

EIR

Executive Intelligence Review

August 22, 2003 Vol. 30 No. 32 www.larouche.com \$10.00

Why Russian 'Oligarchs' Are Under Attack
The OSP Is Cheney's Own 'Plumbers Unit'
The Neo-Cons' War on Clinton's China Policy

**LaRouche Warns: Cheney
Gang Needs Another 9/11**



This Financial System Is Doomed!

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

SPECIAL REPORT

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IN 2004 *



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—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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*EIR (ISSN 0273-6314) is published weekly (50 issues),
by EIR News Service Inc., 317 Pennsylvania Ave., S.E.,
3rd Floor, Washington, DC 20003. (202) 543-8002.
(703) 777-9451, or toll-free, 888-EIR-3258.
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Postmaster: Send all address changes to EIR, P.O. Box
17390, Washington, D.C. 20041-0390.

From the Associate Editor

LaRouche Youth Movement organizers in Washington, D.C., who were distributing LaRouche's Aug. 10 statement on Arnold Schwarzenegger, "The Case of a Living Stage Fright" (see *National*), to California residents visiting the nation's capital, reported, "They were freaked out by the disintegration of the political process in California." That was on Wednesday. On Thursday, electrical power blackouts cut large swaths through the Northeastern United States, reaching west to Michigan. More freakouts. From coast to coast, there's only one conclusion to draw: Listen to LaRouche, or sweat in the dark!

Marsha Freeman, reporting on what is known so far about the Aug. 14 blackouts, underlines that 1) *EIR* readers knew this was coming; 2) deregulation of the industry is the issue politicians don't want to face—the very issue which plunged California into its crisis, thanks to Enron and the energy pirates; and 3) Vice President Dick "Halliburton" Cheney is leading the drive to repeal the Roosevelt-era Public Utilities Holding Company Act, which regulated the electric utility industry, to protect the general welfare.

Our *Feature* takes LaRouche's drive to impeach Cheney into the domain of a new intelligence breakthrough, about which we shall have more to say in upcoming issues. *EIR* researchers on four continents are pulling together the picture on the history and current re-emergence of *Synarchism*: the fascist international tendency that came into being as a counterforce against the American Revolution. The terrorist threat to the United States today, and the threat of nuclear war—not just "limited war," but World War III—are inspired by the Synarchists' crazed insistence on holding onto their power. Their man in the U.S. Administration is Vice President Cheney, who is armed, dangerous, and yet, highly vulnerable.

Our forthcoming special package on Synarchism will be spearheaded by a new paper by LaRouche, "World Nuclear War When? MacAuliffe's Deadly Delusions: or, How Harry Truman Defeated Himself."

Please note that the LaRouche movement will meet on Aug. 30-31 for its annual Labor Day conference. See your local representative for details.

Susan Welsh

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Blackout: Enron-Style Dereg Strikes Again in U.S.

by Marsha Freeman

Although the sudden loss of electricity on the afternoon of Aug. 14 was an unexpected event for the millions of people affected, there have, in fact, been warnings for years about the fragility of the nation's intricate electric transmission system. The policy of deregulating the electric utility industry, which has been on the march since 1992, turned an already decrepit infrastructure into a catastrophe waiting to happen. Those who thought that only California's dereg-ravaged electricity system was vulnerable to collapse were in for a rude awakening.

Leaving electricity generation and transmission to the greed-motive of the "marketplace," has both overloaded the existing transmission system—as producers use it in ways it was never intended, to help increase their profits—and prevented investments in an already-undercapitalized industry from being made to upgrade and modernize the system.

It will take days, if not weeks, to determine the direct cause and precise timetable of events that resulted in the loss of electricity to about 50 million people, in six states in the Northeast and Midwest of the United States and in Canada, in the late afternoon of Aug. 14. It is known that terrorism, such as physical tampering with equipment or transmission lines, or the "hacking" of computers known as "cyber terrorism," was not a factor. It is also known that it was not stress on the transmission system due to a surge in demand—only 75% of the power-generating assets of the region were in use at the time.

As of Aug. 15, experts at the North American Electric Reliability Council (NERC) were able to tell reporters that the problem began in the transmission system known as the Great Lakes Loop, which circles Lakes Erie and Ontario, connecting upstate New York, west to Ohio, north to Detroit, east through Ontario, and back to New York. The upstate New

York grid is then connected to New York City and environs.

Within nine seconds, a destabilization in that transmission loop propagated through the multi-state regional Eastern Connection, causing an instability that automatically shut down more than a dozen nuclear power plants in Canada and the United States and more than 80 fossil fuel generating plants. The automatic shut-down protected the equipment from damage.

In total, more than 61,000 megawatts (MW) of capacity was lost in the outage, which is about 10% of the capacity in the entire region east of the Mississippi River. By 9:00 the following morning, more than 48,000 MW had been restored; an impressive recovery.

Within two hours of the blackout, President Bush made a statement—ironically, from San Diego, California, the poster-state for blackouts caused by deregulation. Asked if he thought the electric grid were vulnerable, Bush replied, "We'll have to look and determine whether or not our grid needs to be modernized."

The energy bill that is before Congress, which was crafted by energy industry magnate Vice President Dick Cheney, includes the repeal of the 1930s Public Utilities Holding Company Act (PUHCA)—which regulated the electric utility industry, vectoring it to serve the general welfare. Any more "modernization" of this kind and the United States will have, as industry experts have warned, a "Third World" electricity system.

No national political figure, except Lyndon LaRouche, has proposed a solution to this crisis: Put the toothpaste back in the tube, reverse deregulation, and institute a long-term capital investment program for energy infrastructure. No doubt the immediate initiating event for the blackout will be found, but until the policy is changed, the system is still at risk.



Electric power deregulation, Federal policy since 1992, has been increasingly misusing and overloading the nation's system of transmission lines, as power is wheeled around the country for no reason but "buy cheap, sell dear." The Aug. 14 blackout could be seen coming, and would have been more extensive had the Summer weather not been mild.

Plenty of Warnings

Since the mid-1980s, NERC has warned that additions to the nation's transmission grid were seriously lagging behind what was necessary, resulting in stress on the system that would eventually lead to failures.

The interconnection of local and regional transmission wires was instituted to be able to transfer electricity from one system to another when needed, to improve reliability, and prevent outages. However, in 1986, NERC reported that the inability of utilities to add needed generating plants in certain regions, thanks to environmentalist sabotage of new nuclear and coal-burning capacity, had led to the "wheeling," or transport of power from more power-rich regions to those with deficits, on a nearly continuous basis. The grid was never designed for such a purpose.

As reported in the April 11, 1986 issue of *EIR*, in the Mid-Atlantic states, the capacity utilization of the transmission lines was 97% by 1984, and 92% in the Western states. This meant that were emergency power needed to stabilize a weak system, transmission capacity would not be available to carry it. New York is indicative of the problem. Rather than fight the environmentalists and build new local power plants, state officials decided to buy power from Canada, transporting it hundreds of miles.

At a post-blackout briefing for reporters on Aug. 15, NERC's Michael Gent stated that the U.S.-Canadian Great Lakes Loop transmission system has "been a problem for years." He stated that plans to beef up the system, using cables underneath Lake Erie, have never been carried out.

A bottleneck in transmission capacity in New York has

also created a situation where the city cannot import any more power from outside than it does currently. Consequently, additional electricity can only be distributed if it is produced within the city limits. Two years ago, 10 small, portable gas-burning generators had to be quickly deployed, military style, to head off possible Summer shortages, because the purpose of the regional grid—to fill temporary shortages from neighboring systems—had been short-circuited by lack of transmission capacity.

Enter, Deregulation

In 1992, the Federal Energy Regulatory Commission (FERC) ruled that the transmission system would no longer be used only by bona fide electric utilities, but would be opened to any electricity producer. At the same time, FERC allowed the waiver of PUHCA regulations, opening the door to unregulated, speculation-driven mega-corporations, the Enron likes of which later destroyed California's electricity system. By 1996, FERC required that non-utilities would have access to the transmission grid, and that utilities

had to establish electronic systems to make their capacity available to anyone.

At the same time, NERC was issuing warnings in its annual Summer Assessment reports year after year, that the Midwest, New England, Ontario, Michigan, and New York "could experience electricity supply problems," and that "transmission constraints will limit how much assistance others can provide to these areas if deficiencies occur."

Since the rush toward deregulation in the late 1990s, the situation has rapidly deteriorated. Unregulated mega-corporations, which have bought local utility generating assets rather than build new power plants, are wheeling cheaper power from hither and yon to make more of a profit. It has gotten to the point that officials of the Tennessee Valley Authority system—the largest power generator in the nation—have complained to regulators that so much power—neither produced nor used by the TVA—is flowing through its transmission system, that the congestion is preventing it from expanding its own production capacity, and putting the grid at risk.

In April 2000, David Cook, General Counsel for NERC, testified before the Senate Committee on Energy and Natural Resources, stating that the once-voluntary reliability compact had been wrecked by "competition," and that now, mandatory standards and rules for reliability are needed. "The longer it takes to establish this new system, the greater becomes the risk and magnitude of grid failures," Cook warned.

One year later, Cook insisted again that the grid was not designed for "economy" transactions, to "move large blocks of power from one part of the country to another, across multi-

Heat Wave Shows Euro Power Low

The extraordinary late July-early August Europe-wide heat wave exposed—at the cost of many lives among the elderly and very young—the urgent need for a “European New Deal” of infrastructure investment, centered on transport and power, as proposed in Italy’s Tremonti Plan, but larger. The record heat caused wide blackouts and showed the gross electrical *incapacity* and lack of investments in European energy infrastructure, which has “deregulated” disastrously in recent years. *EIR* had reported the capacity shortfalls, developing country by country, in “Europe’s Electricity Supplies Headed California Way” (July 25), and had warned then that the late-June blackout in throughout Italy was only a foretaste of the problem.

Throughout Europe, the generating capacity of gas, coal, or nuclear power plants was further reduced as the rivers used for cooling water overheated. Hydroelectric generation in Northern Europe was hit by low water levels. In Germany, 13,000 megawatts of wind energy capacity stood idle, as there simply was no wind. On the European spot and futures markets, where excess power production is traded, electricity prices sky-rocketed by 1,000% and more.

France, Europe’s biggest surplus electricity producer, was shown to have insufficient capacity itself, especially as major institutions, including hospitals, lacked life-saving air conditioning. National mortality increased, with thousands of deaths caused by the searing heat, well above 100° Fahrenheit for ten straight days. About one-quarter

of France’s 58 nuclear plants were shut down, due to maintenance and overheated rivers. Electricité de France, the state-owned power giant, stated on Aug. 11, “The heat wave, which continues in Europe and exceeds the historical records of 1949, could have serious and significant consequences for French electricity.”

Also on Aug. 11, the Netherlands grid administrator, TenneT, issued a “code red” warning, meaning that power blackouts could not be ruled out. Through Northern Europe, reservoirs feeding hydroelectric stations are one-third lower than their normal levels. Citizens have been warned to expect another electricity price shock come Winter, if heavy rains do not materialize.

In Germany, the power companies EnBW and Vattenfall Europe warned on Aug. 12 that they may have to impose power blackouts in parts of Germany, a step never taken before. EnBW had been relying on power imports from France, which stopped; and had to reduce production capacity at its Neckarwestheim and Philippsburg power plants. Three countries had already imposed rolling power blackouts by Aug. 12: Belgium, Italy, and Portugal.

Electricity prices in France, Britain, and the Netherlands reached all-time record highs on Aug. 11. In Britain, prices doubled within a few hours to \$160 per megawatt-hour, following a warning by National Grid that day, that it might no longer be able to meet demand. Spot prices for electricity at the Leipzig exchange stood at 20 euros in early August, reached EU 60 on Aug. 6 and averaged EU 116 on the following day. In France, the average immediate delivery electricity price on the Powernext exchange hit EU 606 on Aug. 11. Power prices at the APX Amsterdam exchange at one point on Aug. 11 reached EU 1,799.—*Lothar Komp*

ple systems.” He continued, “Some entities have made the economic judgment that it is less costly to them to violate the rules than to follow them.” These violations put the entire system at risk.

At his press briefing on Aug. 15, asked by *EIR* about the impact of “economy transfers” on the likelihood of blackouts, NERC CEO Michael Gent stated that the economy transfers have “added congestion” to the system, and have made them more “complicated to operate.” He said NERC “thought we were on top of these added transfers,” but NERC’s team will see what effect they had, in their investigation into the blackout.

In 1965, an outage on a 230-kilovolt transmission line in Canada led to a series of failures that in minutes resulted in power swings that produced a cascaded outage, blacking out 30 million people down the East Coast for up to 13 hours. NERC was formed in response to what became known as the

Great Blackout.

In July 1977, when a transmission tower north of New York City was struck by lightning, power could not be transmitted to the city, and generation inside the city was not enough to serve the load. The system collapsed. While 9 million people in New York City were left in the dark for up to 26 hours, no other systems were affected. The reliability rules NERC had put into effect, worked.

At his briefing, NERC head Gent stated that he was “embarrassed” by the blackout, because “the system was designed for this not to happen.”

But the system that NERC designed, to ensure the reliable delivery of electric power, no longer exists. It has been hijacked by speculators with an “Enron mentality.” Regulatory oversight from Washington has been hijacked by “free market” ideology that sees electricity as a “commodity,” and does not want to interfere with corporate and personal greed.

No 'Recovery' in Public Health of the United States

by Marcia Merry Baker and Linda Everett

Behind all the current campaign rhetoric about how to stiff Medicare and Medicaid—without saying so—and how to appear to help cover high pharmaceutical costs—without doing so—there is a fundamental crisis worsening by the week in the United States: The basic infrastructure for delivering medical care is shrinking to levels guaranteed to increase the rate of morbidity and death. This can be seen in two simple parameters: hospital bed availability, and childhood disease immunization rates.

Nationally, at the end of the 20th Century, the community hospital bed-ratio in the United States had fallen to barely 3 beds available per 1,000 people. This is below even the 1940s national average, which gave rise to the post-World War II remedial hospital-building drive under the 1946 Federal-local cooperation legislation known as the Hill-Burton Act. That drive aimed at having a community hospital in every American county, and throughout the cities, to guarantee hospital care to citizens based on a set bed-ratio level: in urban areas, 4.5 beds per 1,000 people; and in rural areas, 5.5 beds per 1,000 (sparsely settled regions, with less transport, require redundancy).

Areas With No Hospitals

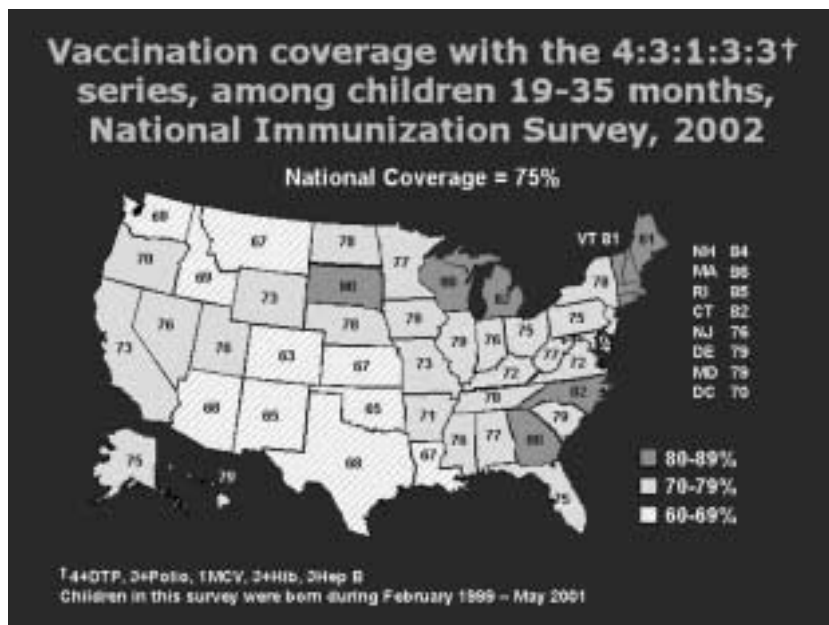
From 1950 to the 1970s, the Hill-Burton policy provided many of the 3,089 U.S. counties with their first hospitals ever; and as of 1975, the desired bed-ratios were reached. At the same time, public health clinics for preventive disease and sanitation services expanded. But the shift begun with President Richard Nixon's Dec. 29, 1973 signing of the "Health Care Maintenance Organization and Resources Development Act," ushered in decades of take-down of the health-care infrastructure through deregulation of all kinds, and the underpayment for medical services by HMOs. The number of community hospitals in the United States fell 20%, for example, in the decade 1992-2001.

In 2002 and 2003, states and coun-

ties—reacting to the systemic economic crisis which has devastated their revenues—have made sweeping cuts in public health, medical payments, and staff, and thus undermined the already below-standard health-care infrastructure system. More hospitals are shutting down, while HMOs continue to loot what's left of the system.

The result is that there are today many rural counties where all hospitals have been closed, and residents must drive several counties over to find medical care. In leading urban centers—including the nation's capital—many of the last remaining hospitals are on the verge of elimination, especially those providing care for the poor.

Washington, D.C.: The entire Southeast quadrant of the nation's capital, 150,000 residents, will soon have no hospital at all. In June 2001, the fine 400-bed-plus, full-service, public D.C. General Hospital was shut down, as the result of forced action to open its riverfront site for future real estate specula-



Coverage of the most basic series of childhood vaccinations has fallen below the danger threshold of 70% in ten states, and to 61% nationally for children below the poverty line, says the Atlanta Centers for Disease Control's latest survey.

tion, and to make way for a privateer company, Arizona-based Doctors Community Healthcare Corp. (DCHC), to take over treatment of the poor at its for-profit Greater Southeast Community Hospital. But on Nov. 20, 2002, Greater Southeast declared bankruptcy; in March 2003, D.C. regulators recommended “de-licensure” of the facility, because of risk to patients from substandard care—which should close it. Mayor Anthony Williams’ administration is ignoring this, in order to maintain a pretense of care for the community, but no funds or arrangements are forthcoming, and Greater Southeast’s closing will leave that quadrant without a single hospital bed. Congress, which is responsible for the District of Columbia, is ignoring the crisis. On Aug. 11, some 200 Southeast residents met at the Union Temple Baptist Church, to plan marches, a petition drive, and a ballot referendum to back reopening D.C. General Hospital.

Detroit: An estimated 60% of the city’s residents live in “medically underserved” areas already, and major closures are proposed for the coming months. Oct. 1 is the projected closure date for St. John Northeast Community Hospital, unless contingencies are arranged. This facility serves a patient population at least half of which are uninsured or on Medicare.

The survival of two more hospitals is at stake—Hutzel Women’s Hospital and Detroit Receiving Hospital, both owned and run by the Detroit Medical Center (DMC), the primary provider of medical care to some 180,000 poor and uninsured. DMC is a non-profit company with 10 hospitals and 50 outpatient facilities. It takes care of 25% of Michigan’s patients under Medicaid—the state-Federal program for poor and disabled patients. In addition, Hutzel and Detroit Receiving are teaching hospitals, key to training future doctors and other medical specialists, through Wayne State University and other programs.

In mid-June, an emergency infusion of \$50 million was promised by Gov. Jennifer Granholm, to buy some time for an action plan to be devised by the city of Detroit, Wayne County, and DMC to prevent a closing. Already, in response to DMC hospitals losing \$400 million over the past six years—DMC has implemented cutbacks, including staff cuts. A sweeping cut of 1,000 more hospital workers has been mooted.

Clinics Shutting: Childhood Diseases Loom

The other front line of health care is networks of clinics—many based in hospitals—to provide a host of public-health services, including tests, administering TB and other medications, and especially immunizations. Over the past two years, many counties and cities have drastically cut back in public-health programs, either shutting clinics, or severely cutting their hours. Some counties now have no programs at all. One leading example is Los Angeles, where 16 clinics shut down in just the past year.

The implications of this are dire, and nowhere worse than

in the falling rate of immunization for childhood diseases. Already as of 2001, ten states were below 70% immunization levels for children—considered the critical threshold level to protect the general public from epidemics. While the national average immunization coverage is 75%, these ten states are below the average by as much as 12% (Idaho, Montana, Arizona, New Mexico, Kansas, Oklahoma, Texas, Louisiana, Colorado, and Washington). Colorado ranked lowest in the nation at 62.7%. At the county and local level, the rates of immunization are even lower: The lowest three cities in the nation are: Newark at 57.5%; Detroit at 57.7%; and Houston at 61.44%.

These figures are from the Centers for Disease Control and Prevention (CDC), which on July 31 released the results of its latest survey of 2002 immunization rates of children 19-35 months old (see map). If the impact of the clinic shutdowns and service cutbacks is added to this map, then disease outbreaks appear imminent. It is known already that 1.7 million impoverished people are in the process, in 2003, of having their minimal health-care coverage revoked because of budget cuts in the Medicaid and State Children Health Insurance Programs (SCHIP), and that clinics are being shut that provide childhood immunizations and pediatric help.

Dr. Georges Benjamin, Director of the American Public Health Association, warned of the dangers of allowing “geographic pockets” of low immunization to occur. Dr. Benjamin reports that a great number of experienced people on the front lines of public-health infrastructure are being lost—those who document immunization rates in a community are no longer there. Dr. David Neuman, National Partnership for Immunization (NPI) told *EIR*, “With all the scrambling for smallpox and biological terrorism preparedness, a lot of resources and staff that was used to support public-health immunization programs have been diverted.” For a time, the “herd effect,” in which the majority of a community is immunized, will provide protection for those sub-groups not immunized. But, as the CDC warns, “Should vaccine-preventable disease be introduced into low-coverage geographic areas, the accumulation of susceptible persons might serve as a reservoir to disseminate diseases.”

Immunization is the vanguard of public-health practice. Infants need 16-24 doses of various vaccines before the age of two to ward off preventable deadly diseases, such as diphtheria, pertussis (whooping cough), tetanus, measles, mumps, rubella, chickenpox, haemophilus influenzae, and polio. One million children under the age of two have not received all of their inoculations. Poverty is the most pervasive factor associated with low vaccination rates. For those living below the official poverty level, the national vaccination rate for 2002 was only 61.6% (for the 4:3:1:3:3:1 Vaccination Series).

As state budget cuts deepen, there are fewer public-health workers to gather accurate information; 40% of states and cities did not submit 2000-01 vaccination coverage estimates at all.

Asian Monetary Fund Is Back on the Agenda

by Mike Billington

The inaugural meeting of a new institution of the East and Southeast Asian nations, the East Asian Congress, took place in Malaysia between Aug. 4-6, and by renewing the long-stalled idea of an Asian economic alliance and an Asian Monetary Fund (AMF) independent from the International Monetary Fund (IMF), was able to directly address the growing international financial disintegration. The two leaders who had pressed for East Asian unity and the creation of an Asian monetary system, following the speculative assault on the Asian currencies in 1997-98—Malaysian Prime Minister Dr. Mahathir bin Mohamad and former Japanese Vice Minister of Finance Eisuke Sakakibara—also spearheaded the call at this new forum, where representatives of 13 Asian nations participated. The difference between now and then, is that the world financial system is in the early stages of a meltdown crisis. The 1997-98 financial explosion in Asia is now increasingly recognized as having been far more than an “Asian crisis”: rather, the opening fissure in the dollar-based financial bubble of the “globalization/new economy” hoax of the 1990s—just as *EIR* Founder Lyndon LaRouche assessed it then.

Dr. Mahathir, whose opening speech to the East Asian Congress is excerpted below, made the point that his call for an East Asian Economic Grouping (EAEG), first issued in 1993 and renewed in 1998, had been undermined by strong opposition from the United States and the IMF. The ten nations of the Association of Southeast Asian Nations (ASEAN) and the East Asian major powers—China, Japan, and South Korea—had then created the “ASEAN+3” at Chiang Mai on May 6, 2000, as a means of circumventing the opposition from Washington. Dr. Mahathir added that “we would be very happy if we stopped hiding behind ASEAN+3 and called ourselves the East Asian Economic Grouping.” He pointed to the fact that savings in Asia, although by far the largest total savings of any sector of the world economy, were largely invested not in Asia but in U.S. dollar-denominated bonds and investments in the United States, at extremely low rates, while the United States invests that wealth in Asia at a much higher return—an anomaly caused by the absence of regional financial structures that could direct the regional savings pool into necessary regional development. He praised the recent inauguration of an Asian Bond Fund, initiated by “my good friend” Thaksin Shinawatra, the Prime Minister of Thailand, as a step in the right direction.

Sakakibara on the AMF

Dr. Sakakibara argued that East Asia must not be “overly afraid of the U.S.,” and must change the “hub and spoke” relationship with the United States to one based on networking internationally. The region must assert “a coordinated political will” in the current global crisis, or “once again be divided and ruled by the rest of the world.” He noted that the failure to implement the AMF concept in 1997-98 was due, in large part, to the failure to address the important role of China. Had China been fully consulted at the time, he said, “We could have said to the rest, that this is Asian business, don’t bother us. The situation could have been different.”

The AMF is necessary also as a “lender of last resort,” said Dr. Sakakibara, noting the liquidity crisis created by speculation against the floating currencies in Asia, and the failure of the IMF to provide the liquidity needed to stop the speculators and keep the otherwise healthy sectors of the region’s economy functioning.

Dr. Mahathir concurred: “We have to have an Asian Monetary Fund simply because the IMF is not as independent as it should be. As we know, there are other hands which are controlling it, and those hands have other ideas contrary to the prosperity of East Asia.”

With the dollar-based financial system unravelling as fast as the supposed justifications for the U.S. pre-emptive war on Iraq, the renewed effort in Asia to counter the anarchy of the post-Bretton Woods floating-exchange-rate system has an urgent nature, as a necessary building block for a new world financial system. The East Asian Congress has set a useful agenda.

Documentation

Dr. Mahathir Opens East Asian Congress

Here are excerpts from the opening speech of Malaysian Prime Minister Dr. Mahathir bin Mohamad, titled “Building the East Asian Community: The Way Forward.”

On May 13, 1993, ten years and three months ago, in a speech to the Asia Society Conference on “Asia and the Changing World Order” held in Tokyo, I said the following: “I believe that it is now time for all of us to launch a process . . . whose final destination is a zone of co-operative peace and prosperity stretching from Jakarta to Tokyo. . . .”

As it turned out, some could not or would not understand our aspirations. They did give us a great deal of self-serving advice. They helped some of us understand that we had no right to dream what was not their dream. They helped us

understand that we had no right to work for an Asian community, living in friendship and cooperation. . . .

Today, those who speak of such an East Asian community of nations are no longer regarded as insane or foolish, or the most delirious or dangerous of men. The idea of East Asian cooperation and community building is now regarded as extraordinary, logical, and even natural. Blatant heresy has now almost become boring conventional wisdom. The idea and the ideal have already walked a hundred li [Chinese miles]. . . .

Today, at this, the First East Asia Congress, you will be discussing in detail the case for and against an Asian Monetary Fund, whatever you may wish to finally call it, in order to avoid touching any raw nerves. In other parts of the world, conventional economic theory says that trade cooperation should precede monetary cooperation. But conventional economic theory has been written basically by economists from countries and regions that are [now] capital poor or impoverished. We in East Asia hold the world's reserves—by the trillions—which we put in the United States and Europe, thus buttressing their currencies and economies. A small proportion makes the round-trip back to East Asia in the form of foreign direct investment, foreign equity investment and loans. . . .

You will, during this First East Asia Congress, be discussing China's critical role in the building of our East Asian community. This clearly is one of the core challenges in the decades to come, as China continues to be the powerhouse of regional and global growth. . . .

Who should be the entrepreneurs, architects, engineers and builders of our East Asian community? I very strongly believe it is we, the nations of East Asia, who should build our East Asian Community of Cooperative Peace and Prosperity. We are not cows to be led by the nose. We are not children to be led by the hand. This is a journey we must make with our own two feet. We must walk together. We must act together and advance together.

All this does not mean that we should turn away from anything or anyone. We must not forget those to whom we owe our full measure of gratitude. Old friends are to be venerated. All those who are not against us are with us. They are or will be our friends. And it is now gratifying to find so many who wish us and our journey well. . . .

[M]any have become too steeped in the glorification of power politics, so-called *Realpolitik*, so-called "leadership," which is not true leadership at all and so-called "realism" which is not at all realistic—or for that matter, productive. I do not believe in the wonders of imperial dominance or "benign" hegemony. In the case of East Asia today and in the future, this will be clearly catastrophic. It is fortunately impossible. Pax Nipponica, Pax Americana, Pax Sinica—all three are not desirable. Fortunately, all three are not possible. . . .

Over the last three decades especially, we have seen a massive outbreak of peace in our region, a massive peace transformation in East Asia. For most of the last 20 years, we

have been more at peace than at any time in the last two centuries. . . . [But] let us not forget that 10 years ago, the peace momentum was faster and more assured. There were fewer and less dangerous threats. The Korean Peninsula was more stable. We now have little time to lose in resuscitating the peace momentum, to ensure that it is speeded up and made more assured. . . .

We in East Asia are the most dependent region in the world on world trade and economic development. Yet we are without voice and without clout. The decisions that directly determine our present and dictate our future are made elsewhere. It is time for us to empower ourselves, for the good of our people and for the sake of our future and the future of the world. . . .

Let me also stress that both the East Asian economic community and the East Asian political community that is advocated should be outward looking. There must be no retreat behind a great East Asian economic barricade. There must be no circling of the wagons. No hiding behind Great Walls. The whole world must be our marketplace. The whole world should be welcome to our East Asian market.

Very importantly, we must also be empowered to play our rightful role in the world. Today, we are the most dependent on international trade. Our very lives, our entire future hinges on decisions made in Geneva and Washington and New York. Yet our voice is seldom heard and even more seldom heeded. We carry little weight. We have little clout. We owe it to our people to amplify our voice, to aggregate our weight, to boost our clout. Singly, we are weak. Together we will be stronger. . . .

No self-centered selfishness, that is interested only in squeezing our neighbors dry. Prosper-thy-neighbor, not beggar-thy-neighbor. No self-centered, self-righteous egotism that justifies sermonizing, hectoring, bullying, and coercion. No hegemony. No imperialism. No commands. No decrees. No edicts. No diktats. No bulldozing. No unequal treaties. No forced agreement. No intimidation. No empty Cartesian contracts not worth the paper on which they are printed. Instead, advancement on the basis of true consensus and real agreement. Democratic decision-making. No unilateralism. The governance of East Asia, by East Asia, for East Asia. . . .

Fortunately for us in East Asia, we have been blessed by the fact that we can now see some ominous gathering clouds; fortunately the storms have not yet come. If we act now, and properly, they never will. Quite obviously, we must make peace long before we *need* to make peace. We have lost a great deal of time. We should act now with speed if not haste, with determination if not alarm.

Even clearer is the message on the economic front. Imagine how the world would have been different if East Asia had started in earnest on the East Asian community-building process a dozen years ago. . . . I do not know how long the window of strategic opportunity to our future will remain open. But I do know that we will be failing our people, we will be betraying our future if we do not now grasp the moment.

Grandma and Grandpa, Watch Out! The Medicare Drug-Coverage Fight

by Linda Everett

Congress may be on August recess, but there is, nonetheless, a major national battle on, over whether and how Congress will provide Medicare prescription drug benefits, which would be the most critical improvement in the Medicare program since its inception 38 years ago.

Medicare is the Federal insurance plan for 41 million older and disabled Americans. It covers hospital care, and with monthly premiums, Part B Medicare covers physician care; but, it does not cover prescription drugs utilized out-of-hospital. As former Medicare Administrator Nancy-Ann DeParle wrote, “Medicare beneficiaries face a double whammy. They have greater need for prescription drugs than their younger counterparts, and they disproportionately lack coverage.” While some Medicare beneficiaries have limited benefits from former employers or other plans, at least 25%—about 10 million people—have no prescription coverage at all.

It is this population who pay the full price of critically needed prescription drugs, the prices of which have skyrocketed year after year. Prices for the 50 drugs most prescribed for the elderly rose last year at more than three times the rate of inflation (Families USA 2003 study). Stories of the elderly choosing between eating or taking medication abound, and are accurate.

The issue of the Federal government creating Medicare prescription drug coverage is set against a backdrop of free-market fanatics’ privatization “solutions” versus the nation’s needs to address the general welfare. During the House debate, quotes from Ways and Means Chairman Bill Thomas (R-Calif.) were repeated often by the opposition: “To those who say that the bill would end Medicare as we know it, our answer is, ‘We certainly hope so.’” Rick Santorum (R-Pa.), the third-ranking Republican in the Senate, said, “I believe the standard benefit, the traditional Medicare program has to be phased out.” Sen. Robert Bennett (R-Utah) claimed, “Medicare is a disaster. Medicare will have to be overhauled. Let’s create a whole new system.” Thomas A. Scully, the Bush Administration’s head of the Center for Medicare and Medicaid Services, which oversees administration of the programs, says there can’t be a free market without more privatization of Medicare. Scully, 45, who formerly led the for-profit hospital lobby, calls Medicare “an unbelievable disaster” and a “dumb system.” He likens overseeing Federal health insurance for the elderly and disabled to the carnival game of whack-a-mole. “When spending shoots up,” he says, “you

whack it down.”

Those, such as Sen. Don Nickles (R-Okla.), who called the Senate bill the “biggest, most expensive expansion” of a government entitlement program in U.S. history,” claim they are focusing on “saving” Medicare for baby-boomers. The free-market small government people in Congress call for cutting Medicare costs by setting for-profit insurance privateers and managed care companies loose on the elderly. This allegedly will ensure more “choices” because of competition between Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (PPOs)—whose history demonstrates do *not* work for Medicare. The bills hope to bribe insurers with enough that they will participate in plans that will be overwhelmingly confusing to Medicare beneficiaries. Both chambers’ bills push beneficiaries out of traditional Medicare into private plans offering drug coverage. The House version features what conservative Republicans call “reforms,” that aim to abolish traditional Medicare altogether.

Traditional Medicare Lengthens Life

The only real way to save Medicare, and any other tax-funded Federal program, is to save the nation’s economy—launch “Super-TVA” infrastructure projects funded by low-interest-rate loans as developed by FDR-Democratic Presidential candidate Lyndon LaRouche.

More than 88% of Medicare beneficiaries want traditional Medicare—fewer than 11% now participate in for-profit Medicare HMOs, which have dumped hundreds of millions of Medicare patients, hiked premiums by up to 100%, cut promised services, and ended some benefits altogether. Traditional Medicare is proven to save lives. Take one study: Americans under 65, because of poverty or lack of affordable health insurance, have a higher mortality rate than the citizens of many European countries or Japan (*New England Journal of Medicine*, Nov. 2, 1995). But, after these folks reach 65 and are eligible for Medicare, their mortality rate *drops*, because Medicare assures them medical help when they need it. Life expectancy for Americans 80 years old or older is *greater* than it is in Sweden, France, England, or Japan. Traditional Medicare forestalls costly medical calamities and disabilities later in life. But instead of expanding that life-saving capability, parts of either the House or Senate “reform” bills would limit or explicitly destroy it.

