

# EIR

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Europe's Electricity Supplies Headed 'California Way'  
Cheney's Ouster Closer. His 'Shadow Govt.' Exposed  
Discredited Imperial War Party Threatens New Wars

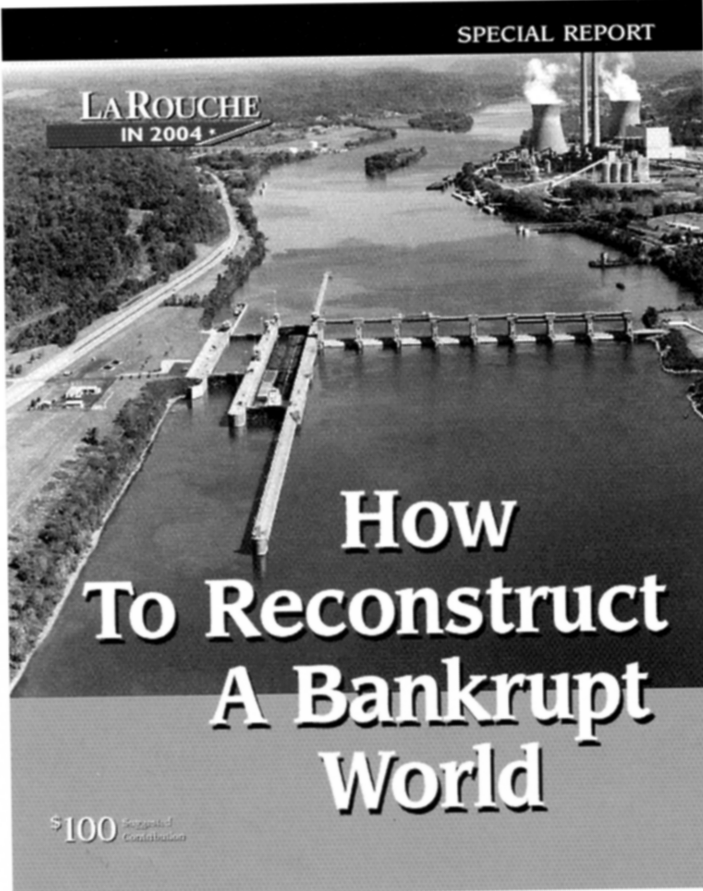
## The Cristero War on Mexico: Synarchism Then and Now



# This Financial System Is Doomed!

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

SPECIAL REPORT



"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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## From the Associate Editor

Since *EIR*'s Oct. 4, 2002 cover story, titled "LaRouche Says Cheney Must Resign," the political geometry in Washington has changed dramatically. Vice President Cheney's culpability as the Chicken-Hawk-in-Chief within the Administration, is now coming fully into public view, and many are joining LaRouche's June 6, 2003 call for Cheney's impeachment. Our *National* section provides essential documentation of who is saying what, about the lies and deception that led to the Iraq War, and specifically the insertion of the now-famous 16 words in the President's State of the Union speech, referring to Niger's so-called yellow-cake uranium.

Count on the fact that the increasing isolation of the Cheniacs will lead them to desperation. Our *International* lead points to the likely directions in which foreign policy and economic policy provocations can be expected. Not be excluded are "wetworks" and other dirty tricks by a Nietzschean cabal that will stop at nothing.

Our *Feature* is an historical study by William F. Wertz, Jr. of how Synarchism—the ideology behind Cheney's fascists—has targetted the nation of Mexico: first with the Cristero Rebellion, which pitted right-wing Catholics against the government; and later with the creation of the Falange-linked National Synarchist Union, which served as a Nazi fifth column in Mexico during World War II, as noted by U.S. intelligence analysts at the time.

Lyndon LaRouche has underlined that by getting Cheney out, we deliver a deadly blow to the whole Synarchist apparatus of which he is a part. LaRouche noted the importance of Wertz's study, in a memorandum to his associates. "One would hope that the readers would recognize that this piece is situated in the history of Synarchism as a continuing expression of the Romantic enthusiasm for Napoleon Bonaparte, the first modern fascist," he wrote, "as expressed, systemically, by Napoleon enthusiast, and original fascist philosopher G.W.F. Hegel; as the essence of the Napoleonic character as a beast-man type of ogre was so devoutly adored by Nietzsche, and such Nietzsche devotees as Martin Heidegger and his present-day admirers in the clergy and elsewhere."

Our series on Synarchism's international history will continue in forthcoming issues.

*Susan Welsh*

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## Europe's Energy Supply: On the Way to California

by Lothar Komp

Italy is in an energy emergency. For the first time since the end of the Second World War, the Italian energy system stood on the verge of collapse at the end of June. In order to avert the worst, the manager of the national energy grid was forced to impose targeted blackouts on several sections of Rome and other parts of Italy. There was no time for advance warnings. Thus, on June 26, thousands of Italians were suddenly in the dark; on the roads, chaos broke out on account of the disconnected traffic lights, and throughout Rome, people were locked in traffic jams, and had to be freed with help of the Fire Department. Altogether, 6 million Italians were temporarily cut off from electric power. Alberto Clo, managing director of the energy firm ENI, commented: "That the sixth-most powerful economy in the world cannot supply itself with sufficient energy, is absurd and pitiable."

Since the partial privatization of Italy's electricity sector (see article following), assured supply to the population is no longer the highest priority for the stockmarket shares of the competing power generators. Now each puts the blame on the other; besides, they say, "The national emergency was recognized for a long time."

### Problem Is Europe-Wide

No one should think that Italy, even for now, is an isolated case. Everywhere in the European Union—from nation to nation—the energy sectors have, for several years, been hit with a whirlwind of confusion, as a consequence of managed *deregulation* at varying tempos. National suppliers were privatized; monopolies were broken up; and the electricity markets opened up even to foreign producers. All this, according to the theory, promoted competition and promised households, as it did businesses, low energy prices.

In practice, it then appears to have turned out otherwise, unfortunately. First of all, suddenly, a cross-border takeover

battle has broken out in the European energy markets, just like in the telecom sector. Companies encumber themselves with debts, or go to the stock exchange in order to absorb smaller rivals. At the same time, the companies occasionally offer a ruinous price war, so that in the first two or three years after the beginning of deregulation in one area, the price of electricity actually declines. Thus the maxim holds: Whoever invests, loses. Capital expenditures in the safety and delivery capacity of electrical systems are reduced to a minimum; there are no capital expenditures on new units after the one time when they are built.

Very quickly, then, a small group of market-dominating big companies have become more and more ubiquitous, and those low prices are now a thing of the past.

Altogether, by this means, the precious reserve capacities for peak consumption periods have been driven down in the afflicted economic systems; and in some nations, even in normal times, the energy supply has been made dependent on buying considerable additional supplies from foreign countries. Finally, all that is needed now is an unusually cold Winter, or an unusually hot June or July, and catastrophe strikes.

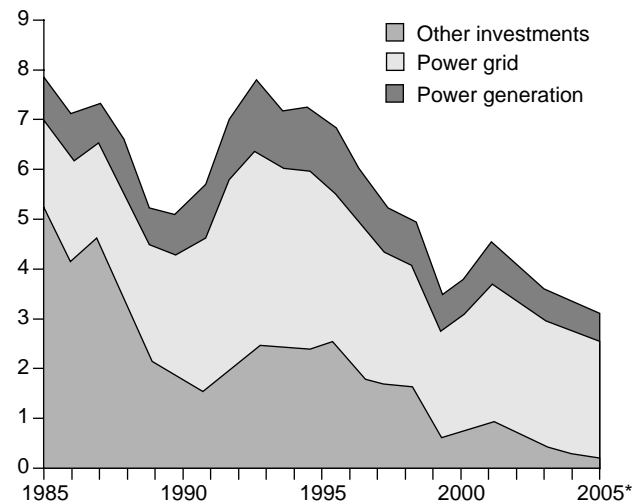
### Energy Crisis in the Land of Milk and Honey

The Scandinavian example: Norway is in a virtual paradise, with a wealth of energy production permitted. That nation is, after Saudi Arabia, the second-largest oil and gas exporter in the world. Moreover, there is an enormous potential in hydropower, so that today, 99% of Norway's own electricity requirement is generated from water. In addition to this, Norway exports electricity from hydropower on a large scale to neighboring Scandinavian countries. Norway ranks near Switzerland and a few sheikhdoms, among the nations with the highest per-capita income in the world.

Yet, in the past Winter, elderly Norwegians died in freez-



FIGURE 1  
**Investments by German Power Utilities**  
 (Euro Billions)



\*After 2002, Planned Investments.

Sources: IFO Institute; EIR.

West Germany has built one of the technologies critical to global economic recovery, and one most demanding of a rapidly growing and reliable electricity grid—the magnetic-levitation railroad. The Transrapid is shown here with closeup of the electromagnets which levitate it off its track. Yet as in other European countries, investment in the nation’s power grid has been falling precipitously, as shown in Figure 1.

ing cold in their homes, because they were terrified of high electric bills! The immediate cause was a particularly warm and dry Summer in 2002, followed by a dry Autumn, so that the water level of the reservoirs fell. The Winter was especially cold, and even the water supply in the reservoirs of the hydroelectric power plants froze. An energy emergency has erupted throughout Scandinavia. The prices in the northern energy Exchange North Pool tripled within a few days. In Sweden, energy prices rose 260% compared to the previous year. In Norway itself, the price of electricity exploded in February 2003 to 87 öre, while during the typical year 2002, it was around 20 öre. In some districts in the middle of Norway, the local authorities even terminated energy distribution. Since the reservoirs are for the near future almost empty, emergency gas power plants must now be built from the ground up, on an urgent basis.

In Norway in particular, the energy crisis provoked displeasure at the market-determined energy supply. The conservative *Aftenposten* itself demanded a reversal of energy policy, and characterized the extreme deviations “politically explosive.” Thousands of Norwegians demonstrated in front of Parliament for government intervention; for instance, by

setting maximum prices or granting government subsidies for heating repairs to low-income families. The Homeowners Association, which organized the demonstration, warned of “Russian conditions” in Norwegian energy supplies.

At the beginning of the 1990s, Norway and Sweden jointly deregulated their energy sectors. Since then, electricity supply and demand alone have regulated the price. That is also to say, however, that the energy providers only make money, if the electricity each company and each private household requires to survive, is kept in short supply—“California style.” Thus, the Norwegian energy companies were blamed, when, in the Summer and Fall of 2002, as the calamity in the coming Winter was already in sight, they continued to direct undiminished exports to Sweden—so that the water



*Germany, like Britain, the Scandinavian countries, and others, is implementing “California-style” deregulation, leading to many electricity “providers,” reduced capacity, and rising prices. Now every electronics assembly plant—indeed, every electric fan—is pushing the grids toward shortages, brownouts, and worse.*

levels of Norway’s reservoirs were deliberately allowed to fall to record lows.

In Sweden, electricity prices were hiked up in the Winter not only because of the dependence on imports from Norway. In some parts of Sweden, including Stockholm’s Kista suburb—the Swedish “Silicon Valley”—there were, in addition, power shortages due to defective maintenance of the electric grid. Here, re-regulation and investments in new energy generating facilities are being considered now, along with the division between sense and nonsense about nuclear power. The cancellation of the nuclear power plant Barsebäck 2 has been deferred for the second time. The opposition demands that the Swedish law that prohibits the construction of new nuclear plants be rescinded. Finland recently declared that it wanted to build a fifth nuclear reactor.

### **When Will the Lights Go Out in Britain?**

The deregulation of the energy sector in Great Britain—measured in electricity prices—was extremely successful, in striking contrast to the previously mentioned examples of the Italians and Scandinavians. The only problem is: It was so

successful, that the largest British power producer, British Energy, has been put into bankruptcy by it, and in Autumn 2002, only a last-minute rescue package by the government saved it from going under.

British Energy, which was privatized in 1996, manages 15 nuclear plants, of which eight are in Great Britain. A quarter of all British private households get their power from British Energy. In the course of the early deregulation, numerous foreign firms, not the least of which were EON and Rheinisch-Westfälisches Elektrizitätswerk (RWE) from Germany, had bought themselves into the British electricity market. In the meantime, the wholesale prices for power had fallen by more than a third, and quite obviously below the cost of production. At the beginning of September 2002, British Energy announced that it had indebted itself so much, by problems at home and for its companies abroad, that without an immediate government rescue, it would have to file bankruptcy. The stock price of British Energy collapsed 65% within one day. The bonded debt was downgraded to “junk.” The market value of the firm crashed to one-ninth of the value immediately after privatization. In the end, the government offered a financial injection in the sum of 650 million Euros for the short-term survival of the company.

Only a few weeks later, TXU Europe ran out of money. The company operated three coal power plants in Great Britain and provided four million customers with power. Here, too, the government was called on for help. In the middle of October 2002, a liquidity crisis escalated in the power company UK Coal, so that the management, in a kind of panic reaction, suddenly halted all coal deliveries to the biggest British power plant, AES Drax in North Yorkshire.

On July 1, 2003, the British Institution of Civil Engineers published an alarming study, in which it said that projecting present trends, by 2020 at the latest the lights could literally go out in Great Britain. The study reported that coal and nuclear shutdowns will make 80% of the of the energy supply of Great Britain depend on gas pipelines from politically “unstable” regions of the world: “If future gas supplies were interrupted, this country would have major difficulty in keeping the lights on . . . What would happen then? Under current plans, with no gas, this country would have no electricity.”

### **German Electric Price in Updraft**

Energy market “liberalization” began in Germany in April 1998. In that country, somewhat differently than in Great Britain, state regulating authority is supposed to be renounced, and all matters are supposed to be decided through self-regulation and free agreement among associations. Here also, at first, the electricity price clearly went down, at least for industrial users. The immediate result was a dramatic clearing-out of the workforce. Altogether, within a few years, about 40,000 jobs—that is, one-quarter of the workforce of the electricity production and distribution sector—were wiped out. Meanwhile, the concentration process advanced



so rapidly through countless takeovers and mergers, that the electricity price rose again, across a broad front, in the Summer of 2000. Among private households, taxes for the support of renewable energy resources and other extra energy taxes and fees had already long since eaten up the price decreases. For this year, the Electric Power Association expects an increase in average electricity costs of about 6% for Germany's private households.

Much worse, is the fact that in Germany, as in almost all other European nations, the energy infrastructure is becoming obsolete, because the investment-hostile phase of deregulation followed upon more than a decade of already-existing drops in investment in production sites and distribution networks. Thus, the yearly investment level of electricity provid-

ers in the country, since the middle of the 1980s, was halved from a barely sufficient 8 billion euros, to 4 billion euros now. Only in the first three years after reunification of East and West Germany in 1990, did the level of electricity industry investment manage a brief pickup.

For the coming years, according to energy firms' existing plans, a further drop in annual investment to 3 billion euros is foreseeable.

Up to the beginning of the next decade, one coal- and gas-fired power plant after another will have to be replaced by new capacity. Starting in 2005, on top of this, the politically motivated removal from the electricity grid of 19 nuclear energy units—which presently provide one-third of Germany's supply—is supposed to take place. To maintain the Ger-

## Why Italy's June Blackout?

An electricity crisis hit Italy in the last week of June. On paper, the country has a capacity of 77,000 megawatts-electric (MWe) to cover a demand of up to 52,000 MWe. But as the temperature increased in the second part of June, causing more use of air conditioning both in private and in industrial consumption, the supply proved insufficient to cover normal peak demand. The national electricity provider was forced to impose 1.5- to 2-hour blackouts in *all* Italian cities on June 26-27. Moreover, the warning of more blackouts, if electricity use is not curtailed, continues for the weeks to come.

The crisis is the result of environmentalist, fiscal austerity, and deregulation policies. The process started with an anti-nuclear referendum in 1987, which brought to a halt all existing nuclear plants, and enacted localist legislation which has virtually blocked construction of "conventional" coal and gas power plants as well. As a result, Italy imports—from France, Switzerland, and Slovenia—16% of its electricity needs, most of it nuclear-produced!

Additionally, in recent years a deregulation process has forced national electricity producer ENEL to reduce its market quota to 50%, which was partly done through closing old plants and partly through sales. In turn, purchasers of plants decommissioned by ENEL closed them in order to upgrade them. On top of all this, France suddenly announced June 24 that it was cutting 800 MW of its export to Italy, due to increased domestic demand relative to its own supply.

In the short and medium term, Italy's government is speeding up legislation to enforce construction of 19 approved plants, as well as partially giving up environmentalist regulations to allow reactivation of obsolete plants

and discharge of waste water at higher temperatures by electricity producers. In the longer term, a serious energy plan must be implemented.

The positive aspect of the crisis is that it has forced a debate on whether Italy should not review the insane decision to abandon nuclear energy. Lower House chairman Pierferdinando Casini and Vice Minister Adolfo Urso are among the prominent personalities who have called for such a review.

Formally, Italy does not even need a referendum to change policy, since the 1987 referendum only abolished a law that gave financial bonuses to municipalities which offered sites for nuclear plants. To bridge the current electricity gap, Italy could just restart one nuclear plant, in Caorso, and immediately have 850 MW more of energy available.

An example of the insanity of the energy policy followed since 1987 is the case of the former nuclear plant in Montalto di Castro. When the referendum was voted up, the 4,000-MW plant in Montalto, which had cost the equivalent of 5 billion euros (at that time) was ready. All that remained was to put the uranium bars in. But it was "reconverted" into a combination of thermoelectrical and small turbogas plants producing a only 3,200 MW—at an additional cost of another 5 billion euros! To supply the new plant with fuel, a pipeline was built from Civitavecchia: cost, another 2.5 billion euros. Finally, it was decided to run the plant with natural gas, which is cheaper, but cuts down efficiency. Result: the Montalto plant runs today like a Fiat 500, but consumes like a Ferrari!

To compensate the state electricity concern ENEL for the losses it sustained in the nuclear business, after the referendum decision, the state paid (and is still paying, with taxpayers' money) more than 4.5 billion euros. One of the promoters of the referendum, Chicco Testa, sits now on the ENEL board.

—*Claudio Celani*

man electricity supply under these circumstances, gigantic investments by the energy firms—for the most part already highly indebted—will be necessary. An explosion of electricity prices were the likely result then.

However, the reliability of the energy supply is already in danger in Germany now. It appears paradoxical, but, with every new electric fan that is turned on in Germany, the danger of uncontrolled power cutoffs, like those in Italy and Russia, increases.

Electricity is no ordinary commodity. Once produced, it can be stored only in very limited quantities. On the other hand, the exact amount of electricity must continuously be fed into the electric grid to match the exact amount required by users, so that the grid frequency always remains around 50 Hz. Otherwise, if fluctuations in frequency occur, anything can happen—from local interruptions of power, to blackouts in large sectors. However, since the wattage of an electric fan, as everybody knows, fluctuates between 0% and 100% output, and, in practice, cannot be known, for every megawatt in an installed electric fan, one must at the same time hold an additional megawatt of electrical generating capacity in reserve. Thus, the electric fans themselves are already a subsidized business, and must be subsidized on an ongoing basis by taxpayers and electricity consumers.

### **Reregulate, Return to Reality**

The North German Refinery (Norddeutsche Affinerie, NA), Europe's greatest copper producer, wants to redeploy half of its total 3100 workforce into a service business, because the company would otherwise have to pay out 4.5 million euros—almost a quarter of its annual profit—for special eco-electric fees. Only if one spins off the labor-intensive part of a German company, does it fall under the hard-case provision of the Renewable Energy Law (Erneuerbare-Energien-Gesetzes-EEG). NA Chief Werner Marnette said: "If this ideologically-driven nonsense does not cease, soon the raw materials industry in Germany will no longer have a chance."

It is high time to rethink the politics of energy in Europe. Decades-long neglect of investments in infrastructure; the ecological-ideological aberrations of the '70s and '80s; and, finally, the deregulation experiments of past years, have undermined the reliability of the European electricity supply to an unparalleled extent. Reregulation is necessary, to stop extreme fluctuations in the price of electricity, and make the reliability of the electricity supply again the top priority. After that, massive investments in new energy plants are needed, in which the emphasis must be placed on the most advanced technologies, including nuclear energy. At the same time, the European nations must quadruple their efforts to develop the energy production of the future—nuclear fusion power.

By carrying on with current policies, Europe will soon be subject to California conditions on a daily basis, with catastrophic consequences for workplaces and income.

# Can France Be Europe's Provider of Electricity?

by Emmanuel Grenier

Numerous European countries rely on France as a source of electricity. Still a net importer of electricity until the end of the 1970's, France has progressively gained its energy independence thanks to its ambitious nuclear program, which provides, today, for 75% of its electricity. Since 1980, France has been exporting ever more relatively cheap energy to its neighbors.

The recent Italian misfortune (see article above) should be a warning: The reduction of the French supply of 800 Megawatts-electric (MWe) to Italy, combined with the high demand of air conditioning units functioning at full capacity due to the extremely hot weather, led to inevitable brownouts. The president of Electricité de France (EDF), Francois Rousely, indicated that in conformity with agreements, "the Italian distributor was well informed, at least 48 hours in advance, that exports would be reduced." He also denied the allegation that EDF had made the decision to sell the missing Italian 800 MWe on German markets at a better price.

In spite of this incident, is it really wise for an industrial country like Italy to import 17% of its electricity? And is it realistic to depend on low-cost nuclear electricity provisions coming from France? A rapid survey will show that this is not the case.

### **Europe Lacks Electricity for Recovery**

Everywhere in Europe, the process of economic "liberalization" and deregulation has brought about cost reduction measures by corporate groups who are unwilling to invest in new infrastructure of electricity production and distribution, even when it is necessary, as in Norway, in Spain, or in Italy. Today, the European market for electricity is holding steady merely because of the extreme situation of de-industrialization in Eastern Europe, and the economic crisis (which has reduced the consumption of electricity).

However, the surpluses of the 1990-2000 are beginning to shrink at great speed. And the situation would rapidly become untenable, and would have to be changed, if we were to apply an economic recovery like the one proposed by American economist and Presidential candidate Lyndon LaRouche: his Eurasian Land-Bridge program.

Even France, on which a lot of her neighbors depend as the provider of last resort, is not exempt from a shortfall, since the deregulation policy, although delayed, has also reached France. Ever since the liberalization of energy mar-

kets, following two European Community directives, the French market of electricity has certainly been opened up to competition.

On July 3, the Regulatory Commission on Energy announced that, since the market for eligible industrial customers of bulk electricity was “liberalized,” competitors of EDF had taken one-quarter of the open market. The president of EDF, Jean Syrota, explained that 37% of the electricity market for industrial customers was “open,” and more than 350 eligible industrial sites out of 3,100 had changed their electricity providers. As of July 1, 2004, a total of 530,000 business and professional customers will be able to choose from among the 50 active market providers. This opening will involve, then, more than 3.5 million sites across France. And by 2007, the market will have become totally open: Private households—30 million consumers—will also be able to choose their own provider.

As of now, the process of deregulation is still far from having brought its poisoned fruits into the French system, because of the delays in applying the directives. However, countries like Norway or Italy have already gotten a taste of the poison made most infamous by the U.S. state of California: delays in infrastructure investment in production and transport; very short term vision; non-insured supply security; and so forth.

### Toward Privatization of EDF

Things could change very rapidly, especially with the *privatization* of EDF. During a debate on the no-confidence motion introduced by the Socialist Party on July 2, Prime Minister Jean-Pierre Raffarin declared before the National Assembly that the statutes of EDF and of Gaz de France (GDF), which were both nationalized after World War II, could soon be “adapted” in order to safeguard their “development . . . which would permit opening up their capitalization. EDF and GDF are world champions, and we want this to continue. I expect of them that they define industrial projects which will permit their development.”

As for industrial projects, the EDF has been, on the contrary, just gobbling up smaller companies, like the case of Vivendi and Jean-Marie Messier.

The privatization policy of the directors of EDF and of European Commission and government representatives are based in the following three points:

- In order to avoid the sector regrouping that deregulation would produce, the directors of EDF have tremendously ac-



*France’s reliable, large-scale nationwide supply of nuclear power (here, two generations of reactors at Chinon) has made it a provider of surplus electricity to other, nucleo-phobic European countries. But in France, too, steps toward deregulation have caused “acquisitions” to replace investments and surplus to shrink. One effect: the Italian national blackout crisis of late June.*

celerated the international expansion of the company. In Western Europe, the stated objective is to dominate the monopolization which will result from the intensified competition” under deregulation. In the rest of the world—primarily in Latin America—the company has bought about 20 billion euros of assets over the last five years.

- After this extraordinary development, the argument was made that the public ownership of EDF would represent a strategic obstacle to expansion. This supposedly was creating a scandalous asymmetry: “The EDF can buy private operators, but not the other way around.” According to this fantastic idea, “since EDF is a public enterprise, it would be left out of any essential reorganization, and then progressively isolated, and left to die.” (!)

- It is claimed that EDF lacks the funds necessary for development.
- Partial privatization is therefore presented as a vital

necessity, in order to resolve the two preceding problems—international expansion, and the need for financing.

But a high-level group of representatives of EDF, calling itself Jean-Marcel Moulin, (a reference to the French Resistance hero killed by Klaus Barbie), has published a very well-formulated refutation of this entire policy.

### **The Reality of European Electricity Market**

Contrary to what the directors of the European Commission claim, this group bases its arguments on an intimate knowledge of the world of electricity production, and asserts that this is not a commercial product like all the others. The privateers, especially in the French Ministry of Energy, maintain their march forward toward complete deregulation of energy, despite the recognized failures of this policy throughout the entire world.

According to the “Moulin” group, “The quick and massive internationalization, via financial acquisitions, is not a strategic necessity for EDF.” There will surely be processes of concentration within the framework of competition, they note, but this industrial reorganization will be slow, because concentration is already very high in most of the countries’ electricity industries, and publicly controlled energy is still a strong reality.

Furthermore, within the European Union, the economically integrated field of electricity is in fact, extremely limited. Germany, France, Benelux, and Northern Switzerland—the continental plate—show a homogeneity of prices. Otherwise, Italy, Spain, Portugal, and Great Britain are three peninsulas, which will continue to have disconnected prices from this “continental plate” for a long time yet to come. A certain form of competition on the retail electricity market is already a *fait accompli*.

The electricity interconnections between this continental plate and the three peninsulas are very limited, and this has a good chance of remaining so for quite a while, given the difficulty of constructing transport lines, and given the fact that the Franco-Spanish projects have a lot of difficulties in moving ahead. This is what the “Moulin” group is basing its argument upon, to repudiate the strategy of EDF’s privateers.

“From this angle, it could make sense for EDF to acquire part of Energie Baden-Württemberg, provided it succeeds, if the objective is to become part of the reorganization of the oligopoly of production in that country, where two very big operators dominate, RWE and EON. On the contrary, taking over London Electricity (5 billion euros) or the unfortunate excursion into Italy with Edison (at least 2 billion euros) are just as strategically useless as financially expensive, and they are not even located on the ‘continental plate.’ ”

Obviously, what is valid for Europe is even more so for the rest of the world: there exists no world market for electricity, so there is no strategic necessity to conquer some notable position outside of Europe. “On the other hand,” says the “Moulin” group, “there exist great responsibilities,

and an enormous potential for EDF, as a public service, to conduct ambitious programs of cooperation with the engineers and companies of countries of the South, with the prospect of making functionally effective the right to access to electricity. . . . This has already been done in the past, with excellent results in terms of formation and transfer of competency. But, this has been abandoned, in fact, during the last few years, to give way to this new strategy of imperial acquisition.”

On the European continental plate, the adjustment is made through pricing: what is no longer sold directly by EDF, to the customers that the company has lost in France, is now negotiated and sold on the wholesale electricity market (especially through exports). These wholesale deals might even wind up servicing these same customers, indirectly. All in all, there is no loss of market share; at worse, there can be some loss of margins. The best proof of the effectiveness of this mechanism is that the physical flux of cross-border arrangements remains stable, and that EDF produces always approximately the same amount of power.

### **No ‘Imperial Conquest’ in Electricity**

Outside of the European continental plate, where the EDF is involved with the three peninsulas, the growth of the company is merely financial, wrote the “Moulin” group, while its industrial and commercial potentials are hopeless. This kind of growth is not only useless, but also dangerous. In fact, the only investments that have any strategic value are inside of the European continental plate, and not at all in the peninsulas. Their expansion shall be limited by effective opportunities and, at any rate, take place over a long period. And the group concludes: “Given the nature of EDF, and that the energy needs are different for each nation, it is essential to understand these expansions on a cooperation basis rather than in terms of imperial conquest.”

The Moulin group also refuted the privatization arguments: “The public statute of the company is a strategic advantage and not a drawback. The arguments used against the public status of EDF, in claiming it would hamper its deployments elsewhere in Europe, are groundless and with no legal strength. The EDF does not have any structural need for cash, and has never been forced to give up any strategic acquisition due to insufficient financial resources.” This privatization is neither institutionally or financially justifiable, and runs the risk of being implemented with disastrous consequences.

Thus, other European countries cannot and should not rely on France in order to guarantee their electricity needs. The causes that made possible French export of cheap electricity are beginning to disappear very quickly. And in the context of an economic recovery, caused by Eurasian Land-Bridge development and by an expanded “Tremonti Plan” of infrastructure investments within Europe, France—like the other European nations—would face not a surplus, but a demand to increase its own electricity-production capacity.



# Britain Faces Return To 'Winter of Discontent'

by Lothar Komp

While Britain, in early July, debated Prime Minister Tony Blair's culpability for the Iraq intelligence hoaxes, it also suffered through a near-record heat wave and faced warnings of regional electricity blackouts. In the longer term, a report by the country's Institute of Civil Engineers (ICE), published on July 1, forecast that the lights almost certainly will go out all across the country within 15 years, under the present energy and electricity deregulation policy.

Deregulation in Britain has lowered wholesale electricity prices to corporations, but has just about bankrupted its largest power producer, British Energy, and already required several government bail-outs of electricity producers. The Civil Engineers' study reveals that before 2020, Britain will become completely reliant upon energy sources supplied via pipelines from politically unstable countries thousands of miles away. The "State of the Nation 2003" report highlights a potential 80% shortfall in meeting the country's energy demands from current supplies by 2020, and points to the possibly cataclysmic effects of becoming reliant upon unsecured, imported fuel supplies.

Tom Foulkes, ICE Director General, says: "This country has been largely self-sufficient in electricity generation for the past 100 years. We have been able to ride through a succession of energy crises, such as oil in 1973, coal in the early 1980s, and the self-inflicted petrol crisis of 2000. All of these had the potential to inflict serious economic damage, but this was largely avoided by the fuel mix and diversity available at the time. This is about to change dramatically."

## Coal and Nuclear Plants Face Closure

Currently, the British generation mix for electricity is approximately 32% coal, 23% nuclear, 38% gas, and 4% oil, with 3% "others" and renewables. But carbon emission constraints mean that the UK's existing coal-powered generating plants will close shortly after 2016. And, the ICE release adds, "only one nuclear power station will remain operational beyond 2020, due to the Government's failure to invest in maintaining and upgrading Britain's nuclear power programme. At present, renewable energy sources such as solar, wind and wave can only provide a fraction of the total requirement."

Under current government planning, the outstanding balance will have to be replaced by gas-fired power stations—importing 90% of their natural gas fuel—by no later than 2020. Initially, some gas supplies will come from Norway.



*The Oldbury nuclear power station in Britain. British Energy, which runs 15 of Britain's 16 reactors, is near bankruptcy due to deregulation. "Only one nuclear power station will remain operational beyond 2020, due to the Government's failure to invest in maintaining and upgrading Britain's nuclear power programme," says a Civil Engineers report which warns of national blackouts.*

But as demand across Europe exhausts supplies during the 2020s, Britain will be forced to import gas supplies from West Africa, the Middle East, and the former Soviet Republics.

According to the report, Britain's future energy plans lack both diversity and security of supply. Foulkes says, "If future gas supplies were interrupted, this country would have major difficulty in keeping the lights on. Britain is a long way from the major new gas fields being developed in central Asia and Africa. Can the security of the UK's gas supply be guaranteed, given that it will have to travel thousands of miles in a series of pipelines that are vulnerable to mechanical failure, sabotage and terrorist attack? What would happen then?"

"Under current plans, with no gas, this country would have no electricity."

David Anderson, chair of ICE's Energy Board, warned that if the government doesn't act, "a return to the blackouts that marked the 'Winter of Discontent' and the country grinding to a halt are very real possibilities in less than 20 years time." On top of investing into new power generation capacities, "the country needs far greater capability to store long-term energy reserves to see us through any future crisis. Major gas users such as Germany, France, and Italy all have a gas storage capability of over 20% of annual consumption, or over 70 days' worth. The UK has a woefully inadequate capability of less than two weeks' worth," says Anderson.

The Institution of Civil Engineers, founded in 1818, has 80,000 members and describes itself as "the pre-eminent engineering institution in the world." The London *Guardian* on July 1 featured the ICE report front-page, under the headline "A Vision of Britain in 2020: Power Cuts and the 3-day Week."

# Italian Plan for Growth Becomes European Plan

by Claudio Celani

“The Italian plan has now become the European plan,” announced Italian Finance Minister Giulio Tremonti, at the end of July 14-15 meeting of the European Union members’ economic and finance ministers (Ecofin) in Brussels. Led by the Italian EU presidency, the Ecofin has given a formal mandate to the EU Commission—in collaboration with the European Investment Bank (EIB)—to elaborate a technical scheme for implementation of the “European Action for Growth” plan. This has become better known as the “Tremonti Plan,” or the “European New Deal,” because it shifts Europe to a policy of using new infrastructure public works to build itself out of the worsening economic depression.

The Commission and the EIB shall now work out detailed schemes to make available a critical mass of up to 70 billion euros yearly, in a combination of public and private capitals, to jump-start the European economy through trans-national infrastructure projects. Many see this as a result of the influence of Lyndon LaRouche’s ideas, which have been discussed, debated, and voted in Italian political circles and institutions over the past years.

## ‘Infrastructure Bonds’ Are a New Feature

“We have now to define the financial balances of the plan, its impact on national and European budgets, as well as on economic growth,” said Tremonti. EIB Chairman Philippe Maystadt said that the bank is already able to issue direct credits for a total of 100 billion euros between now and 2010, and can guarantee bond issues to sell on the private capital market. This, plus other funds coming directly from the EU budget for Trans-European Networks, or TENS projects, should add up to the figure indicated by Tremonti, equal to 1-1.5% of European GDP. In October, the Commission will present a first technical study on the feasibility of the plan, to be definitely adopted by December, when the last European Council of heads of state and government chaired by Italy will meet.

The European Action for Growth represents a decisive shift in EU economic policy, away from the Malthusian budget balancing represented by the Maastricht criteria and the “Stability Pact.” Supporters of the old Maastricht policy have opposed the Tremonti Plan, pushing “structural reforms”—i.e., cuts in public spending for pensions, health care, and education, plus deregulation of the labor market—

which are no solution to the crisis. Stressing the shift to reality, Tremonti has repeated that European economies are going through “a crisis which is not just a banal, negative cycle, but something more,” and that structural reforms “will not work without an adequate plan for public and private investments.”

Enemies of the Tremonti Plan claim it would violate the Stability Pact, which demands that member countries keep budget deficits less than 3% of GDP. But behind the scenes, everyone in the Ecofin agrees that the Stability Pact is dead; France and Germany, the two largest EU countries, will violate the 3% cap for the third year in a row in 2004. Additionally, Italy and even the “first-class budget balancers” like the Netherlands are expected to violate it. Although nobody will make the official pronouncement that the Pact is dead—on the contrary, everyone swears to respect it—nations are de facto ignoring it. This makes it easier for EU member-states to directly participate in the Tremonti Plan with their public funds.

But the really new aspect of the European Action for Growth is the “Infrastructure Bonds”—bonds to sell on the private capital market with EIB guarantees, to involve private capitals in financing plan. This is a technique successfully used by the Franklin Roosevelt Administration in the original New Deal program; it was also used by Italy in the post-war period, in which Italian highways were financed by a combination of public funds and private capital, by selling state-guaranteed bonds that were repaid from highway revenues.

## Public Credit, Not Public Debt

Similarly, Tremonti has proposed that the EIB open a facility that can sell state-guaranteed bonds, to be repaid with revenues from highway tolls or ticket sales from the high-speed passenger railways. The same goes for other infrastructure facilities, such as energy, water utilities, etc. Those transport infrastructures could be managed by a private, public, or semi-public company, through a concession. The long-term loan structure, 35 years, which the EIB proposes, makes such an enterprise comfortably profitable.

