirited, he’s difficult to deal with. You may have to talk to his mother about him—what we’re going to do with him.” But, this is the President. We have to protect our Constitutional institutions. And the best way to do it: Get these bums out. And realize that we have a potential team already sitting there: people in government; in the Executive branch; specialist divisions; skilled people, who, when called into action, around a theme, an idea, are capable of keeping this ship afloat.

The ‘Acting President’

Under those circumstances, faced with an international financial crisis, and faced with the opportunities which are presented to the United States now—from Europe, and from Asia, in particular—with these opportunities, I’m sure that these fellows, without the burden of these neo-cons, and seeing the crisis we face, will respond intelligently to our friends abroad. I have an idea what’s happening in France.

I'll find out more in the coming weeks and months. I know something of what's happening in Italy. I know what's happening in China and India. I know certain things about the Arab world, and I'm talking with leading diplomats and others around the world, constantly. I've got a good smell of what the world would like from the United States. I know the "deal," as they call it, we can cut. I know the crisis we face.

We can get through this, quite well, even under this President, if we know how to play it. We'll send him out of office, in January 2005, saying, "Mr. President, you are 'Mr. President.' You will always be 'Mr. President' to us. Now go home and enjoy yourself."

So, in that sense, I have to be the acting President of the United States, because we just don't have one handy at the time. We have a sitting President, and that's what he's best at—when he's not lifting weights or whatever—but, we don't have a *candidate* for President: not on the Republican side; and so far, not on the Democratic Party side. Now, certainly, I would not deprecate Senator Kerry. I have a great deal of regard for him. I think his wife may be better than he is; she may be tougher. But, that's fine. He's a fine fellow. We'll work with him, for what he is. But, we'll not expect from him, what he's not. And, he is *not* a President for these times of crisis. And, the rest of them are poor losers, compared to him.

Now many of them may be useful. They may have useful roles. I mean, Kucinich—he'd never make a President, but he has an interesting constituency, which any political figure in the United States is going to pay attention to. Others of these candidates represent constituencies, which any person in high office is going to pay attention to. It's what you're going to work with. But, none of them come close to being President. And, none of them even come close to being a Kerry.

So therefore, for this period of time, I have to act like an acting President.

A couple days ago, this past Sunday, I gave a presentation at a meeting in New York City, to a few hundred people, which was videotaped and will be on the website soon. You can compare that with what I've said here, so far, today. It's a little bit different, but it's the same thing, essentially. It's complementary. So, you get an idea of exactly what I stand for, where I'm going, what I think. And I think the best thing at this point, is to let you go at me, because what I've done, is given you an outline. And you may have some pungent questions to throw in, which fill the gaps.

Dialogue With LaRouche

Following are excerpts of the three-hour discussion with LaRouche, by both Internet listeners and the live audience at his July 2 webcast. Many questions were asked by or on behalf of present and former state, local, and some national elected officials; and dealing in particular with the threat of Synarchist fascist reactions to the economic depression, and the

qualities of leadership required of a President.

Moderator Dr. Debra Hanania-Freeman, a national campaign spokesman for LaRouche, relayed many of the questions to the candidate. The final hour of questions, from members of the LaRouche Youth Movement, was moderated by David Nance, a leader of the Youth Movement from Baltimore.

An 'Economic 9/11'

Q: One question that has been submitted, has come from a gentleman in New York, who is currently on the staff of someone who served in a previous Democratic administration, who currently serves on the board of a major U.S. bank. And I know that this question is the product of some discussion that they have had, and they want Mr. LaRouche's comments on it. The question is the following:

"On the subject of what we've come to refer to here as a potential financial '9/11,' there's very little doubt that the state of the international financial system, and in fact the state of international banking, is fragile. We are dealing with a system that is, without question, in a state of near collapse. However, even conceding that, the actions of this Administration cannot be explained as policy due to mere incompetence. Nobody is that incompetent. In fact, upon reflection of how, indeed, the policy toward the dollar is being conducted, as well as other related policies, including the setting of interest rates, it would seem that there is a conscious drive to exact maximum chaos, and to provoke the equivalent of a national state of emergency in the midst of financial collapse. This certainly would serve to abrogate any commitment to constitutional rule in the United States. This is something that is very hard to conceptualize—we don't see anything like that in the history of our nation—but it's very hard to ignore it as a possibility in the current circumstance. Would you please comment?"

LaRouche: This is one of those 64 billion, or 64 trillion-dollar questions—which I shall answer. I think it's extremely appropriate. I've referred to it already.

The point is this. And I've been discussing this with leading bankers in Europe, and some in the United States recently, who ask me this same question, and I've given a qualified answer. Today, I shall give the same answer I gave them, but I shall add some names.

First of all, the way in which Alan Greenspan and the bankers associated with him are operating, makes no sense to people who are knowledgeable, unless you can prove that they're absolutely insane; that is, their brains don't function anymore, or unless they have some criminal intent, which may not be quite so obvious. Those of us who have discussed this—and this includes international financial circles as well as those in the United States—agreed with me that these fellows know exactly what they're doing, and that their intent is criminal beyond the belief of most citizens and politicians in the United States.



“The way in which Alan Greenspan and the bankers associated with him are operating, makes no sense to people who are knowledgeable, unless you can prove that they’re absolutely insane . . . or unless they have some criminal intent, which may not be quite so obvious.”

Who are these people? Well, without going into who I suspect—which little interesting group I know is involved—I would simply say it’s a banking group, a private financial banking group, which was involved in France in setting up of the Banque Worms operation, which gave us the Vichy government and those who invented Hitler, and those who were plotting the Nazi takeover of Europe during the 1940s. The same group—exactly the same group.

Who is behind it? Well, again, your neo-conservatives. Which neo-conservatives? Did you ever hear of [Robert] Mundell? Did you ever hear of the Siena bank, which is having a meeting right now? Did you ever hear of [editor] Robert Bartley of the *Wall Street Journal*? He’s a stooge for these guys, has been since 1971 at least, a long-standing enemy of mine. These are the guys to look at.

Look, you drop the interest—this is what they’re referring to—you drop the discount rate, the way Greenspan is doing now; you’re pumping up hyperinflation, which we’re in right now. Don’t believe anyone who tells you differently. That’s the problem.

For example, the mortgage-backed security bubble, the credit insurance bubble, and so forth and so on. As well as the usual Wall Street bubbles, various kinds of bubbles. These are all being pumped up as hyperinflationary bubbles. The way they’re being sustained is by dropping the discount rate, Japan-style, toward a zero overnight lending rate, which was used in Japan as a way of propping up the U.S. dollar and market for a long period of time. Now this means that you’re coming to an end game, where at this point, we’re close to the barrier at which there’s a general blowout of the financial

system. That’s the day that your bank actually closes, that your firm shuts down, that the state government no longer pays salaries, the city government no longer pays: a breakdown.

How does that happen? The breakdown starts when Alan Greenspan sends the discount rate *up*, and all the suckers are wiped out! So, everybody who is buying into the financial markets now, being suckered by the promises of a recovery or a bounce-back, is being set up for the chop.

Now, the precedent for this is 1931. The collapse of the Versailles banking system, in about 1931, resulted in the meeting of a group of financiers who set up the Bank for International Settlements (BIS), which is based in Basel, Switzerland to the present day. This locked up international credit. To get credit, you had to go to the Basel BIS group. When Hitler was brought into power, when Schacht was made the economics minister again, Schacht started the Nazi rearmament because he was able to get cooperation from the Bank for International Settlements to finance Germany, for its arms buildup, whereas Germany was previously collapsed from 1931 on, by being shut off from credit by the BIS group. So, this is one of those tricks.

And look at Mundell, among others, and the group associated with him, which is an integral part of the neo-con group. And you can look at various other officials, who could be agents of this type of thing inside government. But this is not a possibility, this is presently ongoing. This is a conspiracy against the United States, against the world! But especially the United States. And what the question reflects—those in high places inside the United States, who know the game, who say, “Tell us it ain’t so,” to me. I say, “You’re right, it *is* so. I know exactly how it’s being done.”

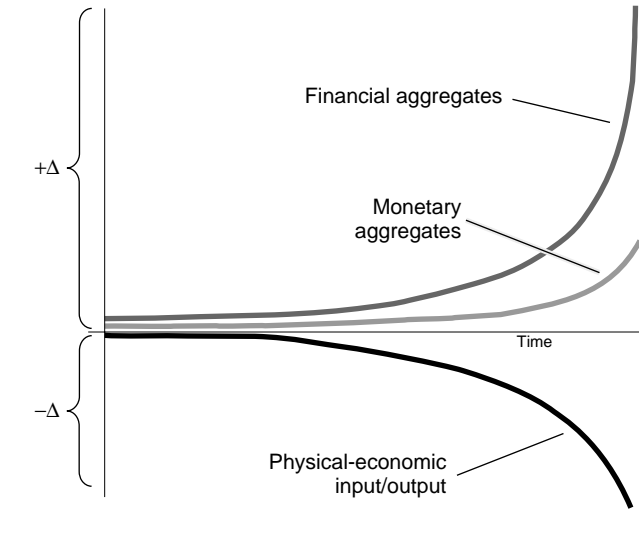
So, therefore, my saying it today, in the way I’m saying it—I may get shot for this, but nonetheless, the message is out. There is a game, and tell Robert Mundell and his friends, “We don’t want ’em to do it.” And some others. They know who I’m referring to, whom I didn’t name.

Is the Fed Incompetent or Criminal?

Q: Along the same lines, [Florida State] Senator [Daryl] Jones has submitted two questions. The first question is: “Mr. LaRouche, you stated that the IMF and most of the American and European banking institutions are bankrupt due to failing policies. What specifically are those policies, and how shall we change them? The second question is: You indicated that actions by Alan Greenspan and others could be construed as either criminal or incompetent. Assuming that they do know what they’re doing, what do you believe is the motivation behind these actions, and what ultimately is their goal?”

LaRouche: Well, the game is very simple. You see, it’s a big game. The problem that people have with this kind of question, and I think our questioner in New York had no problem understanding it, is that money is not real. That’s the key.

A Typical Collapse Function



Money is paper. Did you ever talk to a dollar bill? What kind of a conversation did you have? Money is what? At best, under our laws, which are no longer obeyed, money is currency issued by the Federal government, with the consent of Congress, by the Executive branch with the consent of Congress, by the Treasurer especially, but under the President.

So, what is it? Why do we circulate money? What's its value? The value is the ability of the Federal government to control its value, by management. One of the main functions of the Treasury Department of the U.S. government, is to manage the currency: to manage its circulation, to manage it through taxation, to manage it through preferential interest rates, to manage it through legislation which is enacted by the Congress, and so forth and so on. And to get the money flowing in such a way, to do what?

Take what has happened, say, since 1966, in the U.S. economy, as opposed to what should have happened. You have three curves that tell you what the monetary system of the U.S. economy is. One is the so-called growth of financial assets; second, you have the rate of monetary emission; third, you have the growth or shrinking of the physical assets per capita and per square kilometer, net physical assets.

Over this period, since 1966, you have not a uniform, but a steady trend. Financial assets were running up, leading, until 1999. Monetary expansion was pumping the financial markets, but the physical value of U.S. output per capita, of consumption and output, was collapsing. Look at our families. Look at the lower 80% of family households, income. They've been collapsing. The lower 80% of family income brackets in the United States have been collapsing. Look at the conditions of life. Look at latch-key children. Look at

schools. Look at health care. Look at everything. Look at basic economic infrastructure. All of these things that affect the typical person, in the lower 80% of family income brackets, are collapsing, including employment, factories, everything, places of employment.

So, what's wrong? It's—money is growing in nominal value, but the value actually received is collapsing. Now, one of the purposes of government in managing money, is to make sure that the value of things in prices does not go in one direction, contrary to the value of real goods, say income, and so forth. Standard of living, productivity. So, what has happened is that we've gone into a post-industrial, consumerist-oriented society, which is predatory, which lives by sucking on the rest of the world, like a blood-sucker, like Dracula. We have used our power, our control over the IMF system, to dictate the relative values of currencies. We've dictated the conditions of life in the world, and we loot the world for their cheap labor and their products for things we consume, and we don't even pay for what we import anymore, as our current account deficit shows.

What *should* be the case is, money should be regulated in such a way that the financial prices do not rise relative to physical values. In other words, an anti-inflationary policy. We do that in various ways. For example, we used to have an investment cash-credit program under Kennedy. The idea is, if a citizen will invest, instead of taking the profit out of a firm and distributing it, as per stockholder, shareholder values, will invest in improving the production of that firm by investing that capital back in the firm, better machine tools and so forth, or making a contribution to the community in donations to the community, for community benefits, that that person should get a benefit in tax treatment by the government, by state, Federal or local government, on that basis. And that's the way we normally manage the currency. It's by legislation, taxation, and so forth, with the purpose of saying, we are going to have a strong dollar policy. A strong dollar policy means the content of the dollar will be such that the person who saves the dollar, by saving it, will find that the dollar is worth more in purchasing power next year than it was this past year. That is a sane dollar policy.

The problem in this case: What they've done is they've run the dollar up. Now you know that when Bob Rubin and Bill Clinton were faced with the crisis in August-September of 1998, the so-called GKO crisis, the second major international crisis, Bill went to Wall Street, went to the Council of Foreign Relations, and made a speech about market reform. And then something came out of the basement of the White House, and threatened Bill with impeachment at about the time he talked about monetary reform. At that point, with the October Washington conferences on monetary policy, the United States moved with other nations towards what was called a "wall of money" policy, in which the drug-pusher George Soros played a key part. George Soros was one of the advisors in this. They were looking immediately at a February

1999 threat of a Brazil crisis. So what they did to try to avert a Brazil crisis, was flood Brazil with George Soros' money, and George Soros' control over the Treasury of Brazil.

At that point, in the Spring of 1999 through the Spring of 2000, it became apparent to us that the amount of money being poured out, to try to keep the dollar system from collapsing, exceeded the amount of financial values being rolled over: In other words, a hyperinflationary trend was already in place. It was obvious to us by Spring of the year 2000 that the hyperinflationary trend was systemic, not episodic. It was not a one-time shot, it was a systemic problem.

So, since that time, the U.S. has been bankrupt, which is how I made my forecast at the beginning, before Bush was actually inaugurated, of what would happen under Bush. I said, the man is stupid, therefore he will continue to follow these economic policies, therefore the economy is going to sink, and I'm afraid somebody's going to pull a "Reichstag Fire" to try to get a dictatorship in this country. And that's exactly what happened on Sept. 11, 2001. That's been the trend.

Now we're at the point that the whole hyperinflationary system is about ready to disintegrate. These guys are not thinking about money. They're thinking, if you can control the world, if you're the world dictator, you can determine who has money, and what the value of it is. It's an old game. This is the same game that was played in Europe in the 14th Century, which led to the collapse of the Lombard banking system, and led to the so-called New Dark Age of the 14th Century. This kind of policy. This is what is the game now. These fellows are out to play a Hitler-like policy in economics and finance, the way they are in military policy, in nuclear weapons against the world. You just have to understand their wormy little minds, as I know them. This is exactly the way they think, and that's exactly the way they do it.

The point is: The citizen says, often, well, how do we deal with it? Very simple. Eliminate their power. If you're not ready to act, to eliminate the power of somebody who's about to destroy civilization, don't say, what's the solution? Eliminate their power! That's the power of representative government. Make it work. Use the power of government, mobilize to get government to use its legitimate authority to put these guys out of this business. Otherwise, you're going to get the worst.

How To Throw Out the DLC

Q: Senator [Hank] Wilkins [of Arkansas] asks, "What can those of us in small population states, do to reverse this trend of the Trojan Horse takeover of the Democratic Party? If we launch an effective response in our state, won't the national party people who seek to keep you on the sidelines, simply write us off and write our state off as a loss?"

LaRouche: Of course they'll try. That's the way they behave. They're thugs, they're Nazis. What do you expect from them? Once you understand that they're gangsters,

no problem.

How do you defeat a gangster? Gang up on him. That's what we have to do. That's what *I'm* doing.

Yes, I stick my neck out. I have to. Somebody has to. If somebody doesn't stick their neck out and take the leadership, how are you going to get people together? You've got people who represent constituencies, who represent a smaller state, or a group in a smaller state, and you want them to take national leadership? No. Maybe one of them wants to. That's fine. But, in general, someone has to take this cause which involves a number of states, or most of the states, and take this cause and bring people together and spearhead the thing.

Someone has to take the lead. It's as in war. Someone has to take the lead. I'm taking the lead. It's the only way I know how to do it. It's the only way it's ever been done in history.

Politics is risk. Life is a risk. We're all mortal. What the problem of the Hamlet is, as I've emphasized repeatedly, is, people worry about the risk to their life.

You know, true religiosity has somehow gone out of the population, because they cannot cope with the idea that they're mortal. They have no sense of immortality. The person who has a sense of immortality, is worried not about how long their life is, but they're worried most of all about how they spend that life while they have it, and what comes out of it. People used to think about what they leave behind for their children and grandchildren, their community, and others. The Baby Boomer doesn't. Today's Baby Boomer doesn't do that. He thinks about his next change of lifestyle. The fact, if they have children, they say, "What did we do that for? It was a bad lifestyle. I want a different lifestyle."

So, we have, in the Baby Boomer generation, people who are now in their fifties and sixties, people who are now running the United States in most institutions, are people who don't have intrinsic courage. Because in older generations, our dedication was to what came out of our living for our grandchildren's generation. We thought about our grandparents' generation, and we thought about our grandchildren's generation. We said, "What does our life mean?" We said, "Can we be proud of being what we are? Are we pleased and happy to be what we are? Are we doing what we think we should do with our life, this mortal life we have?"

Most people today, in this culture, don't have that sense of commitment to previous and coming generations. That's the problem with youth. That's why I'm organizing a youth movement, because they know that their parents' generation really doesn't want them. And therefore, they know they are the no-future generation. Therefore, they're willing to fight for a future, for themselves and for coming generations. And maybe inspire their parents' generation to get back in the act, of mobilizing

The American people need a shake-up, also in Western Europe. They need a shake-up. They need to face the fact that there has been an economic crisis, there has been this kind of crisis, but there's been a moral crisis. Not a crisis of morals

the way that some crazy fundamentalist would say, but a moral crisis in the sense of, what is the difference between man and a beast, between man and an animal? "Why am I different than an animal? What do I do, therefore, as a person who knows he's mortal? How do I spend that mortal life I have?" And that sense of mortality, that sense of immortality, is lacking, as a result of the pleasure-seeking generation, which came out of the post-1964 rock-drug-sex counterculture, and similar kinds of things. And that's our problem.

So in this circumstance, those of us who have the courage to fight, have the responsibility, because only we have the willingness to lead. The others might wish to consider themselves leaders, but they don't have the guts to do the job.

Q: Delegate [Lionell] Spruill [of Virginia] asks, "Number one: Why have you not taken the DNC to court to challenge your exclusion from the debates; and two, what can we do to actually get you into these debates?"

LaRouche: I really don't want to get into the debate. I mean, none of them can talk! They can't, there's nothing to debate. They're under constraints; they're not supposed to say anything. These guys are cowards! I mean, how can a person run, and say, "I want to be the next President of the United States," and be a stinking coward who's intimidated by Donna Brazile? That's not a leader. And, therefore, I'd like to talk to these guys under a circumstance where they're free to talk, not where their mouths are controlled by some Gestapo zombie sitting on their back. So, I wouldn't sue, any way. I don't need to.

My policy is very simple: The crisis is coming on fast; and fortunately so far, I've made no mistakes in forecasting or indications of what's happening. So, I've got the best credibility in the world. None of these guys is noticed by any foreign government. Nobody pays any attention to them. They're considered nothing. They consider the re-election of Bush virtually inevitable in the United States at this present time. These things don't amount to a hill of beans, as we used to say. So, I would like to have them become better than they behaved, but I wouldn't bother to waste my time and effort going to court over this kind of thing, to get into a fool's paradise.

What I'm doing instead, I'm organizing a youth movement. I'm putting most of my effort into organizing a youth movement. I guarantee you, a youth movement will take over the politics of this country in the coming six months to nine months. That's what's going to happen.

If you want life, go where life is.

The Impeachment of Cheney

Q: OK. Rep. [Joe] Towns [of Tennessee] says, "Mr. LaRouche, what do we need to do to accelerate the impeachment of Dick Cheney?"

LaRouche: Well, I'm doing it; I think more of what I'm doing, would do it. I'm doing it all over the world. And,

we've got a fairly good audience for it, and a high degree of receptivity, because the world is very much concerned about these various things, like the spread of the worsening of the situation in Iraq. The spread of war to Iran. The nuclear bombing of North Korea, which some people would like to do real quick; things of that sort. They're concerned; in Europe especially, extreme concern about this kind of thing. In the United Nations circles, extreme concern about this thing. I mean, senior United Nations groups are concerned about it.

So, it's obvious that if you want to stop this, there is no way you can, in the short run, stop it, except by focussing so intensely on Cheney, that he has to resign, or the fact that he has not resigned becomes itself the big issue of the day. Because he's impeachable.

Remember, the evidence is very clear. In the forming of the U.S. Constitution, we gave great executive power to the Executive branch, in the sense that no other Constitutional government on this planet has that kind of power, that we concentrate in the Executive branch. The Founders were concerned and expressed this concern, that would such power be used by an executive to carry the nation to war, in the manner that George III had carried the war against the American colonies. And therefore, checks and balances were built in among a number of places on the executive power, but especially on the issue of war; the power to make war.

As many of you know, there are two categories of major fraud against the government. One is the fraud by a citizen against the government, which can be five years for each count. Another is a fraud by a government official against the government. The kind of fraud, for example, which was charged by the Nixon Administration.

The highest degree of fraud, short of absolute treason, explicit treason as defined by the Constitution, are high crimes involving fraud to cause the United States to go to war. We have the precedent of this in Lincoln's famous address on the question of the Spot Resolution in 1848 on Polk's going to war against Mexico, where this thing was made explicit. That when an official of government uses their influence to lie, to induce the government to go to war, and it's shown that the war occurred, a wrong war on a false pretense, occurred because of that lie, this is a crime tantamount to treason. At this point, it is absolutely clear that Cheney committed *that crime*. And that his whole pack of accomplices, all the worms with him, belong in the same package. And that Rumsfeld and his dentures were equally guilty.

So, therefore, we have to, the key thing here, first of all, is to establish the principle of law. Do we think the Founders were right? Do we think the relevant law is correct, in saying that a high official of government who uses his influence improperly, fraudulently, to induce the government to go to war, is guilty of high crime and misdemeanors? Our first job is to make that point.

It's not to say, how do we get Cheney impeached. *That's* the way to go about getting Cheney impeached. In due pro-

cess, it's how you go *about* due process, which is even more important than the process itself. Because people who care about Constitutional government, will always fight to preserve the integrity of the process of Constitutional government. Therefore, our first responsibility is not to say what would work, or might not work; that's not the point. Our first responsibility is to uphold the principle of Constitutional government.