The Case Against PBMs

Pharmacy Benefit Managers (PBMs) are creatures of the infamous managed-care revolution. They claim to negotiate with drug companies to secure lower costs for drugs for their clients, shift patients to using mail-order pharmacies, and switch to lower-cost generic drugs. But they have a history of taking bribes from drug companies to promote the more costly drugs on their formularies—the lists of drugs doctors must choose from under their plan. In March, the American Federation of State, County, and Municipal Employees filed suit against the nation’s four largest PBMs, saying their “secret dealings” with drug companies drive up drug costs for consumers. The New York Attorney General is also investigating top PBMs.

Rep. Pete Stark (D-Calif.), on the floor of the House in late July, lamented the fact that the House prescription drug bill would turn Medicare over to private companies. “It’s very interesting that one of the largest and best known

private companies, Medco, a subsidiary of Merck, was just indicted by the U.S. Attorney in Philadelphia for a series of crimes committed on our Federal Employees Health Insurance Benefits,” Stark said. “This company, that the Republicans would turn the management of [their] drug benefit over to, was indicted for canceling, deleting, and destroying patients’ mail-order prescriptions to avoid penalties for late filling; shortchanging patients for the number of pills paid for; making false statements to the insurance plans they were contracted with about compliance with mailing timelines; calling and inducing physicians to authorize switching to higher costing medications while representing that this would save money for the insurance company, which was untrue; fabricating records of calls by pharmacists to physicians; and the list goes on.”

The Justice Department will join a lawsuit that alleges Merck’s Medco pharmacy-benefits subsidiary adopted an “aggressive, profits-before-patients policy.” Medco’s approach resulted in potentially dangerous lack of oversight in filling prescriptions and increased pharmaceutical costs for the Federal government, the suit says. The government also intends to file its own suit against Medco shortly.

The 1,043-page Senate proposal (S1) passed in a bipartisan 76-21 vote on June 27. On the same day, the 700-plus-page House plan (HB1) squeaked by on a vote of 216-215 along straight party lines, and only after heavy arm-twisting of several Republican members by House Speaker J. Dennis Hastert (R-Ill.). Now, both Medicare drug benefit bills are in a conference committee made up of 10 Republicans and 7 Democrats, to seek common ground. Both bills have Americans outraged, for different, good reasons.

Under the Senate plan, traditional fee-for-service Medicare beneficiaries can buy separate drug coverage from private, at-risk, for-profit, government-subsidized drug-only insurers. Well, no such animal exists. Insurance experts say stand-alone drug plans are not likely to exist, because people who sign up for them do so because they have plenty of medication needs—they’re not profitable. Both bills want to utilize for-profit intermediary companies known as Prescription Benefit Managers (PBMs) or Pharmacy Delivery Plans (PDPs), which major businesses use to manage employee prescription drug benefits. Such plans are not now at-risk companies—if they become so, they might discourage patients with heavy medication needs. PBMs have historically focused on the bottom line, endangering patients.

The Senate plan would let Medicare patients join a Medicare HMO or PPO that offers prescription drug coverage; or, join a high-priced “Medicare Advantage” private plan with drug and catastrophic care coverage. It says patients must have the choice of at least two competing drug plans in their

region. If only one or none exists, Medicare would offer a back-up drug insurance plan. The problem is that private companies bounce in and out of markets, according their profitability. When the drug-plan company leaves a market, the 85-year-old grandmother would have to shift to the government fall-back option. If a company returns, the same chronically ill woman must bounce back to enroll with it—each time giving personal medical and financial information to the new insurer. Do we really want the elderly to go through this?

The House bill is worse. If no for-profit drug-coverage plan is offered in a region, its elderly inhabitants would go without Medicare drug coverage. The “free-market” must provide, or nothing is provided.

The Killer Doughnut Hole

Under the Senate bill, Medicare beneficiaries would pay about \$35 a month in premiums (which increase according to different plans and geographic regions), and an annual \$275 deductible, after which the government would pay 50% of drug costs to a maximum of \$4,500 a year. (Thus, a senior citizen with \$4,500 annual drug expenses would have about \$1,500 net paid by Medicare.) There, all coverage stops, until the patient’s drug expenses exceed \$5,800 a year, at which point the government pays 90% of remaining drug costs. The infamous “doughnut hole” in each plan is supposed to hold its costs to \$400 billion.

Compare what happens in the House bill: When Medicare beneficiaries pay a \$35 a month premium and a \$250 deduct-

ible, the government will cover 80% of a person's drug costs up to \$2,000 a year (of which about \$900 would be paid, net, by Medicare), at which point the infamous doughnut hole kicks in. No further drug costs are covered until the patient's expenses reach \$4,900 for the year, at which point, catastrophic coverage starts. Between \$2,000 and \$4,900, about 48% of Medicare beneficiaries get no help when they need it the most, but would still pay the monthly \$35 premium. And nothing in the bill assures a premium limit of \$35. According to the House debate, the only place this model has been tried is in Nevada, where premiums are \$85 a month.

How many people are harmed by the "doughnut hole"? The average Medicare beneficiary spends about \$2,300 on medications each year; nearly a fifth will spend \$4,000 or more; 4.7 million Medicare recipients have drug costs greater than \$4,500 a year; 17% spend over \$5,000; 2.9 million, or 12%, have expenses of more than \$5,800 a year.

Incredibly, the Senate bill denies drug coverage for Medicare beneficiaries who are so poor they must depend on Medicaid, the joint state-Federal plan for the poor and disabled, to pay for their medications. The Senate leaves it up to bankrupt states—which are slashing billions of dollars of Medicaid benefits left and right—to decide whether to pay for medications for these 17% of all Medicare beneficiaries, who are known as the dual-eligibles. And, because the poorest 6 million Medicare beneficiaries account for nearly half of all state Medicaid drug spending (about \$16 billion a year), they are likely to face more cutbacks in their medications as the fiscal crisis deepens. Governors want Medicare to pick up the state share of these Medicaid costs, which have been growing by more than 15% a year.

Senator Santorum says the Senate bill provides "too much subsidy to too many people," although it does so with a means-test for the indigent. The House bill has no help for the indigent, so that even those living on \$18 a day would have to scramble to pay for medications in the "doughnut hole," or go without. The House enforces a sliding scale for those with incomes over \$60,000. The higher the income, the higher your out-of-pocket costs before catastrophic benefits kick in. Pharmacies have to have personal financial data on file to enforce this. The plans would increase the premiums enrollees pay for Medicare Part B (which covers doctor's care)—and could put it out of reach for millions. Millions of people who now have drug coverage through their employer retirement plans, would lose it as a direct result of the Senate plan.

Insurance Death Spiral

The plans would go into effect in 2006. In the House plan, by 2010, traditional fee-for-service Medicare has to *compete* with private plans. Healthier patients typically join cheaper PPOs or HMOs, but sicker patients with more medical needs need traditional Medicare. Concentrating the sickest patients in traditional Medicare means higher Medicare costs and

higher and higher premiums too costly for the sickest to pay (this is the opposite of spreading the risk pool over the total patient population). Medical actuaries estimate that in the first five years of such competition alone, premiums for traditional Medicare would go up 25%, and more after that. Such an insurance death spiral, says Bill Vaughn of Families USA, could make traditional Medicare prohibitively expensive, killing it.

In 2010, the House plan enforces convoluted premium supports or vouchers. It would give beneficiaries a defined contribution or a fixed, per-patient amount of money, and tell them to go find their own plan, either a private for-profit or traditional Medicare. Ultimately, though having a voucher, the patient is responsible for the total premium costs. Under the House bill, there is no guarantee of what benefits a private insurer will provide and at what costs. As Sen. Olympia Snowe (R-Me.) says of the House bill: "It unravels the whole essence of the Medicare program."

Lobbyists of the insurance and drug companies are spending tens of millions to sway legislators on the bills. The Congressional Budget Office estimates that Medicare beneficiaries will spend \$1.8 trillion on prescription drugs over the next decade; the "reforms" would set aside only \$400 billion for the same period.

There Is an Alternative

After a Medicare prescription drug plan is passed, President Bush wants Medicare beneficiaries to have drug discount cards that will allegedly save 10-25% of their costs. But the Administration, in deference to the "free market," objects to provisions in the Senate bill that guarantee a discount of 20% off the wholesale price of drugs. And it opposes any restriction that says drug prices cannot be increased more than once every 60 days for card holders. Nothing in either bill would be done to slow or stop the rise in the actual costs of prescription drugs. In fact, the House bill forbids the Health and Human Services Secretary from negotiating for lower drug costs. U.S.-based drug companies made \$38 billion in profits last year.

There is another option—which pharmaceutical companies vehemently oppose. The government could use its buying power to purchase drugs for seniors at discount rates—just as it does for hospitals, facilities, and individuals participating in programs of the Department of Defense, the Department of Veterans Affairs (VA), Public Health Services, Bureau of Prisons, and Indian Health Services. The Federal supply schedule, administered by the VA for 25 years, is a multiple-award, multi-year contract for medical, dental, and surgical supplies, pharmaceuticals, medications, equipment, and more. The program is based on how companies do business with their best commercial customers—none of which are as large as the Federal government. Prices in these programs have been reduced by up to 25%; they have worked for 25 years. It could work for our vulnerable elderly now.

When Cheney Spoke of Terrorism: Which Terrorists, Dick?

by Lyndon H. LaRouche, Jr.

In a communication on Aug. 9, entitled, "A Slight Shift in the Flanking Approach," addressed to members of his international political association, Presidential pre-candidate Lyndon LaRouche discussed the urgency of the political campaign to derail the threat of a "new Sept. 11" terrorist attack on America—a threat announced by Vice President Dick Cheney on July 24 in a speech to the American Enterprise Institute in Washington, and repeated in several speeches the following week.

In the memo, which immediately follows, LaRouche, who is leading a drive to force Cheney's resignation, says "the entirety" of Cheney's power over U.S. policy-shaping "was gained solely through those of his presently undiscovered political benefactors who staged the terrorist attack of Sept. 11, 2001." Now, says LaRouche, "Cheney has promised an early terrorist attack on the U.S.A., comparable in political effect to that of Sept. 11, 2001. He does so at a time when his own failing political position requires some lucky such event to put him firmly back in the position he had prior to the recent developments in the Iraq war."

How to understand this situation, and how to derail the terrorist operation is the subject of LaRouche's communication.

Always situate the part in its functional position within the whole. Never start from the local, or other particular, as an approach to the whole. Always define processes in terms of changes in the physical geometry of the ongoing processes. Shift the way the emphasis has been placed on Cheney's "yellowcake" connections slightly, but without dropping the "yellowcake" issue, by headlining what we have established as fact until now, with the terrorist threat to the internal U.S.A., from the current Blas Piñar-pivoted operations of the Synarchist International.

The crucial flanking task of the moment, is to develop a

fresh view of the significance of Dick "Yellowcake" Cheney's Synarchist connections, with lurid emphasis upon the terrorist threat to the internal United States from Cheney's fascist co-thinkers abroad, without otherwise downplaying any of the points previously stressed.

As a precaution: Never imply that Cheney is the kind of threat termed an "evil genius." Back then, Cheney was a mean-spirited playground bully, and general dumb jock, of the variety of sweating gladiator, fresh from the toils of intramural sport, blurring into a campus reporter's microphone "Hey, Mom, I won!" Such were the old times in Wyoming, when he was the panting dumb jock, standing at a distance, admiring the local Wyoming campus queen, Lynne. A crude, markedly bi-polar thug, leaning intellectually to the role of Minnesota's Abe "Kid Twist" Rellis, not intellectual pursuits: so to speak, a Vice-President expert only in Vice. Today, his Straussian wife, Lynne, is his controller, and he is her toy, her surly-burly, "Sic him, Dick!" attack bulldog.

However, Cheney has assumed the position of controller of the specialty of terrorism, at a time that the entirety of his power over U.S. policy-shaping was gained solely through those of his presently undiscovered political benefactors who staged the terrorist attack of Sept. 11, 2001. Otherwise, without that attack, he would have been, still today, the surly ape shuffling restively in the Vice-President's cage.

Now, speaking from that position, Cheney has promised an early terrorist attack on the U.S.A., comparable in political effect to that of Sept. 11, 2001. He does so at a time when his own failing political position requires some lucky such event to put him firmly back in the position he had prior to the recent developments in the Iraq war. He claims to be the expert in such matters. Is he bluffing, or do his advisors know something relevant? Are there any relevant kinds of possible terrorist attacks on the horizon? As, now, the myth of the Arab origin of 9/11 is in the process of becoming



“Cheney has assumed the position of controller of the specialty of terrorism, at a time that the entirety of his power over U.S. policy-shaping was gained solely through those of his presently undiscovered political benefactors who staged the terrorist attack of Sept. 11, 2001. Otherwise, without that attack, he would have been, still today, the surly ape shuffling restively in the Vice-President’s cage.”

buried under a pile of fake yellowcake—what other alternatives exist?

I know of two cases which would fit Cheney’s requirements. One is typified by the formally deniable capabilities of Pollard Affair star and fugitive **Rafi Eytan**, currently a subject of concern for both relevant Israeli and U.S. circles. The Israeli fascist circles are masters of disguise. The second is defined by the cover recently assembled under Spain’s leading fascist figure, **Blas Piñar**. Assess the potential for a relevant type of 9/11-like attack on the U.S. which would be traceable to Blas Piñar, as 9/11 was traced to Arabs.

Blas Piñar’s current regrouping of international Synarchist forces does contain elements which fit the ID of the principal terrorist organizations deployed inside Western Europe during the 1970s, in incidents such as the Bologna railway-station bombing and the kidnapping-murder of the Italian leader personally threatened by Henry Kissinger (during a Washington, D.C. meeting), Aldo Moro. These are Synarchist groups whose penetration of Mexico and other parts of the Americas was coordinated, during the 1930s, from Germany, via Spain, by Adolf Hitler’s Nazi Party offices in Berlin. They exist, actively, still today.

The most significant aspect of the new international regroupment under former Franco official Blas Piñar, is that it is muscular, but of an intrinsically mayfly kind of political-operational potential. It is composed, inclusively, and significantly, of small but muscular groups representing a continuation of those which were used as cover for international terrorist operations in 1970s Europe. Through Blas Piñar’s recent action, there are presently ideal instruments for covering terrorist operations run against the internal U.S.A. through South and Central America. Muscular mayfly associations of international Synarchist profiles are, by their very existence,

among the most likely sources of international terrorist actions; otherwise, they, like mayflies, die soon. The impending referendum in Venezuela is among the pivotal points of interest in study of potential pretexts.

Think of the effect of a terrorist attack on the U.S.A., comparable in psychological effect to 9/11, but blamed this time on Hispanic, rather than Arab populations! Think of the great benefit of that for resuscitating Cheney’s re-election prospects!

How should we deal with this? Let us not be stupid again. The methods of Straussians such as Ashcroft and Cheney only make bad matters worse. Use intelligent political methods; expose the Synarchist International. Let people learn from the 1920-1945 wars in Europe, and Nazi subversion of South and Central America, how President Franklin Roosevelt and his leadership dealt politically with such threats. Expose Synarchism for what it actually is. Strip it of toleration by governments and churches, and send quietly waiting counterintelligence ambushes into position, to catch them if they try to move in relevant directions.

To make populations as well as leading institutions alert to existing dangers, is the first line of defensive counterintelligence against such dangers. The U.S. has the professional capability for its part in such precautions, were the interference of Cheney’s neo-conservative crowd to be removed.

Freedom is good, but to have it, one must defend it, and do that essentially by political methods which promote, rather than diminish freedom of the innocents, and defend the right of justice for guilty and innocent alike. People are often naughty, but the object is to redeem them, rather than exterminate those one does not like. Justice has an infectious quality of aid to the good, and is among the most efficient weapons of our national security against terrorism and many other evils.

The Fascist Fall-Guys for a New, ‘Hispanic 9/11’ Attack on the U.S.

by Dennis Small

A revamped fascist international apparatus in continental Europe—with prominent extensions into Argentina, Mexico, and Venezuela, as beachheads for the Americas—was set into motion at a Nov. 16-17, 2002 meeting in Madrid. The gathering was hosted by the Falange Española (Spanish Falange) and its organizational ally, Fuerza Nueva (New Force) of Blas Piñar, a former Franco sidekick and Spain’s leading fascist figure today.

According to reports published by the Spanish Falange, the two-day conference brought together official delegations from a highly significant collection of international co-thinker

groups, who gave speeches and otherwise participated actively in the deliberations. Prominent among these were:

Forza Nuova (New Force) of Italy, a collection of decorated—but dangerous—neo-fascists and “former” terrorist supporters from the 1970s and 1980s, when Italy was rocked by events such as the 1978 murder of Aldo Moro and the 1980 bloody bombing of the Bologna train station. Forza Nuova’s National Secretary, Roberto Fiore—who was accused by Italian law enforcement officials of involvement in the Bologna bombing at the time (see *Documentation*)—was a featured speaker at the Madrid gathering.

Front National (National Front) of France, the racist and xenophobic party of Jean Marie Le Pen, which gained significant ground in France’s recent national elections. Front National Political Committee member Thibault de la Tochnaye spoke at the Madrid meeting.

Nationaldemokratische Partei Deutschlands (National Democratic Party of Germany, NPD), a group of right-wing extremists in close collaboration with neo-Nazi groups, whose National Secretary Udo Voigt is a permanent fixture at Falangist meetings in Spain.

Partido Nacional de Portugal (National Party of Portugal).

Final Conflict-Third Position of Great Britain, a group of wackos who publish a journal in both English and Romanian—the latter because of their ties to the Romanian Iron Guard group, whose historic leader, Corneliu Codreanu, was an overtly pro-Nazi anti-Semite who was assassinated in 1938. (Final Conflict’s web page kindly provides a link to a site promoting the Medieval Count Dracula and his Dracula Castle in Romania.)

Partido Popular por la Reconstrucción (Popular Party for Reconstruction) of Argentina, headed by former army Capt. Gustavo Breide Obeid, with extensive ties into right-wing Catholic networks which overlap the deployment of the right-versus-left terrorism which swept Argentina—like Italy—in the 1960s and 1970s. Breide was a fellow political prisoner with Malvinas War hero Col. Mohamed Alí Seineldín for much of the 1990s. Breide and the PPR are sometimes associated with Seineldín, who has his own political agenda, and which may be different than that of Breide et al.



A meeting of the Spanish Falange in Spain in June 2002.

‘Anti-Imperialists’ for a New Roman Empire

There are three key features to be noted about this emerging fascist force.

First, Lyndon LaRouche has stressed that one should not be misled by the fact that this network is composed primarily of low-life and political throw-aways. They are that; but they are also the man-servants of the international Synarchist apparatus deployed by the financial oligarchy, whose goal is to establish a new, global version of the Roman Empire.

The Madrid network’s stated intent is to establish a Europe-wide fascist bloc. In the words of the Spanish Falange’s university branch, the Sindicato Español Universitario (Spanish University Association), which waxed eloquent about the Falange’s intimate alliance with Italy’s Forza Nuova: “The ties of unity between our two organizations grow ever stronger, and this will surely be the seed for that European Front which will bring social-patriots together against this Europe of traffickers and globalization.”

The program of the groups gathered in Madrid is a radical populist blend of attacks on globalization, the International Monetary Fund (IMF), and “usury” in general; racist diatribes against dark-skinned immigrants who are “flooding our coun-

tries, and furthermore smell bad,” as Blas Piñar so delicately puts it; and denunciations of imperialism and the U.S. war in Iraq.

All of this populist rhetoric is woven together with an appeal to return to the so-called “traditional Catholic values” of the feudalism of the Middle Ages—when men accepted their station in life, and before they were corrupted by the Renaissance’s “deification” of man, which dared to promote man’s creative mental powers as that which makes him “made in the living image of God.”

As for empire, the Argentine philosopher Alberto Buela—who is part of the so-called “Catholic nationalist” networks standing behind Breide’s PPR, which networks organized a July 2002 seminar in Córdoba, Argentina, addressed by Buela and the Spanish Falange’s envoy Jorge García-Contell—makes the argument in a most revealing way. In a 2002 article entitled “Eon in Schmitt and De Anquin,” Buela—who is a specialist in Heidegger, Hegel, and Aristotle, three of the Synarchy’s preferred philosophers—favorably quotes the influential Nazi jurist Carl Schmitt, a leading Synarchist figure of the middle 20th Century:

“ ‘Empire, in this context, means the historic force that is

From the Editors

Aug. 5, 2003—Former *EIR* correspondents and/or contributors Marivilia Carrasco (Mexico), Lorenzo Carrasco and Silvia Palacios (Brazil), Gerardo Terán and Diana Olaya de Terán (Argentina), and Angel Palacios (Guadalajara), are no longer associated with *Executive Intelligence Review*, or with any of the publications and political organizations associated with Lyndon LaRouche.

These former collaborators of LaRouche broke with him politically and philosophically over the substantive issue of LaRouche’s continuing public exposure, since 1984, of *Synarchism*, the formal name for universal fascism. The trigger for this break with LaRouche, was LaRouche’s successful public exposure, internationally, of the Synarchist networks behind U.S. Vice President Dick “Yellowcake” Cheney.

It was the same Synarchism associated with Cheney today, which had created the fascist governments of Italy, Germany, Spain, Vichy and Laval France, and others, which had attempted world-conquest under the leadership of Adolf Hitler. These Synarchists, then deployed by Hitler’s Nazi Party through Franco’s Spain, had used their channels through Mexico for a massive Nazi penetration of South America. This Synarchist network, built around an occult freemasonic cabal, continued to operate, with its

right and left components, within the Americas even after the Nazis’ defeat, and is presently increasingly active today. It functions, now as then, as a network of fascist organizations in South and Central America still today, organizations with deep ties to fascist organizations presently based in Spain, France, and Italy. Carrasco et al. associated themselves publicly with defense of the same Synarchist tradition, by name, behind the Nazi Party’s massive penetration of Mexico and South American nations during the 1930s and early 1940s.

The anti-fascist LaRouche movement, and this publication, are committed to the policy outlook towards Ibero-America presented by U.S. Presidential candidate Lyndon LaRouche in his 1982 report, *Operation Juárez*. *EIR*’s editorial policies are:

- the defense of the sovereign nation-state;
- the physical and political integration of the nations of Ibero-America, toward the construction of a new, just global financial system to replace the bankrupt IMF system;
- the building of infrastructure projects, to bring progress to the region;
- and, above all,
- the concept of man as uniquely endowed by his Creator with the power of *creative cognition*—a power which the Synarchists are fanatically determined to subvert in favor of a return to medieval, so-called “integrist” or “ultramontane” forms of imperialism.



Blas Piñar, Spain's leading fascist figure today, is recruiting a new international apparatus.



Horia Sima, of the Romanian Iron Guard.



The AFP is linked to militia groups in the United States, as well as political assets of Sen. Joe Lieberman within the Cuban-American community.

capable of stopping the appearance of the anti-Christ and the end of the present eon,' [Schmitt writes in] *The Nomos and the Earth*. 'Only the Roman Empire, and its Christian prolongation, explain the persistence of the eon and its conservation in the face of the enslaving power of evil.' "

The second key point about the fascist hit squads being assembled by Piñar and the Falange, is that they encompass terrorist forces which are *not* exclusively of the right, but also include their leftist mirror-images—likewise run by the Synarchists. This is shown clearly in the cases of Italy and Argentina, where the left-right terror networks of the 1960s, '70s, and '80s are now being resuscitated.

The third, and possibly most significant, feature that LaRouche emphasized about the Madrid networks, is their live connections into Ibero-America. These currently include Argentina and Venezuela, as we discuss below, and also Mexico, where the direct Synarchist hand can be clearly seen. For example, the Spanish Falange's website has a page of links to sister Falangist groups around the world, and they there choose to include the special case of Mexico's Unión Nacional Sinarquista (National Synarchist Union), which, they explain, "is a synarchist organization and, although it cannot be called Falangist, its similarities make it worthy of being included here."

This is the apparatus which has been set in motion, armed with populist anti-American rhetoric, which could be plausibly blamed for a new wave of "Hispanic terrorism" inside the United States—much as al-Qaeda was blamed for 9/11.

Blas Piñar and His Falange Allies

Both Blas Piñar and the Spanish Falange have, for decades, been assigned the task of recruiting fascists in Ibero-America. Piñar is best known for having been named by Francisco Franco as a national councilman of his Movement and as a prosecutor before the Spanish courts—and for deploying Franquista street thugs later in the 1970s. Piñar also headed the Hispanic Culture Institute (1957-62). During that period, the Institute concentrated on granting scholarships to Ibero-Americans, so that they could study in Spanish universities.

In 1966, Piñar set up the *Fuerza Nueva* publishing house and magazine of that same name, which in later years became the favorite forum for fascists from across Europe who had taken refuge in Spain after World War II. These included the likes of Horia Sima, the second-in-command of the notorious Romanian Iron Guard, and Leon Degrelle, the founder of Belgium's pro-Nazi Rexisme movement. Both of these groupings sent thousands of soldiers to fight alongside Hitler's troops on the Eastern Front during World War II—as did Spanish Franco volunteers. That endeared them to Piñar.

The Spanish Falange, for its part, was one of the principal cut-outs used by Hitler for organizing pro-Nazi forces in Ibero-America during the 1930s and 1940s. It was founded in 1933 under the guiding light of José Antonio Primo de Rivera, who was executed in 1938 during the Spanish Civil

War. José Antonio (as he is popularly known) quickly became a virtual saint among Falangists around the world—with little note taken of the fact that he was a good friend of Britain's Sir Samuel Hoare, a one-time British Ambassador to Madrid.

Today, the Spanish Falange website boasts links to sister organizations in the Americas: Falange Venezolana, Falange Cubana, Falange Socialista de Bolivia, Movimiento Nacional Sindicalista de Chile, Argentina's PPR, Mexico's UNS, Falange Boricua of Puerto Rico, and the American Falangist Party.

This last is a U.S.-based group whose intellectual level is perhaps best exemplified by an article appearing in its magazine *Phalanx* headlined "Commie Cannibals Eat Pygmies." They should not be dismissed lightly, however; they have significant links to "anti-Establishment" militia types in the United States, and to the Miami-based Cuban American National Foundation (CANF), a multimillion-dol-

lar organization closely associated with the likes of Sen. Joe Lieberman (D-Conn.) and other U.S. political assets of the Synarchists.

Today's Spanish Falange admits to having a meager 1,000 members, at best, garnering in the range of 25,000 votes in recent elections. It has therefore moved to establish a formal organizational alliance with Blas Piñar's Fuerza Nueva, which is close to being launched and will be called Frente Español (Spanish Front).

After the above-mentioned November 2002 meeting that brought them together, Fuerza Nueva and the Spanish Falange sponsored a follow-up gathering in Madrid on Jan. 26, 2003, which reportedly drew a crowd of some 3,000. Attending, once again, were "our dear friends and comrades from Italy's Forza Nuova and Germany's NPD, Roberto Fiore and Udo Voigt," as well as delegations from France's Front National, Portugal, Poland, and Bulgaria.

From Ibero-America, a message of support was read from

A Strange Brew, Synarchists in Britain

The British component of the Synarchist International is a entity called Final Conflict-International Third Position (FC-ITP)—the latter component of the name perhaps referring to an unknown form of sexual deviation. FC-ITP was created in 1989, and radiates a considerable amount of international activity through its magazine *Final Conflict*, its website, its interviews with various creatures in this eerie nexus, and its participation in such events as the regrouped Blas Piñar-centered entity in Spain.

FC-ITP portrays itself as "right-wing Catholic" or "integrist Catholic." Its acknowledged forebears are G.K. Chesterton, his cousin A.K. Chesterton, Hilaire Belloc, and their so-called Distributist movement (see articles by Stanley Ezrol, "Seduced from Victory: How the Lost Corpse Subverts the American Intellectual Tradition," *EIR*, Aug. 3, 2001; and "'Traditionalist' Cult Is Roman, Not Catholic," April 26, 2002). It is hard-wired into fascist/neofascist operations and networks. A.K. Chesterton was a close ally of British Fascist leader Oswald Mosley, and founding head of the neofascist British National Party. When G.K. Chesterton died, his papers were given over to Robert Fiore, the head of Italy's Forza Nuova organization.

FC-ITP glorifies fascist groups in continental Europe, such as the Romanian Iron Guard, the Belgian Rexists, and the Spanish Falange. Its U.S. links are to a potpourri of Southern neo-Confederates and "Aryan" racists, as well

as to extremists of the anti-abortion movement, the latter having a known terrorist capability. FC-ITP also has ties into radical elements of the "green/ecology" movement, the "animal liberation" movement, and the mystical-occult "chivalric" (e.g., Tolkien) circuits.

The group advertises itself as "For Faith, Family, and Nation, Against the New World Order." It plays up its supposed affiliation to the patron saint of England, St. George. In the midst of one of its diatribes, FC-ITP stresses that "The Third Position sells (and has sold) works about and by [Romanian Iron Guard leader] Codreanu, . . . Hilaire Belloc, . . . G.K. Chesterton, A.K. Chesterton . . . ["Revisionist" Holocaust-denying historian David] Irving, . . . Tolkien and others. . . . FC has published material on Mussolini and Mosley in an attempt to learn from the Fascist movement of yesteryear (not that the TP are a Fascist movement—it has always been Distributist)."

In its promo, FC-ITP boasts that past issues of *Final Conflict* "have covered such gems as: Leon Degrelle and the Rexist Party; Benito Mussolini and Fascist Italy; . . . Nationalists in the Animal Liberation Front; . . . Romanian Nationalists; Back to the Land activists," and more.

Final Conflict has run interviews with such disreputables as the head of the neofascist German National Party (NPD), Voigt; Gary Yarbrough, of the "Order," the white racist "Aryan" group in the United States; and Massimo Morsello, the sidekick of Roberto Fiore. They feature articles with titles like "José Antonio and the Falange" (a reference to the founder of the Spanish Falange and Franco movement martyr, José Antonio Primo da Rivera), "Codreanu and the Iron Guard," "Resisting the New World Order," "Southern Heritage—the Story of Dixie," and "Hilaire Belloc 1870-1953."—*Mark Burdman*



The ideology of Hispanidad preached by the Synarchists signifies a return to the feudalism of the Middle Ages.

Venezuelan former Presidential candidate Alejandro Peña, currently a leader of that country's Bloque Democrático (Democratic Bloc). And Argentina's PPR sent a letter welcoming the event "with great joy," but sending its regrets that it would be unable to attend the meeting this time around.

The Argentine Connection

Breide's PPR has been quite active of late in the European fascist circles that are orbiting around Blas Piñar and his Falangist allies. During the same November 2002 tour that took the PPR delegation to the Madrid meeting, Breide also met with Le Pen of the Front National in France, and with Roberto Fiore of Forza Nuova in Italy—according to press releases issued by the PPR and reports from Forza Nuova that trumpet "the solid relationship based on common ideals and political perspectives" that exists between the PPR and Forza Nuova.

Breide, along with Norberto Narezo and Carlos Ronco of the PPR leadership, spoke about the IMF destruction of the Argentine economy at press conferences in Milan, Rome, Turin, and Bologna, "meetings organized with the local Forza Nuova," according to the account of one Italian participant. Breide's Italian connection was tight enough to be invited back on Feb. 5, 2003, when he gave a speech on the Argentine economic crisis at the University of Trento.

There is a broader Argentine connection to the Piñar/Falangist operation, which involves certain right-wing Catholic circles dating back to the significant, post-war influence of Father Julio Meinvielle. Meinvielle, who enjoys a reputation in Argentina as a brilliant "nationalist Catholic" philosopher in the tradition of St. Thomas Aquinas, was actually an overt anti-Semite, an advocate of the Inquisition, and vitriolically anti-American, falsely equating the American and French Revolutions, and lumping the U.S. and Great Britain together as a common "Anglo-Saxon" foe to be defeated. Moreover, the revered Meinvielle was actually an all-around superficial thinker. This is best demonstrated by his pathetic attempted refutations of Cardinal Nicolaus of Cusa and Gottfried

Wilhelm Leibniz—based on citations from secondary sources! Meinvielle clearly never bothered to read the works of Cusa and Leibniz he was busy dismissing.

One nest of Meinvielle followers launched the magazine *Maritornes: Notebooks of Hispanidad* in 2001. On the board of *Maritornes*, which is published in Argentina, sits the ubiquitous Blas Piñar (see *Documentation*). The November 2001 presentation of the magazine in Madrid was organized by the Juventudes Tradicionalistas de España (Traditionalist Youth of Spain), among others, who argue: "We Carlists . . . must relaunch the Catholic vision of Hispanidad . . . oppose monetarist economic fundamentalism . . . [and] coordinate the counter-revolutionary movements of the whole world: we have to 'globalize' the Counter-revolution."

An earlier generation of followers of Meinvielle, including Father Alberto Ezcurra Uriburu, who ran a Lefebvrist seminary in the Argentine province of Paraná, founded the infamous Tacuara group in 1957, modeled explicitly on the Spanish Falange. Their heroes were José Antonio Primo de Rivera and Benito Mussolini. Tacuara was later known interchangeably as Guardia de Hierro (Iron Guard)—in honor of the 1930s Romanian fascists of the same name.

In the aftermath of the Cuban Revolution of 1959, Tacuara began to split between the right-wing followers of Ezcurra, and the increasingly leftist, pro-Cuban camp of "Joe" Baxter—a rather suspicious Yugoslavian emigrant who had traveled throughout Spain, Algeria, Angola, Egypt, and North Vietnam. Early police raids against Tacuara safe-houses report finding, side by side, books by St. Thomas Aquinas; the 1930s French monarchist and right-wing Catholic fascist Charles Maurras; and Che Guevara!

Tacuara split in two in the early 1960s. Baxter's left wing went on to become the Peronist Montoneros guerrilla group, a central player in the Argentine terrorism of the 1960s and 1970s. And the Tacuara right wing went on to engage in bloody counter-terrorism against its former allies and other leftists. The joint Synarchist operation sank Argentina into decades of "dirty war," from which the country has yet to fully recover.

Venezuela Is Next

Venezuela today is heading toward the kind of civil war Argentina experienced in the 1970s, with Synarchists dominating both sides of the conflict. In this unfolding tragedy, President Hugo Chávez and his supporters play the role of the "leftist" revolutionary Jacobins, who curiously cite Nazi jurist Carl Schmitt to justify their actions.

The right-wing opposition, for its part, has extensive ties to Cheney's chicken-hawks in Washington, including the Hudson Institute, which hosted a meeting in Washington in early August to build support for them. The Venezuelan opposition also works closely with groups such as the Cuban American National Foundation in Miami. Within the opposition alliance, one group stands out: the so-called "Democratic

Bloc.” The Bloc has repeatedly urged the entire opposition to take to the streets to demand a military coup against Chávez. The group’s most vocal spokesman, Alejandro Peña—who sent a message of support to the January 2003 Piñar/Falange meeting—argued on July 28 that the Chávez regime can only be confronted in one way: “with force.”

Another director of the Bloc is the “former” police agent, Nedo Paniz, who in the mid-1990s was key to protecting Chávez when he was rebuilding his political-military movement after his 1992 failed coup attempt.

Such left-to-right migrations are typical of the kinds of patterns to be watched for, in the emergence of potential Spanish-speaking terrorism within the United States.