Tremonti emphasized that, through such a bonds scheme, European infrastructures can be financed without increasing public debt. True, a state guarantee is potentially a state debt, but only should the revenues from the projects fall short of what is necessary to repay the guaranteed debt and debt service. But this is a residual risk of all productive economic activity, which should not constitute a deterrent to the investment. Even there be a bankruptcy—as the English Channel Tunnel has demonstrated—economic productivity increases through the new infrastructure, and the general economy benefits from it.

The Trans-European Networks can spark increases in regional economic productivity of as much as 50%, in places such as as Northeastern Italy and other transport bottlenecks;

the new EIB facility's low-interest bonds allow low fares or user fees for the new infrastructure.

In reality, opponents of the Tremonti Plan are reacting to the plan's "regulatory" character—that it brings the role of nation-states again into play. Putting a state guarantee on a "financial product" tremendously violates the taboo of free competition! Thus the most reactionary of international financial interests have unleashed a campaign through the London *Financial Times*, Germany's *Die Zeit*, and others, employing arguments that show their authors had not even read the original Tremonti Plan, available in English on the website of the Italian EU presidency.

### **Tremonti Plan and LaRouche Strategy**

So far, despite attempts at sabotaging Italy's six-month EU presidency, like the one in Strasbourg on July 2 (see *EIR*, July 18), the Tremonti Plan has been on schedule. It was possible to build support for it at the highest level, of heads of state and government. As German Finance Minister Hans Eichel admitted at the Brussels Ecofin meeting, decisions on the European Action for Growth are a top agenda item of the highest EU body, the European Council, comprised of the EU heads of state and government, including Eichel's boss Chancellor Gerhard Schröder, French President Jacques Chirac, and Italian Premier Silvio Berlusconi.

Additionally, sources close to the Italian government have told *EIR* that Prime Minister Berlusconi intends to convince U.S. President George W. Bush to support the Tremonti Plan, being in the U.S. interest as well. Democratic Presidential pre-candidate Lyndon LaRouche, the leading "Roosevelt economist" in the world, has welcomed the Tremonti Plan, stressing its potential in the realization, along with current Chinese, Russian, and Indian efforts, of the "Eurasian Land-Bridge" project for development corridors. In a campaign document, "Sedate That Accountant," LaRouche discussed the Hamiltonian economics which Tremonti implicitly represents, as opposed to Keynesian schemes (see *EIR*, July 18). LaRouche explained, there is an "inherent price-inflation" as a "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."

LaRouche further stressed that "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 new pro-growth European policy will be successful only under a general reorganization of the interna-

tional financial system, the New Bretton Woods proposed by LaRouche. An effort in the Italian Senate is ongoing, to vote up a resolution calling on Rome to launch an initiative. The motion, sponsored by Sen. Oskar Peterlini, is supported by 77 members, from all parties, and expected to be discussed in a plenary session.

### **New Bretton Woods Move in Italy**

On July 9, Peterlini intervened during a Senate session, soliciting from Senate Chairman Marcello Pera an early discussion of the motion, which "concerned the crisis of the financial markets, the collapse of the markets of the speculative bubble, and contained the request to move on the international bases to promote, through the initiative of the Italian government, a new conference at the level of heads of states and governments and Parliaments, following the example of the 1944 Bretton Woods conference. . . . I believe that the time has come for the Italian government to take the initiative internationally to promote and convoke a New Bretton Woods."

The Senate Chairman committed himself to schedule a debate.

LaRouche's New Bretton Woods received another prominent endorsement in Italy, from the largest Catholic missionary press agency, Misna. Misna is particularly associated with the Comboni missionary order, founded by Msgr. Daniele Comboni, who fought against colonialism in Africa, and whose canonization file was opened by Pope Paul VI.

Fr. Giulio Albanese wrote in the March 12 issue of Misna's bulletin, an article, entitled "We Need a New Bretton Woods, Not a Preventive War," in which he said: "I have the feeling, more and more, that faced with unsustainability of the gap between the speculative bubble and the real economy, the White House is using the war on terrorism as a pretext to cover for geopolitical and economic interests. . . . One thing is sure: Never as much as today, has a world financial reorganization been necessary to give more oxygen to the economies that have been looted for so long by tricky usurers. Intelligent economists are calling for a New Bretton Woods, that is an international conference to penalize any type of speculation and . . . to establish monetary parities to promote healthy, long-term development, aimed ultimately at all peoples' development. In other words, sovereign nations must be allowed to regain control over economic leverage, against the free market ideology of not a few financial lobbies." Citing "American economist Lyndon LaRouche . . . the promoter of a New Bretton Woods," Father Albanese quotes LaRouche saying: "If I were President of the United States . . . I would do what your Enrico Mattei [the late leading Italian industrialist] did: I would sign contracts directly with oil-producing countries, bypassing oil companies, which in that case will no longer be able to unload, on prices, those debts which are produced by speculation and by mergers and acquisitions."

# Israeli Mothers May Bring Down Netanyahu

by Dean Andromidas

One morning in July, Vicki Knafo, a single mother of three, decided to walk 200 kilometers to Jerusalem to demand that Israeli Finance Minister Benjamin Netanyahu rescind cuts in welfare payments, which threaten her family with starvation. Within hours, she had sparked a social protest movement that could bring down the government of Prime Minister Ariel Sharon. Since the Road Map for a Middle East peace has created a diminution in the bitter Palestinian-Israeli conflict, the catastrophic collapse of the Israeli economy is once again at the center of the political stage. Front-page headlines such as “Single Moms Scorn New Netanyahu Plan” and “Single Moms’ March Is Growing Steadily” have replaced reports of suicide bomb attacks.

Social ferment is spreading, as Netanyahu’s brutal budget cuts are inflicting tremendous harm on the country’s poorest sectors, while the Israel economy sinks deeper into depression. Knafo started her struggle, when she found that her monthly income supplement had been cut by two-thirds. Although she she holds a job, the cut represented the loss of half her income. Knafo is among 50,000 single parents, the majority of whom work at very low-wage jobs, who have suffered similar cuts in their benefits. Also in July, the benefits of 50,000 welfare recipients were cut drastically, while at the same time they were forced to sign up at the national employment agencies. The great majority of these recipients are virtually unemployable, disabled by age and ill health. Furthermore, the move forced the employment agency’s employees to go on strike, because of the sudden jump in their workload; the agency personnel are already overstretched trying to process Israel’s ever-growing army of unemployed, which has reach over 300,000, or 11% of the workforce.

The latest figures show that one-third of the Israeli population live under the poverty line.

Gigantic budget deficits and heavy debt have left public hospitals unable to pay for medicines, forcing them to turn away patients, postpone major surgeries, and curtail cancer treatments. In the second week of July alone, 12 hospitals announced cutbacks in services. The deficit for the entire health system is 2 billion shekels, or over \$200 million. Netanyahu has rejected the Health Ministry’s demands that the Treasury cover the deficits. He wants the hospitals to increase their “efficiency” by reducing doctors’ wages, and

is seeking to close at least one hospital.

Despite the budget cuts and “reforms,” Netanyahu told the Knesset (parliament) on July 15 that this year’s budget deficit will top 6% of Gross Domestic Product, exactly where it was prior to the cuts. This is way above the planned 3%, which was demanded by the international financial institutions. Its primary cause was that government revenues have collapsed, including a 12% fall in income tax collections. The Finance Ministry had planned for a worst-case budget deficit of 30 billion shekels for all of 2003; but in the first six months, it has already reached 94% of that target.

The situation is endangering the \$9 billion U.S. loan guarantees, which are contingent on the government closing its budget deficit for 2004 and 2005.

## Moms Take to the Highways

Soon after Knafo started her 200 kilometer trek, she was joined by Ilana Azoulay, who took to the highway pushing her wheelchair-bound 17-year-old son, who suffers from cerebral palsy. Then she was joined by other single parents, and by workers who had just lost their jobs at a national archeological site.

Knafo has erected a tent in front of the Finance Ministry, where she is demanding to see Netanyahu, who has so far refused. Instead, he sent out his cronies with the absurd offer to set up government committees to investigate her demands—which she rejected out of hand. Netanyahu then announced a special program aimed at providing incentives and cash benefits for mothers who seek employment, but this did not satisfy the protesters, since everyone knows there are no jobs.

Azoulay and her son addressed a meeting of the Labor Party Knesset faction, at the invitation of acting party chairman Shimon Peres. She asked the MKs, “How much longer do we have to ask for handouts? How can I look my grandchildren in the face, when they say their grandmother is poor? I don’t even have bamba [candy] to give them.”

Soon after, 60 mothers were forcibly removed from the Knesset, when had hurled verbal abuse at Netanyahu, during a Knesset hearing on their situation.

## Labor Ferment Growing

This struggle is just the latest one reflecting the social ferment. A few weeks earlier, the Histadrut labor federation staged general strikes, protesting legislation being pushed as part of Netanyahu’s reforms, which would curtail strike action and abrogate collective-bargaining agreements between the government and the trade unions.

One prominent action, has been the struggle at Haifa Chemicals Company to organize a union. The owner of Haifa Chemicals is none other than Ari Genger, the top financier and confidant of Sharon. The plant is located in a development town in the south, and many of its workers voted for the Likud party’s Sharon and Netanyahu, including Shlomi Pinto, the



head of the union organizing committee. The company has thrown everything at Pinto and his collaborators, including dismissals, physical assaults by company guards, and court battles. Pinto says that he will now be voting for Histadrut Chairman Amir Peretz, leader of the One Nation party, because only the Histadrut has provided any support, such as a strike fund and security protection.

Because of the crisis, Netanyahu cancelled a trip to Washington, where he had been invited to speak on his economic reforms, by Congressmen who want to implement similar reforms in the United States!

## Sharon Government Shaky

Ephraim Zhilony, the head of the Social and Economic Affairs Department of the Histadrut, thinks that the social crisis could bring down the Sharon government. "When Netanyahu saw the potentially explosive effect of the struggle of these two mothers, he cancelled his trip to Washington," Zhilony told *EIR*. "He was told that the political danger posed by the effect of their struggle is more important than any benefit he can gain from being received by U.S. Senators in Washington."

Zhilony pointed out that the calming of the Palestinian-Israeli conflict has allowed the social-economic crisis to erupt. "The struggle these two women have initiated is expanding every day. By next week, we could see 1,000 people camping out in front of the offices of the Finance Minister and Prime Minister." He said that budget cuts are hitting hardest at those who come from the development towns, which are the political base of Sharon's Likud. The party did very poorly in the recent elections for mayor of Jerusalem and Haifa, and now they are expected to lose in the municipal elections in November. "If that happens, then Sharon could be in trouble," Zhilony remarked.

His assessment is even shared by Likud activists, many of whom have been Netanyahu supporters, and who are now worrying that the political fallout from the economic reforms will jeopardize Netanyahu's chances of becoming the party's leader. Many fear that the party as a whole could be facing a political disaster. "Likud voters have been hit very hard by the economic plan and they are furious," said Ashkelon City Councilman Haim Barda, who also leads the Likud branch in the city. "I intend to fight against Netanyahu and everyone in the party who harmed the people who have supported us so long. The Likud depends on the people in the poor neighborhoods, who have been targeted by the plan. I think they will think twice about voting Likud in the future."

Ashdod city Likud branch head Shlomo Portal said, "I don't understand why, when the Likud comes to power, it hurts the poor sectors that elected it. I am embarrassed to walk the street as a Likud man. The Likud will pay politically for its anti-social policies. This nation is not stupid, and when you hurt them in the pocket, they know how to take revenge." Already, 20 Likud mayors who are up for re-

election in November, have decided to leave Likud and run as independents.

Zhilony added that if the United States keeps pressure on Sharon to implement the Road Map, the right-wing extremist parties could leave the government, which would force Sharon to approach the Labor Party as a coalition partner. If Labor refuses, there might be general elections. And, if the economy gets worse, it is very unlikely that the Likud will get the 40 mandates it received in the last election.

Zhilony underscored the need to link the solution to the economic and social crisis to achieving a political settlement with the Palestinians. He said that former Prime Minister Ehud Barak (Labor) had done this in the 1999 elections, with great success. He said that Barak could do it again, but the problem is, he agrees too much with Netanyahu's economic policies. This is the big paradox in Israel: Those in the peace camp, many of whom are middle-class professionals, share too much of the economic neo-liberal, free-market thinking of the hawks like Netanyahu. The attitude can be seen in the editorial pages of pro-peace newspapers like *Ha'aretz*, which call for a withdrawal from the territory of the Palestinian National Authority, and point to the billions it would save Israeli society as a solution; but they still see Netanyahu's economic policies as "necessary reforms," which should just be administered with a little more care.

These attitudes have split the peace parties, especially the Labor Party and Meretz. But an exception is the One Nation party. Its leader, Histadrut chairman Amir Peretz, has a very strong social agenda, for which he has growing support among workers. He supports a compromise with the Palestinians, but he still lacks a broad following on national issues. Furthermore, with only three Knesset seats, it could take some time before his party could take on national leadership.

"We need someone who can become the voice of the people, all the people, on social and political issues," Zhilony said. "In these dark days there is no political leader that can give hope to Israel."

While the Bush Administration's Road Map has the potential to rescue both Israelis and Palestinians from suicidal confrontation, it lacks the economic dimension that could save both the Israeli and Palestinian economies from certain destruction. And, as *EIR* has documented, the chicken-hawks in the Bush Administration such as Richard Perle, who sits on the Defense Policy Board, and Undersecretary of Defense Doug Feith, are authors of the radical free-market policies now being pushed by Netanyahu. These were first articulated in the infamous "Clean Break" policy paper drafted in 1996 by Feith and Perle, among others, for Netanyahu, when he was Prime Minister.

Lyndon H. LaRouche's "Oasis Plan" for Middle East peace is precisely the policy now required. Only through the development of the region's water resources and transportation infrastructure, can a strong foundation for regional economic development be promised.

# Energy Pirate Firms Are Exposed in Mexico

by Ronald Moncayo

The clandestine attempt to privatize Mexico's energy sector, publicly exposed by *EIR* magazine as far back as December of 2001, was legally stalled on June 25, when Mexican Sen. Manuel Bartlett presented a formal demand to the Superior Auditor of the Federation and to the Oversight Committee of the National Congress' Chamber of Deputies, for an investigation of 225 licenses for electricity generation, that had been granted by the previous Ernesto Zedillo and the current Vicente Fox governments. Bartlett's accusation states that, in clear violation of standing laws, several private companies had committed various irregularities, as part of an "illegal clandestine privatization" of the national energy sector. Although the accusation does not address all the constitutional violations involved, it does represent an important first step in calling a halt to the ongoing energy privatization, long declared by mouthpieces of Wall Street as their first priority with regard to Mexico.

Senator Bartlett, of the opposition PRI party, charged specifically that a group of energy producers are selling energy to third parties, in open violation of the rules and regulations established for the generation, use and sale of electricity in Mexico. All of this has occurred as part of the Fox government's strategy to foment the financial bankruptcy of the state-run Federal Electricity Commission (CFE), and thereby to facilitate the privatization of energy in Mexico.

"Pressures are coming from the major financial centers, which have made a killing and have all of Latin America paying their electric bill," Bartlett charges in his explosive statement. "There are 17 multinationals which already produce 19% of what the CFE produces, and which enjoy illegal benefits and subsidies"—a fact which requires that "administrative, political, and penal responsibilities should be laid on those public and private figures involved" in this illegal trade. "Energy pirate" companies like Enron, Tractebel, American Electric Power, Bechtel, Integren, Azteca III, Abengoa, Telvent, and others are mentioned in the accusation.

Senator Bartlett's charges are absolutely true. Further, this scandalous illegal privatization scheme has serious financial implications that run contrary to the national interest. And this is merely one part of the looting structure that has been imposed on Mexico, to guarantee the timely payment of its debt and enable the multinationals' and banks' seizure of its national assets.

## Foreign Debt Looting

On June 12, while the Mexican government and leading authorities of the international financial community were noisily celebrating Mexico's pre-payment of the last \$1.2 billion installment of the so-called "Brady Bonds," the insanity spread to mouthpieces for such bankrupt brokerage houses as Wall Street's JP Morgan, which declared that Mexico has entered "the first world of healthy administration of its debt." Merrill Lynch, for its part, called the payment "a tremendous happening for the economy! . . . All that is now lacking are the structural reforms."

In March of 1989, then U.S. Treasury Secretary Nicholas Brady presented a plan to guarantee that Mexico would not fail to make timely payments on at least the interest on its foreign debt, and thereby avoid an international "domino effect" of debt moratoria. The Brady Plan merely proposed prolonging the life of the battered hen that lays Wall Street's golden eggs, so that it would not die too soon. From this came the "Brady Bonds." According to the agreement, the creditor banks would give Mexico a chance to undertake a final restructuring of its existing debt, by exchanging it for an emission of new bonds, at a 35% discount, or with a 6.25% preferential rate. To this was added the "concession" that Mexico would receive new credit—"Brady Bonds"—from the same banks, for 25% of the restructured amount—at market rates, of course! This was called at the time a "definitive solution" to the problem of Mexico's foreign debt, which would be reduced. Many dared to say that the ghost of foreign debt payments would soon disappear altogether.

But as *EIR* exposed at the time, the new credit issued was quick to return to the bankers' pockets, in the form of interest payments higher than the principal itself. And lo and behold, the debt did not decline, but grew! The initial amount of the Brady Bonds was \$35 billion. But, between 1990 and 2002, Mexico paid—in interest on the foreign public debt alone—more than \$82 billion—10.7 times the \$7 billion "reduction" of the debt achieved through the Brady Plan. Part of that interest, along with part of the capital, was *pre-paid* by the Zedillo and Fox governments—Merrill Lynch's so-called "tremendous happening" which they now want countries such as Brazil and Argentina to imitate.

With these "Brady Bonds," then-President Carlos Salinas de Gortari fed the fantasy that the foreign debt would decline. But he began his six-year term in 1988 with \$81 billion in debt, reduced it by \$7 billion with the Brady Plan in effect, and then concluded his term in office with a foreign debt of \$86 billion; and this, without counting the \$30 billion in "internationalized domestic debt" of the so-called "Tesobonos" (public debt bonds that are immediately convertible into dollars), which dragged Mexico once again into insolvency and bankruptcy by December of 1994. Salinas had inaugurated the mechanism of "internationalized domestic debt," which Zedillo brought to the illegal level of "contingent liabilities."

## Contingent Liabilities

The looting schemes directed against Mexico, murderous as they are—living standards are far below 1990 levels—have become increasingly inadequate to the requirements of foreign debt repayment. The default in payment on Tesobonos in December 1994 led the oligarchy to demand more immediate exports, to satisfy Mexico's international liquidity needs. From there emerged the accelerated implementation of NAFTA, by means of Zedillo's "new export model," whose central feature was the fascist recycling of cheap labor power in the *maquiladoras* assembly plants near the U.S. border, and the destruction of national production of goods and services. Thus, Mexico's economy was launched into a new era of dependency on the fluctuations of the U.S. economy.

The "zero deficit," or "Argentinization" approach emerged: the elimination of "new [government] emissions of productive credit"; and new conditionalities by the international banks for granting credit. Those conditionalities were: first, that new international credits would be used primarily for paying debts, and would be acquired through emission of "sovereign bonds"; and second, that they would have to find new forms of "internationalized internal debt" to give the appearance that the foreign debt was shrinking.

At the same time, Mexico's remaining national assets would be seized through such illegal mechanisms, created by Zedillo, as the so-called "contingent liabilities." These included mechanisms for:

- Privatizing the pension system, some \$36 billion in obligations, and injecting liquidity into the bankrupt national banking system, which would then pass into foreign hands. The only thing missing is for the private banks to begin lending money, at "competitive" interest rates, to pay pensions.
- Providing billions of pesos to the bankers, so that they can continue to operate. Reviving the banks at top-dollar cost, and then selling them to international banks at bargain-basement prices, currently means more than \$70 billion in bad bank debt, which the government has assumed and is paying interest on.
- Privatizing strategic sectors of the nation, such as energy, water, general infrastructure, and public services, such as health and education.
- Other rescues, such as the one to bail out the private concessionaires who had been handed the right to collect tolls, and the support for debtors which are not banks, but giant corporations.

This fascist trick of presenting an apparent decline in the foreign debt, which hides fraudulent looting mechanisms and growth of the "internationalized internal debt," has been exposed by *EIR* both at the time of the Tesobonos, as now with the case of the "Pidiregas" bonds to assume energy companies' debt. In August 2002, Marivilia Carrasco, president of the LaRouche movement MSIA in Mexico, presented a study at the international seminar, "Mexico, Brazil, Argentina: The Hour for Integration" in Guadalajara, Mexico (see *EIR*, Sept.

6, 2002). Carrasco demonstrated that in 2002, beyond the official foreign debt of \$161 billion, there is also an additional de facto foreign debt of \$109 billion, making the total real foreign debt of Mexico \$271 billion.

One of the substantial components of that de facto foreign debt are the Pidiregas bonds, which Zedillo created to the tune of \$45 billion. During 2000-02, Fox increased this to \$101 billion, and seeks to double this in 2003. Thus, the illegal privatization push.

## Businessmen Leave Fox, Call for Development

As *EIR* warned after the Mexican "debt bomb" exploded in 1994, the financial oligarchy would seek to seize large reserves of crude oil, natural gas, and the production and distribution of future electricity. To accomplish this, they have introduced reforms that violate the spirit of the Mexican Constitution. These reforms were approved between December 1995 and August 1996. They create a new legal instrument of private investment, known as the Project for Deferred Impact in Registering Expense (Pidiregas), which allow for total private and foreign financing of energy, communications, transport, and even water and health projects and infrastructure. These government obligations to private, often foreign interests, are not counted as part of the public debt.

Despite the fact that the Mexican Constitution clearly establishes that all of these, and other, sectors are considered strategic to the national interest, and cannot be placed under the total or majority control of private interests, much less private foreign interests, the Zedillo regime ignored the fact, and Fox assumed responsibility for accelerating this process of denationalization of the nation's assets.

And now, even the stubborn Mexican businessmen who refused to pay heed to the recent warnings, in Mexico, by U.S. Presidential pre-candidate Lyndon LaRouche on the systemic crisis of the world economy and financial system, have recognized that Fox's "change" has not, and will not come. Businessmen like Dionisio Garza Moreno, spokesman for the Monterrey Group, Lorenzo Servitje of the Bimbo Group, and others, have come out against Fox's current economic policy.

Carlos Slim, owner of the company Teléfonos de México, went further on June 24, and called for "development models, and not economic adjustments like those prescribed by the IMF." But Slim, like others, still made the deluded claim that "the recession in the United States is coming to an end."

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## MEXICO'S CRISTERO REBELLION

# Synarchism, the Spanish Falange, and the Nazis

by William F. Wertz, Jr.

*This article is dedicated to the memory of Carlos Cota. It was prepared with the assistance of Cruz del Carmen Moreno de Cota.*

The purpose of this article is to give the potential youth leader in Mexico and elsewhere knowledge of the way in which Synarchism has been used to try to prevent Mexico in particular from developing as an independent sovereign nation-state, as part of a worldwide community of sovereign nation-states mutually committed to the promotion of the general welfare of their respective populations through economic development. This article is necessitated by the renewed threat to both Mexico and the United States, among other nations, that today's Synarchists—centered in the United States around Vice President Dick Cheney, and in Mexico around the National Action Party (PAN)—will impose international fascism.

What this article will document is that the Cristero Rebellion, an armed “Catholic” uprising from 1926-29 to overthrow the Mexican government, was orchestrated by Jesuit-trained Synarchists. Synarchism in its various guises is a totalitarian ideology allegedly designed to counter “anarchy,” by imposing fascist dictatorships. The same Synarchists who ran the Cristero Rebellion formed the National Synarchist Union in 1937 and the PAN. The National Synarchist Union itself was run by the Nazis, through the Spanish Falange.

Some have argued to the contrary, that the Cristero Rebellion in Mexico was a lawful development unique to the conditions which prevailed in Mexico at the time. Anne Carroll, whose husband Warren Carroll was the founder of Chris-

tendom College in Virginia—a cesspool of Buckley family-connected Spanish Carlism—argued, for example in her book *Christ and the Americas*, that the Cristero Rebellion was justified, and that even though not victorious in the short term, it had a positive historical effect, as evidenced by the fact that Pope John Paul II visited Mexico in the 1990s. As she put it: “The blood of the martyrs of the Revolution had borne fruit.”

The reason that the views of an otherwise obscure Northern Virginia cult figure like Anne Carroll are important on this question, is that she is part of the synarchist circles of Christendom College and the William F. Buckley family in the United States and in Mexico, which have targetted Lyndon LaRouche, who is the leading opponent of Synarchism in the world today. (See “‘Catholic’ Schools Plot Exposed: Who Is Snuffing Your Neighbor’s Kittens?” *EIR*, April 19, 2002.)

In 1985, the associates of Lyndon LaRouche in Mexico produced a book entitled *The PAN: Moscow’s Terrorists in Mexico*, which includes a chapter entitled, “The Cristero Rebellion and the Synarchist International.” However, under the misleadership and treachery of Fernando Quijano, a former associate of LaRouche, who conspired against LaRouche when LaRouche was railroaded into prison in 1989 by Quijano’s synarchist controllers, a campaign was launched to repudiate everything written in that book. Quijano even said on one occasion that after Mexican President Benito Juárez had the Hapsburg “Emperor” Maximilian executed, he should have shot himself. To grasp the degree of treachery that this represented, one must realize that LaRouche’s economic proposal for Ibero-America in 1982 was entitled *Operation Juárez*.



*Partisans of the Cristero movement, with the banner of the Virgin of Guadalupe, 1927. This right-wing Catholic uprising against the Mexican government was orchestrated by the very same Jesuit-spawned networks who later created the Falange/Nazi-controlled National Synarchist Union.*

Anne Carroll also, not accidentally, defends the Hapsburg Emperor Maximilian and denounces Juárez. This should come as no surprise, since Otto von Hapsburg was listed as a contributor to the Carlist *Triumph* magazine of L. Brent Bozell, with which the Carrolls were associated before forming Christendom College. Moreover, the organization founded by Bozell, Buckley's brother-in-law, the Society for the Christian Commonwealth, adopted the same battle cry as the Cristeros, "Christ the King."

As she put it, after Mexican Independence was declared in 1810, "Men emerged who rejected Liberalism, who professed traditional values, who were loyal Catholics." "Mexican traditionalists realized that in the Church and in traditional values was Mexico's only hope." So that is why they conceived the idea of establishing a Catholic monarchy, with a European prince on the throne, which they discussed with Empress Eugenie, the Spanish-born wife of Napoleon III of France.

In 1854, when President Antonio López de Santa Anna was overthrown, according to Anne Carroll, rebellion broke out with the battle cry of "*Religión y fueros*"—"Religion and feudal privileges" (also the battle cry of the Spanish Carlists). Juárez issued the Laws of Reform in July 1859. When Mexico declared a debt moratorium in July 1861, Napoleon III decided to send his French Army, which landed in Mexico in 1862 and after a war, imposed Maximilian as the new Emperor of Mexico. On June 28, 1866, Napoleon ordered the French Army to leave, fearing war with the United States. Maximilian was put on trial on June 12 and executed on June 19, 1867.

Anne Carroll's assessment is as follows: "The United States had supported Juárez and denounced Maximilian because Juárez boasted of his adherence to Liberalism and democracy. But he set up a far tighter control over the country than the so-called autocrat, Maximilian, had done. . . . He tried and failed to build a secular education system to replace the destroyed Catholic system." This is the viewpoint adopted by Buckley pawn Fernando Quijano and his epigones.

Another major apologist for the Cristero Rebellion is the historian Jean Meyer from the Benedictine University of Perpignan in France, who omits crucial facts in his book, *The Cristero Rebellion*, in order to cover up the continuity between the Cristeros and the official synarchist movement founded in Mexico in 1937. A third apologist for the Synarchists in Mexico, Benedictine priest Alcuin Heibel, argues that they are not Nazis or Falangists, but rather are a "thoroughly Christian and Mexican movement."

The reality is that the Synarchists were created by the Nazis, who made use of the Spanish Falange to do so.

But to understand the Cristeros, one must look at the role of the Hapsburg family and the Jesuits in Mexico, as well as the influence of Spanish Carlism. Not only did the Carlist wars in the 19th Century parallel the opposition of the Catholic Church in Mexico to the Independence movement of Miguel Hildago y Costilla and the Reform of Benito Juárez, but the very battle cry of the Carlists in the 1880s, "Christ the King," was adopted by the Cristeros. Moreover, the Carlist principle of *fueros*, or feudal privileges, was the organizing principle employed by the Jesuits before they were expelled from Mexico by Charles III of Spain in the 18th Century, and the same principle the Jesuits used in Mexico before, during, and after the Cristero rebellion. This principle of *fueros* is the synarchist principle, which also underlies the Hapsburg conception of a "Europe of the regions," as opposed to a Europe of sovereign nation-states.

As referenced above, the Buckley family is a critical connection to the Cristero Rebellion. This also has significance today due to the involvement of the Buckylys in operations against the LaRouche movement both in Northern Virginia and in Mexico. William F. Buckley, Sr. was a key operative in post-1917 Mexico, in organizing against the Mexican Revolution and in inciting the Cristero Rebellion. In the post-

## Guiding Dates of Mexico's History

- 1519-21:** Hernán Cortés conquers Mexico on behalf of Spain.
- 1821:** Mexico achieves independence.
- 1844:** Annexation of Texas
- 1846-48:** War with the United States
- 1853-61:** Mexican Civil War, Benito Juárez vs. Antonio López de Santa Anna
- 1861-63:** French intervention into Mexico
- 1861:** Juárez sends Matías Romero to meet President-elect Lincoln in Illinois, to establish the framework of an alliance between the two countries in the face of what they saw was coming: the U.S. slaveowners rebellion and Napoleon III's invasion of Mexico.
- 1864:** Maximilian is imposed as Emperor of Mexico, at the behest of Napoleon III.
- 1867:** Maximilian is executed; Juárez becomes President.
- 1877-80; 1884-1911:** Porfirio Díaz President
- 1910-11:** Revolution, Francisco I. Madero becomes President.
- 1913:** Madero is shot, Victoriano Huerta becomes President. United States withholds recognition.
- 1914:** Venustiano Carranza President
- 1915:** President Carranza recognized by U.S.A.
- 1917:** Constituent Assembly draws up the Constitution.
- 1920:** Carranza is assassinated, Alvaro Obregón becomes President.
- 1923:** U.S.A. recognizes President Obregón.
- 1924:** Plutarco Elias Calles becomes President.
- 1926:** Cristero Rebellion begins.
- 1927:** U.S. Ambassador Dwight Morrow arrives in Mexico.
- 1928:** Obregón is assassinated.
- 1929:** Cristero Rebellion ends.
- 1934-38:** Second Cristero Rebellion
- 1937:** National Synarchist Union formed.

World War II period, the Buckley family continued to play a destructive role not only against Mexico, but against the American Revolution and its continuation by Lyndon LaRouche. Not only did William F. Buckley, Sr. promote Nelson Rockefeller, a long-time adversary of LaRouche, as head of the Office of Coordination of Inter-American Affairs; but his son, William F. Buckley, Jr. was assigned in 1952 by James Jesus Angleton, director of counterintelligence for the CIA under Allen Dulles, to set up the first CIA office in Mex-

ico City, where he worked with E. Howard Hunt. Through these connections, the Buckley family has continued to run hostile operations against LaRouche and his associates, while simultaneously promoting the synarchist PAN.

In the critical period after 1917, William F. Buckley, Sr. actively organized against the Mexican Revolution, opposing both the revolutionary laws that threatened foreign oil holdings, including those of Buckley himself, but also the laws that were designed to defend Mexican sovereignty against the sedition of synarchist elements of the Catholic Church. In 1919, Buckley and Thomas Lamont, of the J.P. Morgan banking empire, founded and ran an organization called the American Association of Mexico. Buckley himself was expelled from Mexico by President Alvaro Obregón in 1921 for counterrevolutionary activity. Moreover, Buckley promised to help fund the Cristeros. Although he apparently did not deliver on this promise, the very promise constituted an encouragement and an incitement to rebellion.

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## The American Revolution vs. Theocracy

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To understand the significance of the Cristero Rebellion and its relationship to Synarchism, one must look back to the time of the American Revolution, since Synarchism was, in fact, the oligarchical reaction to the American Revolution. In its many guises, it was created in order to defeat the American Revolution and to prevent its spread to Ibero-America or to Europe.

For Spanish language culture, the key point of reference is the government of the French Bourbon King, Charles III of Spain (1716-1788). There are at least three important aspects to the regime of Charles III. First, he supported the American Revolution against the British. Second, prior to the American Revolution, in 1767, he suppressed the Jesuit Order in Spain and expelled the Jesuits from Mexico and all other Spanish territories. And third, Charles III initiated a series of Botanical scientific expeditions beginning in 1777 to Peru and Chile, the early 1780s in Colombia, in 1787 to California, Mexico, and Guatemala, and then finally to the Philippines in 1789. These expeditions laid the basis for the later expeditions by Alexander von Humboldt and A.G. Bonpland.

The fundamental political issue goes back further, however, to the writings of Dante and Nicolaus of Cusa, in which they rejected the idea of *ultramontanism* (the supremacy of the Pope over kings and emperors), which stood in way of the creation of perfectly sovereign nation-states dedicated to the general welfare of their respective populations. Both Dante in *De Monarchia* and Nicolaus of Cusa in *Concordantia Catholica* denounced and, in the latter case, proved that the so-called Donation of Constantine was a fraud. The Donation of Constantine was used historically to insist upon the suprem-



acy of the Pope, on the fraudulent basis that he was given the authority by Constantine to crown kings and emperors, and therefore had supreme authority in the temporal as well as the spiritual domain.

The American Revolution, with its insistence on there being no established religion, was the political-philosophical realization of the project launched by Dante and Cusa. The suppression of the Jesuits by Charles III, in the context of his support for the American Revolution and his promotion of scientific investigation, was a critical reflection of this same historical current in Spanish-language culture.

The Cristero Rebellion in Mexico was led by Jesuits, using the same methods of organizing that had led Charles III to suppress the order in 1767. Authors such as Jean Meyer falsely argue that the efforts by the Mexican Revolution, and implicitly by the Mexican Independence movement and the Mexican Reform, reflected a form of so-called Bourbon "Regalism." But it is not accidental that Meyer's attack on the Republic of Mexico as despotic and "Regalist," derives directly from the Carlists, who beginning in 1830 fought for a theocratic, medievalist form of Roman Catholicism within the Spanish state.

Historically, the hierarchy of the Catholic Church in Mexico attempted to exert temporal power and opposed the Independence of 1810, the Reform of 1857, the Revolution of 1910, and the Constitution of 1917, even when other elements of the Catholic Church, as in the cases of Miguel Hildago and José Maria Morelos y Pavón, two priests and leaders of the Independence movement, were active in opposing the oligarchy.

In 1808, Archbishop Lizana and the Inquisitor Obejero were among the leaders of the conspiracy against Iturrigaray, the Viceroy, who was planning independence from Spain. When the War of Independence broke out, more than a hundred priests belonging to the lower clergy enlisted in the ranks of the insurgents, but all of them were anathematized, excommunicated, and degraded from their priestly rank by the Church. In 1811 a book was published entitled *An Invitation to Catholic Americans in accord with what God and the General Cortes demand from their faith*, in which the leaders of the Independence are called "brazen and sacrilegious men, infamous and unnatural," who "conspire to banish religion and loyalty from this country." The book carried a declaration from the Bishops of Puebla, Oaxaca, Guadalajara, and Nuevo León granting 240 days indulgence to the faithful "for every paragraph that they read or hear read" of it. Archbishop Lizana and Bishops Abad y Queipo, González, Gergoza and Cabañas, together with the Inquisition, excommunicated all insurgents and their sympathizers.

