

# EIR

Executive Intelligence Review

January 14, 2005 Vol. 32 No. 2 [www.larouchepub.com](http://www.larouchepub.com) \$10.00

LaRouche Webcast: Confront the World's Deadly Crisis  
Bush Loses Battle in War To Loot Social Security  
Debt Moratorium Supported for Tsunami Victim Nations

**Dems Met LaRouche's Challenge;  
Debate Shreds Bush 'Mandate'**



# FIDELIO

Journal of Poetry, Science, and Statecraft

*Publisher of LaRouche's major theoretical writings*

Fall 2004

## *Those Populist Fools Who Would Seek A Contract Even With God*

Lyndon H. LaRouche, Jr.

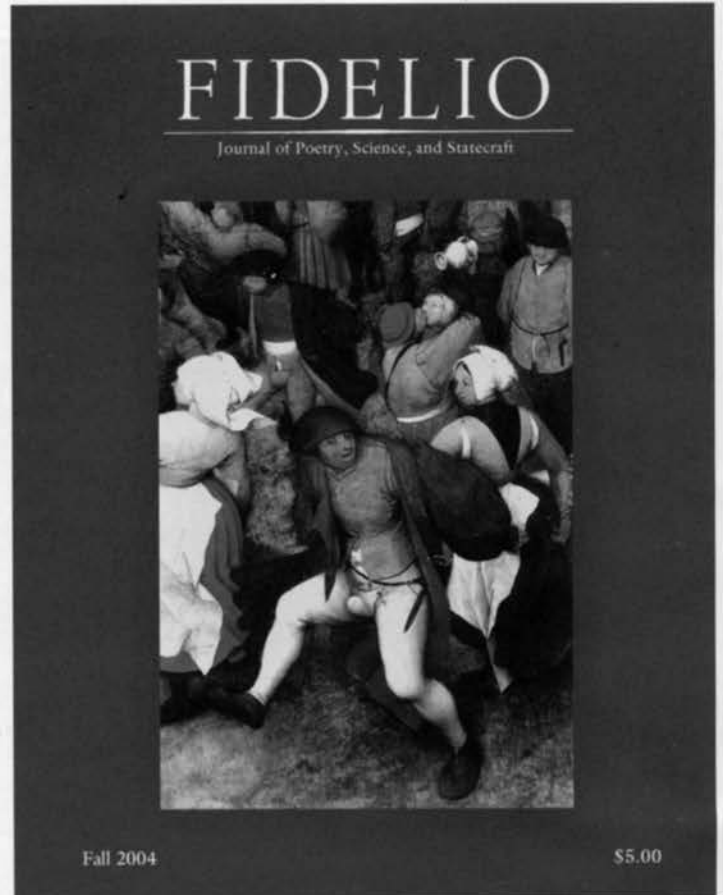
In the works of Erasmus, More, Rabelais, Cervantes, and Shakespeare, the word 'folly' has a profoundly ironical, ambiguous meaning. In their usage, it refers to a time when madness had overtaken a nation and its people, a time of foolishness, like that of the recent decades of our own U.S.A., which prompts the foolish popular opinion of that time to regard as fools their contemporary wise men and women, rather than their own misguided, foolish selves.

## *A Shakespeare Dialogue: Acting On the Stage of History*

Stanley Ezrol, Terry Jones, Gerald Rose

## *The One and the Many, and the Dialogue Among Cultures*

Helga Zepp LaRouche, Ken Kronberg, Richard Welsh



Sign me up for **FIDELIO** \$20 for 4 issues

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_  
TEL (day) \_\_\_\_\_ (eve) \_\_\_\_\_

Make checks or money orders payable to:

**Schiller Institute, Inc.**

Dept. E P.O. Box 20244 Washington, D.C. 20041-0244

[www.schillerinstitute.org](http://www.schillerinstitute.org)

# EIR

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editorial Board: Lyndon H. LaRouche, Jr.,  
Muriel Mirak-Weissbach, Antony Papert, Gerald  
Rose, Dennis Small, Edward Spannaus, Nancy  
Spannaus, Jeffrey Steinberg, William Wertz  
Editor: Nancy Spannaus

Associate Editors: Ronald Kokinda, Susan Welsh

Managing Editor: John Sigerson

Science Editor: Marjorie Mazel Hecht

Technology Editor: Marsha Freeman

Book Editor: Katherine Notley

Photo Editor: Stuart Lewis

Circulation Manager: Stanley Ezrol

INTELLIGENCE DIRECTORS:

Counterintelligence: Jeffrey Steinberg,

Michele Steinberg

Economics: Marcia Merry Baker,

Lothar Komp

History: Anton Chaitkin

Ibero-America: Dennis Small

Law: Edward Spannaus

Russia and Eastern Europe:

Rachel Douglas

United States: Debra Freeman

INTERNATIONAL BUREAUS:

Bogotá: Javier Almaro

Berlin: Rainer Apel

Caracas: David Ramonet

Copenhagen: Poul Rasmussen

Houston: Harley Schlanger

Lima: Sara Madueño

Melbourne: Robert Barwick

Mexico City: Rubén Cota Meza

New Delhi: Ramtanu Maitra

Paris: Christine Bierre

Rome: Paolo Raimondi

United Nations, N.Y.C.: Leni Rubinstein

Washington, D.C.: William Jones

Wiesbaden: Göran Haglund

*EIR* (ISSN 0273-6314) is published weekly (50 issues),  
by *EIR News Service Inc.*, 217 4th Street, S.E.,  
Washington, DC 20003. (202) 543-8002. (703) 777-  
9451, or toll-free, 888-EIR-3258.  
World Wide Web site: <http://www.larouchepub.com>  
e-mail: [eirms@larouchepub.com](mailto:eirms@larouchepub.com)

**European Headquarters:** Executive Intelligence Review  
Nachrichtenagentur GmbH, Postfach 2308,  
D-65013 Wiesbaden, Bahnstrasse 9-A, D-65205,  
Wiesbaden, Federal Republic of Germany  
Tel: 49-611-73650.

Homepage: <http://www.eirma.com>  
E-mail: [eirma@eirma.com](mailto:eirma@eirma.com)

Executive Directors: Anno Hellenbroich, Michael Liebig

**In Montreal, Canada:** 514-855-1699

**In Denmark:** EIR, Post Box 2613, 2100 Copenhagen ØE,  
Tel. 35-43 60 40

**In Mexico:** EIR, Serapio Rendón No. 70 Int. 28, Col. San  
Rafael, Del. Cuauhtémoc, México, DF 06470. Tels: 55-66-  
0963, 55-46-2597, 55-46-0931, 55-46-0933 y 55-46-2400.

Copyright © 2005 EIR News Service. All rights reserved.  
Reproduction in whole or in part without permission strictly  
prohibited.

Canada Post Publication Sales Agreement #40683579

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

## From the Associate Editor

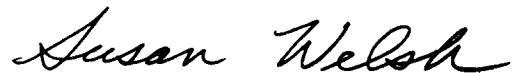
All those people, around the world, who have been in a state of shock and dismay since Nov. 2 Election Day, can now take heart: The events in the U.S. Congress on Jan. 6 were a victory for the U.S. Constitution, and for Lyndon LaRouche and his movement. The courageous move by Stephanie Tubbs Jones in the House of Representatives and Barbara Boxer in the Senate, to formally challenge the fraudulent election, triggered the two-hour debate that is required under Congressional rules. Their challenge was backed by 30 other Democrats in the House. And contrary to what you may read in the “mainstream” press, this was not partisan grandstanding or an exercise in futility; it was a stand for the truth, in an era of sophistry and lies. It will have ramifications for a long time to come.

The breakthrough was the result of intensive work by the LaRouche movement, including especially the LaRouche Youth, who had been raising hell in the nation’s capital during the previous week. Lyndon LaRouche’s Jan. 5 webcast (see *Feature*) laid out the strategic context for the fight, and put it to the Congressmen forcefully: Now is the time to show “tenacity” in defense of the Constitution, if you want to keep this republic. See *National* for the story, and excerpts from the Congressional debate.

The fight is also raging to block confirmation of Alberto “I Don’t Recall” Gonzales as U.S. Attorney General. We have unique coverage of this battle, in which *EIR* has taken the lead for months. Particularly significant is the way retired military officers are coming to the fore, warning of the disastrous effects that Gonzales’s policies are having and will have on our Armed Forces.