Documentation

Forza Nuova and Terrorism

by Claudio Celani

The Italian section of the Falangist/Synarchist International, Forza Nuova (New Force), well illustrates the connections to intelligence networks and higher level oligarchical powers, of what superficially appears an organization of zombie-like radical neo-fascists. Forza Nuova founder and leader Roberto Fiore has been sentenced by an Italian court for membership in a subversive neo-fascist organization, called Terza Posizione (Third Position), associated with terrorist groups responsible for countless terrorist acts, from the 1969 Piazza Fontana bombing that started the “strategy of tension,” to the 1980 Bologna train station bombing that killed 85 people.

Several investigations have established that those neo-fascist groups were infiltrated by intelligence networks operating under the cover of NATO structures, such as the “stay behind” organization called Gladio, or the secret military association called Rosa dei Venti (Point of the Compass). Italian courts have also established that the London-centered, secret freemasonic Propaganda Two Lodge was a key organizing component for both the “strategy of tension” and the coverup of single terrorist acts. The same P2 Lodge was massively involved in a “leftist” terrorist act, the kidnapping and assassination of Christian Democratic leader Aldo Moro by the Red Brigades in 1978.

Fiore escaped arrest by fleeing to London in 1981, where he enjoyed protection against Italian extradition requests, until the terms of regulations expired, and he could go back to Italy in 1999. In London, several British media published allegations that Fiore had been recruited by MI6, the British secret service. This could explain why he was able to set up an organization called “Meeting Point,” monopolizing the



Roberto Fiore at a meeting of the Spanish Falange, Nov. 16, 2002.

market for Italian students coming to learn or perfect their English in London. Using his new financial power, Fiore financed legal assistance for his old comrades under trial in Italy, and the political activities of his newly founded organization, Forza Nuova.

In January 2001, when Fiore associate Andrea Insabato was caught in a failed terrorist attempt against a Rome newspaper, Fiore’s MI6 connections came into the limelight in Italy. Appearing in front of a Parliament commission, antiterror police chief Ansoino Andreassi went as far as he could in hinting that Fiore indeed had been a MI6 operative. Curiously, such intelligence connections seem not to disturb the new alliance established between Forza Nuova and the Argentinian Partido por la Reconstrucción Nacional (National Reconstruction Party), which is putatively anti-British and strongly defends Argentina’s 1982 Malvinas War with Great Britain.

Leading members of the Argentinian Junta were actually members of the London-directed, P2 freemasonic lodge, the same one running the “strategy of tension” in which Fiore’s old neo-fascist comrades were involved. The most famous member of the P2, Italian banker Roberto Calvi, was murdered in a spectacular way in London in 1982, in the middle of the Malvinas War. Italian prosecutor Carlo Palermo insists that Calvi was murdered because he broke the rules of the game by going too far in financing the Argentinian war against Britain.

Christian Fundamentalism

Forza Nuova’s ideology reflects a transformation undergone by Fiore during his London years, away from the “secular” character typical of previous neo-fascist grouplets, into a Christian fundamentalist, Falangist type of profile. This “con-

version” must be attributed to the influence of the Catholic schismatic movement called the Society of Pius X, founded by Msgr. Marcel Lefebvre. Society members often appear in Forza Nuova’s public initiatives in Italy, while a member of the Society, Father Michael Crowdy, is a trustee of Fiore’s Saint George Trust based in London.

The Lefebvrians spearhead the anti-ecumenical, oligarchical faction in the Catholic Church, belonging to what is historically known as the “Black Nobility,” the Italian terminal of the “Carlist” element of the international synarchist conspiracy. The movement was formed officially in defense of the Tridentine Mass rite eliminated by Vatican Council II, but it was in reality a reaction against the decision, taken by Pope Paul VI, to eliminate the aristocrats’ privileges in the Vatican Curia, the last remnants of the temporal powers (Donation of Constantine) in the Church.

Princess Elvina Pallavicini, the recognized leader of the Black Nobility, demonstratively invited Lefebvre to celebrate a Latin Mass in her famous Palazzo Rospigliosi in Rome. In 1978, Lefebvre celebrated another mass in Paris, this time in front of the representatives of all fascist parties of Europe (“Euroright”). Lefebvre was excommunicated by Pope John Paul II in 1988.

In the middle of Pope John Paul II’s campaign against the second Iraq war, Lefebvre’s Italian sponsor, Princess Pallavicini, organized a meeting in support of Cheney’s and Rumsfeld’s preventive war policy on Feb. 12, 2003, where she invited U.S. Ambassador to Italy Mel Sembler, U.S. Ambassador to the Vatican Jim Nicholson, and State Department policy planner Andrew Erdmann to address an audience of Italian government members, Church officials, politicians, and international diplomats.

Thus, the “anti-war” posturing of such peripheral, expendable elements of the international synarchist conspiracy as Forza Nuova, are just antics suited to be used as a cover for terrorist operations, as al-Qaeda was used as a cover for 9/11.

‘Maritornes’: Whorish Defense Of Feudalism

by Gretchen Small

In November 2001, key ideologues of the project to create a new fascist international between Europe and South America launched a new magazine as a vehicle to promote their project to reestablish the feudal empire of the Hapsburgs. The magazine, *Maritornes: Notebooks of Hispanidad*, is published in

Argentina twice-yearly by the Nueva Hispanidad Publishing House.

Figuring prominently on the editorial board of *Maritornes* are the Spanish fascist, Fuerza Nueva head Blas Piñar, and Argentine “Catholic traditionalist” writers Antonio Caponnetto and Rafael Breide Obeid. The latter is the brother of the Gustavo Breide, who heads the Blas Piñar- and Italian Forza Nuova-linked Popular Party for Reconstruction of Argentina.

New faces joined the *Maritornes* editorial board in the second and third issues, expanding its geographic reach. These included: Alexandra Wilhelmsen, daughter and political heir of Frederick Wilhelmsen, the founder of Northern Virginia’s Christendom College, a William Buckley-linked center of Carlism and Catholic Synarchism; former Peruvian Congressman and notorious Hitler-Mussolini supporter Fernán Altuve-Febres Lores; Chilean professor of political philosophy Juan Antonio Widow, a founder in his youth of Chile’s Falange, the Movimiento Nacional Sindicalista; and two Italians espousing similar views, historian Francesco Maurizio Di Gionvine of Bologna and Prof. Giovanni Turco of Naples.

The magazine’s self-proclaimed crusade is a political one: “to take up again the march which was interrupted by the cut-off of the Middle Ages, by the excesses of the Renaissance, by the obscurity of the Enlightenment.” Hispanidad’s goal is to revive the West, and its “Roman glories.” Listed in the table of contents of the first issue, is an article on the significance of monarchy for . . . Argentina today!

Drawings of medieval scenes adorn the homepage of the Nueva Hispanidad Publishing House’s website, which has published books on everything from the glories of the Spanish Falange to bull-fighting, “the spirit of chivalry,” Lefebvre, and British fascist G.K. Chesterton, hailed as “the knight errant.” A five-CD set of the songs of the Spanish Falange from its founding to today is offered for sale, as is another with the “Hymns and Songs of Italian Fascism.” (Notably, if only the word “Falange” were removed from the CD covers, the drawings of flag-waving, rifle-bearing, dying bodies could easily be taken for the Soviet realist propaganda of their ostensible enemies in the Spanish Civil War.)

Co-sponsoring the presentation of the magazine in Madrid in November 2001 was the Carlist Traditionalist Youth of Spain, whose red-bereted shock troops mimic the feudalist psychos of Tradition, Family, and Property (TFP). A message of support from the Carlist pretender to the Spanish throne, Don Sixto Enrique de Borbón, was read.

What’s in a Name?

Perhaps the most revealing aspect of the Hispanidad-promoting *Maritornes* magazine project is the choice of name itself.

Maritornes is a character from Miguel de Cervantes’ immortal *Don Quixote de la Mancha*: She is the whore at the

inn that Don Quixote believed to be a castle.

In the founding statement of *Maritornes*, editor Antonio Caponnetto explains why that name was chosen. True, admits Caponnetto, Cervantes' character Maritornes is a whore, but she is "transfigured" by "the chaste gaze" of the crazy knight, Don Quixote. This comes about when Maritornes, who prides herself on being a noble lady whom bad luck had brought to her present pass, makes a date to go to bed with a mule skinner sharing sleeping quarters with Don Quixote and Sancho Panza.

But she mistakenly gets into bed with Don Quixote, instead of the muleteer. Caponnetto then quotes from Cervantes' book, that Maritornes, "who went all doubled up and in silence with her hands before her, feeling for her lover, encountered the arms of Don Quixote, who grasped her tightly by the wrist, and drawing her towards him, while she dared not utter a word, made her sit down on the bed. He then felt her smock, and although it was of sackcloth it appeared to him to be of the finest and softest silk; on her wrists she wore some glass beads, but to him they had the sheen of precious Orient pearls; her hair, which in some measure resembled a horse's mane, he rated as threads of the brightest gold of Araby, whose refulgence dimmed the sun himself; her breath, which no doubt smelt of yesterday's stale salad, seemed to him to diffuse a sweet aromatic fragrance from her mouth;

and, in short, he drew her portrait in his imagination with the same features and in the same style as that which he had seen in his books of the other princesses."

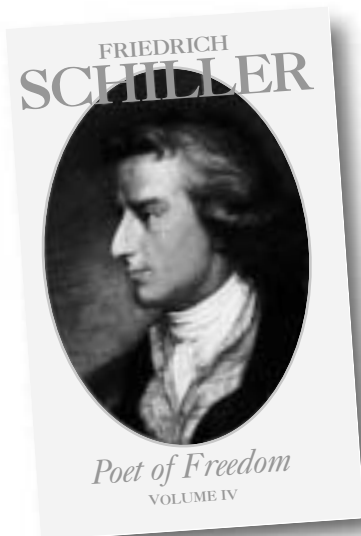
Comments Caponnetto: "A whore to the mule skinner and the inn keeper," but a "creature capable of 'the sweetest and most loving discourse' to the knight of the sorrowful countenance." Caponnetto then quotes Cervantes, completely missing the irony—"though she was in that line of life, there was some faint and distant resemblance to a Christian about her." Caponnetto then waxes eloquent, in terms that would even make the crazy Don Quixote blush: "Maritornes is America [the continent, not the country]. America the well-endowed. The servant become a lady, the inn become a castle, the stable a battlement, and the rickety bed a nuptial chamber.

"And if this bold analogy be valid, as we hold, it should also be applied by extension to all the lands upon which 'Hispanidad' planted its fruits, and even upon present-day Spain, which so much needs to give up her post as a servant to rise up again as an empress."

Thus, Caponnetto and all the other self-proclaimed whores in the Americas who await for the Spanish knight to take up the cudgels to bring back the never-were glories of the Spanish Empire, try to twist Cervantes' biting irony of the insanity of that medieval world view, to come to the defense of their lost cause.

"There is a limit to the tyrant's power."

—Friedrich Schiller,
Wilhelm Tell.



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Israel's Rafi Eitan Plotting New 9/11

by Jeffrey Steinberg

On July 30, United Press International intelligence correspondent Richard Sale reported that Rafi Eitan, the Israeli spymaster who recruited convicted spy Jonathan Jay Pollard for espionage against the United States, “has re-emerged on American soil and is being scrutinized by the FBI.”

Sale elaborated, “According to Federal law enforcement officials, Eitan has, for the last year or so, been traveling to the United States on an Israeli passport, but using an alias. These sources told UPI that Eitan lands at Columbus, Ohio, and then moves about the Midwest, to cities such as Indianapolis. Eitan has been seen and photographed in the company of ‘known dealers who belong to a ring dealing in the drug ecstasy,’ one Federal law enforcement official said.”

In a follow-up UPI story on Aug. 7, Sale wrote, “U.S. officials said Eitan, at first described by former Israeli officials as being ‘sidelined’ and ‘in mothballs’ as far as Israel is concerned, has, in fact, been brought back into government life by [Israeli Prime Minister Ariel] Sharon who is employing him as a counter-terrorism adviser. . . . ‘We all thought he he was in disgrace,’ a Federal law enforcement official said. ‘We were wrong.’ ”

Sale quoted from a June 1997 interview with Eitan by the Israeli newspaper *Yediot Aharonot*, in which the former chief of Mossad operations in Europe said, “I failed in the Pollard affair, just as I failed in other intelligence operations behind enemy lines. That is the lot of the intelligence officer who runs complex operations.”

Note Eitan’s reference to the United States as “behind enemy lines.”

A Live Terrorist Plot

EIR was the first publication to report on “Dirty Rafi’s” clandestine trips to the United States, early this year—with one very crucial additional detail: Eitan is making these high-risk journeys, U.S. and Israeli sources report, because he is directing plans for a major terrorist attack on American soil—a new 9/11—to be blamed on either Muslim or Latin American terrorists.

EIR’s sources—both Israeli and American—have warned that Eitan is putting the finishing touches on such an operation, which coincides with Vice President Dick Cheney’s aggres-

sive promotion of the idea that the United States is facing an imminent new 9/11 attack. Cheney launched this propaganda offensive at his July 24, 2003 speech at the American Enterprise Institute in Washington, D.C., and he has been stumping the country ever since, asserting that a terror attack is imminent.

As part of his current mission, sources report that Eitan has made two recent trips to Mexico, and on one occasion traveled to another location in Ibero-America, possibly Uruguay or Cuba (Eitan led an Israeli “business” delegation to Cuba several years ago).

You Read It First . . .

The Feb. 13, 2003 edition of *EIR*’s twice-weekly Executive Alert Service, under the headline “The Real Story Behind the Heightened Terror Alert?,” reported:

“A well-placed Israeli source has warned *EIR* that the Sharon gang in Israel may be actively plotting a terrorist incident inside the United States, to be blamed on ‘Islamic’ terrorists, to ensure that the U.S. launches the war on Iraq before the beginning of March. The report comes amidst heightened terror alerts in the U.S., and a new purported ‘Osama bin Laden’ message, played on Tuesday [Feb. 11] on Al Jazeera, calling on Iraqis to carry out suicide bombings against American targets. As preposterous as it seems, today at the White House, Ari Fleischer was touting the tape as new ‘proof’ of ties between Saddam and al-Qaeda.

“The Israeli source reported, specifically, that, last week, ‘Dirty’ Rafi Eitan, the Sharon henchman and one-time controller of convicted spy Jonathan Pollard, snuck illegally into the United States, from Canada, on a phony Canadian passport. There is a standing arrest warrant in the United States for Eitan, dating back to the Pollard case.

“According to the source, Eitan first landed in Las Vegas, and then traveled, on Saturday, to a still-unknown location in Ohio, which he has used as a base of operations in previous trips to the United States. The source said that Eitan’s mission is to set up an ‘Islamic’ terrorist incident, possibly involving the use of chemical or biological agents, to drive the American population over the edge, and drive President Bush into the arms of the war party for an immediate invasion of Iraq.

“Last year, the source had passed on information about a similar illegal Eitan visit to the United States to *EIR*, and after several months, law enforcement contacts confirmed that the Eitan travel report was accurate.”

President Bush, of course, did launch the Iraq war in March, and, sources report, the Eitan operation was postponed, but not aborted. Now, with Vice President Cheney, British Prime Minister Tony Blair, and Israeli Prime Minister Sharon all facing political revolts at home, over the Iraq fiasco and, in Sharon’s case, over financial fraud charges, there is no question who would benefit from a major distraction like a new 9/11.

The EIR Record on The Nazi International

The following excerpts were compiled by Counterintelligence Editor Michele Steinberg, from both EIR and its monthly bulletin Investigative Leads, directed to intelligence and law-enforcement experts, which was published between 1979 and 1995.

“The Nazi-Soviet Alliance Behind International Terrorism,” by Lyndon H. LaRouche, *Investigative Leads*, Feb. 25, 1984.

The editors tracking of international terrorism began modestly during the Summer of 1968, in a study of the social-political profile and financial backing of the faction of SDS which soon afterward become the Weatherman terrorists. The long apprenticeship in these and related matters of counterintelligence was transformed into professionalism during 1977-1978, as this writer was himself targeted for assassination by [Germany’s] Baader-Meinhof (RAF) and U.S. terrorist groups during the Summer of 1977, and as we cooperated with some leading circles in Italy during 1978 in an investigation of the Italian Red Brigades kidnapping-murder of former Italian Prime Minister Aldo Moro.

During 1978 and 1979, we were the first to expose publicly the intimate interlinks between terrorism and the major drug-running and gun-running networks. . . . Gradually the laborious process of triangulation focused our attention in Switzerland, and, then, more exactly on the headquarters of the present-day Nazi International organization of banker François Genoud in Lausanne, Switzerland.

Genoud is an authentic, hard-core Nazi. He was a prominent Nazi official in Switzerland during Adolf Hitler’s reign in Germany, and emerged as a kind of general secretary for the reconstituted Nazi (“Malmö”) International when that was reassembled as a public association in Rome, Italy, at the close of the 1940s.

“Klaus Barbie, the Nazi International and Organized Crime,” by Michele Steinberg, *EIR*, March 1, 1983.

The Feb. 5, 1983 extradition of former Gestapo official Klaus Barbie from Bolivia to stand trial in France could become one of the most explosive political shakeups in post-war history. Ongoing investigations by *Executive Intelligence Review* have uncovered new evidence which points to a more than 30-year relationship between Barbie—the infamous “Butcher of Lyons,” who killed thousands of resistance fighters and Jews while heading the Gestapo unit in Lyons, France—and some of America’s leading “citizens above suspicion.” These include Henry A. Kissinger; Gen. Julius Klein,

a leader of the U.S. occupation forces; former OSS Station Chief and later CIA Director Allen Dulles; U.S. High Commissioner for Germany John J. McCloy; Kissinger mentor Fritz Kraemer; and the late Frank Wisner, former head of the State Department’s Office of Policy Coordination. . . .

The investigator must not stop with Barbie’s alleged recruitment to U.S. intelligence agencies and escape from Europe in 1948. According to documented information, Klaus Barbie has been at the center of the neo-Nazi International since the end of the war: the neo-Nazi International that is run out of Lausanne, Switzerland by banker and former SS officer, François Genoud, a funder of left- and right-wing terrorists in Europe today.

“Secret Report Shows Former Bolivian Government Ran Narcotics Traffic,” *Investigative Leads*, June 5, 1983.

On April 26 [1983] the U.S. Attorney’s office in Miami, Florida, indicted Luis Arce Gómez, the former Interior Minister of Bolivia, on charges of conspiracy to export and distribute hundred of pounds of cocaine to the United States. . . .

The Interior Ministry office headed by Arce Gómez was a sanctuary for Latin American operatives of the Propaganda-2 Freemasonic Lodge, and of the Nazi International. The connections include the following:

- Cocaine-traffickers including Pier Luigi Pagliai and Stefano Delle Chiaie, both members of the Italian fascist group Ordine Nuovo (New Order), and wanted for the bombing of the Bologna, Italy, train station in 1980, where 86 people were killed. Pagliai was shot while being captured by Bolivian police in October 1982, and extradited to Italy where he later died.
- Stefano Delle Chiaie, who was sought in the same operation in which Pagliai was captured, worked directly for Klaus Barbie in a special unit of Arce Gómez’s Interior Ministry. Delle Chiaie was identified in confessions by Elio Ciolini, a member of the Propaganda-2 (P-2) Lodge, as one of the key operatives in the Bologna bombing, which Ciolini said was planned at a secret meeting of the P-2 “executive group,” called the Monte Carlo Committee, in April 1980. Ciolini also testified that Henry Kissinger, the former U.S. Secretary of State, was a member of that elite Monte Carlo Committee. . . .
- Klaus Barbie, the Nazi war criminal who is now standing trial in France . . . was a special operative for Arce Gómez’s Interior Ministry.

The April 26, 1983, U.S. indictment of Arce Gómez is thus a first step toward stopping the operations of the Bolivian P-2 operatives who were responsible for the 1980 “cocaine coup” in that country. These charges, however, are far too narrow in scope.

“François Genoud, Terrorist Controller,” *Investigative Leads*, Feb. 25, 1984.

The key lead in establishing the continuity of the Nazi apparatus before, during, and after the war, is not only the



The 1980 Nazi International bombing of the Bologna train station killed 86 people. EIR has documented, with increasing precision since the terrorist wave of the 1970s, the controllers behind every ideological brand name of terrorism—what we know today, as Synarchism.

Anglo-American protection operation, but the British intelligence-run European Center for the Study of Fascism, directed by Strachey Barnes. Based in Lausanne, the home of Genoud, Barnes' operation served as a mediation point for Prime Minister Winston Churchill, Mussolini, and leading German Nazis. Immediately after the war, Barnes turned over the operation to a close associate of Genoud, Gaston Armand Guy Amaudruz. During the 1940s, Amaudruz established the *Courier du Continent* and *New European Order* organizations. In 1946, Amaudruz took over the European Center for the Study of Fascism.

In setting up the *New European Order* organization, the "universal fascists" created an intelligence operation under the protection of the Anglo-American intelligence agencies. Working with Amaudruz was a Nazi youth leader, Gunther Schwab, whose book *Dance with the Devil*, created the core ideological base by which today's new fascist party, the Green Party of West Germany, was formed. . . .

Establishing the international networks became the work of the Amaudruz-run Malmö International. In 1950, at the first meeting in Rome, all the old luminaries of the war gathered together the preparations for a new fascist order. In attendance were Sir Oswald Mosley, who was being financed by a Venetian-based foundation, according to U.S. Army counterintelligence records; Count Loredan, a Venetian nobleman who organized the Italian Social Movement (MSI); as well as leading former Nazis and SS officers. . . . In 1951, the second meeting of the Nazi International was held in Malmö, Sweden.

Officially, the Malmö International was dissolved in 1956; however, the organizational infrastructure is maintained through covert networks.

The present profile of the Nazi International is understood through the network of publications and institutions which is again propagandizing the racial purity line: the *Mankind Quarterly*, run by Scottish Rite and British intelligence operative Sir Robert Gayre; Armin Mohler of the Siemens Foundation; the *École Nouvelle* of Alain de Benoist; and Ties Christophersen's *Gesellschaft für Biologische Anthropologie*.

As part of the renewed campaign to reorganize the old Nazi apparatus, Genoud's 1982 publication of the *Political Testament of Hitler* was to be followed by the *Last Political Notes of Martin Bormann*. . . . Operationally, this neo-Nazi apparatus functions through Scottish Rite Freemasonic lodges: in Italy, Propaganda-2; Monaco, Monte Carlo Lodge; Geneva, Alpina Lodge; and London, the United Mother Grand Lodge run by the Duke of Kent. . . .

It is through the ideological and operational centers of the Nazi International that

both left-wing and right-wing assassination and terrorist operations come together, with overlap of the Abwehr-SS and Trotskyite Fourth International. In France, the *Nouvelle Droite* Le Pen; in Germany, the neo-Nazis; in Spain, *Nueva Fuerza*; and in Britain, *Column 88*; are all basically under control of the *League of St. George*, based in Britain—which also controls the *Régis Debray Fourth International* via *Michel Pablo*.

"London Role Exposed in Italian Terrorism," by Claudio Celani, EIR, Jan. 12, 2001.

A failed bombing attempt against a newspaper in Rome has brought to the limelight the role of London in fostering international terrorism, confirming what *EIR* has often written. Now, Italian researchers and the Parliament are demanding an investigation, to find out whether a neo-fascist organization, called *Forza Nuova*, has enjoyed protection by Her Majesty's intelligence services, and whether there could be a political strategy behind the escalating pattern of terrorist activities over the last year in Italy.

On Dec. 22, Andrea Insabato, a psychologically unstable, radical right-winger, was severely injured by a crude bomb which exploded at his feet, in the central office of the Rome daily *Il Manifesto*. Although Insabato (who survived his severe injuries) and his lawyers keep insisting that he was there only by chance, the police have no doubt that he was himself the perpetrator.

Insabato is an old acquaintance of the police: In the early 1980s, he spent three years in jail, in the aftermath of the famous Bologna train station bombing, in which 86 people died. Insabato was a member of a neo-fascist organization called *Terza Posizione*, whose leaders, Roberto Fiore and

Massimo Morsello, were supposed to end up in jail as well, but instead escaped to London, where they enjoyed protection from Italian justice. All Italian requests for the extradition of Fiore and Morsello were systematically turned down by the British Foreign Office, until the statute of limitations ran out, and, after almost 20 years, the two were able to go back to Italy.

“The PAN’s Nazi, Synarchist Roots,” *EIR*, June 10, 1985.

EIR here prints, for the first time, a startling document from the files of the U.S. State Department of the 1940s, revealing full knowledge of the Nazi, anti-American nature of the PAN [National Action Party of Mexico] from its inception in 1939. . . . The following extraordinary excerpts are from an Oct. 31, 1941 confidential intelligence report submitted to the State Department by the assistant naval attaché at the U.S. embassy in Mexico City.

The Sinarquista Movement

The Unión Nacional Sinarquista is a totalitarian movement based upon both Nazi and Fascist ideas and plans, and directed by Nazi agents through an intricate Spanish Falange/Church of Mexico organization. Most of its membership is made up of middle and lower class Mexicans who are devout Catholics, but among its large and petty chiefs can be found many Spaniards of the Right (Falangists).

The Unión Nacional Sinarquista came into being on May 27, 1937, in the city of León, State of Guanajuato, when two active Falangists, José and Salvador Trueba Olivares, appeared before a notary, Lic. Manuel Villasenor, and registered a constitution for the Unión. The witnesses were a German engineer, Hellmuth Oskar Schreiter; Adolfo Maldonado and Melchor Ortega, state officials; and Lic. Isaac Guzmán Valdivia.

According to the known facts about the Unión’s constitution, the movement seeks to 1) create an authoritative state in Mexico, 2) “save Mexico from itself and foreigners,” 3) subordinate private interests to that of the state, 4) wage war against Communism and leftist labor unions, 5) establish “full Mexican nationalism, free from foreign tutelage,” 6) eliminate “foreign symbols and propaganda,” 7) unite labor, capital, and government for greater production, 8) eliminate all class struggle and establish one political party, 9) permit private ownership of property and profit from private enterprise, but “adjusted” to the needs of the community and state.

Schreiter, the German engineer, who was said to have been looking around for fertile propaganda ground, reported to Berlin that the Trueba Olivares family was hotly pro-German and pro-Italian and anti-American, so he was ordered to back the group financially and lead it on its new path. This he did, arranging for the Unión’s founding and its constitution, and appearing in person to have it legally established as a group.

With the German backing as an impetus, the Unión got going quickly. In 1938 it organized a secret military group within the Unión, to drill members and teach them to use arms in Nazi military fashion. It is today a powerful group but how well armed the members are, cannot definitely be established. Members claim 150,000 rifles and from 2,000 to 3,000 machine guns. One of the most dangerous factors is that in the Mexican Army itself, several of these Unión military groups are reliably reported to exist. . . .

The Unión uses the communist-nazi “cell” idea. Crack organizers, mostly Mexicans, are constantly on the job, working through the priests, from whom they get names of good candidates. Small cell groups are formed, interlocking in the same town. Certain members of these town cells are linked with cells in other parts of the area. The cells are built up to a certain level, and no Mexican member knows more than a few order-giving leaders. . . . Propaganda of a virulent totalitarian character with nationalist and anti-gringo icing is directed at the middle and lower classes. . . .

The Unión, as ordered by the Falange, wants to use Mexico as the nearest center of espionage against the United States. It seeks to organize efficient cells expressly for sabotage in Mexico and the U.S. It wants to build up Mexico as a convenient munitions center for totalitarian revolts whenever the United States might get involved in a war. . . .

Mexicans are told that their country, under Sinarquismo, will be the great nation of the Northern Hemisphere. The United States is doomed, say the organizers, and members are told that as soon as the United States gets into the war, the American nation will crack open due to isolationist antagonism, and Mexico, under Unión dominance, will take over vast sections of the United States, such as the Pacific Coast, the Southwest and Central South.

Acción Nacional

No investigation of the Sinarquistas would be complete without due importance being given to a smaller but powerful group in Mexico called the Acción Nacional. This is a group made up chiefly of business and professional men who are close to the church, who are inter-linked with the Sinarquistas through the Falange, and who hope to blossom out as the big men of any totalitarian government. The Falange is said to get its principal secret support from the Acción using the Sinarquistas to bring in the faithful in the lower classes. Outwardly it is giving the impression of striking a lone pose as the coming “save-Mexico” group, but the Sinarquistas are unduly friendly to the Acción. . . .

As one Sinarquista leader told a reliable source: “We shall be the soldiers of the coming struggle, and the Acción Nacional will supply the officers.”

While the Acción seems to be on a different level from Sinarquismo, actually it is believed to be an integral part of the real Nazi-Falange program for the Mexican totalitarian state and any difference in levels would be ironed out when the emergency arose. . . .

Why Russia's Oligarchs Are Now Under Attack

by Jonathan Tennenbaum

The legal assault against multi-billionaire oil magnate Mikhail Khodorkovsky reflects a power struggle in Russia of strategic proportions.

On July 2, Russian police arrested Platon Lebedev, chairman of the financial conglomerate Menatep, the right-hand man of top Russian "oligarchs" Mikhail Khodorkovsky and Roman Abramovich, and major shareholder in Khodorkovsky's giant oil company Yukos. Together with Lebedev, who was charged with defrauding the Russian state of nearly \$500 million in a 1994 stock privatization, the Russian authorities also arrested Alexei Pichugin, a security chief of Yukos, for alleged involvement in two murders last year. Shortly thereafter, Khodorkovsky himself was summoned to the Russian Prosecutor's office for questioning.

At first these moves were commonly dismissed as mere political theater, a Kremlin attempt to create the popular impression—leading into parliamentary elections in December and next year's Presidential elections—that Russian President Vladimir Putin was determined to go after the hated oligarchs and to clear out corruption. The arrest of Lebedev was in fact preceded by the spectacular, televised arrest of Gen. Valentin Ganeyev, head of the security service of the Ministry of Emergencies, in a June 23 raid by 300 officers of the Federal Security Service (FSB) and Interior Ministry. Three days later, the Russian Prosecutor's office charged Liberal Party leader Mikhail Kodanov with organizing the killing of his party colleague Sergei Yushenkov in April.

Few, however, thought that Putin was prepared to go after the oligarchs in a serious way, and certainly not the prestigious Khodorkovsky, the richest man in Russia, with his high-level ties to political and financial circles in Britain

and the United States. The legal moves were seen as more a slap on the wrist than a real challenge—a message for Khodorkovsky to curb his growing activity as a financier of political parties competing with Putin's Unity Party, and to force him to be more cooperative with the state, including paying more taxes.

As the weeks of July went on, however, it became clear that the Russian authorities—with support from at least a powerful faction in the Kremlin—meant business. The billionaire Lebedev was denied bail and remains in jail, despite widespread protests, including from Prime Minister Mikhail Kasyanov, Presidential Economic Advisor Illarionov, U.S. Ambassador to Russia Alexander Vershbow, and Khodorkovsky's friend Lord Jacob Rothschild. Notably, Lebedev is not being held in an ordinary prison, but in the former KGB jail Lefortovo, now controlled by the FSB and normally reserved for high political crimes such as treason and terrorism.

As the Russian Prosecutor's office and the courts escalate their pressure against Khodorkovsky and Yukos, the stock value of Yukos has plummeted 20%.

Meanwhile, a chorus of economic liberals both inside and outside Russia is warning that the crackdown on Lebedev's illegal takeover of state property in 1994, might signal a shift in Putin's position concerning the whole process of "criminal privatization" in the early 1990s. At that time, a handful of upstart slick operators was able to seize control over the gigantic mineral and industrial assets of the country. While Prime Minister Kasyanov declared at a Cabinet meeting in July that "the results of past privatizations are irreversible"—a position Putin until recently backed up—Kasyanov was immediately contradicted by First Deputy Property Minister Alexander



“Oligarch” Mikhail Khodorkovsky, Russia’s richest man. The oligarchs have emerged since the Iraq War buildup as a clear U.S.-British policy faction in Russia, driving both for Russian support of U.S. imperial wars, and for a special oil partnership with the likes of Dick Cheney’s Halliburton Corp. friends.

Braverman in a televised statement. Referring to the Lebedev case, Braverman said he could not rule out a legal re-examination of ‘certain privatization practices.’” Minister of Economic Development and Trade German Gref acknowledged in a press interview, that a 10-year statute of limitations for challenges to individual privatization transactions has not yet expired for most major companies.

At a July 28 news conference, a spokesman for the Russian Prosecutor’s office publicly attacked Kasyanov by name, saying that the Prime Minister’s criticism of Lebedev’s jailing represented an attempt “to pressure the courts.”

Although President Putin has carefully avoided taking any public position on the Lebedev-Khodorkovsky affair, few people doubt that the actions of the Prosecutor’s office were planned well in advance and would not have occurred without a Presidential green light. In a July 18 interview with *Business Week*, Khodorkovsky was asked how he thought he could get out of his difficult position. He answered, “The only place I can go to complain is the President.” But Putin has remained aloof to Khodorkovsky’s demand for a meeting.

Strategic Implications

There is no doubt now, that this affair reflects a real power struggle in Russia, which not only may determine the political future of that country, but has immediate strategic implications for the world situation as a whole. To put the

whole case in a strategic context, bear in mind the following points:

- The attack on Yukos and Menatep came just two months after the April 23 announcement of a merger agreement between the two Russian oil giants Yukos and Sibneft, which would give Khodorkovsky direct control over the second largest hydrocarbon reserves in the world (more than 19 billion barrels of oil and gas equivalent), smaller than Exxon/Mobil but larger than British Petroleum (BP), Chevron-Texaco, and the French TotalFinaElf. Yukos-Sibneft would thereby become by far the largest company in Russia, surpassing the natural gas monopoly Gazprom. The Yukos-Sibneft deal comes on top of the merger of the Russian petroleum giant Tyumen Oil (TNK) with BP, sealed at the beginning of this year, which was until now the largest merger in Russian history.

Taken together, the BP-TNK and Yukos-Sibneft mergers meant the concentration of a very large part of Russia’s petroleum resources—including virtually all of the reserves in the strategic East Siberia region—in the hands

of two giant companies, both tightly connected to Anglo-American financial interests. (It should be noted, that the major holders of Yukos stock—Lebedev’s Menatep and a company called Huller—are located offshore, in Gibraltar and Cyprus, respectively!) According to numerous sources, in the weeks preceding Lebedev’s arrest Khodorkovsky had been hectically flying back and forth between Moscow, London, and various U.S. locations, negotiating the sale of large shares of Yukos-Sibneft to “foreign investors.” These developments constituted a near-term threat of a drastic weakening of Russia’s control over its own strategic resources, as well as its economy in general.

- Khodorkovsky himself has made no effort to hide his function as a de facto Anglo-American asset in the Russian business and political world. On the board of his Open Russia Foundation, based in London and Washington, sit, together with Khodorkovsky himself, Henry Kissinger, Lord Jacob Rothschild, and former U.S. Ambassador to Russia Arthur Hartman. The head of Khodorkovsky’s London Yukos office is the infamous Lord David Owen.

Especially revealing is Khodorkovsky’s behavior following the arrest of Lebedev. The next day, he showed up in person at the Independence Day party held at the residence of the U.S. Ambassador to Russia, the neo-conservative Alexander Vershbow, openly complaining of Lebedev’s “mistreatment” by the Russian authorities. Immediately after that,

Khodorkovsky flew off to the United States, to a gala meeting hosted by Wall Street personality Herb Allen, where Khodorkovsky was photographed laughing and joking with fellow billionaires Warren Buffett and Bill Gates, as well as New York Mayor Michael Bloomberg. From there he flew to Washington, where he met with U.S. Rep. Tom Lantos (D-Calif.), Energy Secretary Spencer Abraham, and other unnamed Bush Administration officials.