When we know, that an official of government has committed a fraud, tantamount to high crimes on the issue of the powers of war of the United States, we must speak. We must speak persistently; we must demand the enforcement of the law, and say the least that can happen to this poor, unfortunate is, he simply resigns, and we're so happy to get rid of him that we don't do anything more to him. Just "git, git." That's what we did with Nixon. We said, "Nixon, git!" And he got. And this is much worse than anything that Nixon actually did, what Cheney did.

Therefore, our problem is not to say, is it going to work? That's Baby Boomer talk. Our problem is to say, what should we do? How should we act to preserve the Constitutional principle of government? And that's what I'm doing.

And I believe that acting according to principle will work, because in the political process, what is needed most of all is to get our people in the United States, back into thinking in terms of the principles of government; to act according to principles of government. To act according to principle, not expediency, not opportunism. Because when we win by fighting for principle, we win more than just the fight; we win government. The kind of government we want to leave to our posterity. And also, really, it's the best way to fight, the best way to win.

The Crisis of the States

Q: I have a question for you from Sen. Joe Neal [of Nevada]: "Lyn, many states are having special sessions right now to fund the simple operations in their states. At last count, we have up to 16 states who are currently in special session. In your judgment, what's happening? And why do we have so many states, at the same time, with apparently the same problem?"

LaRouche: Well, you look at things the way I look at it: Look at the state budget, as a total state budget, not just a state budget, but the total income of the state. Look at it from a physical standpoint, first, rather than money first. And say, on the basis of assigning prices to the physical shares of income and expenses of that state, can you find a way to tax enough to pay the bills, without lowering the income of the state, so that you were defeating your own purpose?

So now you're in a situation where you can not possibly balance the budget of these states. It can't be done. And I think probably, about 46 to 47 of the states are actually in that condition. Take the case of California: It's way beyond that. And that's one of the largest states in the Union.

So, what does it amount to? How do you deal with it? There's only one way to deal with it. The Federal government has the power to create credit. No other agency in the United States has the legal, Constitutional power to create credit; that is, you can not manufacture credit, except by the consent of Congress, through the Executive. It cannot be done.

Therefore, what is needed, is Federal funding, which would then—the states would participate in for infrastructure projects, just like the European Investment Bank that I mentioned today, earlier. A special fund outside the regular budget, which is a source of funding, for infrastructure projects: water projects, transportation projects, things of that sort, which are long term—15-, 25-year investments. Which will create employment; which will create production. So the trick here is to increase the total employment level, to the level that the income of the population is now able to pay the bills of the state.

So what people are doing: They're going into these sessions. They're faced with an impossible situation, as the California situation is an impossible situation. Believe me, the would-be governor of California—Superman—will not solve the problem that's around Gray Davis's neck! He may think he's Superman, but he's on a high! He can't do it. He may be a good weight-lifter, but he's not a good accountant.

They can't do it without Federal intervention. That's our problem. What Roosevelt did—we could create, with the Federal government; we could do what Roosevelt did with reforming the Reconstruction Finance Corporation, but it will require Federal credit, Federal backing to do it. We can get the money out; we can make an allocation—one Federal bill would do it. One Federal bill on financing, by listing the types of projects which are either Federal projects, or state projects. And what the Federal government can deal with essentially, is Federal projects or state projects. The Federal government can not officially deal with municipal projects. It's too remote. But they can deal through the state, with a statewide project—the financing, credit, security, for say, a 25-year period. Water projects—look, we've got the whole NAWAPA scheme, from the Arctic Ocean, down between the—in the upper plateau, between the two Sierra Madres, and northern Mexico. This is one big area of project: The whole section of the Western states can all go in one thing.

California needs water projects. The land is sinking because the aquifers are being drained, and it won't work any more. They need the projects.

We need power distribution, power-generation and distribution, throughout the country. We've lost it! California's crisis was largely caused by this Enron operation, and similar kinds of operations. That's what rose the debt so big. Therefore, we need to rebuild our transportation system; we need to rebuild our power generation and distribution system; we need to expand our water management, our water projects. We need—we have a loss of hospitals, hospital care in the United States. We need to put the system back in place; we

need to repeal the HMO bill; go back to Hill-Burton; get the thing working again. We have plenty of things to spend on, from the Federal government, which are sound investments, over a 25-year period. The Federal government can create the credit. We can create the employment; we can give out the contracts; we can stimulate growth, so the total income of the states is above the break-even point. At that point the problem is soluable.

What we see now, is states are simply begging, desperately saying, “We’ve got to do something.” And most of the projects that I’ve seen that they list, are projects which, by type, are legitimate projects. But there’s no funding agency to get the funds in place, on the long term, to do the job. Therefore, it’s a Federal government responsibility. And it would take one thing; one good imitation of what Roosevelt did with the Reconstruction Finance Corporation, with a mission orientation, and Federal legislation behind it: I think a five-page piece of legislation, through the Congress, signed by the President, would be enough to get the job done.

The Role of the LaRouche Youth Movement

Q: [from members of the LaRouche Youth Movement]. Lyn, we have one question that was submitted from Los Angeles, and then a related question that was asked by Heather Detwiller from Philadelphia, who is here. I’ll ask them together, because we have so many questions, I think

we have to start coupling them.

From the West Coast: “Hi, Lyn. This is Brendan. I’m a member of your third team, the Youth Movement. We, here in Los Angeles, and really throughout the United States, have a very good sense of what our mission is, and we want our country back. My question is the following: You said many times that the current crisis can only be avoided and addressed with a movement from within the United States. What role does the international youth movement play within the current political situation, given this context, and what’s our special role here in America in relationship to our friends overseas? (P.S. The weather in L.A. is wonderful, it’s a good time for a visit.)”


Heather says, similarly—I think, with a sense of knowing what the mission of the Youth Movement is right now—she says, “Lyn, you’ve talked about putting together your government. My question is, what’s the role of the Youth Movement after you win the White House?”

LaRouche: Let me take them in reverse order, because the answers follow better and more quickly in that order. First of all, the youth movement—I don’t think all of you know what it is. The youth movement is based on a group of people, largely, 18-25 years of age, which means that they are emotionally adults, young adults, not adolescents. It means they are of university age, and by being under 27, they have not yet gone brain-dead.

This is a very significant phenomenon, because the youth movement is based on a certain kind of educational program, and in our university life today—there is a famous fellow, [Lawrence] Kubie, I referred to back years ago, who did a study of this. And it’s my experience also in management consulting, and so forth, where I did similar studies. There’s a tendency in the United States for people in their last years of university life, or professional life, or slightly afterward, to go brain-dead. That is, they continue to mouth what they’ve been trained in, and add new techniques to what they know, but their creativity is finished. They no longer really make profound discoveries. Kubie referred to this as “the neurotic distortion of the creative process,” and it hits scientific productivity, especially. If people are not creative by the time they’re 27, 28, they’ll never make it, scientifically, typically.

Now, the educational program I’ve worked on with the youth, is based on principles of what I know to this effect. And therefore I started with a particular work by Carl Gauss, which has pregnant implications for education; with the idea that with their engaging largely in self-education, like a university on wheels, in this way, they would develop, more rapidly, intellectual powers far superior to the typical guy in university today. It worked. And don’t worry. The Democratic Party’s all upset about it, because these hacks find that our youth, who’ve just come into politics for, within two years, say, or more recently, are more intelligent than the Democratic Party officials, on practically any subject.

So, what I’m trying to do, is not only to have a youth



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The Roosevelt era offers a model of how unskilled, uneducated people can be quickly upgraded in a national mobilization. Here, both men and women were trained to run the machines that turned out parts for America's bomber planes at a plant in Willow Run, Michigan, in 1942.

movement, but it has a purpose. I'm trying to revive the United States, and revive the world. I'm trying to reverse the Baby Boomer syndrome, of the decadence which took over the population of the United States, especially from 1964 until the recent time. Because we don't have, as you see with the leadership of industry, politics, and so forth today, these guys—we have to work with them, but I'm telling you, relative to my generation, they aren't there. They're stumblebums when it comes to managing things. And most of you who are older, know it. They're not worth much. Sometimes they *try* to do well, but they simply don't have the ability to judge a situation effectively, to provide good leadership.

What I'm concerned about is the future leadership of the United States. People who are now in the 18-25 age group, ten years from now will be the new leaders, the new layer of leadership in the United States and other parts of the world. And therefore what we're dealing with here, we're dealing with a process of regenerating the people of the United States, regenerating the political process again, by putting some new blood into it. Because these young people, if they continue to do what they're doing, will be sharp. They will be the new leadership of the United States. They're not going to take the other people and put them into a concentration camp, or something, or retirement home or something, but they will be the new vitality. They will be the people who will take responsibility for leadership.

For example, look in the Congress, or the state legislatures

today. You look at the aides of the Congressmen. How old are the Congressmen's aides, typically? How old are the legislative aides? They're under 25, under 27. So that's the generation which is the normal political future, of the Democratic Party in particular. And my concern is to create, or have them create *themselves*, the new leadership which the political process needs. Not only in politics, but also in other spheres. Some of them are gifted as potential future scientists. I'm very pleased with that. So, this is a movement to regenerate the people of the United States, to get back to becoming good again.

How To Help the Unemployed

Q: A number of the members of the youth movement have submitted a very similar question. This question is from Brad McCoy, who is originally from West Virginia and organizing in Baltimore right now. He says, "Lyn, I'd like to know: If we actually do achieve the Land-Bridge policy, what comes next; or what comes after for the U.S. economy? How do we deal with the people in the United States right now, who have no homes or who have been in jail, and are completely unemployable? What about those people? I know you're about the people, but please tell me what you think, because they seem to be otherwise ignored."

LaRouche: I've got a couple of programs, one of which is—like Charlie Rangel, I'm going to bring the draft back. Selective service, bring it back.

About this employment question, what do we have? Now look, I was training troops, inductees, for a time during World War II. And we were scraping people up from the back alleys and the bushes, where we didn't even know there were bushes, and putting them into 16 weeks [training]. And as I've said many times, when they're lined up on the company street, I'd try to line them up—a platoon-worth of these guys, inductees—and I would think to myself, "We've just lost the war."

But what happened is we didn't lose the war. We took people from destitute conditions, who we were scraping out of the streets of a poverty-stricken America, and we turned them into an effective force, who not only did their job in the war—they weren't too skilled, but they did their job. And afterward, they fit into society as a more-or-less normal part of society, as functioning citizens. We actually upgraded the quality of the population, through this aspect of the war.

Now, we have now a lot of people we've destroyed, or semi-destroyed, uneducated and so forth. What do we have to offer these guys quickly, quickly? Well, we had the CCC back during the 1930s. We had the military at a later point. Obviously, there are major projects, whose characteristic is essentially engineering, civil and other engineering, which are required for large-scale projects throughout the United States. We can, in a sense, by having that kind of program, as we did with the CCC, as we did also in a sense with the military, with selective service, we can assimilate a lot of people under the name of selective service, or volunteer programs, like a Peace Corps-type of program. We could assimilate a lot of people into that, who otherwise are not generally employable. We can organize people to provide the special circumstances which they require, to adapt to a track to a future.

We can also review, through the court system, we can review many of the cases of people who were convicted and imprisoned. We can, in a sense, set up a way of rehabilitating their status in society. And we're going to have to do it.

So, therefore, we need a program, which is going to take a large section of the unemployed, especially young unemployed, or people under 40; we're going to have to assimilate them into large-scale programs, engineering programs, and use them not only for engineering, but for upgrading, for qualifying them for an upgraded place in the normal course of life. We don't know how many, or how large a part of the present population fits in that category of people who need that kind of opportunity. We know it's very large. We're talking probably about 5-10 million people in the United States, at least, who desperately need that kind of opportunity, so let's provide it for them. It's not really going to cost us anything. It's going to cost us something if we don't. So we're going to do it. Therefore, let's get the programs going, but let's get them going under sane conditions.

You see, the long-term function of the military—we shouldn't be thinking about wars. There's no reason for us to

have wars. We might be forced into some military action. All right, we're going to have a strategic defense capability, bar none. But, the function of a military under strategic defense is that laid down essentially by Lazard Carnot, who was the author, essentially, of modern strategic defense, with his 1792-1794 defense of France. And then, secondly, in a sense his follower Gerhard Scharnhorst in Germany, with the Landwehr program, that we can use engineering programs, of the type which are relevant to logistics in warfare. We can use those programs for civil work, as we used to, with the Civil Corps of Engineers.

Take the case right now in Iraq. We have a few Corps of Engineers people in Iraq. What are they doing with them? Traffic cops! Here you're occupying a country, the place is falling apart. We're not fighting people in a war, as a result of an invasion. No, the invasion's over. We did the invasion. Now, we're making a new issue. It's not the invasion that's now the issue. It's the continued occupation which is the issue. And now they're shooting back because of the occupation.

Why? Because we're not doing our job. We're not taking care of them. When you're in charge of somebody, you control their lives, and you're not taking care of them, they say, "What good are you? Let's get you out of here. We don't like you anyway." So therefore, what we needed was a Corps of Engineers capability to fix things that are broken. To get the Iraqis to organize themselves to fix things that were broken. To get the water working, to get the power working, to get things functioning that have to function. And to get the country functioning on its own feet. We're not doing that.

So, therefore, this kind of capability in the military, and in something like a CCC, or some kind of a civil engineering program—which is educational as well as work, that kind of thing—is what we've got to go for with this. Otherwise, we have plenty of things beyond the Land-Bridge. The Land-Bridge will give us working, in the United States, will keep us going for 50 years. So 50 years from now, ask me the question, if I'm still around.

On FDR and Churchill

Q: This is a question that came up in terms of remarks that you made regarding the alliance between Winston Churchill and FDR. It was raised, actually, shortly after your speech in New York City on Sunday, and was submitted again when you referenced it in today's presentation. It's actually from a former member of the Clinton Administration.

He says: "In New York City, you said that Churchill approached FDR for help in countering the establishment of a fascist dictatorship in Europe, and that it was, in fact, that approach that led to an alliance between these two men to fight World War II. We face a different situation today. The situation today is not that these forces are operating in Europe, but that they're operating here in the United States, and that seems to me to create a very different situation. Could you

please comment on this a little bit more, both from the standpoint of FDR and Churchill, and from the standpoint of the shift in the situation we face today?"

LaRouche: Well, really, it's the same. . . . There are two aspects to this thing, from military policy. First of all, the initial intent of those in Britain who were associated with King Edward VIII, who was sort of one of the pigs in the question. And one of the reasons that Edward VIII resigned, had nothing to do with Wallace Windsor; it had to do with the fact that he was too close to Hitler. And the British needed the help of the United States, and the United States Jewish community was not too happy with Adolf Hitler at the time. Others were not too happy with Adolf Hitler. Bernard Baruch was a key figure in this operation. Remember Baruch was the guy who bailed out Winston Churchill. Winston Churchill went bankrupt in 1929, and Baruch bailed him out. And Baruch was very key in the relationship, later, between Roosevelt and Churchill.

But in any case, so. . . Initially, the intent was to have— if a war was fought in Europe—to have the United States excluded from that war. So therefore, the British and others organized the peace movement in the United States against war, for that reason. Because the conclusion was, in Europe, that if a war broke out in Europe, say, between Britain and France on the one side, and Germany, and the United States were drawn in, the United States would dominate the world at the end of the war. So therefore, the initial intent was, the United States to be kept *out* of the war, and let whoever predominated in Europe, take over Eurasia as a base, and then challenge the power of the United States; because the objective was, to bring down the power of the United States, in that form that existed then.

When they found out what was happening, the shift occurred when Halifax and company in Britain, and Edward VIII and the whole group—like a guy I once knew, Kenneth DeCourcy, now dead, was part of this—they cut a deal with the Synarchists, with Goering and others, through Banque Worms, they cut a deal with the Vichy French—also the French opposition to Vichy—and with British circles, to unite Germany, France, and Britain, together with Italy and Spain, as a united force against Russia, and against the United States.



Franklin D. Roosevelt with Sir Winston Churchill at Casablanca, January 1943. Their wartime alliance was a very difficult one. Churchill saw the threat from the Synarchist/fascists, and appealed to the United States for help; but here, at Casablanca, Roosevelt told the outraged Churchill that he intended to free the colonies after the war—including Britain's colonies.

Churchill disagreed with this, and in the process, went the other way and appealed to the United States, for various reasons.

The alliance between Roosevelt and Churchill was a very difficult one. For example, I give the case of Egypt. The British were about to win the war against Rommel in Egypt. Oh, Churchill couldn't have that! He didn't want the war over too soon. So therefore, he put in Montgomery, an incompetent. Montgomery stopped the attack on Rommel, who would have been defeated and routed immediately if the attack had come. So the attack was held off while this stupid Montgomery lined up everything that looked like artillery, from El Alamein to the Qattara Depression, and just a few roadways in between. And when he had that thing packed with everything, including anti-aircraft rifles as artillery, lined up: Boom! everybody shot at once and Rommel git, right then, gone!

Again, in Normandy, the conclusion of the war was postponed for probably six months because of what Montgomery did. So, Churchill was playing a game against Roosevelt and company, at the same time he was an ally. So it was a very difficult alliance. It was an alliance based on considerations, larger, higher considerations. It was not really a buddy-buddy kind of relationship.

And the key thing are the Synarchists. The Synarchists are the same. Lazard Brothers in France was part of the Nazi operation during World War II. Lazard Brothers in New York today is related to the operation inside the United States. Same kind of thing. Mundell, etc., etc., all the same kind of crap.

So therefore, the enemy is the same. The difference is that in the post-war period, these guys immediately, because of U.S. supremacy at the end of World War II, moved in with Bertrand Russell and H.G. Wells, to take over the United States, which they did through RAND Corporation and similar operations which are called the preventive war freaks. Truman was practically a fascist! People think Truman was a great Democrat. Eisenhower saved the United States from Trumanism! Truman represented the problem.

What do you think happened, 1945-46, after Roosevelt died, until Eisenhower got in? Truman brought in the right wing. Truman brought in terror into the United States. Truman turned J. Edgar Hoover loose. Truman created McCarthy. Who got rid of it? Eisenhower. So things are not always quite what they seem.

So, they took over the United States. Once Eisenhower was gone—Eisenhower said very clearly, in his own language, he called it the “military-industrial complex.” Eisenhower fought that. Eisenhower was a military traditionalist, as MacArthur was. These represented the American military tradition. They were opposed to Truman; they were opposed to this guy. That’s why Truman got rid of MacArthur. It was a fight between the funny-funny guys, the pro-Nazi types today, and the traditionalists. The traditionalists didn’t believe in killing! Yes, they shoot. MacArthur fought some hard battles. But the American military does not believe the purpose of war is killing. The purpose of war is winning peace. The purpose of war-fighting is strategic defense, to defend the nation in ways which will lead to peace, and to avoidance of war.

Look at what MacArthur did, for example. Look at the case of the Pacific war, the most efficient war imaginable. Yes, there were hard fights in a couple of locations. The Navy did go for Iwo Jima and other unnecessary battles, because they wanted the stripes, and they wasted a lot of Marines in the process. But MacArthur said, we take the territory, we control the logistics. We have the power, the logistical power. They can’t move, why go in and fight them? They’re sitting on those islands, they’re not going to go anywhere. We control the territory.

How did we win the war against Japan? By shooting Japanese? No. Yeah, there was a lot of shooting, but that was not how we won the war. We won the war by a naval and aerial blockade which was effective, which brought Japan economically to its knees. And that’s the way we fight wars. We use a total effect, of total economy, to try to achieve the necessary effect, with a great economy of loss of life, to bring the war to an end as quickly as possible, and to make the former enemy a partner, through the effort of peace. That was U.S. policy.

Eisenhower represented that tradition, whatever vacillation he had, and he was tied to Bernie Baruch also.

So, when Eisenhower’s gone, what do you have? You had the Bay of Pigs, an operation by the funny-funny boys. You had the Missile Crisis of 1962. You had a whole series of things. You had the 1963 assassination of Kennedy, other things like that. Johnson was terrified, and you had the starting of the Vietnam War at the end of 1964, and from there on, it’s been all downhill, with a few—Clinton did a good job in postponing hell. He didn’t exactly get rid of it, but he postponed it a little bit, for which people may be grateful to him, today.

So, this is the situation. The situation has shifted. But the problem is still the same. There’s no difference between now and then, in one sense. The problem is, the objective of the United States, from the beginning, at least in the mind of people who understood what we were doing, was to build in this nation a republic, a true republic, which when it was created, was the only one in the world. The purpose of this republic, in the minds of Europeans and the minds of our leaders here, the Europeans who helped us create this republic, was to create a model for similar republics throughout the world, especially throughout Europe. It didn’t work, because of what happened in France in 1789 and thereafter. But the purpose was to create nation-states, which were republics, based on the same kind of principle that our nation is based on. And to bring about a world which is free of the old types of problems, a world, a fraternity, a community of sovereign nation-states, which would work out common principles and common objectives, and solve common problems. That was our objective.

This should still be our objective today. What I have now in my hands, in the world, in India, in China, in South Korea, in the Arab world, where people are looking to me to help get them out of the mess—in the Islamic world, or Turkey, where they wanted me to help get them out of the mess, when I was just there. In Europe, where key figures in Europe are counting upon me as a U.S. candidate here, to somehow be the lever that brings the United States into cooperation with them, for this kind of cooperation among sovereign nation-states.

That’s our purpose. The purpose is not to play a game, to win a game. Our purpose should be—as it always was and should be—our purpose should be to create a world in which nation-states are sovereign, where people through their own culture, can express their will, which can only be done through their own culture. We may come to the same end result in policy, but each people has to work through its own culture, otherwise it cannot be represented.

And you can not have republics without representative government. To have representative government, you must use the culture that people have. You may help develop it, but you have to use the culture they have. Otherwise how can they participate?

And therefore, we must have participation of people, in

confidence, in their own states. They must understand the agreements their governments have to make. On that basis, and *only* that basis, can we bring governments together to collaborate. Because they can not collaborate with us, unless our people and theirs can come to an understanding of a common interest. And that's our objective.

The problem is, the enemy is determined to prevent that from happening. Whether the enemy is in the United States, or outside the United States, makes no difference: It's the same enemy. And we all have to fight it together. We just each have to recognize what terrain we're fighting on.

We in the United States are responsible for our terrain. We're fighting the battle on our terrain. Others will fight it on theirs. Our friends in Europe, our friends in Asia, our friends in South and Central America, *they're our friends. They're my friends. In many cases, personally my friends.*

We can work together to solve these problems. And the idea of a playing a smart game? No, forget the smart games. Does sophisticated work? Yes. Smart games? No, they don't work. We have too many smart games.

LaRouche's 'First 30 Days'

Q: Hi, Lyn. My name is Travis. I'm from southern Indiana. And first off, I'd like to say thank you for launching this Renaissance. And you've changed the lives and the minds of people all over the world. And for that, I would like to thank you for giving us that opportunity.