In *Economics*, we report the growing uproar against Bush’s drive to privatize Social Security. This is the next key battle that must be won, to crush the Administration’s fascist austerity policies, modeled on those of General Pinochet’s Chile.

We continue our series on “The Economic Hit Men” (with reference to John Perkins’ recent book, *Confessions of an Economic Hit Man*), with Marsha Freeman’s study of the destruction of nuclear energy; and Mike Billington’s report on the assault against Timor Leste—and that small country’s courageous resistance to it.



# EIRContents

## Cover This Week

*The LaRouche Youth Movement and other demonstrators in Washington, D.C., against voter suppression, on Jan. 6.*



### 16 Dems Meet LaRouche's Challenge; Debate Wipes Out Bush 'Mandate'

Some tenacious Congressional Democrats launched an historic challenge to the outcome of the Electoral College vote for the Presidency of the United States. As Lyndon LaRouche said on the previous day: "The question here is not just this election! It's the next one, if we don't *crush* what we know was done to create a fraudulent election. In other words, this election was fraudulent by virtue of the mass of voter suppression. . . . If we walk away from this now, we end up with no republic. I believe in *tenacity* in defending the Constitution."

### 18 Historic Debate in Congress

From the statements by the challenge initiator, Ohio Rep. Stephanie Tubbs Jones; her co-challenger, Sen. Barbara Boxer; the Congressman who led the investigation of the Ohio irregularities, Rep. John Conyers; and an apoplectic Republican House Majority leader Tom DeLay.

## Feature

### 4 Confronting the Deadly Crisis of International Relations

A webcast speech by Lyndon H. LaRouche, Jr. on Jan. 5. President Bush's failure to say a word about the devastating Indian Ocean tsunami for four days, typifies the crisis of leadership in the world today: the unfolding of a Classical tragedy. "The challenge before us," said LaRouche, "the challenge posed by the tsunami, by George Bush, Jr.'s failure to respond to it appropriately, is: Are we, our nation, morally fit to survive? Is this a test of us?" LaRouche offers solutions, and a method of statecraft that can still reverse the deepening financial-economic crisis.

#### Photo and graphic credits:

Cover, Pages 5 (LaRouche), 7, 13, 17 (LaRouche, Conyers), 60 (Teller, Kissinger), EIRNS/Stuart Lewis. Page 5 (chorus), EIRNS/Gene Shenk. Page 8, [www.photos.gov.ca.gov](http://www.photos.gov.ca.gov). Page 11, U.S. Army Photo by SPC Elizabeth Erste. Page 14, [clipart.com](http://clipart.com). Page 17 (left), [www.boxer.senate.gov](http://www.boxer.senate.gov). Page 21, Panoramic Visions. Page 25, United States Marine Corps. Page 28, DoD photo by Lance Cpl. Kenneth E. Madden III. Page 38, Governor Schwarzenegger's website. Page 41, EIRNS. Page 47, U.S. Navy/Photographer's Mate 2nd Class Philip A. McDaniel. Page 50, Government of the Republic of the Fiji Islands. Page 59, Courtesy of the Nuclear Energy Institute. Page 60 (cartoon), Christopher Sloan. Page 61, IAEA. Page 62, INVAP. Page 63, National Commission for Nuclear Energy. Page 66, FEF. Page 69, Random House. Page 71, Lawrence Livermore National Laboratory.

## National

### 20 White House and Gonzales Stonewall at Senate Confirmation Hearing

The Bush Administration and their Attorney General nominee, Alberto Gonzales, act like they have something to hide.

**Documentation:** Twelve retired flag officers released an "Open Letter to the Senate Judiciary Committee" urging that the views of Alberto Gonzales on the role of the Geneva Conventions in U.S. detention and interrogation policy and practice be explored in detail.

### 25 Gonzales's Policies Put American Soldiers at Risk

An interview with Gen. Joseph Hoar (USMC, ret.)

### 31 Gonzales Opposed for Nazi-Like Doctrines

The testimony of Dr. Debra Hanania Freeman, spokesperson for Lyndon H. LaRouche, Jr., in opposition to the nomination of Alberto Gonzales.

## Interviews

### 25 Gen. Joseph Hoar (USMC, ret.)

General Hoar was Commander in Chief, U.S. Central Command (1991-94), commanding the U.S. forces in the Persian Gulf after the 1991 war. He also served in the Vietnam War. He is one of a group of senior flag officers who have released a statement calling for close Congressional scrutiny of the disturbing views of Attorney General nominee Alberto Gonzales.

## Economics

### 34 Bush Loses Battle in War To Loot Social Security

George W. Bush's drive to "go the Pinochet way with Social Security" lost its first battle, when some of the grim facts of his plan became known to the Congress, and were leaked to the press.

### 36 'Privatizer' Draculas Are From a Common Crypt

### 38 Schwarzenegger to Californians: Help Me Become a Dictator

A report on the "Governor's" State of the State speech, and the draconian austerity that is coming.

### 40 Bush Sharpens Budget Axe To Strike Medicaid

### 43 Astounding Growth of Derivative Side Bets

### 44 British TV: Derivatives Bring Down the System

## The Economic Hit Men

### 58 How Nuclear Energy's Promise Was Nearly Destroyed

For 50 years, the fight by nations to develop nuclear energy has been the leading edge of their broader political fight for economic development. Opposition to nuclear power has sabotaged their development efforts.

### 70 The Many Applications of Nuclear Energy

## International

### 46 Debt Moratorium Supported for Tsunami Victim Nations

On the initiative of German Chancellor Schröder, the wealthiest nations issued a draft declaration from Jakarta, welcoming proposals to reduce the debt of tsunami-hit nations. A first step in the right direction.

### 49 Timor Leste's Xanana Gusmao: Justice Is Not Revenge

President Xanana Gusmao has proven to be a leader of high principle, courage, and wisdom, operating from the standpoint of the Treaty of Westphalia, which ended 150 years of bloodshed in Europe in 1648.

### 54 No End to Iraqi Resistance Without End to Occupation

### 56 China and India Make Military Breakthrough

China and India are making concerted efforts to promote cooperation between their armed forces, causing U.S. Secretary of Defense Donald Rumsfeld to take note.

## Departments

### 45 Report From Germany

Progress in German-Russian Ties

## Editorial

### 72 A Shot Across the Bow

## LAROCHE WEBCAST

# Confronting the Deadly Crisis of International Relations

*Lyndon H. LaRouche, Jr., addressed a webcast conference on Jan. 5, 2005, speaking by video hook-up from Germany to an audience in Washington, D.C. The event was sponsored by the LaRouche Political Action Committee. We publish here his opening remarks, introduced by his spokeswoman, Debra Hanania Freeman. A lengthy discussion followed, which can be found archived at [www.larouhepac.com](http://www.larouhepac.com).*

**Freeman:** My name is Debra Freeman. On behalf of the LaRouche Political Action Committee, I'd like to welcome all of you to today's event. For those of you who are listening over the Worldwide Web, we are broadcasting today's event live from Washington, D.C., and certainly we are doing so on the eve of an historic event, during a week in which we have seen a series of historic events. As I think most people know, tomorrow, a joint session of the United State Congress will meet, and they will meet to certify an election whose legitimacy is still questioned, and I think that some of the questions surrounding how this election was conducted, and how this campaign was conducted, are questions that will persist for quite some time. It has set off a level of activism and activity that has been carried from the days of the Presidential campaign into this period of January, just weeks before the inauguration.

But while the question of the legitimacy of the election looms large, there are also other questions that loom very large. This Administration has come back to Washington with the deluded idea that somehow they have a mandate, and somehow they are unstoppable, and this President has in fact outlined an agenda which consists of a systematic dismantling of every principle upon which this nation was built. But the fact of the matter is that this President does *not* have a mandate. He does not have a mandate from the American people,

although he seems to believe that he does, and he most certainly does not have a mandate from God, which he also seems to believe that he does.

And the fact of the matter is that events will be determined not by his delusions, and not by the delusions of the power-mad fascists who surround him, but reality will be determined by the force of truth. And I think that one of the things that we have seen this week, is the absolutely remarkable impact that a relatively small group of young people can have on the capital of the world's most powerful nation.