- Most important, in the months leading up to the Iraq war, Khodorkovsky played the central role from the Russian side in an effort to break the French-German-Russian alliance against the war policy, and to bring Russia fully onto the side of the Bush Administration. Khodorkovsky has been the main Russian promoter of the concept of a U.S.-Russian “energy alliance,” in which Russia would guarantee oil supplies to the United States in the event of prolonged instability in the Middle East. While the Russian government was lured by promises of untold billions of dollars, on the U.S. side this idea was used to support the argument by Vice President Richard Cheney and the other warhawks, that the United States would suffer no great penalty in antagonizing and destabilizing Saudi Arabia and other former Arab partners. As late as March 13, less than a week before the bombs began dropping on Baghdad, Khodorkovsky, in an interview with *Business Week* entitled “A Russian’s Plea to Back America,” argued that “Russia should not miss its chance” for an alliance with the United States, by siding with the Europeans against an Iraq war.

From all of this it is clear that the attack on Khodorkovsky by the Russian authorities, and Putin’s conspicuous refusal to intervene on his behalf, have profound strategic implications, and cannot be dismissed as mere political show.

What Is the Broader Policy?

There is much speculation about who initiated the move, who is backing it inside the Kremlin, and what policy lies behind it. Political sympathizers of Khodorkovsky have been pointing their fingers especially at two former FSB officers in Putin’s Presidential Administration, Viktor Ivanov and Igor Sechin. They belong to the faction known as the *siloviki* (the Russian word for police and security agency people), who seek to defend Russia’s national sovereignty and national interests against a takeover by foreign-connected oligarchs. Liberals are concerned that the *siloviki* are beginning to move for control in advance of a probable second Presidential term for Putin. The big question, however, is what policy they have for rebuilding the country. What role do they see Russia playing in world development? Are they orienting to



Oligarch Boris Berezovsky, an “exile” being protected from prosecution by London residence, has long been exposed as working to force Putin to knuckle under to Anglo-American policy. Now Khodorkovsky and others are similarly suspected.

LaRouche’s fight to change U.S. policy, and to create a new basis for U.S.-Russian cooperation?

Interestingly, the moves against Khodorkovsky were preceded by the widespread circulation earlier this year of a document warning against an attempted oligarchical takeover in Russia, and pointing the finger at Khodorkovsky in particular. Such a bloodless or “creeping” coup would involve a constitutional change, drastically weakening the central power of the Presidency, in favor of an easily manipulated facade of “European-style parliamentary democracy.” Implicitly referring to this document, Putin had commented that such a change would be “unacceptable and dangerous.” The document, analyzing the composition and activity of the Russian “oligarchy,” was co-signed by political scientists from a wide spectrum of institutions, including the Communist Party and the liberal SPS. Most fascinating, the document cited 17th- and 18th-Century Venice as the model for direct rule of Russia by a small group of comprador families. Although the terms “Synarchism” and “fascism” were not mentioned, the warnings contained in the paper are quite coherent with Lyndon LaRouche’s warnings of the danger of a worldwide Synarchist coup.

EIR Mourns a Friend; Murder Rocks Russia

by Mark Burdman

All Russia was shocked by a dreadful event on Aug. 8: The 83-year-old Professor Grigory L. Bondarevsky, one of Russia's highest-ranking intelligence experts and a man deeply respected in many other countries, was brutally murdered in his apartment. According to the first news dispatches, obviously based on police reports, he was bludgeoned on the head with a heavy object, went into a coma with brain injuries, and died in the hospital at 11:00 p.m. that night. There were also reports that computer discs and a mobile phone belonging to him were stolen. The news of his murder was a highlight item throughout the day Aug. 9, and continued to be the subject of commentaries, obituaries, and tributes throughout the week.

The news of his killing was received with great grief, but also outrage and anger, at the offices of *EIR* in Germany. Grigory L. Bondarevsky, known among us as "the Professor," was a long-standing collaborator and friend. This writer had the privilege of having consulted with him many times over a period of more than a decade; the writer, his wife, and many of our colleagues benefitted immeasurably from Bondarevsky's vast historical knowledge and insights, as well as from his uniquely devastating sense of irony and humor.

The Professor was a personal friend of Lyndon and Helga LaRouche, and a supporter of many of the LaRouches' initiatives, starting early in the 1990s, with a seminal role in helping catalyze what was to become the LaRouche "Eurasian Land-Bridge" policy. In 2002, he wrote an extremely warm *Festschrift* tribute to LaRouche, on the occasion of LaRouche's 80th birthday.

Professor Bondarevsky's support for crucial LaRouche initiatives continued up to the time of his brutal murder. In recent weeks, he enthusiastically backed LaRouche's efforts to force U.S. Vice President Dick Cheney's resignation. That commitment was related to the central elements of Bondarevsky's activity, which made certain forces in Russia and abroad want to see him out of the way at this crucial juncture in world history. LaRouche has commissioned an *EIR* project under the thematic title, "The Murder of a Legend," devoted both to "Professor Bondarevsky as one of the world's highest-ranking intelligence experts," and to "Professor Bondarevsky the man." Therein, we will also demonstrate his unique contributions, both historically and in the present situation, to the Eurasian development perspective.



Prof. Grigory L. Bondarevsky, noted academician, influential advocate of independent Russian national policy, friend of Lyndon LaRouche, was murdered on Aug. 8 in Moscow.

Dumping Cheney: 'This Is the Time'

In Aug. 9 news coverage, Russian television and print media clearly conveyed the evaluation—though not stated in so many words—that Professor Bondarevsky's death was a political murder, not a criminal act. This is of added importance in Russia today, since it has become an unfortunate commonplace for elderly people to be robbed and killed; and, even worse, there has been a pattern, over the past couple of years, of academicians and other scholars being violently killed, often in what are reported to be acts of wanton criminality. This has been a devastating blow to the intellectual power of the Russian nation, since the position and title of "academician" in Russia, is that of an honored member of society, one of the "brains" for the nation, in contrast to the boring, entropic idea of the word "academic" in English.

What Russian national television stressed, at 8:00 p.m. on Aug. 9, was that Bondarevsky had been a staunch and influential opponent of the Iraq war. Attention was also drawn to the fact that computer discs had reportedly been stolen during the murder. *Interfax* cited him insisting that under no conditions should Russia support the American war against Iraq, since Iraq is a serious and promising partner for Russia. To support the United States would, he had said, lead to the "total discrediting of Russia," and the remains of Russia's authority would collapse with terrible force. Media reports also drew attention to the fact that Bondarevsky was working on a sensitive document for the Russian government, on the subject, "Russia and the Caucasus."

At such moments, the important question to be asked is, "Cui bono?" The fact is that Professor Bondarevsky had become a thorn in the side of those American elements around Cheney, and their Russian *mafija*/oligarchical buddies, who are intent on striking a new global arrangement in which Russia will be looted as a degraded junior partner in Cheney's "new American empire."

In the last weeks of his life, Professor Bondarevsky had been devastated by the death of his wife Alexandra, to whom

he had been married for 63 years. It is, therefore, all the more remarkable, how enthusiastically he responded to Lyndon LaRouche's campaign to dump Cheney. On June 11, Bondarevsky exclaimed to this writer, "Mr. LaRouche's idea, to bring about the downfall of Dick Cheney, is an excellent idea, very good, and it comes just at the right time. I consider this exactly the thing to be done now; in fact, I have been myself thinking about the need to move against Cheney, during the past days." He added that "Mr. LaRouche's move will be supported by many Republicans, who resent Cheney. First of all, some financial groupings in the Republican camp are angry about his maneuvers with oil. More than that, there are energy groups, in both the U.S. and Britain, who are angry about how Cheney has used his oil connections, for his own gain, and against them. Cheney can be isolated. . . . It is necessary to divide the Republicans. Bush is the most foolish, but he's not the worst. . . . And I'm sure Colin Powell would be happy to see Cheney go."

The Professor further advised that the timing of LaRouche's move was perfect, at a time when both the United States and Britain are being rocked by the "Iraqi weapons of mass destruction" scandal. "This is the time to move." In ensuing discussions, in June-July, he would proudly affirm that he was one of the leading and most outspoken opponents of Cheney, within Russian policy and advisory institutions.

LaRouche, learning of Professor Bondarevsky's murder, stressed that the crime, whatever its specific details, had to be seen in the context of the *systemic* features of the real conflict now going on in Russia. On the one side, there are "the old Russian elites" who are trying to win President Vladimir Putin over to a Russia-interested policy. But on the other side—referring to Charles Dickens' *Oliver Twist*—are the Khodorkovsky-Berezovsky "artful dodgers," the "thieves," who come out of "Old Fagin's kitchen," meaning the late Soviet leader Yuri Andropov. This crowd, in an operation typical of the Synarchists since Napoleon was sent into his insane military adventures, *loot for foreigners*, for the merchant bankers. This is all the more crucial now for the Synarchists, since they are financially desperate, and need the loot.

Vice President Cheney recently, and secretly, met Yukos oil chief Khodorkovsky in America. Also, President Bush and others have stepped forward, to defend Khodorkovsky and Berezovsky from Russian charges. The roots of Berezovsky's operation go back to the early-1990s machinations of the International Republican Institute.

'A Unique Gift for History'

Pending *EIR*'s commemorative feature on Professor Bondarevsky, the basics of his *curriculum vitae* will give readers an idea of the scope of his activities and contributions. Already in his early 20s, during World War II, he was playing a significant role in the Soviet Union. Yet he was born in

Odessa as a Jew, and it was not easy, to put it mildly, for a Jew to rise in the Soviet structure under Stalin. Those who knew him found it amazing that he always thought of himself as a Soviet Russian, then a Russian patriot, despite this difficulty.

In 1943, he helped prepare the Teheran conference of the American-British-Soviet coalition against Hitler. In 1945, he was appointed Deputy Foreign Minister of Uzbekistan at the age of 25. It was then that he finished his famous doctoral dissertation on the Berlin-to-Baghdad railway.

Through six decades, Bondarevsky was to advise seven Soviet and then Russian governments, mainly on "oriental" affairs. In 1995, he was elected to the Russian Academy of Social Sciences, and was to become a member of the Russian Academy of Social Sciences' Institute of Social-Political Studies, headed by the eminent Russian academician Genady Osipov. Osipov made an emotional tribute to "the Professor," after the murder, stressing his role in helping keep the diverse peoples of Russia together, and working for social peace. This is all the more vital, when the Russian nation is under immense strain from the war in Chechnya in the northern Caucasus, and when all sorts of fissures and cracks can be easily widened. Indeed, in the days following Bondarevsky's death, Russia witnessed a disturbing pattern of assassinations, assassination attempts, and terrorist acts.

Professor Bondarevsky also became deeply involved in, and enamored of, the affairs of many other countries including India, and the republics of Central Asia, the Gulf, and the Caucasus. He had a number of admirers in Great Britain and other western countries. With India, he developed a warm special relationship. He received the International Nehru Award, and, in 2000, President Raman Narayanan received Bondarevsky at his official residence, and awarded him one of India's highest honors, the medal Padma Shri. Bondarevsky said of India, "This country was once a pearl in the crown of the British Empire. But for me, India became a pearl in my heart."

The Professor was the author of 27 books and pamphlets, and many articles on subjects ranging from Central and South Asia, to the Caucasus and the Persian Gulf, to British imperial policy in the Near and Middle East. His daughter, Lyudmila Bondarevskaya, told the newspaper *Izvestia* on Aug. 11, "My father had a unique gift of analyzing history and transferring its lessons into the present time."

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Cambodia Moves Ahead, Despite the McCainiacs

by Gail G. Billington

On July 27, roughly half of Cambodia's 12.3 million people went to the polls to vote in the third general election since the country regained its sovereignty from the United Nations Temporary Authority in Cambodia, which governed the country from the 1991 Paris Peace Talks until the first general election in 1993.

For a country that was subjected to one of the worst genocidal conflicts and mass bombardments in modern history, the 2003 general election shows that Cambodia is eager to move away from the horrors of the past to assume its rightful place within a community of sovereign nations. With few exceptions—and those exceptions derive from the ideologically-driven prejudices of American elected officials—the July general election is considered to have been “free and fair,” and the most peaceful and successful to date. Indeed, the former Representative of the United Nations Secretary General in Cambodia (1994-97), Benny Widyono, who participated as a foreign observer in this year's elections, wrote in the Aug. 1-14 *Phnom Penh Post* that this year's vote is even more “a miracle on the Mekong” than the 1998 election, a reference to the exuberant characterization given the 1998 election by former U.S. Rep. Steven Solarz at the time. To a much larger degree, this election is a home-made miracle.

European Union observers hailed the election as well conducted, in a peaceful atmosphere; and the U.S. State Department said the election process appeared to have been carried out in an “orderly” way. Singapore's ambassador to Cambodia, Verghese Mathews, told Agence France Presse that for many Cambodians, these have been the best elections so far. More surprising, the *Wall Street Journal*-owned *Far Eastern Economic Review*, which is usually brutally critical of Cambodia's Prime Minister, issued an editorial on Aug. 7 entitled “Cambodia Votes Surprisingly, Not Such a Dirty Election at All.”

The observer group from the Fund for Reconciliation and Development, led by former Canadian Ambassador to Cambodia, Gordon Longmuir, said of the elections, “I think that in many ways this election more than met international standards. I am certainly not aware of any instances, have not seen any evidence of tampering or manipulation.”

Enter the McCainiacs

The main exception to the enthusiasm was that of the International Republican Institute (IRI), whose evaluation di-

rectly contradicted nearly everyone else. The IRI, headed by Sen. John McCain (R-Ariz.), has taken the lead historically in attempts to undermine Prime Minister Hun Sen's government. McCain's cohort, Sen. Mitch McConnell (R-Ky.), who calls Cambodia “the Zimbabwe of Southeast Asia,” has resorted to desperate measures to undermine the government. In a commentary in the July 28 *Boston Globe*, one day after the voting—which article was reprinted in Cambodia—McConnell said that Prime Minister Hun Sen was “a major impediment to sustainable development in Cambodia and to prospects for free and fair elections.”

McConnell's solution? Buy the elections. On June 26—that is, as the official month-long campaign got under way—McConnell, joined by Sens. John Kyl (R-Ariz.) and Patrick Leahy (D-Vt.), with backing from Sen. Sam Brownback (R-Kan.), introduced Senate Bill 1365, the “Cambodia Democracy and Accountability Act of 2003,” which proposes to make an additional \$21.5 million in aid available to Cambodia over and above the 2004 budget request of \$43 million, on condition that “the Secretary of State certifies and reports to the appropriate congressional committees that new leadership in Cambodia has been elected in free and fair elections, and that Prime Minister Hun Sen is no longer in power.” The bill also slaps limitations on the conduct of an upcoming UN-sponsored trial of surviving Khmer Rouge leaders, and prioritizes investigation of a 1997 grenade attack, in which an IRI representative at a rally was injured and others were killed.

Foreign observers not associated with IRI commented in post-election report-back meetings that the IRI team, led by former New Jersey Governor and Environmental Protection Agency chief Christine Todd Whitman, made little effort to work with other observer groups in post-election evaluations. They added that IRI's reports on the elections appeared to have been largely written before they took place.

The ‘Miracle on the Mekong’

An estimated 600 international observers and 26,000 Cambodians fanned out across the country's 24 provinces and major cities, including delegations from the European Union; the National Endowment for Democracy's IRI and the IRI's sister organization, the National Democratic Institute; and the U.S.-based Fund for Reconciliation and Development, a non-governmental organization with a history of work in the region going back to the first U.S. relief mission to Cambodia in 1979.

Nearly half of Cambodia's 12.8 million population are registered voters, and with the population growing by 1 million every five years, Cambodia's youth, who may not have directly suffered the horrors of the past, will increasingly shape the political environment.

In advance of the elections, the Asia Foundation commissioned a survey consisting of a random, representative sample of 1,008 in-person interviews with Cambodian citizens over

age 18, in 24 of the 25 provinces. The survey sample mirrored the adult population of Cambodia as a whole, when compared to the results of the national census: 45% male, 55% female, 18% urban, 81% rural, 50% 18-35 years old, and 50% older than 35.

The survey found: 81% think that things in Cambodia are going in the right direction; 81% do not feel obligated to vote for a party that gives them money or gifts; 79% feel free to express their political opinion in the area where they live; 78% feel free to vote for another party if they are unhappy with the government; 76% are satisfied with the performance of the national government; 67% agree that if a person sees or hears about election problems, that person should report them; 66% are satisfied with the performance of the National Assembly representatives; and 41% feel their own personal economic situation has improved, compared to two years ago. The most often named problems were poverty and water issues.

In the 1998 general election an estimated 93% of eligible voters voted. This year about 81% were said to have voted, but even so, it puts to shame voter participation in the United States, where far less than half the electorate votes and the President can be elected with fewer than one-quarter of eligible voters voting.

This year's elections were far less violent than in the past. Eleven people were reported killed during the election period, but the deaths were not necessarily linked to the elections. For the first time, the U.S.-based National Endowment for Democracy, through the National Democratic Institute, sponsored public debates and the opportunity to question political party members, including party officials, on their commitment to maintain peace and tranquility in the country.

Women played an increasingly important role in the elections. Due to war, women outnumber men, and one in five households is headed by a woman. Many are teachers, who were crucial in the conduct of the vote. This election also gave opportunities to the 275,000 handicapped war victims.

Prospect of Forming New Government

Twenty-two political parties contested these elections, of which only three secured a significant number of seats in the National Assembly: the Cambodian People's Party led by Prime Minister Hun Sen; the royalist Funcinpec party led by King Norodom Sihanouk's sons, Princes Norodom Sirivudh and Norodom Ranariddh; and the eponymous Sam Rainsy Party, named for the French-trained economist who is the

poster boy for the IRI. There were reports that all three parties engaged in vote buying. More serious, however, was the use of the long-practiced race-baiting against Vietnamese immigrants by both Ranariddh and Sam Rainsy—an indirect attack on Hun Sen, who was aided by Vietnam in defeating the Khmer Rouge in 1979.

Hun Sen chose to sit out the campaign, resting on his record of bringing peace and beginning the reconstruction process. In the end, his CPP party won 2.45 million votes, or 73 of the 123 seats, just 9 seats shy of being able to form a one-party government under the constitutional rule that the government must represent two-thirds of the seats. Rainsy, with 1.13 million votes, was slightly ahead of royalist Funcinpec with 1.07 million votes. The two will split the remaining 50 Assembly seats between them.

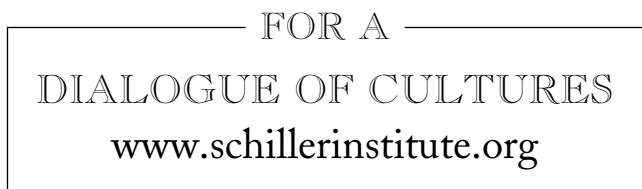
The CPP is dominant in rural areas, while Rainsy's base is largely in Phnom Penh and urban areas. Funcinpec was the big loser, having lost 15 seats in the 1998 election and another 17 seats now. Internal feuds and defections to the CPP have taken a toll.

However, both Rainsy and Funcinpec are holding back on forming a coalition with Hun Sen's party. Rather, they have proposed a tripartite government, *without* Hun Sen as Prime Minister, but an appointed neutral Prime Minister, flanked by deputy prime ministers from the three leading parties. Hun Sen has refused. By law, a new National Assembly must convene within 60 days; that is, by October. The final vote count is expected on or about Sept. 6.

Cambodia Comes Into Its Own

Regardless of what the IRI Republicans think of Cambodia, it is important to take account of how far the country has come since the first UN-sponsored general elections. Cambodia is a member of the Association of Southeast Asian Nations (ASEAN), and served as the chairman of the 10-nation organization until recently, when the chairmanship rotated to Indonesia. Cambodia's chairmanship was highlighted by an explosion of interest in the regional Mekong development plans of the Asian Development Bank, suggesting that Cambodia and all of ASEAN are acutely aware that the key task of the regional association is to expedite lifting the economies of especially the four poorest ASEAN members, at least up to the level of their better-off neighbors.

To that end, on Aug. 2, Thailand, Cambodia, Laos, and Myanmar launched a joint economic cooperation project in five areas to bridge economic gaps and reduce poverty. The cooperation includes trade and investment promotion, agricultural and industrial development, transportation links, tourism, and human resources development. The meeting was co-chaired by Thai Foreign Affairs Minister Surakiart Sathirathai, Laos Foreign Minister Somsavad Lengsavat, Cambodian Foreign Minister Hor Nam Hong, and Myanmar's Foreign Minister Win Aung. Thailand pledged to purchase more goods from its neighbors and to provide technical assistance



to make goods more competitive, as well as facilitating customs and inspection procedures.

Senator McCain, unwilling to see Thailand address the real poverty of its neighbors, denounced Thai Prime Minister Thaksin Shinawatra in a public letter, threatening to introduce legislation imposing sanctions on *Thailand* (as the Senate has already against Myanmar) if Bangkok refuses to join in the McCainiacs' subversion of its neighbors.

In Cambodia, the economy is the top priority. An estimated 36% of the population live under the official poverty line of \$1 per day, and nearly one-third are illiterate. At a time when the globalized "free trade" system is collapsing, Cambodia is putting perhaps too much hope on becoming the first least developed country, or LDC, to enter the World Trade Organization during the Cancun meeting on Sept. 10-14. Cambodian negotiator Sok Siphana expects to seal the last bilateral trade agreement for entry with the United States, Panama, and India within weeks, barring unforeseen disruptions or interference. In 2001, Japan's International Cooperation Agency (JICA) signed a proposal for a study on regional development of the Phnom Penh-Sihanoukville Growth Corridor, which defines a major industrial manufacturing center involving a range of secondary and tertiary industries. Such an initiative would open up a broader range of employment opportunities, in which the for-export garment industry is currently the largest national employer after agriculture.

On the political front, His Majesty King Norodom Sihanouk, one of Southeast Asia's most adept political survivors, issued a statement to the nation on Aug. 10, dismissing as "naive" Rainsy and Funcinpec's curious tripartite formulation, instead recommending a CPP-led coalition with Hun Sen as Prime Minister and a Deputy Prime Minister from either Rainsy or Funcinpec, similar to the previous CPP-Funcinpec coalition. Acknowledging the dominant role of the CPP, King Sihanouk also proposed that CPP President Chea Sim serve as President of the Senate and that CPP elder statesman Heng Samrin be appointed President of the National Assembly.

In making his proposal, the King sent a very strong message to all concerned, especially Rainsy and Funcinpec: "The present 'problem' is simple, but if certain politicians and certain political parties want to make it 'complicated' then there will inevitably be unrest, or even serious political crisis and national division." In closing, the King added, "But I repeat: The King reigns but does not govern. What I have written here is only the humble opinion of a Khmer citizen."

As of this writing, Funcinpec and Rainsy, despite the King's advice, have announced that their representatives will travel to Europe and the United States, seeking support to overthrow their nation's election. According to the Constitution, National Assembly seats will be announced on Aug. 14 and Sept. 6, followed by the convening of the Assembly on Sept. 25. The new government should take office in early October.

NATO in Afghanistan: New Bottle, Rancid Wine

by Ramtanu Maitra

In the presence of Afghan President Hamid Karzai on Aug. 11, NATO's Supreme Allied Commander in Europe Gen. James L. Jones raised the organization's green flag in Kabul to formalize NATO's first-ever operation outside European soil. The alliance will now be in charge of the 4,600-strong International Security Assistance Force (ISAF) "indefinitely" after taking over from Germany and the Netherlands, which have been in joint command of the operation since February.

The very same day NATO took charge of maintaining peace and security in Afghanistan, a geopolitical analysis group, Stratfor, reported the Taliban wresting control of most of the southeastern Zabul province. Two days later, on Aug. 13, violence erupted throughout the country. According to available reports, during a span of 24 hours, 61 were killed and dozens wounded in a series of violent incidents across Afghanistan. The most significant of these incidents were an all-out war between government troops and rebels in Uruzgan, a south-central province, which took at least 25 lives; and a bus bomb which killed 15 in Helmand province in the south. In fact, besides Zabul, both Helmand and Uruzgan, along with the southern and southeastern provinces of Kandahar, Paktika, Kunar, Paktia, and Nangarhar, are shifting into the hands of anti-Kabul, anti-U.S., and anti-NATO rebels. Most of these rebels are Pushtuns and likely followers of the Taliban, and even al-Qaeda. The control of the U.S.-backed regime of President Karzai does not extend beyond the capital city of Kabul, and it is likely that the situation will only get worse before the Summer is over, NATO or no NATO.

What To Expect

The arrival of the NATO command was preceded by a steady deterioration in the security situation in Afghanistan. ISAF was involved mainly in maintaining law and order in Kabul. Despite repeated requests by President Karzai, and the non-governmental organizations (NGOs), which lack protection for their work, the small contingent of the ISAF did not deploy its troops to any of the provincial towns. On the other hand, the 11,000-odd strong United States troops were involved in hunting down al-Qaeda and Taliban remnants.

In recent weeks, the U.S. troops were more involved in trying to figure out whom to fight—America's Pakistani ally or its Taliban enemy; or is it true that both of them were working together against the United States and President Karzai? It is evident that the U.S. troops, despite confident

utterances to the media, have not figured out this mystery yet. On Aug. 12, they came under attack from Pakistani troops along the Pakistan border of eastern Afghanistan. The retaliatory military action saw two Pakistani soldiers dead, and an angry Islamabad protesting U.S. killing of Pakistani soldiers.

One may ask at this point: If the United States after its 18-months stay in Afghanistan, and working hand-in-glove with Pakistan, could not figure out who is the enemy, what chance has NATO under the circumstances? In fact, NATO has very little to offer to help the Afghan situation. But neither the Germans and Dutch, nor the earlier Turks, were willing to carry around their necks the albatross, otherwise known as maintaining peace and stability in Afghanistan. When four German troops in the ISAF got killed last Spring, Berlin decided to pipe down from its earlier announcement, when they offered to enhance German troop strength in Afghanistan.

On the other hand, NATO may eventually help the United States get out of Afghanistan. Never meaning to be there for long, America for all practical purposes had used Afghanistan as the launching pad for troop mobilization in an area where two of the three “evil” nations of President Bush’s “axis” are located. While one cannot pin down what exactly was on the agenda of the policymakers in Washington when they launched the Afghanistan invasion in October 2001, subsequent moves of Washington give a glimpse.

Game of Deception

Time magazine of Aug. 11 reported that last Fall, as the United States began planning the invasion of Iraq, Washington shifted many of its highly classified special-forces units and officers who had been hunting Osama bin Laden for almost a year in Afghanistan, moving them to Iraq where they performed covert operations before the war began. By December most of the 800 special forces personnel who had been chasing al-Qaeda for a year were brought back home, given a few weeks’ rest, and then shipped out to Iraq. Along with the special operations personnel, high-tech equipment and Arabic speakers left Afghanistan for Iraq. And while they were replaced by fresh troops, many of the new units comprise reservists who, rather than specializing in countering Islamic threats, were trained for operations in Russian- and Spanish-speaking countries.

The weakening of American determination to take on the Taliban, and to cut the Pakistan/Taliban/al-Qaeda umbilical cord, has not gone unnoticed. Karzai, who is quietly getting closer to both India and Iran, has virtually declared war against Pakistan. The much-disputed Durand Line, drawn by the British Raj in the late 19th Century, has become again the subject of Afghan-Pakistani contention. Unfortunately for Washington, it is right in the middle of it. Two of its virtual client states are ready to spill blood over their common border. But the sole superpower seems most unwilling to get involved.

The inability of Washington, Kabul, and Islamabad to

agree on how to bring stability has been exploited by the anti-Kabul, anti-U.S. Taliban and the Pushtun majority. The Pushtuns, who were kept out of all powerful positions in the Karzai government, were suspects in the eyes of U.S. analysts. Now, the Pushtuns are up in arms to settle their score against the minority ethnic communities who control Kabul. The scene was exactly the same just before the Taliban came to power in 1997, and for that matter, throughout most of Afghanistan’s history. So, the members of the Bush Administration, who believe they are imbued with superior republican ideals, have not taught these tribal bigots much.

American efforts to bring Afghanistan back into normalcy are now a thing of the past. Following the invasion of Afghanistan in October 2001, the United States had a six-month window, during which reconstruction should have taken off in full earnest. Instead, Washington chose to expend energy to “set up puppets” and hunt down al-Qaeda. It never occurred to the policymakers that the first thing that the United States should have done was to earn the trust of the majority of Afghans—and not simply of Tajiks or Uzbeks or Pushtuns.

That window closed quickly when the Americans on the ground began to deal with the opium warlords to get bin Laden. The warlords got stronger, and as a corollary, Kabul got weaker, and the Afghans saw what the U.S. policy was all about. Now, the window has closed. No reconstruction can be done. The Afghans will sabotage all reconstruction efforts, trying to drive the Americans and their puppets, out.

Did Washington learn from any of these experiences? It does not seem so. Washington is now proclaiming from the rooftops of Baghdad who is a good Iraqi and who is not, and making new enemies every day. In Afghanistan, the United States was keen to keep Pushtuns out because in its view, Pushtuns were the Taliban. The already-divided Afghanistan was further divided. This inane approach led to all the problems with the Afghans and Pakistan.

Why NATO?

For the record, it should be noted that NATO had lent its support to the invasion of Afghanistan at the very outset. Secretary General Lord George Robertson had said that NATO members had “expressed full support for the actions of the United States and the United Kingdom.” The primary reason that NATO was called in to carry out the thankless task in Afghanistan now, is as a step in the direction to get over the bitter geopolitical differences that the Iraq war created between the U.S. and European pillars of NATO. By being an eager helper in Afghanistan, NATO may live, no matter what happens to Afghanistan. On Nov. 22, 2002, NATO leaders launched a radical overhaul of the Western alliance at a summit in Prague. Admitting seven new members from the former communist bloc, they created a rapid-reaction force to fight anywhere in the world. The 19 NATO leaders also agreed to set up a 20,000-man strike force to be used “whenever needed.” The force was first suggested by Washington.

Cheney, Sharon Plan War on Iran and Syria

by Dean Andromidas and Michele Steinberg

The same two corrupt intelligence units that foisted phony intelligence about Iraq on the U.S. Congress and the United Nations—the Office of Special Plans (OSP) in the Pentagon, and the parallel special unit under Ariel Sharon—are spreading false intelligence reports to set the basis for new U.S. attacks on Syria and Iran.

And there are clear indications, as *EIR* reported in our Aug. 8 issue, that the still-secret meeting between Sharon and Cheney in Washington on July 30 centered on laying the groundwork with a massive propaganda campaign, combined with covert operations, for a U.S. strike against Iran and Syria. Sharon also reportedly presented Bush, in their July 29 meeting, with aerial photographs and other alleged evidence of Iranian efforts to enrich uranium for use in weapons development, as well as evidence claiming that Iran was supporting militant Palestinian groups, including Hamas and Hezbollah, and that Iran was trying to undermine the cease-fire. Sharon also told Bush that Iran was offering \$50,000 to would-be suicide bombers.

Then, on Aug. 4, a report appeared in the *Los Angeles Times*, entitled “Iran Closes in on Ability To Build a Nuclear Bomb,” by Douglas Frantz. Among the Iranian sources Frantz quotes is the terrorist Mujahideen el Khalq (MEK), which, despite the fact that it is on the U.S. State Department’s list of terrorist organizations, has now become useful to Cheney’s “chicken-hawks” in their campaign against Iran.

Frantz cites what he claims is a French government report, claiming that Iran is close to producing weapons-grade plutonium. Citing “a foreign intelligence officer and an American diplomat,” Frantz says UN inspectors have found samples of enriched uranium during their inspections in Iran. Iran, he claims, is concealing weapons research laboratories, including one in a watch factory near Tehran.

Accompanying the article is a map with all the sites where Iran allegedly has nuclear weapons facilities, and detailed explanations of each. Frantz claims that Pakistani nuclear scientist Abdul Qadeer Khan has been helping Iran for years—although he quotes Pakistani President Pervez Musharraf denying it. Allegations of North Korean, Russian, and Chinese roles are also detailed.

Frantz writes: “Foreign intelligence officials told the *Times* that the Central Intelligence Agency, which has long

contended that Iran is building a bomb, has briefed them on a contingency plan for U.S. air and missile attacks against Iranian nuclear installations. ‘It would be foolish not to present the Commander in Chief with all the options, including that one,’ said one of the officials.” Of course, the CIA refused to officially comment on such an assertion. Nonetheless Frantz wrote that a pre-emptive strike would have a precedent in the 1981 Israeli strike against Iraq’s nuclear reactor.

As soon as the *Times* story hit the streets, it became big news on Israeli Army Radio, where it was the lead news item every hour. The same day, a senior Israeli military officer was briefing a closed-door session of the Knesset’s (parliament) Foreign Affairs and Defense Committee, claiming that Iran will have the material needed to make a nuclear bomb by 2004 and will have an operative nuclear weapons program by 2005. Prime Minister Sharon told the committee: “It is clearer than ever that the Iranians are making every effort to acquire weapons of mass destruction.”

Getting into the act, the right-wing Japanese daily *Sankei Shimbun* (Aug. 5) claimed that the North Koreans are holding talks with Iran, about exporting the Korean Taepodong 2 long-range ballistic missile and jointly developing nuclear warheads. The paper said that this missile is claimed to have a range of 6,000 kilometers.

This anti-Iranian hysteria is building up just as the International Atomic Energy Agency had a delegation in Tehran on Aug. 5 to negotiate a new inspections arrangement. The two sides termed the talks “positive and constructive.”

In response to this propaganda assault, Iranian President Mohammad Khatami, speaking before a meeting of senior Iranian officials, declared that Iran has no interest in producing nuclear weapons. “I emphasize that Iran is totally against any form of weapons of mass destruction and denounce as false and groundless the claims that Iran is producing nuclear weapons.” But, he added, “Iran will not renounce the development of nuclear technology, one of the pillars of the power of the people.”

Syria in the Sights

Syria is being given the same treatment as Iran, with Israel leading the propaganda assault. Writing in the daily *Ha’aretz* on Aug. 5, military commentator Reuven Pedatzur warned that the Israeli military is playing up a nonexistent Syrian missile threat. Pedatzur cites a recent report in *Foreign Report*, published by *Jane’s Defence Weekly*, which quotes Israeli sources claiming that “100 Syria missiles are aimed at Israel,” equipped with payloads of VX nerve gas. Why is this reported now? he asked. After all, Israel has known this since 1988. Furthermore the Israeli military knows it has a powerful deterrent, and knows “the Syrians would not dare launch ballistic missiles topped with chemical warheads at Israel because it was clear to them that the price they’d pay would be so high, with painful Israeli De-



Just as in the September 2002 White House website posting of maps and photos of “confirmed Iraq WMD sites” which all turned out to be concoctions; now U.S. media are picking up maps of “confirmed Iran nuclear weapons sites”—including this nuclear power reactor at Bushehr—from the same kind of discredited sources, in preparation for Dick Cheney’s and Ariel Sharon’s next war.

fense Forces attacks on the Syrian rear, that it would not justify the first strike at Israel.”