During the war with the United States in 1847, elements of the Church incited and financed a revolt. They supported the dictatorship of Antonio López de Santa Anna, and sought to found a monarchical protectorate under Spanish auspices. On Dec. 19, 1855, Ortega, the priest of Zacapoaxtla, led a



*LaRouche Youth Movement members at a pedagogical demonstration during a July 4-6 cadre school in Mexico City, addressed by Lyndon H. LaRouche, Jr. by telephone.*

rebellion against President Comonfort. Later, reactionary elements in the Church precipitated the violent War of Reform against Juárez and the new liberal laws, and subsequently provoked, in large part, the French intervention. Archbishop Labastida y Dávalos was a member of the provisional Triumvirate which established the Empire. All the Mexican soldiers who fought against the French were excommunicated.

Under President Porfirio Díaz, a faction of the Church hierarchy sought to re-establish its privileges. They later also conspired to overthrow President Francisco I. Madero and connived with the oligarchical Victoriano Huerta.

Thus, the theocratic, ultramontanist current in the Catholic Church in Mexico never accepted the attempt to introduce separation of Church and State modelled on the American Constitutional principle in Mexico. And if one looks at Mexico from this historical standpoint, it is clear that beginning during the early 1900s, a movement was launched there by Jesuits, based upon the principles of Carlist Synarchism,

which had as its purpose the ultramontanist establishment of Catholic rule in Mexico.

As Walter Lippman observed, “in 1926 and 1927 the majority of the prelates [in Mexico] looked for a solution only through the overthrow of the government.” He continued that the Mexican prelates viewed the world through Pope Pius IX’s 1864 *Syllabus of Errors*, and that in “their social outlook they assumed the feudal order was part of the nature of things.” (This is the same Pius IX who was sympathetic to the Confederacy in the U.S. Civil War.)

Dwight Morrow, the U.S. Ambassador to Mexico who mediated the negotiations that ended the Cristero Rebellion, pointed to the ideology expressed in the *Syllabus of Errors*, saying that its principles would not be accepted either by the “Mexican State nor any other modern State. . . . Not only most Protestants but also many liberal Catholics believe that paragraphs five and six of the *Syllabus* which deal with the Church, her rights and her relations to other civil societies, are irreconcilable with the independence of the modern national State. The gulf between the Church doctrine in its most extreme form has never yet been bridged in theory. Moderation and good sense, however, have brought about a *modus vivendi* in most of the important countries of the world.”

### **The Common Origin of Nazi-Communism**

As *The PAN, Moscow’s Terrorists in Mexico*, published in 1985 in English, correctly points out, there is no contradiction between the fascism of the Spanish Carlists and the fascism of the Nazis or of the Communist Party. All have the same mother, which is why Synarchism is appropriately characterized as Nazi-Communist.

Especially during the period of the Hitler-Stalin Pact, prior to the Nazi invasion of the Soviet Union in World War II, U.S. intelligence reports from Ibero-America documented the collaboration among Nazis, Fascists, the Japanese, and the Communists. As one confidential U.S. intelligence report from April 9, 1940 indicates: “Russian and German agents, though in opposed Mexican political camps, are not in opposition, but are acting in collaboration and cooperation. Theirs is a single aim of armed revolution in Mexico, of action against the United States, of political control of Mexico. . . . Communist and Nazi agents are reported to be working actively in all labor groups side by side, to develop agitation against the U.S. to promote civil disorders and to gain ideological control of Mexico.”

It is no accident, from this historical standpoint, that Fernando Quijano in 1979 would want to split off the Ibero-American associates of Lyndon LaRouche, in an alliance with Jesuit-trained Fidel Castro’s Communist Cuba—and then in the late 1980s and throughout the 1990s wanted to create a separate Ibero-American organization based on an anti-communist alliance with Blas Piñar and the Spanish Falange (see box).

Moreover, the idea of creating a “Latin American bloc”

against the United States, as opposed to a “pan-American” alliance with America, is the standing synarchist policy of the Nazis. In a confidential U.S. intelligence report entitled “Argentina: A Summary of Nazi Activity,” dated Aug. 13, 1941, the propaganda technique used in Argentina and elsewhere in Latin America by the Nazi-controlled Spanish Falange is described as “a strong drive for the creation of a Latin-American bloc which, while allowing each country to retain its individuality, would unify the foreign policy of the Southern Continent and provide a sure protection against Yankee imperialism. This drive links up in turn with the *Hispanidad* movement, formally inaugurated by Spain and Portugal, but obviously directed by Germany.”

As *The PAN* book reports, Manuel Gómez Morín, the founder of the right-wing PAN, was the lawyer for the Soviet Embassy in Mexico in 1926. In 1922, he proposed to the First International Student Congress in Mexico City, “the abolition of the present concept of public power, which, presuming the State to be a sovereign entity, translates itself into the subjective rule of the few over the many . . . in opposition to the patriotic principle of nationalism, to integrate all nationalities into a universal community.”

Gómez Morín admired Vicente Lombardo Toledano, who, according to *The PAN* book, was the Comintern’s top agent in Ibero-America. Thus, the program proposed by Gómez Morín in 1922 was the program approved by the Comintern at Baku in 1921: to eliminate the sovereign nation-state and impose a Hobbesian synarchist dictatorship upon a multitude of tribal communities. This was the program that Lombardo Toledano was given the task of designing for Ibero-America. By 1926, the year when the Cristero Rebellion was launched, Lombardo Toledano drafted a corporatist proposal to organize Indian communities explicitly on a 13th-Century medieval model. Such a concept was no different in essentials from that advocated by the Jesuit fascists who ran the Cristeros.

From 1920-24, José Vasconcelos worked as the Mexican Minister of Public Education. It was he and his policies against which the Cristeros organized, in behalf of “Catholic” education. And yet the magazine, *Timon*, of the “communist” Vasconcelos was financed by the German company Transocean GmbH, a director of which was Hjalmar Schacht—the Anglo-American financial oligarchy’s man inside Germany responsible for putting Adolf Hitler in power.

Gómez Morín, the founder of the PAN, was the head of the Bank of Mexico under President Plutarco Elías Calles and from that position financed the movement which sought to put José Vasconcelos into the Mexican Presidency.

Lombardo Toledano was a leading member of Luis Morones’ Revolutionary Worker Confederation of Mexico (CROM), which was among the most radical opponents of the Catholic Church. And yet Gómez Morín, Lombardo Toledano, and José Vasconcelos all hated Benito Juárez’ memory and joined the Synarchists in the Catholic Church in opposing

the Constitution of 1917.

Moreover, according to a confidential document prepared on Oct. 31, 1941 by the American Assistant Naval Attaché in Mexico City, Harold P. Braman, Vasconcelos was a sub-chief of the National Synarchist Union; he and Gómez Morín were both members of the Falange-Church Council, the “Council of Hispanidad,” or simply The Base, which ran the National Synarchist Union; and René Capistrán, the supreme commander of the National League and the Cristeros, was a member of the Central Committee of the same Union.

## The Fraudulent Thesis of Jean Meyer

While such historians as Jean Meyer attempt to portray the religious conflict in Mexico as the result of the Bourbons’ “Regalist” policy, the reality is that the attempt to establish a sovereign nation-state in Mexico, as a model for all of Ibero-America, was based on the U.S. Constitution. Moreover, this policy was encouraged as U.S. foreign policy. For example, in early 1825, President John Quincy Adams advocated that delegates to the Panama Congress informally advise Ibero-American nations to abandon state religion. Any analysis of

## Who is Blas Piñar?

The Sept. 21, 2002 issue of the London *Guardian* reported, on the anniversary of the founding of the Blue-Shirt Spanish Legion, that the star speaker was Blas Piñar—founder of the Guerrillas of Cristo Rey, a bunch of ultra-Catholic, right-wing thugs who terrorized Madrid in the 1970s. “His charismatic fusion of Franco hagiography, denunciation of ‘the Reds,’ quotations from the scriptures and references to the saints was rapturously received. In the audience was a fragile, grey-moustached veteran of the Blue Division, a 40,000 strong corps of Franco volunteers who fought for Hitler in Russia.”

The Spanish translation of the schismatic Marcel Lefebvre’s book *I Accuse the Council* was issued at the headquarters of the Fuerza Nueva (New Force)—Blas Piñar’s Francoist fascist party. At this event, Lefebvre was accompanied by Blas Piñar, the New Force’s president.

In opposition to Vatican II, Blas Piñar favors preserving the Tridentine mass, which he authorized Lefebvre to celebrate for the New Force. He also gives credence to the Marian “apparitions” from the 1800s, from which integrism emerged. Of particular importance are the La Salette apparitions, in which the Virgin allegedly explained to two children that the Church is in danger because of its hierarchy. The Virgin allegedly made a call to the *Apostoles de los ultimos dias* (the Apostles of the Last Day) to form an army to fight for Christ.

Blas Piñar also became known as *el caudillo del Tajo* (the leader of the Tagus) because a mystic, Clemente Domínguez, had a vision saying that Christ was going to send “*el gran caudillo del Tajo*, the second Franco” to save Spain when Franco passed away.

Piñar founded the New Force in 1966 with the idea of “keeping alive the ideals of July 18, 1936.” During Franco’s lifetime, Piñar headed the Hispanic Culture Institute, but was removed when he virulently attacked the United States. He was a protégé of Adm. Carrero Blanco, second



Blas Piñar (left) was, after Franco and José Antonio Primo de Rivera (right), Fernando Quijano’s favorite fascist. Primo de Rivera was the founder of the Falange.

in command after Franco.

In 1970, the ultra-right, under the name of National Union, elected one representative, which was Piñar. In three subsequent elections in 1977, 1979, and 1982, the ultra-right only elected one representative, again, Piñar.

Leon Degrelle, the founder of the pro-Nazi Belgian Rexism movement, was also in contact with Piñar’s movement in Spain. Degrelle travelled to Mexico in 1930 and linked up with the Cristero movement and Bernard Bergeond. Degrelle lived in Spain after World War II and his daughter married Servando Balaguer, who was for some time the head of Blas Piñar’s New Force.

Ernesto Mila presented the organizing thesis in 1976, for the First Congress of New Force, at the invitation of Blas Piñar. He spoke about Cornelius Codreanu’s Romanian Iron Guard, as the organizing model for Piñar’s party.

In the audience there was Horia Sima, a member of the Iron Guard who was in charge of the Romanian Legion that had fought for Hitler against the Soviet Union. According to one author, Blas Piñar found in the “Romanian Legion and in his militant Catholicism a confirmation of his ultramontanism.”

—William F. Wertz, Jr.



The Synarchists of both left and right hated Mexico's President Benito Juárez (above), who was an ally of America's Abraham Lincoln. Today, Lyndon H. LaRouche, Jr. (below), author of the 1982 plan for Ibero-American development shown here, is the leading global opponent of Synarchism.

the Cristero Rebellion must start from this standpoint, as opposed to the notion that the rebellion was unjustly provoked by Bourbon Regalism, or some other devil's brew.

As Meyer points out in *The Cristero Rebellion*, the conflict with the Church in Mexico came to a head on three occasions historically: under the Bourbons in 1810; under Lerdo de Tejada, the successor to Benito Juárez, in 1874; and under Calles in 1926. Under the Bourbons, the Jesuits were expelled in 1767, and then in 1799 the judicial immunity of the clergy was cancelled.

After Independence was declared in 1810, the Constitution of Apatzingan of 1814 proclaimed Catholicism as the only recognized religion and restored the religious orders suppressed by the Bourbons.

Meyer argues that "The wars of the Reform (1857, 1867 and 1876) and the anti-clericalism of the Constituents of 1917, the persecution that took place between 1926 and 1938, and the Cristero risings of the same period—all these events were consequences of the Bourbons' Regalist policy." He claims that the policy of Lerdo de Tejada in 1859 "provoked the insurrection of the Religioneros, a movement which resembled the Vendée and Spanish Carlism." He writes further that the attempt to establish a sovereign nation-state on the Ameri-

can model was alien to the Hispanic tradition. According to Meyer, "Modern Mexico has been formed by men who despised ancient Mexico; this was, to a great extent, the root of the conflict which set the nationalist Calles against the patriotic Cristeros."

Thus, Meyer's basic assumption is that national sovereignty is alien to the "patriotic," "hispanic tradition," as reflected in the Religioneros rebellion against the Reform and in the Cristeros Rebellion against the Mexican Revolution. Also, Meyer explicitly compares the Religioneros rebellion to Spanish Carlism. It is also telling that at the end of the book, Meyer writes: "Some have interpreted this war as a movement similar to that of Salazar or Franco—a precursor of Sinarquismo, the Mexican variety of Fascism." Of course, according to Meyer, this is not the case. For Meyer, Synarchism is a movement founded in Mexico in 1937. The only connection he is willing to concede between the Cristeros and Synarchism is that according to him, the failure of the former gave birth to the latter and later to the PAN.

But the reality is that the Cristero Rebellion was the direct precursor to the official synarchist movement in Mexico. Moreover, the city of Guadalajara and the state of Jalisco were the stronghold of both the Cristeros and the National

Synarchist Union. To this day, Guadalajara is a center of pro-Cristero Synarchism.

Meyer maintains his fraudulent thesis by omitting altogether any reference to the key Jesuit operatives involved in the formation of the Cristeros beginning the 1890s, and the role of these same Jesuits in the later creation of Mexican Synarchism in the 1930s. The key Jesuit operative whom he omits is Bernard Bergoend, even though much of the background on Bergoend which appears in this article was derived directly from books Meyer recommends in his own bibliography. As reported below, Bergoend, who first moved from France to Mexico in 1891, was instrumental for over three decades in sowing the seeds of what later became the Cristero Rebellion. At the same time, as documented in *The PAN*, when the Cristero Rebellion ended in 1929, Bergoend led the intransigents who refused to accept the Vatican's policy of reconciliation. He founded the "League of the O," also known as the OCA (Organization-Cooperation-Action), which maintained an armed resistance. The OCA contained the nucleus of the militant Cristeros who, in the 1930s, became the National Synarchist Union.

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## Synarchist Roots of the Cristero Rebellion

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The Cristero War of 1926-29 was a continuation of the "religious" insurrections against the Reform of Juárez and Lerdo, conceived and put into practice by the European oligarchy in the Carlist wars in Spain during the 19th Century. The Carlists defended the policies of the Holy Alliance: absolute monarchy, feudal despotism, and rejection of anything resembling a sovereign federal republic.

Prior to the 1910 Revolution in Mexico, while President Porfirio Díaz was still in power, a synarchist Catholic Social Action movement was launched, with the formation of a Union of Catholic Men and a Union of Catholic Women by a Jesuit priest, José Luis Cuevas. This led to the First Catholic Congress in February 1903, in the city of Puebla. One delegate, a young attorney from Jalisco, Miguel Palomar y Vizcarra, proposed the creation of rural cooperative banks at this congress. Subsequent Catholic congresses met in 1904 in Morelia, in 1906 at Guadalajara, and in 1909 at Oaxaca. There were also parallel agricultural congresses in Tulancingo in 1904 and 1905, and at Zamora in 1906. Among the leaders of the congresses, in addition to Father Cuevas and Palomar y Vizcarra, were a layman, José Refugio Galindo; a Josephine priest, José Maria Troncoso; the French Jesuit Bernard Bergoend; and the Bishop of Tulancingo, José Mora y del Rio, who later became the Bishop of Mexico City.

Bernard Bergoend was the key personality who not only shaped the synarchist Catholic Social Action movement in Mexico, which led to the Cristero Rebellion, but also, after

the rebellion ended, continued the process which led to the official creation of the Synarchist movement in Mexico.

Bergoend was born in France in 1871 and entered the Society of Jesus at age 18. In 1891, at age 20, he was sent to Mexico, where he studied in San Luis Potosi. In 1900, he was sent to Spain to study theology. He then went to St. Louis, Missouri in the United States, where he was ordained a priest. Thereafter, he returned to Mexico where he had various assignments in Puebla and Mexico City, before being named a professor of philosophy at the Jesuit Institute in Guadalajara.

In 1905, Galindo founded the Guadalupan Laborers. In 1907, Father Troncoso proposed the creation of a Catholic Workers' Union. In 1906, Bergoend organized the first Jesuit "Spiritual Exercises" among the workers of Guadalajara. There he came to know members of Galindo's Guadalupan Laborers and lay leaders such as Palomar y Vizcarra. It was Bergoend who stressed the need to form a Catholic political party to promote social action. He wrote the draft plan of organization and the program for the National Catholic Party, based upon the precepts of a French Catholic party called Liberal Popular Action. On May 5, 1911, for the first and last time in Mexico, a political party was formed bearing the name Catholic. In August 1911, the party held its first national convention. In her book *Christ and the Americas*, Buckleyite Anne Carroll refers to the National Catholic Party and its auxiliary, the League of Catholic Students, as "the most constructive group" in Mexico at that time.

In 1911, Bergoend also created a new organization in Mexico, modelled on the Catholic Association of French Youth. Then, in 1912, he moved back to Mexico City, where he became the advisor to the Catholic Student Center. In this position, he proceeded to create the Catholic Association of Mexican Youth (ACJM). It was he who wrote the general statutes of the ACJM, which was formally established on Aug. 12, 1913.

In an address to the leadership of the first local chapter of the ACJM, Bergoend made the following statement, in support of a theocratic state:

"All are aware of the sad situation in which our country finds itself. After God was excluded from the laws, from the schools, and from public life, positivism, that cancer of the national soul, was made the religion of the state. The results have not been long delayed: in the field of ideas, a chaos of errors and deviations; in the field of action, an accumulation of calamities. Even among Catholics, indifference has struck deep roots; for many, patriotism has become refined selfishness, our workingmen, in the country as well as in the city, have heeded the destructive doctrines of socialism and, no longer having the restraints of religion, have turned their hatred of capital and of society into deeds. No wonder, then, that the call to fratricidal warfare, which has converted the fertile soil of the Mexican Fatherland into a wasteland of bloody thorns, has erupted so strongly and has wreaked such havoc. . . .



“Oh, the things that could be done for the renovation of Mexico by a good contingent of youth, strongly united, which, animated by a profound faith in the cause of God, of the Fatherland, and of the popular soul, would work as one, for God, Fatherland, and the people, loving God to the limits of martyrdom, the Fatherland to the limits of heroism, and the people to the limits of sacrifice.”

The website of the ACJM today reports:

“Father Bernard proclaimed to his boys the urgency and the duty of making Christ reign not only within the temple, but also outside, in the workshop, in the school, in the street, in the Congress.”

In 1914, the National Catholic Party, which as we have seen, was created by Bergoend, proceeded to consecrate Mexico to Cristo Rey, Christ the King, in a ceremony in the Villa de Guadalupe. This was a declaration of war against the 1910 Revolution.

In 1916, the ACJM spread like wildfire across Jalisco. In January 1917, René Capistran Garza, who was later to become the supreme commander of the Cristeros, was elected presi-

dent of the Mexico City Student Center, to which Bergoend was the advisor. At the same time, Garza thus became the provisional president of the ACJM.

The lawyer Palomar y Vizcarra, born in 1880, was a lay advisor to the ACJM. He was also a leader of the Catholic bloc in the Jalisco legislature and a member of the faculty of the Escuela Libre de Derecho in Guadalajara.

The Catholic Social Action movement in Mexico was modelled on the Social Action movement in Belgium, France, and Germany, based on the fanatical ideas of Charles Maurras, creator of the pseudo-Catholic Action Française. This was the so-called Belgian-German model of social-Christian activism founded upon a gnostic interpretation of Pope Leo XIII’s 1891 encyclical *Rerum Novarum*. Essentially, what Bergoend and the other Social Action Jesuits did was to characterize the Mexican Revolution as socialist, and then argue on the basis of *Rerum Novarum* that the institutions of Mexico were incompatible with Catholicism. Ironically, many of the positive pro-labor policies advocated by Leo XIII were actually incorporated in the Mexican Constitution of 1917. How-

ever, Bergoend's Catholic Social Action movement interpreted *Rerum Novarum* from the standpoint of Pius IX's *Syllabus of Errors* and focussed its attention in a reductionist manner on Leo's condemnation of "socialism" and defense of private property. The way in which Bergoend and others interpreted *Rerum Novarum* is analogous to the way in which such American Enterprise Institute gnostics as Michael Novak, George Weigel, and Richard Neuhaus today have misinterpreted the encyclicals of Pope John Paul II in an attempt to hijack the social teaching of the Catholic Church in behalf of the gnostic doctrine of free trade.

In contrast to the cultist appropriation of Leo III's encyclical *Rerum Novarum* by the likes of Bergoend, one should look at the non-cultist approach by Terence Powderly, the founder of the Knights of Labor, in the United States. This labor movement, although founded by a Catholic, was ecumenical in nature, reflecting a commitment to the "harmony of interests," the American system of political economy of an Irish Catholic, Mathew Carey (who published the first Catholic Bible in the United States), and his son, Henry C. Carey.

### **Bergoend: Where 'Viva Cristo Rey' Becomes 'Viva Iturbide Emperador'**

Bergoend, on the other hand, as expressed in his book *La Nacionalidad Mexicana y la Virgen de Guadalupe*, was a cultist who argued that the sole basis for the nation of Mexico is belief in the Virgin of Guadalupe, an idea later echoed in Alcuin Heibel's defense of the National Synarchist Union. Bergoend argues that Mexico became independent, not with the 1810 Declaration of Independence, but in 1747, with the consecration of Mexico to the Virgin of Guadalupe. He then criticizes Miguel Hildago for acting precipitously in 1810 by initiating the Independence movement, and lends his support to the traitor Agustín de Iturbide, who was executed in 1824 after becoming Emperor in 1822.

In contrast to the American Declaration of Independence and U.S. Constitution, which are based on natural law and the inalienable rights of all human beings regardless of religious creed, Bergoend's conception is an irrational denial of human reason, as that which distinguishes man from the beast and as that power which unites a people in a sovereign nation-state committed to the common good of all, including one's posterity.

In his introduction to the 1968 edition, Ramón Ruiz Rueda reports that, back in 1933, he had asked Bergoend what his book was about. Bergoend's answer: " 'Simply, lad, that without the Virgin of Guadalupe, Mexico would have already broken into pieces.' " To which Ruiz Rueda adds: "To constitute a nation, it was necessary for the indian to love the Spaniard as a brother, and the Spaniard the indian in the same manner. . . This was impossible. Only a miracle of God! And God performed a miracle! He sent us his Most Holy Mother. . . There is no human explanation for the survival [of Mexico]."



*The Basilica of "Our Lady of Guadalupe" in Mexico City. According to tradition, the Virgin appeared to the lowly Indian Juan Diego in 1531. Synarchist Jesuit priest Bernard Bergoend falsely utilized belief in the Virgin of Guadalupe to define Mexican nationality in an irrational, theocratic, ultramontanist manner.*

In Bergoend's own words: "What is the most principal of historical factors which, as a principle of cohesion, has united these various racial elements of Mexico among themselves, until it has formed, with all of them, a new nationality, the Mexican nationality? . . . One way or another, one comes across the evident intervention of Divine Providence. God is the author of civil society. . . And that is what the Lord did with our Mexico.

"The common good . . . consists of a set of material, intellectual and moral resources which come, not from the sum of individual, dispersed efforts, but from a competent authority which prepares and maintains them, so that the members of the community may have free interplay of their activities. It is nothing other than a state of social equilibrium. . . .

"Yes, the Virgin of Guadalupe is the Mother of our nationality and the most principal of supports of its independence!

"With the National Oath [sworn by ecclesiastic and secular delegates from all Mexico, consecrating Mexico to the Virgin of Guadalupe and proclaiming her Patron Saint] . . . the date of December 12, 1747 must, therefore, be considered as the memorable date on which the national unity of New



Spain was consummated, by law and to perpetuity . . . that is, it was a single nationality.

“The priest from Dolores, Don Miguel Hidalgo y Costilla, precipitously proclaimed New Spain’s independence at dawn on September 16, 1810.

“This is how Iturbide understood the matter; and therefore, in order to avoid the rough change from a colonial regime to a democratic regime, for which New Spain was not yet sufficiently mature, he opted to introduce a constitutional monarchy in Mexico, so that the country could go through apprenticeship to reach the condition of an independent state. . . . Does this not, perchance, erase the stain of traitor with which people have tried to tarnish his name?”

In addition to Bergoend, another key leader of the Synarchists within the Church was another Jesuit priest, Alfredo Méndez Medina. He had left Mexico before the Revolution to study theology at the University of Louvain in Belgium. (During the Cristero Rebellion, one of the two main offices of the International Union of the Friends of the National League for the Defense of Religious Liberty in Mexico was located in Louvain. The other was in Rome.) There he attended the classes of Arthur Vermeersch in Fundamental Sociology, and later went to Rheims and Paris where he heard lectures by Gustave Desbuquois and Martin Saint-Leon on Social Action. After attending Catholic congresses and “Social Weeks” in England, Holland, and Germany, he returned to Mexico in December 1911 to initiate a course in Catholic Sociology for engineers, doctors, and lawyers at the Jesuit Colegio de Mascarones.

In January 1913, a month before the overthrow of Mexican President Francisco I. Madero, Méndez Medina directed the Diet of Zamora, which decided to undertake large-scale organization of the Christian labor movement run by the Church and in opposition to the state.

When Madero was overthrown in a military coup by Victoriano Huerta, leaders of the National Catholic Party, including Eduardo Tamariz (named by Huerta as Minister of Public Education, but when the Chamber of Deputies opposed his nomination, named Minister of Agriculture and Development), Francisco Elguero (vice president of the Party), Lozano, Blanco Moheno, and Nemesio Garcia Naranjo participated in the Huerta government.

### **The Constitution of 1917 vs. the Theocrats**

Huerta in turn was overthrown by Venustiano Carranza, who ruled Mexico beginning in 1914 as First Chief of the Constitutionalist Army and was to become the first President of the Mexican Republic following the ratification of the Mexican Constitution. President Wilson accorded his regime diplomatic recognition only in October 1915. Carranza then convened the Constituent Congress of 1916-17 at Querétaro, where a new Constitution was to be drawn up. The new Constitution was influenced primarily by General Francisco Javier Múgica, a delegate from the state of Michoacán. The

proposed charter contained 130 articles. Of these, Articles 3, 5, 24, 27 and 130 severely restricted the activity of the clergy. Article 130 outlawed any political party having religious affiliation; religious orders were prohibited; clergy could not own property, teach, or vote. There was also a limit placed on the number of priests. Other articles gave land to the landless peasants, reconquered the oil rights granted foreign investors, enshrined the principle of labor-management equality, and built a modern system of public education.

Carranza was elected President under the new Constitution in April 1917, but did not act to implement the above-cited articles, since for each article of the Constitution an implementing law had to be passed by the Congress.

At the end of 1919, a group of Catholics created a new political party to contest the coming election: the National Republican Party. The leading figures were all closely associated with the old Catholic party and with the earlier Catholic Social Action during the Madero era. Heading the executive committee were Rafael Ceniceros y Villarreal (the former governor of Zacatecas), René Capistrán Garza, and Lujis M. Flores. When Carranza named Ignacio Bonillas as the official candidate for the Presidency, Alvaro Obregón, who was committed to the Constitution of 1917 and to the development of Mexico as a sovereign nation-state, launched a revolt against Carranza, and in September 1920 easily defeated the Catholic candidate, Alfredo Robles Domínguez, for the Presidency.

Because Obregón came to power militarily, U.S. recognition was initially withheld. The Harding Administration was concerned in particular about the oil expropriation provision of the Mexican Constitution. Washington withheld recognition until 1923, three years after Obregón came to power.

During this same period, Obregón made no moves to implement the articles in the Constitution designed to restrict the political activity of the Catholic Church. Nonetheless, the long-range policy of the Church was demanding nothing less than clerical domination of all education in Mexico.

Obregón moved to try to solve the land problem through the establishment of *ejidos* (communally held lands granted to landless peasants). The Church condemned these revolutionary agrarian reforms because they did not take into consideration the “just rights of the landowners,” i.e., the *hacendados*.

In 1918, the Revolutionary Worker Confederation of Mexico (CROM) was formed to aid urban workers. The Mexican bishops forbade Catholics to join these “socialist” unions.

It was enough for the bishops that the *Syllabus of Errors* had condemned socialism. The reactionaries in the Mexican Church, like the Carlists at Christendom College today, strove to reconstruct a medieval world which existed before the Italian Renaissance. With the guild, they hoped to reestablish the system of the Middle Ages. All of the organizations developed within the framework of Mexico’s Social Action movement were based on this conception.



*President Alvaro Obregón, who expelled William Buckley, Sr. from Mexico in 1921, for organizing against the nation-state of Mexico, was assassinated in 1928 before his policies of religious peace and nation-building could be realized.*

In 1920, Social Action leaders organized a Confederation of Catholic Associations of Mexico. Local juntas were appointed by bishops. In Jalisco the junta was run by eight priests. In this same time period, the Jesuit priest Méndez Medina organized a Mexican Social Secretariat, which spread the teachings of Social Action throughout Mexico.

This theocratic offensive on the part of Synarchists in the Catholic Church was met throughout this period with synarchist provocations from the left, which fuelled the religious warfare climate that eventually led to the Cristero Rebellion. On Nov. 14, 1921, for example, a dynamite bomb exploded at the foot of the Virgin of Guadalupe shrine itself at the Basilica of Guadalupe in Mexico City. On May 1, 1922, an armed attack was launched by the CROM on the ACJM headquarters in Mexico City.

The backbone of the Social Action movement was the National Catholic Labor Confederation, formed in May 1922 at a convention in Guadalajara, which was the organization's headquarters. Also, in 1922, the ACJM held its first National Congress in Mexico City. René Capistrán Garza told the delegates that the task was to reverse the "de-Christianization" of Mexico, for which he blamed the Reform of Juárez and the Revolution:

"... the work of de-Christianization begun during the Reform by Juárez, and skillfully continued by the *porfirisimo* [Porfirio Díaz, President from 1877-1911], had succeeded in suppressing almost totally any public manifestation of religious life. . . . And then came disaster; given the causes, the effects had to follow inevitably; the revolution erupted, spilling out all the evil, all the corruption that had been forming under the protecting wing of liberalism and the protection of the regime. They wanted a people without God and they got

only hordes of bandits; they wanted a nation without religion, a Fatherland without history, a civilization without ethics, and they got only disaster, ruin, decline. . . . In the midst of the inevitable and terrifying general collapse appeared a force of singular vigor and rare potency that had not been taken into account; at the hour of disaster appeared unexpectedly in the public plaza, fully armed, Catholic Youth; and with it appeared, as if surging from the depths of the national soul, as a new fertile bloom from the roots of the Fatherland, Christian civilization with all the luxuriance of its eternal youth, rising above the ruins that seemed to have demolished it forever."

In 1921, a movement was launched to erect a monument to Cristo Rey on the summit of the Cerro de Cubilete, a mountain near León. The monument, according to Mexico City Archbishop Mora y del Rio, would "enthroned the Sacred heart of Jesus all over the Republic." The Church meant to proclaim the temporal ascendancy of the Catholic religion in Mexico. It was the same spirit that led the Catholics to assert the primacy of Social Action over the program of the government. The bishops chose Jan. 11, 1923 to celebrate the laying of the cornerstone. The Apostolic delegate, Msgr. Ernesto Filippi, agreed to officiate.

Two days later, Plutarco Elías Calles, the Secretary of the Ministry of the Interior, ordered Filippi's expulsion as a "pernicious foreigner." The government ordered a halt to the building of the proposed monument.

As is clear from this case and also from the policy carried out by Calles once he became President, Obregón was much more inclined to be conciliatory both toward the United States on the oil question, and also toward the Catholic Church on the religious question, than Calles, who was allied with the Synarchists in the government and therefore took a much more provocative approach.

Obregón himself said at the time, "The present social program of the government emanating from the Revolution is essentially Christian and is a complement to the fundamental program of the Catholic Church." But the Mexican Church continued to view the Revolution as the enemy.

The Catholic labor periodical *El Obrero* in Guadalajara launched a campaign to adopt the battle cry "Viva Cristo Rey." Nonetheless, Obregón remained conciliatory, as did the Vatican, which made no statement backing the Mexican bishops.

In late 1923, early 1924, Obregón was forced to crush an armed rebellion led by Adolfo de la Huerta, who, along with Calles, had been his ally in the overthrow of Carranza.

Then, in October 1924, a Eucharistic Congress was convened in Mexico City. The bishops went ahead with ceremonies in which they consecrated the capital of Mexico City to the Sacred Heart of Christ. Because of threats of legal action by the government, the Congress closed without its planned pilgrimage to Guadalupe.

At the end of 1924, Obregón handed over the Presidency to Calles. In the fall of 1925, Calles' government presented

Congress a plan for implementing key articles of the Constitution including Articles 3, 27, 123, and 130. However, only that part of Article 27 pertaining to oil properties was implemented.

## The Creation of the National League

As the provocations intensified both from the Synarchists within the Catholic Church and those in the government, an organization was created which had long been contemplated and which became the organization that would eventually launch the Cristero Rebellion. This organization, originally conceived by Bernard Bergoend, was called the National League for the Defense of Religious Liberty.

On Feb. 22, 1925, a schismatic movement against the Roman Catholic Church was launched. The so-called Mexican Apostolic Church seized the Church of La Soledad in Mexico City. In March 1925, Calles settled the conflict by ordering the church closed to both factions.

In response, on March 17, 1925, in Mexico City the National League for the Defense of Religious Liberty was formed. The founders were Miguel Palomar y Vizcarra, Luis G. Bustos, head of Mexico's Knights of Columbus, and René Capistran Garza, president of the ACJM. Rafael Cenicerros y Villarreal became the National League president and Bustos and Capistran Garza joined him as members of the executive committee.

The idea of a national Catholic defense organization had first appeared in 1918, seven years before its formal creation, when Manuel de la Peza, Eduardo J. Correa and Miguel Palomar y Vizcarra, with the collaboration of Bergoend, decided to undertake such a project. It was Bergoend, again, who drew up the plan of organization. However, in 1918, there was insufficient support for the idea. Another attempt in 1920 also failed. However in 1925, Bergoend's 1918 blueprint was revived at the instigation of Palomar, Bustos and Capistran Garza.

On March 24, the League received a telegram from the Popular Union in Jalisco pledging its adherence to the League. The Popular Union was led by a lawyer, Anacleto González Flores, who was also the head of the League in Jalisco and the leader of a secret elite organization called the "U." González Flores was born in 1883 in the part of Jalisco known as Los Altos.

The ACJM, which Bergoend also created, and of which Capistran Garza was president, ordered all its over 100 locals to found League committees. Thus the members of the ACJM quickly became the leadership of the League, whose birth was officially reported on March 21.

In the United States, the leading Buckleyite Catholics harped on the theme of the Communist threat in Mexico, alleging that the attack of the government on the Church—and on the oil properties as well—was part of a worldwide Bolshevik plot. The Buckleyites hoped that by tying the religious persecution to the oil question, the American govern-



*President Plutarco Elías Calles was an opponent of Obregón. The left-wing Synarchists in his government gave the right-wing Synarchists in the Catholic Church the pretext for launching the Cristero Rebellion, to the benefit of Mexico's J.P. Morgan-Buckleyite enemies.*

ment might be led to intervene against Calles. Though the avowed purpose of the intervention would be to aid the oil companies, the result would be the overthrow of Calles and the defense of the Church in Mexico.

On April 21, the Episcopal Committee of Mexican bishops issued a letter which asserted the ultimate supremacy of the Church over the secular authority.

On July 14 Calles decreed the necessary laws to implement Articles 3 and 130 under authority granted him by the Congress to reform the civil and penal codes. The bishops gave the League their official sanction to launch an economic boycott. And on July 23, Calles issued his decree implementing Article 3.

On July 31 the bishops declared all religious services requiring priests suspended in all churches of the country. The bishops directed that the faithful withdraw their children from the public schools and support the economic boycott proclaimed by the National League.

When the economic boycott failed, the National League turned to armed resistance, which it had never excluded as an option. Most of the commanders came from the ranks of the ACJM or from the semi-secret organization of Catholic laymen known as the "U." In August, Capistran Garza travelled to Texas to try to meet with Gen. Enrique Estrada to offer him Catholic support for an armed revolution, in exchange for a pledge to respect the interests of Catholics. However, when he arrived, Estrada had been taken into custody for violating the neutrality laws of the United States.

On Nov. 26, a meeting was held at the residence of Bishop Pascual Díaz in Mexico City of lay leaders and the bishops to consider whether armed resistance was justified.