Down to business. You referenced the first 30 days after a President is inaugurated, and how important and crucial it is. My question to you is, what specific thing are you going to be doing first, after you are inaugurated as President? And what programs are at the top of the list to be done first? Thank you.

LaRouche: Okay. It's a fair question. Well, what I have is, essentially, first of all, I intend to do as much of my program now, before I'm elected, as possible. As I said, we have this two-phase kind of government. That is, there are people who are in government now, or in various positions where they should be in government or influencing government.

And my venture is: We get Cheney and Company out, and hope that institutions like the military and others are able to influence the existing government, and take care of the poor child called the President, eh? And keep him from mischief, and keep him from danger, right? Mr. President, who is about to leave.

So that we would manage certain things, the crises that come up, and have a response to crises which would be positive.

Now, the first thing, of course, in my mind, is that since the system is collapsing, is we need to call an international monetary conference under which the governments will agree to put the existing IMF system into bankruptcy reorganization. Once we've done that, we have—we've crossed the first bridge. That's the most important bridge.

Because if we can organize credit in sufficient volumes, in the right way, to begin to move the world upward so that the world is not bankrupt any more—that is, the amount that is being generated in the world, is more or less sufficient to meet current needs—we've solved the first major problem. We're now moving upward.

So my first concern is to move upward. I would hope we can do as much as possible immediately. The news from this week, from Europe, from yesterday, and what's going on today, I would hope that the Berlusconi initiative, which is something that's already been worked on, that this will begin to move, and move in that specific direction.

Look. Concretely, I have responses from all over the world on this issue. People in Russia, in other parts of the world, are studying exactly what I'm saying and considering very seriously what I'm proposing. So I'm not waiting until January of 2005 to make that measure. I'm trying to push it through now.

Then, you know what I've said in general, about infrastructure projects, about these kinds of changes, to get them into place as fast as possible.

What I need, is to build the team, the prospective government, the team of people inside and outside of government, who represent a leading force who will make these things happen once they're given the power to do it.

And so, it won't be much different. It won't be much different once I'm in, except I probably will have by that time—if we do a good job—I'll probably have some new objectives.

I also have a big space exploration program, you know. I have things of that nature which I'm dedicated to. Lots of things. I'm full of things I would like to have done. I don't have enough lifetimes—I can't even imagine enough lifetimes to do all the things I wish to do. So I'll never run out of chores.

But in the meantime, that, I think, is the answer.

On this now, I have two sets of people who are available now, who are in positions of government or influence, who I try to make them into a team, a national team, international teamwork—try to get teams of people working on common solutions to common problems, and just do it.

And the transition to the actual process of governing as a President, will come naturally.

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Largest Guadalajara Forum Yet Marks Seineldín's Freedom

by Gerardo Terán

Celebrating the freedom of the longest-serving political prisoner in the history of Argentina, Col. Mohamed Alí Seineldín, the Guadalajara Forum—founded on the programmatic ideas of U.S. Presidential pre-candidate Lyndon LaRouche—held a three-day series of events in Buenos Aires, on July 3-5. Marking the first day was the celebration to honor Seineldín, attended by 700 activists from Argentina, Brazil, and Mexico, and convoked by LaRouche's Ibero-American Solidarity Movement (MSIA), the Movement for National Identity and Ibero-American Integration (MINEII) and the People's Reconstruction Party (PPR), the latter two guided by the ideas of Colonel Seineldín. On July 4, an all-day seminar attended by 70 individuals was held, entitled, "Brazil-Argentina: The Moment for Integration." And on July 5, a group of Argentine LaRouche Youth Movement members gathered at the Buenos Aires offices of the MSIA. They participated in a presentation and discussion that LaRouche was giving by telephone to a Youth Movement cadre school in Mexico City.

The spirit that inspired this celebration was set by the dialogue between Seineldín and LaRouche, which began with the reading of greetings LaRouche sent to "my old comrade-in-arms." He said, "Now, the old battle resumes in a new form. . . . This time, we shall win, because we must win, not only for the republics of the Americas, but for the world as a whole." Speaking by teleconference to the July 4 seminar, LaRouche stressed the importance of the new winds of integration blowing in Asia and Europe, and being fed by his programmatic proposals. He insisted, "My intention, of course, is to have a similar program for the Americas. The United States must change its ways, and go back to what we used to be, with a commitment to building up the republics of the Americas—Central and South America—which we have done so much, together with the British, to ruin. We must change our course, end the tragedy, and go on to a more heroic

period of history."

LaRouche said of Seineldín, "He, in a sense, epitomizes, in the history of Argentina, a point at which *he* as a *comandante* of his own forces under his command, acted to, in a sense, save the honor of Argentina, by his courage and that of his troops, whom he had led and trained. And again and again, responded as a patriot of his country, under tragic circumstances." In a moving response, Seineldín told LaRouche: "Imagine, it's now more than 20 years that we've been fighting together, and I have never personally met my commander in this long battle! . . . Your honorable personality is etched in my heart by these marvelous ideas."

'Three Titans' for the Nation-State

The July 3 event boasted, among the 700 attending, the participation of an important delegation of Brazilian politicians, businessmen, producers, and professionals, headed by Vice-Adm. Sergio Vásquez Tasso de Aquino, the president of the Brazilian Committee for the Freedom of Colonel Seineldín. Representing Mexico was Marivilia Carrasco, president of the MSIA in Mexico and a decades-long close collaborator of Lyndon LaRouche. After the enthusiastic public reception, as Seineldín entered a hall decorated with the national flags of Mexico, Brazil, and Argentina, the celebration was inaugurated with the singing of those three countries' national anthems.

In his opening address, MSIA leader in Brazil, Lorenzo Carrasco, stated that Seineldín's release now gives the push needed to escalate the fight for a new, just economic order, for which the LaRouche international movement has been battling for 30 years. Reviewing the various historic moments of that fight, Carrasco got to 1982, the year that marked Seineldín's heroism in the Malvinas War, and the year in which LaRouche responded to the great foreign debt crisis that was



Leaders of the three political movements which brought out 700 people to the July 4 Buenos Aires rally to mark the freedom of Col. Mohamed Alí Seineldín (third from left). Others (left to right) are Col. Adrián Romero Mondani and Vice Adm. Sérgio Tasso de Aquino; Marivilia Carrasco and Lorenzo Carrasco, leaders of LaRouche's MSIA in Mexico and Brazil; and Gustavo Breide Obeid, leader of the Popular Reconstruction Party.

exploding across the continent by writing his famous work, *Operation Juárez*. That same year, said Carrasco, Mexican President José López Portillo made the patriotic decision to declare a moratorium on Mexico's foreign debt. Precisely 20 years later, those same three titans of world history, said Carrasco, were the main protagonists behind the founding of the Guadalajara Forum, which was created to defend and promote a new international order, based on the defense of the sovereign nation-state.

As Marivilia Carrasco ascended the podium, she was greeted with a fierce embrace by Colonel Seineldín, accompanied by lengthy applause. She described the formidable effort LaRouche is carrying out today against the cabal of fascists that dominate in Washington, and which threaten humanity as a whole. "No one can conduct a more important battle in the world today than that which LaRouche is waging," insisted the Mexican leader.

She was followed by Vice Admiral Tasso, who paid homage to Seineldín in the name of the admiral's recently deceased father, an ally of Seineldín, General Tasso. The Brazilian vice admiral devoted his speech to the Gospel parable of the talents, and called on the audience to use and develop their talents, to change the world situation.

The secretary-general of MINEII, former Major Adrián Romero Mundani; and PPR President, former Captain Gustavo Breide Obeid—both of them Seineldín's colleagues

from both the struggle and in prison—were acclaimed by the audience during their interventions.

Finally, Seineldín himself spoke. The ovation lasted several minutes. He stated: "I have fought hard for integration throughout my entire life, and in 1988, with the valuable aid of the Ibero-American Solidarity Movement, led by the statesman and world thinker Don Lyndon LaRouche, and the support of the Republic of Panama, and of Gen. Don Manuel Antonio Noriega in particular, I was able to convene the Second Amphictyonic Congress of Panama. . . . Those of us who belong to the Guadalajara Forum, inspired by Mr. Lyndon LaRouche and led by our dear friend and strategist Lorenzo Carrasco, and who have worked for so long . . . with the infrastructure projects for our dear Ibero-America . . . must endow this new gathering of the 'Brazil-Argentina Seminar' with great importance."

Mercosur vs. NAFTA/FTAA Destruction

During the July 4 seminar, in addition to interventions by both LaRouche and Seineldín, participants had the opportunity to hear Marivilia Carrasco of Mexico's MSIA explain why the North American Free Trade Agreement (NAFTA), the precursor to the Free Trade Area of the Americas (FTAA), has destroyed the Mexican economy. Carrasco refuted one propaganda argument after another, which purport to offer Mexico as a model for others to follow. Also, during the morning deliberations, the audience listened to engineer Martínez Funes, of the Auditor Foundation of Buenos Aires, who gave a presentation on energy integration under the South American Common Market, known as Mercosur.

The afternoon session began with a presentation by a group of university youth, who employed the proposals of *EIR* and their own research to develop "Project Patagonia 2000," whose centerpiece is the construction of a maglev train from Buenos Aires to Ushuaia (the southernmost Patagonian city), and the construction of a complex of cities based on the model of a "nuplex" (nuclear-industrial complex). In truth, it was a revelation for the 70 people present to see a group of youth between the ages of 20-22, present something so profound, and with such competence.

The seminar decided to publish the transcript of the event as a pamphlet. All present, Brazilians and Argentines, committed themselves to produce at least 50,000 pamphlets in the medium term.

The Individual's Role At a Turn in History

U.S. Presidential candidate Lyndon LaRouche spoke to the "Argentina-Brazil-Mexico Integration: Hour of Truth" festivities in Buenos Aires on July 4, and also directly greeted the freedom of Col. Mohamed Ali Seineldín (see box).

Very few people seem, yet, to understand, two connected things: First of all, that there are specific turning-points in the history of nations, and of the world. Secondly, that in these moments of crisis, these turning-points, the role of the individual is sometimes crucial.

I referred earlier this week, in an address on the subject of the U.S. Presidential candidacy, which is now in motion; on the nature of the crisis; and the incompetence, the pitiful incompetence, of all my so-called rivals for this position; including a fatal, Hamlet-like weakness in the leading one of my rivals, the only one who would otherwise be treated seriously as a candidate: Sen. John Kerry.

Now, we come again to that point; history has a lawfulness to it, a lawfulness which is typified by the greatest works of Classical tragedy: that a nation makes a fool of itself, or civilization makes a fool of itself; the people behave foolishly; the institutions become decadent; civilizations, nations fall into misery. And there comes a time, when the people are ready to be awakened, and awakened to action to correct their errors, to correct the errors of prevailing civilization. And the subject of tragedy pertains largely to these kinds of subjects in actual history. Sometimes it refers to a legendary part of history; sometimes, actual history.

Just as the case of the famous Shakespeare's *Hamlet*, a legendary case, which corresponds also to a lesson in real history: Here's this soldier, Hamlet, who's out slaughtering people in warfare. Slaughtering people at the touch of his nerve, as plunging the sword through a curtain, without finding out who's behind the curtain, beforehand. But, yet, when faced with a crisis, he says that his cowardice, his lack of sense of immortality, makes a coward of him. And, he plunges, flight forward, into the destruction of himself and his nation.

We have now come to such a point.

For example, I referred to the events of July 1-3 of 1863, the famous Battle of Gettysburg: Where, after a failure of the forces of the United States, commanded then by General Hooker, Gen. George Meade arrived in Pennsylvania, and made a correct appraisal of the situation, as the forces of the Confederacy were moving north. And by virtue of decisions

The Colonel Is Free!

On July 4, 1776, the U.S. Declaration of Independence changed the history of the world. On July 4, 1863, as the Confederate troops retreated from their defeat at Gettysburg, the efforts to crush out the existence of the independent republics of the Americas were doomed—until that bad turn of events, beginning with the 1982 Malvinas War and the Autumn crushing of Mexico, against which our Colonel, Mexico's President López Portillo, and I fought those enemies of humanity typified by the voices of neo-conservative editor Robert Bartley's *Wall Street Journal*.

Now, the old battle resumes in a new form. The Colonel is free, the 1982 UNO address of President López Portillo resonates throughout the hemisphere, and I am leading the fight against these same enemies, politically stronger than ever before.

This time we shall win, because we must win, not only for the republics of the Americas, but the world as a whole.

Greetings to my old comrade in battle.

—Lyndon H. LaRouche, Jr., July 4, 2003

he made, and those of his co-commanders, he exploited the situation such, that that battle, on the evening of the 3rd, had become a turning point in the Civil War, a fight to save the nation of the United States.

Sometimes the people who are called upon are not the top leaders, appointed leaders. Sometimes, they're just people in leading positions, who make the right decision. And, not failing to make the right decision, enable the civilization to turn upward.

United States Must Change Course

We're in such a situation, today, worldwide. And, there are many good things happening around the world: For example, what is happening in Europe, and in Eurasia generally, with steps toward large-scale infrastructure-building programs, long-term; new credit systems for these programs, to build up trade and development in Europe and in parts of Asia. This is a great thing.

My intention, of course, is to have a similar program for the Americas. The United States must change its ways, and go back to what we used to be, with a commitment to building up the republics of the Americas—Central and South America—which we have done so much, together with the British, to ruin. We change our course. End the tragedy, and go on to a more heroic period of history.

Now, in this, I'm very happy to have the occasion to be

on the telephone, once again, with my friend Col. Seineldín: Because he, in a sense, epitomizes, in the history of Argentina, a point at which *he*, as a comandante of his own forces under his command, acted to, in a sense, save the honor of Argentina, by his courage and that of his troops whom he had led and trained. And again and again, he responded as a patriot of his country under tragic circumstances. Well, he was crushed, as I was crushed, repeatedly. But, here we are! Back on the stage, again! And, I'm having more fun, in the sense of an historical mission, and also a sense of influence in various parts of the world—filling a vacuum of leadership—than I've ever had before.

So, don't be discouraged. We, some of us, remember how Argentina was in former times, remember Argentina's power and pride during the 1940s, the postwar period; remember again, Argentina was still a strong nation in 1984, even after it had been partly crushed—there were great traditions, great capabilities in the country. The diet was excellent—a little bit too excellent, sometimes, in Buenos Aires. The normal families could have a good meal. These were better times. They've been taken away.

But the people are still there. The people still have the same potentiality. And, the collapse of the international system, this tyrannical system, which has destroyed so many nations, gives us, again, a turning point in history, where, if we can find the leaders, we can change the situation, end our foolishness, and resume the path of progress.

My confidence, as you know, is based on what I see in the generation of young people, especially those between 18 and 25 years of age: young people of the so-called university generation—those who would be entering higher education, and going on to their professional degrees, by the time of their mid-20s and so forth; to become physicians, to become scientists, to become leaders of other types. Now, these young fellows know that they've entered a future, as young adults, of a society which has no future. What they've inherited from their parents' generation, worldwide, generally, especially in Europe and the Americas, is a no-future situation. Therefore, they are responsive to the challenge, to develop within themselves those capabilities of leadership, which may not bring them immediately to the top leading positions of society; but *they, as a force of conscience*, an informed force of conscience, would go to the older generation, which is still in positions of power, and, at that point, turn the older generation *back* onto the path of progress.

Leadership Will Come from 'Colonels'

I remember a joke by an old friend of mine, Jean-Gabriel Revault d'Allonnes, the general in France; we were having a meeting in the middle of—the early part of the 1980s. And, he told an anecdote, a true story, of the time he was the only colonel among a group of otherwise French general officers, sitting at a table in occupied Germany. And, they had a discussion of what do you do, in the case of the outbreak of a new war. And he, being a young colonel, said, "Well, the first thing

you do is fire all the generals! And get the colonels back in to run the point." The point being, of course, that sometimes, as you approach, for a long period of time, a period of conflict, the old leaders are so habituated to the conditions of peacetime, that when war comes, they can not react appropriately, and sometimes, younger people can react.

We have a situation like that, today. The older generation, people now in their 50s and 60s, from the Baby Boomer generation, from the post-Missiles Crisis, post-Kennedy-assassination generation, were terrified into a flight from productive society, into a pleasure society, a consumer society. These people are running the world, and they're making a mess of it. Some of them can be revived. Some of them can be kicked, into roles of leadership we need from them. But, the answer's going to come from the colonels: That is, from the young fellows, who are not yet trained for top command, but who are insisting that the top command get out there, and do the job.

And therefore, I'm confident, because of my recent experience, in the Americas and in Europe—I'm confident that we've entered a time, when we can recruit youth to act like the colonels—as Revault d'Allonnes said in that anecdote—to kick the generals, the leaders of society, into taking the road toward reconstruction.

We're at a turning-point in history, a turning point where we can go upward. We're also at a crisis point of tragedy: If we do not go up, civilization globally is doomed. Or, if we can seize the moment, and find the leadership to inspire the people to do it, *we shall win*, and it shall be one of the greatest moments, in all known history, if we win.

Thank you.

Col. Mohamed Alí Seineldín

'These Marvelous Ideas Are Etched in My Heart'

Well, dear Lyn, I've listened to your marvelous message, as always. Imagine, it's now more than 20 years that we've been fighting together, and I have never personally met my commander in this long battle! I hope to meet you some day. But I'm content to only know your ideas. Your honorable personality is etched in my heart by these marvelous ideas. Nonetheless, I am anxious to meet you—in not more than the coming two years! Because it's sad for a subordinate to not know his commanding officer. So, we're going to try to solve this problem.

Good. The battle-lines have been drawn. I think there is no longer any doubt: the Anglo-Americans have flung themselves directly to occupy the entire world. And, as you have



Colonel Seineldín, the Malvinas War hero who was held a political prisoner in Argentina for 13 years, addresses the crowd on the mission of Ibero-American economic integration, and LaRouche's international leadership.

said, in that assault, the survival of the human species is at stake.

We, here, despite all the hazards—and having been in the hands of the adversary so long, for 13 years—we are here once again, raising and waving the flag of battle. We are advancing as General Torrijos said: without taking one step backwards, not even to gather momentum. We don't look to the number of people who are with us; those of us who are here, fight with determination to achieve the objective of Ibero-American integration, while respecting the nation-states.

I thank you for leading this struggle. We have our world commander; it is you. We here, in this continent, are advancing.

So, to not go on at length, I'm going to tell you an anecdote about Jeanne d'Arc, that great fighter who became a saint in leading this good battle. On one occasion, in the face of a siege that had been laid on a British fort, a subordinate from her general staff said to her: "Listen, Jeanne, with what we have, we're not going to be able to win. We are too few."

And she answered him, "Don't worry, because people from everywhere will come, spiritually, and will help us. So, we have to attack with what we have at hand."

The interesting thing is, she took the fort.

We are on that same path, with a lot of faith, with great strength, with the clear ideas which you have educated us in, with a fire in our hearts, and wanting to do battle. And there is no retreat.

I send you a strong embrace on behalf of all of our brothers who are here, in Christ and the Virgin of Guadalupe, the Virgin of the Americas. I love you very much; and we pray that you remain firm, as I have known you in these 24 years of battle. Greetings to your marvelous wife, who also gives great strength to all the rest of the struggle. Until soon—because I do have to meet you!

Mohamed Ali Seineldín

'There Is No Time To Lose'

These are excerpts of former Colonel Seineldín's presentation to the 700 participants of the Argentina-Brazil-Mexico Seminar on July 4.

My very dear brothers united in the Ibero-American soul:

In the unforgettable memory of those iron-willed fighters who have left us physically, but not spiritually—such as Gen. Tasso Villar de Aquino, our brother [Carlos] Cota Meza, and so many others—I greet you with my heart so filled with joy by your presence, and by the extraordinary objective which we are so proudly carrying forward: *Ibero-American integration*.

From a very young age, I made a comparison with the highest levels, and I observed that these premises of the natural order weren't carried out at the level of nations, producing the logical consequences: divisions, confrontation, rancor, wars, backwardness, etc.; which compelled me to study the history of the Ibero-American people, not egotistically to know or nourish my intellect, but to interpret and pose the questions.

When I was a young Army officer, the first situation that really impressed me was during my first military exercise on the Brazilian border, around 1957. I noticed that after these long and difficult exercises, the troops of both armies met to share lunch and strengthen their bonds of friendship.

I was very much struck by this attitude, and encouraged by it to study the independence and Constitution of the United States, the model followed by almost all of the Ibero-American nations for their own organization. I found that our own Forefathers had been very interested in [the U.S. model], but that tremendous domestic interests, backed by foreign ones, had been so influential, that they succeeded in totally annulling the intent [to pursue it].

'Globalization,' Enemy of Integration

I must say with humility that I have fought for integration my entire life, and in 1988, with the valuable aid of the Ibero-American Solidarity Movement, led by the statesman and world thinker Don Lyndon LaRouche, and the support of the Republic of Panama, and of Gen. Don Manuel Antonio Noreiga in particular, I was able to convene the Second Amphyctionic Congress of Panama, which, though successful, did not continue to exist after that.

As you see, we have seen [integration] as a necessity starting many years ago.

During my stay in Panama, where I served in 1987 as [Argentina's] Military Attaché to the Republic of Panama, I learned of a new international revolution (a continuation of the French Revolution of 1789 and the Communist one of 1917), which appeared on the world scene under the name of the "New World Order" or "globalization." Emerging from the meeting places of the Anglo-American upper caste, its intent was to wipe out nation-states and their Armed Forces, and depend for its support on three significant political-military world actions.

The first would be the formation of the European Economic Community. Secondly, out of that political formation, establish an invasion route along the general lines of Israel, Lebanon, Syria, Iran, Iraq, Afghanistan, North Korea, with the ultimate aim of blocking Russia, and partially surrounding China; and, thirdly, organize Ibero-America as an economic bloc of the Free Trade Area of the Americas (FTAA), to disguise the military objective of including it under the North American nuclear umbrella, and thus completing the final siege of China.

In the face of this knowledge, I issued a number of warnings to my military superiors, without receiving one single reply. After insisting tenaciously, I was led by circumstances to a dead-end street, forcing me into the military action of Dec. 3, 1990.

After the failure of the Dec. 3, 1990 action, and sentenced to prison, I continued to study the world and the Ibero-American situation. . . .

It was this situation that led Mr. Lorenzo Carrasco, leader of the Ibero-American Solidarity Movement (MSIA)—based on the doctrine of "Operation Juárez" conceived of by the statesman Lyndon LaRouche—to organize the Guadalajara Forum, which today, thankfully, exists and is moving forward.

Those of us who belong to the Guadalajara Forum, inspired by Mr. Lyndon LaRouche and led by our dear friend and strategist Lorenzo Carrasco, and who have worked for so long and with such great effort—convinced of the correctness of the path we have adopted, and with the infrastructure projects for our dear Ibero-America already developed—must endow this new gathering of the "Brazil-Argentina Seminar: the Moment for Integration" with great importance. It is my view that we have two roads to follow: Continue working as we have done to date, or approach these new Ibero-American authorities to offer them our support and our projects.