The author writes that this anti-Syria campaign is a repeat of the one against Iraq, which is no longer a threat. It is now building up the phony Syrian threat in order to justify massive investments in the “Home Front” command, including the billions wasted on gas masks for every Israeli, and on building an antiballistic-missile system for a threat that doesn’t exist. He writes that the United States has done the same thing, with its think-tanks pumping out studies about “the new ballistic missile threats from Iraq, Iran, and North Korea. It didn’t matter to anyone that the threat didn’t really exist, because those three countries don’t have missiles with the range to reach the U.S. . . . The probability that those countries would fire a missile capable of hitting American territory was nil, even if it managed to develop missiles capable of hitting the U.S. With an impressive fear campaign, the American defense establishment managed to enlist enough politicians and public opinion to neutralize the serious threat—of budget cuts.”

Sharon is also heating up the situation along the Israeli-Lebanese border, in an effort to provoke the militant Hezbollah guerrillas in Lebanon to attack Israeli targets. This also constitutes an effort to lay the groundwork for attacks on

Iran and Syria, the main backers of Hezbollah. Despite the fact that the border has been quiet for over a year, Israel continues to conduct totally illegal overflights, with its bombers creating sonic booms over Lebanese territory as far north as Beirut.

On Aug. 3 there was the mysterious assassination of Hezbollah operative Ali Hussein Saleh. Israel has been accused by Hezbollah and Lebanese government ministers of being behind the assassination. It has been noted that the method of using a powerful car bomb in the assassination is the trademark of Mossad chief Gen. Meir Dagan. A longtime crony of Sharon, Dagan promised, when Sharon named him to the position, that he would restore the Mossad’s “proactive” operations, including assassinations.

U.S.-Syrian Cooperation Broken Off

This campaign against Syria is a major point of dispute between the chicken-hawks and the U.S. military-intelligence establishment. This was documented by Seymour Hersh in the *New Yorker* on July 28. Hirsch describes how Syria had become the CIA’s most important source on al-Qaeda since the Sept. 11 attacks. This was coordinated directly between Syrian President Bashar Assad and CIA Director George Tenet.

Syrian intelligence proved to be extremely valuable, because many al-Qaeda operatives belong to the terrorist wing of the Muslim Brotherhood, which has been engaged in undermining the Damascus regime for 20 years. The U.S.-Syrian cooperation yielded information that prevented at least one terrorist attack on American forces based in the Persian Gulf. Because Syria hoped to use this contact in an effort to establish a direct channel to the Bush Administration, to restart serious peace negotiations with Israel, the cooperation flourished, despite the persistent attacks on Syria by the chicken-hawks and Israel.

Hersh reports that the chicken-hawks did everything possible to undermine this cooperation, even though it was yielding highly useful intelligence. When Syria, like most other countries on the planet, refused to support the Iraq war, the chicken-hawks escalated their attacks and false allegations. This came to a head on June 28, when special U.S. Army units crossed deep into Syrian territory to destroy a convoy of vehicles they claimed were transporting Saddam Hussein and other high Ba’ath Party officials. The attack left 80 people dead, including many Syrian civilians. The convoy turned out to be a group of smugglers trying to transport Iraqi oil into Syrian territory.

Although Syria was willing to maintain the cooperation, the hard-liners in the Bush Administration forced a break-off of the ties. Hersh reports that the CIA is “pissed.” But the big losers are likely to be American citizens who could become the victims of the next Sept. 11-style terror attack—an attack from which Vice President Dick Cheney and Israeli Prime Minister Ariel Sharon would both greatly benefit.

Police Are Closing In on Ariel Sharon

by Dean Andromidas

Lyndon H. LaRouche's campaign for the impeachment of Vice President Dick Cheney, and the sagging fortunes of British Prime Minister Tony Blair, place "regime change" within the realm of probability in both Washington and London. Therefore, it should not be surprising that the future of Israeli Prime Minister Ariel Sharon, the other member of the war-hawk trio, is darkening.

Israeli prosecutors are on the verge of indicting David Appel, an Israeli contractor, Sharon crony, and top funder of the Likud party, on the charge of bribing the Prime Minister. This follows the outcry of Israeli lawmakers and media over the fact that Sharon's son Gilad refused to cooperate with prosecutors in two criminal investigations, because he did not want to incriminate his father. It is being rumored that a succession struggle is brewing just under the surface in the Likud party.

Ha'aretz political commentator Yoel Marcus dubbed the scandal "Sharongate" and wrote, "In the atmosphere of political corruption pervading this country," the attorney general "should speed up the investigation and press ahead for an indictment."

Commentator Amir Oren wrote in the same daily, "It is intolerable in the public sense, if not in the legal sense, for a prime minister to serve in office while a citizen is being prosecuted for bribing him. . . . Legally, Sharon has the right to claim innocence until proved guilty. Politically, his ability to function as prime minister is over. He won't have the moral authority toward the citizenry and the political power toward [President] George Bush and [Palestinian Prime Minister] Abu Mazen. The Likud already regards him as a millstone around its neck and is afraid that if the legal procedures continue to the next elections, it will bring down the ruling party. In the eyes of low and mid-ranking party activists, as distinct from a minister eyeing his chair, Sharon has to go right now. Peace does not depend on Sharon. . . . Any prime minister—Benjamin Netanyahu included—will have to adopt a policy that takes into consideration the aspirations of the Israeli people and Washington's demands."

Cracks are forming in Sharon's coalition government, not on the issue of a Palestinian state, but on Sharon's and his family's refusal to cooperate with the police investigation. National Infrastructure Minister Yosef Peritzky, a member of

the Shinui party, wrote a letter to Sharon, asking that he turn over all the documents police investigators are demanding. "As the prime minister of Israel," Peritzky wrote, "you promised that the norms of proper administration and the rule of law are your guiding light. . . . I expect you to prove to the entire public that you have nothing to fear and that you practice what you preach." This could signal a threat by the Shinui party to withdraw from the government. Since it represents the "center" in Sharon's "center-right" coalition, the Shinui would have no problem becoming the "center" of a "center-left" coalition including the Labor Party.

Yossi Sarid, Member of the Knesset (parliament) and one of the leaders of the Meretz party, went one step further, demanding that Sharon step down as prime minister. He lashed out at Sharon and his sons, comparing them to a mafia family. "Corruption is the most dangerous thing to Israel's existence, even more than terror and wars, since when the decay runs from the roots right to the top, for what will the young people risk their lives?"

Avraham Shochat, a senior member of the Labor Party, demanded that his party take a principled position on Sharon's failure to cooperate in the investigations. "The public deserves to know what happened. The Labor Party must, in a very public fashion, turn to the Prime Minister and ask him to help the investigators obtain the necessary documents and to sway his sons to give up their right to silence." Shochat accused his party, especially Shimon Peres—who publicly criticized those attacking Sharon—of bowing to political expediency rather than the public good, by staying silent on the matter.

The 'Sharon Phenomenon'

Israeli prosecutors have chosen to bundle a whole series of charges against David Appel including bribing the Prime Minister, in one indictment, under the rubric of the "Appel Phenomenon," in order to secure a conviction. The Appel case goes to the heart of Likud party machine. But this is not an "Appel Phenomenon" but a "Sharon Phenomenon," whereby building contractors, in return for favors such as overcoming zoning requirements, gaining government subsidies, and tax breaks, finance election campaigns and line the pockets of politicians. This is most pronounced in the settlements, where billions of dollars worth of contracts are handed out for construction of housing, bypass roads, and other forms of infrastructure, allowing Sharon to "create facts on the ground" with respect to Israeli occupation of the West Bank and Gaza Strip. The Likud and the other "settlement" parties have profitted handsomely from this obvious form of corruption.

A successful prosecution of Appel could break open the three interrelated criminal cases against Sharon himself. The first is the "Greek Island" affair, in which he is accused of taking bribes from Appel in 1998, when he was Foreign Minister. The payments were in return for influencing the

Greek government to grant permission for a real estate development project on the Greek island of Petrokolos. The scheme involved Appel signing a “consultancy contract” with Gilad Sharon in return for Gilad’s expert advice for the project. The transparent fraud of this is obvious, since Gilad, 30 at the time, is a trained agronomist whose expertise does not go beyond breeding cattle on Sharon’s ranch in the Negev. Although the project never materialized, thousands of dollars went into Gilad’s bank account, in order to fund Ariel Sharon’s 1999 primary campaign for leadership of the Likud party.

Although Appel is trying to claim that this project never existed, Petros Giatrakos, the owner of the island, suddenly appeared on Israeli TV on Aug. 13, where he spoke of his dealings with Appel. “I heard from [Appel] that politicians in Israel and in Greece were helping him promote the deal with me, but he refused to tell me who they were.”

The other big player in this case, who is also mentioned as having been bribed by Appel, is Industry Minister Ehud Olmert, who, as mayor of Jerusalem in 1998, played host to Greek politicians as part of the effort to get Appel’s project approved by the Greek government. Olmert, the Likud’s key contact man with the Christian Zionists in the United States, is one of Sharon’s favorites.

The other two cases involve the establishment of shell companies used to finance the same campaign. The state comptroller discovered that Sharon had raised funds illegally from foreign donors and was ordered to return the money or face a fine. Sharon then claimed to have mortgaged his ranch in order to pay back the contributors. This proved to have been a lie, since the ranch was mortgaged already. Then it was claimed that an old friend, British businessman Cyril Kern, lent Sharon’s sons \$1.5 million. This transaction was called into question after it was revealed that Kern had been a bankrupt, and would not explain how the \$1.5 million was transferred from a U.S. bank account, via an Austrian bank account, only to land in the bank account of Gilad Sharon. This became known as the Kern affair. In a bald-faced lie, Ariel Sharon has claimed he knew nothing of this and that it was the work of his sons.

In the two latter cases, the real money-men are suspected to be the Israeli-American Ari Genger and Austrian mystery businessman Martin Schlaff. Genger, owner of the near-bankrupt Haifa Chemicals, is Sharon’s connection to the Meyer Lansky organized crime networks in the United States. He also serves as Sharon’s back channel to the Bush White House. Schlaff is another major financial backer of Sharon. He is a big investor in Casinos Austria, and is said to own 50% of the Jericho Casino in the West Bank. He also owns, in partnership with Casinos Austria, the Cancun casino ship, just recently moored at Israel’s port on the Red Sea, Eilat. Schlaff’s lawyer in Israel is Dov Weisglass, who is Sharon’s Chief of Cabinet, private attorney, and co-suspect in at least one of the above investigations. The Austrian bank account

through which Kern claims to have transferred the money, is believed to belong to Schlaff, while the American bank account is suspected to be linked to Genger.

As testimony to Sharon’s personal corruption: Only a few weeks ago, Schlaff was a guest at Sharon’s ranch, where the question of establishing several casinos in Israel was said to have been discussed. Shortly after this discussion, Schlaff’s casino ship sailed into Eilat.

Israel re-established diplomatic relations with Austria just a few weeks ago, after they had been broken when the right-wing Freedom Party entered the Austrian coalition government, almost two years ago. The fact that this occurred shortly before an Austrian court ruled against a request by the Israeli police for cooperation on the Schlaff-Kern side of the investigation, did not go unnoticed. In fact, Labor Party Secretary General Ofer Pines-Paz raised this issue in a formal parliamentary question, suggesting a possible *quid pro quo* on the part of the Sharon government with Austria.

Meanwhile, Austrian lawmaker Peter Pilz, of the Green Party, is demanding an official investigation of why the Austrian government is refusing to cooperate with Israeli law enforcement authorities. Pilz told the American Jewish weekly *Forward*, “Those are allegations we have to take very seriously.”

According to *Forward*, Sharon was personally involved in the decision, and political appointees in the Foreign Ministry overruled the professional staff on the question.

The renewal of Austrian-Israeli relations is said to have come up during a meeting Sharon had with Schlaff and the latter’s partner, Joseph Taus, in May 2002. Taus, a seasoned Austrian politico, is good friends with Austrian Chancellor Wolfgang Schüssel.

What—or Who—Next?

While there are various contenders who are gearing up to succeed Sharon as Prime Minister, there is also the danger that Sharon will see to it that he succeeds himself. According to Israeli media reports, Sharon and his closest aides are already planting stories on the bloody consequences of his early demise. According to *Ha’aretz* of Aug. 14, one of Sharon’s closest cronies said, “I want to see the attorney general willing to give the order to serve an indictment in the full knowledge that the entire region could be drawn into large-scale bloodshed.”

This statement should not be taken lightly, given the provocations along the Israel-Lebanon border, Israel’s open threats against Syria and Iran, not to mention Sharon’s determination to sabotage the Road Map for a Middle East peace.

Most important is the fact that Sharon’s future is very much tied to that of Vice President Cheney and his Straussian cabal in Washington. They are determined to stay in power, and war is part of their strategy—and Sharon is still very much their hand grenade.

Mideast Road Map Hits Israel's Wall

On July 31, Diana Buttu, legal advisor to Palestinian Prime Minister Abu Mazen (Mahmoud Abbas), gave a briefing to a full house at the Palestine Center in Washington, following President George W. Bush's meetings with Abu Mazen and Israeli Prime Minister Ariel Sharon. Ms. Buttu has been advising the Palestinian team on the peace negotiations with Israel since October 2002. Previously she served as legal counsel to the Canadian Department of Justice in Ottawa. Her presentation is excerpted and partly paraphrased here.

"I am going to center my talk today about the Bush-Abu Mazen meeting, and talk about why he went to the United States, and talk about the messages he was carrying to the United States; a little bit about the Sharon meeting, and a couple of trends that I think people should watch out for in the coming months. . . .

"Since the Road Map was issued—the 30th of April until the 8th of July—the statistics I have show Israel has killed 145 Palestinians—six, after all Palestinian factions announced a halt to all violence against Israelis everywhere—bringing the total up to 2,512 Palestinians killed since Sept. 21, 2000. On the very day of the Bush-Abu Mazen meeting, there was another Palestinian killed, which happened to be a 4-year-old child whose head was literally blown off by Israeli soldiers as the child neared a checkpoint close to the security wall."

Prime Minister Abu Mazen came to the United States with "three major messages and one minor message, in the hope that he would be able to get the President's support for the implementation of the Road Map, and put some pressure on Israel to begin the implementation of the Road Map. The three messages, in no particular order, were: 1) with respect to the [Israeli separation] wall; 2) with respect to settlements; 3) with respect to the release of thousands of political prisoners; and 4), a more minor point . . . to secure the release of President Arafat."

In discussing Israel's building the "separation wall" that Abu Mazen has denounced as a "racist wall," Buttu showed the "very map that was shown to President Bush," noting: "Estimates are that 55% of the occupied West Bank would be annexed to Israel, that 91% of the [Israeli] settlements in the West Bank, including all of those in [East Jerusalem] will remain." She stressed that of an estimated 102 Jewish settlements in the West Bank, only about 15 are actually going to be dismantled, "and these 15 settlements only have approximately 7,000 settlers.



Palestinian prime ministerial advisor Diana Buttu.

"In terms of where this wall is going and what it is intended to do, it is very clear it is simply a land grab, and it is designed to consolidate and facilitate settlement construction in the center. . . . In some areas it's a 25-foot-high, concrete structure, with watch towers every 200-300 meters, sensors, electronic sensors, electrified fence, trenches."

'No Palestinian State With This Wall'

"When President Bush saw this, he was very clearly disturbed by this map. Not only by where it is intended to go. The [Palestinian] Prime Minister's message with respect to the wall was that if this wall continues to be built, then your vision, President Bush's vision of two states is going to be impossible. There will not be an independent, viable or sovereign Palestinian state with the current configuration of this wall.

"The Prime Minister's second message was about the settlements themselves [as specified in the Road Map]: 'Government of Israel immediately dismantles settlement outposts erected since March 2001, consistent with the Mitchell Report; Government of Israel freezes all settlement activity including natural growth of settlements.'

"What is it that has actually been done since the Aqaba Summit and the Road Map was unveiled? At the Aqaba Summit, Sharon, in discussing the outposts, was very careful in his wording. He said, 'In regard to the *unauthorized* outposts, I want to reiterate that Israel is a society governed by the rule of law; thus we will immediately begin to remove *unauthorized outposts*.'

"Why focus on the word *unauthorized*? Again, it is an attempt on the part of Sharon to do away with any Israeli obligations and simply try to whittle them down to as little as possible. There is no word 'unauthorized' [in] the text of the Road Map. The word 'unauthorized' does not appear, but, yet, Israel inserts the word 'unauthorized' in order to remove

only those settlement outposts that in its sole discretion it deems to be unauthorized.” As a consequence, Buttu reported, only eight settlements have been dismantled, of which, only one was inhabited. A further 11 went up—a net increase of three settlements since the Aqaba Summit.

“The message Prime Minister Abbas was taking to President Bush was that the settlement freeze has got to come *now*. This is not only because of the wall that is going up—which is meant to facilitate the expansion of settlements—but also because it says so in the Road Map, and it says ‘immediately.’ And if the vision, the end-goal vision that is specified in the Road Map is going to be adhered to, then a settlement freeze has got to come now. . . . Of course, Israel has failed to do that.”

The Political Prisoners

Palestinian prisoners are estimated “in the order of 6-7,000 political prisoners. The vast majority . . . are *people who have never been tried or convicted of any crime*.” According to the statistics at the Ministry of Prisoner Affairs of the Palestinian Authority, of these 6-7,000 political prisoners, only 1,461 have actually been tried and convicted of crimes; of those, only 320 have been convicted of violent crimes. Also, of these 6-7,000, there are “786-1,000 administrative detainees, who are being held without charges, without trial, and even without the reasons for their detention; 351 are children under the age of 18.”

“The Prime Minister was very concerned . . . that if we are going to move forward on this Road Map and begin to get the population to actually *believe in the Road Map*, then there are going to have to be measures taken on the ground in order to demonstrate to the Palestinians that the Road Map is working. . . . So, his message to the President was that these political prisoners have got to be released. These are the people who will be the best advocates for the Road Map. These are the people who—in the case of [Fatah leader] Marwan Barghouti, was the person who was very instrumental in securing the agreement to stop violence against Israelis everywhere, including soldiers. The Prime Minister’s message was, given that approximately 20% of the Palestinian population at one point has been detained or imprisoned in an Israeli jail or detention center, there is no greater symbol of the occupation than the continued detention of political prisoners.”

The fourth message was “attempting to secure the release of President Arafat.

“Now what was the outcome of these messages? [President Bush] was very concerned, and is very concerned, about the messages the Prime Minister carried with him. He is very concerned that Israel has done nothing to implement the Road Map. . . . When he was pressed in terms of providing the Prime Minister with guarantees that the Road Map is going to be implemented, the President indicated that he is very concerned . . . to see the Road Map implemented, but that he

is equally concerned, as I’m sure you all heard, about violence and terrorism. But as a result, he did say that he did recognize the achievements undertaken by the Palestinian Authority. He commended the Palestinian Prime Minister for his actions, and expressed deep concern over the construction of the wall and Israel’s ongoing settlement construction.

“Now juxtapose that to the meeting that Prime Minister Sharon had with President Bush just a few days later . . . particularly, with regard to the wall and the settlements. I’m not as skeptical as many people are that President Bush flip-flopped. . . . I do recognize that he made some statements that weren’t, in fact, in line with statements he had made when the [Palestinian] Prime Minister was around, but . . . I think it is beginning to become clear to this Administration that Israel is not doing what is required of it under the Road Map, and that Israel is becoming the party that is going to be placing obstacles along the way. That said . . . there are two major trends that I would alert you to that I think are causes for some concern. . . .

“The first is that there is a movement away from the actual language of the Road Map . . . [which] says very clearly that all obligations are supposed to be carried out in parallel, unless expressly stated otherwise. The obligations are supposed to be reciprocal measures, but yet what Israel is attempting to do is to *raise the bar*, and that’s why you hear this constant language about ‘dismantling the terrorist infrastructure,’ although the Road Map calls for a ‘rebuilt and refocused’ Palestinian security apparatus before any infrastructure is actually dismantled. What Israel is attempting to do, is to . . . ensure that Palestinian obligations are actually met, but Israel continues to have none. . . . You see the insertion of the word ‘unauthorized’ with the settlement activity; you hear language coming out of the State Department that there will not be a complete freeze on settlement activity, but that there will be a partial freeze.”

The Quartet Is Already Lost

“We have been down this path before. Israeli has all of the power on its side. It’s got the diplomatic power, economic power, and military power . . . and the Palestinians have nothing but documents with a bunch of words on them, and documents with words on them are worth nothing unless there is someone actually willing to enforce the documents.

“What we are falling into is the same trap that was happening under Oslo—movement away from the actual text of the agreements. . . . This is the same trick that [Labor Party Prime Minister Ehud] Barak pulled in 1999, with regard to redeployment [of Israeli military forces]. He said, forget redeployment, we’ll go straight to final status negotiations. This is another trend . . . move away from the language and go straight into something that favors Israel. I see this trend emerging on the ground over there, as well as more and more bilateral relations . . . without the Quartet [U.S.,

Russia, EU, and UN] involved.

“The Quartet is already lost. We don’t hear about it any longer, even though the Road Map was supposed to be put together by the Quartet—which no longer exists. It is just the United States; and what we are seeing on the ground

over there is a movement away from monitoring the specific actions on the ground. In fact, there are very few monitors who are in place there right now. What we are seeing, more and more, is movement to bilateral meetings, bilateral negotiations between the Palestinians and the Israelis with

no third party present. What this means [is] Israel with the economic power, the diplomatic power, and the military power is the more powerful party; and unless there is a third party to balance out the imbalance of power, you are going to see a re-creation of Oslo once again.

“The second trend that I find very alarming . . . is with respect to the settlements themselves. What we have been seeing on the ground is not a freeze of settlement activity. We have clearly been seeing an expansion of settlements. Israeli just announced it is going to expand settlements in the Gaza Strip, even where there are 6,500 settlers who are wreaking havoc on the lives of 1.2 million Palestinians . . . and at the same time, expand settlements in the occupied West Bank.

“In our discussions with the U.S. Administration, [it] has been wavering. [At some points], they are going to clearly push for a complete settlement freeze, and at times we’ve been hearing . . . a partial settlement freeze. Partial settlement freezes will not work. They didn’t work in the past and they will not work in the future. At times when there were partial settlement freezes put into place, some settlements expanded nine times. . . .

“The second issue alarming about the U.S. view on the settlements is the language that was used by President Bush himself in an attempt to link issues of violence and terrorism, to settlements and a freeze on settlement activity. This is a very alarming trend. The settlements are illegal—full stop!—under interna-

Israel’s ‘Security Wall’ Takes Palestinian Land



The “new Berlin Wall” now being built cuts off many Palestinian villages and agricultural land and will make a sovereign Palestinian state impossible. The Palestinian city of Qalqilya, for example, will be isolated by the wall and by illegal Israeli settlements. Smaller map shows that the Israeli Defense Forces have plan for far more extensive “Security Walls” than the one now being built.

tional law, *full stop*. There is no linkage with violence and terrorism; they are simply illegal, and are considered to be war crimes under the Rome Statute of the International Criminal Court. But, what we are seeing is that the United States will only begin to enforce a settlement freeze once there is . . . what Israel deems to be a decrease in violence.

“This is very alarming, because between the years 1997 and 2000—and this is from the Israeli Ministry of Foreign Affairs—there wasn’t a single Israeli who died of a suicide bombing in Israel. And yet, during that exact same period, settlements increased [more than] they ever did in the years preceding Oslo, and in the current period now. What is happening is, rather than focusing on the disease, which is Israel’s 36-year colonization and denial of freedom to the Palestinians, it now looks as though this Administration is beginning to link the symptom with the disease; focusing on the symptom of violence, and linking that with the disease that is causing the violence, which is the 36-year military occupation and colonization of the West Bank and Gaza Strip.

“So these are two very alarming trends I caution you to look out for in the coming days. That said, I am not at all pessimistic about what happened between these two meetings. I think that the meeting between the President and Prime Minister Abbas was a very good meeting, there was very good rapport. The President for the first time seems to understand what is happening over there, and is speaking out about the ongoing crisis faced by Palestinian civilians, including that fact that 70% live off less than \$2 per day. So I do think that the President is, for the first time, engaged. Whether that engagement will be sustained, whether it will be the right type of engagement, and whether that engagement will follow through . . . remains to be seen. . . . I am going to be looking to the United States to actually carry out some actions on the ground, because in the end the only way we can truly assess whether the meetings were successful is if we see any movement on the ground.”

Do Not Underestimate the Power of This Wall

In the question and answer session that followed Buttu’s address, she was asked about Sharon’s statements that the Israeli security wall could be “temporary.”

“This is a long-term strategy that Sharon has had, which is to grant the Palestinians autonomy, but never set them free, never let [them] live in peace and security and freedom, in the same way that Israel demands for itself.

“It is certainly not something that I view as temporary. It is something that I think Israel has designed as permanent. The other thing, of course, is that Israel is building double walls in certain areas, so that it traps as many Palestinians as possible. If they are not caught by one wall, they will be caught in the second wall. It seems absurd to me, that it would somehow be a temporary measure rather than a permanent measure, particularly given the billions of dollars that it is

going to end up costing.

“Right now there are 128 kilometers that have been built, and we estimate that it is going to be about 650-plus kilometers by the time it is finally completed, including an eastern segment down the Jordan Valley—which, of course, debunks any security argument that Israel had—and also completely excluding Jerusalem. In Jerusalem there are going to be double walls in which the Palestinian population are going to be confined, and of course, the settler population of East Jerusalem will be given unfettered access. . . .

“Please do not underestimate the power of this wall. I know it looks like a red line to you and it is just harmless on a map. It is the worst thing I have ever seen in my life. You have a girls’ school, ages 1-6; every day, all they look out onto, right now, is a concrete structure fortified with barbed wire on top and with military posts every 200-300 meters; 90% of the girls in that school are experiencing post-traumatic stress syndrome right now, not only because of the wall, but because of the shooting. They hear the bulldozers every day. This is what these little girls have to live with, every single day of their lives. And so, I know that there are a number of issues related to Palestinians that are dear to everybody’s heart, but having lived in these areas and spending time with these kids, I can tell you that, it is really not that harmless red line; it is a monstrosity that is ruining people’s lives.”

COVERUP EXPOSED!

The Israeli Attack On the ‘USS Liberty’



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

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International Intelligence

U.K. Historian Razes Tony Blair's 'Image'

British military historian Corelli Barnett demolished the "image" of Tony Blair in the *Daily Mail* on July 23. "Does he actually share the dangerous vision of doctrinaire hawks such as [U.S. Deputy Defense Secretary] Paul Wolfowitz and [Vice President] Dick Cheney, of a world reshaped on America's model, through the exercise of sheer military and economic power? And did he really mean to publicly commit the United Kingdom in principle to taking part in future pre-emptive American attacks, on the members of the 'axis of evil'?" wrote Barnett.

"Does this colossal contrast between Blair the actor of the part of a great prime minister, and the reality of an incompetent and emotional man, account for his all-too-evident mood swings? When things have gone wrong for him before, during, and since the Iraq War, whenever his critics have pressed him hard, we have seen him haggard-faced, hollow-eyed, shrunken within his suit. Yet a day later, he will appear pink and well-fleshed, and perform his role masterfully, whether it be in the House of Commons, or in some carefully arranged cozy photo opportunity."

Barnett concluded, "But to me, as a military historian who has studied top commanders under stress, Tony Blair's emotional nature, his love of role playing, his intellectual rambling, and his rapid mood-swings from deep anxiety to euphoric certainty are all truly disquieting. He is, after all, our Prime Minister—at present."

German Media Break Silence on Straussians

The U.S. cabal around Vice President Dick Cheney, Defense Secretary Donald Rumsfeld, and his Deputy Paul Wolfowitz, and its adherence to the "noble lie" philosophy of the University of Chicago's Leo Strauss in justifying war on Iraq, has come under closer scrutiny in Strauss's homeland, Germany. The usually pro-Anglo-American press is trying a rearguard defense of

Strauss—who was forced to leave Nazi Germany because he was Jewish—by conceding that Strauss had close ties to Nazi "Court Jurist" Carl Schmitt. However the weekly *Der Spiegel*, the daily *Die Welt*, and the *Financial Times Germany* may have tried to spin it, they are responding to *The Children of Satan: The 'Ignoble Liars' Behind Bush's No-Exit War*, a pamphlet commissioned for international circulation by U.S. Presidential pre-candidate Lyndon LaRouche. Its German translation has sold out both in Germany, and in Switzerland and Austria.

The Aug. 4 issue of *Der Spiegel* applied the spin that Strauss was rescued from being besmirched of Nazi leanings when his correspondence with Schmitt was disrupted. Schmitt (who used his Rockefeller Foundation connections to get Strauss out of Germany) ended up being "entangled" with the Nazi state.

On Aug. 5, the *Financial Times Germany* wrote "Neo-Cons Around Wolfowitz Determine U.S. Diplomacy," pointing out that 60 Straussians hold an annual barbecue in Washington. The paper named Bush Administration officials Paul Wolfowitz, Doug Feith, Abram Shulsky, Richard Perle, John Walters, and Leon Krass. Neo-con policies, now adopted and pushed by Cheney and Rumsfeld since Sept. 11, began in the last decade with the Project for a New American Century, wrote the *Times*.

The capstone was *Die Welt's* Aug. 5 editorial. Also trying to be dismissive, under the headline "Strauss Is To Blame for Everything," the editorial acknowledged: "It is not solely the campaign of Presidential candidate LaRouche, which calls the neo-cons 'children of Satan,' that are causing problems for Straussians like Perle and Wolfowitz."

A second edition of the German *Children of Satan* is set to appear this month.

Britain Went to 'War Under False Pretenses'

Britain's formal inquiry into the July 17 death of Dr. David Kelly—which police ruled a suicide—opened on Aug. 11, under the gavel of Lord Hutton, former Lord Chief Justice of Northern Ireland. Kelly, the coun-

try's top expert on Iraqi weapons of mass destruction, harbored grave reservations regarding Prime Minister Tony Blair's official allegations about the "Iraqi WMD threat."

Two commentaries in the Aug. 13 *Guardian* got to the point, especially the op-ed by leading Labour Party figure Lord Roy Hattersley, "A War Fought Under False Pretences." He said that the opening session "got very close to . . . the heart of the inquiry. . . . If we had known in March what we know today, neither the House of Commons nor the British people would have supported the decision to go to war." Dr. Kelly "knew more about Saddam's weapons program than anyone else in Britain—perhaps anyone else in the world. He was neither a fantasist nor a fraud, but an acknowledged international expert. And he believed that the [Blair government] claims were exaggerated. . . .

"Britain was asked to go to war, because we and our allies faced a real and present danger. But only in the world of might have been. Nothing the inquiry reveals in future can be more important than the single fact that it demonstrated last Monday. The government exaggerated the threat from Iraq. If it had given the country an honest account of the danger, the outcry against military action would have been too great for the government to resist, or the Prime Minister to survive."

BBC's Rod Liddle reported that the Hutton inquiry is revealing "this government will do anything it possibly can, to wriggle off the charge that it deliberately misled Parliament and the public, over the severity of the threat posed by Iraq. It will dissemble, obfuscate and mislead the public. It will vilify and attempt to destroy the reputation or career of anyone who stands in its way. . . . It will rewrite history and hope, in the meantime, that nobody notices."

No one, said Liddle, could possibly doubt the exposé of BBC Defense Correspondent Andrew Gilligan, who publicly charged that the government had "sexed up" its September 2002 dossier on Iraqi WMDs. Kelly, Liddle stressed, "was more aghast than most" in the security services, over what had been done to the dossier, since he had been "exactly as Gilligan asserted, the country's foremost expert who had actually proofread the thing!"

The OSP, Cheney's Own 'Plumbers Unit,' Is Exposed

by Jeffrey Steinberg

Within days of the Sept. 11, 2001 attacks on New York and Washington, the neo-conservative "cabal" inside the Bush Administration launched their drive for a war against Iraq. Deputy Defense Secretary Paul Wolfowitz, whose obsession with the overthrow of Saddam Hussein dated back more than a decade, made a now-infamous pitch for an invasion of Iraq, in retaliation for 9/11, at a Camp David Cabinet session, days after the attacks on the World Trade Center and the Pentagon. President Bush rejected the Wolfowitz war pitch, but issued a Presidential Finding shortly afterwards, which opened the door for accelerated intelligence-gathering and covert actions against Iraq.

Within days of the Camp David session, Richard Perle convened the Defense Policy Board, which he chaired at the time, to peddle the Iraq war. The two "experts" who addressed the Pentagon session were Dr. Bernard Lewis, the British intelligence Arab Bureau spook, who coined the term "Clash of Civilizations," and served as the intellectual guru of Perle and the entire gaggle of Likudnik zealots at the American Enterprise Institute, the Washington Office on Near East Policy, and the American Israel Public Affairs Council; and Dr. Ahmed Chalabi, the swindler-turned-"freedom fighter" who headed the London-based Iraqi National Congress.

Perle had, along with Deputy Secretary of Defense for Policy Douglas Feith, and others, penned the July 1996 *Clean Break* memo to Israeli Prime Minister Benjamin Netanyahu, calling for the trashing of the Oslo Accords, and the overthrow of Saddam Hussein—to be followed in rapid succession by wars against Syria, Iran, Libya, Saudi Arabia, and Egypt. The *Clean Break* blueprint for perpetual wars in the Mideast cockpit has been the agenda of the chicken-hawk apparatus inside the Bush Administration from day one.

Soon after the two September 2001 events—the Camp David Cabinet session and the Defense Policy Board meeting—Defense Secretary Donald Rumsfeld gave Wolfowitz

and Feith the green light to create a special intelligence unit inside the Office of the Secretary of Defense, to, in effect, wage "information warfare" against opponents of the Iraq war in the Administration and intelligence community.

The so-called Office of Special Plans (OSP) grew rapidly, from what was billed as a small analysis unit, established to take a "fresh look" at the mountains of U.S. intelligence on Iraq, into a "900-pound gorilla" engaged in covert operations, disinformation, and dirty tricks, according to a number of current and retired military and intelligence officials and Congressional staffers, interviewed for this article.

By the start of the Iraq war in March of this year, OSP had swelled. By several accounts, as many as 100 "personal contractors" were working for the unit. They were hardly all engaged in second-guessing analysis of CIA, State Department, and DIA raw intelligence material.

Who's Who at the OSP

A partial list of OSP "contractors," drawn from interviews with military and intelligence sources, includes a virtual rogues gallery of Iran-Contra criminals and fellow travellers, all drawn from the same pool of neo-con and Likudnik think-tanks and front groups. Among the leading OSP staff and contractors:

- Former CIA Director James Woolsey;
- Iran-Contra operative and self-described "universal fascist" Michael Ledeen;
- Roy Godson, mentor to OSP head Abram Shulsky;
- Laurie Milroye, author of several widely discredited books, blaming Saddam Hussein for the 1993 and 2001 World Trade Center attacks;
- John Carbaugh, former staffer to Sen. Jesse Helms (R-N.C.);
- Reuel Marc Gerecht, former CIA officer and AEI Middle East "expert";



The drive to make Vice President Cheney resign, for which Presidential candidate LaRouche's movement has mobilized millions of leaflets and pamphlets, followed the Vice President to a Salt Lake City fundraiser on Aug. 4. The Pentagon's Office of Special Plans, which falsified crucial intelligence, is shown to be a Cheney operation.