Beginning on Monday morning, approximately 60 members of the LaRouche Youth Movement descended on Washington, with the idea of having the effect on this city that they had on the city of Boston during the Democratic Convention. And in fact, the effects of that mobilization are being felt. Spearheading their drive was a pamphlet which had been commissioned by Mr. LaRouche, which addressed in the sharpest possible terms this President's intention to dismantle the Social Security system.

Now, the question of Social Security is not an issue in and of itself, but, in fact, is a question which serves as one of the cornerstones, one of the foundations of Franklin Delano Roosevelt's defense of the principle of the general welfare. And there is perhaps no other issue that has provoked a more visceral and passionate response from the American people. Armed with that pamphlet, these young people have proceeded on a drive to transform this city according to the principles of truth, as Lyndon LaRouche expresses them. Not only as he expressed them during his Presidential campaign, but as he has expressed them repeatedly over the course of the last three decades, as an economist, and as America's probably best known statesman.

There are also other events that are unfolding, over which



*Lyndon LaRouche (inset), addressing an international audience on Jan. 5 via satellite from Germany: "The challenge posed by the tsunami, by George Bush's failure to respond to it appropriately, is: Are we, our nation, morally fit to survive. Is this a test of us?" The LaRouche Youth Movement chorus performs Bach's motet Jesu, meine Freude in memory of the tsunami victims, at the Washington, D.C. viewing of the LaRouche webcast. John Sigerson is directing.*

the Bush Administration has no control. One is the rapidly escalating financial collapse. The other is of the nature of the tragedy that we saw occur approximately ten days ago, with the tsunami that hit the Indian Ocean region. And that set into action a course of events that was absolutely unprecedented. Questions remain as to whether or not the United States adequately warned the nations of the region. But even more compelling than that, was the lack of response of the world's most powerful nation. For four days, President Bush continued to ride a bicycle around his ranch in Crawford, with absolutely nothing to say about the greatest catastrophe that has hit humanity in modern history. He said nothing! And then, when he finally did say something, he said that he was praying for them. Well, I'm sure that they welcomed his prayers, but when 200,000 people are dead and other 500,000 are injured, and when you're faced with a situation in an impoverished region that will require 10 or 15 years of rebuilding, a little bit more than prayers is required. But the President figured that out, and he offered \$15 million, which is approximately 25% of what he is spending on his inaugural ball.

The fact is that our nation simply failed to function in the midst of a great global catastrophe. Ten days later, as a result of actions by a *former* President of the United States, there was indeed a U.S. response, and that response continues. I think, as people know, former President Bill Clinton, along with the President's father, is heading up a commission that's meant to mobilize private contributions. But more importantly, former President Clinton and the President's father put on the map the fact that America is capable of responding. Nevertheless, although the institutions of this nation are moving forward, the stupidity, the lack of compassion, just the miserable rot that right now is exuding through the ventilation system of the White House, will harm the image and the aroma of this nation for probably a generation to come.

It's in the midst of this situation that we launched this mobilization in Washington this week, and it is in the midst of this situation that Mr. LaRouche will address you, and will continue to address you, as not only America's leading spokesman, but as the person who symbolizes and epitomizes the principles that made this country great, and the principles

that in fact are necessary if this civilization of ours is going to find any safe passage through this 21st Century.

So, ladies and gentlemen, without further delay, I want to introduce to you Mr. Lyndon LaRouche, who will be addressing you via satellite from Europe, where he currently is.

**LaRouche:** At a meeting with some of my associates here in Germany, on the 4th of January, the question was asked of me as to whether, in an article which I had written and which was published in *EIR* on the 17th of December, whether I had actually prophesied, in a sense, the coming of this tsunami. Let me just read the paragraph in question, the opening paragraph of that article, to you. It will go up on the screen, but I'll read it to you in my own voice at the same time, and then come back and explain to you what this is all about.

The article begins as such, in the first paragraph:

"Let such caricatures of poor King Canute, as President George W. Bush, Jr., howl their denials, while they can still be heard. Let him shriek in futile rage against those thunderous winds of chaos which were already hurling themselves against the increasingly bankrupt national financial systems of the world. That chaos, now excited to the greater turbulence caused by the desperate antics of such poor, enraged fools as he, now descends with its own added uncontrollable fury, upon our hapless, present world monetary-financial system. So, now, just a few weeks following our modern Canute's recent claims of electoral victory, the oncoming waves of a great storm of global breakdown crisis are striking on the gates of the governments of the world, and are already pounding the hoaxster's illusion of Bush's economic recovery to shreds. The terminal breakdown crisis of the 1971-2004 world monetary system is thus now fully under way."

Now, my answer to that question, which was prompted by this paragraph I just read to you, was that this was obviously not a prophecy by me. I don't prophesy tsunamis. But it does have another lesson we must learn from it.

First of all, when the tsunami was known to the U.S., the U.S.—as Debra just said—did absolutely nothing, from the Presidency, from the official institutions, nothing to warn people in those parts of the Indian Ocean whose lives could still have been saved, from the effects of the tsunami. Nothing was done.

The thing got up to a G-7 or someone of that rank in the State Department, and according to him, it stopped there, because he had no authority to go further. Nothing was done. Obviously, tens of thousands of people who might have lived, died as a result of that negligence by the United States. But worse, as Debra has indicated, four days passed before the President of the United States had anything to say of relevance about that catastrophe, or proposed anything to do to deal with the effects of the greatest international catastrophe in modern history.

Now, the question is this, the question posed to me on the 4th of January: Was I being prophetic in some ironical way,

when back in November when I wrote that first paragraph of that article? No, but this is the nature of history.

You know, the history of mankind on this planet, which is probably about 2 million years long, so far—if we don't make a mess of it, it may continue—it's been besieged by natural catastrophes. Gradually, over the period of passing generations, with the help of science, we've learned to deal with some of these catastrophes, to anticipate them, to ameliorate their effects, to control them; in some cases, even prevent them. And we would hope that that would continue. But natural catastrophes are a part of living on this planet. And therefore, what happens is, mankind has a system of government, a system of society. Everything seems to be going according to plan, and then something intervenes, a natural catastrophe, either foreseen or not foreseen. And the whole culture is put into jeopardy.

For example, about 1,600 years before Christ, you had an explosion on the island of Thera, in the middle of the Mediterranean, something like this type. It just blew the whole island apart; fragments still exist today, but the island was blown apart, and the entire region was subjected to an effect like this, that we saw in the Indian Ocean. And much of civilization of that period, in that part of the world, was wiped out by the effects of that sort of thing.

What happens in a crisis like this, a great natural catastrophe, is that the question is, can the existing society, can the existing culture, respond effectively to that crisis? Can it respond in a way that enables it to survive? And on that evil day in this past month, George Bush and the United States did nothing, until finally Europe shamed us into doing something, and President Clinton and President George Bush, the former President, took joint action to get the United States to recover some of its dignity.

But still, this President, the incumbent President, does not understand the situation. And the culture he expresses by his Presidency is a culture of a people who have lost the moral fitness to survive. And the challenge before us, the challenge posed by the tsunami, by George Bush, Jr.'s failure to respond to it appropriately, is: Are we, our nation, morally fit to survive? Is this a test of us?

Now, there have been crucial moments in history before. Sometimes man-caused, or natural catastrophes. One was the great religious warfare which was launched beginning actually in 1492, when the Grand Inquisitor of Spain expelled the Jews from Spain, in a manner which presaged what Hitler was going to do to the Jews of Germany some centuries later. And that event, that religious persecution of the Jews, and later the Moors, by Spain, set into motion throughout Europe, religious warfare that continued for more than a century, about a century and half, until the 1648 Treaty of Westphalia. All of the accomplishments of the 15th Century, the Renaissance, the founding of the modern nation-state, the beginning of modern science, the beginning of modern culture, were put in jeopardy. It didn't destroy this entirely, but it nearly did.





*One of the LaRouche Youth Movement organizing teams in the nation's capital, to protect Social Security from the Bush Administration's privatized rape, on behalf of Wall Street.*

And then, when the Treaty of Westphalia was signed, which established modern international law and civilized behavior among nations (at least those of Europe), the people of Germany, who had been the chief target of this war, rejoiced. And they rejoiced in the form of a hymn, named *Jesu, meine Freude*. Later, at the beginning of the 18th Century, a great man, Bach, re-set this hymn, which was already an established hymn, which celebrated the relief of mankind from this terrible century-long, more than century-long, epoch of religious warfare.