Representing the League were Ceniceros y Villarreal, Luis G. Bustos, Palomar y Vizcarra, Carlos F. de Landero, Manuel de la Peza, and Juan Laine, as well as their ecclesiastical advisor, the Jesuit priest Alfredo Méndez Medina. A second meeting took place four days later. The League was represented also by its other clerical advisor, Rafael Martínez del Campo, like Méndez Medina, a Jesuit priest. After the second meeting, Bishop Pascual Díaz said in effect that the bishops did not endorse the rebellion, but at the same time did not forbid the League to join the Cristero rebels in “armed defense.”

Fathers Méndez Medina and Martínez del Campo then assisted the League Directive Committee in working out the blueprint for armed revolution to overthrow the Mexican government.

In the last week of December, the League issued a manifesto entitled “To the Nation,” signed by Capistran Garza. It attacked “the implacable rule of a regime of armed bandits over a defenseless, honorable, patriotic population.”

“Destruction of religious and political liberty, of freedom of education, labor, and press; denial of God and the creation of an atheistic youth; destruction of private property through plunder, socialization of the national strength; ruin of the free worker by means of radical organizations; repudiation of international obligations: such is in substance, the monstrous program of the present regime. In a word, the deliberate and systematic destruction of the Mexican nationality.”

The manifesto appealed to the “sacred right of defense” as the justification for the resort to arms and proclaimed “the necessity of destroying forever the vicious rule of faction in order to create a national government.”

Armed action in the Federal District of Mexico was prepared at a meeting in Mexico City on Dec. 28. The Special War Committee was represented by a young engineer, Luis Segura Vilchis, who would later attempt to assassinate General Obregón. The commander of the planned uprising was Manuel Reyes, who had been a military officer under Emiliano Zapata (a leader from the state of Morelos who led the Army of the South during the Revolution of 1910), and who had been “catechized” by a nun, Madre Conchita. On Dec. 31, most of the group attended mass at Madre Conchita’s convent. She gave the group a Mexican flag to which were affixed images of the Sacred Heart and the Virgin of Guadalupe. A few of the young men tried to see Father Bergoend, but according to one account, could not locate him.

In December, while still in the United States, René Capistran Garza was named as supreme commander of the movement. Palomar y Vizcarra, who had also worked with Bergoend to form the League, was named to replace Capistrán Garza on the three-man Directive Committee of the League. In the same month, Enrique Gorostieta y Velarde, a native of Monterrey and an Army officer under Porfirio Díaz, assumed supreme command of all the Catholic forces in the West, with the blessing of Archbishop Mora y del Rio. Gorostieta himself

was a freemason.

Thus, by December 1925, the decades-long work of Bernard Bergoend and the Jesuit Synarchists in the Mexican Catholic Church, aided by radical synarchist elements in the government allied to President Calles, had finally brought Mexico to the point of armed rebellion. However, it must be noted that there was never any possibility that the Cristeros would succeed in taking power. The objective of those who pulled the strings was to use them as cannon fodder to prevent the sovereign development of Mexico and to ensure the faithful payment of the Mexican debt to the Morgan banks and to guarantee conditions favorable to the Anglo-American oil companies.

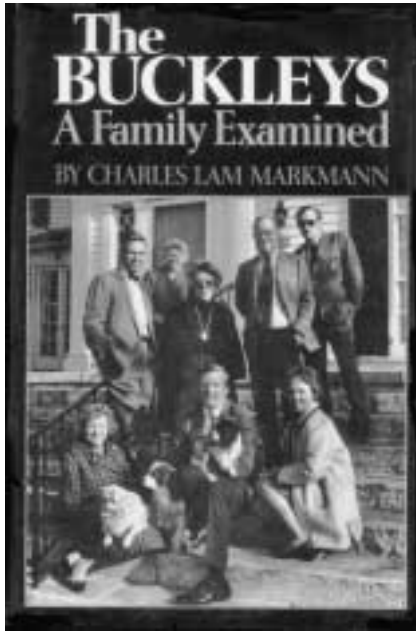
### **The Role of William F. Buckley, Sr.**

The most prominent of the latter interests was William F. Buckley, Sr., who owned and ran Pantepec Oil Company in Mexico in 1913. He was opposed to the policy of the Woodrow Wilson Administration, which was to support Pancho Villa (who was from the state of Chihuahua and led what was called the Northern Division during the 1910 Revolution) against the government of Victoriano Huerta. In fact, Buckley served as counsel to the oligarchic Mexican government of President Huerta at the Niagara conference of “ABC” powers—Argentina, Brazil, and Chile—that mediated between the United States and Mexico after the U.S. naval bombardment of the port of Veracruz in April 1914. So influential was Buckley in Mexico, that he was actually offered the military governorship of Veracruz by the U.S. government, an offer which he refused.

After the overthrow of the Huerta government by Venustiano Carranza in 1914, Buckley opposed recognition of the Carranza government by Washington, and later exerted his influence in opposition to the 1917 Constitution.

On Dec. 6, 1919, he testified before a subcommittee of the Senate Foreign Relations Committee as follows: “I think we should settle this matter with Mexico without reference to Latin America or to what Latin Americans or anybody else thinks. I think we should settle it in the right way without reference to anybody else. . . . Latin America respects us more when we attend to our own business and do not call Latin Americans in for consultation. Our relations with Mexico are our own business and nobody else’s.” Although Buckley claimed to be an opponent of armed intervention, he concluded his testimony by saying, “Nothing would have raised our prestige so in Latin America as the dispatching of an army across the border the first time an American was touched and the execution of all those who had injured him.”

Also, Buckley never denied his involvement in the failed counterrevolutionary movement led by a Gen. Manuel Pelaez, whose ammunition train, sponsored by Buckley, got lost, as its Washington representative, an old intimate of Buckley, was announcing himself to the State Department in Washington as the Pelaez “government’s” representative.



*William F. Buckley, Sr. fostered the Cristero revolt on behalf of Anglo-American financial interests. Ninety years later, his son William F. Buckley, Jr. is a coordinator of Carlist/Synarchist operations against LaRouche. In this photo, the younger Buckley is seated; the elder is standing to his left.*

Once Warren Harding was elected U.S. President, replacing Wilson, Buckley campaigned against recognition of the Mexican government of Alvaro Obregón.

In 1921, he, along with Thomas W. Lamont of J.P. Morgan, formed the American Association of Mexico, with offices in New York City and Washington, D.C. The AAM aimed at undoing the confiscatory oil legislation, restoring special privileges of U.S. citizens in Mexico, and eliminating provisions of the Mexican Constitution that forbade American clergymen of any denomination to exercise their religious office in Mexico.

Thomas Lamont was also the head of the International Bankers Committee, which later negotiated a deal with Mexico to guarantee Mexican foreign debt payments to the international banks.

In November 1921, Buckley was expelled from Mexico for “counterrevolutionary conspiracy” by President Alvaro Obregón. Buckley had lost many of his properties, when they were taken over by Obregón’s government.

During the Cristero Rebellion, the military head of the National League, René Capistrán Garza, visited William F. Buckley, Sr. in San Antonio, Texas. Buckley proposed to offer the Mexican rebels \$500,000 to aid their revolution. Buckley saw an opportunity to recoup his fortunes in Mexico by financing the Cristeros in their attempt to overthrow the Calles regime.

Buckley did not intend to furnish the money himself. Instead he offered to introduce Capistrán Garza to Nicholas Brady, who, Buckley said, would give the League representative the \$500,000. Brady was president of the New York Edison Company and the United Electric Light and Power Com-

pany in 1926. He was the first American layman to receive the title of papal Chamberlain and was a close personal friend of Pius XI and the papal Secretary of State, Cardinal Gasparri.

Buckley was helped in this endeavor by a Dr. Malone, another well-known New York Catholic who was Gov. Alfred E. Smith’s personal physician.

Reportedly Capistrán Garza never got to see Brady, because Mexican Bishop Pascual Diaz interceded with Buckley to discourage him from financing the Cristeros. Diaz reportedly told Buckley that the Catholic hierarchy wanted a coalition government led by liberals. Anne Carroll, in her book *Christ and the Americas*, makes a point of claiming that Buckley decided against financing the Cristeros. She, along with her husband, Warren Carroll, were intimates of William F. Buckley, Jr.’s brother-in-law, L. Brent Bozell, who married Patricia Buckley.

The issue is not whether Buckley personally financed the Cristero movement. The fact is that Buckley encouraged and incited the Cristero movement with the promise of financing. Nor is there any definitive proof that he did not arrange financing in some other way.

For example, in 1926, the Knights of Columbus in the United States passed a resolution stating that they would “assess our membership to the extent of one million dollars” and “pledge the support and cooperation of 800,000 men who love God.”

One Department of Justice report from San Antonio on Aug. 19, 1926 stated that there were two American Knights of Columbus associated with a group of Mexican clergy and laymen, who were endorsing the leadership of Félix Díaz in the plan to overthrow Calles. Díaz was to be advanced \$5 million by the “Knights, the Catholic Church and monied interests” provided he “would restore the Church and grant certain concessions to oil companies doing business in Mexico.”

Another indication of foreign support for the Cristeros is the report from Mr. Montavon, a Mexican formerly associated with oil interests in the United States, and the legal advisor to the U.S. National Catholic Welfare Conference (NCWC), that British Pearson or Cowdray oil interests in Mexico had incited “militant Catholic elements.” Montavon reported that oil interests had come to him and offered to supply \$25-50 million, if the Catholics would supply 2 million men. Although this offer was refused, the report of the offer gives an indication of how the Cristero Rebellion was being used.

What complicated matters for Buckley and other oil interests was the fact that the United States imposed an arms embargo in February 1924 against all groups in Mexico, save the recognized government of Obregón. In the Fall of 1926, President Calvin Coolidge made this embargo absolute for all groups in Mexico, since Calles was supplying arms to Sacasa’s faction in Nicaragua—the opposition element to that supported by the United States. On March 8, 1929, President

Herbert Hoover announced the continuation of the previous administration's arms embargo policy, i.e., to supply arms to the recognized Portes Gil regime only. On July 18, 1929, less than a month after the conclusion of the *modus vivendi* between the Church and the Portes Gil regime, the United States lifted the arms embargo.

Despite the fact that Buckley and others clearly shared the synarchist ideology of the Cristeros, they used the Cristeros as cannon fodder in order to put pressure on the Mexican government to make concessions in respect to foreign oil interests in Mexico and in respect to international debt payments.

## The Politics of Oil

As can be seen from the above account of the roles of Buckley and Lamont, the Cristero Rebellion was directly related to the question of foreign investment in Mexican oil and to the question of Mexican debt to the international banks, which were represented by Lamont of J.P. Morgan.

The 1917 Constitution contained 130 articles. Article 27 provided that "in the nation is vested the direct ownership of oil." It also placed restrictions upon the acquisition of property by foreigners and vested in the nation the possessions of the religious institutions known as churches. Thus, Article 27 included an attempt on the part of the Mexican Revolution to establish its sovereignty over the natural resources of Mexico and in particular its oil resources and at the same time over the material resources of the Church.

While Obregón was President of Mexico, as reported above, the U.S. withheld recognition of his government for three years. It was only recognized in 1923 after Obregón had reached an agreement with the United States on the oil question, the so-called Bucareli agreement of 1923, in which Mexico stipulated that oil lands acquired between 1876 and 1917 by foreign investors, such as William F. Buckley, Sr., could be held in perpetuity. Although Obregón had expelled Buckley from Mexico in 1921, after the Bucareli agreement, the next President of Mexico, Calles, invited him to return in 1924.

However, before the Cristero Rebellion was launched, the principle laid down in Article 27, that in the nation is vested the direct ownership of oil, was embodied in the Petroleum Law of Dec. 26, 1925, which was to become effective on Jan. 1, 1927. This law declared oil to be the inalienable property of the nation. Owners of oil lands who had either begun exploitation before May 1917 or had committed some "positive act" indicating their intention to exploit the oil, were required to obtain the grant of a new right in the form of a concession for 50 years instead of the perpetual right already acquired.

Unless such a new concession were applied for within 12 months, the original perpetual right would be regarded as null and void. A further provision required the insertion

of the so-called Calvo Clause, whereby foreigners owning property in Mexico could not claim diplomatic protection from their own governments, but must be subjected to Mexican jurisdiction.

The Petroleum Law of December 1925 was embodied on April 8, 1926 in a series of regulations, giving wide powers of action and interpretation to the Ministry of Industry and Commerce. Only a small proportion of the foreign oil companies complied with the 12-month regulation, with the result that on Jan. 2, 1927, the concessions of several important American companies were legally null and void.

As even Jean Meyer reports, "Calles resented, as though it were evidence of treason, the chronological coincidence between the religious conflict and the difficulties with the U.S. that arose in January 1926. To the government, the collusion between the Church and the foreigners—that is the U.S. and the oil companies—was so glaringly obvious that it was pointless to look for proof of it. Oil explained everything."

There can be no doubt that this connection was essential and that the Cristero Rebellion with its emphasis on opposition to socialism and defense of private property appealed to the oil interests for support and at the same time was used by the oil interests as a battering ram against the Mexican government to force a reversal of the Petroleum Law of 1925.

## Dwight Morrow and the End of the Cristero War

After nearly two years of warfare, with neither the Cristeros, who lacked ammunition, able to overthrow the government, nor the government, which was badly damaged by the rebellion economically, able to completely suppress it, the United States intervened to pressure the Mexican government to resolve the interrelated oil, debt, and religious questions. Thus in 1927, Dwight Morrow, a college friend of President Coolidge and a partner at J.P. Morgan, was appointed U.S. Ambassador to Mexico. He arrived there on Oct. 23, 1927.

Morrow resigned from J.P. Morgan before accepting the assignment, and although his connection to J.P. Morgan is significant, he was clearly not just an agent of the Morgan interests. In 1925, he had been chair of the Committee on Military Affairs, which investigated the charges leveled by Col. William Mitchell (head of the Army Air Service) on the inadequacy of U.S. air defense. Also of note is that fact that before accepting his assignment to Mexico he had made the acquaintance of Col. Charles A. Lindbergh and suggested he fly to Mexico City. Lindbergh arrived in Mexico on Dec. 14, 1927. Later, Lindbergh was to marry Morrow's daughter. (In 1940, long after Morrow died in 1931, his daughter, Anne Morrow Lindbergh, wrote a book entitled *The Wave of the Future: A Confession of Faith*, which was favorably reviewed by the wife of William F. Buckley, Sr.)

Within a month of Morrow's arrival in Mexico, on Nov. 13, a bomb was thrown at General Obregón, in an unsuccessful assassination attempt. It was blamed on Father Miguel Pro, another Jesuit priest, with the same profile as Bernard Bergoend and Méndez Medina. He had joined the Society of Jesus in 1911 and took his vows two years later. He then spent several years abroad studying in California, Nicaragua, Spain, and then Belgium, returning to Mexico City in 1926.

The person who constructed the bomb was Luis Segura Vilchis, the League's chief of military control in the Federal District of Mexico. He was put in this position because of his outstanding leadership in the ACJM in Mexico City. During the attempt, two conspirators were arrested, Juan Tirado and Nahum Lamberto Ruiz, the latter of whom suffered a head wound, from which he later died. Two escaped, Segura Vilchis and José Gonzáles. The latter, on instructions from Segura Vilchis, had borrowed the car used in the attempt from the League's regional delegate in Mexico, Humberto Pro Juárez. This led to the arrest of both Humberto Pro and his brother Roberto, both of whom were members of the National League, and to the arrest of their brother Father Miguel Pro, who himself worked with the League. Roberto was released, but Father Pro, Humberto Pro, Segura Vilchis, and Juan Tirado were all executed on Nov. 23, 1927.

After his initial escape from the scene of the attempt, Segura Vilchis paid a visit to the home of one Roberto Nuñez, which was the hiding place of the Directive Committee of the League. The Committee had discussed the possibility of killing Obregón, but had voted not to approve the move. Palomar y Vizcarra, however, proceeded on his own responsibility. He received Segura Vilchis in an adjoining room; Segura told him, "Your orders have been carried out." Palomar y Vizcarra gave this account before his death to Antonio Rius Facius in July 1968.

Obregón was to replace Calles as the next President of Mexico when Calles' term in office expired on Nov. 30, 1928.

In the context of the crisis surrounding this failed attempt, Morrow proceeded to negotiate an end to the oil crisis with Calles. Morrow suggested that the crisis could be resolved legally were it determined that the provisions of Article 27 and of the Petroleum Law violated another part of the Constitution, Article 14, which prohibited retroactive application of a law. On Nov. 17, 1927, the Mexican Supreme Court handed down a decision at the direction of Calles, that Articles 14 and 15 of the Petroleum Law were unconstitutional. On Dec. 26, 1927, Calles sent a message to the Congress asking them to amend these articles accordingly. The bill passed on Dec. 28 and was ratified by Calles on Jan. 3, 1928. On Jan. 11, 1928, the bill entered into force, and a new draft of regulations was accepted by the U.S. oil companies.

Thus, both in 1923 and in 1927, the Mexican government, under pressure from the United States and the anti-government policies of the Synarchists in the Mexican Catholic Church, backed away from the provisions of the Constitution

of 1917 asserting national control of Mexican oil and made concessions to American and other foreign oil interests.<sup>1</sup>

Once the oil question had been resolved, Morrow proceeded to tackle the problem of ending the Cristero Rebellion. On April 4, 1928, a meeting was arranged by Morrow between Calles and Father John J. Burke, General Secretary of the U.S. National Catholic Welfare Conference, in the island fortress of San Juan de Ulloa at Vera Cruz, with Morrow present. Progress was made, and the Mexican bishops met in San Antonio, Texas, where they demanded that Calles receive Msgr. Leopoldo Ruiz y Flores to confirm the promises made to Burke by Calles. The meeting took place on May 17, 1928. Afterwards Ruiz left for Rome to obtain approval. However, while in Paris, Ruiz gave an interview to the press, which resulted in a postponement of the negotiations.

Progress was further delayed when on July 17, 1928, Obregón, who on July 1 had been elected the next President of Mexico, was assassinated by José de León Toral, just hours before he was scheduled to hold a meeting with Morrow. Toral had known Segura Vilchis and had been a friend of Humberto Pro and had in fact replaced Humberto Pro (after his arrest and execution for the 1927 attempt on Obregón's life) as the agent of the League in the Colonia de Santa Maria la Ribera in Mexico City. His attorney at trial was Demetrio Sodi, whose daughter, Maria Elena Sodi de Pallares, wrote a book about the case.

The irony is that Obregón, while President in 1923, had made an agreement with the United States on oil and had also been more conciliatory toward the Catholic Church than Calles. Thus, his assassination was an attempt to sabotage a resolution of the religious war that had been unleashed under Calles. Certainly the synarchist National League, which ran the Cristeros, saw Obregón as someone who would favor a *modus vivendi* with the Church, and this ran counter to its ultramontanist policy. On the other hand, the immediate suspicion of supporters of Obregón, was that Calles himself was behind the assassination. Pressure from the supporters of Obregón forced the removal from office of Roberto Cruz, the chief of police who would have headed the investigation, and who had not been on friendly terms with Obregón. Luis Morones, president of the CROM, was also forced to resign as Secretary of Industry for the same reason.

Eventually Toral was found guilty and executed and the nun, Madre Conchita, was imprisoned for 20 years for her complicity in the assassination.

### **Rome Never Endorsed the Cristero Rebellion**

It should be noted that both before and during the Cristero Rebellion, the policy of the Vatican was one of conciliation.

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1. This same issue is once again on the agenda today. During the Presidency of Lázaro Cárdenas in 1938, the Mexican government did proceed to nationalize Mexican oil. Today, pressure is coming once again from the United States, that that nationalization be reversed and the oil privatized. Virtually on cue,



This was not a war that had the approval of the Pope: directly the contrary.

According to even Jean Meyer, Rome made every effort to avoid the events of 1926, and it imposed the peace, without consultation with the League, in 1929. It never gave its approval to the insurrection, and it forbade priests to take part in it. In the period prior to 1926, Rome lent more credence to the Mexican government than it did to the Mexican bishops. Rome called the unruly bishops to order, condemning their “incorrect behavior” both in 1923 and in 1924, i.e., in respect to the monument to Christ the King and the Eucharistic Congress.

Rome’s silence was never broken, except to deny that any blessing had been given to the combatants. Furthermore, the Pope had dissolved the committee of Mexican bishops in Rome, and stated that both bishops and priests should abstain from giving moral or material assistance to the insurgents. The Vatican’s attitude of merely waiting on events, in the course of the Summer of 1926, gave way to opposition to the armed rising, because it was hampering the negotiations being carried on first with Obregón and later with Calles. The Papal Nuncio, Fumasoni Bondi, even wanted the bishops to condemn the League and the Cristeros publicly.

Even among the Mexican bishops there was division in the ranks. On Nov. 1, 1926, the Episcopal committee stated that the Episcopate had never said that what was happening in Mexico was a case of legitimate armed defense on account of the exhaustion of all peaceful methods of struggle against tyranny. Twelve out of 38 bishops denied that they had the right to rebel, while three congratulated them. Two of the three, reprimanded by Rome, obeyed the orders of the Nuncio and ceased to support the movement. The other refused to yield and was deprived of his diocese.

The settlement, which had been possible before Obregón’s assassination, was as a result delayed. In February 1929, the Cristeros finally succeeded in making an alliance to overthrow the successor to Calles, Portes Gil. As the Cristeros had attempted to do earlier in the failed attempt to ally with Estrada, this time they formed an alliance with José Gonzalo Escobar and his “Renovators.” The deal struck was that the Cristeros would ally with Escobar if, in exchange for Catholic support, he would provide guarantees of religious freedom. The revolt began on March 3, 1929 and was defeated by Calles who came out of retirement to lead the Mexican Army.

After the defeat of this revolt, in May 1929, Portes Gil indicated a willingness to compromise to end the conflict. An agreement was reached on June 19 and approved by the Vatican on June 21, 1929.

An indication that at least some in the Mexican Catholic

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efforts are once again being made to stoke the fire of religious conflict. On June 12, the son of Jean Meyer, Lorenzo Meyer, wrote an article in *Reforma*, which asserts that the conflict between Church and State which led to “open and brutal civil war” in Mexico several times in the past, is back on the agenda.

Church today may have learned the lessons of the Cristero Rebellion, was given by Cardinal Norberto Rivera of Mexico City, who gave a homily on June 18, 2003 in honor of the patron saint of politicians, St. Thomas More. The Cardinal called upon Mexican political leaders and those holding public office, to “promote and consolidate a great reconciliation . . . that will lead to a great national accord, where the good of Mexico is above the parties and above personal or group interests.”

According to the Church-linked website, [www.Zenit.org](http://www.Zenit.org): “At the end of his homily, the Cardinal pointed to an objective of that reconciliation being the three great currents which are conjoined in Mexico: the indigenous, the liberal and the Catholic.”

### **Mexico’s Foreign Debt**

Once the Cristero Rebellion was officially ended by the Vatican, the final pressure that was placed on Mexico was to come to an agreement on the debt with Thomas Lamont of J.P. Morgan, who headed up an International Bankers Committee.

Under President Porfirio Díaz, the Mexican debt, external and internal, which had been accumulating since 1822, was reorganized on a much-reduced scale and gradually repaid. This restored Mexican credit to a point which permitted the government to borrow in the world markets at 4.25% (1904 and 1910). After the fall of Díaz, the service of the foreign debt was continued until Jan. 1, 1914, when the Mexican government defaulted. In 1919, the International Committee of Bankers on Mexico was constituted, under the chairmanship of Lamont, “for the purpose of protecting the holders of securities of the Mexican Republic, and of the various railway systems of Mexico, and, generally of such other enterprises as have their field of action in Mexico.” These securities were held to the extent of about 35% in England, 23% in France, 20% in the United States, and the remainder largely in other European countries. In 1922, Lamont negotiated an agreement for partial resumption of the service on the bonded debt of the government and of the railways (which in 1925 was revised by the Lamont-Pani agreement, under which full service was to be resumed in 1928). It was owing to the impossibility of this resumption that Montes de Oca, in 1927, 1928, and finally in June and July 1930, carried on negotiations with the committee with a view to arranging modification of the previous agreement.

Interestingly, Morrow disagreed with Lamont. The former advocated that Mexico ought to consider itself bankrupt, “and should impose on itself the same obligations with reference to its creditors as a court would impose upon an insolvent corporation. . . . I think it in the interest of all creditors (including bondholders) that Mexico should divide the available surplus on the same equitable principle rather than in some wholly haphazard way.” The equitable principle which he advocated was that the current revenues must first be used to meet current obligations—salaries current or in arrears, bills

for services and supplies and not be earmarked in the interests of any single class of creditors, internal or external.

“I regret,” he wrote to Vernon Munroe, “that the International Committee still feels it desirable to have a contract rather than to use its great influence with the Mexican Government in the formation of a program. In this, however, the International Committee is merely following the same course that is followed by the other creditors. The result is that none of the contracts can be relied upon as effective. . . . The International Committee must realize that its contract can only be kept by the Government’s breaking other contracts made by the same authorities to be performed during the same period.”

On July 25, 1930 an agreement was signed at 23 Wall Street between Lamont and Oca, under which the Mexican external debt was scaled down by 763,000,000 pesos, and a new consolidated debt was created, secured on the customs revenues. Full service on this debt was not to begin until 1936.

J.P. Morgan had won and Dwight Morrow’s proposal was rejected. Thus, in the course of the Cristero Rebellion, the program of the American Association of Mexico, created in 1921 by Buckley and Lamont, had obtained its objectives: to force the Mexican government to back down on implementation of the Constitutional provision asserting sovereign national control of its oil reserves for the purpose of nation-building; and to force Mexico to pay its foreign debt to the international banks even at the expense of the well-being of its population. And ultimately, the purpose was to prevent a U.S.-Mexican alliance for mutual economic development: as envisioned by U.S. President Abraham Lincoln and Mexican President Benito Juárez; by U.S. President Franklin D. Roosevelt in his Good Neighbor policy; and by U.S. Democratic Presidential pre-candidate Lyndon LaRouche in his 1982 *Operation Juárez* policy proposal.

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## The Cristeros Rebellion and the National Synarchist Union

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The true nature of the Cristero Rebellion and those, such as Bernard Bergoend, who orchestrated it, is further made clear by an examination of the continuity between the Cristero Rebellion and the formation of the National Synarchist Union in Mexico in 1937 by the fascist Spanish Falange, in the service of the Nazis, who actually pulled the strings.

As indicated previously, intransigents among the Cristeros refused to accept the Vatican’s policy of reconciliation. These were led by none other than Bernard Bergoend, the synarchist architect of the Cristero Rebellion. It was he who founded the “League of the O” or the OCA (Organization-Cooperation-Action), which in the 1930s became the basis for the National Synarchist Union and the PAN, which now controls the Presidency of Mexico.

In 1933-34, the Church-Falange Council was created, tak-

ing off from the O League, and is known as the Council of Hispanidad, or simply The Base. According to Jean Meyer, the National Synarchist Union was Section 11 of The Base. According to *The PAN* book, the PAN was Section 1. The workers section was made up of the “Guadalupan Laborers,” controlled by Antonio Santa Cruz, whom Meyer mentions as chief of The Base.

Between 1934 and 1938 a second, less intense Cristero War took place in Mexico, and in 1937, in the midst of this war, the National Synarchist Union was officially formed.

The coherence of the ideology of the Cristeros and the National Synarchist Union is made clear in two books. The first, by the Benedictine priest Alcuin Heibel, published in February 1943, is entitled: *Synarchism: The Hope of Mexico’s Poor*. This apology for Synarchism is, on the one hand, a total coverup of the connections between Synarchism, the Nazis, and the Spanish Falange; but on the other hand, it underscores the connection between Synarchism and the fascist elements in the Catholic Church.

Heibel characterizes Synarchism in Mexico as a Christian Social Movement. “Synarchism has been a natural and Christian development.” It is a “thoroughly Christian and Mexican movement.” As such, “the Synarchists are not connected with any ‘ism,’ of Russia, Germany or Spain.” “The Synarchists are not anti-U.S., they certainly are not Nazis or Falangists.”

“During the years from 1935 to 1940, the implacable iron hand of Cárdenas, in close alliance with Russian communism, seemed to extinguish Mexican life. The people, who refused to perish, reacted with all the strength of their souls, seeking something that would put an end to revolutionary anarchy. On May 23, 1937 they found Synarchism.” This is the period of the Second Cristero War from 1934-38.

Echoing the view of Bernard Bergoend, Heibel writes that Religion, in Mexico, represents National Unity. And devotion to Our Lady of Guadalupe is the common bond uniting all Mexicans with a spirit of fraternity.

“To remain in power, they [the Mexican government] have made use of communist plans and doctrines, as those imported from the USSR, thus increasing the anarchy that already existed, and threatening the establishment of a ‘dictatorship of the proletariat’ in Mexico.

“Any attempt at organization, at the elevation of the masses, at national unity, can never be successful if it is not based on the nation’s traditional ties of unity and progress: Country and Religion.

“In the place of the anarchy that has reigned in Mexico, order, discipline, work, study, honesty, authority, morality, religion are called for. To reestablish this is the program of Synarchism.

“The principles of the Synarchist doctrine are absolutely in agreement with the social norms of the Catholic Church.

“The historical genesis of Synarchism and its philosophic doctrine separate it completely from all forms of totalitarianism: communist or nazi.”



Spanish Falangists celebrate the victory of their fascist party in 1939. The Nazis brought Gen. Francisco Franco to power and then utilized the Falange to set up Mexico's Nationalist Synarchist Union and the PAN.

Heibel then summarizes the Synarchist program in Mexico:

"Synarchism, the antithesis of Anarchism, is a civic movement which endeavors to reestablish in Mexico the Christian social order destroyed by anarchy. We condemn communism, totalitarianism, dictatorships, and tyrannies.

"We affirm the right to private property.

"Synarchism will not rest until it has established a regime of Social Justice in Mexico, nor until it has effected an equitable distribution of wealth.

"Synarchism, briefly, seeks, as has been said, to restore in Mexico the Christian social order.

"It is a spiritual militia. . . . We constantly seek the derogation of Article 3 of the Constitution, which imposes upon all schools, both public and private, a system of 'socialist' education. Synarchism has saved Mexico from Communist totalitarianism, the false golden dream of the Mexican Revolution.

"The government of Mexico, specially during the six years of the regime of General Lázaro Cárdenas, attempted with all its force to impose Communism upon the nation. . . .

"Synarchism is the negation of atheism and of communist irreligiousness.

"Synarchism has been maliciously slandered with the accusation of being influenced by nazis, fascists, falangists, etc., and thus constituting a 'fifth column' at the service of totalitarianism."

The second book is Jean Meyer's *Synarchism: Mexican Fascism?*, which in contrast to Heibel, does characterize the National Synarchist Union as fascist. But he concludes that the Synarchists were fundamentally "national-populist and Catholic." Meyer himself, who clearly supported the "patriotic" Cristeros, is not unsympathetic to the Synarchists, as is evident in his letter to Salvador Abascal, the leader of the Mexican Synarchists from 1939-41, which Meyer signs: "Your faithful servant and brother in Our Lord Jesus Christ."

As Meyer writes: "They [the Synarchists] don't hide their sympathies towards Salazar and Franco, and yes, when the U.S. officially went into war, they shared the sympathies of their troops (and of almost all the Mexican people) towards Germany."

Meyer quotes Juan Ignacio Padilla—one of the leaders of the Synarchists, who had overt fascist sympathies: "Frequently there is admiration for the spirit and iron will of those people who were able to uplift their countries from the most ominous prostration to a level of material progress and an astonishing war power. Even the pomp, such as the salute, the discipline and all the good things that proclaim the spirit of those people, such as the national mystique, all of that made an impression among many of us and we were willing to follow suit."

(Juan Ignacio Padilla wrote a book entitled, *Sinarquismo: Contrarevolución*. As the second in command of the National Synarchist Union, he published an editorial in their newspaper calling for a coup d'état against Mexican President Avila Camacho, the successor to Cárdenas, that prompted the Mexican government to dismantle the National Synarchist Union.)

As to whether the Synarchists were fascist, Meyer says: "The least mistaken of all possible comparisons should not be looked for in Brazilian Integristism (a similar ideology but which lacked the same popular audience) but in the Romanian side, with the Legion de San Miguel, with the Iron Guard.

"This current of thought of intransigent Catholicism was born in the French Revolution, claims to be counterrevolutionary, established itself with Gregory XVI, grew under Pius IX (*Quanto Cura, Syllabus of Errors*). Following this line, Synarchism adopts for itself the fight against the three 'Rs': the Renaissance, the Reforms (Protestant and Mexican), and the Revolution (French, Soviet and Mexican).

"The great national heroes of the Independence War are presented as reactionaries."

On the anti-Semitic and fascist views of Synarchism, Meyers reports that in numbers 5 and 6 of their newspaper in 1939, they wrote: "Jews in Mexico are undesired, not because of the stupid racist prejudice, but because of the kind of activities they have been developing." But on the other hand, in the Sept. 23, 1940 issue of their newspaper, Abascal advises reading anti-Semitic material such as that of Kahal-Oro, Hugo Wast, "The Protocols of the Elders of Zion and the Jewish International."

In May 1941, Abascal, an avowed anti-Nazi, praises Hitler: "Hitler is like the great whip of God, a military genius. . . . When he's done with his mission, to destroy Russia, he will go through what all instruments of God go through, he will break into two pieces."

As for Franco, Abascal says: "I have always considered that Mexico's salvation relies on its Catholic spirit, it's Catholic Tradition, and because we have received this from Spain, our links to Spain must be strengthened with the Hispanist spirit. And given that Franco was the one who restored the Hispani-

dad in Spain, with Spain we have a mystic, ideological-type of relationship.”

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## Nazis Used the Falange To Create a Synarchist Fifth Column in Mexico

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While Heibel hysterically defends the Synarchists against charges that they are Nazis and Falangists, and Meyer admits that the Synarchists are indeed fascists, at least “on the edges,” both authors reveal that the National Synarchist Union has the same ideology as Bernard Bergoend and the Cristeros. But the reality is that the National Synarchist Union and its ideology, whose origins we have located in the movement that created the Cristeros, was in its 1937 creation a fifth column for the Nazis. This is documented in a book written by Allan Chase in 1943, entitled *Falange*.

The basic thesis of Chase’s book is backed up by confidential reports submitted by Harold P. Braman, Assistant U.S. Naval Attaché at Mexico City, written in October 1941, to which reports Chase may very well have had access. As Braman’s report states:

“Mexican Sinarquistas are a dangerous totalitarian group controlled by Spanish Falangists and the Church, with Nazis pulling strings behind scenes. Requested report traces historical background showing Sinarquismo is outgrowth of church groups formed during days of bitter state-church strife. Sinarquista program, designed by Falangists, aims to establish totalitarian state under control of Spain, with Mexico forming a part of a new Spanish empire which would be dominated by Germany. Sinarquistas organize by means of a communist-type cell system, the priests of church supplying names of eligibles to organizers. . . . Accion Nacional [PAN] is an interlocking group from higher strata of Mexican life and forms part of Falangist movement.”

According to Chase, Hitler made Gen. Wilhelm von Faupel chief of the Ibero-American Institute in Berlin. Von Faupel already had significant experience in Ibero-America. In 1911, he joined the staff of the Argentine War College in Buenos Aires; in 1921, after World War I, he was the military counselor to the Inspector General of the Argentine Army; in 1926, he had a high military post in the Brazilian Army, and later in 1926 became Inspector General of the Peruvian Army. He also had close ties to Fritz von Thyssen and IG Farben, and was convinced that the key to dominating Latin America was Spain.

The Nazis divided Ibero-America into five divisions: 1) Argentina, Uruguay, and Paraguay; 2) Brazil; 3) Chile and Bolivia; 4) Peru, Ecuador, Colombia, and Venezuela; and 5) Panama, Central America, and Mexico. In order to dominate Latin America through Spain, they had to crush the Spanish Republic. Therefore, the Third Reich conspired with officers of the Spanish Army to bring Franco to power.

Faupel decided to work through the Falange of José Antonio Primo de Rivera, whose social theories Fernando Quijano was to advocate in the 1990s. Berlin gave the Falange its principles, which included: “We have the will of an Empire and assert that the historic legacy of Spain is the Empire. . . . Regarding the Latin American countries we intend to tighten the links of culture, economic interests and of power, Spain claims to be the spiritual axle of the Spanish World as a recognition of her universal enterprises. Our state will be a totalitarian instrument at the service of the country. . . . No one shall participate through political parties. Party lines shall be ruthlessly wiped out. From the economic standpoint we figure Spain as a gigantic producers syndicate. We repudiate the Capitalist system. . . . We also repudiate Marxism. . . . Our movement incarnates a Catholic sense of life—the glorious and predominant tradition in Spain—and shall incorporate it to national reconstruction.”