The Seminar must now go out and move forward with force, and make its presence felt at this crucial moment in the life of Ibero-America.

Dear Brothers: With the help of God, and of His Holy Mother the Virgin of Guadalupe, never doubt that we shall build the much-desired Great Ibero-American Fatherland, dreamed of by Bolívar, San Martín, Artigas, O'Higgins, and so many others.

There is no time to lose!
America is possible!

Cheney's Fraud To Bring Down Britain's Blair?

by Mark Burdman

As Lyndon LaRouche's fight to get U.S. Vice President Dick Cheney out of office is being massively bolstered by the revelations by former Ambassador Joseph Wilson about Cheney's role in falsifying "Iraqi weapons of mass destruction" (WMD) intelligence, the same scandal may bring down another culprit. British Prime Minister Tony Blair is under fire for his wild lies about the Iraqi threat for what former Blair Cabinet minister Robin Cook characterizes as bringing Britain into "war on a false premise." The week of July 7 witnessed a growing chorus of calls for Blair to step down from power.

Blair and Cheney, politically, are the same species. They represent the latest reincarnation of the Synarchist-fascist mob that the late British Prime Minister Winston Churchill combatted, in league with American President Franklin Roosevelt, in the 1940s. Those Synarchists were not only the regimes of Nazi Germany, Mussolini's Italy, and Franco's Spain, but an extremely powerful British grouping, led by Lord Halifax, and including Lord Beaverbrook, the Duke of Windsor (who had abdicated as King Edward VIII in 1936), Sir Samuel Hoare, and the disreputable political "fixer" Kenneth de Courcy. The Cheney-Blair axis today, might usefully be dubbed the "Hitler-Halifax axis of 2003."

Blair's downfall would be a critical blow to the fascist-imperial war party congregated under the scowling Cheney. A growing number of informed Britons are, more and more, seeing Blair as, indeed, the same kind of creature that Churchill and FDR fought. The issue of the fascist danger is coming more to the fore, as outrage grows in Britain that the Bush-Cheney Administration has designated two British subjects to be tried in secret military tribunal at Guantanamo Bay, and possibly executed. (The death penalty is banned in Britain, as it is throughout the European Union.) This Administration decision has been vehemently denounced in Britain, including by the most senior levels of the Foreign Office, and Blair, who is soon to travel to the United States, to intervene against this barbarism.

'It's Time for Him To Quit'

For Blair, the week of July 7 began with the British media highlighting the dramatic statements of Wilson, which drew attention to Cheney's key role in the affair of Niger uranium, the so-called "yellowcake," but also focussed on Wilson's comments about the strange Blair government behavior in perpetuating the Niger fraud.

On July 9, the *Independent*, under the banner headline "Is

Niger the Smoking Gun?” aimed its ire at Blair, not Cheney. Noting the July 8 statement by White House spokesman Ari Fleischer, admitting that the Niger story was bogus, the *Independent* wrote: “The White House yesterday dealt a devastating blow to Tony Blair, after it rejected as flawed British claims Saddam Hussein attempted to buy uranium from Africa, to restart his nuclear weapons program. . . . The American admission represented the first major split between London and Washington over the case against Saddam, and exploded into a full-scale row in Westminster, as Blair told senior MPs [Members of Parliament] the British government stood by its story. But Conservatives, Liberal Democrats, and Labour backbenchers demanded that Mr. Blair release the intelligence behind the uranium allegation to an independent inquiry.”

The *Independent*’s lead editorial, “America’s Dismissal of the Niger Connection Has Damaged Mr. Blair,” said that “the charges about Iraq’s quest for nuclear weapons . . . are rapidly coming unstuck. . . . The Niger connection was a key part of the government’s case against Iraq, a case based on Saddam Hussein’s illegal possession of lethal weapons. . . . The Niger accusation emerged from the [House of Commons Foreign Affairs] Committee report as a point of singular vulnerability in the government’s argument. . . . If it is shown that Mr. Blair cited the Niger argument, knowing it to be discredited, then he misled Parliament, he misled the country, and he must draw the only appropriate conclusion, which is resignation.” On July 10, the paper ran a front-page spread on the Niger story.

On July 8, *Guardian* senior diplomatic correspondent Hugo Young, in the lead op-ed entitled “Blair Has Run Out of Steam—It’s Time for Him To Quit,” delivered a clear message: Blair “needs to face the unthinkable fact that he may have stayed too long,” and that he has become “the problem not the solution.” Young concluded: “The country is ready for a new voice. All Blair passion spent, someone else deserves a turn.”

Young approvingly cited the example of Blair’s partner in the war against Iraq, Spanish Prime Minister José María Aznar, who has decided not to run for re-election. Aznar, according to Young, has “anticipated the limited life-cycle of his value to his country.”

Another devastating attack on Blair was launched by Labour MP Tam Dalyell on July 9, in an interview with the Arabic Al-Jazeera TV network. Dalyell favorably cited Ambassador Wilson’s revelations, and a July 8 *Los Angeles Times* article blasting Cheney for the Iraq WMD fraud. When asked if he held to his statements from this past March that Blair should resign, Dalyell acknowledged that this idea produced terror among Labour Party MPs who fear that Blair’s downfall would end their own careers. So, rather than a precipitous resignation, Dalyell insisted that there be a change of leadership of the Labour Party and government—both of which Blair heads. That is, the same end by different means. He said that a great deal would be decided before Parliament

reconvenes in early Autumn. Dalyell denounced the Iraq invasion and occupation as a disaster.

Echoing Ambassador Wilson

Another blow to Blair was delivered on July 7, with the release of two reports. One was the final report of the House of Commons Select Foreign Affairs Committee (FAC), entitled “The Decision To Go to War in Iraq.” The second was a new British Ministry of Defense (MOD) report, the first overview of the military campaign in Iraq, entitled, “Operations in Iraq 2003: First Reflections.”

The FAC report appeared, at first glance, to exonerate Blair and 10 Downing Street Director of Communications Alastair Campbell, on whether Campbell had, as BBC correspondent Andrew Gilligan charged, “sexed up” the Blair government’s September 2002 dossier on Iraq WMDs, which made the absurd contention (repeated many times by Blair), that Iraq could assemble weapons in 45 minutes and threaten the British Isles. Blair and Campbell played up the FAC findings as a victory.

The reality is exactly the opposite. Done in impeccably deadly British fashion, it employs qualifying words, nuances, and subtle criticisms about how the Blair government got Britain into the Iraq War, that it amounts to a condemnation. On the most important issue, namely, the “Iraqi WMD threat,” the FAC authors demand that the Blair government present proof that this threat existed.

The details of the FAC’s argumentation being beyond the scope of this article, we cite the estimation of the July 8 *Guardian* editorial, “War and Westminster: MPs Put Government Under Fire on Iraq.” The paper asserted that “the overall tone of the report is overwhelmingly skeptical. It is full of distancing and cautious phrases. If the report had been written by Blairite clones, they would not have employed the language that the committee adopts. . . . The dossier’s claim that Iraq was trying to obtain uranium from Niger, in order to help build a nuclear weapon, is trashed, as it has been by the former U.S. Ambassador Joseph Wilson. . . .

“Any ministers who claim this report is a vindication of the government’s policy over the decision to go to war in Iraq are deluding themselves, the public, or both. Perhaps not for the first time, either.”

The MOD report asserted that Anglo-American military commanders were unsure whether the Iraqis were able to deploy WMD, assuming that they existed. The July 8 *Independent* article on the matter was headlined, “MOD Report Pours Scorn on Evidence for Iraqi Weapons.” It noted that the first official MOD report on the Iraq War “gave no support to Tony Blair’s claim that Saddam Hussein was ‘ready’ to use chemical and biological weapons ‘within 45 minutes.’ ”

‘War on a False Premise’

Blair’s woes were exacerbated by verbal barrages from former Foreign Secretary Robin Cook, who resigned from

his Cabinet position as Leader of the House of Commons in March, in protest against the approaching Iraq War. Cook had access to a wide range of sensitive intelligence.

On July 7, in an interview with the *Guardian* headlined "One Stark Truth: Blair Was Wrong and Must Admit It Now," Cook insisted that the issues involved go far beyond the dispute between Blair's Campbell and BBC (see *EIR*, July 11). He accused Campbell of using the BBC issue as a diversionary "red herring," to get public attention away from the much more massive scandal.

Cook insisted that Iraq never had weapons of mass destruction of any significance: "There is a problem of credibility if they continue to deny reality. There have been recently a number of government ministers or spokesmen saying that the September [2002] dossier was accurate. It clearly wasn't accurate. There aren't any weapons of mass destruction ready for use in 45 minutes, there was no uranium from Niger, there were no chemical production factories rebuilt, there was no nuclear weapons program. . . .

"We are not now going to find a credible weapon of mass destruction that poses a current and serious danger to Britain, as was the phrase used in the debate on Iraq before the war. Such a weapon requires quite a large industrial infrastructure, a large workforce.

"It is inconceivable that such factories exist in Iraq, and we've not found them. There is no part of the globe that has been more managed by aerial surveillance. It is also inconceivable that anybody working on that program hasn't come forward to tell us where it is: We've had the top people under interrogation for weeks now."

The next day, Cook repeated much of this in the lead opened in the *Independent*. The real issue, he charged, is that the Blair government took Britain into "war on a false premise." With bitter sarcasm, he wrote, "We have not uncovered any weapons of mass destruction, never mind any within a 45-minute drive of the artillery units."

Cook said that Blair cannot evade responsibility for the problem by trying to dump on the intelligence services, especially as the latter "have kept their heads down very loyally for the past month, but nothing would be more likely to provoke further murmuring from them than the sense that they were being set up as the fall guys." In any case, "it was not the intelligence agencies who took the decision to go to war. The decision was that of the Prime Minister, and it was he who used intelligence to justify the case for war."

Cook made another point: "The tragedy was that the UN weapons inspectors had already demonstrated that the intelligence claims were unsound. Hans Blix observed again on Sunday [July 6] that whenever they went to a site identified by Western intelligence, they drew a blank. It is extraordinary that this gulf between our intelligence information and the reality on the ground did not prompt doubts in the government before they unleashed the war. I fear there is some truth in the suspicion that Washington wanted the

inspectors out of Iraq before they comprehensively proved that Iraq was no threat."

Blair Digs in His Heels

In response, Blair not only refused to acknowledge any errors by his government, but he insisted, yet again, in defiance of all evidence to the contrary, that he was absolutely right on "the Iraqi threat," and on having gone to war against Iraq, together with the Bush-Cheney Administration. Appearing before the House of Commons Liaison Committee on July 8, Blair defiantly refused to concede reality, insisting that he stood "totally . . . 100%" behind the case his government made for war against Iraq. "The jury is not out at all" on the accuracy of intelligence presented in the September 2002 dossier, he said. "There is no doubt that Saddam was developing weapons of mass destruction." Blair was even so bull-headed, as to reaffirm the claim that Iraq had the capability to launch chemical and biological weapons in 45 minutes.

In mid-July, Blair is to go to the United States, hoping, as the *Independent* writes, to "bask in the adulation" overseas. But given the intensity of the moves against Cheney and his mob initiated by LaRouche, and fuelled by the revelations of Wilson and others, Blair will likely discover that this is yet another of his miscalculations.

'Through the Big Black Door'

Blair suffered yet another defeat when, contrary to expectations, the Governors of the BBC met on July 6 and refused to back down in the feud with Campbell. The BBC Governors' statement on July 7 affirmed that, after a discussion with BBC Director General Greg Dyke and Director of News Richard Sambrook, "the board reiterates that the BBC's overall coverage of the war, and the political issues surrounding it, has been entirely impartial, and it emphatically rejects Mr. Campbell's claim that large parts of the BBC had an agenda against the war. We call on Mr. Campbell to withdraw these allegations of bias against the BBC and its journalists."

The BBC Governors added: "Moreover, as these reports fitted in to a general pattern of concern, conveyed to a number of BBC journalists with good contacts in the security services, we consider that it was entirely proper to reflect some unease about the presentation of the government's arguments in the disputed dossiers."

On July 8, *Guardian* Political Editor Michael White affirmed that Campbell may soon walk "through the black door" of 10 Downing Street, out of a job. According to White, Campbell's aggressive confrontation with BBC is likely a "miscalculation," but even worse, was his "alpha male mode" behavior, when he barged into the news studio of Channel 4 on the evening of June 27. What Campbell evidenced then, was "the disciplined official out of control and furious." This episode, rather than his fight with BBC, might be "the fatal blow" for Campbell, White concluded.

The only question seems to be: who will "walk through the black door" first, Campbell or Blair?

Mexican Elections Hand Setback to Wall Street

by Rubén Cota Meza

A whopping 59% of the Mexican electorate failed to vote in the July 6 elections for the Chamber of Deputies, in what was widely viewed as a rejection of President Vicente Fox's government, as well as for the political parties as a whole. Moreover, of those who did vote, 70% cast ballots against President Fox's ruling National Action Party (PAN). The population of Mexico thus declared itself against the policies of Wall Street and the International Monetary Fund, which have plunged the economy of this nation into the lowest depths of social misery it has endured since the dictatorship of Porfirio Díaz, at the beginning of the 20th Century.

Also of great significance was the stunning defeat handed to the PAN and its international Synarchist handlers, in the crucial northern state of Nuevo León, whose capital is Monterrey. The state had become a stronghold of the PAN, but they lost the gubernatorial race by a wide margin. A major element in that race was the campaign of Benjamín Castro, a longtime associate of Lyndon LaRouche, running on the Social Alliance Party (PAS) slate. Castro succeeded in putting LaRouche's policies at the center of the campaign, and thereby drew out the Synarchists into making a hysterical attack against him. Only six days before the election—but after LaRouche had attacked the same Synarchist forces behind U.S. Vice President Dick Cheney's war party, in a tricity teleconference that included Monterrey—Castro found the locks changed on his campaign office and the power and phone cut altogether (see *EIR*, July 11).

Three years ago, on July 2, 2000, Vicente Fox was put into the Presidency by Project Democracy and its Wall Street patrons, as the beginning of a "democracy" which, by eradicating "old Mexico"—that is, the Mexico of the Mexican Revolution which stubbornly defends the sovereign right to development—would make possible a return to the days before the adoption of the 1917 Mexican Constitution. In those days, under the dictatorship of Porfirio Díaz, those same foreign interests enjoyed the privilege of looting and robbing the country's natural resources and the labor of Mexicans themselves.

A devolution, back to that period of foreign domination, was initiated by the consecutive governments of Miguel de la Madrid Hurtado (1982-88), Carlos Salinas de Gortari (1988-94), and the lackey government of Ernesto Zedillo Ponce de León (1994-2000).

The international financial oligarchy and their multina-

tional corporations sponsored the rise of the PAN and Vicente Fox to the Presidency as the "final phase of Salinism," which would conclude by delivering what the three previous Presidents from the Institutional Revolutionary Party (PRI) were unable to deliver: a reform of the Constitution to facilitate seizing control of the nationalized oil and electricity sectors, and a new labor law to impose a new phase of looting of the population.

After three years of rule, Fox and the PAN, too, failed in their mission. And now, in the wake of Mexicans' unequivocal rejection of these policies, they have been left with no mandate.

Fox Becomes a 'Lame Duck'

In the new Chamber of Deputies, the PAN, which had previously had 205 federal deputies, was left with 155, a loss of 24%. The PRI won 233 deputies, 16 more than in the previous legislature, while the PRD (Democratic Revolutionary Party) gained 44 seats, in addition to the 52 it already had. The three minor political parties combined won 26 federal deputies.

Expressing their disillusionment, the City of London's mouthpiece, the *Financial Times*, declared July 7: "If the election is viewed as a referendum on the first three years of the Fox Administration, the results appeared an almost total defeat." The *New York Times*, a mouthpiece for the Wall Street oligarchy, acknowledged more honestly that the results have turned "Mr. Fox, the leading man of Latin American democracy, into a lame duck."

Today, given the manifest failure of Fox and the PAN to satisfy the ambition of the international oligarchy, they are betting on a new tactic, and the "birth of a new star."

Already, these circles are looking forward to Mexico's 2005 Presidential elections, wherein they hope to finish off the "old Mexico." One of their major assets is Jorge Castañeda, formerly Fox's Foreign Minister, who has announced his intentions to run for President on precisely that program. (Mexico's Presidency is a single six-year term.)

Castañeda is a thoroughgoing chicken-hawk: He backed the Iraq War and complained bitterly that President Fox didn't back the U.S. imperial adventure. Castañeda has also just been named to the Americas board of George Soros's favorite non-governmental organization, Human Rights Watch. Castañeda, not surprisingly, shares Soros's commitment to legalizing drugs.

An important political ally of Castañeda's in the destruction of "old Mexico" is PRI Congresswoman Elba Esther Gordillo. A few days before the July 6 elections, the New York brokerage firm Merrill Lynch gave her high marks, saying that if she becomes the leader of the PRI's Congressional delegation, "There is cause for optimism," because under her guidance, "there is a 60% chance that a reduced version of the proposals for electricity or labor reform will be approved this year."

Bush Must Turn Up Heat, Make Sharon Make Peace

by Dean Andromidas

“Without constant pressure directly from Bush, Sharon will do nothing. This is what we have seen in the last weeks. Sharon continues to balk, until Washington intervenes and pressures him,” a senior Israeli military source told *EIR*, adding that if President George Bush does not escalate the pressure on Israeli Prime Minister Ariel Sharon, the Road Map for a Middle East peace will collapse.

His pattern of saying “Yes,” and doing “No,” has been consistent: When President Bush decided to implement the Road Map, culminating in the early June summits in Sharm el-Sheikh, Egypt and Aqaba, Jordan, Sharon managed to come up with 100 objections, and then refused to make his acceptance official, by bringing it before his Cabinet for a vote.

The Israeli Prime Minister only caved in after Secretary of State Colin Powell threatened an arms embargo, if the Israelis used U.S. weapons against Palestinians in the West Bank. Then, after being dragged to the Aqaba summit on June 4, to commit to the Road Map with President Bush and Palestinian Prime Minister Abu Mazen (Mahmoud Abbas), Sharon refused to implement his promises, which included halting the targeted assassinations of Palestinians and withdrawing from the Gaza Strip and Bethlehem. He was directly rebuked by Bush, who sent Powell and National Security Advisor Condoleezza Rice to Israel as his personal envoy, and only then did Sharon relent.

Sharon Following the ‘Clean Break’ Script

Now, a new crisis has been provoked over Sharon’s government’s refusal to release Palestinian prisoners; to dismantle of some 100 “outposts” or mini-settlements in the Palestinian territories, which were established since Sharon came to power; and to ease the brutal living conditions imposed on the Palestinian population by Israeli closures, sieges, roadblocks, and mass arrests. If Palestinian Prime Minister Abu Mazen cannot deliver Israeli compliance to his constituents within the next weeks, his government, and the Road Map along with it, will collapse, and threaten to engulf the region in permanent bloodletting.

Moreover, Sharon’s foot-dragging not only continues to

receive support from the chicken-hawks around Vice President Dick Cheney, but is following the 1996 script for “securing the realm”—known as the “Clean Break” doctrine, of Richard Perle, Paul Wolfowitz, and others—who are preventing the Bush Administration from making a clean break with Sharon.

Sharon’s latest strategy of procrastination is aimed at collapsing the cease-fire organized by Abu Mazen with the Palestinian militant groups, including Hamas, Islamic Jihad, and others. These groups would then resume their attacks—conveniently allowing Sharon to again expanding settlements and escalate the repression against the Palestinians.

Israel Violates Spirit of Cease-Fire

Typical of Sharon’s stonewalling, were his broken promises to release Palestinian political prisoners. Israel admits to holding 6,500 prisoners, but unofficial reports put the figure above 10,000. Israeli media report that there are secret detention centers holding an unknown number of prisoners, “disappeared” from their homes or workplaces. Most of these prisoners are under administrative detention, and have not been charged, allegedly for lack of evidence. In fact, they are political activists from across the Palestinian spectrum. Their release would have a profound, favorable impact on the Palestinian population, whose friends, relatives, and political associates can be counted among the tens of thousands, if not hundreds of thousands, of administrative detainees.

While saying “Yes” to such a release, Sharon’s government only agreed to freeing 350 prisoners, mostly car thieves and day-laborers arrested for illegally entering Israel. Sharon openly refused to release any members of Hamas, or those allegedly with “blood on their hands.” His aim is to directly undermine the Palestinian cease-fire, and the Palestinian Prime Minister’s credibility. The same tactic was used in the 1990s, which contributed to the breakdown of the Oslo Accords. Sharon further covered his own foot-dragging, by getting the prisoner release passed on a 13-8 cabinet vote, in which Finance Minister Benjamin Netanyahu (a former chairman of Sharon’s Likud party) and one other minister agreed to

abstain. Transport Minister Avigdor Lieberman, of the fascist National Union, vociferously voted nay, and reportedly proclaimed that not only should the prisoners be drowned in the Dead Sea, but offered to have his ministry supply the buses to take them there.

Palestinian Minister for Prisoner Affairs Hisham Abdel Razeq responded, "This decision is not enough and threatens the cease-fire agreement. We insist that Israel release all the prisoners. This will help calm the situation and consolidate the *hudna* [temporary cease-fire]. The time has come to close this file, otherwise the *hudna* will collapse. Israel must decide in principle that it will release all the prisoners and implement the decision gradually. If this is not done, then there will not be negotiations, no Road Map."

Sharon's promise to dismantle the outposts similarly was shown up to be a complete sham: For every dismantled outpost, another sprang up, a few hundred meters away. New reported land seizures to expand Jerusalem's city limits deep into the West Bank soon followed.

These achieved the desired effect: creating a breakdown in talks on further steps to implement the Road Map, undermining Prime Minister Abu Mazen, and nearly collapsing the cease-fire agreement.

Causing a Crisis Within Fatah

On July 7, Abu Mazen came under personal attack at the Fatah Central Committee. Fatah is the Palestine Liberation Organization faction which includes both Palestinian National Authority President Yasser Arafat and Abu Mazen. One Central Committee member, Sahar Habash, charged, "You have been managing the negotiations for three weeks and all we've seen are interviews on TV. How many checkpoints have you removed? How many prisoners have you released? You turned us all into terrorists after 55 years of struggle and have given the Israelis quiet, but everything goes on as before. I ask, how long will you negotiate for the sake of negotiation?"

The next day, Abu Mazen handed his letter of resignation from the Central Committee to President Arafat; it was immediately rejected. But the storm has prompted Washington to take action to bolster support for Abu Mazen.

On July 8, Ambassador John Wolf, President Bush's special envoy overseeing the Road Map's implementation, flew to Israel to pressure Sharon to remove more outposts and release more prisoners. Wolf and U.S. Ambassador to Israel Daniel Kurtzer told Sharon that, net, he has removed only one outpost of the 100 Israel had promised to dismantle, and that they were perfectly aware of his shell game, replacing every outpost removed with a new one. On the prisoner issue, Wolf and Kurtzer met with Israeli Foreign Minister Silvan Shalom, who balked at the request, saying that the prisoner release was just a "gesture" and does not feature in the Road Map. In response Wolf said, "That's true, but the prime minister made a commitment to President Bush to free Palestinian

prisoners. . . Both sides need to progress and keep progressing. If each side says they are waiting for the other side, it will be difficult to make progress. You have to help Abu Mazen so he won't be isolated."