And today, I think we should celebrate in a similar manner and in a similar spirit, and therefore, I have planned that, on this occasion, we shall precede the discussion, the further discussion tonight, with another performance, a somewhat still more enhanced performance of what you heard back on Nov. 9, an enhanced performance of Bach's *Jesu, meine Freude*, in memory of the victims of this great tragedy, which was a natural catastrophe, and an affirmation, the affirmation of Europeans following the Peace of Westphalia: that we're going to go on to build things, rather than destroy them. So let's have the youth deliver this, and then we'll get back to other business.

*[Chorus performs Bach's motet.]*

### **A Classical Tragedy Today**

Now, there are three topics which I wish to address, but I wish to put them under an umbrella.

What we're talking about, today, is essentially Classical tragedy. We're looking at a Classical tragedy of humanity.

Now, there are several ways of looking at tragedy. You have the Classical Greek tragedy, which ended in the worst for all concerned, generally. And from these great Classical Greek tragedies, great lessons were learned, and they pertained to things largely which involved the culture of all the people of that time.

But then Plato criticized that kind of tragedy, because it left out one thing: It left out the factor of the Sublime. It left out the fact that there has to be a solution for mankind, out of every tragedy; maybe not a happy ending for that particular story, but there must be a clear lesson learned, from study of an actual case of tragedy, a lesson learned which gives people hope for a solution.

Remember the Thirty Years War in Central Europe. Two-thirds of the population barely survived, in terms of population level. But out of that came international law, the first founding of modern international law, based on the rights of nation-states, and the obligations of nation-states to consider the advantage of the other nation, to help the other nation. So there was a sublime solution, the Treaty of Westphalia, to a great tragedy, over 100 years of religious war.

We have entered into a great tragedy. Our tragedy in particular, in the United States and Western Europe in particular, has been a tragedy of about 40 years.

In the post-war period following World War II, we were

still, despite the mistakes we made, we were still, in the United States and increasingly in Western Europe, we were producer societies. We in the United States were known for our production of wealth; we were proud of our production of wealth. We were proud of increasing the standard of living of our people. We were proud of these achievements, and then, about 40 years ago, about the time that the Vietnam War was launched, we went through a cultural change, from a producer society to a post-industrial Utopian society. More and more, particularly after the establishment of the present monetary system, which wrecked the old system which did us well, the new monetary system transformed the nations of South America, and other parts of the world, into nations to be exploited.

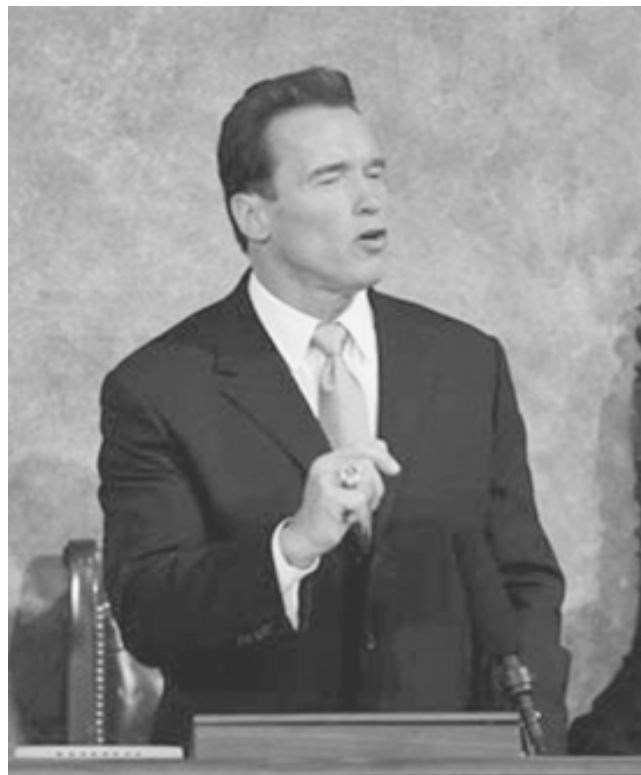
We ceased to produce our own wealth more and more over the course of the 1970s and 1980s. Instead, we relied upon the cheap labor of others. We lowered the standard of living in Mexico, throughout the Americas, and we prospered on their cheap labor. But we didn't prosper so well, because we began to abandon our places of work. We dumped the lower 80% of our family income brackets in the United States, into a relatively more destitute position. And only the upper 20% of family income brackets were really in on the system, in on the benefits.

Now, we've come to a point, like that in Europe and that here, we've come to a point where that system is dead; it's hopelessly finished. *This international financial monetary system can not be saved.* The IMF system can not be saved in its present form. The World Bank can not be saved in its present form. Wall Street, as we call it, can not be saved in its present form.

We've come back to a condition somewhat like that faced by Franklin Roosevelt in March of 1933, but *worse*. We're in a situation where the President of the United States *then* acted, as Roosevelt did, to put the bankrupt banking system into bankruptcy reorganization under Federal control, and by these measures, prevented a panic, prevented destitution. It also prevented us from going the way that continental Europe went, into fascism, one nation after the other, because they didn't take the kind of steps that we in the United States took under Franklin Roosevelt.

Roosevelt gave us a system, he built a system during the time he was President, a system which was perfectly consistent with the intent of the Founders of the United States. A system that said that the government is responsible for the general welfare; we must defend the general welfare. He did an excellent job. We escaped fascism here, we helped to free Europe from fascism, we provided the margin of support which defeated that monster, and we gave the world a post-war world which we proceeded, after Roosevelt's death, to make a mess of.

But the institutions he gave us, like the Social Security system and what that implied, systems of regulation and protectionism, this made us a strong economy, the strongest in



*California Gov. Arnold Schwarzenegger, giving his State of the State address on Jan. 5. LaRouche characterized him as "a predator who escaped from Hollywood," who represents the financier interest typified by George Shultz, which created the mess California is in. Schwarzenegger's fascist austerity plan is just a foretaste of what's to come for the United States, LaRouche warned.*

the world. We were able to assist other nations to develop in a similar way. Europe was reconstructed because of us. Parts of the world as a whole benefitted because of us. Even under the conditions of this conflict with the Soviet Union, we still prospered until the middle of the 1960s, when we became idiots, and decided to flee from the finest system of economy that existed on this planet, and go into a post-industrial Utopia. We became pleasure-seekers, instead of producers.

And we stopped producing. We shipped our jobs overseas, and now we've come to the point where the great swindle, the great financial swindles, the swindles of credit financial derivatives, have brought us to the point that the present international monetary system, the present banking system, the banking system of the United States, the banking system of Europe, are now hopelessly bankrupt on their own. Only government intervention of the type that Roosevelt took, could save this system from chaos.

Take the case of one of these crisis cases, the Schwarzenegger syndrome. You have a predator who escaped from Hollywood, who was turned loose on the people of California. He's now the governor. He walked into a mess which he

helped to create, because of him and his financial friends who helped to profit from the Enron system. It was the Enron system which bankrupted California, or virtually did. He moved in and took credit for saving California from what he created, under the direction of George Shultz, his controller. As governor, he made the debt of California far worse than what it was when he came in, and everyone who understood it, knew that was going to happen. Now California is about to go off the Pacific shore, into the Pacific Ocean—that is, financially, because the real estate bubble in California, everything else in California, is more bankrupt, more hopelessly bankrupt since Schwarzenegger has been governor, than ever before. And Schwarzenegger represents that interest. Not only is he a predator, and a tasteless creature, but he represents that interest, that financier interest typified by George Shultz, which has created the mess.

And unless we have a government that says, “George Shultz, you’re wrong, the Mont Pelerin Society is wrong, and we’ve got to go back to a Franklin Roosevelt way of thinking about the nation,” unless we do that, California is doomed and the rest of the nation is doomed. What is about to happen to Schwarzenegger, in the emergency conferences that he’s having in California, is only a foretaste of what is going to happen to the United States as a whole.

The same thing is true in Western Europe. Except for the markets in Asia, the markets in Russia, India, and especially China, of Germany, in particular, without those markets, the economies of western continental Europe would go flat today. So therefore, we’re in that kind of situation.