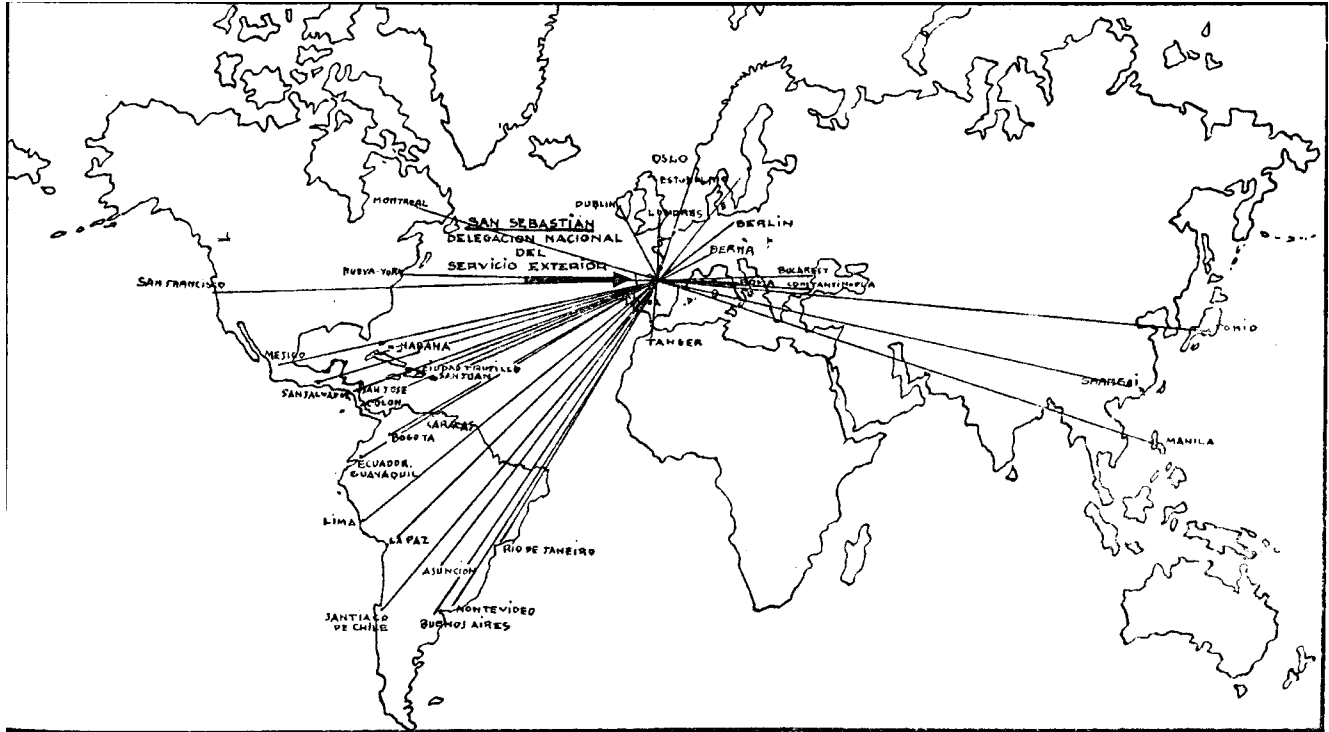
The entire Franco coup was organized by the Nazis. Afterwards von Faupel created the Falange Exterior—the Spanish-speaking division of the Foreign Organization of the German Nazi Party. The Nov. 18, 1936 execution of Primo de Rivera gave the Falange a martyr. The world was led to believe that Serrano Suner, Franco’s brother-in-law, was in charge. But instead, the Falange was placed under the direction of a group of anonymous German-trained Spaniards acting under von Faupel.

The Decalogue for the Comrades abroad included: “Defend without compromise the union of all Spaniards all over the world, under the traditional and revolutionary symbol of the yoke and arrows; Obey the Caudillo (Franco), leader of our people in war and peace; Maintain the brotherhood of the Falange and behave always as national Syndicalists with justice, sacrifice, and discipline; Fight with faith, for the triumph of Hispanidad; and Pay perpetual homage to the memory of José Antonio.”

As Chase writes, “Twentieth-century Hispanidad is one of the many brain children of Wilhelm von Faupel.” In 1940, von Faupel created a new body in Madrid, the Council of Hispanidad, which was officially formed by the decree of the Spanish state on Nov. 7, 1940.

Under Nazi supervision, the Falange was created in Mexico within weeks of the start of the Spanish Civil War. When German, Italian, and Japanese legations were expelled in 1941, the Axis worked through the Mexican Falange. The nominal chief of the Falange in Mexico was Augusto Ibáñez Serrano, a Spaniard. Mexico was the only country in the Western hemisphere which aided the Spanish Republic and never had diplomatic relations with Axis Spain. Portugal looked after Spanish diplomatic interests in Mexico, and Serrano operated out of offices in the Portuguese legation. His three close lieutenants, all of them lawyers, were: Alejandro Quijano, Gómez Morín and Carlos Prieto. The official Falange in Mexico had 50,000 members. Chief strongholds were Puebla, Veracruz, Mérida, Comitán, Guadalajara, Morelia, Mazatlan,

## The Spanish Falangists' Plan for Empire



This map of Gen. Wilhelm von Faupel's international fifth column was printed by the Spanish Falangistas in 1938. Von Faupel was named by Adolf Hitler to head the Ibero-American Institute in Berlin. He worked through the Falange to promote the Nazi agenda, and created the Spanish-speaking division of the Foreign Organization of the German Nazi Party. He was also the creator of the concept of *Hispanidad*.

Guanajuato, Tampico, Monterrey, Torreón and Guaymas. Eulogio Celorio Sordo was sent from Spain in July 1941 to take charge of uniformed Falange in Mexico. He was the Provincial Chief of the Falange in Mexico. Spanish military leaders of the Falange in Mexico were Maj. Carril Ontano, Maj. Francisco Garay Unzueta and Capt. Carlos Aravilla. Orders came from Gen. Mora Figueroa, chief of the Spanish Falange and Minister in the Spanish Cabinet.

Spanish fascists were trained by the Gestapo to work for the Axis in Ibero-America. There were schools for Spaniards in Hamburg, Bremen, Hanover, and Vienna. Graduates were commissioned as officers in the Spanish Army's Intelligence Service, the SIM. Alberto Mercado Flores, a veteran Spanish Falangist official, was sent to Mexico to command SIM operations in Mexico.

*Hispanidad* was the official magazine of the Mexican Falange. Other publications included the weekly *El Sinarquista*, published by the Falange-operated Synarchist movement. *La Nación* was a weekly edited by Gómez Morín and Alfonso Junco, Mexico's foremost apostle of *Hispanidad*.

One book that was advertised in *Omega*, controlled by the Falange, was entitled, *Jews Over America*. Chapters include: "El Kabal, Roosevelt Is a Jew on all sides"; "Jews in the New

Deal," etc. One issue of *Omega* includes the following paragraph:

"A democratic government is a thousand times more dangerous than a dictatorship like Hitler's or Mussolini's. Democracy exploits and deceives the people in the name of liberty, equality, and fraternity. The democracies are protecting us from Hitler by throwing us into the arms of Roosevelt, who is the greatest danger of all those that menace Latin America today."

Falange front groups in Mexico included the following:  
**Academia Española de la Lengua.** Ibañez Serrano was an official representative.

**Escuadra de Acción Tradicionalista.** The supreme commander was Major San Julian of the Spanish Army.

**The League of Ibero-American Hispanidad,** which spread racist doctrines of the Council of *Hispanidad*.

**Partido Autonomista Mexicano (PAM),** a small storm-troop party.

**Accion Nacional (PAN),** formed shortly after the Falange appeared in Mexico, was a fascist party directed by Gómez Morín. Its program was a corporatist state for Mexico and absolute *Hispanidad*. It was subsidized by Falange Exterior.

**National Union of Synarchists.** Nominally it was

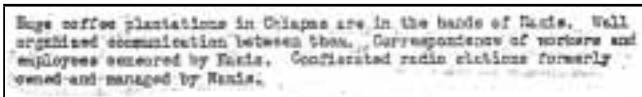


The U.S. Navy Department filed this confidential analysis of the Mexican “Sinarquistas” in 1941, identifying the controlling role of the Spanish Falange and the Mexican Catholic Church (with the Nazis pulling the strings), and locating Synarchism as the outgrowth of the Cristero Rebellion.

founded by Salvador Abascal, José Olivares, Manuel Zermeño, and Urquiza. In 1943, it had 500,000 members. However, the actual organizers were Hellmuth Oskar Schreiter and the brothers José and Alfonso Trueba Olivares. The official papers listed these three, plus Melchor Ortega and Adolfo Maldonado—Governor and General Secretary of Guanajuato province—and I.G. Validvia, a Mexican lawyer. Schreiter was a native of Germany and carried a German Nazi Party card paid up to date on May 23, 1937. The Truevba Olivares brothers were Spanish *hacendados* and leaders of the Falange Española.

This information on the National Union of Synarchists is fully confirmed in the Oct. 31, 1941 report submitted by Harold P. Braman, Assistant U.S. Naval Attaché in Mexico, who writes that the Trueba Olivares brothers first tried to create a group called the “Sinarquistas” in 1935 in Morelia, but the group fared poorly. Only in 1937, when Schreiter entered the scene, did the Union take off. Schreiter was a German engineer, who was a professor of English in a school in Guanajuato. His wife was a relative of the Governor of the state. In a report submitted on Feb. 2, 1944, Braman confirms that Schreiter was a Nazi. “Oscar Hellmuth Schreiter and Otto Gilbert are principal Nazi agents connected with Sinarquista organizations and have their headquarters in Guanajuato. . . . A strong and dangerous Nazi affiliation with the Sinarquistas was found throughout the State of Guanajuato. The principal Germans connected with the movement, and who may be considered as powerful figures behind the scenes, are Oscar Hellmuth Schreiter and Otto Gilbert.

“It was also ascertained through a trusted informant, . . . that every cent made available to the Sinarquistas for the



This confidential document from the U.S. War Department in 1942 pinpointed the Nazi infiltration of the Mexican state of Chiapas. Chiapas is currently the center of a secessionist Synarchist movement, the Zapatista National Liberation Army (EZLN).



The U.S. Navy Department in 1944 identified, by name, the key Nazis who controlled the National Synarchist Union in Mexico; and the active involvement of Catholic priests in the Synarchist movement.

first year or so came direct from Schreiter, who received it periodically from influential members of the German colony in Mexico City. These latter are understood to have obtained the funds direct from the German Legation in Mexico City.”

Braman also confirms the relationship between the Synarchists and the Church in Mexico. “It so happens . . . that the Church and the Falangists have a joint council of strategy which, upon orders from Spain, pulls the Union’s strings. Orders to Spain come from Berlin. . . . [T]he Church of Mexico is at this moment working in full cooperation with the Falangists whom they supported in the Spanish Civil War. The Falangists want an all-powerful Spanish world working alongside Germany, and Mexico is viewed by them as fertile ground for a change-over in government which will bring the nation under direct control of the Spain of today, like the days of the Spain of old.”

Braman further documents how the Synarchists created a private school network in the state of Guanajuato, similar to the network of private “Catholic” schools created by Christendom College founders Warren and Anne Carroll in Northern Virginia: “It was found that the priests have had much to do with the establishment of Sinarquista schools throughout the state. These schools have various sorts of names and often an effort is made to obscure the connection of the Sinarquistas or the Church, in order to get more pupils. These schools

successfully compete with the public schools, because the Sinarquista propaganda tries to make out that the Sinarquista schools are far superior to the public schools and offer church training, whereas the public schools do not.”

In a confidential intelligence report submitted on March 30, 1942, Braman reports: “The role of the Church in the Sinarquista Union has, to date, been a highly suspicious one. Local priests have long been known to supply lists of ‘recommended’ names for membership in the Union. The Falange, which directs the Axis propaganda work in the Union and its secret ally, the Accion Nacional, has had such a close connection to the Archbishop of Mexico and various key Bishops that all Church activity in relation to the Sinarquistas has been suspected.”

In respect to Salvador Abascal, Braman reports that “The German agents had . . . worked out a scheme for the Spanish Falangists in Spain to take over much of the active direction of the Union, due to the desire to keep things on a Spanish language and culture basis, for public consumption. Abascal proved to be an ideal ‘stooge’ for leader, since he would take orders and he stood high with the Archbishop of Mexico. . . . [H]e was educated in the Seminario de Morelia at a time when the Rector was Luis Maria Martinez, now Archbishop of all Mexico. He formed a lasting friendship at the feet of this powerful church figure, and showed a fondness for aggressive church political work.”

In his Oct. 31, 1941 report, Braman adds that the Central Committee of the National Synarchist Union, composed of national delegates appointed by Abascal, includes René Capistran Garza, who was the supreme commander of the National League/Cristeros. So much for the hysterical denial of the relationship between the Cristeros and the National Synarchist Union!

## Conclusion

Today, Lyndon LaRouche is in the process of building an international youth movement, including in Mexico and other Ibero-American nations, committed to the republican principles embedded in the Preamble of the U.S. Constitution. These principles emphatically include the creation and defense of sovereign nation-states dedicated to the general welfare of their respective populations and their posterity as reflected in their cognitive and economic development.

Historically, the oligarchical enemies of the creation of a global family of sovereign nation-states based on such a community of principle, have deployed to thwart the realization of such a world order—through *both* the promotion of anarchy and the imposition of synarchy. This is particularly evident in the case of Mexico.

Mexico, because of its proximity to the United States and its potential to represent, in alliance with the United States, a unique model for North-South relations for the rest of the world, has been viciously targetted by the Synarchists over the course of the last 200 plus years, including the imposition

by Napoleon III of the Hapsburg Emperor Maximilian, a Jesuit-orchestrated “religious war,” and the creation of a Synarchist anti-U.S. fifth column controlled directly by the Nazis through the Spanish Falange.

The LaRouche Youth Movement in Mexico, therefore, has a crucial mission to perform in behalf of all humanity—to free the Mexican population from the shackles of Synarchism, by organizing Mexico and all of Ibero-America to support LaRouche’s Presidential campaign, just as Benito Juárez supported the efforts of Abraham Lincoln in opposition to the Maximilian-linked U.S. Confederacy.

As we have seen, the creation of a “Latin American” bloc against the United States was a Nazi-Falange policy. In contrast, the only fruitful policy in Ibero-America today is to fight to change the United States, by supporting the only U.S. Presidential candidate committed to revive the anti-colonial policies of Lincoln and Roosevelt toward Ibero-America and the rest of the developing sector.

To that end, it is necessary to reject both the Buckleyite pseudo-Catholics of the right and the Jacobins of the left. But most of all, it is necessary to defeat their string-pullers, who operate in the invisible complex domain of universal history.

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## A Wounded Imperial War Party May React With New Wars

by Paul Gallagher

Increasing threats of war on the Korean Peninsula, or strikes against Iran, show that the imperial “perpetual war” faction led by U.S. Vice President Dick Cheney and the circles around British Prime Minister Tony Blair and Israeli Prime Minister Ariel Sharon, is losing its control in Washington, but is not yet decisively defeated. This faction used the 9/11 “Reichstag Fire” and subsequent wars to seize control of the Bush White House in late 2001, and implement “preventive war” plans it had nursed for a decade. Now, it will try to reconsolidate that control by launching new wars and “new 9/11s”—including economic emergencies—unless its damaged and discredited leaders are gotten out of government fast. As the embattled Blair used his July 17 speech to the U.S. Congress to try to relaunch “the spirit of 9/11,” the Cheney gang may resort to more direct martial measures in the near term, to try to drive at least the American people back into their camp.

On July 17 U.S. Presidential pre-candidate Lyndon LaRouche, assessing the advance of his mobilization to get Cheney impeached or bring him to resign, identified three major threats emanating from the wounded imperial war party. The threats mean that Cheney’s removal must get

done, and very quickly. First is the danger of a “financial/economic 9/11”: a panic inflicted on already sinking G-8 economies by the most-likely expedient of an “interest-rate trap”—a sudden reversal of Fed Chairman Alan Greenspan’s interest-rate policy and a sharp hike in interest rates causing a deflationary collapse.

A secretive June 27 meeting in Siena, Italy involving top



*The imperial war party in Washington and London is discredited and could be disabled by success of the drive for Vice President Cheney’s impeachment or resignation. But the neo-conservative faction may make desperate moves to create “new 9/11s,” both through new war plans from Donald Rumsfeld’s Pentagon, and through Fed Chairman Alan Greenspan’s failed policy being used to create a deflationary economic emergency.*

international Synarchist bankers such as Paul Volcker and their economic guru Robert Mundell, resulted in a public call in the June 30 *Wall Street Journal* for imposition of a world single currency and single world central bank in just such a deflationary “emergency.” This is exactly how the Bank for International Settlements (BIS) was created out of the 1931-32 crisis of German debt markets in particular. The methods of BIS leading Synarchist bankers Montagu Norman, Hjalmar Schacht, and others at that time, in bringing Adolf Hitler to power, should dispell any illusions that such a “financial Reichstag Fire” is out of the question now, for the likes of Cheney’s gang and Greenspan. Nor does this danger imply that Greenspan, in particular, is in control of the monetary moves he is “directing.” In fact, the sudden reversal of interest rates has already begun, *despite* Greenspan’s latest lowering. The Federal Reserve’s June 22 cut of one-quarter percent saw long-term rates in the bond markets reverse field and go up sharply, by three-quarters of one percent by July 17, with potentially immediate and drastic implications for the U.S. real estate/mortgage refinancing bubble, and the ballooning U.S. Federal deficit.

### Iran, Korea War Threats

The second “strike back” danger from the Cheney neo-conservatives identified by candidate LaRouche, is the immediate danger that the Iraq war—now officially pronounced by U.S. commander Gen. John Abizaid to have become a

classic guerrilla war—may spread to an Iran war. The Iran Liberation Act folly of Sen. Sam Brownback (R-Kan.), rammed through the U.S. Senate in late June and modelled on the 1998 Iraq Liberation Act, has set the stage for Cheney’s and Defense Secretary Rumsfeld’s planners. In addition, other neo-conservative wing-men like Michael Ledeen and Richard Perle are whipping up the Sharon government’s most right-wing extremists, such as fascist minister Effi Eitam, who are furious against President Bush’s Road Map peace strategy. An Israeli aircraft and missile strike on the Iranian nuclear reactor at Bushehr, or other Iranian facilities, is possible.

LaRouche has warned that the Sharon government, which has brought Israel into both military and economic disasters which it may not survive, is a “hand-grenade” controlled by Synarchist fascist circles represented by Cheney. They would not hesitate to detonate it to stop the Road Map, and to prevent the loss of their own control over the Bush Administration.

Thirdly, unless Cheney and company are gotten out, the world could be facing a showdown, potentially a nuclear showdown, in Northeast Asia before the first Winter snowfall. An American “mini-nuke” confrontation with North Korea, triggered by provocations from Washington—as the neo-conservatives have willfully provoked paranoid Pyongyang toward threats of war since 2001—could blow away all South Korea’s and other nations’ economic cooperation efforts to avoid war.

## Cheneyite Envoy Provokes Moscow

In remarks to the press July 11, U.S. Ambassador to Russia Alexander Vershbow provocatively asserted, that Washington does not consider the Russian Embassy in Iraq a “diplomatic mission,” and “cannot accept responsibility for the security of its staff.” The Russian Foreign Ministry responded with a sharply worded communiqué, noting that “since the present occupation of Iraq has no bearing on the existence of Iraq as a state, Iraq’s diplomatic relationship with Russia continues.” In particular “Russian diplomats in Iraq retain their diplomatic status.” The Russian Foreign Ministry statement adds that the U.S. government, as the occupying power in Iraq, is obliged to honor “Russia’s repeated requests” to “ensure the normal and secure functioning of the Russian Embassy in Baghdad—especially since our countries had agreed at the highest level [presumably a reference to consultations between Putin and Bush] to cooperate closely on the post-conflict situation in Iraq.”

Commenting on the background of this affair, the Rus-

sian daily *Izvestia* let loose the following bombshell story, referring to an unnamed source in the Russian Foreign Ministry: “When American forces seized Baghdad, a flood of [Iraqi] ‘rioters’ quickly looted representative buildings of the two states that had most actively opposed the U.S. military operation—the Embassy of Germany and the French cultural center. According to *Izvestia*’s information, the next in line was to be the Russian Embassy. During two days, Moscow and Washington engaged in tense negotiations, both on the official and on the intelligence service level [and finally] reached an agreement. The ‘rioters’ limited their pogroms to the French and Germans, and stayed away from the Russian Embassy. It appeared that the problem had been solved, and there would be no further questions concerning the security of our Embassy. But then, suddenly, the unexpected declaration by the U.S. Ambassador, and the sharp response from the Russian Foreign Ministry. A diplomatic scandal.”

Interestingly, *Izvestia* accompanied this story with an article broadly covering former Ambassador Joseph Wilson and the Niger yellowcake story in the United States, “Falsified Information Against Saddam May Trigger ‘Uran-gate.’ ”

“The neo-cons may try to change the subject from Iraq to North Korea,” a Seoul diplomatic source warned *EIR* July 16, responding to the latest exposures, triggered by LaRouche’s campaign, of Cheney’s “Iraq weapons of mass destruction” fraud. LaRouche singles out Pentagon “disarmament” chief John Bolton for his obsession with provoking Pyongyang into regime change by war. The South Korean diplomat commented, “Since their Iraq adventure has gone bad, Mr. Rumsfeld, Mr. Cheney, Wolfowitz and their group have again become suddenly aggressive against North Korea. No one in the Bush Administration is interested in negotiation, and everyone has stepped up demands for unilateral D.P.R.K. disarmament. . . . The U.S. forces in Korea announced a new multi-billion military restructuring and major new exercises this week. There is giant U.S. diplomatic pressure on Japan, Australia, and other countries to enforce what amounts to a blockade against North Korea, including sanctions, and to interdict D.P.R.K. ships on the high seas, which Pyongyang has already called an act of war. . . . The Pentagon has released a new war plan against North Korea calling for a new level of harassment, deliberate provocations, and misinformation. Their aim is to bring down the regime,” he said.

The South Korean diplomat’s reference was to the Rumsfeld Pentagon’s extremely provocative new Operations Plan 5030 against North Korea, whose existence was leaked in the issue of *U.S. News and World Report* dated July 21. *U.S. News*’ sources called it a strategy to topple Kim Jong-il by destabilizing his armed forces, through highly provocative U.S. military exercises and surveillance. Referring to former U.S. Defense Secretary and special Korea envoy William Perry’s public July 13 warning, that war is looming with Korea, the diplomat said, “The neo-cons insist on just forcing regime change, with no intention to negotiate. I don’t know if Secretary Perry is correct that it is coming from Bush personally, but it is certainly coming at least from the neo-cons.”

“Military Conflict Looms on Peninsula” was the headline of the *Korea Times*’ lead editorial July 14. “It looks like North Korea’s nuclear standoff with the United States is heading for a physical clash. . . . It is feared that the U.S. would take the sternest action against the North, namely a pre-emptive military strike, which will inevitably plunge the peninsula into another war.”

The London *Independent* also warned in an op-ed on July 17 that the U.S. neo-conservatives may soon ignite very dangerous crises with Iran, North Korea, or both. The *Independent* headlined its piece, “A High-Risk Game of Nuclear Poker.” But in fact, it is worse. Those who are hoping that Washington and Pyongyang maybe be playing “one last chicken game,” may not have taken into account the full insanity of Cheney and the Straussian fascists in Washington and London, now that they have been pushed against the wall politically by exposures of their lying about both war and economic depression.

## LaRouche Is Best-Known Dem Candidate in Mideast

by Hussein Askary

Lyndon LaRouche continues to be the most recognized and popular American Democratic Presidential pre-candidate in the Middle East. The continued coverage in the Arabic press of his activities in the United States to remove the war party of Vice President Dick Cheney and his Straussian cabal, and LaRouche’s tours in Eurasia and the Mideast to establish an alternative, just foreign policy for America, are often reported and commented upon. We review here some of the recent highlights.

On June 25, the London-based Arabic daily *Al-Arab International* published an article issued by *EIR Arabic* under the headline: “The Collapse of the International Financial System Is the Reason Behind the Continuous Attacks on LaRouche.” The article started with a question: “Ask yourself: Why would four of the most influential financial dailies in the world hurry to defend the fascist ideology of Leo Strauss and his neo-conservative disciples who are pushing a policy of world war? These newspapers are the *Wall Street Journal*, *Neue Zürcher Zeitung*, the *Financial Times*, and the *Economist*. All of them (with the exception of *Financial Times* which did not mention LaRouche by name) accused the campaign of the Democratic Presidential candidate Lyndon LaRouche of being the source of the exposé that the war party of the neo-cons which misled the U.S. President, the Congress and the public in order to launch the war on Iraq and now Iran, are all followers of the fascist Leo Strauss.”

The article describes the *Children of Satan* dossier, issued for mass circulation by the LaRouche campaign, and announces the Arabic version with the address of the larouche-pub.com Arabic website. It also deals with the issue of the Synarchist network of financial-banking interests who use the neo-cons, the Zionist Lobby, and Israeli Prime Minister Ariel Sharon as “tools of a policy,” in contrast to the commonly held, but false, notion that the Zionist Lobby controls U.S. policy. The article notes that these are the same financial-banking interests that put Hitler into power, as a response to the financial-economic collapse in the 1930s, in order to prevent the emergence of any national, legitimate policies in Europe. “The situation today is almost identical,” the article states, adding that this “whole war policy is not about protecting Israel, but rather about preserving the power and control of these forces after the demise of globalization and the ongoing collapse of the current financial-monetary system.”

The article then explains why LaRouche has become such

a threat to these interests. It situates his ideas such as the New Bretton Woods proposal, the Eurasian Land-Bridge, and the role of the U.S. republic as mediator in a new, just world economic order among sovereign nation-states, stripping these financier interests of their control over the world economy.

“This is the issue and these are the reasons. The nervous breakdown expressed by these publications is a symptom of this struggle,” the article concludes.

## LaRouche in Turkey

Meanwhile, LaRouche’s visit to Turkey caught the attention of the Egyptian media. *Al-Ahram*, the semi-official daily and one of the largest Arabic newspapers in Egypt, published a lengthy interview with LaRouche on June 25, conducted by the *Al-Ahram* correspondent in Ankara. The questions and answers were similar to ones LaRouche gave in the discussion period after his speech at the Ankara Chamber of Commerce (see *EIR*, July 4). The newspaper introduces the interview in the following way: “Lyndon LaRouche is a perennial American politician and a prominent member of the Democratic Party. He has announced his candidacy for the Coming Presidential elections. In his talk with *Al-Ahram*, LaRouche launched a severe attack on President Bush and his Administration which is controlled by the so-called neo-conservatives, saying: It is a gang which intends to rule the world by force. He called for a quick withdrawal of the U.S. forces from Iraq and the immediate implementation of the ‘Road Map’ plan after stopping Israeli attacks against the Palestinians. Here is the text of the interview, which reflects a certain tendency within the U.S. that should be recognized.”

Egypt and other Arab countries, such as Syria, have been watching the situation in Turkey very closely and with a great deal of concern. The “war party” in the United States, especially as orchestrated by such outfits as the Jewish Institute for National Security Affairs (JINSA), and their Israeli lackeys, have been working to bring Turkey into a military alliance with Israel and the United States, targetting other Arab countries and Iran. LaRouche’s intervention is of great importance, not only for Turkey, but also for the whole region. Egypt itself, like Turkey, has been a target for blackmailing by the “chicken-hawks,” and also by the International Monetary Fund and the World Bank.

From Turkey itself, the July issue of *Yarin*, the Turkish magazine that sponsored LaRouche’s recent trip there, features the transcript of his speech in Istanbul, entitled “Eurasia: New Key for Global Development and Peace.” In the same issue is an essay by Helga Zepp-LaRouche, written especially for *Yarin*, entitled, “Religion and Freedom.”

## ‘Impeach Cheney’!

Meanwhile, LaRouche’s famous exposé of the Straussian “Children of Satan” continues to be a matter of discussion in the Arab world. On June 28, the leading Arabic daily *Al-Hayat*

published an op-ed by Dr. Mounther Al-Daqaq, professor at the University of Damascus, in which he explains why “the road to peace is always cut.” His idea is that powerful Western interests are not willing to have peace in the Middle East. “Current events are still certifying that peace is forbidden to Arabs, and that Israel was created to secure permanent instability in the Middle East, which is to the benefit of the new conquering power to exploit the region’s strategic wealth.”

Al-Daqaq introduces his interpretation of LaRouche’s views, as part of this explanation. “In an article published by Lyndon LaRouche, the candidate for U.S. Presidency in 2004, the author was honest in revealing the American policy and its goals in the long run. He called officials of the U.S. Administration ‘the children of Satan,’ exposing the secret goals of the new American hegemony.”

Al-Daqaq also reflects views earlier expressed by LaRouche on the Sept. 11 events.

The reference to the *Children of Satan* exposé reflects the widespread effects it has had in the debates in the Middle East. An Arabic translation, which is posted on LaRouche’s Arabic website, has been widely circulated among political layers in many countries in the region.

A few days earlier, *Al-Hayat* published correspondence between this author and its leading columnist Jihad al-Khazen, who himself wrote a series of articles on the neo-cons.

In the same week, Dubai’s leading daily *Al-Bayan* published an op-ed by Dr. Ahmed al-Kedidi, professor at the University of Qatar and a leading advocate of the dialogue of cultures, on the subject of the threats being made by the war-hawks in the United States against Iran. Al-Kedidi recalled his meeting with LaRouche almost a year ago, when LaRouche warned against this kind of development, both in Iraq and Iran. Al-Kedidi also recalled LaRouche’s description of the coming war as a part of a policy that was pushed by then-Defense Secretary Dick Cheney already during the 1991 Gulf War.

LaRouche’s campaign to impeach Cheney was also being reported on Arabic websites since early June. Arabic websites and Internet discussion groups often carry LaRouche campaign press releases and analysis. These can be accessed easily by typing /larouche/ in Arabic in any of the international search engines. There the reader will find hundreds of articles and reports about LaRouche’s views and actions in the United States and around the world. Therefore, it is not an exaggeration to state that LaRouche is the most popular American Presidential candidate in the Arab world.

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# Extraordinary Steps in Franco-Russian Relations

by Jacques Cheminade

“Do the French and Russian Foreign Affairs and Defense Ministers still have anything to say to each other?” *Le Monde* asked editorially on July 10: “Because, according to them, they agree on all issues.” The description of French and Russian policies as converging, “down to minute details,” came both from the leading French dailies *Le Monde* and *Le Figaro*, and from within Paris political circles, after a high-level visit to Moscow by French officials on July 7-9.

When Russian Defense Minister Sergei Ivanov answered a question which had been put to French Foreign Minister Dominique de Villepin, Defense Minister Michele Alliot Marie declared undiplomatically: “The confidence in our relations is such, that one of us French could answer for one of you Russians, as Sergei just did for us.”

Such a Franco-Russian rapprochement is unprecedented, and goes even further than during the era of President Charles de Gaulle. It was made spectacularly visible during the visit paid to Moscow by de Villepin and Alliot Marie, accompanied by former French Prime Minister Alain Juppé, for the inauguration of an exhibition on de Gaulle at the Russian Historical Museum on Red Square. The French and Russian Defense and Foreign Affairs Ministers held a bilateral second conference of the Franco-Russian Security Council, and were received by President Vladimir Putin at his Summer house in Novo-Ogarevo. The Russian head of state observed, “During these last years, relations between our two countries have not only reached a new level of intensity, but have also changed in quality.” During those same days, the “historical Gaullists,” who had fought side-by-side with the Red Army in World War II, were hosted in Moscow. Alain Lebourg, head of the Charles de Gaulle Institute, declared that “the Russians have an unique understanding of de Gaulle. They are the best to understand such a great man.”

## Military Cooperation Is Unprecedented

The Security Council talks took up “questions pertaining to international security,” in the period after the Anglo-American invasion of Iraq, as well as plans for expanded cooperation at the United Nations and in other international institutions. “We agree fully and in detail on terrorism, Afghanistan, Iraq, Iran, and all the issues of East-West development,” declared the four ministers, to the surprise of all observers who knew the present warmth of the Franco-Russian relations, but did not expect such a public exhibition of it.

Showing the unprecedented level of bilateral military cooperation, for the first time in the entire history of NATO, “western” and “eastern” nuclear submarines, one French and one Russian, were engaged in joint naval maneuvers in the Sea of Norway between July 7 and July 10. The French nuclear attack submarine, the *Casabianca*, made a symbolic stop at the naval base of Severomorsk (Kola peninsula, near Murmansk), where the *Kursk* strategic submarine was based before it sank in the Summer of 2000.

More concretely, it has been confirmed that last Fall, when the American Administration was beginning to threaten Iraq more and more aggressively, a secret agreement was made between France and Russia for extended military cooperation, during President Putin’s trip to Toulouse, the French aerospace city. This agreement was given substance during the recent Le Bourget aerospace exhibition, through an arrangement between the French firms Dassault and EADS, and the Russian Sukhoi. It involves common production of drones, integration of French missiles on the Sukhois, and modernization of Russian production lines. Moreover, the French are to cooperate with the Russians in matters concerning the Airbus, and aerospace. The French would provide access to the Russians at their equatorial space-launch base in Kourou, French Guiana. The two countries will develop combat planes of the fifth generation, including a Russian airfighter, the MiG-AT.

Moreover, a significant level of cooperation was established between the French firm Thales (avionic division) and the Russian Aerokosmicheskoye Oborudovanye (aerospace equipment), while a secret protocol was signed on nuclear cooperation involving the French firm Areva, which financed the de Gaulle exhibition in Moscow. Some of these agreements were finalized by representatives of these aerospace firms during the early July talks. Further agreements, such as one involving the projected EU-Russian space launch site at Kourou, are in the works.

## Against ‘Cheney People,’ Not America

The most astute people in Paris political circles stress the importance of these developments, as a counterweight to the “Cheney people” in the United States, but not as a challenge to “true American interests.” On July 10, alongside the reports from Moscow about these meetings, *Le Monde* and other French press published stories on the “Niger yellowcake” fraud—with an emphasis on Cheney’s role. *Le Monde* wrote, “According to [Ambassador Joseph] Wilson, the U.S. Administration was informed at its highest level on all the doubts about the matter, including of course the cabinet of Vice President Dick Cheney.” *Libération* was more blunt: “Ex-ambassador Wilson affirms that Vice President Cheney was well aware of his work.” The forged documents on Iraq-Niger uranium deals, said *Le Figaro*, “would have never come out of the drawers but for Vice President Cheney, who, according to Mr. Wilson, had put pressure on the CIA to produce elements to confirm a nuclear threat from Iraq.”

# New Phase Beginning In Afghanistan

by Ramtanu Maitra

On July 14, the first batch of NATO forces arrived in Afghanistan's capital Kabul, to lay the groundwork for the Western military alliance to take over of command of the International Security Assistance Force (ISAF) on Aug. 11. Billed as the launch pad for NATO's most radical transformation ever, the deployment has received support of Russia. But China and India, two other major powers in the region, have remained quiet. The decision to deploy NATO in Afghanistan stemmed from the fact that the United States, whose troops had invaded and defeated the ruling Taliban regime in the Winter of 2001, is unwilling to deploy more troops where the situation has gotten worse over the last 14 months or so. Presently, some 11,000 American troops operate within the country.

## First NATO Deployment in Asia?

The International Security Assistance Forces (ISAF), which consists of about 5,000 troops based in Kabul, is a pittance compared to what is needed to provide security in the war-devastated and opium-infested Afghanistan. Over the last 12 months, there had been a number of discussions to expand the ISAF to five other cities, and to establish a "flying brigade" to provide rapid deployment capability. But like so many other proposals on Afghanistan, that died quickly. Currently, the ISAF is under German-Dutch command. Earlier, there were expectations that Germany would be sending many more troops to assist the ISAF, but the killing of four German peacekeepers and wounding seven others seriously, when a suicide bomber in a taxi collided with their bus in June, has made Berlin change its plans.