Meanwhile, in Washington, State Department spokesman Philip T. Reeker reaffirmed the Administration's support for Abu Mazen's leadership, saying on July 8, "We think it's important to keep acting and act now to reinforce the positive progress and signal our support." The White House shortly thereafter announced that Bush had approved a \$20 million aid package to be given directly to the Palestinian National Authority, the first time in two years that Washington has channelled aid directly to the P.N.A.

Although Wolf and Kurtzer's moves helped Abu Mazen's credibility, they have yet to effect a significant change in Sharon's intransigence.

Palestinians Playing by the Rules

Abu Mazen and the P.N.A. have taken the strategic decision to play by Bush's rules, to avoid falling into the traps set by Sharon, and the key to their strategy has been the cease-fire accord with Hamas and other rejectionist groups. Contrary to Israeli spin, the Bush Administration supports the cease-fire, as a step to ending the violence and disarming the militant groups. Abu Mazen knows that the only way this can be accomplished, is through integrating the groups' political leaderships into the peace process, and eventually incorporating them into the Palestinian National Authority. He will not, and can not launch an armed struggle against Hamas and throw the Palestinians into a civil war.

Egypt and Saudi Arabia are making their contribution, as they had promised Bush at the June 3 Sharm el-Sheikh summit.

Adding their support for Abu Mazen, Egyptian President Hosni Mubarak deployed his deputy intelligence chief, Mustafa Al Beheiri, to meet with Hamas leaders in the Gaza Strip. As a result, on July 9, Hamas' spiritual leader Sheikh Ahmed Yassin reaffirmed the group's commitment to the cease-fire. But he also warned, "Our patience has its limits." He stressed, "Israel's practices [including] the issue of prisoners, are a red line that can never be bypassed in any way or form. . . . The Israeli enemy has to abide by the [conditions] in our initiative. It must shoulder its responsibilities, so things will not return to what they were in the past," an allusion to Israel's targeted assassinations of Hamas members. Sheikh Yassin's statement could have a significant effect on the various armed cells, who still might oppose the cease-fire.

At this writing, the situation remains unresolved. Sharon has not agreed to a serious prisoner release, the outposts remain—actually, increasing—and Palestinian living conditions are unchanged since the Road Map was announced.

The question being asked in both Israel and Palestine is: Will Bush increase the pressure on Sharon to implement the Road Map, or will he allow the Road Map to be destroyed?

Major Setback for The Bush Administration

by Ramtanu Maitra

The Bush Administration's war on terrorism has run aground in Afghanistan, as demonstrated by two recent incidents—one in Pakistan's province of Balochistan, bordering Afghanistan, on July 4; and four days later, an attack on the Pakistani Embassy in Kabul. In the July 8 incident, about 2,000 Afghans protesting a Pakistani troop incursion in the adjacent provinces of Nangarhar and Kunar in southeast Afghanistan, stormed the Pakistani Embassy.

These two incidents adequately demonstrate that two of America's so-called "best allies"—and arguably two of the most unstable—cannot be controlled from Washington any longer, and may soon be at one another's throats.

The United States is under a great deal of strain not only in Iraq, but also in Afghanistan. It is only a matter of time until Washington's neo-conservative-led policies come crashing down. But from the look of things, it very well could be Afghanistan and Pakistan where the first shoe will drop.

What is evident is that while the Taliban had spread the politics of hatred in Afghanistan during their five years (1996-2001) of mindless bigotry, the Americans have done no better. In fact, it seems that the situation on the ground has gotten worse, and violence and hatred have become the order of the day, not only in Afghanistan, but in Pakistan as well.

The implications of these incidents are serious for the region. The American invasions of Iraq and Afghanistan, and the subsequent development of resistance within these countries against the U.S.-led forces, have begun to catalyze within the region the violent forces that were earlier marginalized. The nationalists, drug traffickers, gun runners, and extremist Islamic orthodox forces are in the process of gelling together against the United States, forming a heady and a dangerous mix.

The leading power in the region, India, is becoming increasingly uneasy, in the belief that Washington can no longer be trusted vis-à-vis Islamabad and its policies toward India. Not too long ago New Delhi was flush with confidence that the Americans would control the terrorists in Pakistan, leading to a solution to the five-decades-old, blood-letting Kashmir dispute. Such trust led to New Delhi's hesitant agreement to start afresh talks with Islamabad, despite Pakistan's unflin-

gling willingness to carry on terrorist attacks within the India-held part of Jammu and Kashmir. Observers have noted that the dangerous situation along the Afghanistan-Pakistan border and the American inability to tackle the terrorists residing in Pakistan and acting against India, have led to New Delhi changing its mind again. It is evident that the much-expected talks between New Delhi and Islamabad may now be delayed, and may not even take place.

The Quetta Killing

The two recent violent incidents are important because they are not mere blips in the context of the war on terrorism, but are reflections of how foolish the American policies have become vis-à-vis Afghanistan and Pakistan, and how dangerous the situation is now on the ground.

The July 4 incident occurred when Pakistani President Pervez Musharraf was in Paris on the last leg of a high-profile, 18-day trip that took him to London, Washington, Berlin, and Paris. It is difficult to comprehend why President Musharraf chose to leave Pakistan, which is widely proclaimed the headquarters of world terrorism, for such a long period of time. What happened on July 4 and July 8 raises questions about whether the Bush Administration has any understanding of the gravity of the situation, or whether it has been taken in by its own propaganda.

In Quetta, the capital city of Balochistan, about 2,000 Shi'ite Muslims were praying at the Jama Masjid-o-Imambargah Kalaan Isna Ashri. It was Friday, the holiest day of the week for all Muslims, when three armed terrorists, including a suicide bomber, attacked the mosque. The attack resulted in the deaths of at least 53 people, and 57 others were injured. The attack was orchestrated by Wahaabite Sunnis, most likely belonging to the Sipah-e-Sahaba, a killer Pakistani Sunni sect heavily infiltrated by the Pakistani Inter-Services Intelligence (ISI), al-Qaeda, and the Taliban. The victims were mostly Hazara Shi'as, belonging to Afghanistan's Hazara region who had settled in Balochistan ages ago. The incident has been brushed aside in Washington as yet another incident of Sunni-Shi'a sectarian conflict. A few things which could throw some light on what the incident reflects were left deliberately un-

said. This was the second major attack on the Hazara Shi'as in Quetta. On June 8, thirteen police trainees belonging to the Hazara Shi'a community were killed. There was no apparent effort by Islamabad to go after the Sunni killers.

At the same time, the killing of the Hazaras by the Wahabite Sunnis came as no surprise. During their reign in Afghanistan, the Taliban, which were made up of Wahabite Sunnis backed by Pakistan's orthodox Jamaat-e-Islami (JeI) and other Islamic political groups, were involved in the mass slaughter of Hazara Shi'as in Herat province. Hazaras subsequently provided intelligence to the Northern Alliance political grouping within Afghanistan and to the United States on the whereabouts of the Taliban and al-Qaeda militia that Washington sought to eliminate. The Shi'as did not protest against the invasion of Afghanistan, or the invasion of Iraq to remove Saddam Hussein. However, they do strongly resent the U.S. policy toward Iran, the leading Shi'a nation in the world. And the Shi'as in Iraq are no longer looking at the United States as a liberator, but more as an occupier of the holy land of Iraq.

According to Indian intelligence, the arrest of Khalid Shaikh Mohammad, a top al-Qaeda functionary, in Rawalpindi, was made possible by the Shi'as of Quetta. Khalid Shaikh Mohammad, like many other al-Qaeda members, had been in hiding in Quetta and had fled to Rawalpindi when the Americans closed in on him. As a retaliatory measure, it is said, Pakistani orthodox Sunni groups, such as the Sipah-e-Sahaba and the Lashkar-e-Jhangvi (LeJ), helped by the Pakistani ISI, the Taliban, and the al-Qaeda functionaries hiding in the province, had planned the July 4 massacre. It is also important to note that the Hazara Shi'as are most likely in touch with Iran, and that the anti-Iran, neo-conservative crowd that is dictating the Bush Administration's Middle East policies was partly responsible for the Balochistan incident.

The attack on Hazara Shi'as by the Pakistani ISI-aided Sunni groups has raised concerns among policymakers in New Delhi, Moscow, and elsewhere. Iran is very much a part of the regional power structure, and the U.S.-Pakistan nexus against Iran has always been a subject of great suspicion among the well-wishers of Tehran. Moreover, the shrill voices of the American neo-conservatives barking for regime change in Tehran, and their alliance with the Iraqi-leftist Mujahideen-e-Khalq, a group branded by the United States as terrorists, have all added to regional anxieties.

The Kabul Incident

On July 8, while about 2,000 Afghans protested at the Pakistani Embassy, elsewhere in Kabul, about 1,000 Afghans, led by the country's central bank governor Anwar Ul-haq Ahady, demonstrated against Pakistan. The demonstrators were protesting against an alleged intrusion by Pakistani troops 40 kilometers inside Afghanistan, in the bordering Nangarhar and Kunar provinces. The Pakistani troops, under

the guidance of American troops, were allegedly involved in an operation to comb the bordering areas to nab al-Qaeda and Taliban remnants.

The protestors at the Pakistani Embassy went wild. They climbed the embassy walls and smashed windows. Within a few hours, Islamabad announced the closure of the Embassy, despite apologies extended by Afghan President Hamid Karzai. The incident is the culmination of an ongoing feud between Kabul and Islamabad. Kabul has repeatedly claimed that the anti-American and anti-Afghan al-Qaeda, Taliban, and Sunni fundamentalists backed by the ISI, were operating against Kabul, and Islamabad was doing little to stop them. Washington has put pressure on Pakistan to hunt for the al-Qaeda and Taliban militia. For 18 months, President Musharraf had kept the Americans at bay. But now he has agreed to joint operations along the Pakistan-Afghan border, despite stiff opposition to the policy by the Islamic fundamentalist groups within Pakistan and a section of the Pakistani Army.

The opposition to U.S.-Pakistan joint military operations surfaced at a very high level. While President Musharraf was away and the joint operation was under way, the Chairman of the Joint Chiefs of Staff Committee of the Pakistani Army, Gen. Mohammad Aziz Khan, told newsmen that "America is the number-one enemy of the Muslim world and is conspiring against Muslim nations all over the world." He cautioned his boss, President Musharraf, saying that those wearing a "uniform" should not participate in politics. Although Gen. Mohammad Aziz Khan—the key person behind President Musharraf's coming to power through a bloodless coup on Oct. 12, 1999, toppling the duly-elected government of Mian Nawaz Sharif—is no longer in command of any Army division, it is evident that he still has followers inside the Army.

It is anybody's guess what all these feuds will lead to. But what is certain, is that the fire that has been lit cannot be extinguished by those who are playing with fire. Washington is seeking help from the anti-Karzai Pakistani ISI, while pretending to stabilize Karzai's regime. American operatives within Afghanistan are strengthening the drug-running warlords who continue to defy the Washington-backed Karzai regime, by providing them arms and protection to their poppy crop.

The neo-conservatives in Washington are encouraging the slaughter of the Shi'as in Pakistan to appease the ISI and President Musharraf. But in the process al-Qaeda and the Taliban are gaining ground, because they are the ones who want the Hazara Shi'as in Pakistan eliminated. The policy is strengthening the orthodox Wahabi Sunnis and creating divisive forces within the Pakistani Army.

There is no doubt that by pursuing such a policy, Washington is cutting off its own feet. But for regional leaders, it is even worse. Reckless and corrupt corporate executive-style politicians in Washington, with little knowledge of the history and culture of the region, are unleashing killers under the pretext of stabilizing and rebuilding Afghanistan.

Georgian Response To LaRouche Foreign Policy

Lyndon LaRouche's essay "A World of Sovereign Nation-States" (EIR, May 16, 2003) is circulating widely in its original and other languages. Dr. Nodar Notadze and Dr. Vakhtang Gogvadze, prominent statemen from the Republic of Georgia, offer these contributions to the discussion of the principles and proposals put forward by LaRouche.

Nodar Notadze

Dr. Notadze is a Doctor of Sciences (Philology), and chairman of the Popular Front of Georgia.

It is impossible not to agree with the author's idea, developed throughout the article, that one of the inalienable Rights of Man is the right to belong to a nation, which is fundamentally equal in rights with all other nations in the world. As the author writes, "the freedom and development of the people, and the perfect sovereignty of the nation-state are inseparable principles."

Consciousness of this principle matured long ago, but nobody has hurried to recognize it as one of the guiding principles for everyday practical policy. For one thing, protected Human Rights generally include only the rights of the individual. Secondly, an individual's national rights are generally reduced to the right to be protected against ethnic discrimination, the right to use his native language, to live in his native culture, and so forth. All of this amounts to no more than "consumer values," in the broad sense. A human, however, as a free and rational being, living in the Noösphere, requires more from reality; this higher demand may be called an "ontological need" for the existence of his nation. As a member of mankind, he desires to participate in the life of the nation not as an isolated being, incapable of acting efficiently in national history and current global policy, but rather as an element of one of the nations that comprise mankind and are the real agents of history and global policy. He wishes to exist, not only as a mortal being, but as an ideal member of a society (a particular nation), which is quasi-immortal. He identifies himself with a nation, and that is the primary reason why the Hobbesian view of human life, as a war of all against all, is wrong. A person lives not only by the needs of his body, but by the interests of the "communities," with which he vitally (genuinely) identifies: family (posterity), nation, religious group, etc.

From here—at first glance, but only at first glance—the road leads directly to the concept of a "clash of nations" (or,

"of civilizations") as an inevitable form of human life and development. The author categorically rejects this logic, and irrefutably so. An individual's genuine self-identification with a nation as a community, means that he lives not only by his individual interests, but also by the interests of his nation, which may not coincide with the interests of other nations. The non-coincidence of interests, however, is not sufficient condition for a clash, just as the non-coincidence of individual interests is no basis for living by the laws of the jungle. Relations among nations can and must be regulated by universal rules, jointly elaborated and accepted by nations, to which these nations submit as a matter of good will, just as a citizen voluntarily submits to the law, in the elaboration and adoption of which he ideally participates, as a voter.

It may boldly be asserted, that the rights of nations toward one another are as difficult, albeit possible to codify, as are the rights of the individual with respect to the state, and vice versa. A strict analytical approach is necessary in all cases, especially regarding those primary, fundamental requirements of human beings, which underlie any systems of values and any rights.

Vakhtang Gogvadze

Professor Gogvadze is chairman of the Union of Georgian-Russian Friendship, former Speaker of the Parliament of Georgia, and a Doctor of Sciences (Philosophy).

In highly developed, democratic countries of the West, a well-refined mechanism of state governance functions. Frequently, however, Presidents are chosen for their external features, such as physical attractiveness, sports skills, and so forth, while spiritual and intellectual capabilities play second fiddle. This phenomenon may be one of the side effects of living well. But when the situation changes, and the comparative tranquility of mankind is endangered, it is necessary to look for strong and gifted persons. Great trouble requires exclusively complex and strong personalities. For a minor illness, one goes to the local pharmacy, but a person afflicted with a serious disease seeks a doctor to save him, even if he has to cross a thousand mountains to find one. One of the great physicians of world politics is Lyndon LaRouche.

Today's world is in an extremely difficult situation. Never before has mankind been able to annihilate itself. But nuclear confrontation confronts the world with the dilemma, "To be, or not to be!" Mankind needs extraordinary wisdom, sagacity on the part of the leaders of the world's major countries.

In accordance with reason, the world should abandon the unnatural unipolar model. The world should be multipolar, and led through global democratic cooperation. This is not the general desire, but it is the only pathway out of the global crisis. After the breakup of the Soviet Union, the world was left with one empire, with unlimited possibilities and no oppo-

ment. The so-called “world order” is nothing but a colonial system, with various categories of colonial countries.

There is an objective need to reject such a system of unipolar dominance. The United States itself needs to be freed from this global burden, and from imperial arrogance. And for this, the U.S.A. bears primary responsibility. “All nations of the world acknowledge today’s relative power of the U.S.A. as a fact. Most, I suspect, believe they must deal with that fact. So must we in the United States itself. The distinction to be made, is not whether or not nations must deal with that fact; the question is, whether the United States will deal with other nations as partners, or as clients of an empire. We must manage the problems of the world at large, but the authority and responsibility for what happens in the international arena must lie in the cooperation among equally sovereign powers.” (Lyndon LaRouche)

The reality of a new ordering of the world is at hand. The U.S.A. should construct new relations with the rest of the world, not as vassals, but as equal partners.

As a foreigner, a Georgian, I offer my profound apologies for expressing my thinking and desire, regarding the upcoming U.S. Presidential election. But, as the saying goes, the big things can be seen at a distance, from afar. It seems to us that not only should the U.S.A. be proud of Lyndon LaRouche, but so should the world community, and every progressively thinking person who values peace on Earth. Peace must reign across our entire planet, if we wish tranquility for “my home” (“Peace Unto This House”). Contemporary man sees the Earth as if from space, which is why it has become small—ours, our home.

Lyndon LaRouche is a globally recognized authority, an economist, sociologist, philosopher, a person equipped with a universal array of virtues. God has granted him a hard life, and he has been tempered in the crucible of life and struggle. That is why he knows people everywhere so well, whether they be flying in space or ploughing the land. He knows humanity, which he sees as indivisible from his beloved United States. This is what distinguishes noble internationalism from atheistic cosmopolitanism, which rejects the individuality of the person, of nations and peoples. Lyndon LaRouche need make no superfluous explanations to the world community. He has won trust with the lofty morality of his whole life. LaRouche tries to preach and convince and show humanity, that the only pathway to salvation is moral ideas and honest policy. Nobody is going to fool anybody else in this world. And the epoch of populist patriotism has vanished. Lyndon LaRouche relies on the noble traditions of his forebears, on the experience of the truly wise U.S. Presidents.

Lyndon LaRouche’s style, the style of national self-criticism, makes foreigners sympathetic to America as a whole. National conceit and stubbornness, by contrast, breed nothing good. It may be that at first glance, the American man in the street likes the proclaimed formula: “oil for us, sand for the Iraqis!” The Iraqis are not the only ones annoyed by such

ambitions. “I love Americans like LaRouche, and I love such an America,” one pro-LaRouche compatriot of mine told me.

Evidently there has always, everywhere been a political struggle between deceptive populist patriotism, and real patriotism. It is high time to separate the grain from the weeds. The spiritual teacher and leader of the Georgian national liberation movement in the 19th Century, Ilya Chavchavadze (Ilya the Just, as he was canonized in Georgia), in his day passionately denounced egotistical patriotism, which is distant from universal human values:

“They say of me, that I spread accusations.
Only the foolish deem it so.
Wise men understand in an instant,
How much love I put in those accusing words.”

It is a fact of great urgency, that the world cannot endure a unipolar system of governance. Although the multipolar form has not yet been completed, it is in the process of being established. The dialectical unity of contradictions is the basis of the world’s existence.

Thank God, the Northern alliance (NATO) is no longer a military organization. The war in Iraq demonstrated its effective dismantlement. Only Great Britain supported the United States. A military organization rests on orders alone, without any “democratic” disagreements and debates.

The multipolar world will be completed with the formation of regional currencies, as the dollar does out of control. Mr. LaRouche has warned of this onrushing crisis for a long time. And the entire world financial system has reached the boiling point.

Unfortunately, the initiative for a transition from a unipolar to a multipolar world has not come from the political leadership of the United States. But this idea, substantiated in theory, is expressed by a great American—Lyndon LaRouche.

Lyndon LaRouche is a theoretician, but he is not divorced from practice. This makes him a great politician.

In the future, a politician pursuing policies without theoretical and specific knowledge will be like a ship at sea without a compass. “Theory is gray, my friend, while the tree of life is evergreen.” These words from Goethe’s *Faust* may be applied to Lyndon LaRouche. His insightful forecasts, based upon profound analysis of reality, almost always come true. Public opinion, unfortunately, frequently prefers a sweet lie to the bitter truth. But a truly apocalyptic time is upon us. The peoples, and all mankind, must seek salvation through repentance.

I wish the people of the U.S.A. clear vision. For the true path of choice, lit by God, is the guarantee of salvation and success. I wish for the American people to elect as President the brave, wise, world-famous person, Mr. Lyndon LaRouche, who is capable of reconciling even the irreconcilable. The time has come for the right policy!

Fascist ASIO Bill Rammed Through

Prime Minister Howard has rewritten Australian law in line with the U.S. neo-conservatives' agenda.

The bitterly-fought Australian Security Intelligence Organization (ASIO) Terrorism bill finally passed the Australian Parliament, after more than a year of debates, on June 27, when the opposition Australian Labor Party (ALP) caved in to pressure from Prime Minister John Howard.

The most draconian bill ever presented to the Parliament, the new law transforms the spy agency ASIO into a full-fledged Australian secret police. It gives the ASIO powers to detain people as young as 16 for up to seven days (in some special cases, for indefinite periods); incommunicado, deprived of the right to remain silent—under threat of a five-year jail term—and with the onus of proof on the detainee to show he has no knowledge or material evidence related to terrorism.

The original form of the bill was watered down, thanks to a nationwide mobilization against it, led by Lyndon LaRouche's associates in the Citizens Electoral Council (CEC). Gone are the first draft's provisions to deny detainees access to a lawyer, and to apply the powers to children as young as ten. A three-year sunset clause (period after which the law expires) was added.

The ALP, which had been in a state of disarray and doing poorly in the opinion polls, likely caved in under a threat from Prime Minister Howard that if they didn't pass the bill, he would call an early election.

During the past year's fight over the ASIO bill and related police-state measures, introduced by the Howard government on the pretext of "fighting

terrorism" after Sept. 11, 2001, the B'nai B'rith Anti-Defamation Commission (sister organization to the organized crime-linked Anti-Defamation League in the United States) made a new attempt to silence the leadership of opposition to such dictatorial schemes, namely the CEC.

But LaRouche's associates in the CEC have won a victory on that count: On June 23, when the Australian Parliament's Joint Standing Committee on Electoral Matters tabled its report on the 2001 Federal Election, it rejected the ADC's October 2002 submission, which had called on Parliament to ban LaRouche's CEC from contesting Federal elections.

The ADC questioned the CEC's fundraising, noting that the CEC raised more money than all but the two biggest political parties, but that less than 15% of its donations were "declared"; i.e., itemized. That's because only that percentage of its donations exceeded the \$1,500 mark, while the balance of the CEC's roughly 17,000 transactions were smaller, undeclared amounts.