### Three Crises

So, we have three crises. One, we have a monetary-financial crisis. The system is going down. Anyone who tells you differently is either insane, stupid, or lying, and I don’t know whether maybe George Bush the President is all three—the President. Secondly, we have a crisis of economic decadence. We in the United States no longer have the ability in our labor force to produce as we produced before. We’ve shipped our technology overseas, we have not developed improved technology of production in the United States, we’ve shut down our factories, we’ve shut down our farms, our people have lost the skills they used to have to be productive. We have a major job of putting the country back together again.

Now, 40 years is also, to speak of economic decadence, the lifetime of investment in basic economic infrastructure, such as a power station, a power system, a river system, a water management system, a system of locks and dams, highway systems, mass transportation systems, and so forth. For 40 years, we’ve moved into a net shrinking of investment, wasting our investment of 40 years ago in basic economic infrastructure. Our railroads are gone, our farms are largely gone, our river management systems are gone, our power systems are going, our cities are rotting, and the housing crisis is about to collapse. Also, a similar situation exists in Europe.

### The Pinochet Model for Social Security

We also have a second class of issues; we have certain immediate issues, apart from the crisis itself. We have Bush’s intent to rape Social Security. Now, the Bush people—I’m not going to accuse Bush of understanding anything. I wouldn’t stretch people’s imaginations that much. I mean, the man is sitting down at his ranch there, and the greatest natural crisis in his lifetime has blown out, affecting the world as a whole, and he’s sitting around bicycling around the shrubs of his little patch down there, and saying that it has nothing to do with me. It’s an act of God. Go blame God.

But this guy is nonetheless intent on bringing the Nazi program of Augusto Pinochet from Chile into the United States.

Now, Pinochet is a Nazi. At the end of the war, some people like the friends of George Shultz, before George Shultz was fully grown then, but the friends of George Shultz, like Allen Dulles, protected the Nazis. They took a whole chunk of the Nazis, including the cartels, which are the real financial part of the Nazi system, and they saved them, and they brought them into leading institutions in the United States and into Europe. They moved some of them down, by the “rat-line,” into South America. And they nested down there, in places like Bolivia and Chile and Argentina, and so forth, and other parts there.

So these fellows were *used* by people like Shultz and the people behind them, in the beginning of the 1970s, to start to bring Nazi forms of operations into South America, using live Nazi veterans of the type that had been saved by Allen Dulles and company, and using them to overthrow governments and to commit mass murder, like Operation Condor, which was done under the supervision, from the United States, of George Shultz, Henry Kissinger, and others. They did it.

So, we built up Pinochet as a new Nazi dictator in Chile, and through him, we also ran Operation Condor, with a lot of missing persons, mass killings of people, just the way Hitler did mass killings—not as many, but the same way—under the governments of that time: the dictatorship in Argentina, the dictatorship in Chile, and so forth.

Now, come the 1980s. The Pinochet system doesn’t work. They’re about to go bankrupt. Fascism is not exactly a very good system. What do they do? They steal the social security system of Chile, which is the only thing left standing of much worth, and they steal it. They privatize it. And it’s about gone now, and people have died as a result of that.

Now, George Bush, the President, has announced he’s determined to privatize the U.S. Social Security system, and also, if we can believe one of his aides, that he intends to do something else: to default on the sovereign debt of the United States, which George did in order to cut taxes on the wealthy, who least needed the tax cuts. What he did was, he stole the money from the Social Security fund, the paid-in Social Security amounts. He took it! To cover it, he created a debt, a bonded debt, a promise to pay by the Federal government,

the same thing as a Treasury bond. A promise to pay by the Federal government. And now he's going into a situation where the Social Security system is going to be collapsed, and he intends to pull it off—or at least his advisors do—by defaulting on the sovereign debt of the United States. If the President of the United States, at this time, defaults on the sovereign debt of the United States, what the hell is the dollar worth in the morning? We'll go into the same category that we've put Argentina into, immediately.

Now, what will probably actually happen, if he were to do that, he would steal about \$2 trillion, which he'd give to his friends on Wall Street, the financial gamblers. But that would cause the dollar to go up on the market for a short period of time. What would the Chinese, and Indians, and others do, who have large holdings of U.S. dollars? They would dump their dollars on the market quick, as the last chance to get the best option for getting out from under a dollar that was going to collapse totally. Where are we then?

So this is not just a smart predatory deal by President Bush. This is stupid beyond belief, and that stupid person down in Texas, has gone for this, under the pressure of certain swindlers who are concerned only for what they can steal in the short run, and not the future of the nation, or the future of humanity. They're willing to destroy the United States, and you have some suckers in the United States who are still

willing to support George Bush in the privatization of Social Security.

Now, Social Security is not broken. If you can keep George Bush's paws off it, it's not broken. If we maintain the system—and we may have to increase some rates of pay-in on Social Security by people who are earning income in the upper brackets; we did that before, we may have to do it again. It didn't hurt anybody. We maintained the levels, the guaranteed levels, and we actually made some improvements in what people received, monetary-wise, in Social Security. The Congress went through this in the last session, this question. There is no threat to Social Security in the United States today, except the threat from President George Bush and his friends: the threat to privatize.

So, if you want to save the United States and save your Social Security, don't privatize it. . . . [audio break] What is going to happen if you go into the private sector at the point the economy is going to crash? You're going to make a profit, on the magic of compound interest, in a collapsing economy, an economy which you're helping to collapse? No, Social Security is, in general, the only security left for families in the United States. The pension plans, the private pension plans are collapsing. Major pension plans are about to collapse now. You don't want to put people in private pension plans now. That means no pension. And therefore, we must save and defend the Social Security system. And these guys are planning to steal for a short term, for the sake of power. Now, I know what is really going on in the minds of the people who are doing the manipulation. The mind of George Bush, that's another question; everyone can make their own guess. But the guys behind—I know what's on their mind.

The only way that you can get by with this, is the Pinochet way, the Hitler way. You know, in the final analysis, there's no guarantee that money is worth anything. Any money system, any banking system, can go under. There's no such thing as an infinitely protected, guaranteed banking system or money system. Money is only worth the backing behind it. The backing behind it is usually governments. Currencies have been cancelled before. Many currencies have ceased to exist, national currencies. They go out of business, and new currencies replace them. What these guys have in mind, the guys on the George Shultz level, not the guys on the poor George W. Bush level, but on the Shultz level, they know that if you establish a dictatorship, a Hitler-style dictatorship in the United States and Europe, you don't have to worry about anything. You make your own money. You declare new money. You cancel the old. You cancel old debts, repudiate them. Create new debts. You and your friends get along just fine. The people don't.

So, what's in motion here, if anybody's foolish enough to rally to support George Bush in his intent to go the Pinochet way with U.S. Social Security, tell 'em, "You're crazy, buddy. You're not going to get anything, except dead."

# Now, Are You Ready To Learn Economics?



The economy is crashing, as LaRouche warned. What should you do now?

Read this book and find out.

**\$10**

Shipping and handling: \$4.00 for first book, \$ .50 each additional book. Virginia residents add 4.5% sales tax.

We accept MasterCard, Visa, Discover, American Express.

ORDER NOW FROM

**Ben Franklin Booksellers**  
P.O. Box 1707 Leesburg, VA 20177  
1-800-453-4108 toll free  
or 1-703-777-3661  
www.benfranklinbooks.com  
e-mail: benfranklinbooks@mediasoft.net

## Iraq and the Drive for Empire

Now, we also have some other immediate issues. We have the Iraq issue, and that's kind of interesting, as General Hoar, formerly from the Marine Corps, has emphasized, and others, who have come to the same conclusion that many of the rest of us have come to. They may not all agree with me, but we all agree on one thing, and that is, that the danger is that if we don't get out of there, or get out of this war quickly, which we never should have gotten into, we're not going to have a U.S. military anymore. Because what we're doing to people we're cranking through this Iraq war scene, is we are destroying the U.S. military, the volunteer system. We're losing. People don't want to sign up for the Reserves anymore. They don't want to join the National Guard anymore. They don't get health care, there's negligence. We're just not going to have a capable military anymore. That's one of the things. We've got to get out of there.

Now, how did we get into there?

We've got to face the truth about that. We got in there because Dick Cheney wanted to go there. I don't think George W. Bush knew where it was on the map. He just heard his Daddy was there one time.

But Cheney wanted to do that, when Cheney was Secretary of Defense back under George H.W. Bush. He planned to go to, preventive nuclear warfare, it was called, with things like mini-nukes, and planned to use warfare around the planet to establish a new global system. The idea was, the Soviet Union was collapsing, so why can't we become an empire? We have the muscle, we have the power. Why don't we just become an empire, and declare that history is over? The United States has become a world empire, and there's no more history. Everything is simply administration of this thing that has suddenly taken over the planet.