In addition, NATO will be supported by some 4,000 inadequately trained Afghan national army personnel. The current target of 9,000 Afghan troops for the Summer of 2004 is not only painfully inadequate, but even this pitiful number may not be attained. Moreover, the nature of this Afghan national army remains dubious. Under stress and strain of daily warfare, it is likely that many of these Afghan army members would switch sides and help their fellow Afghans against the foreign troops.

What, then, is this new NATO phase all about? In essence, it is a plan for the American troops to withdraw over a period of time, without leaving the country unattended, as it was in the aftermath of the Soviet Army withdrawal in 1989. While it is no easy task to get approval of the NATO and non-NATO members to bring the Atlantic Alliance into Afghanistan, the

more difficult task is to figure out how NATO can accomplish, and at what cost over what period of time, something that can be agreed upon by all as the stabilization of Afghanistan.

Through the media, Washington has expressed its immense optimism about the alliance's ability to bolster global security, given NATO's willingness to operate beyond Europe. The United States is pushing NATO to become a mobile force, and would like to see that agility in play in Afghanistan. To begin with, NATO had been falling all over the United States to help out in the Washington-declared war on terrorism. NATO offered to assist the United States when it launched attacks on the Taliban and al-Qaeda in October 2001, but the Pentagon asked only for help from individual members, fearing it would have to wage war by committee as it did in Kosovo in 1999.

It also seems that Russia is extraordinarily keen in seeing NATO deployed in Afghanistan. In June, when where the NATO foreign ministers met in Madrid for two days, Secretary General Lord George Robertson welcomed the Russian offer—which could include intelligence and logistical support, but not Russian troops on the ground—saying it was a sign of how far NATO-Russia relations had developed.

Russian Foreign Minister Sergei Ivanov, who was present at the Madrid meeting, said the continuing threat from Afghanistan should not be underestimated. "The situation continues to cause us serious concern. . . . The issue of Afghanistan should not drift into the background. We must not forget that there are still serious threats from Afghanistan," he told reporters. Ivanov also referred to the fact that 11,000 Russian troops guard the border between Tajikistan and Afghanistan.

In the aftermath of the NATO deployment, the issue of finance is sure to be brought up. At this point, there is no indication whatsoever that the international community is ready to allocate much more than the \$5.2 billion already pledged. Meanwhile, Afghan President Hamid Karzai recently asked for an additional \$15 billion in aid. He has not gotten much positive response.

The day that NATO officials landed in Kabul, Afghan Foreign Minister Abdullah Abdullah issued a statement warning the United States that its credibility around the world would be at stake, unless it does more to help his country rebuild and strengthen the central government. Possibly, the Afghan Foreign Minister has taken note of the burgeoning American budget deficits and growing U.S. expenses in Iraq.

In June, the pundits of the New York Council on Foreign Relations had issued a task force report, "Afghanistan: Are We Losing the Peace?" The report, which is rife with "what should be done," cited problems that exist in Afghanistan at every level. It even went to a great length to suggest such impossible tasks as U.S. involvement to demobilize, demilitarize, and reintegrate the regional militias with the Kabul government.

The CFR task force, of course, had little to do with realities. The security situation in Afghanistan has deteriorated

beyond the point at which one could talk about demilitarization. For months, the Taliban militia has been hiding in the areas of Pakistan borders Afghanistan. It has formed alliances with many other anti-American and anti-West forces, including Hizb-e-Islami leader Gulbuddin Hekmatyar. These anti-Kabul forces have gained ground over the months, and are under the protection of some Pakistani Army personnel and Pakistani Inter-Services Intelligence (ISI).

In the past month alone, the Taliban militia and other rebels have launched scores of rockets at U.S. Army bases and exploded bombs in many Afghan cities. They have ambushed American and Afghan national army personnel, and burnt down newly built schools. During the last week of June, anti-Kabul rebels temporarily seized government offices in a remote part of Zabul province. On June 30, a Taliban fighter in Kadahar planted an anti-personnel mine in a mosque run by a Kabul-backed cleric. The blast that killed 17 worshippers. The next day an anti-Taliban Mullah was shot in the head and killed.

### **Pakistan vs. Afghanistan**

Reports coming in from the Pakistan-Afghanistan border areas suggest the Taliban are recruiting new members at a much faster rate than Washington claims. Most of their recruits are coming from Afghan refugee camps in Chaman, Quetta, Peshawar, and Karachi in Pakistan. The anti-American campaign preached by the Afghan Taliban and the Pakistani mullahs are bringing these young ones to the Taliban camp in droves.

Meanwhile, the other part of the Washington plan, which is to keep Kabul and Islamabad friends to each other, lies in ruins. For days in early July, Pakistani and Afghan troops exchanged fire across the disputed Durand Line that separates the countries. Along the Pakistan side of the border, the area is controlled by Pashtun tribal groups, who are close to the Taliban and are virulently anti-West.

President Karzai's men claim that Pakistan has captured some territory in the bordering Kunar and Nangarhar provinces in Afghanistan. Islamabad denies it, but to no avail. Anti-Pakistan demonstrations in Kabul are becoming daily features. In Kandahar, President Karzai's brother Ali Ahmed Karzai led a major demonstration against Pakistan in early July. The dispute between two of America's allies and linchpins of Washington's war against terrorism, indicates that things have gone out of Washington's control.

What is becoming increasingly evident, is that in Afghanistan, the peace has been lost. In the remaining months of Summer, it will witness increased violence. Two years' massive opium harvests will provide the contestants with enough cash to buy weapons and ammunitions. The Taliban have begun to believe that they can regain Kabul. Their mortal enemies, the Northern Alliance, are hell-bent on preventing the Taliban coming back to power. It is difficult to see, in this context, what NATO can achieve.

## **India's 'No' on Troops To Iraq May Be Catching**

by Ramtanu Maitra

India's Cabinet Committee on Security (CCS) made the official announcement on July 14: India will not send troops to help America and Britain "stabilize" and rule Iraq. Although the CCS reached the decision in 10 minutes, the issue had been hanging fire for weeks, and was the subject of hectic diplomatic activities between New Delhi and Washington.

The issue had also divided, however temporarily, the most important members of the BJP-led coalition government of India. Deputy Prime Minister and Home Minister L.K. Advani, who is considered by some, particularly in Washington, as the "prime minister-in-waiting," had indicated during his recent trip to the United States that when facts were laid on the table, those in India who opposed troop deployment in Iraq, would fall in line. According to India's news daily the *Statesman*, National Security Council Advisor Brajesh Mishra, while visiting the United States in early May, had told the Bush Administration that India would comply with Washington's request to send a division of the Indian army, totaling almost 17,000 troops.

But, on July 14, it became evident that Indian Prime Minister Atal Behari Vajpayee had made up his mind long ago not to send the troops. The whole exercise was to bring debate out in the open, and make all viewpoints known. The Prime Minister was also in communication with the opposition leader and Congress Party president, Sonia Gandhi. Mrs. Gandhi had warned the Prime Minister on June 4 not to send the troops to Iraq "under any arrangement other than a UN command or as part of a multinational peace keeping force that has the explicit mandate of the UN." At the CCS meeting, reports indicate that both Advani and Mishra fell in line with the Vajpayee's views. It is evident that quiet prime ministerial assertiveness had its impact on the collective thinking.

### **Pakistani Deployment May Be Affected**

The U.S. response to New Delhi's decision was reserved. State Department spokesman Richard Boucher said, "It is a decision that each country needs to make on its own depending on its interests and its concerns about the situation in Iraq." Although he made it a point to say the decision would not affect relations between Washington and New Delhi, he made clear that "there are ample grounds in [UN] Resolution 1483 which encourage countries to participate in stabilization." At least one Indian newspaper reported that in private, State Department officials have indicated that they were not happy



Prime Minister Vajpayee speaking in Kolkata on July 16; he had wisely shaped a long process of debate toward a refusal of the U.S. request for 17,000 Indian troops.

with the Indian decision.

While New Delhi's acceptance to send Indian troops under the U.S.-U.K. occupation of Iraq was considered by observers as a long-shot, just the act of bringing Indian troops to Iraq would have been considered a major success for American diplomacy. Besides having a major nation on its side, the United States could have prevailed upon other nations, particularly the Muslim nations in Asia and Africa, to send troops. Although Pakistani President Gen. Pervez Musharraf has agreed in principle to send 6,000-10,000 troops to Iraq, the Indian decision may trigger fresh opposition within Pakistan, and block the deployment. A similar situation may develop in another South Asian Islamic nation, Bangladesh; and Washington may find it difficult to get troops from any of the South Asian countries.

The Indian refusal, on the other hand, may intensify American pressure on other nations. According to a Lebanese newspaper, *Al-Kifah al-Arabi*, which quoted "Arab diplomatic sources" in a July 14 report from Cairo, President George W. Bush insisted at the Sharm el-Sheikh summit in June, that Egypt, Jordan, and Saudi Arabia send troops to Iraq as part of an international force to maintain security in Iraqi towns, to prevent U.S. soldiers coming under attack from Iraqi resistance fighters. The newspaper said Egyptian President Hosni Mubarak told Bush that it would be difficult for him to comply; Saudi Crown Prince Abdullah asked for time to think; and King Abdullah II of Jordan agreed, on condition that other Arab countries also contribute forces.

It is evident that the weeks of deliberations in New Delhi were choreographed carefully. India used them as an excuse to find out what Iraq's neighbors are thinking about the Anglo-American occupation. Indian emissaries visited Jordan, Turkey, Syria, the U.A.E., Saudi Arabia, Iran, and others, to get their evaluation of how things are shaping up in Iraq. Turkey, Syria, and Iran told New Delhi not to send troops. This could be interpreted as their signal that things will remain messy,

and they do not want a friendly nation to get embroiled. Among those who wanted to see Indian troops in Iraq, were the Gulf emirates.

New Delhi, however, was careful not to antagonize Washington by rejecting the request without developing arguments both for and against it. India also sought a number of American clarifications on the status and authority of the Indian troops. One report indicated that, as a way to entice India to accept the request, Washington had suggested Indian troop deployments in northern Iraq where the Kurds are located. This area, so far, has remained the least violent, as the Kurds have not joined hands with the Iraqis battling the American and British troops. U.S. Ambassador to India Robert Blackwill had said earlier that Indian troops in Iraq would operate under their own flag and would be used for non-combat operations. India said, finally, that the explanations it received were inadequate.

### India's Domestic and Foreign Policy Factors

At home, the Vajpayee government's decision was accepted warmly. In a July 15 editorial, *The Hindu*, a Chennai-based English news daily, described the decision as "the triumph of democratic national opinion and political good sense over vacillating tendencies and grandiose visions of *realpolitik*, which showed scant regard for the nation's independence of foreign policy, a parliamentary resolution, the views of Opposition parties, the dignity and interests of the Indian armed forces, and the overwhelming national mood." A few days earlier, a national newsweekly, *Outlook India*, published a survey showing that 69% of Indians opposed sending troops under the U.S.-U.K. occupation forces. What seems to bother the Indians most, as a senior Indian official told the media: "The bottom line is, no matter how you read Resolution 1483, our troops will have to serve under someone else—Gen. John Abizaid (the new commander of the U.S. Central Command)."

Not to be underestimated either are the domestic political factors. With the general elections due in another year, the BJP-led coalition government knew better than to make the troop deployment a sticky factor in the coming electoral campaign against its main opposition, the Congress party. And the Rashtriya Swayamsevak Sangh (RSS)—the orthodox religious think-tank that once controlled the Bharatiya Janata Party (BJP)—came out recently with a strong statement warning the government of the negative social and political consequences if the troops were sent.

The other likely factor in helping New Delhi to make the decision was the Prime Minister's June 22-27 visit to China. It is widely acknowledged that China has no interest in helping the Americans in Iraq, and it is almost a certainty that the subject was under discussion when the Prime Minister was in Beijing. The friendly exchanges between Vajpayee and the Chinese leaders were another signal that New Delhi would not go through with the American request.





# World Robbed of Iraq's Museums, Antiquities

*Dr. Donny George Youhkanna, the national Director of Antiquities of Iraq, was in Germany in late May-early June, for meetings with archaeologists as well as political representatives. On June 3, he spoke with Muriel Mirak-Weissbach of EIR and Ortrun Cramer of the German Schiller Institute cultural quarterly Ibykus.*

**EIR:** Could you describe for us, what happened at the Iraqi National Museum at the end of the American/British invasion of Iraq?

**Donny George:** In the morning of the 8th [of April], Tuesday, at 5:00 in the morning, I woke up to sounds of heavy tanks and heavy artillery fighting. The fighting was very close, near the Ministry of Information, and the radio and television station, which is not more than 400-500 meters from the museum. This sound started coming closer to the museum, and again, we started having shooting from the other side of the museum; that was from the area where the central bus station is. Around 11:00 in the morning we started hearing Apache fighter helicopters on top of us.

All this was happening, and we were confident that these Americans would not hit the museum, because they should know this is a museum, and we know they were warned by the scholars from the United States and Britain. But, we saw some Iraqi armed militiamen—those could be the so-called Fedayeen—they jumped back into our garden, and we saw them firing against the tanks. This meant, that our museum had become a target.

It was at that moment, when Dr. Jabar Khali, the chairman of the board, decided that we should leave the building, because it was very, very dangerous. We were only four persons left at the museum: Me, Dr. Jabar, a driver, and one archeologist who lives in the premises of the state board buildings and the museum behind them.

The front doors were locked; we went through the back doors, and locked them; we had only one car outside. We went out with the intention that we would come back; as soon as the war, or the battle, would stop in the museum area, we would come back.

We went across the river to the Eastern side, to another small museum, and we waited there. Again, it was about 3:00 in the afternoon, when we wanted to come back to the mu-

seum. We wanted just to stay away a bit, until it calmed down. We tried to cross the 17th July Bridge, or Bridge of the Medical City, which is the closest bridge to the museum. When we were almost at the middle of the bridge, people were coming from the other side, asking us to go back, because the Americans were there, and the fighting was right there, nobody would let us cross.



*Map shows a few of the most important of the archeological sites—Iraq has more than 10,000 such sites registered with its antiquities authorities—for exploration of ancient Mesopotamia. While Iraq's National Museum in Baghdad is now secure, these sites are continuing to be openly looted on a large scale, as Dr. Donny George describes, by groups from both inside and outside the country.*



*Dr. Donny George before the Central Museum in Mainz, Germany, where seminars were held in early June to assess what the losses of Iraqi antiquities really have been, and international means to prevent their sale into private collections.*

The Americans had taken over the area of the museum and passed by that area. So, it was impossible to go to the museum that day.

And then, I think that was in the evening of Saturday [April 12], I heard in the news that the museum had been looted. Afterwards, we [learned] the looters entered the museum on Thursday. We don't know exactly what happened on Wednesday; but Thursday, Friday, and Saturday, looters had been roaming around inside the museum and inside our administration area. On Sunday morning, I decided that I would go to the headquarters of the Marines in Baghdad, because we learned that they had their central command headquarters in the Palestine Hotel. I decided to go there and to seek any kind of help to protect the museum. Dr. Jabar decided to come with me.

The next morning, we went to the headquarters of the Marines. It took us a few hours, until we could meet somebody there. Then we met Colonel Sarkony. He was from the Marines, from the civil affairs. We told him about what had been happening to the museum and we asked him for help to protect the building and the area there. He said, "Of course, it is our duty, and it is very important, we should protect it." We showed the location of the museum. We said, we were going to the museum. And he said, "Well, perhaps, you will go and see the armored cars there now. I will call immediately, and they will be there for sure." But we went there, and there were no guards.

Only Wednesday morning [April 16], we did have the guards at the museum. We had four tanks and a lot of personnel from the Army.

**EIR:** That's one full week after they entered Baghdad officially on April 9.

**Donny George:** Exactly. Afterwards, I learned that there was a list issued by the American Central Command, for

some places that the Army should protect. And the museum, I learned, was No. 2 on that list, and the Ministry of Oil was No. 16 on that list. Some of the journalists made some jokes, saying that maybe the American forces had read the list upside down, so they went directly to the Ministry of Oil and left the museum. I don't know, but they did not come to the museum at that time. If they had been there, it would have been a completely different situation.

What I heard later, from that friend who lives on the museum premises: On Thursday [April 10], 300-400 looters were outside the fence of the museum; I don't know, he said this number. He knew they wanted to enter the museum; because there was no government, no police, no security in Baghdad, people just went into the governmental buildings and looted. My friend went to a tank that was very close to the museum. He asked them—an Arab who was with them, with a Gulf dialect, maybe Kuwaiti, maybe Qatari, we don't know—he begged them to come and save the museum, just to move the tank in front of the museum to stop all these people. He said that some of them called, and then said: "I'm sorry, it's not our duty."

Then, these people entered. At the same time, there were others who entered from the back doors, smashed and broke through. Those ones opened one door in the front and the people came in. What we saw later, was horrible, of course. It looked as if a hurricane had hit the building from inside. They took any kind of equipment that we had: computers, cameras, levelling machines, theodolites, copying machines, photocopy machines, fridges, furniture, television sets—even my coffee machine! They left nothing. Only the papers that we had, they were just scattered. In my room, I had about a 2-foot pile of papers, just thrown away. My desk was in three or four pieces, it was completely dismantled. I found my chair about 100 meters away.

And when we went into the museum and started checking, we immediately learned that some very important pieces that were left in the galleries, were taken away.

One month before the war started, we had evacuated almost every single thing that was in the showcases. It was our duty to do that; we have done it before, twice, [when] we were expecting any kind of bombing or looting. Everything was evacuated, except for some unfortunate pieces—they were either very fragile or too heavy to be taken away, But [the looters] managed to take them.

**EIR:** Can you name some of them?

**Donny George:** There's the Warka vase, which was found in the city of Warka, by the German expedition, and it goes back to 3,200 B.C., at least. It was found in a temple, and it is a wonderful piece of art, it shows the philosophy of the Sumerians, and the development of life, and stages of life,

A headless statue for a Sumerian king, Antemena, it's also gone. Some pieces we had from a temple, called Ninhotsagh, in the site of Tell el Obeid, very close to Ur, in the south.

Those were two very important bronze reliefs, one piece of a decorated and inlaid column, and some stone rosettes. And from the Akkadian gallery, we lost the famous Barzeki bronze statue, which is more than 160 kilograms. It's a huge piece, and the most wonderful thing about it, is that it is one of the earliest large examples of casting that was made by the "lost wax technique," which is used until now. The earliest representations of this, go back to early dynastic Sumerian periods. This may be the largest piece done in this way. So, it is really a great loss for the history of art.

What the looters could not take, they smashed. They smashed some of the terracotta lions we had from Tell Harmal from the old Babylonian period of 1,900 B.C. and from the Hatrian before that. We had a showcase showing examples of stamped bricks from the early times to the Roman times. They took nine of those bricks; it looks like they chose nine bricks, it's not just random taking them. In the Assyrian gallery, we noted the statue of King Shalmanesar III was missing, and another statue was smashed. In the Hatrian gallery, they took the head of a statue. They smashed three Roman statues we found in Hatra, and took their heads away. They took the head of Nike—that's the goddess of victory—an almost complete statue made of bronze we found in Hatra. This was from the public galleries of the museum.

Then we found out, they had broken through the storerooms also. They went to what we call the old storerooms, which were in the cellars of the museum. From those, until now, we don't know what and how many pieces they took. We have our staff of the museum, working on lists and checking shelf by shelf, box by box, how much and what is taken, and of course, comparing to the ledgers that we have. So everything should be precisely known, the numbers, the description and the photos that we have.

**EIR:** Do you have complete documentation? Because it was said initially that it had been lost.

**Donny George:** No, we had our documentation hidden elsewhere. We started giving the American investigators ledgers with complete description, numbers and color photos for each piece that was missing. As for the color photos, I had ordered the system myself, after 1991 looting of the regional museums, because we had a very serious problem with the photos at that time. But since then, we have, in the ledgers and in the cards, we have, always, small—something like passport-size photos for each single piece, with a small scale, and the number. You can see it in the photo. This is how we were finding these pieces, and giving this complete information to the American investigators.

Just a few days after the American guards were there, a team of 14 investigators came to us, that were dispatched and ordered directly by Gen. Tommy Franks, from the American Central Command. And these were of great help, to tell you the truth. Because they were professionals, they were led by a colonel, Col. Matthew Bogdanus, who originally was an Assistant District Attorney in New York.

Immediately we started working together. We gave them some place in the library; they stayed there, they lived there, they had all their equipment there, and we started giving them information and photos of any single thing that we discovered was missing. Colonel Bogdanus now has left, but some other people of his team are still in the museum, tracking some pieces in the country, and working with our people to build up a complete data base put into the Internet, of what's been known that's missing. I think it is in the FBI homepage. "Lost material."

**EIR:** This should make it very difficult for anyone to try to sell these things, except for private collectors.

**Donny George:** This is what we fear, because if it goes to private collectors, then it is there for one or two generations. And since especially these large pieces are very well known, we believe that nobody will dare to buy them; not an auction house, not a museum. And everybody was alerted, and as these American investigators told, they were checking with almost every airport, every customs office, every checkpoint in the borders of the world. This was their intention, and I believe they did that.

**EIR:** It was reported that some American military were actually caught in the United States bringing home pieces.

**Donny George:** These were pieces from another museum, which was called "Gifts for the Leader." It was a museum that Saddam himself had arranged for the gifts and presents he used to have. Those were some gilded Kalashnikovs and some painted portraits of Saddam and his sons—or two gilded American Winchesters, with a pair of spurs, they were presented by President Ronald Reagan to Saddam Hussein!

**EIR:** In your presentation the other day in Mainz, Germany, you mentioned, you differentiated very clearly between the groups of looters.

**Donny George:** Exactly. Yes. After we checked what has been happening on those three days—we archeologists are like investigators, we check everything. And I myself had the idea that there were three groups of people that went inside the museum.

Number one, were the just normal looters, I would call illiterate poor people that were looking for anything to sell for money. Number two, were the people who went into the store rooms. It seems that they had studied the route how to go there, because they went and broke through a glass door, an iron screen door, an iron door locked with bricks. The third group went into the museum and started picking up things that they knew of beforehand. And, we found some glass cutters: This means, they were prepared to come to the museum. We found a bunch of keys somewhere near the room of the director of the museum, which looked very like the key for the safe of the director, which contained the keys for the museum. And that bunch of keys is not ours. Impossible, we know our keys.



*This bronze head of an king from the Akkadian era, 2350-2150 B.C., found at Nineveh in the North, was in the looted Baghdad National Museum, considered the essential resource by Mideast scholars and historians worldwide.*



*A detail of the Warka Vase, one of the most priceless articles looted from the Iraqi National Museum in April, which now has been returned to the museum. The vase, which goes back at least to 3,200 B.C., shows the philosophy of the Sumerians on the development of the stages of life.*

And they passed by some Egyptian copies [of art works], which means they had the knowledge of the pieces, and they passed by a fake statue which we had in one of the corridors of the museum, which again means that they knew something about art, they knew what they were looking for. So, it means that there were people in the museum, in the galleries, that were well prepared to enter the museum, take these things. It was those people who broke through the museum from a point where we had a window which was not a normal window, it was built out with glass bricks, and then we had blocked it from outside, we had an iron screen from the outside.

My personal fear is that what this group has taken might not come back. Because if they had prepared everything, they must have prepared their way out. There might be some connections between groups two and three—might be, I am not sure—because they both knew what they wanted. It's not like the first group, who were just looters.

**EIR:** An Iraqi colleague of ours in Sweden is monitoring Arab TV. There were apparently some of the looters filmed, going through the museum. And he said right from the very beginning, they looked well organized.

**Donny George:** The Army should have been there and stopped them. And they were there, they were all the time there, but they did not stop them.

**EIR:** The German archeologist Professor Sommerfeld wrote in one of his articles, that the Americans told people to go in and loot, and they broke open gates for them. That was a report that he had gotten from other people.

**Donny George:** I don't know that, really. But what I am sure of is what that friend of ours, that archeologist, said. He said that he went and begged them to come and protect [the art-

works], they said, "We don't have orders." Well, this meant, go on, take what you want. But that the Americans had broken the main gate of the museum and let the people in—this did not happen. The front gates are intact, nobody entered from there, they went from the back doors, and some small doors, and the connection corridors from the administration area to the museum, but they broke through, from that wall in the museum, and they broke through another small window we had.

**EIR:** Which means they must have been very well informed.

**Donny George:** Exactly. The museum, maybe six weeks before, was opened to the public. Perhaps they were there. Perhaps, also some of them had been in the room of the director of the museum, so that they noticed the kind or make of safe she had in her room. It was one of these old safes, that doesn't have a combination number. It was just opened with the key. This is my explanation for the bunch of keys we had there. . . . She had only one key, and it was with her. We know that very well. She is a reliable woman, one of the best scholars in cuneiform that we have.

**EIR:** I'm wondering: Who would have access to the director's room? Only people who are involved in archeology, art. Maybe the people around this predatory collectors' group, the American Council for Cultural Policy (ACCP), that we've identified in the United States? [See *EIR*, April 25, 2003.]

**Donny George:** Maybe. . . .

**EIR:** It would be worthwhile to find out, who travelled to Iraq in the period before the war.

**Donny George:** Maybe. . . .

If we had not collected the material, if we had not taken the precious materials out of the building, and put them in the Central Bank; if we had not taken the 40,000 manuscripts we had—ancient Arabic, Islamic, Christian manuscripts we

had—taken them away, put them in another safe place, this would have been a huge loss for the heritage of mankind. But even so, what was lost from the museum and the store rooms, is a great loss.

**EIR:** There were reports that some items have been returned, I think from the No. 1 looters' group, probably.

**Donny George:** That's right. When we were back to the museum, we learned that a lot of people from the neighborhood were also in the museum, taking things. We contacted the mosques, and they started preaching, and calling the people to bring back these objects, because they are of great importance to the country, to the history of the Iraqi people. And immediately, we started having things, through the mosques, coming back to us. That was very important.

Afterwards we arranged with the Americans, that there was an amnesty call on the radio: That people should bring things to the museum and nobody would ask them, or there would be no court or any kind of legal action done against them. Again, we started having objects from normal people, not from the neighboring area of the museum.

Then, there was one very important action done, by some young people. Just when we went to the American headquarters, and the time when the tanks came, two young men came to the museum, and asked for me and Dr. Jabar; they wanted to have a private talk with us. They said they were in the museum on [April 10] where the people were looting and taking everything. They could not stop them, because they were so many, and almost all of them armed with machine guns, with pistols, with knives. So they decided to do exactly as the looters did, to take objects, as if they were looters. And they took the objects home, to protect them. They said, we'll bring them back as soon as we see that the museum premises is safe. I wanted to check this idea, so I started asking them about the material they had. They really started explaining material that I had noticed that was missing from the museum. We did not ask them their names, we did not ask them for their addresses, we just relied on their word of honor. About two or three days after we had the American tanks in the premises, these two young men came back and brought nine very important pieces. Among them was the statue of King Shalmanesar III. And one of the bronze reliefs from the Tell el Obeid in the South; and one piece of that decorated and inlaid column; and a nicely decorated part of a door.

So these were the kind of people who have brought things. The very last evening that I wanted to come here, a friend of mine came to my house, and said that he had some information, that there were people who wanted to sell antiquities. I sent him to the museum, I told him where to go, to use my name, tell the guards that he is my cousin. I gave him the name of one of the American investigators, he should go to him, and introduce himself, and tell him the whole story, he would know what to do.

Afterwards I heard in the news, that the American investi-

gators there had captured around 300 pieces. So I think, it was this story.

**EIR:** If I understand you correctly, all the museums now are secured. Also, what's left of the libraries. But what about all the excavation sites?

**Donny George:** This is again another huge problem. Because this happened in 1991, just after the war, where people in the remote areas, especially in the South, started digging in the sites there. They just pushed away our guards, there was some fighting between them and our guards. We had one or two guards on the site, but they were coming with 300-400 people, all of them armed to the teeth, so it was impossible for our guards to protect the sites. We managed to stop that by several measures: The last and the most effective one was, we started excavating in the South. We managed to have, at first, two teams: one headed by myself; and the other was headed by Dr. Naralah, who is the director of the museum. It stopped the looting on these very important sites. In the next year, we had six sites excavated by our people. Then, it was stopped because of this war.

**EIR:** When was it that you went there?

**Donny George:** We started in 1999. That was the beginning of these excavations. We called them "preventive excavations," or "salvage excavations," to prevent any kind of looting of those sites. When I was there, I employed 15 armed guards, where we could have duties and shifts for 24 hours. So in this way, these sites were protected. Unfortunately, the looters from those sites just switched to other sites.

But after this war, when all this chaos started, no government, no security, nothing—they went back to those sites. Now we hear of hundreds of people that are digging in huge Sumerian and Babylonian sites. And they are getting things and just selling them, just having them cross the borders to Kuwait, Saudi Arabia, Jordan—or I heard some people from the North are coming down, buying them, taking them to the North, crossing into Iran or Turkey. So, it is a real tragedy now in the archeological sites.

**EIR:** German television recently had a TV crew there, filming them digging. Is there no protection, by any Americans, or British?

**Donny George:** In the beginning, we tried so much to arrange a kind of first patrol to go and check these sites. The coordinates of these sites were given to the American forces. They did one trip with armed helicopters. Some people accompanied them; among them was Prof. Maguire Gibson from Chicago. They went up, and saw a lot of these sites, and noticed that a lot of these sites had hundreds of people on them, actually digging. He made some photos.

They came down to some of these sites, chased some of the looters, but it was not the solution, because you chase them away in the daytime, they will come back at night. And I was told by Professor Gibson, that the people in the [U.S.

Army] civil affairs, had decided that they would have almost every day, patrols by armed helicopters at these sites, and they would try to have patrols on the ground going there, until most of these important sites in the South were safe and secured. I mean, they are trying, that's true.

**EIR:** How many sites are there of great value? It must be tens of thousands?

**Donny George:** Yes, only the registered sites, we have more than 10,000 sites. Those are just registered, and every single day, when we go out and check sites, our people always find sites.

Among these sites there are huge cities. For instance, Chocha, which is Umma, in the South, is 8 square kilometers [about 1 square mile]. My site, which is Ummr Agarov, is 5 square kilometers. And this goes on for the others, Isen, Lapsa, and Shmed and Zech and Al Madinah, and Al Naseriya. These are huge Sumerian and Babylonian sites in the South. And the people around there, they know them. Some of them perhaps have worked for us, some have worked for the German expedition with Professor Ruda. They now come and dig, and get things out. There is no government, no security, nobody stops them.

**EIR:** You were talking about cross-border sales. I mean, is it true, that the borders are not controlled by the Anglo-Americans from the Iraqi side?

**Donny George:** This is true, because I have seen it myself, twice. When I crossed for the first time, when I went to London, and this time, when I came to Germany. They never checked. They just see, you have a passport, it's OK; they just open the boot of the car, look at the engine, OK, and you go. And the journalists, they don't check them.

**EIR:** In fact, one journalist had a lot of loot, a journalist going to the United States.

**Donny George:** No, it's not only one. The first day, when I crossed the border, on April 26 or 27, they had captured 12 cases at the Jordanian borders. All of them were journalists, smuggling either antiquities, or documents, governmental documents.

**EIR:** How can it be? Because after the meeting of the UN Economic, Social, and Cultural Organization (UNESCO) that took place; and then, there was a meeting of Interpol, I believe, where U.S. Attorney General Ashcroft was present. It's a big country, and one can cross into another country without going through the actual border.

**Donny George:** That's right. But going through the actual borders, they were just smuggling antiquities through that actual border! When I came back from London, I talked to the guards there, I introduced myself, and I told them: "Please, this is very important. You are not checking the journalists. It's the journalists who are smuggling antiquities. Just half a kilometer away, there, the Jordanians are capturing journal-

ists smuggling antiquities."

**EIR:** Does that mean, that these groups are being intercepted on the other side of the border, by the Jordanians?

**Donny George:** By the Jordanians! We don't know what's happening in Turkey and Syria, and Kuwait, and Saudi Arabia's borders, really. But what we know is, just the Jordanians are actually checking very well.

**EIR:** I saw in a number of the reports, that the international smuggling rings are very well represented in Kuwait and Saudi Arabia. That there are groups. I'm not saying that they are Saudis and Kuwaitis . . . but that the routes go through these two countries. Also Israel was mentioned.

**Donny George:** Yes. We knew that before, since 1991, some people were captured by the Iraqi police, and they told them that there are people, Europeans, sitting in Saudi Arabia, they are asking us to bring so and so and so, they are leading us to go and dig so and so and so.

**EIR:** Could you explain a little bit from your point of view, how this apparatus functions? Because, if you think it through, it requires a huge network, worldwide. You must know who the collectors are, but you also must have the contacts to the military, political protection, and what not. It seems to me, it is very much like the drug trade.

**Donny George:** It is a huge mafia for smuggling antiquities. Because even in the Internet, now you could see Iraqis who can tell you: "We have these objects, and we can take them for you to Amman, you can collect them there, we take them across the borders." And not only that, we hear that there are a lot of people inside Iraq, nearby those sites, buying these things from these looters there. They are not Iraqis, they are Europeans.

It's a very sad situation, what happens to the antiquities and to these pieces of art, that belong to mankind. They are the heritage of every single person in the world. And they are smuggled and massacred like this. The major thing is, when you get these objects outside the sites, you are taking them away from their context, which is very important for the archeologists.

If you take a word or a letter from a page in a book, then this word means nothing, if you don't have it in this book. An archeological site is like a book. We excavate page by page, read everything page by page. In this way, we know the whole history of the site. If it is looted in this way, just digging holes here and there, and tunnels between these holes, it is just extracting things from there, and taking them away, it's meaningless.

**EIR:** I read somewhere that various sites had been presented as sites which should be recognized by UNESCO as world heritage; and that only Hatra was acknowledged in Iraq, while Babylon, Nineveh, Baghdad, Ur, and others were not. In June 2003, the world heritage committee is going to be meeting,

they are going to discuss whether they can actually have these others acknowledged. What would that mean?

**Donny George:** It is very important. You see, among these sites we have inside Iraq, only Hatra is recognized. I believe it was the political situation.

Two years ago, we applied for several sites to be included. We applied the preliminary form, and we were not that much encouraged by UNESCO, unfortunately. But we insisted on Ashur, because it was in danger. I myself completed the dossier for Ashur. Then we received a committee from the UNESCO in Baghdad. We went and saw the sites, and then they helped us to enhance that dossier. Myself, and a lady from the UNESCO, and I believe Arnulf Hausleiter from Germany, arranged and completed the file for Ashur, and we sent it back to the UNESCO. If Ashur is recognized, we will feel encouraged so much to apply for other sites, for the world heritage list.

**EIR:** And what does that mean concretely in terms of security?

**Donny George:** The security will have to be done by the Iraqis, but it means that we will get the help of UNESCO experts, we will get the help of the international experts, in preservation, excavation and preparing these sites for tourism. And they will not be hit, if there is any kind of war—which, I believe, that's the final war, we don't want to have any more war.

It's important to have sites in the world heritage list.

**EIR:** Has there been any discussion among the professionals, the archeologists, and so on, on these changes in laws, that are being promoted by the ACCP lobby in the United States?

**Donny George:** This is something very important. The Iraqi laws on antiquities . . . are old laws; the antiquities law goes back to 1936. We had some amendments until 1974, or '73. Do people have the right to go and change other people's laws? This is impossible! . . . Well, government, yes, these are the people who are ruling the countries—but the laws are for the benefit of the people themselves, and this is something else!

**EIR:** There were discussions in the Pentagon—

**Donny George:** I know! They [ACCP] want to relax parts of the Iraqi laws so that they are able to export some of the items outside the country. I think this is impossible! Nobody will accept that. You know why? I tell you what kind of impact the looting of the museum and the antiquities had on the Iraqi people. I've been meeting different kinds of people: from the butcher to the grocer to a fruit seller, to a professor in the university. They all came to one conclusion: That is, all what happened to the country, can happen, but nobody would accept what happened to the museum. Because this museum just hit the heart of the people. So it is impossible to change the law! This concerns the whole population of Iraq.

If somebody would say for the Iraqis, "Okay, look here, the Americans want to change the antiquities law and they want to have some of your antiquities exported legally abroad. What do you say?" I would say, there will be another revolution in Iraq against the Americans! Because it is impossible, it is not likely to be done.