- Michael Pillsbury, a leading member of the China-bashing “blue team”;
- Chris Straub, an author of the 1998 Iraq Liberation Act;
- Michael Rubin, another self-described AEI “Mideast expert”;
- David Schenker of WINEP, the research and propaganda arm of the American Israel Public Affairs Committee (AIPAC);
- Chris Lehman, brother of former Navy Secretary and Perle business partner John Lehman, who was liaison to Angolan rebels Jonas Savimbi and UNITA during the Iran-Contra days; and
- Col. William Bruner, a one-time military aide to Newt Gingrich, who was brought into the OSP by William Luti, the Deputy Undersecretary of Defense for Special Plans and Near East and South Asia Affairs.

Luti was dispatched to the Pentagon from the Office of Vice President Dick Cheney, as part of the launching of the OSP. Shulsky, the nominal OSP chief, was a Leo Strauss student at the University of Chicago, a dishonor he shares with Wolfowitz. According to eyewitness accounts, in a total breach of the traditional Defense Department chain of command, the Shulsky-run OSP shop reported not only up the Pentagon civilian chain to Feith, Wolfowitz, and Rumsfeld; Vice President Cheney and his chief of staff and chief national security advisor, I. Lewis “Scooter” Libby, directly tasked OSP, and in turn, directly received the poison fruit generated out of the unit.

Early this year, OSP staffer Michael Maloof, a longtime Perle ally, had his security clearances stripped, after a Leba-

nese “businessman” involved in gun-running in the Middle East and Africa, Imad El-Hage, was arrested at Dulles International Airport, carrying a U.S. government-issued .45 pistol. The weapon, according to Pentagon sources, had been issued to Maloof.

Sources in both the U.S.A. and Israel have additionally confirmed that a parallel Office of Special Plans was quietly established in the Office of Israeli Prime Minister Ariel Sharon, to coordinate with the Pentagon “secret team.”

Two published reports offer some leads on the genesis of the Sharon unit.

Lt. Col. Karen Kwiatkowsky (USAF-ret.), who worked in the Near East and South Asia Affairs office under Luti from May 2002 through February 2003, recounted an incident to reporter Jim Lobe, in which she was asked to escort a half-dozen Israelis, including two generals, from the Pentagon reception area to Feith’s office. “We just followed them, because they knew exactly where they were going and moving fast,” Kwiatkowsky told Lobe. When they reached Feith’s office, they were waved in without signing the guest

book, a violation of Pentagon regulations established after 9/11.

On June 29, 2002, the *Washington Times* front page announced, “U.S., Israel Discuss Joint Anti-Terror Office.” The article reported on a June 27 series of secret meetings in which two senior Israeli officials, Brig. Gen. David Tzur and Interior Minister Uzi Landau, conferred with Bush Administration officials about creating a joint U.S.-Israeli counter-terror office in Washington. *Washington Times* reporter Sean Salai wrote, “A Defense Department official confirmed that there had been a closed-door meeting on June 27 with the two Israeli officials, and that the meeting was attended by Deputy Undersecretary Douglas Feith.” The *Times* also reported that Rep. Tom DeLay (R-Tex.) had been a leading proponent of the U.S.-Israel interface.

A ‘Global Plumbers Unit’

According to U.S. and Israeli sources, Israeli collusion with OSP was already under way, informally, by the beginning of 2002. They cite the Jan. 3, 2002 Israeli seizure of the *Karine-A*, a ship carrying weapons, purportedly destined for the Palestinian Authority, as an Israeli “sting” operation, aimed at wrecking U.S. retired Marine Corps Gen. Anthony Zinni’s peace mission to the Mideast, and which, the sources say, the OSP exploited to undercut Secretary of State Colin Powell.

More recently, OSP consultant Ledeen revived Iran/Contra-era contacts with Iranian wheeler-dealer Manusher Ghorbanifar, in what sources describe as, at minimum, an effort to block State Department back-channel talks with the

Iranian regime. The OSP is peddling a destabilization of the Iran regime, using the Iraq-based Mujahideen e-Khalq, a group on the State Department list of International Terrorist Organizations. One U.S. intelligence source noted that the weapons seized aboard the *Karine-A* had originated in Iran, and mooted that the Ledeen-OSP-Ghorbanifar collusion may have been a factor in the affair.

OSP staffers and “contractors,” along with other members of the neo-con cabal—including Office of Net Assessments “Islam expert” Harold Rhode, and Vice President Cheney’s chief of staff “Scooter” Libby—fed a steady stream of disinformation into Shulsky, from Sharon’s office and from Chalabi’s INC gang in London, in the run-up to the Iraq war. These off-channel, unvetted intelligence reports, according to several sources, found their way into the hands of both Vice President Cheney and Defense Secretary Rumsfeld, and were used to bludgeon CIA and State Department opposition to the Iraq war.

One U.S. intelligence official labeled the neo-con cabal inside the Bush Administration “The Enterprise II,” after the Oliver North-centered Iran-Contra secret team inside the Reagan-Bush Administration. As Lt. Col. Kwiatkowski wrote in a series of articles following her resignation from the Pentagon, the OSP dealt almost exclusively with other points of the neo-con cabal inside the Bush Administration, and withheld their input from such “hostile” elements as the CIA and the State Department’s INR. At the State Department, they dealt with former AEI Vice President John Bolton, the chief arms control negotiator, and his special assistant David Wurmser, another co-author of *Clean Break* and the spouse of the Hudson Institute’s Mideast project director, Meyrav Wurmser.

The same source described the OSP and the Defense Policy Board as virtually one seamless network. Kenneth Adelman, a DPB member and close ally of Wolfowitz and Perle, was singled out as a crucial behind-the-scenes coordinator of the entire cabal.

A Ruse by Any Other Name . . .

On Aug. 12, Knut Royce reported in *Newsday* that the OSP has gone through cosmetic surgery, and is now reverting back to its original name, the Northern Gulf Affairs Office. “The name change reflects the office’s broader mission of dealing with northern Persian Gulf states now that the major combat operations in Iraq are over, senior Defense Department officials said yesterday.” With Ledeen, Rhode, and others running around with the likes of Ghorbanifar, it would appear that the OSP team is now setting its sights on Tehran, even as the situation on the ground inside Iraq deteriorates by the hour.

So far, efforts to launch a probe into the sordid OSP saga, by Congressional Democrats, have been blocked by the Republican majority under the whip of DeLay. An effort by Rep. David Obey (D-Wisc.) to audit OSP’s financial and personnel records was blocked last month.

Straussian Neo-Cons ‘A Moral Cesspool’

by Francis A. Boyle

Francis A. Boyle, Professor of Law, University of Illinois, is author of Foundations of World Order (Duke University Press), The Criminality of Nuclear Deterrence, and Palestine, Palestinians and International Law (Clarity Press). He can be reached at fboyle@w.uiuc.edu. On Aug. 2, this article appeared in counterpunch.com, headlined “Neo-Cons, Fundies, Fannies and the University of Chicago,” with the kicker “My Alma Mater Is a Moral Cesspool.” It is reprinted with the author’s permission. Subheads have been added.

It is now a matter of public record that immediately after the terrible tragedy of September 11, 2001, U.S. Secretary of War Donald Rumsfeld and his pro-Israeli “Neo-conservative” Deputy Paul Wolfowitz began to plot, plan, scheme and conspire to wage a war of aggression against Iraq by manipulating the tragic events of September 11th in order to provide a pretext for doing so. Of course Iraq had nothing at all to do with September 11th or supporting Al-Qaeda. But that made no difference to Rumsfeld, Wolfowitz, and the numerous other pro-Israeli Neo-cons in the Bush Jr. administration.



Prof. Francis A. Boyle

These pro-Israeli Neo-cons had been schooled in the Machiavellian/Nietzschean theories of Professor Leo Strauss, who taught political philosophy at the University of Chicago, in their Department of Political Science. The best exposé of Strauss’s pernicious theories on law, politics, government, for elitism, and against democracy can be found in two scholarly books by the Canadian Professor Shadia B. Drury: *The Political Ideas of Leo Strauss* (1988); *Leo Strauss and the American Right* (1999). I entered the University of Chicago in September of 1968 shortly after Strauss had retired. But I was trained in Chicago’s Political Science Department by Strauss’s foremost protégé, co-author, and literary executor Joseph Cropsey. Based upon my personal experience as an alumnus of Chicago’s Political Science Department (A.B., 1971, in Political Science), I concur completely with Professor Drury’s devastating critique of Strauss. I also agree with her penetrating analysis of the degradation of the American political process by Chicago’s Straussian cabal.

The 'Brains' Behind the Empire

Chicago routinely trained me and numerous other students to become ruthless and unprincipled Machiavellians. That is precisely why so many neophyte Neo-con students gravitated towards the University of Chicago or towards Chicago Alumni at other universities. The University of Chicago became the "brains" behind the Bush, Jr. Empire and his Ashcroft Police State. Attorney General John Ashcroft received his law degree from the University of Chicago in 1967. Many of his "lawyers" at the Department of Injustice are members of the right-wing, racist, bigoted, reactionary, and totalitarian Federalist Society (a.k.a. "Feddies"), which originated in part at the University of Chicago.

Although miseducated at Yale and Harvard Business School, the "Ivies" proved to be too liberal for Bush Jr. and his fundamentalist Christian supporters, whose pointman and spearcarrier in the Bush, Jr. administration was Ashcroft, a Fundie himself. The Neo-cons and the Fundies contracted an "unholy alliance" in support of Bush, Jr. across the board. For their own different reasons, both groups also worked hand-in-hand to support Israel's genocidal Prime Minister Ariel Sharon, an internationally acknowledged war criminal. Strange bedfellows indeed.

According to his own public estimate and boast before the American Enterprise Institute, President Bush, Jr. hired about 20 Straussians to occupy key positions in his administration, many holding offices where they could push American foreign policy in favor of Israel and against its chosen enemies such as Iraq, Iran, Syria, and the Palestinians. It was the Chicago Straussian cabal of pro-Israeli Neo-cons who set up a separate "intelligence" unit within the Pentagon that was responsible for manufacturing many of the bald-faced lies, deceptions, half-truths, and outright propaganda that the Bush, Jr. administration then disseminated to the lap-dog U.S. news media, in order to generate public support for a war of aggression against Iraq for the benefit of Israel and in order to steal Iraq's oil. To paraphrase something Machiavelli once advised his Prince in Chapter XVIII of that book: Those who want to deceive will always find those willing to be deceived. As I can attest from my personal experience as an alumnus of the University of Chicago Department of Political Science, the Bible of Chicago's pro-Israeli Neo-con Straussian cabal is Machiavelli's *The Prince*.

As for the University of Chicago overall, its Bible is Allan Bloom's *The Closing of the American Mind* (1987). Of course Bloom was another protégé of Strauss, as well as a mentor to Wolfowitz. In his latest novel *Ravelstein* (2000), Saul Bellow, formerly on the University of Chicago faculty, outed his self-styled friend Bloom as a hedonist, pederast, and most promiscuous homosexual, who died of AIDS. All this was common knowledge at the University of Chicago, where Bloom is still worshipped and his elitist screed against American higher-education still revered. In *Ravelstein*, Wolfowitz appeared as Bloom's protégé Philip Gorman, and Strauss as Bloom's mentor and guru Professor Davarr. Strauss/Davarr is really

the éminence grise of the novel. With friends like Bellow, Bloom did not need enemies.

Blatantly Anti-Democratic Ideas

Just recently the University of Chicago officially celebrated its Bush, Jr. Straussian cabal, highlighting Wolfowitz, Ph.D. '72; Ahmad Chalabi, Ph.D. '69; Abram Shulsky, A.M. '68, Ph.D. '72; Zalmay Khalilzad, Ph.D. '79; together with faculty members Bellow, X '39, and Bloom, A.B. '49, A.M. '53, Ph.D. '55. According to the June 2003 *University of Chicago Magazine*, Bloom's book "helped popularize Straussian ideals of democracy." It is correct to assert that Bloom's rant helped to popularize Straussian "ideas," but they were blatantly anti-democratic, Machiavellian, Nietzschean, and elitist to begin with. Only the University of Chicago would have the unmitigated Orwellian gall to publicly claim that Strauss and Bloom cared one whit about democracy, let alone comprehended the "ideals of democracy."

Does anyone seriously believe that the Chicago/Strauss/Bloom product Wolfowitz cares one whit about democracy in Iraq? Or the Bush, Jr. Administration itself—after having stolen the 2000 Presidential election from the American People in Florida and before the Republican-controlled U.S. Supreme Court, some of whom were Feddies? Do not send your children to the University of Chicago where they will grow up to become warmongers like Wolfowitz or totalitarians like Ashcroft! Chicago is an intellectual and moral cesspool.

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The Case of a Living Stage Fright

A statement by Lyndon H. LaRouche, Jr., written on Aug. 10 and issued by the LaRouche in 2004 Presidential election committee.

California politics have, so far, survived occasional fits of pure silliness. It survived Simple Simon. Will it survive Arnold Schwarzenegger's latest prank?

On the stage, as in politics, performing is not necessarily decent acting. Arnie has now broken the rules of decency on both counts. As any competent actor will agree, with a grimace, neither the stage nor politics is the place one should prefer to be employed in displaying carnival side-show qualities of freakishness. The time has come for the would-be "governator" to give up the steroids, politics, and acting in remakes of old Frankenstein-monster flicks.

When that confused fellow, Arnie, stepped upon the political stage, under the sponsorship of the world's worst theatrical director, President George W. Bush, Arnie showed what a bad actor he was really capable of becoming.

There is an important principle in Classical drama, which covers cases such as Arnie's current political freak-show performances. Being a high-paid feature, or "geek act," in a series of carnival freak-shows, is not necessarily an expression of the highest degree of artistic skills. Schwarzenegger should have avoided politics, and repaired his lousy career in entertainment, by studying German, instead. I mean he should either master the principles of those dramas of Friedrich Schiller which brought people out of the theater better citizens than they had entered, or he should keep away from politics, absolutely, and find a nice safe hobby as an alternative.

There is a politics in drama, of course; but also a place for drama in politics. That was Schiller's point. The Classical stage—in the tradition of the Classical Greek, Marlowe, Shakespeare, and Lessing—is, as Schiller emphasized, potentially the most efficient way to inspire audiences of citizens into a sublime sense of the meaning of real-life history.

Properly done, performances of Classical drama enrich the development of society by affording the fellow who has entered the theater as a simple citizen, a subsequently higher sense of himself, politically and morally, than as thinking himself a poor fellow, "only me," situated proximate to the bottom of the heap. By insight into the errors by which societies ruin themselves, the citizen as spectator of Classical drama, rises to sit in judgment upon the characteristic combined errors of both governing powers and simple citizens

alike. From that experience with Classical drama, he recognizes his authority and responsibility as a citizen, for the care of the society of which he is part.

Therefore, the task of the Classical playwright is to present real-life historical situations on stage, and to present them in such a way, by such dramatic devices, that the crucially determining feature of that selected part of history is conveyed, as insight into real history, into the imagination of the audience. As Shakespeare warns, through the part of Chorus, in *Henry Vth*, it is not the artificiality of what confronts the audience's literal senses from the stage, or on the screen, which is the drama; rather, it is what the skills of author, director, and actors are able to bestir for view on an alternate stage, the Classical stage of the audience's imagination.



Those looking to the Terminator as governor may think life is just a movie; but the real-life tragedy of California reflects 30-years of disastrous national economic policy shifts, as LaRouche describes. Reversing them will take "a man, not a machine"; the Presidential candidate explains how Gov. Gray Davis can do it.

Good dramatic performances introduce nothing sensual which distracts the audience's attention from the stage of the imagination; good authors, directors, and actors will ruthlessly ban all such sensual distractions. Good politicians, as Abraham Lincoln's addresses, or, Franklin Roosevelt's do, do the same. The relationship between the Classical stage and real-life politics, is as Schiller emphasized in dedicating himself, as historian, to the work of drama.

There are deep, fundamental principles involved in the human mind's ability to assimilate the benefits of Classical drama in this way. I shall not explain those here, but simply refer those who wish to do so, to study my "Visualizing the Complex Domain," where the relevant principles are summarized (see *EIR*, July 11, 2003).

What Arnie Doesn't Know

Take my own case. What relevant things do I know that fantasist Arnie does not? In other words, why is Arnie so pathetically ignorant and wrong on the matter of the causes and cure of the present California situation?

I am a political-economist by profession, and the most successful long-range forecaster on record of the recent several decades. My original discoveries in the branch of science known as physical economy, and my related attention to the ancient-through-modern internal history of physical science and Classical European culture, are an essential part of my being.

In all that I do as a political figure, I act upon the knowledge that virtually all of my fellow-citizens are looking out at the world as a whole from a small niche in their society. My job, therefore, is to put that citizen in a seat in the theater of our nation's history: both our internal history, and the way in which that internal history interacts with the world as a whole. I wish that citizen, as Schiller did, to come from the experience of seeing these larger historical realities through my eyes, and to sense himself or herself elevated in the power to understand the processes which are currently affecting the destiny of our nation as a whole.

The contrary sort of political behavior, is the populist politician who says to his constituent: "I am small-minded, like you. I know that you are concerned with the immediate interests, here and now, of yourself, your family, and your community. I stick to those issues in the small." Arnie the actor is playing the part of that all-too-typical, small-minded politician, a typical small-minded, right-wing populist charlatan, like the wild-eyed exterminator from Houston, Texas' Tom DeLay, or former Senator Phil Gramm's wife, Wendy, of Enron notoriety. The Gramms, both of whom played a key role in bringing Enron to California, were among the worst of the small-minded political types which Arnie is mimicking in his own style today.

I see today's situation in California much differently than the small-minded political opportunists do. Ask yourself: What has happened to California since Spring 2000? Make a

list of all the most frightening developments within the state since then. The most important of the bad things which happened, are chiefly evidence of the fact that the world outside California, the world the populist politicians refused to see, has come crashing down on the state. California is feeling the effects of a long-overdue collapse of the 1971-2003 "floating-exchange-rate" world monetary-financial system. The "Information Technology" bubble has crashed. National deregulation mania tricked California into being looted by Enron and similar pirates. The list goes on and on.

What do I do in this situation? What do I put on the political stage before you, for you to see?

I take you back, briefly, to the Flapper Age of the 1920s, the Age of Coolidge. I show you the terrible Crash of 1929-1933 and what a cruel President Hoover did to make it worse. I show you President Roosevelt leading the grey faces of ruined American citizens out of the debris which Coolidge and Hoover had wrought, to make our nation the greatest economic power among the nations of the Earth, the only real power to emerge at the closing moment of World War II. I show you the continued role of the United States as the world's leading producer nation, until things changed to ugly with the 1962 missiles-crisis, President Kennedy's assassination, and the Indo-China war.

I show you how our nation, and California itself, was transformed from the tradition of the world's great producer power, to a predatory, consumerist society teetering at the ruined brink of national bankruptcy.

All this happened, because you were not watching. You let it happen. You were so narrowly focussed on "the interest of me, my family, and my community," that you went along with those national policy-trends which finally brought their inevitable result, the present situation.

See that part of your history as it were the subject of a great Classical drama, performed by great Classically trained actors, written perhaps as if by Sinclair Lewis, or Eugene O'Neill. Find yourself in a seat in that theater. Find your mind focussed not on the real-life actors on stage, but on the stage of your powers of imagination. Hear yourself thinking, "How did we let this happen to us? Why didn't we see it coming? Why were we so blind?"

Then, see Arnie playing "Elmer Gantry" to the crowd. The choice is yours to make.

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Recall Threatens Chaos In Largest U.S. State

by Harley Schlanger

The chaotic circus-scenario unleashed in California by actor Arnold Schwarzenegger's entry into the recall election, had blown up by Aug. 11 into a 200-candidate gubernatorial "ballot," which will further destabilize the economically devastated state and threaten the legitimacy of elected representative government there. The recall election ploy is a right-wing-funded appeal to populism at its most insane, into which some Democratic leaders are falling; but it is being counter-attacked by Lyndon LaRouche's Presidential campaign in California and his burgeoning LaRouche Youth Movement on the West Coast.

When Conan the gubernatorial candidate made the announcement that he would run for Governor, during an interview with Jay Leno on "The Tonight Show" on Aug. 4, he sounded the populist theme which has driven the recall campaign. Government isn't working, he said; it has been captured by special interests. I am running for the people, and will clean out all the politicians tied to special interests.

But one can wonder whether the Terminator includes the corrupt Enron and other pirate energy interests tied to Vice President Dick Cheney—which pushed through the electricity deregulation bill in 1999 and then looted California of \$8 billion in state funds and tens of billions in economic wealth—among the "special interests" he would take on. One leading Democrat asked, "Where was that pussy, Arnold, when Enron was looting the state?" Though a politically active Republican at the time, Schwarzenegger had nothing to say on that subject, when LaRouche and his forces denounced Enron in early 2001 and began the campaign which brought it down. Schwarzenegger remained silent even when Gov. Gray Davis and other leading officials began denouncing Enron, Reliant, and other pirates in late 2001, and demanding Federal regulatory action to rein them in. Arnie's campaign manager, former Gov. Pete Wilson, was a big supporter of the disastrous deregulation bill.

The recall targetting Davis was pushed by a group of neo-conservatives with ties to Grover Nordquist, the American Enterprise Institute, and the Cato Institute. The provision they used was initiated a century ago, drafted explicitly for removing elected officials who had engaged in corruption. As the present recall drive demonstrated, it is not difficult—if money is available—to get 1 million signatures on the basis of populist rage against the deep collapse of the state's economy.

The leaders of the recall campaign include Ted Costa, who was the third member of the "Jarvis/Gann" leadership which pushed through Proposition 13 in 1978, destroying California local governments' core tax-revenue base. The recall campaign will further undermine the authority of state and local elected officials, by threatening them with "democratic" rage if they act for the general welfare and posterity.

Governor Davis has been blamed for the deregulation fiasco, and for the budget deficit. While he shares some of the blame, he was not alone in pushing the policies which precipitated the current crisis. The real economic crisis is, in reality, a product of more than 30 years of post-industrial policies which have resulted in a collapse of productive employment—in industry, aerospace, and now finally in electronics and telecommunications—and a corresponding collapse in revenue. Davis has correctly identified those behind the recall as neo-conservative "revolutionaries" out to destroy government, and the health care and education system along with it, and has battled to resist the most severe cuts pushed by the Republicans in the legislature.

Governor Davis' strategy to defeat the recall was to have a unified Democratic Party call for a "No" vote on the recall election on Oct. 7. If more than 50% vote no, he remains in office. However, Lt. Gov. Cruz Bustamante—who has endorsed Iraq war-hawk Joe Lieberman for President—announced on Aug. 6 that he would run, breaking the unity of the party behind Davis.

The recall election has now become an out-of-control free-for-all. If Davis is recalled, a new Governor could be elected, on the second part of the same ballot, with as little as 15% of the statewide vote. Nearly 200 candidates will be on the Oct. 7 recall "ballot." State officials cautioned on Aug. 11 that the ballot will confuse voters and that ballot-counting could take many days.

Only One Way Davis Can Win

LaRouche has warned that the state will become ungovernable if the recall succeeds. He called on California voters "to vote for the man, not the machine—we need Gray Davis" (Schwarzenegger usually plays robots in his movies). Davis' team is said to be moving toward a twofold strategy to defeat recall: first, to hit the recall as an effort by neo-conservatives to destroy representative government in California; and second, to show that Davis is committed to the general welfare of the people of the state.

It remains to be seen how far Davis is willing to go on the latter point. To win, he must make it clear that the 30 years of national economic policies have been a mistake, whose worst devastation has fallen on California. He has to announce his firm opposition to the free trade, post-industrial policies of his opponents, along with his intention to pursue a "Rooseveltian" policy of re-regulation and major infrastructure investment. Were he to do so, LaRouche predicted he would not merely win the recall, but become a national hero.

Military Revolt Grows Against Rumsfeld

by Edward Spannaus

The war between the uniformed military and Defense Secretary Donald Rumsfeld is showing no signs of letting up, with a full-scale revolt now reported to be brewing within the Army, against the top civilian leadership in the Pentagon, starting with Rumsfeld and his Deputy Secretary of Defense Paul Wolfowitz.

The revolt extends from the rank and file of enlisted men and women, through the top layers of the Army brass.

Fueling the anger at Rumsfeld, is the growing mess in Iraq, in which regular Army soldiers are facing the anger of the Iraqi population. Iraqis are enraged by the lack of basic services such as electricity and water, and also by heavy-handed tactics used by some elements of the Special Operations Forces—apparently operating outside the regular chain of command—who conduct bloody raids with heavy civilian casualties, leaving the mess to be cleaned up by infantry troops.

A leading front of this ongoing conflict is Rumsfeld's purge of the Army—a part of his campaign to downgrade the Army in favor of fancy technology and special operations. Rumsfeld's firing of Army Secretary (and former General) Thomas White in April, and his contemptuous treatment of the highly respected Army Chief of Staff, Gen. Eric Shinseki, caused deep anger within the Army.

Rumsfeld's purge of top Army ranks is reportedly still continuing. On orders from Defense Secretary Donald Rumsfeld, the Army's Vice Chief of Staff, Gen. John Keane, recently has informed 10-12 Army generals that they are being retired. Those being removed are viewed by Rumsfeld and Co. as being too close to the retired General Shinseki, who had publicly clashed with Rumsfeld on "transformation" and force-size issues. Pentagon officials were cited saying that Keane was cleaning house on orders from Rumsfeld, to prepare for the arrival of the new Army Chief of Staff Gen. Peter Schoomaker.

But despite the claim that Schoomaker is somehow involved in the purge, the view in some military circles is that Schoomaker will not be a push-over for Rumsfeld. The open conflict and tensions between the two was a recurring theme in Schoomaker's Senate confirmation hearing on July 29. When asked where he stands on Shinseki's estimate that the Army needs at least 20-40,000 more people, Schoomaker indicated his agreement with Shinseki, responding that "intuitively, I think we need more people. . . . It's that simple."



Commander of Iraq coalition forces Gen. Ricardo Sanchez has acknowledged publicly that by following the Pentagon's occupation policy, "You create more enemies than you capture." Other serving and retired generals are protesting far more strongly, and being sacked for it.

In his speech at his retirement ceremony on June 11—a ceremony blatantly boycotted by the top civilian Pentagon leadership—Shinseki had warned: "Beware the 12-division strategy for a 10-division Army."

Generals Contradict Rumsfeld

In discussions with *EIR*, a number of retired military officers have also pointed to the significance of recent statements by the new Central Command Commander, Gen. John Abizaid, who described the situation now being faced by U.S. forces in Iraq as "a classical guerrilla-style campaign." This declaration was in direct contradiction of Rumsfeld and his deputy Paul Wolfowitz, who have insisted that the continuing attacks on U.S. troops are just being carried out by disorganized, desperate, rag-tag "dead-enders."

Likewise, comments made by Gen. Ricardo Sanchez, the commander of coalition forces in Iraq, publicly acknowledged that the "iron-fisted" raids conducted by U.S. forces were alienating Iraqis, and causing some to feel obligated, as a matter of dignity and self-respect, to retaliate against American forces. Sanchez said that the message he is getting from Iraqis, is that the impact of these tactics is such that "you create more enemies than you capture." (Imagine Rumsfeld or Wolfowitz making such an admission!)

Before and during the Iraq invasion, a number of retired Army Generals took the point in articulating criticisms of the drive for the war, and the faulty planning which put U.S. forces in jeopardy; it was widely understood that they were speaking on behalf of many active-duty officers who were constrained by military discipline from making their criticisms public.

Most prominent among these retired flag officers were Army Gen. Barry McCaffrey, and Marine Gen. Anthony Zinni. General Zinni told the *Toronto Star* on Aug. 9 that he had been subjected to being labelled a “turncoat” by some senior officers in the Pentagon, and that he lost his position as the Administration’s special Middle East envoy because of his questioning of the Iraq war. But, Zinni said, he has no regrets for speaking out. “It’s an obligation you have,” he said, adding that “in our history, there have been too many times when generals didn’t say what they thought. We all swear an oath to the Constitution. One of the things I thought I was defending was the right to dissent.”

The right to dissent without being called traitors was also emphasized at “Bring Them Home Now” press conferences held on Aug. 13 and 14, in Washington, D.C., and at Fort Bragg, North Carolina, by the groups Military Families Speak Out and Veterans for Peace. Many families of soldiers were particularly incensed by President Bush’s “bring em’ on” taunt, which one called “words of false bravado uttered by Bush from a safe and secure location in the White House.” Stan Goff, a 26-year Army Special Forces veteran said that “Bush and Rumsfeld care for soldiers, like Tyson Foods cares for chickens.”

Ashcroft Demands More Gestapo Powers

by Edward Spannaus

In a June 5 appearance before the House Judiciary Committee, Attorney General John Ashcroft demanded that Congress give him still more powers—more surveillance powers, more drastic sentencing provisions, and more death penalty applications. Ashcroft made it clear that his desire for harsher sentences is not for purposes of punishment or deterrence, but as a lever for coercing “cooperation” and plea-bargaining. He complained that “existing law does not consistently encourage cooperation by providing adequate maximum penalties to punish acts of terrorism,” and called for greater use of the death penalty and life imprisonment.

Ashcroft is continuing to pursue his demand for more Gestapo-type powers, and more draconian punishments, in a number of ways. He is undertaking a 10-day, 20-state tour later in August to defend the 2001 USA/PATRIOT Act, and

to promote the new “VICTORY Act” (Vital Interdiction of Criminal Terrorist Organizations Act), which would give Ashcroft still further powers to go after alleged terrorists and narco-terrorists. Senator Orrin Hatch (R-Utah) is expected to introduce the bill next month, but it will face opposition from both Democrats and Republicans. The proposed bill—not yet public—reportedly includes provisions allowing the Justice Department to:

- Clamp down on *halawa* money transactions, used widely in the Arab world, and based on an honor system rather than formal banking transactions;
- Obtain financial records without a court order in terrorism investigations;
- Track wireless communications with a roving search warrant; and
- Increase sentences and fines for drug kingpins.

Second, Ashcroft has launched a major attack to “black-list” Federal judges whom he considers to be too “soft” in sentencing. Expanding on the “Feeney Amendment,” which was written largely by the Justice Department and passed by Congress in April, Ashcroft has ordered U.S. Attorneys and Federal prosecutors to report on judges who give more lenient sentences than provided in Federal sentencing guidelines, and to appeal almost all “downward departures” from the guidelines.

The Feeney Amendment, and Ashcroft’s new order, have infuriated Federal judges, including even Chief Justice William Rehnquist, who regard it as an attack on the independence of the judiciary. Rehnquist has warned that the Feeney Amendment will “seriously impair the ability of courts to impose just and responsible sentences.”

Draconian sentences and punishments are not only an end in themselves for Ashcroft. They also serve as a threat to be used to compel suspects—whether guilty or not—to plead guilty and cooperate with prosecutors in framing up other targets. A most egregious case of the use of such thuggish tactics, is how Ashcroft is using the threat of declaring a suspect an “enemy combatant” and throwing him into the black hole of endless military custody, to coerce defendants to plead guilty to charges which the government might not be able to prove in court.

The Case of the Lackawanna Six

The *Washington Post* reported recently how Ashcroft’s Justice Department has used the threat of indefinite military imprisonment, to compel guilty pleas from six young Yemeni-Americans from Lackawanna, New York. The six were coerced into pleading guilty to terrorist crimes, with sentences of 6 to 9 years, under the threat that if they didn’t, they would be designated as “enemy combatants” and shipped off to military prisons, where they would have no access to lawyers or to the courts.

The six have admitted attending an al-Qaeda training camp in Afghanistan prior to the 9/11 attacks—having been recruited to go there for ostensibly religious purposes—but

the government could offer no evidence that they planned any terrorist acts against the United States. Defense lawyers feared that if the defense went to trial and was doing well, the government might transfer the case to the military. (This is similar to what occurred in the case of Lyndon LaRouche et al. which was being tried in Federal court in Boston in 1988; prosecutors dropped the Boston case and transferred it to the Alexandria, Virginia “rocket docket,” when they realized they were losing the case after five months of trial.) “We had to worry about the defendants being whisked out of the courtroom and declared enemy combatants if the case started going well for us,” said defense attorney Patrick J. Brown. “So we just ran up the white flag and folded. Most of us wish we’d never been associated with this case.”

Neil Sonnet, the chairman of the American Bar Association’s task force on the treatment of enemy combatants, states: “The defendants believed that if they didn’t plead guilty, they’d end up in a black hole forever.” A Lackawanna man who had coached most of the defendants in soccer, said, “These guys wouldn’t hurt a flea, but they were fools to go [to Afghanistan] and fools not to be honest. After the Sept. 11 attacks, it became a disaster. I told my nephew, ‘Take a plea, because no jury is going to sympathize with you now.’”

It has also been reported that this was the reason that Ohio truck driver Iyman Faris pled guilty to having had an implausible plan to bring down the Brooklyn Bridge, because he also feared being declared an “enemy combatant” if he didn’t plead guilty. It’s hard to see how any jury would have taken such a wild charge seriously, that Faris was supposedly going to cut the supporting cables of the bridge and cause it to collapse—without anyone noticing!

DOJ Official Denies Use of Threats

EIR recently had the opportunity to publicly question Michael Chertoff, until recently the head of the Justice Department’s Criminal Division and its point man on prosecution of terrorist cases, about this practice. During a panel discussion on military tribunals held at the American Enterprise Institute on Aug. 8, Chertoff was asked by the moderator whether the threat of using military tribunals has been useful in prosecuting terrorists in Federal courts, making it more likely that they would take a plea bargain. Chertoff denied it, saying that Federal prosecutors are “scrupulous about making it clear that the two systems (the Federal criminal courts, and military tribunals) are not linked,”

EIR, citing the case of the “Lackawanna Six,” challenged Chertoff on this point. “This seems to be a good way of obtaining convictions, but is it a way of obtaining justice?”

Chertoff responded by falsely claiming that “I do not think it is correct to say—nor do I think anybody speaking for the defense ever said—that the reason the defendants pled guilty is because they feared being put in front of a military tribunal. . . . I will stand by what I said, that during the time I was at the Department of Justice, the Department did not use—and it was very clear that the possibility of a military tribunal was

not to be used, in any way, shape, or form, in order to coerce someone into taking a plea.”

Contrary to Chertoff’s representations, defense lawyers in the Lackawanna case certainly had said that the government implicitly threatened to declare the defendants as enemy combatants; United States Attorney Michael Battle has acknowledged that the threat was there. Battle told the *Washington Post* that his office never *explicitly* threatened to invoke enemy combatant status, but that all sides knew the government held that hammer. “I don’t mean to sound cavalier, but the war on terror has tilted the whole landscape,” he said. “We are trying to use the full arsenal of our powers. You had a new player on the block [the Defense Department], and they had a hammer and an interest. These are learned defense counsels, and they looked at that landscape and realized that, you know, they could have a problem.”