And the way they thought they were going to do it was to go back to what some people thought back in 1945, '46, '47, when they thought that the use of nuclear weapons, when we had a monopoly on them, that we could intimidate the Soviets and others, and we could establish a world government. We'd turn the United Nations into a system of world government in which sovereign nations would no longer really exist. They'd be simply local departments of a world government. But then came the Korean War, and simultaneously the discovery that the Soviet Union had developed a thermonuclear weapon which was already operational, and we didn't have one yet. So, they called off preventive nuclear warfare, for



*Iraq: "If we don't get out of this war quickly, which we never should have gotten into, we're not going to have a U.S. military anymore." Here, an American soldier searches for a weapons cache near Buhriz.*

the time being. We then went to a new system, called Mutual and Assured Destruction, which developed over the course of the 1960s, 1950s, and the idea that we would create weapons so terrible that nobody would dare go to war, and we could bluff our way through, somehow, with that system.

Now, that's dead. But then, once the Soviet Union had collapsed, some idiot thought, "Ahhh! Land of Opportunity! We've got superiority in nuclear weapons, let's use that superiority to go around clobbering countries one at a time, clobber them into submission. Pick Islam as an enemy. Start a general religious war against Islam, and let's get going, buddies." These were the so-called neo-conservatives.

And therefore, because they wanted to start that process, they took a spot, Iraq, as a place to start the game. Go into Iraq, then go after Syria, take on Iran, take on North Korea, and keep going. The intended targets for warfare included China, and what remains of Russia. That's where they intended to go.

So, on the basis of falling for that, the policy that was represented largely by Cheney—he's not the brains behind it, there's a fellow in London who's a little bit more important on that—but this is the policy. And because of 9/11, because the American people were *terrified* by this spectacle of 9/11, which was like the Reichstag Fire in Germany, set by Hermann Göring, which induced the German people to submit to decree government under Adolf Hitler—Hitler became a dictator because of Hermann Göring setting fire to the Re-

ichstag, and saying the enemy did it, the Communists did it, and they needed emergency powers. And they gave Hitler emergency powers, and he never gave it up, willingly. And that's what Cheney was up to.

So they were intent to use the power, the intimidation of the American people, to believe that the safety of the people depended upon backing George Bush and Cheney against the terrible Islamic peoples, who are coming to get us, or other people. Anybody who's coming to get us. "We've got to kill 'em all!"

So they got into a war, on a pretext. The pretext was a *lie*. There were no weapons of mass destruction in Iraq. There never were, and Cheney knew it. He lied! If the President of the United States understood anything at all, he must have lied! Or maybe he simply believed what Cheney told him was true. But they lied. They all lied. The entire Bush Administration, collectively, lied, to get us into a war. Now the Congress shouldn't have capitulated, but because of 9/11, they too decided to go along to get along. And they gave Bush a wedge, an unconstitutional wedge, to get into a declaration of war by the back door. And Bush used it.

At the time, he was afraid that the United Nations was going to come up with a settlement of the problems that were mentioned in Iraq. Bush acted on that weekend, to go to war, for fear that the United Nations would take the action which would remove the pretext for war that he was playing with. We got into this war.

That was bad enough. First, when we went into war, we had a fellow called General Garner. Garner was assigned to take over the function of managing things in Iraq, after Iraq had surrendered. That was his position. Iraq did surrender, about the time of that famous battle at the airport outside Baghdad. But then, what did they do? They sent in Bremer to replace Garner.

Now, what Garner had started to do—he'd done the intelligent thing that any general officer in the field would do, in a territory which had just surrendered to you. He would call in the relevant forces, including the military, which had surrendered to him, and the people who run government, who had surrendered to him, and say, "Okay, we're now in charge of this place, and you're working for us. We're not going to stay here, but for the time being, you're going to work for us. Because, in the meantime, while you're still working for us, we're going to get this country back in shape. You in the military are going to be responsible for certain logistical things, and you're going to be responsible for security in the country." You're talking about a fairly modern army, to run security, 200,000 approximately, a modern army to run security in Iraq, the former Iraqi army, minus a few people we had some strong objections to.

And all the Ba'ath Party, who were the bureaucrats, who ran all the deals of government, all now working for us. We didn't need to have an extra bunch of troops in there. They were going to do it themselves, under our auspices. But

Bremer was sent in there, and he fired all the Iraqis who were supposed to work for us, and who would have worked for us. He fired the Ba'athists, who would have worked for us, and we got a mess. And then somebody inside the thing started a real resistance against the United States. It wasn't al-Qaeda! That was a lie too. It was Iraqis, and probably part of the old secret services of the Iraqi system. And now you had approximately 200,000 people, trained military people, who were out of jobs, who were a little patriotic, and they wanted to fight. And you had Ba'ath bureaucrats, who know how the country works and who know where the monkey sleeps, and they're now available as recruitable people. And what we got was a case of what's called asymmetric warfare.

It's the kind of foolishness that we got into in Vietnam. The kind of foolishness which the French got into, in a more difficult situation in certain respects, in Algiers. We were going into a replay of an Algiers kind of asymmetric warfare, which has been corroding our troops, corroding everything we try to do there. Because the Bush Administration is clinging stubbornly to trying to keep this war going. And the only mess we have in Iraq today is not Saddam Hussein; it's the mess we created under the Bush Administration.

### **What's the Alternative?**

Now, we've got to get out of there. And I mentioned before, we have to go to the positive. In crisis, you have to find positive solutions, not just go at the negatives. What's the alternative? My alternative personally—and I think it's a model for anything anybody else wants to do—my alternative is, I said, let's take Southwest Asia. Southwest Asia is bounded on the north by Turkey, it's bounded by Armenia and Azerbaijan, it's bounded by Iran, and it includes all the Arab countries, down into Egypt and beyond. This is Southwest Asia.

This is the richest oil-producing area of the world. It probably has an oil supply for cheap oil, at probably one-tenth of the price of most other sources around the world, producing cheap oil, probably for about 80 years to come, maybe more. It's dominated largely by the role of Saudi Arabia, which has been in this sense a partner of the United States since the days of Franklin Roosevelt and his deal with King Saud. Why does somebody want to make a mess of that? Here is a key part of the world's essential, presently, of its power systems: petroleum, plastics, and so forth. Why do we want to make a mess of that territory, where petroleum will cost 20 times, 20 times as much in other parts of the world, just to produce? Why do we want to do that, after we've boxed ourselves into limiting ourselves to petroleum as a major source of supply for power sources in various parts of the world?

So therefore, we have an interest, and other nations have an interest, in stability in an area called Southwest Asia, which includes the countries I named, in particular. It means stability along the Nile River, because if you have civil war in the Blue and White Nile area, or below that, if you have a disruption



*Progressive Democrats of America march on Capitol Hill on Jan. 6, calling for the certification of the Presidential election to be blocked. "Vote suppression," LaRouche said, is "a violation of our Constitution. . . . It's a Federal crime, but a lot of Republican agents did it."*

of the water flow of the Nile north, you're going to have hell in Egypt, and that hell is going to spread throughout the region. So don't play games with that area of the world in that way, either.

So what we need, is, we need an agreement among these nation-states, to administer their own region on certain principles. In order to bring that off, there's one sticking point in the whole system, and that is the Arab-Israeli conflict. Now, if we don't stop that conflict, there are not going to be many Palestinians, and probably no Israelis left. We're in a process of an end-game there, which can only result in the extinction of Israel, and the extinction of a lot of Palestinians.

Therefore, an Israel-Palestinian peace, whether as one nation or as two nations, is necessary. And this has to be done by aid of power exerted by the United States government, and by the cooperation of other governments. But it has to be based also on a community of interest, of mutual security interest, in the region of Southwest Asia. We now have an excellent situation—Turkey is an excellent partner in that region for such a venture. We can get along with Iran, get along fine. We don't have a problem that can't be solved, if we go at it in the right way.

### **Vote Suppression**

Now, we have a third issue, for the time being, apart from the Iraq issue and its implications: Vote suppression. What the Bush Administration did, and the Bush campaign did, is, relied on a massive campaign of vote suppression.