Indeed, the CEC is the fastest growing party in Australia, and the ADC's submission in October 2002 came just a few days after the CEC had sent political shock waves through the country by placing a full-page ad in *The Australian* newspaper—a call for a national bank, endorsed by over 600 Australian dignitaries. The ADC alleged in its submission, that the donations to the CEC were dodgy, and demanded the CEC's deregistration as a party able to contest elections.

Devoting three pages of its 350-

page report to the CEC question, the Committee bluntly rejected them, stating that the ADC's allegations "did not amount to evidence." In a footnote, it used the CEC's language, rather than the ADC's, to elaborate: "The Committee is not prepared to endorse the dangerous route of banning organizations from contesting democratic elections on the basis of the views attributed to them."

The ADC had avoided the word "ban," but packaged its demand as "deregistration." The CEC insisted that the ADC's submission was a demand for the CEC to be banned, in the context of other proposed Federal "anti-terror" laws allowing the banning of political organizations. Those laws were squashed due to the CEC's mobilization.

That the Committee chose to identify the ADC submission as an attempt at "banning" the CEC, undoubtedly irked the Deputy Chairman of the Committee, leading neo-conservative and longtime LaRouche foe Michael Danby, who had earlier called for a Federal investigation of the CEC. Of the five Federal politicians who spoke on the report in Parliament when it was tabled, none mentioned the small section on the CEC, except for the ever-obsessed Danby.

Formerly, Danby was editor of *The Review*, the media organ of the neo-conservative Australia/Israel and Jewish Affairs Council. In its June issue, *The Review* published a protest against the CEC's distribution of 30,000 copies of a special Australian edition of the LaRouche U.S. Presidential campaign pamphlet, *The Children of Satan: The "Ignoble Liars" Behind Bush's No-Exit War*, which exposed the neo-conservatives' push for a "clash of civilizations" and Howard's fascist laws. *The Review* confirmed they were "longtime bitter enemies of LaRouche and the CEC."

Vice President Cheney Can Be Removed From Office Now!

by Nancy Spannaus and Jeffrey Steinberg

In his webcast of July 2, Democratic Presidential pre-candidate Lyndon LaRouche made it clear, once again, that the only effective way to stop the “chicken-hawk” drive to expand the war against Iraq into Iran, and elsewhere, is to expose Vice President Dick Cheney for his impeachable crimes, including lying to the President about intelligence.

“The reason we went to a war in Iraq,” LaRouche said, “was because the Democratic Party was neutralized, by the belief that Cheney had the evidence, that Iraq was getting nuclear weapons. Cheney *knew* there were no such nuclear weapons. Cheney *knew* the story about Niger ‘yellow cake’ going to Iraq was a fraud. And yet, with that knowledge, he *pushed* that argument, in order to convince the Congress to subside, and to allow the war to go ahead.”

Yet, now that the “intelligence” about weapons of mass destruction (WMDs) in Iraq appears to be a fraud, those Democrats who are upset are not targetting Cheney, but going after President Bush instead. LaRouche’s rivals for the Democratic Presidential nomination are acting like fools who are not in the real world. Sen. John Kerry (Mass.), as LaRouche pointed out in his webcast, is carrying out a shameful, Hamlet-like evasion, by targetting the President, instead of Cheney, on whom he had the goods. The same for Howard “Who?” Dean.

President Bush can’t be impeached, LaRouche said, but Cheney can. “You can’t impeach this President! You can’t convict him of *intent!* He’s not smart enough to know what his intent is!”

Indeed, on July 7, President Bush confirmed LaRouche’s forecast by issuing a statement through his Press Secretary Ari Fleischer, that the President was unaware of the Niger forgeries, and he acknowledged that he should not have included the reference to Iraq attempting to purchase uranium in Africa in his Jan. 28, 2003 State of the Union address.

LaRouche is the only candidate for the Democratic nomination who has been dealing with the real world—and now, LaRouche’s insistence that Cheney is the key culprit, is producing results. A “smoking gun” has appeared—not in some bunker in Baghdad, but in the pages of establishment newspapers, and on a string of television news shows.

The ‘Smoking Gun’

On July 6, former U.S. Ambassador Joseph C. Wilson IV appeared on NBC-TV’s “Meet the Press,” and had interviews published in the *New York Post* and *Washington Post*, and an op-ed in the *New York Times*, in which he disclosed that he had been the senior diplomat sent to Africa, to check on the story of Iraq’s alleged attempt to purchase uranium “yellow cake” from Niger, and that he had not only reported that he had found no basis for the story, but was certain his results were reported to Vice President Cheney.

According to his account, Wilson went to Niger in February 2002, at the request of the CIA, which told him that Vice President Cheney’s office had questions about a particular intelligence report. Wilson spent approximately ten days in Niger, interviewing people on the scene, and determined that “it was highly doubtful” that a transaction of Niger selling uranium to Iraq, had ever taken place. He briefed the U.S. Ambassador, and, once he arrived back in Washington, provided his evaluation to the CIA and the State Department African Affairs Bureau. “There should be at least four documents in United States government archives confirming my mission,” Ambassador Wilson wrote in the *New York Times* (see excerpts below).

This was March 2002, after which the debunked report appeared in the British government’s Sept. 24, 2002 dossier, President Bush’s Jan. 28, 2003 State of the Union address,

and, less directly, a “Meet the Press” interview by Vice President Cheney on March 16, 2003, just days before the Iraq War was launched.

Questioned by reporters, Wilson says he considers it “inconceivable” that Cheney, who had originated the inquiry, was not briefed on the results of his trip to Niger. “Someone in the Vice President’s office had to know,” he told CNN on July 7. “If they’ll lie about things like this, there’s no telling what else they’ll lie about,” Wilson was quoted in the July 6 *New York Post*.

The “what did Cheney know” controversy was further fueled by reports that the Vice President and his chief of staff, Lewis Libby, had made frequent excursions to CIA headquarters, to interrogate analysts directly on their work product related to the Iraq WMD program and links to al-Qaeda. Former CIA officials have told *EIR* that the Cheney-Libby visits to Langley were unprecedented, and represented a clear attempt to pressure the intelligence agencies to come up with intelligence to fit their own pre-set policy of going to war with Iraq. Greg Thielmann, a respected officer at the State Department’s Intelligence and Research Bureau, told ABC News’ “Nightline,” July 9, that the Administration practiced “faith-based” intelligence analysis—i.e., made policy decisions and then sought out intelligence to fit the action.

On July 8, the *Los Angeles Times* published a commentary by Robert Scheer on the Wilson revelation, titled “A Diplomat’s Undiplomatic Truth: They Lied.” Scheer began: “They may have finally found the smoking gun that nails the culprit responsible for the Iraq war. Unfortunately, the incriminating evidence wasn’t left in one of Saddam Hussein’s palaces but rather in Vice President Dick Cheney’s office.”

LaRouche Told You So

Meanwhile, those who are pursuing the President, rather than Cheney, have come up with their hands empty, just as LaRouche said they would.

The question thus is, who misled the President? That’s the question that takes the honest investigator directly to Cheney, who first raised the question of the Niger sale, and sought the answer—which he then proceeded to ignore!

Those who have had the good sense to follow LaRouche, know he identified the crucial role of Cheney in manipulating the war against Iraq, and called for his resignation, at least as early as *September 2002*. While a full record of LaRouche’s



campaign against the chicken-hawks appears on his Presidential campaign website, www.larouchein2004.com, the following highlights are crucial:

Sept. 20, 2002: LaRouche issued a statement, “Iraq Is a Fuse, But Cheney Built the Bomb,” in which he identified the “Cheney doctrine of 1990,” demanding a U.S. world empire, as the real source of the just-issued policy of pre-emptive war, contained in the document *The National Security Strategy of the United States*. LaRouche concluded by calling for Cheney’s resignation.

October 2002: LaRouche’s call for Cheney to resign was aired frequently on Washington, D.C. radio, in ads taken out by an associate.

March 25, 2003: LaRouche issued a statement entitled “War, Hitler and Cheney,” charging that Cheney has de facto usurped control over the government, and politically castrated the Democratic Party leadership. “Whatever wrong the under-qualified President Bush has done,” LaRouche wrote, “he remains the poor patsy from whom the pack of Cheney-Rumsfeld lackeys have managed to gain almost anything they wished, so far. However, this would not have been possible had the Democratic Party itself not fallen under the top-down control of the same behind-the-scenes forces which control Dick ‘Lady Macbeth’ Cheney.”

April 9, 2003: LaRouche’s campaign issued a pamphlet entitled *The Children of Satan: The ‘Ignoble Liars’ Behind Bush’s No-Exit War*, to mobilize Americans against the Cheney-Rumsfeld-Wolfowitz cabal—followers of the late fascist philosopher Leo Strauss. It was these “Straussian” circles, the pamphlet documented, who instigated the war. Some 800,000 of these pamphlets are now in circulation, and have caused

major reverberations from Washington, to New York City, to London and Zurich.

June 7, 2003: LaRouche's campaign issued a statement entitled "LaRouche Says Charges Against Cheney Constitute Grounds for Impeachment," in which the charges of Cheney's role in the Niger "yellow cake" story were spelled out, and the candidate was quoted saying, "Let there be no mistake about it. The nature of these charges constitute hard grounds for impeachment. The question has to be taken head on. It is time for Dick Cheney to come clean. I want to know exactly what Dick Cheney knew and when he knew it. The charges are grave and specific and leave no wiggle room. Determining who knew what and when is, at this time, an urgent matter of national security."

One month after that statement, the other Democratic Presidential candidates are still silently dodging the issue, in part due to their own complicity in allowing the needless and, perhaps now endless war to occur, and, in part, because they have allowed themselves to be gagged by the Democratic Leadership Council (DLC), a neo-conservative "Trojan Horse" in and around the Democratic Party national leadership (see article in this section).

Despite the continuing cowardice of the other Democratic candidates, LaRouche's own leadership, in pressing for Vice President Cheney to say what he knew and when, is gaining momentum. The fact that former Ambassador Wilson revealed his "smoking gun" just days after LaRouche's July 2 international webcast, is but one indication that LaRouche's continuing role in leading the "counter-coup" against the Cheney-Rumsfeld-Wolfowitz gang, is creating the conditions for others to step forward with more damning proof that the Vice President lied to the President, to the Congress, to the American people and to the international community—to win support for the Iraq War.

LaRouche also observed, on July 10, that a similar fate is now befalling British Prime Minister Tony Blair, who, along with Cheney, lied repeatedly, to win British backing for the Iraq invasion. "If Cheney falls, Blair will soon fall. If Blair goes, Cheney is not far behind," LaRouche forecast.

Documentation

The Evidence Points To Vice President Cheney

Here are excerpts from the press coverage of the revelation by Joseph C. Wilson IV, former U.S. Ambassador and National Security Council officer, that he was the ex-diplomat who was sent to Niger in February 2002, at the behest of Vice President

Dick Cheney and the CIA, to probe allegations that Iraq was seeking to purchase uranium precursors for nuclear weapons production from the African nation.

Joseph C. Wilson IV, "What I Didn't Find in Africa," *New York Times*, July 6:

Did the Bush administration manipulate intelligence about Saddam Hussein's weapons programs to justify an invasion of Iraq?

Based on my experience with the administration in the months leading up to the war, I have little choice but to conclude that some of the intelligence related to Iraq's nuclear weapons program was twisted to exaggerate the Iraqi threat. . . .

In February 2002, I was informed by officials at the Central Intelligence Agency that Vice President Dick Cheney's office had questions about a particular intelligence report. While I never saw the report, I was told that it referred to a memorandum of agreement that documented the sale of uranium yellowcake, a form of lightly processed ore, by Niger to Iraq in the late 1990's. The agency officials asked if I would travel to Niger to check out the story so they could provide a response to the vice president's office.

After consulting with the State Department's African Affairs Bureau (and through it with Barbro Owens-Kirkpatrick, the United States ambassador to Niger), I agreed to make the trip. The mission I undertook was discreet but by no means secret. While the C.I.A. paid my expenses (my time was offered pro bono), I made it abundantly clear to everyone I met that I was acting on behalf of the United States government.

In late February 2002, I arrived in Niger's capital, Niamey, where I had been a diplomat in the mid-70's and visited as a National Security Council official in the late 90's. . . .

The next morning, I met with Ambassador Owens-Kirkpatrick at the embassy. For reasons that are understandable, the embassy staff has always kept a close eye on Niger's uranium business. I was not surprised, then, when the ambassador told me that she knew about the allegations of uranium sales to Iraq, and that she felt she had already debunked them in her reports to Washington. . . . It did not take long to conclude that it was highly doubtful that any such transaction had ever taken place.

Given the structure of the consortiums that operated the mines, it would be exceedingly difficult for Niger to transfer uranium to Iraq. Niger's uranium business consists of two mines, Somair and Cominak, which are run by French, Spanish, Japanese, German and Nigerian interests. If the government wanted to remove uranium from a mine, it would have to notify the consortium, which in turn is strictly monitored by the International Atomic Energy Agency. Moreover, because the two mines are closely regulated, quasi-governmental entities, selling uranium would require the approval of the minister of mines, the prime minister and probably the president.

In short, there's simply too much oversight over too small an industry for a sale to have transpired. . . .

Before I left Niger, I briefed the ambassador on my findings, which were consistent with her own. I also shared my conclusions with members of her staff. In early March, I arrived in Washington and promptly provided a detailed briefing to the C.I.A. I later shared my conclusions with the State Department African Affairs Bureau. There was nothing secret or earth-shattering in my report, just as there was nothing secret about my trip.

Though I did not file a written report, there should be at least four documents in United States government archives confirming my mission. The documents should include the ambassador's report of my debriefing in Niamey, a separate report written by the embassy staff, a C.I.A. report summing up my trip, and a specific answer from the agency to the office of the vice president (this may have been delivered orally). While I have not seen any of these reports, I have spent enough time in government to know that this is standard operating procedure. . . .

In September 2002, however, Niger re-emerged. The British government published a "white paper" asserting that Saddam Hussein and his unconventional arms posed an immediate danger. As evidence, the report cited Iraq's attempts to purchase uranium from an African country. Then, in January, President Bush, citing the British dossier, repeated the charges about Iraqi efforts to buy uranium from Africa.

The next day, I reminded a friend at the State Department of my trip and suggested that if the president had been referring to Niger, then his conclusion was not borne out by the facts as I understood them. He replied that perhaps the president was speaking about one of the other three African countries that produce uranium: Gabon, South Africa or Namibia. At the time, I accepted the explanation. I didn't know that in December, a month before the president's address, the State Department had published a fact sheet that mentioned the Niger case.

Those are the facts surrounding my efforts. The vice president's office asked a serious question. I was asked to help formulate the answer. I did so, and I have every confidence that the answer I provided was circulated to the appropriate officials within our government. . . .

The question now is how that answer was or was not used by our political leadership. If my information was deemed inaccurate, I understand (though I would be very interested to know why). If, however, the information was ignored because it did not fit certain preconceptions about Iraq, then a legitimate argument can be made that we went to war under false pretenses. (It's worth remembering that in his March "Meet the Press" appearance, Mr. Cheney said that Saddam Hussein was "trying once again to produce nuclear weapons.") At a minimum, Congress, which authorized the use of military force at the president's behest, should want to know if the assertions about Iraq were warranted.

Robert Scheer, "A Diplomat's Undiplomatic Truth: They Lied," *Los Angeles Times*, July 8:

They may have finally found the smoking gun that nails the culprit responsible for the Iraq war. Unfortunately, the incriminating evidence wasn't left in one of Saddam Hussein's palaces but rather in Vice President Dick Cheney's office.

Former Ambassador Joseph C. Wilson publicly revealed over the weekend that he was the mysterious envoy whom the CIA, under pressure from Cheney, sent to Niger to investigate a document now known to be a crude forgery that allegedly showed Iraq was trying to acquire enriched uranium that might be used to build a nuclear bomb. Wilson found no basis for the story, and nobody else has either.

What is startling in Wilson's account, however, is that the CIA, the State Department, the National Security Council and the vice president's office were all informed that the Niger-Iraq connection was phony. No one in the chain of command disputed that this "evidence" of Iraq's revised nuclear weapon program was a hoax.

Yet, nearly a year after Wilson reported back the facts to Cheney and the U.S. security apparatus, Bush, in his 2003 State of the Union speech, invoked the fraudulent Iraq-Africa uranium connection as a major justification for rushing the nation to war: "The British government has learned that Saddam Hussein recently sought significant quantities of uranium in Africa."

What the president did not say was that the British were relying on their intelligence white paper, which was based on the same false information that Wilson and the U.S. ambassador to Niger had already debunked. "That information was erroneous, and they knew about it well ahead of both the publication of the British white paper and the president's State of the Union address," Wilson said Sunday on Meet the Press. . . .

Nor has the U.S. administration told its public why it ignored the disclaimers from its own intelligence sources. In order to believe that our president was not lying to us, we must believe that this information did not find its way through Cheney's office to the Oval Office.

In media interviews, Wilson said it was the vice president's questioning that pushed the CIA to try to find a credible Iraqi nuclear threat after that agency had determined there wasn't one.

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Missing Link: How Right-Wing Neo-Cons Created ‘Democratic Leadership Council’

by Michele Steinberg

Democrats may be still suffering under the delusion that the Democratic Leadership Council—which brags that the “top four” Democratic Presidential candidates are “Blair Democrats” who supported the Iraq War—is something other than a right-wing Trojan Horse and protection racket for Vice President Dick Cheney, as Democratic Presidential pre-candidate Lyndon LaRouche has exposed. Some even think that the DLC wants to win the Presidency in 2004.

Au contraire! An ongoing investigation by *EIR* into the roots of the DLC, points to the evidence that it is out to destroy the Democratic Party of Franklin Delano Roosevelt. The DLC is following the footsteps of its neo-conservative, war-mongering predecessor organizations of the 1970s: the Coalition for a Democratic Majority (CDM), founded in 1972 by the likes of Richard Perle, Midge Decter, Norman Podhoretz, Irving Kristol, and Jeane Kirkpatrick, among others; the Committee on the Present Danger (CPD), founded in 1976 by Richard Perle, Midge Decter, Norman Podhoretz, Irving Kristol, and Jeane Kirkpatrick, et al.; and the Committee for the Free World (CFW), founded in 1981 by exactly the same crew. Rounding out the picture, CFW’s chairman was Dick Cheney’s Secretary of Defense, Donald Rumsfeld.

Nowadays, the CDM/CPD/CFW are associated with the Republican Party—particularly with those neo-conservative devotees of Leo Strauss around the Cheney/Rumsfeld cabal. But these organizations are the direct antecedents to the Democratic Leadership Council, and CDM’s veterans maintain close coordination with the DLC to ensure that the Democratic Party does nothing *effectively* to stop the imperial policy of pre-emptive war—even pre-emptive nuclear war—that the Cheney/Rumsfeld gang has laid out. The DLC, and its affiliates—the Progressive Policy Institute (PPI) and the New Democratic Network (NDN)—are on a full-scale campaign to destroy every other faction in the Democratic Party, and silence criticism of the Iraq War.

The “missing link” between the “Democratic” DLC and the now-“Republican” CDM/CPD/CFW neo-cons, is the notorious Social Democrats-USA, (SDUSA), whose chairman, Penn Kemble, was the Executive Director of the Coalition for a Democratic Majority in 1972, until he brought in Richard Perle’s underling Stephen Bryen to take his place. Bryen, who created the Jewish Institute for National Security Affairs (JINSA) in the early 1980s, when he served as Perle’s aide at the Department of Defense, is another leading member of the

neo-conservative gang that wants to go to war against the entire Arab world in the name of anti-terrorism. Providing daily coordination between Perle and Bryen would be Joshua Muravchik, a fixture at nearly every American Enterprise Institute event—but also a leader of SDUSA since its creation.

Staying Behind as ‘Democrats’

For his part, Kemble has been a neo-con insider since the 1960s, but in 1978-79, he worked directly with Cheney’s Iraq warriors—Abram Shulsky of the Pentagon’s Office of Special Plans, Elliott Abrams of the National Security Council, and Gary Schmitt of the Project for a New American Century—when they were all on the staff of Sen. Daniel Patrick Moynihan (D-N.Y.) By the 1980s, Kemble was deeply involved in the Project Democracy operations of Ollie North, and the Iran-Contra network that ran a covert gun- and drug-running operation out of the White House.

Kemble never joined the Republicans, but remained an executive with SDUSA, the perch from which he founded and managed a vast network of Project Democracy organizations, including the Institute for Religion and Democracy, Freedom House, the Foundation for Democratic Education, the Committee for the Free World, and Prodemca (Friends of the Democratic Center in Central America), which received funds from Ollie North. Kemble has also been on the boards of the League for Industrial Democracy (LID) and the National Democratic Institute for International Affairs (NDI), which is the Democratic Party’s conduit for funding from the governmental National Endowment for Democracy (NED). The last is run by another SDUSA hand, Carl Gershman, who has also headed NDI since its creation in 1982.

The DLC and SDUSA both maintain extremely close links to Tony Blair’s British “New Labour” party faction, and in parallel, are out to recreate a new version of the Coalition for a Democratic Majority in time for the 2004 elections. The battle cry for this effort is to follow the “strong defense” lead of the original CDM’s heroes: the late Senators Henry “Scoop” Jackson (D-Wash.), and Daniel Patrick Moynihan.

In this, the DLC is a protection racket for the impeachable Dick Cheney, as LaRouche has charged; it is doing his dirty work in pressuring the Democratic Party to shut up about Cheney’s role in foisting phony intelligence about Iraq in order to get the Iraq War.

The DLC has every reason to insist that the war was justi-



From the 1970s Senate offices of anti-Rooseveltian “Democrats” Scoop Jackson (left) and Daniel Moynihan, came the neo-conservatives who have made both parties’ policies at the top, today, into the disastrous imperial war doctrine of Vice President Cheney’s Washington gang.



The DLC’s publication New Democrat Blueprint was promoting the neo-conservatives’ drive for an Iraq war back in the Fall of 2002.

fied—they use the same phony intelligence sources that led to the scandals rocking London and Washington today (see *National* lead and *International* section).

The DLC and the Chicken-Hawks

In the Dec. 2, 2002 issue of *Blueprint*, the magazine of the DLC/PPI, Dr. Barry Rubin was brought in to “sell” the Iraq War to the Democrats and neutralize their opposition, with an article called “Why Saddam Should Go First.” The article was used to reinforce the lie that Democrats had been crushed in the 2002 Congressional and Senate elections because of their questioning of the Iraq War policy in the October Congressional debate. In the same issue, Al From, DLC’s Chief Executive Officer, raved against Democrats who opposed the war: “Democrats need to get the big things right. That means national security. . . . The President’s first responsibility is as commander-in-chief. . . . Our nominee in 2004 must convince voters that he’ll keep them safe. If he doesn’t, nothing else will matter.”