Judges and Scholars Hit Detention Policy

The government’s use of the “unlawful combatant” status to hold a U.S. citizen incommunicado, without access to a lawyer, has been criticized in a total of nine *amicus curiae* briefs, from an array of judges, legal experts, and conservative and liberal organizations, filed with the Second Circuit U.S. Court of Appeals in New York. The case is that of Jose Padilla, a American citizen arrested on U.S. soil, who was first being held in the Federal court system. But at the point when the government had to respond to a challenge to his detention, he was whisked away, declared an “enemy combatant,” and put into a Navy brig where he has been held for over a year. Padilla’s lawyers, who have been unable to speak with him, are seeking the right to challenge his detention with a writ of *habeas corpus*.

One brief supporting Padilla’s challenge was filed by a group of retired Federal appeals court judges and other former government officials, including Abner Mikva, Harold Tyler, and Philip Allan Lacovara. It states: “The precedent the executive [the Bush Administration] asks this court to set, represents one of the gravest threats to the rule of law, and to the liberty our Constitution enshrines, that the nation has ever faced.”

Other briefs were filed by groups of law professors; by the American Bar Association; by right-wing groups such as the Rutherford Institute and the Cato Institute; and by left-liberal groups such as the National Lawyers Guild, the People for the American Way, and the Center for National Security Studies.

“Never in our history has the President asserted the authority to arrest and detain somebody indefinitely and without any due process,” said Joseph Onek of the Constitution Project at Georgetown University. “I think there is no basis for abandoning all our constitutional values and liberties. The government is using the threat of treating somebody as an enemy combatant—that is basically throwing them in prison and throwing away the key—to try and force people to plead guilty in criminal cases.”

A VIEW FROM THE UNITED STATES

‘Patriotic’ Scoundrels: Neo-Cons’ War on Clinton’s China Policy

by William Jones and Marsha Freeman

For a decade before the events of Sept. 11, 2001, that gaggle of neo-conservatives who have become popularly known as the “chicken-hawks” of the Iraq war, tried to put in place a President whom they could manipulate to impose their utopian New World Order as an American global empire. As statesman and pre-Presidential candidate Lyndon LaRouche has said, Sept. 11 was their Reichstag Fire. But they had already spent a decade attempting to unseat President William Jefferson Clinton for his intent to change the rules by which “balance of power” geopolitical games are played. President Clinton’s attempts to change the U.S. relationships with Russia and China became the target of a concerted effort by these Cold War neanderthals, who, with the demise of the Soviet Union, needed a new enemy image to impose their empire. This required that they unseat a President who was opposed to their nefarious schemes.

In the aftermath of Sept. 11, this same crew has conducted a coup against President George W. Bush, attempting to force him into numerous warlike ventures which would destroy the credibility and the moral stature of the United States. President Bush now faces mobilized popular pressure to clean house of the chicken-hawks around him—including the leader of this pack, his own Vice President Dick Cheney. A re-examination of the agenda of that ugly cabal is now timely, and their insane policy toward China throws a spotlight on it.

Into the Maelstrom

China policy was not high on the agenda of the early Clinton Administration, but the White House did decide to try to avoid the annual China-bashing debates in Congress,

over human rights, which occurred when the issue of granting Most Favored Nation (MFN) status to China came up. Clinton came to an agreement in 1993 with liberal Democrats such as Rep. Nancy Pelosi (D-Calif.) and Senate Majority Leader George Mitchell (D-Me.)—who were leading the human rights pack in the MFN debate—that the President would issue an Executive Order placing certain demands on China in the area of human rights, hoping thereby to bring the issue under Executive Branch control and avoid the usual congressional grandstanding.

But not everybody was happy about this compromise. Treasury Secretary Lloyd Bentsen and Commerce Secretary Ron Brown both felt that rather than getting on the bully pulpit about human rights and using economic sanctions as a “big stick,” economic diplomacy would prove more profitable in establishing a comprehensive relationship with China and in improving the material, social, and political conditions of life of the Chinese people.

At Warren Christopher’s State Department, however, the human rights lobby was in the saddle. Christopher had been in charge of the Clinton election campaign. Indeed, it was he who had encouraged Clinton to select Al Gore as his Vice-Presidential candidate. For Gore and Christopher, the “human rights agenda” was paramount, outweighing any other considerations of strategic or economic interest. That crew would be a ball-and-chain on the advancement of the Clinton agenda as it developed.

When Christopher sent John Shattuck, the Assistant Secretary of State for Human Rights, to China in February 1994, the first thing Shattuck did was to hold a private meeting in



President Bill Clinton's efforts to establish a strategic partnership with China during his two terms in office were undermined at every turn by the same gaggle of chicken-hawks that has led President Bush into war. Here, Presidents Clinton and Jiang Zemin toast U.S.-China relations in Beijing, June 1998.

Beijing with China's most prominent dissident, Wei Jingsheng. Shattuck, a former top official in Amnesty International and the American Civil Liberties Union, was named to this post largely because of his agitational work as a "human rights activist." His attitude to China was well known and far from friendly.

In his meeting with Wei Jingsheng, Shattuck seems to have been "off the reservation," not even informing his boss prior to the meeting. Although neither Shattuck nor any other American official admitted to leaking word of the visit, Wei Jingsheng certainly did. Chinese Foreign Minister Qian Qishen was caught by surprise when, at a press conference after the Shattuck visit, he was asked about the Shattuck-Wei meeting. The resulting uproar in Beijing sent U.S.-China relations into a tailspin.

Far from promoting human rights, the Shattuck-Wei meeting led to Wei's arrest and a crackdown on dissidents, a development that could have been foreseen by any intelligent observer. But even more alarming matters would soon force a rethinking of U.S. China policy.

North Korea Showdown

In March 1993, North Korean leader Kim Il-sung announced that North Korea would withdraw from the Nuclear

Non-Proliferation Treaty (NPT) rather than submit to inspections that might reveal how much nuclear material it had already produced. It was also suspected that even though the North Koreans had signed the NPT, and thus were subject to International Atomic Energy Agency (IAEA) inspections, they had nevertheless surreptitiously unloaded fuel rods from their nuclear reactor, and had perhaps reprocessed some of the plutonium for weapons use. A North Korea crisis was in the making.

A number of the people at the Pentagon, led by Deputy Secretary of Defense William Perry, felt that the North Korean crisis could not be dealt with as long as the United States had no effective working relationship with China and its military leadership. During the Carter Administration, Perry had pioneered an effort to establish a working relationship with the People's Liberation Army (PLA). The ties established by Perry at that time, he would later be able to call upon during the Clinton Administration to help deal with the elusive North Korean leadership. By July 1993, Perry was pressing the White House to deal more amicably with China.

Others in the Administration also felt that the confrontations with China were beneficial neither for U.S.-China relations nor the U.S. economy. Representatives from both the Treasury and the Commerce Departments were becoming quite concerned about the net effects of the policy guidelines laid out by the State Department's Human Rights office. There was considerable pressure on the President to scrap his Executive Order on human rights. Indeed, there was a growing consensus that holding a strategic and economic relationship hostage to a propagandistic "human rights agenda" would be utter folly—and probably the worst way to influence change on human rights questions. When the Clinton Executive Order expired in May, Clinton did not renew it.

In February 1994, after the sudden death of Defense Secretary Les Aspin, Clinton appointed Perry to take his place. Perry then went to Beijing to discuss North Korea with Chinese officials. At the United Nations, Japan and South Korea had joined with the United States in threatening to impose economic sanctions if North Korea went ahead with its nuclear weapons program. In an unprecedented move, China, just two weeks after Clinton had extended MFN status, indicated that it also might go along with a UN resolution imposing sanctions against Pyongyang.

At the same time, contingency plans were being updated by the U.S. military for a possible strike on the North Korean reactor site, as well as for defending against what would inevitably follow—a North Korean attack against U.S. and South Korean forces. The United States was on the brink of war, Perry later said. While he was updating the President on the status of contingency plans, a call was received from former President Jimmy Carter, who had been invited to Pyongyang by Kim Il-sung, and who had gone with the blessing of the Clinton national security team. Carter informed the President that the North Korean leader was willing to negotiate directly

with the United States over the nuclear program. By October 1994, a team under Ambassador Robert Galluci had successfully negotiated an agreement with North Korea which effectively froze its plutonium reactor program.

Perry quickly tried to build on the gains made by these developments during his trip to Beijing in October. He proposed a U.S.-China Defense Conversion Commission. While Perry was averse to selling weapons and providing military technology to the PLA, he did feel that the United States could be of some assistance to Chinese military enterprises in producing and selling products for civilian use. Since the launching of the economic reforms in China, this had become the major source of funding for the PLA's expenses.

While the Perry "engagement policy" always met with resistance from the Gore human rights crowd, Ron Brown's Commerce Department supported it. Brown was prepared to assist in technology transfers, so urgently needed by the rapidly expanding Chinese economy to help increase its industrial productivity. In August 1994, Brown led a major business delegation to China, representing 24 U.S. companies in telecommunications, transportation, and power generation. In a press conference in Beijing on Aug. 30, Brown indicated the orientation: "We are trying to provide leadership in commercial diplomacy. Our national security is inextricably tied to our economic security. By bringing American and Chinese firms together, and by pursuing the course of commercial diplomacy, we seek to set the stage for a new era of cooperation, growth, and progress." The delegation, Brown explained, "consists principally of U.S. exporters of all kinds, including of high technology, who produce things like heavy capital goods in the United States—which create jobs—and which we want the Chinese to buy." The Clinton Administration "has junked a 12-year tradition of *laissez-faire* government," Brown announced.

Chicken-Hawks Strike Back

Already at this early stage, the opposition to any rapprochement with China was busy in a number of policy shops in the Pentagon and on Capitol Hill. An alliance—some conservative members of Congress and congressional staffers; think-tank fellows from such Republican strongholds as the American Enterprise Institute, the Heritage Foundation, and the Cato Institute; and some U.S. military intelligence officers—united in the view that a rising China represented great risks to America's vital interests. This loose grouping was called by one of their more outspoken members, William Triplett II, the "Blue Team." (In the traditional Pentagon wargame scenario, the enemy was traditionally the Red Team and the "good guys" were the Blue Team.)

This grouping brought together some Joe McCarthy-era anti-Beijing "China Lobby" types, hard-line intelligence operatives, and a handful of "old hands" at Dick Cheney's Defense Department such as Lewis Libby and Paul Wolfowitz. Many old anti-Soviet Kremlinologists, such as aging utopian RAND analyst Andrew Marshall, who had spent their careers

studying the now-defunct Soviet Union, were given new life in devising a new "enemy image" out of a modernizing China. In October 1994, when Perry invited Chinese Gen. Xu Huizi to the Pentagon—the first visit by a Chinese general since the government's 1989 crackdown in Tiananmen Square—Marshall was demonstratively conducting wargames out of his Pentagon Office of Net Assessments "to see how we would fare against a resurgent Chinese military 25 years hence," according to Marshall associate Bill Triplett.

Also key was a group around Nicholas Eftimiades, who had spent his career in the CIA and Defense Intelligence Agency profiling a "hostile China." The group, including Triplett and his soulmate Edward Timperlake, with their connections to elements of the intelligence community—in particular, the Office of Naval Intelligence—would play a major role in the next few years as propagandists "exposing" Perry and U.S. President Bill Clinton as Chinese agents!

After a tour of duty in Vietnam, Triplett had functioned as a low-level intelligence operative in the Far East, taking part in American intelligence operations against the Chinese authorities in Tibet and colluding with some of the leftist "Free Tibet" groups running around Washington. He was the former chief Republican counsel on Jesse Helms' Senate Foreign Relations Committee. The walls of his Capitol Hill office were plastered with maps of China indicating Chinese military and naval bases and Chinese military deployments. According to associates, Triplett was "obsessed" with China.

The Blue Team conducted their own China policy from Capitol Hill, attempting to attach Taiwan and other "riders" to State and Defense Department authorization bills. This crew would be instrumental in passing the Taiwan Security Enhancement Act in 1999, which strengthened U.S. military ties with Taiwan. They also stopped Perry's U.S.-China Defense Conversion Commission dead in its tracks, first freezing its funding and then getting Congress to scrap it altogether. Their hostility to the Clinton Administration was expressed by Triplett: "They have subverted American policy to the point that we're unable to reach a consensus on how to deal with the China threat."

Clinton's appointment of Perry as Secretary of Defense in 1994 was a red flag for this anti-China grouping. In 1991, before joining the Clinton Administration, Perry had headed up a task force appointed by the National Academy of Sciences to examine the utility of the Coordinating Committee for East-West Trade Policy (COCOM) agreements, a Cold War arrangement which had been instituted to prevent the transfer of sensitive technologies to the Soviet Union. The task force report to the National Academy of Sciences, entitled "Finding Common Ground: U.S. Export Controls in a Changing Environment," was co-authored jointly with Perry's associates Ashton Carter and Michael Wallerstein.

The Perry task force recommended the dismantling of the COCOM agreements. With the demise of the Soviet Union, such restrictions were not only anachronistic, but self-defeating, the task force concluded. The issue now was to establish



In this photograph of his second inauguration in January 1997, President Clinton is flanked by two of the major figures who worked to destabilize his China policy: Vice President Al Gore, to the left of the President, and House Speaker Newt Gingrich, next to Gore.

a firm and lasting relationship with nations in Eastern Europe, including Russia. Trade, even in the areas of high-tech products, should be encouraged, not restricted, to facilitate their economic development.

With regard to China, the report, while more cautious, indicated that as a more amiable relationship developed, it should also encompass a greater willingness to conduct trade with China on a broader basis, including the high-tech products for which a country like the United States would be of most value to a developing nation like China. “But it is also in the interests of the United States to nurture a deeper and more cooperative relationship with the current Chinese regime,” the report read, “including further efforts to convince China to participate more fully in the major nonproliferation regimes. Ultimately, establishing a certain degree of symmetry between the export control regime for China and the new rules that are under development for the democratizing East European countries and the [former] Soviet Union may be desirable.”

Early in his Administration, President Bill Clinton did indeed abolish the COCOM restrictions, “One reason I ran for President,” Clinton said, “was to tailor export controls to the reality of a post-Cold War world.” But for the members of the Blue Team, such a thought was anathema.

The “national security considerations” were really only the tip of the iceberg for these characters. The real motivations were more sinister. The policy they endorsed can best be characterized as “technological apartheid.” This was stated most forcefully by Henry Kissinger—the man who brought

Andy Marshall to Washington in 1973—in his National Security Memorandum 200 (NSM-200) of 1974, which targeted economic and population growth in Third World countries as a national security danger to the United States. This view was expressed most succinctly by Ed Timperlake, a minor neo-con figure, who told *EIR* that “U.S. policy must be to keep us up, and them down.” This was the doctrine that later became enshrined in the Dick Cheney 2003 National Security Strategy Doctrine.

Perry brought a group of his closest collaborators into the Pentagon, some with extensive knowledge of and contact with the Chinese military. This group included John Lewis as a member of the Defense Policy Board, advisors to the Secretary of Defense. Lewis, a colleague from Stanford University’s Center for International Security and Arms Control, had authored two books: one, the most authoritative book on the Chinese nuclear bomb program, and another

on the Chinese missile program. Lewis had extensive business and other contacts in China and might have become a valuable player in building a better relationship with China’s military. But as one Clinton Administration official commented, for the chicken-hawks, “anyone who had distinguished themselves as a China scholar was automatically suspect.”

The chicken-hawks launched a veritable witch-hunt targeting Lewis’ business contacts with China, ultimately forcing him to resign from the Defense Policy Board. Another assistant to Perry who was placed in charge of the Pentagon’s China-Mongolia desk, Col. Karl Eikenberry—a highly decorated army officer and also a China scholar—was subject to a neo-con rumor campaign by the Blue Team, questioning his loyalty, because of his refusal to join in their China-bashing. Eikenberry is now a major general and has been responsible for security at the U.S. Embassy in Kabul.

The neo-cons’ real target, however, was the President. Already in the Spring of 1994, Lyndon LaRouche had authorized the publication of a pamphlet entitled *Assault on the Presidency*, in which he warned of the operations against the President, in what were then the early stages of fraudulent investigation of allegedly illegal Whitewater land deals of the Clintons in Arkansas.

Enter the Taiwan Lobby

Just as the North Korean situation seemed to be brought somewhat under control, a new incident, this time fomented by Taiwan’s President Lee Tung-hui, helped throw a monkey-



Commerce Secretary Ron Brown represented an anti-laissez-faire policy perspective in the Clinton Administration, and described the government's promotion of trade in high-technology goods with China as "commercial diplomacy." This memorial statue of Brown, who died in an airplane crash in April 1996, graces the Commerce Department.

wrench into the burgeoning U.S.-China relationship. Lee Tung-hui, a strong proponent of Taiwan independence, who was up for re-election, touched down at Hickham Air Force Base in Honolulu on his way to Central America and thence to the inauguration of Nelson Mandela. Lee was told by the State Department, in accordance with U.S. policy, that he would not be able to stay overnight in Honolulu, but was cordially invited to a reception in a transit lounge at the Air Force base.

But Lee remained on his plane until embarkation, cold-shouldering the reception, one of a succession of events in which he, probably with the encouragement of his supporters on Capitol Hill, attempted to challenge the "One China" policy of the United States. Two months earlier, Lee had conducted a barnstorming series of "vacation diplomacy" visits to numerous countries in Southeast Asia, in a blatant challenge to Beijing.

By the Summer of 1994, Taiwan had already begun to beef up its muscle in Washington. It signed a three-year, \$4.5 million contract with a Washington firm, Cassidy & Associates, which included former Carter Administration press spokesman Jody Powell. In November, the election of a Republican-dominated Congress gave Lee a needed boost. Sens. Frank Murkowski (R-Ak.) and Hank Brown (R-Colo.) had written a letter to Lee inviting him to come back to the United States. At the beginning of 1995, the new House Speaker, Newt Gingrich (R-Ga.), also endorsed the idea of a visit by the President of Taiwan. Gingrich, always a bit unstable, went so far as to support the idea of re-admitting Taiwan to the United Nations!

By May 1995, the move to invite Lee had gained momentum, and he used the pretext of a class reunion at Cornell University, his *alma mater*, to request a visa. Gingrich and

his minions went to work; the House voted 396-0 for a non-binding resolution calling on the Administration to permit Lee to visit the United States; a similar vote in the Senate passed 97-1. Under fire from Congress and under advisement by two members of the Democratic Leadership Council—Sens. Chuck Robb (D-Va.) and Joseph Lieberman (D-Conn.), with whom he had been discussing Taiwan policy—the President consented to issue a visa to Lee, but on the condition that he would not use the opportunity to make a political statement.

When Lee touched down in Los Angeles on June 7, 1995, hundreds of supporters had been organized to greet him. When his plane landed in Syracuse, a gaggle of Taiwan independence supporters were on hand to greet him, including Sen. Jesse Helms (R-N.C.), the chairman of the Senate Foreign Relations Committee, Murkowski, and Sen. Al D'Amato (R-N.Y.). Helms greeted Lee with a rousing, "Mr. President: today, Syracuse; very soon, I hope, the capital of the U.S. in Washington, D.C." Lee's address also clearly violated the agreed terms of his visit. "The people of the Republic of China on Taiwan are determined to play a peaceful and constructive role among the family of nations," he said. "We are here to stay."

The reaction from Beijing was instantaneous. It postponed a series of high-level meetings between Chinese and U.S. officials and canceled scheduled talks on nuclear energy and the control of missile technology. On June 17, China recalled its ambassador from Washington, and delayed giving formal acceptance to the newly appointed U.S. Ambassador to China, James Sasser. Then on July 19, the Chinese army announced that it was holding a week-long series of military exercises in the East China Sea north of Taiwan, which would include live-firing exercises.

The chicken-hawks were overjoyed. Michael Pillsbury, who had been working in Andy Marshall's Office of Net Assessment, was churning out scenarios about how the Chinese military modernization was becoming a threat to the United States. Kenneth Timmerman, writing in the *American Spectator*, was graphically portraying underhanded business transactions between Secretary Perry and industrial concerns run by the Chinese military, describing Perry's Defense Conversion initiative as a means of helping Chinese military modernization. The *American Spectator* would later become a main conduit for the charges that the Chinese had financed President Clinton's 1996 re-election campaign.

In the Summer 1995 run-up to Taiwan's elections, in which incumbent President Lee Tung-hui was actively courting the small pro-independence crowd in Taiwan, China conducted a series of military exercises in Fujian province across from Taiwan. And on the diplomatic front, Chinese officials were warning that the Taiwan issue could become a major cause of confrontation with the United States. The Clinton Administration response was twofold. At the end of 1995, they sent the aircraft carrier *Nimitz* through the Taiwan Strait, accompanied by a cruiser, a destroyer, a frigate, and two support ships—giving the formal excuse of bad weather condi-



Defense Secretary William Perry had worked for 20 years to establish constructive U.S. relations with the Chinese People's Liberation Army. Prior to a meeting at the Pentagon with Gen. Chi Haotian on Dec. 9, 1996, Perry presented the General with a model of a B-24 Liberator bomber.

tions. But at the same time, Chinese Foreign Ministry official Li Zhaoxing was assured by Clinton Administration officials that there were to be no visits by Taiwan officials during 1996.

Getting Things On Track

By mid-1995, China was garnering more attention from the Administration. In August 1995, Christopher met with the Chinese Foreign Minister in Brunei and handed him a letter from President Clinton, in which he asserted that the United States would adhere to the “One China” policy, would oppose efforts by Taiwan to declare independence, and would not support Taiwan’s admission to the UN—a position that was later characterized as the “three no’s.”

The other factor making itself felt on the Clinton Administration was the growing importance of American economist and former Democratic Presidential candidate Lyndon LaRouche. While LaRouche had suffered unjust imprisonment on the basis of a fraudulent government operation conducted in connivance with the George Herbert Walker Bush Administration in order to “shut his mouth,” his political influence in Washington had continued, in fact, to grow. Leading political figures from around the world, including from former Soviet-bloc countries, came to the nation’s capital to protest the imprisonment of the noted American political figure. With the election of President Clinton and LaRouche’s freedom on parole in January 1994, the “LaRouche factor” began to play an important role in the formulation of Administration policy.

By 1996, it was also becoming clear to the Administration that the international financial system was fatally flawed.

LaRouche’s hammering on this issue in dozens of memos and articles, was beginning to resonate in Administration circles. Treasury Secretary Robert Rubin and Clinton were beginning to moot the need for a “new financial architecture” to replace the failing, debt-ridden post-Bretton Woods system. Any attempt to revamp the international system would, however, also require the active collaboration of the other major economic powers, particularly Russia and China.

In March 1996, National Security Advisor Tony Lake began a series of discussions with his counterpart, Liu Huaqiu, in Williamsburg, Virginia. “That sprang from the fact,” NSC spokesman David Johnson explained, “that the President decided earlier this year that the United States needed to place its relationship with China on a firmer, more strategic footing and one which was based on articulated interests.” Nevertheless, commented one Clinton official with responsibility for China policy, “there was still strategic distrust” in the relationship.

With the looming Taiwan elections in March 1996, China again conducted military operations in Fujian Province. On March 8, they fired missiles into waters off Taiwan, this time using their more advanced solid-fuel M9 missiles. The Taiwan stock market began to fall, and people on the island lined up at banks to change their money into dollars. At the White House there was a flurry of crisis meetings, which included the entire Clinton foreign policy team: Christopher, Lake, CIA Director John Deutch, Perry, and Chairman of the Joint Chiefs of Staff John Shalikashvili. Nobody knew exactly what Chinese intentions were. But there was general agreement on some U.S. show of force, to send a signal to the Taiwanese that the United States was not abandoning them. At the same time, Administration officials quietly made it very clear to Taiwan’s representatives in New York that they ought not use the deployment for any provocation which might further aggravate the situation.

Perry wanted to send two carrier battle groups through the Taiwan Strait as a demonstration, but both Shalikashvili and Pacific Command chief Adm. Joseph Prueher thought this too provocative. It was decided that two aircraft carrier battle groups would be sent to the area, although they avoided putting any ships in the Taiwan Strait. While the Chinese continued their maneuvers without let-up, both sides began slowly to “talk down” what had been a rather close encounter.

Re-Election Brings More Confident President

President Clinton’s second term brought more consistency to his China policy. His Republican opponents were intent on bringing the President down, long before Clinton was elected to his second term in 1996. And the initial pretext



The visit of Chinese President Jiang Zemin to Washington in October 1997 helped solidify military-to-military cooperation. In this photograph, Chinese sailors look at the USS Arizona Memorial at Pearl Harbor, Hawaii, in March 1997. Their ship continued on to San Diego, for the first-ever visit by a Chinese Navy ship to the U.S. mainland.

they intended to use, before they “discovered” Monica Lewinsky, was the issue of national security, especially as it related to China policy.

As Clinton advisor Ken Lieberthal, the Senior Director on the NSC for China affairs, told *EIR*, in Clinton’s second term, “The President was more confident now. He became a believer in his own ability to affect the actions of others. But, at the same time, it became a part of the conservative mantra that the Chinese had ‘bought’ the President during the election.”

On June 19, 1997, in an obvious diplomatic gesture toward the United States, China released human rights activist Harry Wu, expelling him from the country. Just a few days earlier, in response to a question from Tom Brokaw on MSNBC, President Clinton had expressed a more determined view on China. “I think how Russia and China define their own greatness in the next 20 years will have a lot to do with how the 21st Century comes out,” Clinton said. “And I want them both to define their greatness in terms of the positive achievements of their people, their winning and peaceful cooperation on economic and cultural and athletics fields and their willingness to cooperate with us to fight our common enemies—terrorism and proliferation of dangerous weapons and environmental destruction and diseases sweeping the globe. We need great countries working together if we’re going to make the 21st Century what it ought to be.”

Before the November 1996 election, Tony Lake had traveled to Beijing and met with all the top Chinese leaders, including President Jiang Zemin. On his return to the United States, Lake explained Administration policy in an interview with the *Los Angeles Times*, contrasting the Clinton Adminis-

tration view with that of the Blue Team chicken-hawks. The one view, Lake said, “that I call the 21st-Century view, is that as nations get closer and closer together economically, the penalties of conflict and the benefits of cooperation are much larger than they were before. . . . The great powers, specifically including China . . . are increasingly playing by rules that govern their economic and diplomatic relationships in ways that work for their mutual benefit. This contrasts with what I call the 19th-Century view, of great powers in a state of permanent rivalry in which one works against the interests of the other.”

During his visit, Lake had announced that the United States would receive President Jiang Zemin on a state visit to Washington and that President Clinton was prepared to make a state visit to China in return. In the Summer of 1996, the Administration had also succeeded in getting legislation through the House of Representatives to extend Most Favored Nation status for another year.

During the second Clinton Administration, Treasury and Commerce did the heavy lifting on China policy. Treasury’s Robert Rubin and Commerce Secretary Ron Brown, who had both been highly critical of the Christopher State Department’s in-your-face policy on human rights with China, felt that more progress could be made if trade and investment became a mainstay of the relationship, in which U.S. firms would be more heavily involved in China’s economic future and exchanges between the two nations could engender a greater trust as to the intentions of the other. (The tragic death of Ron Brown in April 1996 on one of his many missions in the service of his “economic diplomacy,” this time in the war-torn Balkans, was a serious loss for that policy.) The new National Security Advisor, Sandy Berger, was even more adamant on this issue than his predecessor had been. And Undersecretary of Commerce William Reinsch referred to President Kennedy in his formulation of the policy in an interview with *EIR*’s Marsha Freeman on June 16, 1999: “One of President Kennedy’s theories about these things was that the way to reach better relationships was to build bridges. You start out building cultural and economic bridges because those are the easiest ones to build. Each time you build a bridge, you increase the stake in the relationship and you increase the cost of disrupting the relationship. Each little bridge that you build, even the smallest, becomes one more thing that binds us together and gives us incentives to work on our differences peacefully, rather than become adversaries. That’s what we’ve been trying to do with the Chinese.”

And some headway had been made in that direction. In October 1996, the Chinese Minister in charge of the State Science and Technology Commission, Song Jian, signed an agreement in Washington continuing the cooperation be-

tween China and the United States in the area of science and technology. The agreements dealt particularly with health, forestry, the environment, and energy production.

In addition, there were seven annexes to the main agreement, signed with the corresponding departments of the U.S. government: with the Environmental Protection Agency (EPA); with the Department of Transportation; with the Interior Department, in surveying, geological research, and mapping; and four separate agreements with the Department of Energy, dealing with fossil fuel technologies, high-energy physics, nuclear physics and magnetic fusion, and the exchange of scientific information. This “economic diplomacy” was viewed, according to one former Clinton Administration official involved in China policy, as a means of engaging China in the areas of high technology not of military importance, but rather of a “dual use” nature, to show goodwill in helping China develop its economy.

The importance of the China economic agreements was underlined in January 1997, when *EIR* published a report entitled *The Eurasian Land-Bridge: The “New Silk Road”—Locomotive for Worldwide Economic Development*. The report presented the concept developed by LaRouche, on how the linking of the Eurasian rail network—then being finalized in cooperative agreements among Europe, Russia, and China—would provide the basis for a renewal of broad land-based trade and commerce throughout that most populous area of the world. The railroads, LaRouche argued, would become “corridors of development” for the countries of Eurasia and could provide the basis for international economic recovery.

The *EIR* report was presented at a Washington seminar in April 1997 addressed by Lyndon LaRouche and his wife, Helga Zepp-LaRouche, a co-author of the report, who had led a delegation to a Chinese government-sponsored conference on the topic in May 1996. Copies of the report were disseminated widely among Clinton Administration officials, as well as on Capitol Hill, and the ideas of LaRouche were widely discussed with Administration officials, to the point that the “New Silk Road” became a by-word in discussions on the topic in the nation’s capital.

The Administration was also dusting off a 1985 agreement on cooperation in the area of nuclear energy, which had been worked out during the Reagan Administration, but had been bushwacked by Blue Team cohorts on Capitol Hill.

In December 1996, Secretary of Defense Perry invited Chinese Defense Minister Gen. Chi Haotian to a visit at the Pentagon. Speaking in a joint availability with the Chinese General, Perry said: “These visits will serve a very useful function as confidence-building measures. They will allow our two militaries to gain better understanding and respect for each other. This is very important to prevent either side from taking actions based on misunderstanding or miscalculations. The importance of better understanding was emphasized by the tensions which have existed in the Western Pacific for the last two years. In fact, these tensions caused this return visit

to be postponed twice. Now [that] we are together, we have an obligation to make the most of this opportunity.” Chi also met with President Clinton.

The Chi visit, predictably, stirred up a hornet’s nest. House Speaker Gingrich staged a boycott with House Republicans when General Chi came to visit Capitol Hill. When Chi spoke at the National Defense University in Washington, one of the officers, probably in a pre-arranged operation, asked Chi about Tiananmen Square. General Chi replied that no one had been killed on the square itself. This was then immediately played by the *Washington Times* and other neo-conservative outlets as a “denial” by Chi that anyone had been killed during the Tiananmen uprising. Human rights honcho Rep. Chris Smith (R-N.J.) accused the Clinton Administration of “aggressive appeasement” of China.

Before Monica, There Was ‘Chinagate’

When the *American Spectator* first launched the Paula Jones sex scandal against Clinton, there was also well under way a second wave of scandal-mongering involving “Asian money” into the 1996 Clinton Presidential campaign. This later was embellished to become an issue of Chinese “influence-peddling.” Although it was widely known that the most influential foreign lobby in Washington is the Israeli, followed closely by the Taiwan lobby, now suddenly there was a new star on the horizon, and it was red. With the Cold War fast disappearing, the Blue Team was quick to create a new “enemy image,” without which it would quickly lose its political raison d’être—and perhaps most of its funding.

The new Defense Secretary, William Cohen, had his own ideas about reforming the Defense Department, and the more anachronistic operations in the Pentagon, such as Andy Marshall’s China-bashing Office of Net Assessments, were under the gun. Marshall had already received his “walking papers” from Cohen, in a not-so-subtle transfer from the Pentagon to the National Defense University. It was only with the direct intervention of Marshall’s political patrons, including former defense secretaries Don Rumsfeld and Dick Cheney, that the 79-year-old Marshall succeeded in retaining his Pentagon shop.

But the real target of “Chinagate” was Bill Clinton. Unable to unseat him by the election-process, the chicken-hawks were going to resort to scandal. The gameplan of the scandal-mongering would be twofold: On the one hand, they would conjure up a campaign finance scandal, in which Chinese “influence-peddling” would be the target. Simultaneously, there would be a targetting of precisely those high-tech agreements which China and the United States regarded as of great importance for the development of a viable economic relationship.

Commerce Secretary Ron Brown had also been the chairman of the Democratic National Committee (DNC), from which post he had helped launch Clinton into the Presidency in 1992; therefore, there were attempts to link Brown’s name to these scandals, even though responsibility for campaign

fundraising now lay with South Carolina's Don Fowler.

The scandal centered, in particular, around John Huang and Charlie Trie. Huang was an acting Assistant Secretary of Commerce, who had worked directly under Charles Meissner at International Economic Policy, who was killed in the plane crash with Brown. There, Huang dealt primarily with Asia and China affairs, according to his own account. By early 1995, he was asked to go over to the DNC under Fowler to help with the fundraising for the 1996 campaign. Trie was a restaurant owner in Little Rock, Arkansas, with extensive business ties both in the United States and China. His relations to the President went back to Clinton's days as governor, when he would take his repast at Trie's restaurant.

Another individual targeted was Johnny Chung, a businessman from southern California, who was accused of being a "facilitator" with the Clinton White House for COSCO, the China Ocean Shipping Company. One of the gimmicks used in the chicken-hawks' campaign, was to target COSCO as a PLA front. They attempted to prevent it from setting up business in Long Beach, California. Never before had such a long string of Asian names received so much publicity in the U.S. media. But they wouldn't be the last. The racist overtones of this McCarthyite scare campaign would reach their height when it came to the attack on a Taiwan-born researcher at Los Alamos National Lab, Dr. Wen Ho Lee. The hyping of the scandals in conservative mouthpieces such as the *American Spectator* and the *Washington Times*, combined with a flurry of activity by Blue Team honchos on the Hill, led to a demand for investigations to buttress Special Prosecutor Kenneth Starr's floundering Whitewater investigation.

There were also attempts to tie the campaign finance stories to Clinton national security policy. Perry, who would soon leave the Department of Defense, was portrayed in a particularly nasty piece in the *American Spectator* in April 1996, entitled "Peking Pentagon," as selling out U.S. military secrets to the Chinese. Later, in 1998, Triplett and Timperlake would publish the first of their rag-tag book-length "exposés" of the Clinton White House, entitled *The Year of the Rat*, with a cover picture of President Clinton on his first visit to Beijing reviewing the Chinese troops. The Regnery publishing company, which published the Triplett-Timperlake nickel-detective novels, had also played an active role during the 1950s in targeting alleged "Communist subversion" in the U.S. State Department.

But despite the McCarthyite atmosphere reigning in Washington, the Clinton Administration proceeded apace with its China policy. By the beginning of 1997, it was preparing for the visit to Washington of President Jiang Zemin.