**EIR:** I have been reading that during one of the meetings in the Pentagon on Jan. 24, the treasurer of this ACCP apparently was received in the Pentagon; he had the backing of Philippe de Montebello from the Metropolitan Museum of New York, for the idea that international teams should take part in excavations in Iraq.

**Donny George:** This is normal!

**EIR:** Yes, this is normal, but with the idea that, once they find something, they'll be able to export it. Get a license to export.

**Donny George:** No! I know, this is impossible. They are not looking for science, they are looking for profit, for money!

Previously, we had this division of antiquities, the antiquities would go 50% to Iraqis, 50% to the expedition. Those expeditions were either from the British Museum—they have the objects in the British Museum—or from the universities—they have these objects in their universities. They don't want that! They want those pieces to be sold. There is no respectable expedition that will dig something, and go and sell it for them! This is looting, robbery! They try to legalize their robbery, they want to make profit, money from this kind of looting. This is horrible!

I am sure there is no single Iraqi who will accept that. I'm sure nobody will accept that anywhere in the world. Here in Germany, if you accept some non-German expeditions to come and work here, OK, this is according to law. But would you accept having them take antiquities outside the country? Nobody will accept that. . . .

If it is to show these pieces, we always have exhibitions outside. We always have the masterpieces in our museum, everybody can come and see them. We have exhibitions outside, hundreds and millions of people can come and see these things. We have publications, they can study, they can read them. But it is not that. It is the money they are looking for that they can make out of these antiquities. This is a shame!

**EIR:** Is there anything else that you might think of that could be done?

**Donny George:** I would say, every single man in the world should look for these antiquities and say "no" to these looters and these smugglers. The antiquities should go back to the Iraq Museum, because it is their natural place. The museum will be open to everybody. It is a crime to have these antiquities in the custody of one man, to put them in the cellar, to watch them, and prevent the whole world from viewing these masterpieces of mankind.

## Australia To Invade Solomons

*As with Iraq, the sovereignty of the nation-state is out and neo-colonialism is in.*

Australian Prime Minister John Howard, who enthusiastically endorsed the invasion of Iraq, is smarting from the same kind of heat that's on Britain's Tony Blair and the U.S. "chicken-hawks" under Vice President Dick Cheney: The lies they told, to motivate the war, are now exposed. The Howard Administration, however, has not yet deviated from its profile as loyal henchmen of a new, imperial world order.

Even as the forged-document scandal intensifies in Australia and around the world, Australia is preparing a new imperial-style venture—to restore "order" in the Pacific, by intervening in a social crisis in the Solomon Islands. That Pacific nation, with its population of one-half million people, has suffered an economic breakdown. Armed militias are gaining strength and threaten to overwhelm the Solomons government.

On June 25, Howard told Parliament that Australia would act on Solomons Prime Minister Sir Allan Kema-keza's request for an intervention force, mustering 2,000 police and troops primarily from Australia and New Zealand. "It is not in Australia's interests to have failed states in our region," Howard intoned. (In reality, Australia has abetted the development of chaos in nearby Pacific states—including resource-rich Papua New Guinea, which is also descending into ungovernability—by its fanatical pro-free trade policies.)

As in the case of the law to turn the Australian Security Intelligence Organization (ASIO) into a secret police,

passed just two days later, Howard's Solomons intervention overturns 50 years of policy tradition. The government is aligning the country with the Cheney-centered neo-conservative war party in Washington: imperialism abroad, police state at home.

The Solomons intervention means a full-scale assault on the principle of national sovereignty. As recently as February, Australia's foreign policy White Paper had declared a non-intervention policy for the Pacific, stating, "Australia cannot presume to fix the problems of the South Pacific countries. *Australia is not a neo-colonial power.*" Moreover, Foreign Minister Alexander Downer wrote in the *Australian* of Jan. 8, "Sending in Australian troops to occupy the Solomon Islands would be folly in the extreme. It would be widely resented in the Pacific region. It would be very difficult to justify to Australian taxpayers. And for how many years would such an occupation have to continue? And what would be the exit strategy?"

But on June 26, when Downer elaborated Howard's pledge, he said that sovereignty was no longer absolute, as Australia pursued a new foreign policy in the "real world." The July 15 issue of the *Bulletin* observed that this "exotic form of gunboat diplomacy" became possible for the government as an "Iraq war dividend," because it seems to have gotten away politically with tailing the Anglo-Americans into that invasion.

"This 'real world' is where the Howard government's foreign policy operates," Downer thundered at the

National Press Club. "We cannot afford to be complacent and we cannot afford to spend time and effort on processes and institutions that are marginal to our interests. Iraq was a clear example of how outcomes are more important than blind faith in principles of non-intervention, *sovereignty*, and multilateralism. The reality is that our interests are global. . . . *Sovereignty in our view is not absolute.* Acting for the benefit of humanity [sic] is more important."

Lyndon LaRouche's associates in the Citizens Electoral Council (CEC) are leading the Australian opposition to this warped notion of what is a "benefit for humanity." The circulation of 30,000 copies of a special Australian edition of the LaRouche campaign pamphlet, "The Children of Satan, the 'Ignoble Liars' Behind Bush's No-Exit War," exposed the neo-conservatives behind the push for a "clash of civilizations," as well as Howard's fascist laws, and catalyzed the scandal over the bogus intelligence used to justify the Iraq war.

Now Howard will have no peace from the uproar over faked intelligence on Iraqi weapons of mass destruction (WMD). In mid-July, Australian-born former UN weapons inspector Richard Butler went on national television to denounce Howard for having "pumped it up" before the war, when Howard talked about "mammoth quantities" of Iraqi WMD. At a higher political level, former conservative Prime Minister Malcolm Fraser, in an op-ed in the July 14 *Sydney Morning Herald* titled "The End of Our Independence?" wrote, "Some would believe that we are now a completely subservient ally." As evidence, he pointed to Australia's "uncritical support" of the United States and "apparent loss of purpose and independence."



# International Intelligence

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## *Hongkong Government Crisis Is Escalating*

The 500,000-strong demonstrations in Hongkong the week of July 7 against the imposition of a new security bill forced Chief Executive Tung Chee-hwa to retract the proposed legislation; and resulted in the resignations of the Hongkong Security Secretary, Regina Ip, and the Financial Secretary, Anthony Leung. Ip had led the campaign to push through the security bill, which is a Hongkong version of U.S. Homeland Security legislation, and is condemned by opponents as a Beijing effort to undermine the freedoms guaranteed by the Basic Law governing Hongkong's return to China. Finance Minister Leung was unpopular because of the economic crisis.

Announcing the resignations, Tung also said that he would visit Beijing on July 19 to discuss the crisis.

Both the pro-Beijing parties and the opposition parties are describing Tung's trip to Beijing as a "showdown"; Tung may have to defend his position, having backed down on the Beijing-supported security bill after the mass demonstrations. The opposition is also calling for direct elections to choose Tung's successor in 2007. However, there are also calls for Tung himself to step down, and the press is speculating that if Tung has lost favor in Beijing, he may resign.

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## *Chávez Govt. Faces Unrest, Shortages*

The Venezuelan government ordered an extension until January 2004 of a decree prohibiting any more private or public lay-offs. While businessmen are screaming that they cannot afford to keep their payrolls intact while their businesses are collapsing with the rest of the economy, the Chávez government is clearly hoping to keep the enraged unemployed from its throat a bit longer. The official firing freeze was applied last April, but it didn't stop Chávez from firing 18,000 striking oil workers.

The firing freeze will do little, however,

to ease pressures from the population on the government, as shortages of everything from beef, chicken, and eggs to rice, powdered milk, and flour are steadily worsening. Agriculture Minister Efrén Andrade has announced that "emergency measures" are being taken to increase national supplies, but he didn't elaborate on what those measures might be.

Even as Venezuelans are facing bankruptcies, unemployment, and hunger, Venezuela's creditors are receiving their assurances from Chávez that the debt will be paid on time. Finance Minister Tobías Nobrega is planning to conduct a \$2 billion foreign bond issue and debt swap over the next few weeks, to try to ease pressure on the shrinking government budget, that must nonetheless meet large interest payments on the country's \$22 billion foreign debt in the coming months.

Nobrega's debt swap may be less successful than he hopes, however, as he is currently facing demands from opposition congressmen, that he explain a series of shady debt deals that his ministry arranged in March and April of this year with two private brokerage firms and the state development bank *Bandes*. Those deals reportedly led to the looting of *Bandes'* capital.

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## *IMF the Issue in São Tomé Coup?*

The army of São Tomé and Príncipe overthrew the government in the early hours of July 16 and declared all government bodies dissolved. The press characterizes the coup as arising merely from tensions over how the West African country of 140,000 souls will use the income from the oil bonanza that is about to begin—in the form of \$108 million next year from selling nine offshore permits. Oil deposits are believed to be as much as 4 billion barrels of crude.

Overthrown President Fradique de Menezes had chosen the United States as the country's protector, Prime Minister Maria das Neves was an IMF true believer, and U.S. military plans in the Gulf of Guinea include building a naval base in the country.

The first broadcasts of the coupists, who are led by Maj. Fernando ("Cobo") Pereira, chief of the military academy, do not, however, make U.S. ties the issue. Their Junta of National Salvation says the coup was "the reflection . . . of the difficult economic and social conditions the country is going through," and of "the political instability installed by the ousted regime." This may refer to the IMF-oriented policies of Prime Minister das Neves, who said last year—when she was kicked upstairs from her previous role as Finance Minister—that the policies she was following would inflict pain on the population. São Tomé and Príncipe was already one of the poorest countries in the world.

In a telephone interview July 17, Pereira told *Rádiodifusão Portuguesa* that the army is setting up a provisional government that will plan elections. "We don't want power," he said.

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## *East Asia Escaped 'Decade of Despair': UN*

The United Nations Human Development Report 2003, issued July 8, made the East Asia and Pacific region, especially China, the exception to what was otherwise a Third World "decade of despair." The report states that only in this region "did the number of people in extreme poverty decline," while in South Asia, home to 500 million poor people, "the number hardly changed," and it rose everywhere else in these developing countries.

It is lawful that China, which has embarked on many great infrastructure-building projects, succeeded in reducing poverty and hunger in the 1990s, unlike other regions of the developing-sector countries. Measured by the UNDP Human Development Index—goals set respecting increased longevity, access to education, and a decent standard of living—China "made impressive gains" in the 1990s as it "lifted 150 million people—12% of its population—out of poverty, halving its incidence," the report states. In fact, of the more than 1.2 billion people who have survived on less than \$1 per day in this past decade—which was a

**GET OUT** of Iraq right away, UN representative to Iraq Vieira de Mello will tell President Bush when they meet July 21, *Tribuna da Imprensa* reported July 14. The blunt Brazilian will tell the President to expect, otherwise, “one by one” killing of U.S. troops to continue, and “permanent sabotage” of attempts to exploit Iraqi oil supplies, with “implacable” killing of foreign technicians and attacks on installations.

**GERMAN** Chancellor Schröder hailed French President Jacques Chirac’s call for softening of the Maastricht Stability Pact rules, at a press conference in Berlin on July 16. Schröder said that Chirac’s July 13 call was “great and really very important. He made clear that the pact is called the Pact for Stability and Growth for a good reason. But everyone only talks about the stability aspect. . . . And here I agree with Chirac, to stimulate growth.”

**THE RUSSIAN** Communist Party’s Central Committee, meeting June 26, decided against taking up a formal proposal for greatly expanding the electoral coalition, the People’s Patriotic Union, of which it is the leading component. The proposal had come from Sergei Glazyev, co-chairman of the Union, who is a leading CP vote-getter, though not a member of that party. Glazyev has been campaigning for an effective opposition coalition in this December’s Duma elections, saying it should be prepared to wield power and guide the country, not just to protest.

**TIBET** hydropower project could light up Asia: China will do a feasibility study of the Yarlung Zangbo-Brahmaputra-Jamuna project in October, Xinhua announced July 17. This project involves digging a 16-kilometer-long tunnel through the mountain wall of the world’s deepest canyon, where the Yarlung Zangbo makes a “U-turn” and drops 2,755 meters over 500 kilometers. The project will produce as much electrical power as 60 typical large western European nuclear power plants.

reduction of extreme poverty from 30% in the 1980s to 23% in the 1990s—“excluding China, the number of extremely poor people actually increased by 28 million.”

The fastest progress in China, the report notes, has been centered in the coastal and metropolitan areas, while the inland regions of the country have not benefitted comparably. The annual growth rate in the coastal areas, during the 1990s, averaged 13%, whereas it was 2.6% inland. This dichotomy begs for LaRouche’s Eurasian Land-Bridge solution.

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## Envoy Perry Warns of Korea War This Year

President Clinton’s former Secretary of Defense and Special Presidential Envoy to North Korea, William Perry, gave a two-hour interview on July 13 to warn that, “I think we are losing control” of the situation. “The nuclear program under way in North Korea poses an imminent danger of nuclear weapons being detonated in American cities,” he said. Perry said he reached his conclusions after extensive conversations with senior Bush Administration officials, South Korean President Roh Moo-hyun, and senior officials in China.

“It was manageable six months ago, if we did the right things. But we haven’t done the right things,” Perry said. “I have held off public criticism to this point, because I had hoped that the Administration was going to act on this problem, and that public criticism might be counterproductive. But time is running out, and each month the problem gets more dangerous.”

The immediate cause of concern, Perry said, is that North Korea appears to have begun reprocessing the spent fuel rods. “I have thought for some months that if the North Koreans moved toward [re]processing, then we are on a path toward war.”

Showing some emotion, the usually reserved Perry said at one point, “I’m damned if I can figure out what the policy is.” Diplomacy is failing, he said, because the President simply won’t enter into genuine talks with Pyongyang, perhaps because he believes that Kim Jong-il is evil and loathsome,

and it is immoral to negotiate with him.

The notion of trying to “interdict” or embargo North Korean exports of missiles and nuclear weapons, “would be provocative, but it would not be effective,” according to Perry, because “you don’t need a ship to transport a core of plutonium that is smaller than a basketball.” He recommended, “You have to offer something, but you have to have an iron fist behind your offer.”

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## U.S. Keeping Generic AIDS Drugs Hard To Get

The U.S. Commerce Department and Trade Representative’s office are making it unnecessarily hard for developing countries to access generic anti-AIDS drugs, according to *Wall Street Journal* columns published on July 9, while Bush was in Africa. The Commerce Department is helping shape patent laws in developing countries that go beyond global standards in protecting the drug makers. The U.S. Trade Representative’s office is seeking similarly strict protections.

In 2000, the U.S. Agency for International Development started funding a \$1.2 million technical assistance program administered by the Commerce Department, and in Nigeria, for example, the project included helping rewrite patent laws.

Olayide Akanni, a representative of the Treatment Action Group, makes the following points against the resulting Nigerian draft law, as summarized by the *Journal*: It “mandates a complex Nigerian court process to license cheaper generic drug copies to treat serious diseases, instead of the simpler government administrative procedure allowed by global rules. It adds a four-year waiting period for issuing drug licenses, when WTO rules in general have no waiting period. The bill would block . . . [non-governmental] organizations from applying for licenses.”

In December 2002, urged by the drug companies, the United States alone, among 144 World Trade Organization (WTO) members, blocked a proposal for distributing patented medicines to less-developed nations.

## Cheney's 'Shadow Government' Comes Into the Sunlight

by Edward Spannaus

All the trees in the forest have not yet fallen—to use the famous Watergate analogy—but they are beginning to shake. And as they do, the secret “shadow government” operating under the direction of Vice President Dick Cheney and centered in the Pentagon’s Office of Special Plans (OSP)—the driving force for war with Iraq and other countries—is coming out into the light.

Over the weekend of June 6-8, *EIR* founder and Democratic Presidential pre-candidate Lyndon LaRouche issued a widely circulated statement charging that the growing mountain of evidence showing that Cheney had repeatedly used a forged document to corral Congressional and public support for the Iraq War, constituted grounds for the impeachment of the Vice President. The document in question was the now-famous forgery, purporting to show that Iraq had attempted to purchase uranium ore “yellowcake” from Niger.

Since LaRouche issued his demand that Cheney, and not President Bush, must be the target, the attention to Cheney’s role in the intelligence fiasco leading into the war has heightened, so that as of this writing, the momentum is building to the point at which heads are likely to roll in the coming days and weeks.

### Tenet ‘Admission’ Backfires

Any hope that Cheney and his defenders might have had, that by forcing CIA Director George Tenet to fall on his sword and take the blame—for failing to stop the White House from including the fraudulent Niger story in the President’s State of the Union Address—they could somehow shut down the scandal, rapidly evaporated in the days following Tenet’s July 11 statement. All that Tenet’s admission did, was to focus attention on the question of *who* in the White House wanted to override the CIA and include the Niger fable.

Exemplary of the growing focus on Cheney, in just the few days following Tenet’s statements, are the following items:

#### July 13:

- Maureen Dowd, in her *Sunday New York Times* column, noted that the line about the Niger story only got into the State of the Union speech over the CIA’s objections, because “a higher power wanted it in.”

“And that had to be Dick Cheney’s office,” Dowd concluded, noting that former Ambassador Joseph Wilson was sent to Niger to investigate the Iraq claim by the CIA, in response to questions raised by Cheney’s office.

- The *Washington Post* reported, in a front-page story: “Administration sources said White House officials, particularly those in the office of Vice President Cheney, insisted on



*Since Lyndon LaRouche issued his call for the impeachment of Vice President Dick Cheney six weeks ago, the attention to Cheney’s role in the intelligence fiasco leading to the Iraq War has heightened, to the point that heads are very likely to roll.*



At this press briefing held by Rep. Dennis Kucinich in Washington on July 15, intelligence professionals, including notably Ray McGovern (inset) of Veteran Intelligence Professionals for Sanity (VIPS), highlighted Dick Cheney's culpability for the insertion of lies about Niger "yellowcake" uranium into the President's State of the Union speech, and called for Cheney's resignation.

including Hussein's quest for a nuclear weapon as a prominent part of their public case for war in Iraq. Cheney had made the potential threat of Hussein having a nuclear weapon a central theme of his August 2002 speeches that began the public buildup toward war with Baghdad."

**July 14:**

- In a *Newsweek Online* column, Eleanor Clift wrote: "CIA director George Tenet sent [Joseph] Wilson to Niger after Vice President Cheney asked for an investigation. Wilson asks why Cheney's office would demand this inquiry and not want to know the result. If Bush really was misled, wouldn't he want to know who embarrassed him? Who made him a liar? In a White House as obsessed with loyalty as this one, the fact that no heads rolled strongly indicates this could go all the way to Cheney, if not to Bush himself. Who knows how much Cheney tells the boss. Bush is not a detail guy. He may not have wanted to know."

- The London *Guardian* wrote: "Fingers were also pointed at the vice-president, Dick Cheney, who was allegedly obsessed with proving his repeated claims last August that Saddam was actively pursuing a nuclear program. . . . According to his chief of staff, Lewis Libby, Mr. Cheney had taken an interest in an Italian intelligence report in late 2001 about Iraqi attempts to buy uranium in Niger."

- *Time* magazine noted that when the Italian report on Niger yellowcake got to Washington, it "caught the eye of someone important: Vice President Dick Cheney."

"Cheney's interest hardly came as a surprise," *Time* said, explaining that "he has long been known to harbor some of

the most hard-line views of Saddam's nuclear ambitions."

- *USA Today* reported that George Tenet is being pushed toward "walking the plank," and suggested that Vice President Cheney's office is in the lead among those pushing for Tenet's ouster, citing a number of reasons why Cheney's office is angry at the CIA Director.

- The group of retired intelligence officers known as Veteran Intelligence Professionals for Sanity (VIPS) called upon President Bush to ask for Cheney's immediate resignation, telling the President that Cheney's role has been so transparent that further attempts to cover it up, "will only erode further your own credibility." (See *Documentation*.)

**July 15:**

- *New York Times* columnist Nicholas Kristoff featured the VIPS statement, saying that it reflects the view of many in the intelligence community "that the central culprit is Vice President Dick Cheney."

- Rep. Henry Waxman (D-Calif.) sent a letter to the leadership of the House Intelligence Committee, highlighting reports that the forged Niger documents had been first given to Vice President Cheney's office in early 2002, and demanding that a number of agencies and offices, including Cheney's, be thoroughly investigated for abuse of intelligence.

- Sen. Carl Levin (D-Mich.), in a statement on the Senate floor about the yellowcake matter and other dubious claims about Iraq's alleged nuclear capability, posed a series of questions which need answers, including the role of the Office of the Vice President in triggering the mission of former Ambassador Wilson to Niger, and whether Cheney's staff was

briefed on the results of the Wilson mission.

- Rep. Dennis Kucinich (D-Ohio) held a Congressional briefing in a hearing room packed with reporters and cameras, featuring VIPS spokesman Ray McGovern, and Andrew Wilkie, a senior intelligence analyst for Australia's Office of National Assessments, who had resigned on March 11, 2003, to protest the way intelligence was misused to justify Australia's support for war on Iraq.

Kucinich asked a series of questions to McGovern, who had been a CIA briefing officer for Vice President George H.W. Bush during the 1980s, such as: Is it possible that Vice President Cheney was never told about the Wilson mission to Niger? "That's an easy one," McGovern answered. "It is not possible." McGovern then pointed out that Cheney had "led the charge" for war last Summer, using disinformation and the "mushroom cloud scare" to frighten Congress into giving the President the authority to go to war against Iraq.

Kucinich also asked McGovern, if it were possible that someone like former Ambassador Wilson could be sent to Niger at the initiative of the Vice President, and then the Vice President would not have been told the result? McGovern said that this would go through National Security Council (NSC) channels, adding: "When a Vice President has a question, as certain as night follows day, he gets an answer."

Kucinich also asked McGovern if he had ever known of a Vice President making regular visits to the CIA, standing over analysts as they do their work? "Never," he answered.

During the question period, *EIR* asked McGovern to elaborate on the VIPS recommendation to President Bush that he call upon Vice President Cheney to resign, noting that Lyndon LaRouche had called six weeks ago for Cheney to be impeached.

McGovern answered, "If you read our statement, it's very clear that the Vice President spearheaded the push for war. If you look at Cheney's speeches, he is way out ahead of other American statesmen and officials in saying that Saddam Hussein has a nuclear capability," citing as an example Cheney's March 16 television appearance in which he stated that Saddam "has reconstituted nuclear weapons."

#### **July 16:**

- The London *Independent's* lead story was headlined: "Cheney Under Pressure to Quit Over False War Evidence," reporting that calls for Cheney's resignation were coming from a number of quarters, including the VIPS organization.

### **Tenet Fingers a 'Mole'**

It was also on July 16, that George Tenet and another senior CIA official, Alan Foley, testified in a closed-door session of the Senate Intelligence Committee. Their appearance also marked a turning-point, in shifting the Committee's focus from the role of the CIA, to the question of who within the White House had pressed for the inclusion of the fraudulent Niger story in the State of the Union speech.

It was reported that Tenet and Foley had, under intense

questioning, named Dr. Robert Joseph, the Director of Non-proliferation for the National Security Council, as the staff-level official who insisted on retaining the discredited Niger canard in the President's speech. Following the Committee session, its chairman, Sen. Pat Roberts (R-Kan.) indicated for the first time, that the Committee will broaden its focus, to "follow the trail wherever it may lead," and he suggested that he may call White House officials in for questioning. "We'll let the chips fall where they may," Roberts declared.

The identification of Robert Joseph in an official hearing is quite significant. (Joseph had already been identified in a number of press accounts, as having been engaged in a dispute with CIA officer Foley over the Niger statement.)

*EIR* had published a profile of Joseph back in April 2001, exposing him as a "plant" in the NSC for leading neo-con warhawk Richard Perle, the discredited former chairman of the Pentagon's Defense Policy Board. During the Reagan Administration, Joseph worked under Perle and Frank Gaffney in the Office of the Secretary of Defense. He now sits on the Advisory Board of Gaffney's Center for Security Policy, one of the major "chicken-hawk" nests in Washington.

### **Cheney's 'Shadow' Spy agency**

*EIR* has recently been provided with new details, by several high-level U.S. intelligence sources, regarding the role of Cheney in the rogue intelligence operations run out of the Pentagon in the United States, and out of Prime Minister Ariel Sharon's office in Israel—operations designed to circumvent established intelligence agencies such as the U.S. CIA and DIA (Defense Intelligence Agency), and Israel's Mossad.

Cheney's office learned of the existence of the Niger documents from Sharon's office in Israel, probably through the Pentagon's Office of Special Plans, *EIR* was told. By late 2001, Cheney and his national security adviser and chief of staff Lewis "Scooter" Libby, were making regular trips to CIA headquarters to press for followup to the Niger story.

*EIR* has for some time been aware of a major Israeli component to the Pentagon OSP operation. Two sources have now separately confirmed that there is a parallel office to the OSP, situated in Prime Minister Sharon's office. Both units were created in the wake of the 9/11 attacks, for the purpose of bypassing their respective nation's traditional intelligence agencies. The Israeli Mossad reportedly refused to participate in this game, not wishing to jeopardize its long-standing relations with U.S. and other intelligence services. The Mossad, as a professional intelligence institution, also disapproves of much of what Sharon is currently doing.

The OSP, as we have previously reported, is run under the direction of Doug Feith and Paul Wolfowitz, by Abram Shulsky, an avowed follower of the late fascist philosopher Leo Strauss, and the fanatical William Luti, a former aide to Cheney.

Shortly after *EIR* had received the above-cited reports, the online edition of the London *Guardian* published a bombshell

account of the Pentagon's "shadow intelligence agency," the OSP, on July 17, which coheres with these reports, as well as with *EIR's* extensive coverage of the OSP over the recent months. *Guardian* investigative reporter Julian Borger reported that senior officials in the Bush Administration have created "a shadow agency of Pentagon analysts staffed mainly by ideological amateurs" to compete with the CIA and DIA, and that it operates "under the patronage of hardline conservatives in the top rungs of the administration, the Pentagon and at the White House, including Vice President Dick Cheney."

"The president's most trusted adviser, Mr. Cheney, was at the shadow network's sharp end." The shadow agency operates "off the official payroll and beyond Congressional oversight," Borger wrote. "He [Cheney] made several trips to the CIA in Langley, Virginia, to demand a more 'forward-leaning' interpretation of the threat posed by Saddam. When he was not there to make his influence felt, his chief of staff, Lewis 'Scooter' Libby, was. Such hands-on involvement in the processing of intelligence data was unprecedented for a vice-president in recent times, and it put pressure on CIA officials to come up with the appropriate results."

Borger describes the OSP as "an open and largely unfiltered conduit to the White House" for both Iraqi opposition groups such as Ahmed Chalabi's Iraqi National Congress, and the "parallel, ad hoc intelligence operation inside Ariel Sharon's office," which provided the Bush Administration "with more alarmist reports on Saddam's Iraq than Mossad was prepared to authorize." Borger notes that this represented a continuation of the long-standing relationship that Feith and other Washington neo-cons have with the Israeli right-wing Likud Party.

The *Guardian* also reports that the OSP's "primary customers" are Cheney, Libby, and their closest ally on the NSC staff, Stephen Hadley, the deputy to National Security Advisor Condoleezza Rice.

Even though the rogue OSP has been operating without Congressional oversight, that may soon change. The senior Democrat on the House Appropriations Committee, Rep. David Obey (D-Wisc.), is looking into the OSP, and has made a formal "survey and investigation" request to the Appropriations Committee which could trigger an inquiry by the Committee's investigative arm. "That office [OSP] was charged with collecting, vetting and disseminating intelligence completely outside of the normal intelligence apparatus," Obey says, adding that its information was not shared with the regular intelligence agencies, and that it "was passed on to the National Security Council and the President without having been vetted with anyone other than political appointees."

The noose is now tightening around this small, sinister cabal, that has captured the President and planned the Iraq War, and other imperial adventures. The sooner Cheney and this apparatus are cleaned out, the sooner the nation can get back on track to deal with the genuine problems facing us: most urgently, the global economic and financial breakdown.

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## Documentation

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# 'Your Vice President Led The Campaign of Deceit

July 14, 2003

MEMORANDUM FOR: The President

FROM: Veteran Intelligence Professionals for Sanity

SUBJECT: Intelligence Unglued

The glue that holds the Intelligence Community together is melting under the hot lights of an awakened press. If you do not act quickly, your intelligence capability will fall apart—with grave consequences for the nation.

### The Forgery Flap

By now you are all too familiar with the play-by-play. The Iraq-seeking-uranium-in-Niger forgery is a microcosm of a mischievous nexus of overarching problems. Instead of addressing these problems, your senior staff is alternately covering up for one another and gently stabbing one another in the back. CIA Director George Tenet's extracted, unapologetic apology on July 11 was classic—I confess; she did it. . . .

### The Vice President's Role

Attempts at cover-up could easily be seen as comical, were the issue not so serious. Highly revealing were Ari Fleisher's remarks early last week, which set the tone for what followed. When asked about the forgery, he noted tellingly—as if drawing on well memorized talking points—that the Vice President was not guilty of anything. The disingenuousness was capped on Friday, when George Tenet did his awkward best to absolve the Vice President from responsibility.

To those of us who experienced Watergate, these comments had an eerie ring. That affair and others since have proven that cover-up can assume proportions overshadowing the crime itself. All the more reason to take early action to get the truth up and out.

There is just too much evidence that Ambassador Wilson was sent to Niger at the behest of Vice President Cheney's office, and that Wilson's findings were duly reported not only to that office but to others as well.

Equally important, it was Cheney who launched (in a major speech on August 26, 2002) the concerted campaign to persuade Congress and the American people that Saddam Hussein was about to get his hands on nuclear weapons—a campaign that mushroomed, literally, in early October with you and your senior advisers raising the specter of a "mushroom cloud" being the first "smoking gun" we might observe.

That this campaign was based largely on information

known to be forged and that the campaign was used successfully to frighten our elected representatives in Congress into voting for war is clear from the bitter protestations of Rep. Henry Waxman and others. The politically aware recognize that the same information was used, also successfully, in the campaign leading up to the mid-term elections—a reality that breeds a cynicism highly corrosive to our political process.

The fact that the forgery also crept into your state-of-the-union address pales in significance in comparison with how it was used to deceive Congress into voting on October 11 to authorize you to make war on Iraq.

It was a deep insult to the integrity of the intelligence process that, after the Vice President declared on August 26, 2002 that “we know that Saddam has resumed his efforts to acquire nuclear weapons,” the National Intelligence Estimate (NIE) produced during the critical month of September featured a fraudulent conclusion that “most analysts” agreed with Cheney’s assertion. This may help explain the anomaly of Cheney’s unprecedented “multiple visits” to CIA headquarters at the time, as well as the many reports that CIA and other intelligence analysts were feeling extraordinarily great pressure, accompanied by all manner of intimidation tactics, to concur in that conclusion. As a coda to his nuclear argument, Cheney told NBC’s Meet the Press three days before US/UK forces invaded Iraq: “we believe he [Saddam Hussein] has reconstituted nuclear weapons.”

**Mr. Russert:** . . . the International Atomic Energy Agency said he does not have a nuclear program; we disagree?

**Vice President Cheney:** I disagree, yes. And you’ll find the CIA, for example, and other key parts of the intelligence community disagree . . . we know he has been absolutely devoted to trying to acquire nuclear weapons. And we believe he has, in fact, reconstituted nuclear weapons. I think Mr. ElBaradei [Director of the IAEA] frankly is wrong.

Contrary to what Cheney and the NIE said, the most knowledgeable analysts—those who know Iraq and nuclear weapons—judged that the evidence did not support that conclusion. They now have been proven right.

Adding insult to injury, those chairing the NIE succumbed to the pressure to adduce the known forgery as evidence to support the Cheney line, and relegated the strong dissent of the State Department’s Bureau of Intelligence and Research (and the nuclear engineers in the Department of Energy) to an inconspicuous footnote.

It is a curious turn of events. The drafters of the offending sentence on the forgery in the president’s state-of-the-union speech say they were working from the NIE. In ordinary circumstances an NIE would be the preeminently authoritative source to rely upon; but in this case the NIE itself had already been cooked to the recipe of high policy.

Joseph Wilson, the former US ambassador who visited Niger at Cheney’s request, enjoys wide respect (including,

like several VIPS members, warm encomia from your father). He is the consummate diplomat. So highly disturbed is he, however, at the chicanery he has witnessed that he allowed himself a very undiplomatic comment to a reporter last week, wondering aloud “what else they are lying about.” Clearly, Wilson has concluded that the time for diplomatic language has passed. It is clear that lies were told. Sad to say, it is equally clear that your vice president led this campaign of deceit.

This was no case of petty corruption of the kind that forced Vice President Spiro Agnew’s resignation. This was a matter of war and peace. Thousands have died. There is no end in sight.

## Recommendation #1

We recommend that you call an abrupt halt to attempts to prove Vice President Cheney “not guilty.” His role has been so transparent that such attempts will only erode further your own credibility. Equally pernicious, from our perspective, is the likelihood that intelligence analysts will conclude that the way to success is to acquiesce in the cooking of their judgments, since those above them will not be held accountable. We strongly recommend that you ask for Cheney’s immediate resignation. . . .

/s/

Ray Close, Princeton, NJ

David MacMichael, Linden, VA

Raymond McGovern, Arlington, VA

Steering Committee, Veteran Intelligence Professionals for Sanity

## Congress Marks ‘Last Days’ of Richard Cheney

*The U.S. Congress, under massive pressure from the international community, and increasing pressure from the American population, led by the political movement of Democratic Presidential pre-candidate Lyndon LaRouche, is beginning to move in the direction that LaRouche specified—taking on Vice President Dick Cheney. The following selection is excerpted from the Congressional Record and from official letters from Members of the House and Senate.*

### Levin: Bush Mis-Statement ‘Not a Mistake,’ But Was ‘Calculated’

In a statement on the Senate floor, on July 15, Sen. Carl Levin (D-Mich.) said, “Last week, CIA Director George Tenet accepted responsibility for having gone along with the African uranium statement in the President’s State of the Union address. . . . But his explanation of the CIA’s acquiescence in allowing the use of a clearly misleading statement



*Some members of a large picket line of the LaRouche Youth Movement which met visiting (or, from the British view, escaping) Prime Minister Blair outside Congress on July 17.*

raises more questions than it answers, and statements by other Administration officials, particularly National Security Advisor Condoleezza Rice, compound the problem.”

Levin rebutted Rice’s denials that the Administration “never said that we thought he [Saddam] had nuclear weapons,” pointing out: “But Vice President Cheney said on March 16, ‘we believe he [Saddam] has, in fact, reconstituted nuclear weapons’ . . .

“The President’s statement that Iraq was attempting to acquire African uranium was not a ‘mistake.’ It was not inadvertent. It was not a slip. It was negotiated between the CIA and the NSC [National Security Council]. It was calculated. It was misleading. And what compounds its misleading nature is that the CIA not only ‘differed with the British dossier on the reliability of the uranium reporting’ to use Director Tenet’s words, but the CIA had also ‘expressed reservations,’ again using Director Tenet’s words, to the British in September 2002, nearly five months before the State of Union address. Furthermore, the CIA pressed the White House to remove a similar reference from the President’s speech on Oct. 7, 2002, and the White House did so nearly four months before the State of the Union address.”

Levin listed the following other attempts “made, apparently by the NSC and concurred in by the CIA, to create a false impression”:

**Aluminum Tubes:** “In a speech before the UN General Assembly on Sept. 12, 2002, President Bush said, ‘Iraq has made several attempts to buy high-strength aluminum tubes used to enrich uranium for a nuclear weapon.’ The Interna-

tional Atomic Energy Agency, after conducting an inquiry into the aluminum tubes issue, concluded they were not for uranium enrichment.”

**Iraq/al-Qaeda connection:** Secretary of Defense Donald Rumsfeld claimed a “bullet-proof case” demonstrating “ ‘that there are in fact al-Qaeda in Iraq.’ . . . It was certainly never a ‘bullet-proof’ case.”

**Nuclear reconstitution:** “Last Sunday, Ms. Rice said, ‘We have never said that we thought he [Saddam] had nuclear weapons.’ But Vice President Cheney said on March 16, ‘We believe he [Saddam] has, in fact, reconstituted nuclear weapons.’ ”

**Certainty that Iraq possesses chemical and biological weapons:** “On Aug. 26, 2002, Vice President Cheney said, ‘Simply stated, there is no doubt that Saddam Hussein now has weapons of mass destruction. There is no doubt he is amassing them to use against our friends, against our allies, and against us.’ . . . The fruitless search to date for Saddam Hussein’s weapons of mass destruction during and after our entry into Iraq suggests that our intelligence was either way off the mark, or seriously stretched.”