Who is Dr. Barry Rubin? He is one of the leading chicken-hawks at the center of the scandal in London over forged and plagiarized information used by Blair to start the war, and a close collaborator of Richard Perle and other Pentagon operatives who “cooked” the Iraq intelligence on the American side. Rubin came to public light in February 2003, when Blair’s press spokesman, Alastair Campbell, released a ridiculously “sexed-up” dossier warning of an imminent threat from Saddam Hussein’s arsenal of weapons of mass destruction. The dossier turned out to be cooked up at a right-wing think-tank complex run by Rubin, an American-born Israeli and radical Likudnik with links to the office of Vice President Cheney. *EIR* reported then (“Iraq Dossier Hoax Was Cooked in Israel,” *EIR*, Feb. 21): “Two days before Powell’s UN appearance, 10 Downing Street issued a 16-page paper, ‘Iraq:

Its Infrastructure of Concealment, Deception, and Intimidation,’ purportedly based on high-level British intelligence data. In fact, at least 11 of the 16 pages were lifted, verbatim, from an Israeli journal, *Middle East Review of International Affairs*, whose sole proprietor is Barry Rubin. The 11 pages were drawn from two articles, by Ibrahim al-Marashi and Robert Rabil, that appeared in the September 2002 edition of that journal.

“Al-Marashi’s article, a profile of Iraqi intelligence, was drawn, largely, from Iraqi government documents confiscated during the 1991 Persian Gulf War. Al-Marashi, in turn, heavily footnoted his article to other, earlier stories published in Rubin’s obscure online journal, by Amazia Baram, the journal’s deputy editor. This was no bit of grammar school plagiarism. The public relations team that put together the Blair and Powell propaganda drivels were themselves linked to Rubin . . . through Ahmed Chalabi’s discredited and corrupt Iraqi National Congress (INC).

“Rubin issued a statement following the Downing Street dossier flap, taking full credit for the cooked intelligence report. His only complaint was that while the Blair government apologized to al-Marashi, they did not issue a similar public statement of regret to him and his journal.”

EIR revealed that Rubin writes a regular column for the *Jerusalem Post* owned by neo-con financier, Lord Conrad Black, and that his Israeli-based think-tank is financed by leading Likud party “angels”—American Ronald Lauder, and the organized crime-linked financier Marc Rich, whose attorney for 15 years was Lewis “Scooter” Libby, now Cheney’s chief of staff.

Rubin is also closely tied to the disinformation unit in the Pentagon, known officially as the Office of Special Plans (OSP), headed by former Moynihan aide, and familiarly as the “Chicken-hawk Intelligence Agency.” On Feb. 4, after the British dossier that used his tainted information came out, Rubin joined his fellow chicken-hawks as a speaker at a Willard Hotel luncheon in Washington sponsored by Eleana Benador Associates, a New York City public relations firm that counts among its clients the neo-con Iraq War propaganda team. Other speakers were also Benador clients: then-Chairman of the Defense Policy Board Richard Perle (who worked with Deputy Defense Secretary of Defense Paul Wolfowitz and Undersecretary of Defense Doug Feith to create the OSP); Michael Ledeen; Frank Gaffney; Iraq-hater Laurie Mylroie; former UN weapons inspector Richard Spertzel; and former Iraqi weapons scientist Khidhir Hamza. The speakers demanded an early war against Iraq.

By Feb. 25, knowing that massive opposition was growing internationally against the war, the neo-cons went into action. Key to success was preventing an opposition—especially from Congressional Democrats—from taking steps. The DLC and SDUSA linked up to push the Iraq War to the Democrats, with a letter to President Bush. It was signed by Will Marshall, President of the DLC’s Progressive Policy Institute; SDUSA’s Penn Kemble; and the worst of the neo-conservative war-mongers, including the Defense Policy Board’s James Woolsey; and American Enterprise Institute luminaries Max Kampelman, Michael Novak, Joshua Muravchik. Though the letter paid lip-service to winning “allies,” it said, “We share the view that it is essential to bring Saddam Hussein’s dictatorship in Iraq to an early end. . . . We must act alone if that proves necessary.” Once again, the DLC, backed by its leading member, Sen. Joe Lieberman, was there to keep the opposition silent.

‘What Would Scoop Do?’

In a May 21, 2003 op-ed in the *Wall Street Journal*, Donna Brazile, the former campaign manager of the 2000 Gore-Lieberman campaign, and co-author Timothy Bergreen blasted the Democratic Presidential candidates for questioning the Iraq War “victory.” Brazile, who based her op-ed on a speech she had delivered to the SDUSA conference, told Democrats, “We are AWOL on national security.” To correct that, she maintained, Democrats must adopt the policies of “Sen. Scoop Jackson—the Democratic mentor of some of today’s most prominent Republican hawks.”

As *EIR* reported on July 4, Brazile—a member of the Democratic National Committee, which ostensibly makes all

the major decisions about funding, policy, and program for Democratic candidates—has already forged a marriage with the Republican neo-cons at the think-tank called the Foundation for the Defense of Democracies. Her colleagues there include the hard-core advocates of a “World War IV,” such as James Woolsey and Newt Gingrich, both members of the Defense Policy Board.

Brazile’s line was also pushed in a May 1 *Washington Post* op-ed called “The Blair Democrats: Ready for Battle,” by DLC leader Will Marshall. He wrote, “The U.S.-led coalition’s stunning success in liberating Iraq is undoubtedly a triumph for President Bush. But Karl Rove shouldn’t get too giddy. . . . After all, four of the leading Democratic Presidential contenders—Rep. Dick Gephardt and Sens. Joseph Lieberman, John Kerry and John Edwards—not only voted to support the war but also joined British Prime Minister Tony Blair in demanding that Bush challenge the United Nations to live up to its responsibilities to disarm Iraq. . . . Like Bush, these Democrats did not shrink from the use of force to end Hussein’s reign of terror. Like Blair, they saw the Iraq crisis as a test of Western resolve.”

Few better exemplars exist to show that the DLC’s “New

‘Can This Party Be Saved?’

At his July 2 Presidential campaign webcast, Lyndon LaRouche answered questions from leading Democrats about the Democratic Leadership Council (DLC). Here is his exchange with former Senator Eugene McCarthy of Wisconsin, now of Washington, D.C.

McCarthy: First of all, Lyn, I’m really sorry I couldn’t be with you, and with the Youth Movement today. I applaud your intention to expose and obliterate the DLC. I agree from experience, that the so-called neo-conservatives, these actually reactionary characters, were hiding out in the moist recesses of Scoop Jackson’s office—hiding there like mushrooms, or a fungi. They were Dixiecrats, they were Republicans; and in fact, Scoop Jackson wanted nuclear war so much, I used to tell him he glowed.

But, I really wonder, how can we save this Democratic Party? And I have to ask you, can this party be saved?

LaRouche: I think it can be saved in only one way: Because people are frightened enough of what’s happening to us, that they will recall the similarity which I’ve emphasized today, as I have on other occasions: the similarity—despite the differences—the similarity between the crisis that threatens us today, and that which Franklin Roosevelt faced in the beginning of the 1930s.

Democrats” are “a second Republican Party.” Brazile, Al From, Will Marshall, and the other DLC types who push the line that “after 9/11, security matters above all,” are showing their roots—as hard-core neo-cons.

Jackson and Moynihan: The Missing Links

To show exactly what the DLC’s and Brazile’s invoking the legacy of Scoop Jackson means, a brief look at the 1970s, when the neo-conservatives in the Democratic Party grouped themselves into the Coalition for a Democratic Majority (CDM), is necessary. The CDM’s two leading lights in Congress were the Democratic Senators Jackson and Moynihan. The Cold Warrior and fanatically pro-Israel Jackson remains the model for the DLC crowd today. The DLC’s former President, Sen. Joe Lieberman declares he is proud to be identified as a “ ‘Scoop’ Jackson Democrat.” It was these two Senators’ offices that housed the Leo Straussian “Children of Satan” behind the no-exit Iraq War.

From Jackson’s staff came:

- Paul Wolfowitz, now Deputy Secretary of Defense and a leading Straussian chicken-hawk;
- Richard Perle (on Jackson’s staff from 1969 until going

into the Defense Department in 1981), and until his recent forced resignation, chairman of Rumsfeld’s Defense Policy Board. It is reported that Perle maintains Democratic Party membership to this day, out of fealty to Scoop. Perle later brought along Doug Feith, now Rumsfeld’s Undersecretary for Policy, who has been a Perle “groupie” since the late 1970s, largely due to Feith’s family background deep in the terrorist movement founded by Zionist fascist Vladimir Jabotinsky. In the 1980s, Feith financed Perle through the International Advisers Inc., a firm in which Feith was the only stockholder;

- Frank Gaffney, who heads the Center for Security Policy, a “private” neo-con group which cheerleads for imperial wars and brutally anti-Palestinian policies;

From Moynihan’s office came:

- Elliott Abrams, an Iran/Contra convict who now tries to shape Administration Middle East policy from the National Security Council staff;
- Abram Shulsky, who heads the Office of Special Plans under Feith in the Pentagon, which concocted fraudulent intelligence estimates used by the Administration to justify the Iraq War;

When people are frightened enough to recognize the problem, they will look for a comparable part of past experience to look for a solution. The people, in general, will not care what the Democratic Party was before Franklin Roosevelt ran for President; they just won’t care, and I don’t blame them, because the Democrat Party before Roosevelt was the party of racism, and I don’t want to think about that. It was a party of racism and some other things, all the way through from Andy Jackson on in.

But, what they’ll think about is Franklin Roosevelt, because there was a time when the United States was a hero. The United States led the world out of the Great Depression, took the world through a war, took a broken nation, the United States, and made it the most powerful, productive force on this planet, and left to the rest of the world, or much of it, the post-war system which Franklin Roosevelt created, the Bretton Woods, which resulted in a great increase in wealth in other parts of the world; recovery in Europe; the growth of wealth in Central and South America, at least many parts of it; an improvement in many parts of the world, as the result of what the United States represented during the period of that war.

That was a great period, and therefore, when I say Democratic Party, I mean Franklin Roosevelt, and his legacy. Not everything he did, not what he failed to do, but the fact that in our history as a nation, there came a time when the nation was in great danger, and the world was in great danger, and there came a man who ran for President,

and won. He led the country out of a terrible depression, saved the world from Nazism, from Nazi conquest, and left a legacy which in the main part was of benefit to mankind, until people began to make a mess of it about 1964 with the launching of the Indo-China war.

Therefore, today, I tell people, you’re in a similar situation. The Nazis are loose again; Cheney’s only one of them, or maybe it’s his wife, maybe he’s just a dummy. But we face the same kind of problem, maybe worse. Therefore, what are you going to go by? Do you want an example from experience, a proven example that will work under today’s conditions? Here it is. And Franklin Roosevelt is an example of what it’s possible to do, that was proven in the past, that we can do now, to begin to get ourselves away from this hell, and get ourselves moving up again. And get better relations around the world.

Remember, and some of you aren’t old enough to remember that, but you should remember the love that the United States attracted from around the world, especially from people in the so-called former colonial nations, who looked to the United States and Roosevelt, as an example of their hope for enjoying also economic progress, for enjoying freedom. And that was a great period; not perfect, there are many things I can criticize about it, but today, for starters, if you want to find an identity of the United States, that you would prefer to associate with, rather than what’s happened in the past 40 years, you say, okay, let’s call that the Democratic Party, or why not just call it the Franklin Roosevelt Party?

- Gary Schmitt, the head of the empire-promoting Project for a New American Century and a close collaborator of Shulsky. Schmitt worked under Roy Godson of the National Strategy Information Center in the early 1980s. Anti-LaRouche operative Godson was active in the CDM in the 1970s, narrowly escaped prosecution in the Iran-Contra scandals of the 1980s, and now is a consultant to Feith and Shulsky's Office of Special Plans.

Other leaders in the CDM were:

- Stephen Bryen, who became Executive Director of CDM and then of JINSA, after being kicked off the staff of the Senate Foreign Relations Committee for passing classified Pentagon documents to Israeli officials.

- Penn Kemble, the first Executive Director of CDM, who paved the way for Bryen to take the job over.

In 1999, Norman Podhoretz, known as the "father" of neo-conservatism, wrote that the CDM was created to destroy the policies of 1972 Democratic Presidential nominee George McGovern in the Democratic Party, especially because of McGovern's opposition to the Vietnam War. Podhoretz even admitted that the CDM was a flop that "never got off the ground."

When Scoop Jackson failed to get 1976 Democratic nomination for President, the CDM neo-cons created the Committee on the Present Danger (CPD), a wildly right-wing operation that called for pre-emptive war against the Soviet Union, according to a lead article in an October 1976 issue of the LaRouche movement newspaper *New Solidarity*. The CPD leaders, including the same gang that had created the CDM, began to make their moves into the Republican Party, which was badly damaged after the Nixon Watergate disaster. From the CDM/CPD nexus, the group threw its weight behind Republican candidate Ronald Reagan, believing he could be controlled by a "neo-con" agenda. In January 1981, more than 30 members of the CPD—most of them Scoop Jackson Democrats—were given positions in the Reagan Administration. The *New York Times* said that the neo-cons of the CPD had succeeded in carrying out "a virtual takeover of the nation's national security."

To try to keep Reagan in line, move towards pre-emptive action against the Soviet Union, and foster the real neo-conservative agenda of turning America into an imperial force, the CDM creators spawned another, even more atrocious organization, known as the Committee for a Free World, headed by Podhoretz's wife, Midge Decter. In her founding speech, delivered at Leeds Castle, in England, Decter gave a version of the "end of history" and "purgative violence" ideas of French-based Straussian Alexandre Kojève.

Decter railed that military buildup was the only cure for a Soviet takeover being facilitated by "the self-deception of the West." To explain this, Decter said, "Why should men wish to be deceived? Because men are afraid. Because men are slothful. Because they grow arrogant, and in their arrogance, careless. Because they are subject to the forces of inertia." So taken with this dark vision was Sen. Patrick Moynihan

that he had the Leeds Castle ravings entered into the *Congressional Record* for Nov. 4, 1981. The best way to avoid war, said Decter, "is non-appeasement." Irving Kristol, the "co-father" of the neo-cons, and a co-founder of CFW, similarly noted, "our Marines are not just for parades."

The Committee for a Free World should be understood as the umbrella that gathers *all* of the sections of the coalition that comes under the definition of the fascist world movement known as Synarchism. Included in the "400 scholars" of the CFW are *all* of the neo-conservatives of both the Democrats and Republicans, including the founders and leaders of the Coalition for a Democratic Majority, and the Committee on the Present Danger. It also includes *all* of the leading political Straussians of the United States, Britain, and France. The CFW's head was France's Raymond Aron, Kojève's leading disciple. In addition, there are the two leading authors of the war against Islam, and the doctrine of the Clash of Civilizations, Samuel H. Huntington and Bernard Lewis. The Social Democratic left and its trade union apparatus was not missing, including SDUSA's Penn Kemble, the late Tom Kahn, Carl Gershman, Arch Puddington, and Seymour Martin Lipset—the neo-cons' resident "Senior Scholar" at the DLC.

The End of the DLC?

The Nietzschean description of man as a wretch, espoused by Decter, did not carry the day with Reagan Administration. There was another influence on Reagan—Lyndon LaRouche, who became a back channel for discussions between Reagan's White House and Moscow, over the adoption of the proposal LaRouche had authored for a space-based missile defense system, based on new physical principles of laser development. Most importantly, LaRouche's plan was for the joint, *cooperative* development of this defense system by the U.S.A and the U.S.S.R.; it was adopted by Reagan under the name of the Strategic Defense Initiative on March 23, 1983. It was the last thing that the neo-cons wanted to hear, and they worked unceasingly to kill the SDI program.

In a 1999 article about Clinton and the DLC, Norman Podhoretz said that the DLC was created as "a rebellion not unlike the old Coalition for a Democratic Majority." But it is no rebellion, but rather a Trojan Horse, as was the CDM. The DLC's own words prove LaRouche's assertion that the group—financed by right-wing foundations like the Lynne and Harry Bradley Foundation, the Kansas based Koch family, and organized crime-linked financier Michael Steinhardt is a protection racket for Cheney.

LaRouche has escalated against the DLC, with a mass campaign leaflet issued July 8, called, "LaRouche Was Right: Vice President Cheney Can Be Removed From Office Now!"

International observers are asking whether Cheney or Blair will be the first to be toppled in the scandal over how the forged and phony intelligence on the Iraqi threat was foisted on a manipulable President and public, and passed through Congress. The scandal can also bring down a third horse in the troika, the "Democratic" Leadership Council.

How Gingrich Berserkers Seized Democratic Party

by Anton Chaitkin

When Ted Kennedy warned in January 1995 that America doesn't need two Republican Parties, he had the problem inside out. Evidence newly appearing confirms that a single gang, the hyper-New Age fascists around Newt Gingrich and Alvin Toffler, was then strangling Republicans and Democrats, while sweeping aside the traditionalists in both parties. This is the war-crazy faction which has recently been running Bush policy through the Vice Presidency and the Pentagon, and, acting through the Democratic Leadership Council (DLC), sabotaging and silencing the Democratic Party of Franklin Roosevelt.

When the 'New Paradigm' Was Born

The gang's blatant inter-party arrangement emerged in 1990, when the DLC teamed up with the radical rightists who were then fighting a bruising battle for control of the first Bush Administration. DLC strategist Elaine Kamarck, and her friend James Pinkerton, aide to President George H.W. Bush, established the "New Paradigm Society" to coordinate between right-wing Democrats and Gingrichites. Kamarck reportedly had met Pinkerton at the 1988 Democratic National Convention, where she was a Democratic Party advisor. Pinkerton soon afterward made his mark working for the senior Bush's Presidential campaign versus the Democratic nominee, Massachusetts Gov. Michael Dukakis. Pinkerton did the research for the Republicans' famous racist attacks on the theme of Willie Horton, an African-American convict, who allegedly committed a murder after being paroled by Dukakis. Pinkerton became domestic policy advisor for the Bush Administration; Kamarck went on the staff of the Democratic Leadership Council.

Around February 1990, Kamarck and Pinkerton set in motion their New Paradigm Society, which was to run for the next two years. They met regularly with Rep. Newt Gingrich (R-Ga.), DLC officers, and others to promote lower wages, privatization, deregulation, globalist free trade, the post-industrial "New Economy," and the neo-conservatives' global war agenda. Among those associated with this behind-the-scenes initiative were Connecticut Democrat Joe Lieberman, whose first election to the Senate had just been sponsored by William F. Buckley and funded by the most right-wing Cuban exile leadership in Florida.

Pinkerton outlined his "New Paradigm" in an April 1990 speech to the rightist Reason Foundation in Santa Monica,



The think-tanks and political consultants of both political parties have been openly working together to kill traditional Democratic constituency politics, since the 1990 "new paradigm" convergence of Newt Gingrich (above), the right-wing Heritage Foundation, and the equally right-wing Democratic Leadership Council.

California, and in another talk to the Gingrich/Toffler World Future Society. His radical smash-the-poor, dismantle-the-government program was clothed in caring rhetoric, allowing for gay rights, speculator rights, etc.

Battle in the 'Grand Old Party'

Some more mainstream Republicans soon declared war against Pinkerton's New Paradigm. Office of Management and Budget (OMB) Director Richard Darman spoke out on Nov. 16, 1990, denouncing the trend of "neo-neo-ism" and "neo-Newtism." He called the New Paradigm "a bit too pretentious for a would-be populist movement." Less than two weeks later, on Nov. 29, 1990, Congressman Gingrich demanded that Darman resign, calling him a "Republican Dukakis." The factional brawl dominated Washington political headlines. On the right, Pinkerton, Gingrich, Mississippi Sen. Trent Lott, and Secretary of Housing and Urban Development Jack Kemp fought the centrists, led by OMB Director Darman and White House Chief of Staff John Sununu, who were trying to keep the first Bush Administration from becoming a utopian fascist nightmare.

Meanwhile, the allied "DLC moles" continued undermining the Democratic Party. James Pinkerton has told *EIR* that while Democratic Leadership Council officials collaborated directly with him and like-thinking Republicans through the monthly meetings of New Paradigm Society, the DLC's mafia-linked chief financier, Michael Steinhardt, would meet with Pinkerton only inside the DLC headquarters.

The DLC—acting in the name of its "think-tank," the Progressive Policy Institute (PPI), which Steinhardt chaired—held a big Washington public forum jointly sponsored by the powerful rightist Heritage Foundation. James Pinkerton was the star speaker, and though both Heritage

and the DLC are now closed-mouthed about the event, it apparently took place Oct. 30, 1991, at the Hyatt Hotel. The forum's reported theme, "Beyond Left and Right," is a kind of in-joke among Friedrich Nietzsche admirers, echoing his slogan, "beyond good and evil."

The Heritage Foundation's leaders worked directly with the DLC in the early 1990s to organize DLC's fundraising and polemics, as DLC founder and CEO Al From confessed in the DLC's authorized history (*Reinventing Democrats*, by Kenneth S. Baer).

The DLC was then backing Arkansas Gov. Bill Clinton for President, since Clinton publicly endorsed their politics, while no politician in their actual inner circle had the popular appeal to win a national election. The DLC's *New Democrat* magazine for July 1992, outlined the reactionary program the cross-party rightist gang intended to implement in a Clinton Administration. PPI president Will Marshall wrote that "America's now predominantly suburban electorate . . . does not pine for massive public works spending or urban bailouts." Democrats should appeal to suburban (read "white") biases, such as hostility to "welfare cheats." Promoting cut-backs against the poor and weak, Marshall quoted former Colorado Gov. Richard Lamm: "The economy of the 1990s cannot support the dreams of the 1960s. The public policy of the world's largest debtor nation . . . must be dramatically different than when it was the world's largest creditor nation

with the highest rate of productivity growth." Lamm was then already notorious for remarking that the elderly should "die and get out of the way."

The DLC as Trojan Horse

Clinton delivered a shock to his DLC sponsors immediately after winning in 1992. He bluntly told an elite dinner gathering at *Washington Post* publisher Katharine Graham's house, "You aren't going to like what I do." Indeed, Clinton snubbed the DLC on Presidential appointments to top posts and sought to pursue the Old Democratic Paradigm.

Newt Gingrich led the rightist revolution in the 1994 elections. The DLC, disappointed in Clinton, advised Democrats to adapt to the political reality as defined by the new House Speaker Gingrich—who personally promised to imitate the French Revolutionary terrorists.

James Pinkerton pushed union-busting, privatization, and cheap labor in his book, *What Comes Next: The End of Big Government and the New Paradigm Ahead*, published in 1995. He complained that President Clinton had "back-burnered" DLC strategists Elaine Kamarck and William Galston; Kamarck was relegated to directing Vice President Gore's "reinventing government" initiative.

PPI Vice President Robert Shapiro (a New Paradigm Society man) praised Pinkerton's book as "the political equivalent of magic." Shapiro's boss at PPI, chairman Steinhardt, was then gearing up his effort to defeat Clinton for a second term, or failing that, to put the DLC openly behind a third party effort against the Democrats. The DLC's November 1995 *New Democrat* devoted its cover story to praising and excerpting the Pinkerton book, *What Comes Next*.