Ironically, the visit would coincide with the first major blowout of the international financial system, the "Asia financial crisis." Shortly before the visit, Lyndon LaRouche, at a Washington seminar on Oct. 22, 1997, underlined its importance. It was, LaRouche stressed, "an attempt to reach a partnership between the leading military power of the world, and the largest nation of the world, a partnership on which the

survival of civilization depends." LaRouche underlined the importance of the Eurasian Land-Bridge, the export to China of those dual-use machine-tool technologies that it so desperately needs to sustain its economic growth, and the need to create a new, viable international financial system.

The President made a tremendous blunder, however, in relying on his Vice President in a matter as serious as China policy. The wreckage which Gore had caused in his major foreign policy area of interest, U.S.-Russian relations, ought to have warned the President. Nevertheless, Clinton had sent Gore on a visit to Beijing in the Spring of 1997. There he initially told the Chinese leaders that the scandal-mongering in Washington about Chinese influence-peddling was not going to affect the Administration's China policy. When that statement hit the press, Gore then back-pedaled, telling reporters that there would be "very serious" repercussions, if allegations about the Chinese regime's involvement were true, thus giving these rumors credibility.

In negotiations for the Washington summit, neither party succeeded in getting the breakthroughs that they wanted, at least not immediately. The United States wanted the release of some Chinese dissidents. This the Chinese were not quite prepared to do. The Chinese side wanted a public iteration of the "three no's" regarding Taiwan, but without the release of some more dissidents, this wasn't going to happen.

Nevertheless, the October 1997 summit was a major success for the Administration's policy. Clinton's comments at the final press conference, where he said that the United States had clear differences with China on human rights, helped fend off the awaited attacks by the China-bashers without offending his guest. Barring progress on other issues, the centerpiece for the summit would be the signing of the long-delayed agreement on nuclear energy. As one former Clinton Administration official put it, "There was now a notional agreement within the Administration to build toward a strategic partnership with China."

Two weeks after President Jiang left Washington, China released Wei Jingsheng, who was allowed to go to the United States. Shortly after that, they released the other major Tiananmen-era dissident in prison, Wang Jun.

The successful summit also provided an opportunity for moving forward on the "new financial architecture." The "Asian financial crisis" had been weathered largely thanks to the Chinese commitment not to devalue their currency, the renminbi. In April 1998, the Group of 22 nations came to Washington to discuss the issue of this "new architecture" with Treasury Secretary Rubin as the host of the meeting. But already at this point, the combined opposition of the New York and London banks to anything that "monkeyed" with their "free market system" was beginning to block any ambitions by the government for substantive change.

Asked by *EIR* that April about the possibilities of a "New Bretton Woods system," Treasury Secretary Rubin was non-committal: "I don't know what a New Bretton Woods is. I don't know quite what that means. I think it was enormously

important to the success of the global economy for the past 50 years.” But as to the then-ongoing discussion of finance ministers, Rubin said, “Probably when all is said and done, the changes would not, in their totality, be as far-reaching as the original Bretton Woods.”

In September 1998, President Clinton spoke to the New York Council on Foreign Relations. He again called for financial reform, but—meeting opposition from the international financial community—he was starting to waffle. The President broached a “new financial architecture,” but whittled down to the dimensions deemed feasible by international bankers: He spoke generally about bringing more countries into the World Trade Organization, greater “transparency” on financial markets, more free trade—all under the umbrella of the omnipotent International Monetary Fund conditionalities.

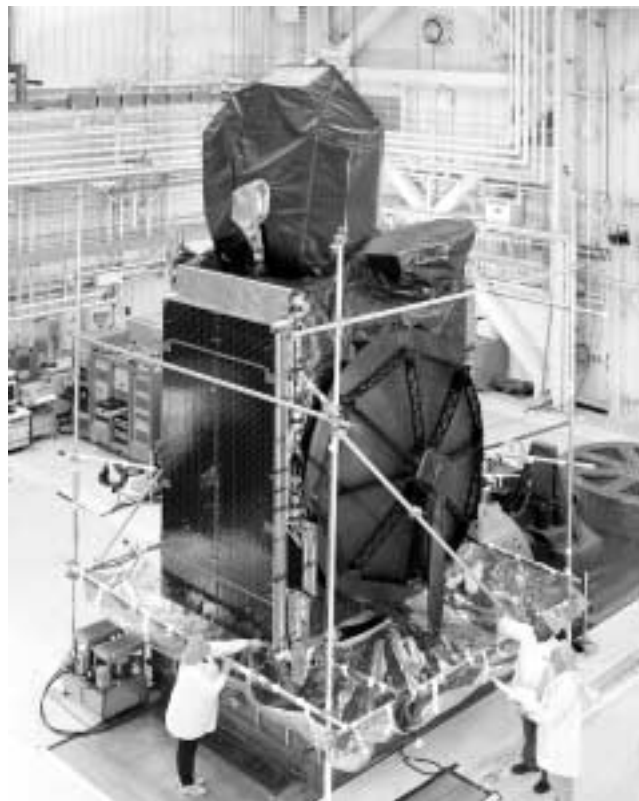
The Chinese Rocket Hoax

In the Spring of 1998, the White House was in the midst of preparations for President Clinton’s scheduled trip to China in June of that year. The anti-China lobby was busily preparing a political assault to sour the meeting between the two Presidents, by deflecting attention to a new Clinton-China scandal, and away from the engagement policy with China that President Clinton had been developing.

On March 31, U.S. Ambassador to China James Sasser reported to the Asia Society that the Embassy in Beijing had been hosting American religious leaders, arms negotiators, and Administration officials in order to “return to normalcy in the way we engage one another.” Sasser thanked the Chinese for helping to solve the recent “Asia financial crisis,” and complimented their plan to invest \$1 trillion in infrastructure projects over the following few years.

In preparation for President Clinton’s trip, on March 18 *Washington Times* China-hawk and neo-con leaker Bill Gertz penned an article alleging that a classified memorandum indicated the Administration was considering proposing a “missile deal” with China during the summit. He was referring to the use of Chinese rockets to launch American-built commercial communications satellites. Actually, it was President Ronald Reagan who, in 1988, gave a green light to granting export licenses to U.S. companies for satellite launches, and in 1989, the first Bush Administration signed an agreement to allow nine such launches through 1994.

After the 1989 bloodshed in Tiananmen Square, a Presidential waiver was required to nullify the sanctions imposed on China by Congress. Nine such waivers were signed by President Bush, and seven by President Clinton. Before the June 1998 Clinton-Jiang summit, the Administration was considering removing the sanctions that had been imposed in 1989, to allow China to launch U.S.-built commercial satellites under a blanket Presidential waiver, eliminating the case-by-case approval then required. The Administration was also considering increased civilian space cooperation with China, which had been discussed by a team from the National Aeronautics and Space Administration during a visit to Beijing.



Loral and Hughes engineers investigated the failure of the Long March rockets that carried their satellites in order to be able to obtain insurance for future launches. Commercial communications satellites, such as this Boeing-built Galaxy 3C, can cost \$200 million.

The memorandum proposed that, in return, China formally join the Missile Technology Control Regime.

One week later, Frank Gaffney’s Center for Security Policy issued an hysterical press release, stating that Congress must investigate a litany of charges against the Clinton Administration on “national security” grounds. These centered around increased trade with China, and the fact that leading aerospace companies had helped the Chinese investigate failures in their Long March rocket launchers, supposedly illegally transferring technology to Communist China’s missile program. This so-called security breach had taken place in 1996, and had been under investigation by the FBI.

But few people take Frank Gaffney seriously, so it fell to the *New York Times* to make such charges seem credible. On April 4, a *Times* front-page story reported that two satellite manufacturers were suspected of having provided “space expertise that significantly advanced Beijing’s ballistic missile program.” On April 13, *New York Times* writer Jeff Gerth accused the Clinton Administration of throwing national security to the wind by granting a waiver for an export license to the Loral Company, allowing the launch of one of its commercial communications satellites aboard a Chinese rocket while an FBI investigation into earlier technology-sharing



No credible evidence was ever presented to the congressional investigating committee that China had obtained information from American engineers that increased the capability of its missiles. Chinese rockets were seen on display in November 2002, at the China International Aviation and Aerospace Exposition in Zhuhai, China.

incidents was still under way. The reason for such a scandalous act, it was proposed, was that Loral's founder and chairman, Bernard Schwartz, was a large contributor to the Democratic Party, and this waiver was a political pay-back.

Within a week, Iran-Contra liar Oliver North penned an op-ed in the *Washington Times*, saying that it was "too bad [Special Prosecutor] Starr won't be able to include this Clinton-China caper within the scope of his investigation," revealing that the true intent of the China accusations was not national security, but getting rid of the President.

On May 18, Loral responded to the allegations, stating that when a Loral satellite was lost on the Long March in 1996, the U.S. satellite insurance company was unwilling to insure Loral's future Chinese launches unless non-Chinese engineers concluded that the problems with the launcher had been solved. The Chinese determined that the problem was with a defective solder joint, a low-tech matter, with which a committee of U.S. engineers concurred. Loral stated that the only issue involved was that the committee of engineers presented its conclusions to the Chinese before consulting with State Department authorities—fundamentally, a breach of procedure. (Years later, when this case was finally resolved, Loral was levied a fine, solely for this procedural misstep.)

According to a Loral representative at that time, the company recognized that "there are some people who think we shouldn't have any trade with China at all." He cautioned, concerning the accusations in the press: "Remember, your information is from the *New York Times*."

On May 14, *New York Times* reporter Gerth wrote an article centering on sensational leaks from the Justice Department that money given by Johnny Chung, a former Democratic Party fundraiser, to the party, had come from a top

Chinese military official through his daughter, who was an executive of China Aerospace Company. On the basis of these *New York Times* "revelations," House Speaker Gingrich called on the President to cancel his June trip to China. White House spokesman Mike McCurry foolishly dismissed the brouhaha saying, "After the dust settles . . . and some reason comes back to prevail in the halls of Congress, we'll move on, get on with the relationship."

Congress lost no time in applying its own "expertise" in rocket science to the blossoming scandal. But testimony by witnesses, from the standpoint of the China-hawks, was disappointing. On May 21, before the Senate Governmental Affairs Committee, John Pike, security expert for the Federation of American Scientists, ridiculed the proceedings as a "kangaroo court" and a new McCarthyism aimed at the President. He stated that while it is possible that some technical information did pass to the Chinese, "there is no 'secret ingredient' to American rocketry that could produce startling breakthroughs for the Chinese." As to whether American technical information improved Chinese ICBMs, Pike said, "There is no indication that this has in fact happened, there is little reason to anticipate that it will happen, and even less reason for American concern, should it happen."

Undeterred, within a month of the *New York Times*' "revelations," Gingrich called for the establishment of a congressional committee to investigate the charges that the Clinton Administration's "liberal" trade policies, fuelled by political payoffs, had transferred advanced technology to China that could damage the national security of the United States. On June 18, the House passed Resolution 463, authorizing a Select Committee to investigate a "range of issues" relating to technology transfer to China. Rep. Christopher Cox (R-Calif.) was appointed the chair of the House Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China. Senate Majority Leader Trent Lott (R-Miss.) set up a companion, though less publicized, committee in the Senate.

But the Republican-controlled Congress was not waiting for evidence to begin legislatively dismantling the Clinton Administration's policy of constructive engagement with China. On May 20, the House approved four measures designed to limit satellite and high-technology exports to China. It also passed a non-binding "sense of the Congress" resolution, urging President Clinton not to enter into any new agreements with China involving space or missile technology during his upcoming June summit in Beijing. The resolution stated categorically that the granting of a waiver to Loral Space and Communications earlier in the year, was "not in the national interests of the United States."

By July 14, Senator Lott, impatient with the slow pace of the investigation and requests by some Senators that there be some deliberation on the matter, delivered an "interim report," stating that 13 Senate hearings had been held, by four committees, hearing 32 witnesses. Ignoring what most of the witnesses had testified to, Lott simply asserted that "China

has received military benefit from U.S. satellite exports.” This had been contradicted in Senate hearings by the Undersecretary of Defense, the Director of the Defense Technology Security Administration, and the Principal Deputy Undersecretary of Defense for Policy. Even Senate Intelligence Committee Chairman Richard Shelby (R-Ala.) found this hard to take, stating, “I have not made any preliminary judgment as to where we are at this time. We’ve only had six hearings.”

Throughout the Summer of 1998, more than two dozen hearings were held, and as the hearings droned on, the press, and probably some of the Congress, realized there was no treason against the United States to be found.

By October, the Cox Committee had held 26 closed-door briefings and additional public hearings without turning up any convincing evidence that national security had been compromised through the launch of U.S. satellites on Chinese rockets. The Committee therefore decided to expand the scope of its investigation, or fishing expedition, to include supercomputer and precision machine-tool exports to China—both of which were readily available to the Chinese from non-U.S. vendors. This move would open the door for a potentially much bigger scandal, which would come along to save the China-hawks’ day.

The Nuclear Spy Hoax

According to his own account of events, Notra Trulock, former director of intelligence at the Department of Energy, said that the Cox Committee hearings finally gave him the opportunity to present to Congress charges he had been investigating—probes which had been thwarted by the DOE and the FBI for lack of evidence—that China had obtained classified nuclear weapons intelligence through Chinese-American spies in the DOE’s nuclear weapons laboratories.

On Sept. 1, Trulock met with the Cox Committee staff in a closed session to discuss high-performance computers. According to Dan Storber and Ian Hoffman in their book *A Convenient Spy*, Trulock talked about how China might use high-performance commercial computers to build advanced nuclear weapons. As the authors were told by a Committee staffer, Trulock dropped a bombshell, saying these computers would be especially helpful when combined with the secrets on nuclear weapons design China had stolen from Los Alamos and Lawrence Livermore Laboratories!

On Nov. 12, Trulock was invited back to Capitol Hill to peddle his sensational story to the Committee members themselves. Trulock worked closely with the Cox Committee’s staff director Dean McGrath, in bringing this issue to the forefront. McGrath now serves as Dick Cheney’s chief Legal Counsel, fending off the calls for investigating Cheney’s role in the Iraqi weapons of mass destruction (WMD) hoax. Another of Cheney’s hatchet-men, his chief of staff Lewis Libby, was also a key player in the Cox Committee witch-hunt. It was Libby who was the main figure in the Vice President’s office in putting political “spin” on the phony

information given to the Congress about Iraqi WMD.

The Congressmen were floored by Trulock’s testimony. Trulock later described the reaction of Rep. Norm Dicks (D-Wash.), the ranking Democrat on the Committee, as “apoplectic.” The anti-China lobby had what it had aimed for. As Rep. John Spratt (D-S.C.) later stated: “The Cox Committee had been cranked up expecting to find some significant lapse of security in the satellite launches. Instead, we went into the Fall with a ho-hum set of findings that weren’t going to alarm anybody. And then Notra Trulock comes along with a story of nuclear espionage.” Trulock came back for one more hearing before the Cox Committee on Dec. 16, 1998, as it was preparing the final version of its report.

The Cox Committee completed its report on Jan. 1, 1999. Five months of wrangling with the White House ensued, over how much of its more than 1,000-page tome could be released to the public. The Administration was well aware that the previous year’s satellite scandal had been upstaged by charges of nuclear weapons espionage, which was now by far the most potentially damaging aspect of the report. According to various sources, the White House decided to start to leak part of the Committee’s findings, fed to it by Trulock, before the official release, to try to blunt the propaganda impact.

Using cartoon-like cloak-and-dagger and guilt-by-association methods of evidence gathering, Trulock had decided that at least one of the Asian-born scientists working at the weapons laboratories had spied for the People’s Republic of China. While some evidence of relatively minor infractions had been uncovered, China watchers had convinced themselves that the designs for the American W70 enhanced radiation warhead, or neutron bomb, and the W88 advanced nuclear warhead had been stolen by the Chinese. Their evidence consisted of the fact that the Chinese had tested similar weapons, and the assumption that Chinese scientists could never have developed the technology on their own.

The hair-raising descriptions of the importance of these weapons led to the highly exaggerated claim that the Chinese had stolen the “crown jewels” of America’s nuclear arsenal. If the charges were to be believed, as the Cox Committee claimed—that the Chinese were planning to aggressively take over Taiwan, and also aim its new arsenal at the United States—then these “stolen secrets” were a matter of the highest breach of national security.

While the White House and the Republican-controlled Congress wrangled over how much of the Cox report could be declassified, juicy leaks started to appear. On Feb. 17, Walter Pincus revealed in the *Washington Post* that the U.S. weapons labs had Chinese spies, making the Cox Committee accusation public for the first time. The timing was not accidental.

On Jan. 12, President Clinton had sent to Congress the formal certifications and report required by law to implement the U.S.-China Agreement for Peaceful Nuclear Cooperation, which had languished since it was signed in 1985. The President’s action followed talks he held with China’s leader Jiang



Dr. Wen Ho Lee's family, co-workers at Los Alamos Lab, and Asian-American organizations carried out a campaign to have the computer scientist, accused of passing nuclear weapons secrets to China, released from prison. An unprecedented protest was also made by the nation's scientific establishment.

Zemin in Washington the previous October, when President Clinton had announced that he would certify that China had met, or was in the process of meeting, non-proliferation concerns. A few weeks later, Commerce Secretary William Daley was scheduled to visit China to discuss the bids of U.S. companies to build commercial nuclear power plants in China. And in April, Chinese Prime Minister Zhu Rongji was scheduled to make a state visit to Washington.

On March 6, 1999, Jeff Gerth and James Risen wrote an article in the *New York Times* quoting “unnamed Administration officials” stating that espionage by China, believed to have occurred in the mid-1980s, would lead to a “leap” in its development of miniaturized bombs, using secrets stolen from Los Alamos.

“At the dawn of the Atomic Age, a Soviet spy ring that included Julius Rosenberg had stolen the first nuclear secrets out of Los Alamos,” Gerth and Risen wrote. “Now, at the end of the Cold War, the Chinese seemed to have succeeded in penetrating the same weapons lab.” The article stated that the FBI had been investigating an unnamed Chinese-American computer scientist at Los Alamos, and complained that the Bureau had dragged its feet, evidenced by the fact that there had been no arrests. But after “prodding from Congress, and the Secretary of Energy,” the reporters stated, government officials finally administered a lie detector test to the “main suspect,” which he failed. (This was later shown to be a lie.)

The *Times* article referred to the testimony the previous Fall to a closed Cox Committee session by Trulock—who had come to the meeting armed with his bachelor’s degree in political science. Accusations that the Administration had

covered up this national security scandal were countered by National Security Council official Gary Samore, who had been dealing with the Chinese on non-proliferation issues. Samore told the *Times* that the NSC did not accept the Energy Department’s conclusion that Chinese advances in nuclear technology stemmed from the theft of U.S. secrets. (Two weeks later, the *Times* would brag that it was its article that got the “nuclear spy” Wen Ho Lee fired.)

Senator Lott immediately called for hearings, and for sanctions against the Administration’s China policy. Soon after, it was revealed that the computer scientist who was accused of giving away America’s nuclear “crown jewels” was one Wen Ho Lee. On March 10, Energy Secretary Bill Richardson announced that Dr. Lee had been fired. He also announced that more than

1,000 laboratory scientists who handle classified material would be given polygraph tests. This policy would, over time, result in the exodus of Asian-American scientists from the weapons lab, demoralization among all of the nuclear scientists, and a fall-off in foreign scientists coming to the United States—creating a real threat to national security.

The Administration initiated two investigations of its own into the Cox Committee’s accusations. An independent panel convened by CIA Director George Tenet, headed by Adm. David Jeremiah (ret.), confirmed what the CIA had earlier concluded—that Trulock’s conclusions about Chinese access to nuclear secrets were uncertain. It also pointed out that China traditionally has had a nuclear *deterrent*, not an offensive strategy. The review by the President’s Foreign Intelligence Advisory Board, led by former Sen. Warren Rudman (R-N.H.), concluded that there was no hard evidence that Wen Ho Lee, or anyone else at Los Alamos, was the source of any classified information obtained by China.

As the furor grew, Chinese Prime Minister Zhu Rongji, after a meeting with President Clinton on April 8, was asked to respond to the allegations that China stole nuclear secrets from U.S. weapons laboratories. “As a senior engineer, I’ve been in charge of the industry in China for more than 40 years,” Zhu explained. “and I have never known any of our most advanced technology came from the United States.” More broadly, the Prime Minister said that “technology development, or technologies, are the common heritage, or common property, of mankind, and in scientific inventions, actually all roads lead to Rome.” He named some of the scientists who have led China’s space and nuclear programs, and said

that although many studied abroad, what they brought back to China was not secrets, but their brains.

Meanwhile, the FBI was threatening Wen Ho Lee that he would end up like the 1950s nuclear spies, the Rosenbergs—that is, electrocuted—and an hysterical press and Congress carried out one of the most disgraceful, deceitful, politically motivated witch-hunts in American history. After the release of the Cox report in May 1999, new rounds of hearings were held in Congress, and daily news media leaks fuelled the fantastic allegations. At the same time, bits of interesting information also surfaced, which quickly began to discredit the entire case against Dr. Lee. This included the fact that alleged nuclear spy Dr. Lee's wife Sylvia was an "informational asset" of the FBI, reporting to the Bureau on the activities of Chinese scientists who came to visit the United States. And that Wen Ho Lee was originally from Taiwan, not "Communist China," and would have no "ethnic" reason to spy for the People's Republic of China.

It also became public that the Lees were *requested by Los Alamos* to make trips to China, and that every one they made was approved by the Lab. In addition, an undercover sting operation run by the FBI in 1998 to try to get Dr. Lee to spy for China, was met with a rebuff. It began to look less and less as though this Asian-American computer scientist was "a bigger threat to national security than the Rosenbergs."

Over the Spring and Summer, while Notra Trulock became the star witness for the prosecution, the nation's most eminent scientists mobilized a counter-attack.

Nuclear physicist Edward Teller, the elder statesman of nuclear weapons design, wrote in a commentary in the May 14, 1999 *New York Times*, that even if there were Chinese spying, this case should not be compared to that of Klaus Fuchs and the Soviet Union 50 years ago. Chinese scientists, Dr. Teller stated, "have had 50 years to consider the possibilities that we kept secret." What most disturbed Teller was that on March 15, Senator Shelby had asked the DOE to suspend parts of an exchange program involving more than 20,000 foreign scientists. "At present," Dr. Teller wrote, "the proposed remedy is more security. . . . Let us remember that past military successes have been accomplished by remarkable people from abroad, for instance, Enrico Fermi. I claim that our continuing security is acquired by new knowledge, rather than by conserving old knowledge."

On May 25, the much-anticipated 700-page declassified version of the Cox Committee report was released to the press. Its conclusions were sweeping, categorical, and wholly without foundation. The first conclusion was that "the People's Republic of China has stolen design information on the United States' most advanced thermonuclear weapons." The second was that the "Committee judges that elements of the stolen information on U.S. thermonuclear warhead designs will as-



On Sept. 13, 2000, with an apology from the judge, Dr. Wen Ho Lee was freed. Even the New York Times apologized in print for its role in the witch-hunt. In December 2000, Dr. Lee celebrated his 61st birthday with family and friends.

sist the P.R.C. in building its next generation of mobile ICBMs." And the report went on from there.

At the press conference where the report was released, under Representative Cox's assurance that the Committee's conclusions were unanimous and bipartisan, Representative Spratt revealed that the Committee did not "have time" to actually consult with scientists who are experts in nuclear weapons science and technology! "We relied on a few witnesses out of necessity," Spratt complained. "We didn't substantiate their testimony with the experts at the national labs."

Spratt referenced a letter from former Los Alamos director Dr. Harold Agnew, who stated that no one could make a bomb from computer codes, such as those Wen Ho Lee had worked on. "We didn't have the opportunity to call witnesses like Dr. Agnew," Spratt stated.

On May 30, Dr. Agnew, director of the Los Alamos Laboratory from 1970 to 1979 when the W88 warhead had been developed, and Dr. Johnny Foster, who headed the Lawrence Livermore weapons laboratory from 1952 to 1965, responded to the Cox Committee report, and the sweeping claims of damage to national security that were being made on Capitol Hill. Both said that whatever the Chinese might have obtained through espionage, would only have added to what its scientists already knew. Dr. Agnew revealed that the original W88 design went back to the 1950s. "The Chinese physicists certainly have the brains to develop their own weapons," Dr. Agnew stated.

By June, the press was reporting that it was "unlikely" that Wen Ho Lee would face charges of spying. The *New York Times* even reported that there were no witnesses, there was no motive, and there was no evidence that Lee was "ideologically allied with Beijing." In September, Robert Vrooman, who headed counterintelligence at Los Alamos from 1987 to 1998, revealed that Notra Trulock's entire inquiry had been marred by a racist bias against Chinese-Americans. Vrooman also



President Clinton reviewed Chinese troops during his June 1998 visit to Beijing. The President's attempt to engage China in a policy based on mutual self-interest and economic engagement was, at every step, sabotaged by adversaries who now advise President Bush.

noted that one secret document describing the advanced W88 nuclear warhead had been mailed to 548 addresses in the government and the military!

But months of constant scare headlines had taken their toll, with the Clinton Administration defensively repeating that it had not dragged its feet on finding nuclear spies. On Dec. 10, 1999, Wen Ho Lee was indicted by a grand jury on 59 felony counts, including the charge that he had removed classified nuclear weapons data “with the intent to injure the United States and with the intent to secure an advantage for a foreign power.” This was the first such indictment ever under the 1950s Atomic Energy Act.

In judicial hearings over the next eight months, Dr. Lee was refused bail, because government witnesses made fantastic claims that, were he free, the national security of the United States would be at risk. Dr. Lee was kept in solitary confinement. Even the usually apolitical scientific community wrote letter after letter protesting the conditions of his confinement.

Finally, on Aug. 24, 2000, Judge James Parker released Lee on \$1 million bail, and five days later, ordered the government to turn over thousands of pages of classified materials to him, so he could determine if Lee had been unfairly singled out for prosecution because he is a Chinese-American, as was being charged by the defense. By then Judge Parker knew that the Justice Department would rather drop the bogus charges than turn over the classified information, which would have exposed its show trial for what it was.

On Sept. 13, with the government's concurrence, Judge

Parker accepted Dr. Lee's plea of guilty to one count of mishandling sensitive data, dropped the other 58 counts against him, and made an extraordinary public statement of apology to Dr. Lee. One newspaper cartoon showed Dr. Lee and his lawyer standing in front of Judge Parker. The judge is saying: “Of the 59 charges, we're dropping all but one: making the federal government look like idiots.”

“Dr. Lee,” Judge Parker stated, “I tell you with great sadness that I feel I was led astray last December by the Executive Branch of our government through its Department of Justice, its Federal Bureau of Investigation, and by its United States Attorney for the District of New Mexico.” He scored the leadership of the Departments of Energy and Justice as responsible, and concluded, “They did not embarrass me alone. They have embarrassed our entire nation and each of us who is a citizen of it.”

Just Barely Holding On

Despite all of the attempts to wreck his China diplomacy, in 1998 President Clinton visited Beijing, spending an unprecedented nine days in China. On June 12, he invited a group of Chinese reporters in to speak with him at the White House on the eve of his trip. “I think we should be partners for stability and security in Asia,” President Clinton told them. “The Chinese recently led our five-party talks on the situation in South Asia as a result of the nuclear testing by India and Pakistan. That's just one example. The work we're doing together to promote peace on the Korean Peninsula is another. The work

we're doing together to try to promote stability and to restore growth to the economies of Asia is another."

President Clinton's June 1998 visit to Beijing was, however, coming under fire from the chicken-hawks. They warned him not to agree to a formal ceremony at Tiananmen Square, with Gingrich getting the House to pass a resolution to that effect. Unable to change the site of the official reception, the President did get an agreement to give a speech to students at Beijing University, which was televised live to Chinese audiences. The Chinese went one step further, and allowed the Clinton-Jiang press conference to also be televised live.

Speaking to the students at the university, Clinton underlined his vision for China's future role in the world: "For all the grandeur of your history, I believe your greatest days are still ahead. Against great odds in the 20th Century China has not only survived, it is moving forward dramatically. Other ancient cultures failed because they failed to change. China has constantly proven the capacity to change and grow. Now, you must re-imagine China again for a new century, and your generation must be at the heart of China's regeneration. The new century is upon us. All our sights are turned toward the future. Now your country has known more millennia than the United States has known centuries. Today, however, China is as young as any nation on Earth. This new century can be the dawn of a new China, proud of your ancient greatness, proud of what you are doing, prouder still of the tomorrows to come. It can be a time when the world again looks to China for the vigor of its culture, the freshness of its thinking, the elevation of human dignity that is apparent in its works. It can be a time when the oldest of nations helps to make a new world."

Later, speaking in a roundtable discussion with local residents in Beijing on June 30, the President for the first time made public his commitment to the "three no's."

But despite the major gains, Clinton's China policy was unraveling. While the President would survive the impeachment, the public spectacle became a continual distraction, making it difficult for him to stay engaged in China policy. There was no cooperation whatsoever from the Republican side with regard to China or any other matter by that point. As one former Clinton Administration official put it: "The conservatives attacked and attempted to undermine everything that the President did on this front. It made it very difficult to formulate policy."

Two months after President Clinton's visit to China, the chicken-hawks issued a statement, under the rubric of the Project for a New American Century, effectively calling for an end to the "One China" policy. "Efforts by the Clinton Administration to pressure Taipei to cede its sovereignty and to adopt Beijing's understanding of 'One China' are dangers and directly at odds with American strategic interests, past U.S. policy, and American democratic ideals," the statement said. The time for strategic and moral "ambiguity" is past.

"We urge the administration and leaders to make a clear statement of America's commitment to the people of Taiwan." Among the signators of the statement were John Bolton, Robert Kagan, Paul Wolfowitz, James Woolsey, Elliott Abrams, and William Kristol.

The end phase also found President Clinton much too preoccupied in a near-suicidal attempt to assist Al Gore in his bid for the Presidential nomination. When Clinton was unable to attend the Asia-Pacific Economic Cooperation (APEC) summit in Kuala Lumpur, Malaysia, in November 1998, he sent Gore, who, at a dinner for the APEC Business Summit, issued a clarion call for anti-government "democracy" movements in the APEC nations, including the host country of the summit, Malaysia, after which he demonstratively walked out of the dinner. Less damage to the reputation of the United States in Asia would have been done if no one had been sent at all.

Then, in 1999, during the military actions against Belgrade, NATO forces bombed the Chinese Embassy in the city. Although the Administration claimed that the bombing had been due to "faulty intelligence," the strong suspicion remained that somebody somewhere in the chain-of-command really wanted this to happen and, in all likelihood, it was perpetrated by the same people who wanted Clinton's China policy to fail. As LaRouche warned in a statement on June 25, 1999, "The situation is now rapidly developing, in which President Clinton's failure to concede that the bombing of China's Belgrade Embassy was no accident, is becoming a crucial element in a pattern of developments now leading in the direction of potential nuclear war among great powers and others."

Clinton's silence on the issue allowed the bitterness to fester. "In 1999, it all fell apart," as one Clinton official with responsibility for China policy put it. As another said, "China fatigue was setting in." The Embassy bombing was perhaps the last nail in the coffin for the Clinton China policy. A chill set in, which in spite of Clinton's success in getting Congress to give China Permanent Normal Trade Status in the last part of his Administration, never entirely disappeared, and was exacerbated by the new Bush Administration's announcement that China was now a "competitor" to the United States.

The Clinton Administration tried to change the rules of the game as the world entered the new century, away from geopolitics toward what LaRouche characterized as a "community of nations" orientation. The chicken-hawks had their own gameplan, as we have seen it develop after Sept. 11, in their drive toward imperial-style wars in Afghanistan, Iraq, and, if given the chance, many other places of the world.

If the Bush Administration comes to its senses and embarks on a policy for pulling the United States and the world out of the worst financial crisis in history, it will have to throw all of these neo-con vultures out of government service. If it fails to do so, they will come back to destroy him in the same way they attempted to do with his immediate predecessor.

A Nuclear War When?

Our coming issue will feature a strategic assessment by Presidential candidate Lyndon LaRouche, which makes brutally clear why his campaign's mobilization to force Vice President Dick Cheney's *immediate* resignation, is no partisan political battle nor simply domestic anti-fascist fight, but a matter of survival of the United States and other nations. War including nuclear-weapons use, against apparently weak or Third World nations, apparently incapable of resisting U.S. military power, is at the top of the Cheney gang's agenda—including the threat of a "new 9/11" to justify it. But such intimidation with nuclear weapons, LaRouche's historical study will show, will instead change the global strategic threat of worldwide nuclear war, in ways that neither dumb Dick Cheney nor his Synarchist corporate and banker backers understand.

In "World Nuclear War When? or, How Harry Truman Defeated Himself," LaRouche writes: "In mid-1945, there was never any rational military need, under a policy of strategic defense, for our making a forced entry into the main island of Japan. . . . All the relevant available reports indicate that former Captain Truman did not consult General MacArthur, the relevant commander, on the matter of using nuclear weapons; but, the military implications of the reports from MacArthur's staff were clear. General Eisenhower, in Europe, was consulted, and did warn against such a use of nuclear weapons; but Truman went ahead, anyway. That Truman decision was the beginning of the tradition of strategic lunacy which has seized the office of the President of the U.S.A., under "Svengali" Cheney's poor "Trilby," Bush, today."

And later, "I point our attention to a set of extended remarks by a relevant British military historian Correlli Barnett, as to be found beginning page 13 of the fourth volume of his series, his 2001 *The Verdict of Peace*. My purpose in referencing his work, is to show you a relevant comparison between the present logic of today's medium-term threat of major nuclear conflict and the strategic situation which existed in 1949-1950 East Asia, as summarily identified by a quote from President Truman's Undersecretary of State George Kennan:

The U.S. [Truman] Administration did not consider that the Russians were preparing to enter the war. There were signs that they intended to leave themselves a way out and it was a reasonable assumption, therefore, that the Russians were merely making an important probing. There was no evidence that this adventure contained the seeds of a major war, and it was important to cope with it in such a manner as to restrict it to minor proportions.

LaRouche continues, "Cheney and his fellow-Synarchists are fatally blinded by their bi-polar, brutishly egoistical, orgasmic faith in the imagined cleverness of their pathological impulses. They are also self-blinded, that to a most crucial strategic effect, by that kind of self-inflicted folly which Barnett identifies with the Truman Administration's plunge into setting off the war in Korea. The Bush Administration's lunatic policy toward Korea today, shows that Cheney's role in that administration is also an historical irony, a policy impelling the current Bush Administration toward an awful caricature of Truman's own earlier blunders.

"Worse than the danger in their Korea policy itself, Cheney and his crew are impelling the United States toward a spread of the kind of nuclear warfare which no one, including the United States, could actually win. Such a new variety of doomsday war is, most unfortunately, possible under appropriate circumstances; but, for reasons I shall identify below, no side would win it in terms any sane member of modern European culture would consider acceptable. Cheney's continued presence in the Bush Administration now, could lead to such awful results, not because he cares about the outcome, but only for the evil satisfaction of doing the deed. . . .

"Compare that with the effect of Cheney's repeated threats, since he was Secretary of Defense in the 1989-1993 Bush Administration, of nuclear warfare against, implicitly, post-Soviet Russia and other targets."

That effect, including the threat of a global nuclear-weapons response to U.S. intimidation, is the threat of leaving Cheney in office even a short while longer.

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