**Mobile biological warfare labs:** The CIA claimed that two trailers found in Iraq were for producing biological warfare agents, even through other experts and intelligence community members do not agree.

**White House website photos:** “The White House placed three sets of satellite photos on its website on Oct. 8, 2002, with the headline ‘Construction at Three Iraqi Nuclear Weapons-Related Facilities.’ Although one of the facilities was not



nuclear-related, the captions gave the impression that Iraq was proceeding with work on weapons of mass destruction at these facilities, although UNMOVIC and IAEA inspections at these facilities found no prohibited activities or weapons.”

Levin concludes with some major questions raised by Condoleezza Rice’s continuing to justify letting the uranium statement be used in the President’s State of the Union Address. These include:

“Who in the Administration was pressing the CIA to concur in a statement that the CIA did not believe was true. . . ?

“Who in the White House was involved in removing a similar reference from the President’s speech on Oct. 7, nearly four months before the State of the Union speech? . . .

“What role did the Office of the Vice President have in bringing about an inquiry into Iraq’s purported efforts to obtain uranium from Africa? Was the Vice President’s staff briefed on the results of Ambassador Wilson’s trip to Africa.”

### Immediate Hearings Needed by House Intelligence Committee

“Some press accounts indicate the [forged Niger] documents were first given to Vice President Cheney’s office by the British “via the Italians’ in early 2002,” wrote Rep. Henry Waxman (Calif.), the ranking Democrat on the Committee on Government Reform, in a July 15 letter to Rep. Porter Goss (R-Fla.), Chairman of the House Intelligence Committee and to its ranking Democrat, Jane Harman (D-Calif.), ranking Democratic. Waxman is also a member of the Intelligence Committee.

Waxman’s 12-page letter challenges all of the contradictions in the explanations given by the White House on the use of forged intelligence in Bush’s State of the Union address, and also details that “The President’s statement in the State of the Union address was by no means the only use of the Niger evidence by Administration officials.”

Waxman asks, “Who was responsible for the repeated attempts by Administration officials to use the bogus evidence? . . . [T]here was a concerted effort spanning many months and involving multiple Administration officials to promote the claim that Iraq was seeking to import uranium from Africa. . . . And we know that these efforts occurred despite repeated attempts by intelligence officials at the CIA



*LaRouche organizers chant and march outside Blair’s speech. Despite his medal from Congress, both practitioners of the “ignoble lie,” Blair and Cheney, are under mounting pressure to resign.*

and the State Department to discredit the evidence. Yet we still do not know who was behind this repeated effort to promote the phony evidence.”

Waxman argues in his letter, “Under these circumstances there is no longer any reasonable justification for considering this matter in closed proceedings. Nor . . . for further delay. Public hearings in the Intelligence Committee to examine the handling of the Niger evidence should commence before the upcoming August recess.” The Congressman dismisses the White House attempt to pin the error on Director of Central Intelligence George Tenet, noting that Tenet was the person who had “urged restraint” about citing the information.

Instead of accepting this excuse, Waxman says that “all relevant agencies” must be scrutinized, including “the CIA, the State Department, and the Defense Department, as well as the Vice President’s office and the White House.” He takes particular note of press reports, that the citation of the Niger forged documents had been included in “the first draft” of Secretary of State Colin Powell’s speech to the UN General Assembly “ ‘written by Cheney’s staff and the National Security Council.’ ”

Representative Waxman has been investigating the story of the forged Niger documents since March 2003, after the International Atomic Energy Agency (IAEA) disclosed on March 7, 2003 that the documents had been forged—before the Iraq War began.

On June 26, Waxman and 20 fellow House members—



Pascrell (Calif.); Ellen Tauscher (Calif.); Lyn Woolsey (Calif.); Robert Wexler (Fla.); Marion Berry (Ark.); Steven Rothman, (N.J.); Gene Taylor (Miss.); Baron Hill (Ind.); Steve Israel (N.Y.); Shelley Berkley (Nev.); and Gary Ackerman (N.Y.).

The letter gives Bush a detailed list of questions:

“1. Exactly how did the claim regarding Iraqi efforts to obtain uranium from Africa get into your State of the Union speech, in light of the evidence in the possession of the Executive Branch that this claim was based on forged documents?

“2. Who within the Executive Branch reviewed and approved the inclusion of this statement in your speech?

“3. Did anyone raise concerns about its inclusion? If not, why? If so, why were such concerns apparently disregarded?

“4. Ambassador Joseph Wilson, who was dispatched to Niger to investigate the intelligence reports about a putative Iraq-Niger uranium connection, stated in an interview on NBC, that his doubts about the purported Iraq-Niger connection reached the highest levels of government, including Vice President Dick Cheney’s office. . . . What input did the Vice President have into your State of the Union speech? Did the Vice President’s office receive one or more drafts of the speech prior to its delivery, and if so, when?”

The last of the six questions, includes the direct challenge to Bush, on three areas, “During your State of the Union address you stated. . .” and then asking about the President’s assertions:

“(a) Where are the 500 tons of sarin, mustard, and VX nerve agent you discussed? Was the intelligence information upon which this statement was based erroneous?

“(b) Where are the remaining 29,984 chemical weapons-capable munitions? Was the intelligence information upon which this statement was based also erroneous?

“(c) Where are the several mobile weapons labs? We are aware of press reports of the discovery of one vehicle that some within the Administration claimed to represent one such lab, but we are also aware from press reports that some within the intelligence community do not believe the evidence supports such a conclusion.”

It concludes with concern, that “there is a danger that nations around the world may lose confidence that they can rely on the United States for straight information on the growing risk of nonproliferation.”

who had *supported* the resolution to use force in Iraq, House Joint Resolution 114, in October 2002—have now introduced a bill, HR 2625, to establish an Independent Commission on Intelligence About Iraq. However, since such a commission would “take months to enact,” Waxman urges, “It is essential that the Intelligence Committee hold immediate public hearings on the Niger evidence.”

### **Did Congress Vote for War, Based on ‘False Intelligence’?**

On July 11, Rep. Edward Markey (D-Mass.) issued a press release, “Congressional Democrats Demand the Truth: 16 Democrats Supportive of Iraqi War Resolution Sign Markey Letter to Bush on False Intelligence.” The release says that Representative Markey, the “co-chair of the Bipartisan Taskforce on Non-Proliferation, and Senior Member of the Energy and Commerce Committee and the Select Committee on Homeland Security, sent a letter [dated July 10] to President Bush questioning the erroneous information provided to Congress by the Administration to convince Members to vote in favor of House Joint Resolution 114 authorizing military force in Iraq.” Markey stated: “President Bush has many questions to answer about the use and misuse of intelligence on Iraq’s weapons of mass destruction programs. The American people were given erroneous information . . . [and] the credibility of this Administration rests on the answers to the questions we have asked.”

The signers, all Democrats who voted to give the President authorization for the use of force in Iraq are: Edward Markey (Mass.); Patrick Kennedy (R.I.); Martin Meehan (Mass.); Sanford Bishop (Ga.); Anthony Weiner (N.Y.); Bill

# Depression and War Blow Out Bush's Budget

by Carl Osgood

President Bush's Federal government, representing an economy six times the size of Gov. Gray Davis' California, now has a budget deficit estimated 30 times as large, for Fiscal 2004. The Office of Management and Budget (OMB) released its mid-session review on the Fiscal 2004 budget process, on July 15; the only conclusion a reasonable person could draw from the new numbers is that the Federal budget is blown out, and a new approach is needed. One and a half years ago, the OMB officially forecast a Fiscal 2003 deficit of \$80 billion. The mid-session review, last year, raised that estimate to \$109 billion. The Fiscal 2004 budget plan raised the 2003 red-ink estimate to \$304 billion; and the new review has now increased that forecast to \$455 billion—or about \$600 billion before Social Security revenues are looted to make budget payments.

The OMB attributes this astonishing collapse to a severe shrinkage of anticipated tax revenues, which have now declined for three years in a row—1930s Great Depression-style. According to the July 15 report, the revenue collapse has added \$66 billion to the 2003 deficit, just since the January 2003 estimate; and \$95 billion to the anticipated Fiscal 2004 deficit. The collapse is worse than that, because OMB counts the surpluses in the Social Security and other trust funds. Without them, the actual deficit for 2003 will be in the neighborhood of \$618 billion.

## Parties Ignore the Reality LaRouche Forecast

Then the OMB review forecasts that the FY 2004 deficit will grow to \$475 billion (\$638 billion without the trust funds)—but the rate of collapse of the U.S. economy has probably already made that figure irrelevant. The review optimistically ignores the ongoing collapse process, and predicts that the deficit will be cut in half by 2006 by “stimulus” from the 2003 tax cut.

*EIR's* warning of two months ago that the deficit is spiraling out of control (“U.S. Fiscal 2003 Deficit Could Top \$500 Billion,” *EIR*, June 6) is borne out. *EIR* announced then, that while the Bush Administration's tax cuts were a factor, the primary driver behind the drops in revenue was the collapse of the economy, in two areas in particular. One is the physical economic collapse, which is seeing manufacturing jobs, in particular, disappear for three years without let-up. Second,

is the blow-out of the New Economy/information technology bubble, which had been providing a surplus flow of capital gains taxation into the Federal Treasury until 2001, when the bubble began collapsing. These two factors have had a huge impact on both income tax and corporate tax collections; *EIR* estimated their combined impact would gut \$250 billion from FY 2001-2003 revenues. This is the leading edge of the unprecedented three-year-long fall in tax revenues.

Since the Bush Administration has clung to its Mont Pelier tax-cut policy, there is every reason to believe that the collapse will not only continue, but accelerate, bring even larger, and unsustainable, budget deficits in 2004, 2005, and beyond.

Democrats, denying the collapse themselves, continue their posturing against the GOP tax cuts. Rep. John Spratt (D-S.C.), the ranking Democrat on the House Budget Committee, noted the huge, multitrillion-dollar downward “swing” in projections in only two years, and told newly installed OMB director Josh Bolten, during a July 16 hearing, “I don't get a sense in reading your report. . . that you give any culpability to the three tax cuts that this administration has passed,” for the growing deficits. He noted that the tax cuts have cut projected revenues, over the 2001 to 2011 period, by \$3.746 trillion.

Spratt also noted future obligations that have not yet been accounted for in the present budget documents. One is the continuing costs of military operations in Afghanistan and Iraq, “which are now running at a rate of \$5 billion a month incremental spending,” he said. He warned that those costs alone could easily drive the Fiscal 2004 deficit to over \$500 billion (\$650 billion, or 6.5% of GDP, without looting Social Security).

The GOP is proving itself even more determined to ignore the collapse process than are the Democrats. House Budget Committee Chairman Jim Nussle (R-Iowa), speaking to reporters after the OMB review was released, insisted that everything was under control and would remain so, if the present GOP budget plan is adhered to. He confidently predicted that if that is done, the budget will be back in balance within nine years—despite the recent inability of OMB or the Congressional Budget Office to make budget and revenue forecasts for even nine months! Echoing the OMB report, Nussle called the deficit “manageable.” His method is to reduce spending, in imitation of the recent years' failed efforts of the states to close their budget holes through fiscal austerity.

This mentality is reflected in some of the appropriations bills that the House has already passed. The bill funding the Departments of Labor, Health and Human Services and Education, normally the most contentious of the 13 appropriations bills, is indicative of the austerity approach the GOP is taking to the “spending side” of the problem, as Nussle put it. It cuts \$1.2 billion out of special education programs, \$750 million out of the No Child Left Behind after-school programs, and

\$200 million out of the Low Income Heating Assistance Program, to name just a few. Rep. David Obey (D-Wisc.) tweaked the House: "We can somehow afford \$2 trillion in tax cuts over the next decade, over 40% of which are targeted at the wealthiest 1% of the people, but somehow we cannot afford \$3 billion more to educate our kids, or \$3 billion more to help see to it that kids do not lose their health coverage in a time of national economic problems."

### Costs of War Undetermined, Unincluded

Besides the revenue collapse, hanging over all of this, as Spratt noted, is the future cost of U.S. military operations in Iraq, Afghanistan, and possibly elsewhere. The OMB review attributes \$47 billion of the 2003 deficit increase, and \$20 billion of the estimated 2004 deficit increase, to increased spending due to the Iraq War. However, the review also includes this *caveat*: "These estimates do not reflect what the Administration previously indicated are expected but undetermined additional costs arising from ongoing operations in Iraq, extending beyond 2003." This means, in all likelihood, that the actual costs will be considerably higher in 2004 than what can be extrapolated from the spending estimates, so far.

Those "undetermined additional amounts" are likely to be a source of some friction between the Administration and the Congress in the period ahead. The Senate has so far decided to side with the White House on that issue. It rejected, by a vote of 53-41, on July 16, an amendment by Sen. Byron Dorgan (D-N.D.) to the defense appropriations bill, to require the Administration to submit an amendment to its Fiscal 2004 budget request indicating how much it thought it would need for operations in Iraq. Dorgan told the Senate, in a foreboding of perpetual war, "I don't want us to be in a situation where each Spring we have to produce larger and larger supplemental appropriations bills." But Senate Appropriations Committee Chairman Ted Stevens (R-Ak.) replied, that "Congress should not instruct the President to request funds now for future contingency military operations," and the full Senate went along with him.

The House has yet to formally speak on the matter, and the situation there is less clear. Rep. Obey (D-Wisc.), the ranking Democrat on the House Appropriations Committee, has pointed out on numerous occasions that the Congressional Fiscal 2004 budget plan includes no money for operations in Iraq, an incredible situation. Budget Committee Chairman Nussle was even more adamant after the OMB review was released. "We need straight answers about budget ramifications for the conflict in Iraq," he said, emphasizing that the Congress needs estimates and "they need to be accurate." When asked if the Congress would try to come up with its own estimates, if the Defense Department was not forthcoming, he said "The short answer may well be yes."

The Pentagon has so far been willing only to provide

estimates for the current Fiscal Year 2003, which ends on Sept. 30, and that reluctant estimate averages about \$3.9 billion per month. Of that average, over \$2.5 billion is for contingency operational costs for logistics and transportation, and most of the remainder is personnel costs.

### Pentagon Comptroller: 'Cash Out by October'

That \$3.9 billion figure is itself only an estimate. As Pentagon Comptroller Dov Zakheim explained to *EIR* in an July 11 interview, the department only has the real figures for January, February, March, and April, averaging about \$4.1 billion per month. Those costs are going to "tail down," Zakheim claimed, because some troops are already being pulled out, "and so your monthly costs have gone down." Not included in that monthly average, however, are costs for reconstituting forces that are and will be returning from the region—for which \$4 billion was set aside in the Iraq War supplemental—nor does it include depot repair and maintenance of equipment used in the war, the Coast Guard deployment, the setting up of the Coalition Provisional Authority, or support of participating allies. All of these costs are covered by the \$62.6 billion Iraq war supplemental passed in April.

How much those future costs will go down, Zakheim declined to say. "It depends on whether we'll pull more troops out," he said. "I can't predict that." The Pentagon is optimistically expecting up to 30,000 foreign troops to join American troops in Iraq by the end of the Summer, but talks are still ongoing, and a number of countries, including India, France, and Germany, have rejected U.S. entreaties. "So, to formulate a requirement right now when you have these unknowns, how many foreign troops will come, when will they actually show up, is probably premature." Zakheim expects that at the Oct. 1 beginning of FY 2004, "We'll probably cash-flow out of the resources that we have." In other words, the Pentagon will be covering the costs of Iraq and Afghanistan operations out of its operations and maintenance accounts, since no other money is budgeted. This makes inevitable the large supplemental appropriations request much feared by Senator Dorgan, sometime in early 2004.

If large numbers of reservists are retained in the region into 2004, the costs will remain substantial. Zakheim explained that in April, the department had set aside \$13 billion to cover post-war stabilization costs, but that that had not included retaining large numbers of reservists in the region. Instead, "the reserves stayed; that number now went into the total calculus. . . . We weren't pulling them out and so when I testified in June, I said the number was in excess of \$3 billion." As Zakheim explained, the reserves cost more to deploy because all of their personnel and training costs have to be counted. Active forces already have funding budgeted for personnel, training, and operations and maintenance costs, so the only costs for deployed forces that have to be counted are those that are incurred over and above the budgeted costs.

## Rumsfeld Rapped on Post-War Planning

Secretary of Defense Donald Rumsfeld took a grilling on July 9 in front of the Senate Armed Services Committee on, among other issues, the lack of progress in the post-war stabilization of Iraq. Rumsfeld went to great lengths to portray most of Iraq as stable, saying that most of the violence directed at occupying American troops was confined to the so-called "Sunni triangle," north and west of Baghdad. While admitting that "there are a number of sources of instability," Rumsfeld declared that "Iraq has been liberated, the Ba'athist regime has been removed from power and will not be permitted to return."

Rumsfeld collapsed, however, under questioning from skeptical Senators, who kept asking questions he did not seem to know the answers to. When Sen. Edward M. Kennedy (D-Mass.) asked about the requests for troops which the United States has made to NATO countries to go to Iraq, Rumsfeld could not provide any specifics, only that such requests had been made. Nor could he provide a specific answer when Kennedy demanded to know whether the United States had operational plans for the reconstruction of Iraq, beyond saying that there were such plans. Nor could he tell Sen. Robert Byrd (D-W.V.) how much the Pentagon was spending for operations in Iraq and Afghanistan. He had to call Pentagon Comptroller Dov Zakheim during a recess in the hearing to get the numbers that Byrd was demanding.

Rumsfeld did not get any help from Gen. Tommy Franks, the just-retired chief of U.S. Central Command, who testified with him and then separately, the next day, in front of the House Armed Services Committee. Besides disagreeing with Rumsfeld on the number of U.S. troops that will be required in Iraq and how long they will be there, he admitted to Rep. Ike

Skelton (D-Mo.) that the Congressman was correct when he asserted that "it appears to me that we find that America is quite good . . . at winning on the battlefield, and that we have a lot to learn to bring stability to a dangerous country." Skelton had earlier noted that there appeared to have been a "lack of planning" for the post-war reconstruction.

## Moves To Overturn FCC Media Ownership Ruling

The House Appropriations Committee on July 16 voted 40-25 to block a June 2 Federal Communications Commission ruling, which would loosen up rules governing media ownership.

The previous day, Senators Byron Dorgan (D-N.D.) and Trent Lott (R-Miss.) had announced that they would be introducing a privileged resolution to overturn the FCC ruling. The resolution invokes a special procedure in the Senate for overturning Federal regulations, that expedites the consideration of the resolution, once the sponsor has collected at least 30 signatures on a letter asking for the resolution to be discharged from committee consideration. Dorgan announced that he had gathered the signatures of 35 Senators, from both parties, and that he had been told by Senate Commerce, Science and Transportation Committee Chairman John McCain (R-Ariz.) that "he will hold a mark-up and proceed to move this resolution to the floor of the Senate."

Lott gave two reasons why he decided to support Dorgan's effort. Sounding very much like a civil libertarian, Lott said that the FCC "clearly made a decision that's going to lead to more concentration, less diversity, fewer choices in the opportunity for people to view, to hear, or read what the news or that editorial policy is, and that's why I have consistently opposed

this change." Secondly, he reported that he had gone over to the House a few days earlier, and his discussions there "gave me impetus, quite frankly, to join this effort."

While both Dorgan and Lott expressed optimism that the resolution will easily pass the Senate, it is the House that remains the question mark, since Energy and Commerce Committee Chairman Billy Tauzin (R-La.) has already said he would oppose such an effort. Dorgan said, "If the Senate disapproves these rules by a vote of the full Senate, I think it's going to put a substantial amount of pressure on the U.S. House." Lott added that when he met with Tauzin, and House Majority Leader Tom DeLay (R-Tex.) "they didn't indicate any plans to move on this right away, and that's one of the reasons why I decided to join in this effort."

## Medical Liability Reform Blocked in Senate

A July 9 procedural vote of 49-48 killed, at least for the time being, GOP-sponsored legislation in the Senate to impose liability caps on medical malpractice lawsuits. The bill, sponsored by John Ensign (R-Nev.), would put a \$250,000 cap on pain and suffering in malpractice lawsuits on the theory that out-of-control damage awards are responsible for skyrocketing insurance premiums that physicians are seeing in many states. "Our current medical liability system encourages excessive litigation, drives up costs, and is literally scaring doctors out of the medical profession," declared Mitch McConnell (R-Ky.), in opening up the debate on July 7.

While nobody disputed that the liability crisis is real, the question unsettled by the debate was what effect limiting damage awards would really have on it. Mike Enzi (R-Wyo.) told

the Senate, "We are not seeing any relief because insurance companies are paying out more in losses than they are receiving in premiums," to the tune of \$1.53 in losses to every dollar in claims; so, for him, it is very simple. Ensign, however, admitted that, in states that have enacted liability caps, it has taken anywhere from 8 to 15 years for insurance premiums to stabilize, because, he said, it takes that long for the courts to decide on lawsuits against the legislation.

Richard Durbin (D-Ill.), leading the opposition to the bill, charged that it would punish those who have suffered grievously from medical malpractice. He said that the principle of the bill is that "we will no longer trust a jury of 12 people . . . to decide what is fair compensation for your injury caused by another person." He also pointed out that the bill also includes provisions protecting health maintenance organizations (HMOs), pharmaceutical companies, and medical device manufacturers from liability. When he asked Ensign about those provisions, Ensign refused to answer, on the grounds that the Senate was debating a motion to proceed, not the bill, itself.

## **H**ouse Supports Labor Department Overtime Rule

The House of Representatives narrowly rejected, by a vote of 210-213 on July 10, an amendment to the appropriations bill for the Labor, Health and Human Services, and Education Departments, that would have prohibited the Labor Department from spending any money to enforce a change it is considering to the regulations under the Fair Labor Standards Act. The change will reclassify certain categories of professional workers, said to number about 8 million, so that they would no longer be eligible for

overtime pay when they work in excess of 40 hours per week. The amendment would have left untouched the rule change making about 1.3 million low-income workers newly eligible for overtime pay.

George Miller (D-Calif.), who, along with David Obey (D-Wisc.), sponsored the amendment, charged that the new rule "is going to take hundreds of millions of dollars of hard-earned pay out of the pockets of American families," for whom overtime is a significant share of their income. He noted that the Bush Administration is acting on the issue without Congress having had a single hearing on it. He accused the Republicans of preferring to change the rule by fiat, because "they do not want the debate. They do not want to defend what they are doing."

The Republicans replied that the present regulations are too complicated. House Education and the Workforce Committee Chairman John Boehner (R-Ohio) argued that "any efforts to hijack this process before the Department [of Labor] . . . is premature." He claimed that under current regulations, the Department cannot determine who is eligible for overtime pay and who is not, which, as Miller noted, had nothing to do with his amendment.

## **H**ouse Panel Passes D.C. School Vouchers Bill

On July 10, the House Government Reform Committee passed a bill to create a five-year, \$15 million program to give public school students in the District of Columbia vouchers to go to private schools. The program would make vouchers of up to \$7,500 per year available to 2,000 students (out of 67,500 in the D.C. school system) to attend any private school of

their choice. Committee Chairman Tom Davis (R-Va.) and Education and the Workforce Committee Chairman John Boehner (R-Ohio), co-sponsors of the bill, advertised it as "school choice" legislation, claiming that it "will expand opportunities for students in underperforming D.C. elementary and secondary schools," according to a committee press release. At issue was not whether the public school system has problems, but whether pulling 2,000 students a year out of that system, would help.

The Democrats argued that it would not, and that the bill is nothing more than a GOP scheme to set a precedent by doing in the District what they have not yet been able to do nationally. While committee chairman Davis touted the fact that the bill does not pull money out of the school system to fund the vouchers, ranking Democrat Henry Waxman (Calif.) replied that the bill "will use Federal dollars that should be used to enhance" D.C. public and charter schools.

The Democrats also attempted to address the lack of accountability in the bill. William L. Clay (D-Mo.) offered an amendment prohibiting any private school from participating in the program unless it could demonstrate that it makes yearly progress equivalent to that required of the public schools. "I think Federal accountability rules that apply to public schools should apply to schools that accept voucher students," said Clay. In any case, the future of the bill is not yet assured, given that it only passed the committee by a 22-21 vote, with two Republicans joining the Democrats against the bill. Had Major Owens (D-N.Y.) not been out of town for medical appointments, the bill would have been blocked. Davis has not said yet whether he will bring the bill to the House floor as a free-standing bill, or try to attach it as an amendment to an appropriations bill.

# Hang Iraq Albatross on Cheney's Neck

American soldiers and Iraqi civilians are dying daily due to the decisions by that lead chicken-hawk, Vice-President Dick Cheney, to lie and pressure the U.S. government into an illegal war against Iraq. The damage will get much, much worse, if the opposition to the drive for a U.S. imperialism does not force through the removal of President Bush's svengali.

Cheney, of course, was one of the most vociferous advocates of the illusion that Iraqis were going to welcome American troops as "liberators," and he clearly acted to suppress intelligence to the contrary. This week the incoming chief of U.S. Central Command, Gen. John Abizaid, declared that the troops are facing a "classical guerrilla-type campaign." Already, besieged soldiers are being quoted saying they'd like to see Rumsfeld resign; who knows what they'd like to do to Cheney. As far as we know, the Vice-President has not come forward to apologize. Instead, he's organizing a "defense" of the intelligence hoax that has created this disaster.

Scandals around Dick Cheney's behavior are hardly new. He's been one of the nastiest, most secretive, and venal characters in Washington. One of the most prominent scandals was his protection of financial/energy pirate Enron, whose looting of the U.S. economy continues to have devastating effects. Cheney's profiteering at Halliburton has also gained some notoriety, in light of the almost breathtaking way in which the former Secretary of Defense handed over contracts to this private firm, and then moved to benefit from them by becoming Halliburton's CEO.

On July 13, a new such scandal touching the Vice-President came to light, by way of an investigative report in the London *Observer*. According to this news item, the U.S. occupying power in Iraq has devised new plans to grab the revenue stream from Iraqi oil production, and stick it in the pocket of U.S. contractors (like Halliburton). Again, we see the imprint of the venality of Dick Cheney.

In a piece called "Pipe Dreams of Iraqi Oil," the *Observer* reported that the U.S. occupying force has already begun *exporting* freshly pumped oil from Iraq.

While the capacity is only a bit above 300 thousand barrels a day, the local U.S. officials, including Halliburton executives, are determined to push it up to 3 million barrels per day as quickly as possible. A four-day conference was held in Baghdad recently at which Halliburton's subsidiary Kellogg Brown and Root, and the Army Corps of Engineers discussed how this could be done.

But it's going to take years to raise the capacity this high—and the profiteers, like Halliburton, want *money now*.

The current sales of oil are being priced at \$5 less per barrel than the standard, according to the *Observer's* reporters—apparently in order to sell—but the monies (remember the line that the oil belongs to the Iraqi people?) are going straight into the U.S.-controlled Development Fund for Iraq. This is the fund that pays out billions of dollars in cost-plus contracts for none other than Dick Cheney's colleagues at Halliburton and Bechtel.

But the current slow flow of oil can't really supply enough money for the profiteers, so, the *Observer* reports, "voices within the U.S. Administration have come up with a novel solution." We quote: "The U.S. Export-Import Bank, a government trade promotion agency, has launched a campaign for securitization of future Iraqi oil receipts to pay for the reconstruction work of foreign contractors."

In other words, the United States will essentially sell a proportion of Iraq's oil receipts from the future! Cash now, oil later, putting Iraq deeper into debt.

The *Observer* names Halliburton and Bechtel as part of the lobby that is pushing the scheme which will "simultaneously will solve Iraq's funding gap, take the funding pressure off an overstretched U.S. budget, and provide the security of payment that can attract the finest U.S. contractors to work in the unstable country."

A scheme truly worthy of an Enron pirate, or a proponent of a Roman-style U.S. Empire, like Dick Cheney. Cheney, the linchpin for all the current Administration's criminally insane schemes, must be dumped now!

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Thursdays—4:30 pm
- TUJUNGA—Ch.19  
Mondays—8 pm
- VENICE—Ch.43  
Wednesdays—7 pm
- VENTURA—Ch.6  
Adelphia/Avenue  
Mon & Fri—10 am
- WALNUT CREEK  
AT&T Ch.6  
2nd Fridays—9 pm  
Astound Ch.31  
Tuesdays—7:30 pm
- W.HOLLYWOOD  
Adelphia Ch.3  
Thursdays—4:30 pm
- W.SAN FDO VLY.  
Time Warner Ch.34  
Wed.—5:30 pm

## COLORADO

- DENVER—Ch.57  
Saturdays—1 pm

## CONNECTICUT

- GROTON—Ch.12  
Mondays—10 pm
- MANCHESTER Ch.15  
Mondays—10 pm
- MIDDLETOWN—Ch.3  
Tuesdays—5 pm
- NEW HAVEN—Ch.29  
Sundays—5 pm  
Wednesdays—7 pm
- NEWTOWN/NEW MIL.  
Cablevision Ch.21  
Mondays—9:30 pm  
Thursdays—11:30 am

## DIST. OF COLUMBIA

- WASHINGTON  
Comcast Ch.5  
Starpower Ch.10  
Alt. Sundays—6 pm  
8/10, 8/24, 9/7,  
9/21, 10/5, 10/19

## FLORIDA

- ESCAMBIA COUNTY  
Cox Ch.4  
2nd Tue: 4:30 pm
- GEORGIA  
• ATLANTA  
Comcast Ch.24  
Wednesdays—10 am

## IDAHO

- MOSCOW—Ch. 11  
Mondays—7 pm

## ILLINOIS

- CHICAGO\*  
AT&T/RCN/WOW Ch.21
- QUAD CITIES  
MediaCom Ch.19  
Thursdays—11 pm
- PEORIA COUNTY  
Insight Ch.22  
Sundays—7:30 pm

## INDIANA

- BLOOMINGTON  
Insight Ch.3  
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

## KENTUCKY

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

## LOUISIANA

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

## MARYLAND

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

## MASSACHUSETTS

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

## MICHIGAN

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

## MINNESOTA

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

## MISSISSIPPI

- MARSHALL COUNTY  
Galaxy Ch. 2  
Mondays—7 pm

## MISSOURI

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

## NEBRASKA

- LINCOLN  
T/W Ch.80  
*Citizen Watchdog*  
Tuesdays—7 pm  
Wednesdays—10 pm
- NEVADA  
• CARSON—Ch.10  
Wednesdays—7 pm  
Saturdays—3 pm
- RENO/SPARKS  
Charter Ch.16  
Fridays—9 pm

## NEW JERSEY

- MERCER COUNTY  
Comcast\*  
TRENTON Ch.81  
WINDSORS Ch.27
- MONTVALE/MAHWAH  
Time Warner Ch.27  
Wednesdays—4 pm
- NORTHERN NJ  
Cablevision Ch.57\*  
PISCATAWAY  
Cablevision Ch.71  
Wed—11:30 pm
- PLAINSBORO  
Comcast Ch.3\*

## NEW MEXICO

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

## NEW YORK

- AMSTERDAM  
T/W Ch.16  
Wednesdays—7 pm
- BRONX  
Cablevision Ch.70  
Fridays—4:30 pm
- BROOKLYN  
T/W Ch.34  
Cablevision Ch.67  
Tue: 3:30, 11:30 pm  
• BUFFALO  
Valley Access Ch.20  
Thursdays—4 pm  
Saturdays—1 pm
- CHEMUNG/STUBEN  
Time Warner Ch.1  
Mon & Fri: 4:30 pm
- ERIE COUNTY  
Adelphia Intl. Ch.20  
Thursdays—10:35 pm
- ILION—Ch.10  
Mon & Wed—11 am  
Saturdays—11:30 pm
- IROQUOIS Ch.15  
Mondays—7:30 pm  
Thursdays—7 pm
- JEFFERSON/LEWIS  
Time Warner Ch.2  
Unscheduled pop-ins  
• MANHATTAN—MNN  
T/W Ch.34: RCN Ch.109  
Alt. Sundays—9 am
- NIAGARA COUNTY  
Adelphia Ch.20  
Thursdays—10:35 pm
- ONEIDA—Ch.10  
Thu: 8 or 9 pm
- PENFIELD—Ch.15  
Penfield Comm. TV\*
- QUEENS QPITY\*
- QUEENSBURY Ch.71  
Thursdays—7 pm
- RIVERHEAD Ch.70  
Thu—12 Midnight

## NEW HAMPSHIRE

- ROCHESTER—Ch.15  
Sundays—3 pm  
Mondays—10 pm
- ROCKLAND—Ch.71  
Mondays—6 pm
- SCHENECTADY Ch.16  
Mondays—3 pm  
Wednesdays—8 am
- STATEN ISL.  
Time Warner Cable  
Thu—11 pm (Ch.35)  
Sat—8 am (Ch.34)
- TOMPKINS COUNTY  
Time Warner  
Sun—9 pm (Ch.78)  
Thu—5 pm (Ch.13)  
Sat—9 pm (Ch.78)

## NEW JERSEY

- TRI-LAKES  
WINDSORS Ch.27  
Sun: 7 am, 1 pm, 8 pm
- WEBSTER—Ch.12  
Wednesdays—9 pm

## NORTH CAROLINA

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

## OREGON

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

## RHODE ISLAND

- E.PROV.—Ch.18  
Tuesdays—4:30 pm
- STATEWIDE  
Ri Interconnect\*  
Cox Ch.13  
Full Ch.49

## TEXAS

- AUSTIN Ch.16  
T/W & Grande  
Sundays—12 Noon
- DALLAS Ch.13-8  
Tuesdays—10:30 pm
- EL PASO COUNTY  
Adelphia Ch.4  
Thursdays—8 pm  
Thursdays—11 am
- HOUSTON  
Time Warner Ch.17  
Tuesdays—5:30 pm  
Saturdays—9 am  
Mon, 8/4: 6 pm
- KINGWOOD Ch.98  
Kingwood Cablevision  
Tuesdays—5:30 pm  
Saturdays—9 am  
Mon, 8/4: 6 pm

## UTAH

- RICHARDSON  
AT&T Ch.10-A  
Thursdays—6 pm
- CENTRAL UTAH  
Precis Cable Ch.10  
Aurora  
Centerfield  
Gunnison  
Redmond  
Richfield  
Salina  
Sundays & Mondays  
6 pm & 10 pm

## VERMONT

- GREATER FALLS  
Adelphia Ch.8  
Tuesdays—1 pm

## VIRGINIA

- ALBERMARLE  
Adelphia Ch.13  
Fridays—3 pm
- ARLINGTON  
AT&T Ch.33  
Mondays—4 pm  
Tuesdays—9 am
- BLACKSBURG  
WTOB Ch.2  
Mondays—6 pm
- CHESTERFIELD  
Comcast Ch.6  
Tuesdays—5 pm
- FAIRFAX—Ch.10  
Tuesdays—12 Noon  
Thursdays—7 pm
- LOUDOUN  
Adelphia Ch. 23/24  
Thursdays—7 pm
- ROANOKE—Ch.9  
Thursdays—2 pm

## WASHINGTON

- KING COUNTY  
AT&T Ch.29/77  
Thursdays—5 pm
- KENNEWICK  
Charter Ch.12  
Mondays—12 Noon  
Thursdays—8:30 pm
- PASCO  
Charter Ch.12  
Mondays—12 Noon  
Thursdays—8:30 pm
- RICHLAND  
Charter Ch.12  
Mondays—12 Noon  
Thursdays—8:30 pm
- SPOKANE—Ch.14  
Wednesdays—6 pm
- WENATCHEE  
Charter Ch.98  
Thu: 10 am & 5 pm

## WISCONSIN

- MADISON—Ch.4  
Tuesdays—3 pm  
Wednesdays—12 Noon
- MARATHON COUNTY  
Charter Ch.10  
Thursdays—9:30 pm  
Fridays—12 Noon
- SUPERIOR  
Charter Ch.20  
Mondays—7:30 pm  
Wednesdays—11 pm  
Fridays 1 pm
- WYOMING  
• GILLETTE—Ch.36  
Thursdays—5 pm

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