Senator Lieberman was DLC chairman in the mid-1990s. He made sharp attacks on President Clinton during the failed Republican drive to impeach the President. As Clinton's second term drew to a close, the DLC scurried to position itself for control of the post-Clinton Democratic Party. In October 2000, the DLC held a crucial fundraising event. Michael Lewan, an Enron lobbyist and the chief of staff for Lieberman's Vice Presidential race, arranged this fundraiser with representatives of Koch Industries, the oil company which co-founded the John Birch Society, founded the Cato Institute, and sponsored the Reason Foundation and much of the radical right agenda in America. Koch vice president Richard Fink went on the PPI board of directors, and poured Koch money into the DLC to make a new Democratic Party.


In recent months, we have seen Joe Lieberman and the DLC demand that their fellow Democrats prove their patriotism by surrendering to the Cheney-Rumsfeld-Wolfowitz war agenda. And Lieberman's old comrade Newt Gingrich, now on the Rumsfeld's Defense Policy Board, re-enacts his antics from the first Bush Administration: He demands Colin Powell's State Department be purged for insufficient war fervor. It's just the tired old New Paradigm.

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Behind the Howard 'Who?' Dean Phenomenon

by Nancy Spannaus

Is the Dean Presidential campaign like the IT bubble? In the midst of all the hype about the Howard (Who?) Dean Presidential campaign's report on his second quarter fundraising—he says he raised \$7.5 million from 59,000 contributors—it's worth looking behind the statistics. What is the Dean campaign, really?



Up until the present wave of publicity, former Vermont Gov. Howard Dean has been best known for his advocacy of health care for children, and his opposition to the war against Iraq. "I'm from the Democratic wing of the Democratic Party," he is fond of saying, in imitation of his much more liberal friend, the now-deceased Sen. Paul Wellstone.

Now, all of a sudden, Dean is being touted as a "revolutionary" for his "stunning" results in raising campaign funds over the Internet. This fundraising capability is being touted as an indication of Dean's "grassroots" appeal, making him a potential threat to the likes of Sen. John Kerry (Mass.) and Sen. John Edwards (N.C.).

Let's take a deeper look at both these stories.

Where Was Dean's Opposition to Cheney?

It is true that Dean campaigned against the war against Iraq. It is *not* true that he took any effective action to try to *change* the policy of pre-emptive war, either by the Bush Administration, or the Democratic Leadership Council (DLC) crowd that runs the Democratic National Committee. To this day, Dean has said *nothing* on his website about the role of Vice President Dick Cheney, who is known to be the author of the pre-emptive war doctrine and the intelligence frauds sold to President Bush. That's a very serious indication of Dean's being either a coward, or a faker.

Was Dean perhaps simply posturing, in his anti-war stance?

It has been pointed out that the good doctor toned down his opposition to the Iraq War considerably, once it began. Rather than presenting a foreign policy opposed to military force, Dean chose to criticize the President for attacking Iraq, as opposed to going after North Korea and Iran. While paying

lip-service to multilateralism, Dean's rhetoric against those nations got pretty hot.

A Dean supporter might reply that Dean's candidacy was more heavily based on his domestic program, such as health care for needy children, than foreign policy. But, even here, there's more sizzle than steak. As Governor of Vermont, Dean did provide health insurance for nearly all children, but he does not promote universal health care, and he puts first and foremost, his commitment to fiscal conservatism and balanced budgets. In this deepening depression, such commitments require the violation of the general welfare of the population—as Dean did when he carried out deep budget cuts during his governorship.

Campaign by Internet?

As for Dean's alleged "revolution" in building a mass fundraising base, that also smells mighty fishy.

A Sunday July 6 *Washington Post* profile by J.P. Gownder gave a rather revealing profile. It seems that Dean's "Meet-ups" (meetings organized by the Internet site Meetup.com) are frequented by well-heeled, but often unemployed dot-com employees! No non-whites here—the campaign's explanation is that non-whites don't use the Internet so much. Gownder concludes that the Dean campaign is likely to go the way of the "new economy," unless he "gets real" in political organizing.

Gownder's view coheres with the fact that Dean's campaign is essentially a perception game, an attempt to make a populist "phenom" out of a wealthy fiscal conservative, with heavy environmentalist and counterculture tastes. Dean's website admits that he has little support from, or appeal to, the over-65 crowd, or the poor. His model among Democrats? There's no mention of Franklin Roosevelt, despite much other name-dropping. Judging from his June 25 speech to the Washington, D.C. Council on Foreign Relations, it's none other than Cold Warrior Harry S Truman!

Dean's narrow appeal to the yuppie IT crowd is not surprising. Although he neglects to mention it on his website biography, Dean comes from a wealthy New York family, and was educated at prep schools and Yale. He moved to Vermont in 1978, and soon got into politics. After two terms in the state legislature, he became lieutenant governor under a Democrat, and then under Republican Richard Snelling. When Snelling died in office, Dean became Governor—a post he gave up in January 2003.

According to a *New York Post* profile of June 29, among Dean's major supporters are some not-so-little guys, such as actor Paul Newman, writer Nora Ephron, mega-speculator George Soros, David Rockefeller, Jr., and Jonathan Tisch, of the Mega Group Tisch family, owners of Loews Corp. Not exactly your "outsider" for the little guy.

It looks like Howard (Who?) Dean is not the "upstart" who's going to save the Democratic Party, or the republic, from Dick Cheney and the DLC.

LaRouche Offers Solution To California Implosion

by Harley Schlanger

With a referendum vote to recall California Gov. Gray Davis (D) increasingly likely in November, and a budget meltdown crisis already well advanced, Democratic Presidential pre-candidate Lyndon LaRouche urged the Governor to launch a hard-hitting political counteroffensive.

“It is time for Governor Davis to do what, for him, has been unthinkable.” LaRouche advised that Davis has to present a special State of the State speech, addressing what everyone—from elected officials, to the media, to the general public—has been afraid to admit: that the collapse of California is the result of a global systemic crisis. That crisis has been caused by many years of incompetent and immoral policies, pushed by the same network of think-tankers and neo-conservative ideologues responsible for California’s electricity deregulation bill of 1996, which opened the state for looting by Enron, and other corporations of the Dick Cheney-linked Houston energy cartel.

The crisis facing California being part of a global economic breakdown crisis, LaRouche noted, it is not possible to manage it using traditional budgetary tricks. It must be faced head-on. The Governor should tell the citizens of California, and the nation, to wake up, or face descent into a Dark Age. For too long, both citizens and elected officials have tried to pretend it isn’t happening, that a “recovery” will occur in the next quarter, or next year.

Delusions Fed by Free-Marketeers

While there are no simple solutions to California’s debacle, which includes a budget deficit larger than the *total* budget of any other state except New York, the first step is to acknowledge that the descent into ungovernability of the nation’s largest and wealthiest state, has occurred because its elected officials and citizens did not act against the economic and moral crimes committed by the backers of Enron, et al. Not only did the energy pirates loot the state’s consumers; they forced the state to use revenue from the general fund to purchase electricity—at outrageous mark-ups created through “gaming” the markets (withholding electricity to create repeated spot-shortages and super-high prices). The state, as the agency of last resort, had no option but to purchase electricity at exorbitant rates after its major deregulated utilities were forced into bankruptcy, or to the brink of it, by the thieving free-marketeers.

To assure future electricity needs, the state was blackmailed into signing long-term contracts at 300-500% above pre-deregulation rates. To finance this, the state took on increased levels of debt, some of which is reflected in the present \$38.2 billion budget deficit.

In explaining this to the people of California, Davis would be well-advised to point out that it was none other than Vice President Dick Cheney who declared, in July 2001, that it was not the role of the Federal government to protect the state from the “free market,” nor to investigate the outrageous rate hikes which led to the closing of many businesses and manufacturing firms. In effect, the sneering Cheney, who had been appointed by President Bush to oversee the needs of the nation’s energy future, told California to “drop dead.”

LaRouche urged the Governor not to hold back from placing responsibility for the crisis on the state’s elected officials, who voted unanimously for deregulation after receiving large contributions from the energy pirates. Nor must he fail to acknowledge his own mistakes in accepting the lying promises of the energy traders and their paid apologists, such as the lobbyists and “scholars” from the Adam Smith Institute, the American Enterprise Institute, and others who preached that deregulation would lead to “more competition,” thus “increasing efficiency,” meaning “lower prices.”

The Governor took a promising first step in this direction, with his recent endorsement of legislation introduced by State Sen. Joseph Dunn (D), for reregulation of electricity. The LaRouche Youth Movement has been the most prominent force in the state backing reregulation, as its members have made numerous trips to Sacramento, to fight for the energy policy drafted by LaRouche in his January 2001 address to an Youth Movement cadre school convened near California’s Salton Sea.

Nor must the voters themselves be spared from blame. The lure of cheaper prices, combined with the promises of “endless prosperity” from the hucksters behind the New Economy, convinced them to join in the mindless chorus, singing the praises of policies favoring “less government” and “tax cuts,” which threaten their well-being today.

Recall Attempt Promotes Chaos

The network of think-tankers and so-called journalists which promoted the hoax that “Information Age,” deregulation and free trade represented a new economic paradigm, is the same which argued that the bubble in so-called tech stocks that resulted, was proof of the new era of endless prosperity!

Now in mid-2003, this same grouping of anti-government radicals is behind the recall campaign against Governor Davis, and has been in the forefront in urging actor Arnold Schwarzenegger—known for his less-than-stellar acting in roles such as “Conan the Barbarian” and “The Terminator”—to run to replace Davis if he’s recalled.



Arnold Schwarzenegger (left), “brings a little bit of home” to servicemen abroad—by watching his new film “Collateral Damage” with them. Californians will get more than a little collateral damage, if he becomes their governor, as anti-government loonies are demanding.

Some senior establishment officials, such as former Secretary of State Warren Christopher, have correctly warned that recalling Davis and replacing him with Schwarzenegger or Bill Simon—whom Davis defeated in the general election in November 2002, and who is a walking print-out of the anti-tax, anti-government think-tanks—or any neo-conservative anti-tax nut with \$3,500 to fork over in order to run for office, would further the collapse of the state into bankruptcy and ungovernability.

While this is undoubtedly true, Christopher and the others fail to grasp a point which is obvious to one familiar with the pedigrees of these free-trade, antigovernment fanatics. Their goal is precisely to create chaos—a “Financial 9/11” as LaRouche referred to it—which can be used as a pretext to dismantle what remains of the government programs from Franklin Roosevelt’s New Deal, which lifted the nation out of the Great Depression of the last century. The agenda of the neo-cons—including those running the Democratic Leadership Council—is to eliminate forever the influence of FDR. (One of the DLC’s leading moneybags, the organized crime-linked Michael Steinhardt, admitted in a recent book that he is committed to eliminating the legacy of FDR in the Democratic Party.)

To these neo-cons, the deepening crisis in California presents a prime opportunity to ram through their anti-human policies.

LaRouche stressed that once Governor Davis has identified the network behind the destruction and looting of the

state of California, and their motive of excising the Constitutional principle of the general welfare, he will be able to help lead the fight nationally for the Federal government to pursue a program of major infrastructure investment. This has to be funded through credit generated by the Federal government—what LaRouche calls a “Super TVA.”

The Meltdown Continues

With California’s Republican legislators holding firm in their efforts to obstruct a budget compromise, the mandatory deadline, and the new fiscal year, slipped by with no new state budget. This triggered automatic cuts, on July 1, of \$400 million from education, hitting K-12 public schools and community colleges. If no budget is passed by mid-August, nearly 180,000 state workers will have their salaries slashed to the minimum wage! Many counties

have been forced to triage hospitals, emergency rooms, and health-care clinics, as their revenues have collapsed, and funds from Sacramento and Washington have been cut.

But this is nothing compared to the additional cuts proposed by the Republicans. Their latest “compromise” would start by hacking \$7.8 billion in expenditures out of the budget (called “savings” by its supporters). This would include \$1.8 billion from education. Nearly half of this will come from raising the age at which children enter kindergarten by one year, which would keep 110,000 children out of school this Fall. An additional \$500 million would come from cuts in aid to the aged, the blind, and the disabled.

And what would Arnold Schwarzenegger do to address this, were he to become the “Governator,” through the recall vote? As one highly-placed political source cracked, if Schwarzenegger is so tough, where was he when someone was needed to fight Enron?

Governor Davis has an opportunity, as LaRouche has pointed out, to reverse the collapse of the state, and the nation, by launching a spirited defense of the Constitutional principle of the general welfare, against the neo-conservatives committed to destroy that principle. It will take the courage to tell the truth, and break with business as usual.

But there is no option, as the “machine” that would rise to power with the Schwarzenegger option, would be the same machine—run by the financial elites through their think-tanks—responsible for the present dangerous systemic crisis.

The July Turning-Point

The elevation, at the turn of the month of July, of Italy's "Tremonti Plan" for economic infrastructure from a national recovery strategy, to Italy's "New Deal"-type proposal for Europe-wide growth, was a crucial change in European policy and a historical turning-point, no matter how obscured by the media's focus on the staged fireworks at Prime Minister Berlusconi's speech in Brussels.

All over Europe, in governments, trade unions, business associations, and political parties, the debate over measures of economic recovery from the Depression has been relaunched at a higher level by the initiative of Italy—which holds the EU Presidency for the rest of this year. It outlined a strategy of 70 billion euros annual investment in new economic infrastructure through the European Investment Bank. Italian Finance Minister Tremonti made it clear that the plan named after him a) is being advanced because the whole world economy is in a "downward spiral," a systemic crisis, and b) has the perspective of making the major new transport routes of Europe into infrastructure-development corridors connecting to Eastern Europe and Asia.

The Tremonti Plan reflects the impact of the interventions in Italy by economist and Democratic Presidential candidate Lyndon LaRouche. Behind it, are the proposals in the Italian Senate, and already passed by the Chamber of Deputies, for a New Bretton Woods monetary conference as LaRouche has proposed it since 1997. The door of Europe is opening to the idea of the Eurasian Land-Bridge development strategy as the engine of economic growth for the world, as Lyndon and Helga LaRouche have fought for that idea since the 1989 breakup of the Soviet empire.

European governments are taking sides, from Sweden to Spain; Russia's reaction to this plan for truly productive expansion of euro-based credit, will be important. Extreme free-market factions have mobilized to try to stop the Italian initiative from implementation; but their resort to *ad hominem* attacks on Berlusconi or national slurs against Italy demonstrate, that they can-

not directly attack the urgency of an "FDR turn" in economic policy. They are trying to sabotage it; they cannot deny its necessity. Their counter-policy of severe budgetary austerity, and rounds of tax cuts in imitation of President Bush's already-failed economic strategy in the United States, look more ridiculous with each new wave of layoffs and business bankruptcies.

Europe is in deep depression, with mass official and disguised unemployment everywhere, and the most vital infrastructure, such as electricity production, beginning to suffer breakdowns. Every production- or growth-oriented business, labor, or political force now has a clear rallying point: Implement *and greatly expand* the Tremonti Plan; move to a New Bretton Woods conference to make long-term, low-interest credits available internationally for the Eurasian Land-Bridge development corridors. LaRouche's work has made this turn possible.

Beyond the turning-point in European economic policy which the Tremonti Plan points to, there is the more important global turn now possible, to make the Eurasian Land-Bridge the engine of growth out of the depression. Led by China's own "New Deal" of international construction, many of the nations of Asia—as in the Southeast Asian Greater Mekong River basin plans—have been seeking to launch cooperative infrastructure "Great Projects." Europe has been the barrier to Eurasian development corridors. While new transport technologies like the maglev railroad have been put into operation in China, for example, plans for them have been scrapped in Germany again recently. If the Tremonti Plan is grasped, and expanded—its investment targets are still far too small—the "European door" to the Eurasian Land-Bridge will be open.

None of this will change the crucial role of the United States in any global economic recovery. That depends on solving the *strategic* threat first, by LaRouche's mobilization to get Vice President Cheney and his neo-con gang out of office in Washington. Then a Rooseveltian leadership from LaRouche can bring the United States into a New Bretton Woods policy.

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 • JUNEAU—Ch. 12
 Thursdays—7 pm
- ARIZONA**
 • PHOENIX—Ch. 98
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 • PHOENIX VALLEY
 Quest Ch. 24
 Fridays—6 pm
 • TUCSON—Ch. 74
 Tuesdays—3 pm
- ARKANSAS**
 • CABOT—Ch. 15
 Daily—8 pm
 • LITTLE ROCK
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 Tue—1 am, or
 Sat—1 am, or 6 am
- CALIFORNIA**
 • BEVERLY HILLS
 Adelphia Ch. 37
 Thursdays—4:30 pm
 • BREA—Ch. 17
 Mon-Fri: 9 am-4 pm
 • BUENA PARK
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 • CARLSBAD
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 1st/3rd Wed: 10 pm
 • CLAYTON/CONCORD
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 2nd Fri.—9 pm
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 • CONTRA COSTA
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 • CULVER CITY
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 • E.LOS ANGELES
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 • FULLERTON
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 • HOLLYWOOD
 Comcast—Ch. 43
 Tuesdays—4 pm
 • LANG./PALM.
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- MID-WILSHIRE
 MediaOne Ch. 43
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 • SANTA ANA
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 • STA. CLAR. VLY.
 T/W & AT&T Ch. 20
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 • SANTA MONICA
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 • TUALUMINA—Ch. 19
 Mondays—8 pm
 • VENICE—Ch. 43
 Wednesdays—7 pm
 • VENTURA—Ch. 6
 Adelphia/Avenue
 Mon & Fri—10 am
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 2nd Fridays—9 pm
 Astound Ch. 31
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 • W.HOLLYWOOD
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- INDIANA**
 • BLOOMINGTON
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 Tuesdays—8 pm
 • DELAWARE COUNTY
 Comcast Ch. 42
 Mondays—11 pm
 • GARY
 AT&T Ch. 21
 Monday-Thursday
 8 am - 12 Noon
- IOWA**
 • QUAD CITIES
 Mediacom Ch. 19
 Thursdays—11 pm
- MINNESOTA**
 • ANOKA
 AT&T Ch. 15
 Mon: 4 pm & 11 pm
 • BURNSVILLE/EGAN
 AT Ch. 14.57.96
 Tuesdays—5:30 pm
 Saturdays—9 pm
 Sundays—10 pm
 • CAMBRIDGE
 US Cable Ch. 10
 Wednesdays—2 pm
 • COLD SPRING
 US Cable Ch. 10
 Wednesdays—5 pm
 • COLUMBIA HTS.
 MediaOne Ch. 15
 Wednesdays—8 pm
 • DULUTH—Ch. 20
 Mondays—9 pm
 Wednesdays—12 pm
 Fridays—1 pm
 • F.G. COUNTY Ch. 76
 Mondays—10:30 pm
MASSACHUSETTS
 • BRAintree
 AT&T Ch. 31
 BELD Ch. 16
 Tuesdays—8 pm
 • CAMBRIDGE
 MediaOne Ch. 10
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 • WORCESTER—Ch. 13
 Tue—8:30 pm
- MICHIGAN**
 • CALHOON
 AT Ch. 11
 Mondays—4 pm
 • CANTON TWP.
 Comcast Ch. 18
Zajak Presents
 Mondays: 6-8 pm
 • DEARBORN
 Comcast Ch. 16
Zajak Presents
 Mondays: 6-8 pm
 • DEARBORN HTS.
 Comcast Ch. 18
Zajak Presents
 Mondays: 6-8 pm
 • GRAND RAPIDS
 AT&T Ch. 25
 Fridays—1:30 pm
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 Thu: 11 pm (Ch. 20)
 Sat: 10 pm (Ch. 22)
- KENT COUNTY
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 Tue—12 Noon,
 7:30 pm, 11 pm
 • LAKE ORION
 Comcast Ch. 65
 Mondays & Tuesdays
 2 pm & 9 pm
 • LIVONIA
 BrightHouse Ch. 12
 Thursdays—4:30 pm
 • MT.PLEASANT
 Charter Ch. 3
 Tuesdays—5:30 pm
 Wednesdays—7 am
 • PLYMOUTH
 Comcast Ch. 18
Zajak Presents
 Mondays: 6-8 pm
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 Mon/Wed: 6:30 pm
 • WASHTENAW
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 • MARSHALL COUNTY
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 • ST. LOUIS
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 • LOS ALAMOS
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 Time Warner
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 12 Noon; or 2 pm;
 or 12 Midnight
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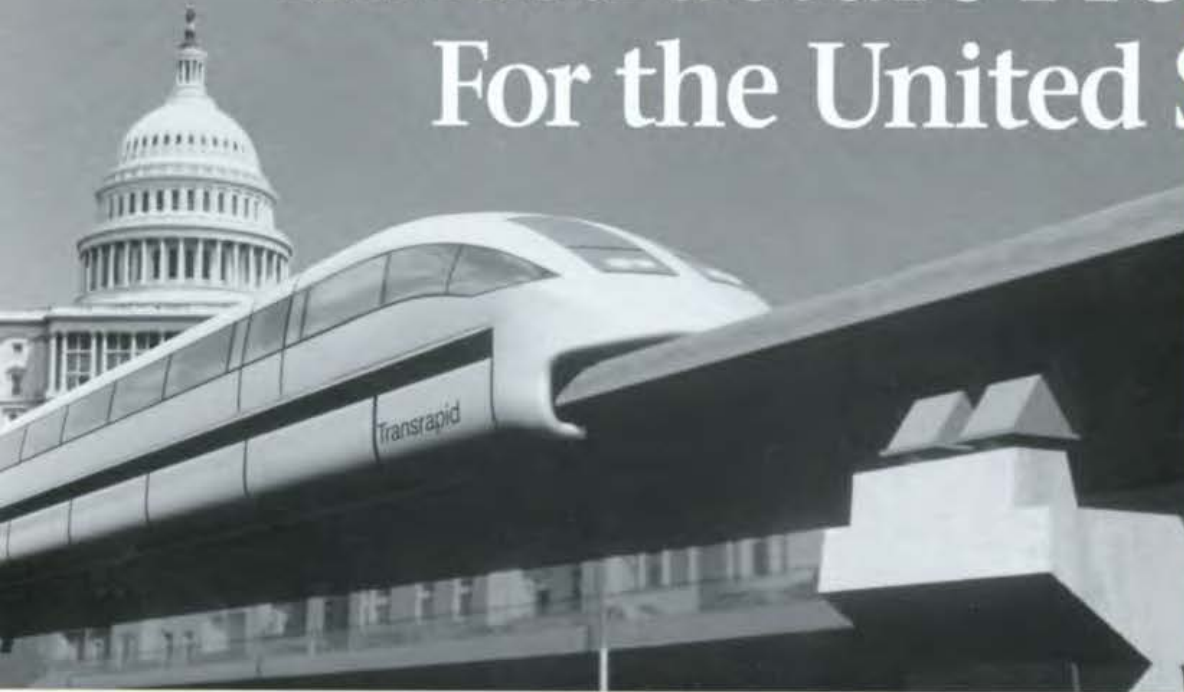
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