Now, another name for vote suppression in many parts of the country, was racism. And what Karl Rove's crowd did:

pick an area, which they think that too many people of African descent are in that area. "Let's cut down the vote, because they're likely to vote Democratic. So let's assume that everyone who looks black must be a convict. And let's assume they have no right to vote. It may not be true. They may not be convicts. They may have the right to vote. But let's assume they don't, and let's treat them on the basis of that assumption. And let's send in goon squads. Let's threaten them. Let's scare the devil out of them. So they won't vote. Let's rig things, so their votes aren't counted."

Vote suppression. Now, that's a violation of our Constitution! It's a violation of the Voters Rights Act. It's a Federal crime, but a lot of Republican agents did it. They are known. It is known they did it. It's a crime! It's a Federal crime!

What are you going to do about it? Do you believe in law and order? Do you believe in justice? Do you believe in due process? Do you believe in catching criminals? Well, these guys are criminals! If they did that—they committed a couple of offenses, which are confirmed. If they engaged in vote suppression, particularly the racist variety, which is one of the common varieties, you know where they belong.

Are we going to do it? Is the Republican Party going to clean up its mess and turn these guys in, for court administration, shall we say? Are we going to say that the vote means something in the United States? Are you going to let hysteria, and muscle, and mob violence determine who can vote and who can't? And then say that this guy in Texas, who doesn't know what a natural catastrophe is, has been honestly and fairly designated as the re-elected President of the United States, with that stinking mess sticking out there?

Vote suppression! We don't know what the result of the election was, because we don't know what the effect on the election was of corrupt practices such as vote suppression and related kinds of things which, if they're not formally crimes, ought to be considered as tantamount to crimes.

## The Opportunities Before Us

Let's go to the third issue: the question of the opportunities before us. Now, one of the reasons I'm in Europe at this point, well, the principal reason for my schedule, is that I'm engaged in exploring, in ways that I can do better than anyone else, as the kind of citizen I am, in exploring some options for new kinds of understanding between the United States and our partners, not only in Europe, but new relations with the nations of Asia and coming to common decisions on what we're going to do about the injustice, the terrible situation in Africa, for example.

In the Western Hemisphere, we could do something ourselves: If we wanted to behave ourselves, we could fix our relations with the nations to the south of us. It might take some patience, but we could do it. But in the world at large, in a world in crisis, we have to develop new kinds of ties, new kinds of relationships, with the world at large.

We have to develop a new understanding with Western Europe and Russia, for example. We have to bring in a new system.

Now, for some time I've been on this case, back to the 1980s, for example, in particular, when I was pushing the Reagan Administration to adopt the SDI, which it did do. And as a part of that, one of the things that I was doing in my negotiations with the Soviet government on behalf of the Reagan Administration, was to propose this kind of arrangement. I said, let's get rid of this immediate threat of a thermonuclear confrontation. Let's do this by getting other nations to agree with us—and I did find a lot of agreement in Italy, Germany, France, and so forth on this—why not propose that we consolidate, scientifically, the technologies needed to develop systems which are superior to any kind of system which we have now, but which we know exist and can be developed, in order to intercept missiles of this type, in such a way that we can prevent anyone from winning a war by the use of thermonuclear ballistic-missile barrage? And use that technology which we develop for this particular purpose, and use it immediately for many other purposes, to improve the economy of the nations of the world, and share this technology with people.



*"One of the central features of conflict in the world today, is a fight for financial control over raw materials," LaRouche said, as the "smart predatory money" tries "to grab as much as possible of the future raw material resources of the world." Here, a mine in South Africa.*

Various people proposed that. Let's build a world, a new kind of world in which we have new kinds of cooperation among nations. This is the way to resolve these political problems, by creating a platform from which we can negotiate the political problems by platforms which represent common interest.

So what we need today, we need to get rid of the terrible relations which the Bush Administration has created with Europe. We have almost lost our friends in Europe, at least as far as this administration is concerned. Some people in Europe are frightened of the United States. They try to be nice to Bush, as Putin does in Russia. But they know that the United States is really their enemy. You saw this come to the fore again recently when Brzezinski was meddling in Ukraine. You saw the angry reaction from Russian President Putin.

Things are not good. Don't believe it: Just because Germany is nice, and because the French ask to cut deals, and the Italians are nice, don't believe that they're happy with the United States. They're not. Going into the greatest crisis in modern history, which we're in now, we need to come to common action and understanding for common action, with nations in Europe. We need to think in the long term, of our relations with China, our relations with India, with Asia in general. We need to think about justice for Africa, as well as other things. So therefore, these are the kinds of discussions we ought to have, and my job is to pioneer in finding out, and spreading the propaganda, and finding out people in Europe and elsewhere who are interested in that kind of proposition.



There's a movement in the world today which was somewhat activated by George Bush's unleashing of war against Islam. One of the figures in this, of course, is Pope John Paul II, with his continuation of his efforts for peace among religions, a dialogue among religions, ecumenical program, which became expanded into a general dialogue of cultures. And there's a move for a dialogue of cultures in many parts of the planet. The time has come to do that. We have to think about this kind of future relationship. And I'm involved in particularly one thing, in particular.

At present, as you probably know, one of the central features of conflict in the world today, is a fight for ownership control, financial control, over raw materials. The United States is one of the nations involved in this. You'll find that the smart money, the smart predatory money in the United States, is reaching out to grab long-term control over raw materials. You'll find in Europe, in the United Kingdom, the same thing. An effort to grab as much as possible, of the future raw material resources of the world. Russia is itself, with the nations immediately adjoining it, a raw materials power. The mineral resources of Russia, of that area, are immense.

China is not much of a raw materials power, in terms of its own immediate territory, but China is the biggest bidder for raw materials, future control of raw materials, in the world today, moving down into South America, Brazil, Argentina, Canada, and so forth. The great shields of raw materials that we have least explored are in Eurasia, including going down into Africa, the African shield, or the Eurasian shield.

Now, there is no shortage of raw materials on this planet, at least for the foreseeable future. If we manage things properly, and use the science we have and the science we know we can develop, we can ensure that this planet has a sufficient flow of required raw materials to ensure a modern and technologically progressive society available to every part of this planet for an indefinite period to come.

For example, the richest source of raw materials is the ocean, not the land; it's the ocean, and what lies under it. So, if we proceed with the proper science, we can manage this. One of the things that we have to do, obviously, is we have to work out under a revised world system of sovereign nation-states, agreements among states to cooperate in a program of development and sharing of raw materials at fair prices, which means that every part of the world can get access to the raw materials that it legitimately requires, at fair prices.

This is one of the differences in the situation today from what it was, say, 50 years ago, or 100 years ago. We are now so expanded in terms of the advanced utilization and occupation of the planet, we can no longer assume there are frontiers that we can loot, like barbarians, indefinitely. We are taking over the planet, economically, physically, we're taking over more and more of it. But when you take over the entire territory, you don't have neighbors to loot. You've got to think about how you manage what you have. And so therefore, one of the common problems, the common interest



*The space program has to be part of a new Treaty of Westphalia, uniting Western culture with the cultures of Asia, and guaranteeing raw materials for all, for the indefinite future, LaRouche said. Here, the liftoff of China's Shenzhou rocket.*

problems of the planet, is to develop a relationship between European civilizations which have one kind of culture, and the assortment of cultures which are called Asian.

The point of unity with the great expansion of the population of China, India, and some other parts of Asia, which are the great population centers, is to deal with this problem of guaranteeing the raw materials for all, at fair prices, on fair terms, for the indefinite future. And therefore, what we need is a new, what we would call a new Treaty of Westphalia, where we enter into a global agreement, probably through facilities of a reinvigorated United Nations Organization as a medium for doing it, to set up multi-layered agreements, multi-layered contracts, for management of things like raw materials on this planet for the future.

It goes together with things like the space program. We live in the Solar System; we're part of the Solar System. The conditions on Earth are dependent upon the conditions in the Solar System in which we live. Therefore, we do have to reach out, scientifically, and find out what's out there. We do have to discover principles that are otherwise not available presently.

## Dems Meet LaRouche's Challenge; Debate Wipes Out Bush 'Mandate'

by Jeffrey Steinberg

For the first time since 1877, the two houses of the U.S. Congress went into separate sessions on Jan. 6, to debate a challenge to the outcome of the Electoral College vote for the Presidency of the United States. Unlike the 2000 elections, when leading members of the House of Representatives challenged the Florida outcome, but failed to win the needed endorsement of a U.S. Senator, this time, Sen. Barbara Boxer (D-Calif.) joined with Ohio Rep. Stephanie Tubbs Jones (D) in challenging the Electoral College vote in Ohio, on the grounds of massive evidence of voter suppression and other forms of willful fraud.

As a result, the Joint Session of Congress, convened to ratify the Electoral College vote, was dismissed, so that the House and the Senate could hold two hours of separate debate on the evidence of vote suppression and fraud, before voting whether or not to certify the outcome of the Nov. 2, 2004 Presidential election.

As an apoplectic Vice President Dick Cheney, presiding over the joint session as President Pro Tem of the Senate, graphically attested, the courageous action by the Congressional Democrats, and the vigorous debate that followed, have erased any delusions that George W. Bush has any kind of electoral mandate to rule.

### The LaRouche Factor

Twenty-four hours before the historic Joint Session of Congress, Lyndon LaRouche delivered an international webcast address, by satellite link, to a standing-room-only crowd in Washington, D.C. (see *Feature*). In response to the first question, LaRouche issued unambiguous marching orders to the Congressional Democrats, that they had to take the most

tenacious approach possible to the issue of the Electoral College certification.

Asked for a comment after the Congressional debate had occurred, LaRouche referred back to his previous day's answer, in which he stated:

"First of all, you can not accept what happened in the election, in the election process. For example, let's take the case of voter suppression. The estimate based on counting of votes, that people chose to count, is not a determination of the election. That is, simply recounting the vote is not going to determine what will make right, what was done wrong. People who were deprived of the opportunity to vote, who wished to vote, who were eligible to vote, who leave no record of having voted, but had an intention and were denied the right to vote—particularly when they were in areas where the Republican Party was acting on the assumption that this was an area of likely Democratic voters—now, how can you take the procedure that we've had so far and say, was the question of voter suppression adequately addressed in this process? It was not."

After referencing the 2000 vote in Florida, and the role of Supreme Court Justice Antonin Scalia in handing the election to George W. Bush, LaRouche asked:

"So, in this case, are you going to let pressure to—don't—dig your heels in; are you going to allow that to intimidate you into giving up the key issue? The question here is not just this election! It's the next one. If we don't *crush* what we know was done to create a fraudulent election—in other words, this election was fraudulent by virtue of the mass of voter suppression alone, and we know of that—it was a fraudulent election in character. Are we going to make no remedies, make no assurances, no precedent to ensure that no SOB



*Lyndon LaRouche (right) called for Democratic Congressmen to display tenacity in defense of the Constitution, and to challenge the Republican Party's flagrant voter suppression in Ohio and other states. Rep. John Conyers (center) was a key organizer of the challenge to certification of the election on Jan. 6, and Sen. Barbara Boxer (left) provided the endorsement by a Senator, required to convene debate on the matter by each of the houses of Congress.*

dares to do that to a U.S. election ever again? Are we gutless wonders, that we find some reason to squeak out like frightened little mice to back off from a fight, in order to look good with people who might criticize us? Or are we going to defend this Constitution? We *don't* have a Constitutional government the way it is functioning now. The people of the United States, especially in a time of crisis, need Constitutional government. You need, above all, the protection of the general welfare, the protection of the rights of every citizen, including, especially the right to vote. If you lose the right to vote, you don't have a republic any more.

"And somebody took a lot of people's right to vote away from them, illicitly. And, it was mostly the Republicans, who were engaged in this voter suppression campaign, which was massive. Somebody has to come up and say, what is the figure for the amount of voter suppression that occurred in this campaign, and, who's going to go to jail for doing it? That's vote fraud. And, if we don't get that, we haven't got anything. We walk away from this now, we end up with no republic. I believe in tenacity in defending the Constitution. We need tenacity to defend the Constitution."

### **Congressional Tenacity**

Among the leading Democrats in the House and the Senate, tenacity was present on Jan. 6. Congressman John Conyers (D-Mich.), the ranking Democrat on the House Judiciary Committee and a key organizer of the Congressional action, set the tone for the fight on Jan. 5, by releasing a 102-page staff report from Judiciary Committee Democrats, itemizing the massive vote suppression and fraud in Ohio.

The Executive Summary of the report stated bluntly: "We find that there were massive and unprecedented voter irregu-

larities and anomalies in Ohio. In many cases these irregularities were caused by intentional misconduct and illegal behavior, much of it involving Secretary of State J. Kenneth Blackwell, the co-chair of the Bush-Cheney campaign in Ohio."

The Judiciary document continued that there were "ample grounds for challenging the Electors from the State of Ohio"; and called on Congress to conduct a full probe into the Ohio irregularities through the appointment of a Joint Select Committee of the House and Senate.

### **Senator Boxer Joins the Fight**

Hours before the convening of the Joint Session, California Senator Boxer, in a letter to Ohio's Tubbs Jones, confirmed that she would sign the challenge to the Ohio Electors, thus assuring the historic Congressional debate and vote. "I have concluded," she wrote, "that objecting to the electoral votes from Ohio is the only immediate way to bring these issues to light by allowing you to have a two-hour debate to let the American people know the facts surrounding Ohio's election." Boxer voted against certifying the Ohio Electors, along with 31 House members.

In the two hours of debate that were triggered when Representative Tubbs Jones stood to challenge the certification of the Ohio Electors, scores of Democrats in both Houses rose to denounce the vote suppression and other forms of fraud in Ohio and other states.

Beyond the immediate issue of the vote suppression and fraud, the actions by the Congressional Democrats sent a critical message to the Bush White House and to the Congressional Republican leaders, who have sought to impose a form of one-party rule: The 109th Congress will be an all-out battle,

and the Democratic Party, under the growing leadership of Lyndon LaRouche and the LaRouche movement, is going to once again fight like the party of Franklin Roosevelt, for the general welfare of all Americans.

---

## Documentation

---

### Historic Debate in Congress

*Here are excerpts from four speakers at the Jan. 6 debate: 1) the challenge initiator, Ohio Rep. Stephanie Tubbs Jones; 2) her co-challenger, California Sen. Barbara Boxer; 3) the Congressman who led the investigation of the Ohio irregularities, Rep. John Conyers; and 4) Republican House Majority leader Tom DeLay, who went ballistic at the conclusion of the two-hour discussion in the House of Representatives.*

#### **Rep. Stephanie Tubbs Jones (D-Ohio)**

I, thank God, have a Senator joining me in this objection, and I appreciate Senator Boxer's willingness to listen to the plight of hundreds, and even thousands of Ohio voters, that for a variety of reasons were denied the right to vote.

Unfortunately, objecting to the electoral votes from Ohio is the only immediate avenue to bring these issues to light. While some have called our cause foolish, I can assure you that my parents, Mary and Andrew Tubbs, did not raise any fools. They raised a lawyer, they raised a former judge, they raised a prosecutor; and thank God they live to see me serve as a Member of the House of Representatives. I am duty bound to follow the law and apply the law to the facts as I find them, and it is on behalf of those millions of Americans who believe in and value our democratic process and the right to vote that I put forth this objection today. If they are willing to stand at polls for countless hours in the rain, as many did in Ohio, then I should surely stand up for them here in the halls of Congress.

This objection does not have at its root the hope or even the hint of overturning the victory of the President; but it is a necessary, timely, and appropriate opportunity to review and remedy the most precious process in our democracy. I raise this objection neither to put the Nation in the turmoil of a proposed overturned election nor to provide cannon fodder or partisan demagoguery for my fellow Members of Congress. I raise this objection because I am convinced that we as a body must conduct a formal and legitimate debate about election irregularities. I raise this objection to debate the process and protect the integrity of the true will of the people. . . .

There are serious allegations in two lawsuits pending in Ohio that debate the constitutionality of the denial of provisional ballots to voters: One, the *Sandusky County Demo-*

*cratic Party v. J. Kenneth Blackwell* and Ohio's vote recount, *Yost v. David Cobb, et al.* These legitimate questions brought forward by the lawsuits, which go to the core of our voting and democratic process, should be resolved before Ohio's electoral votes are certified. . . .

What happened in Ohio in Cuyahoga County? There are just over 1 million registered voters in Cuyahoga County which, of course, includes my Congressional District. Registration increased approximately 10%. The beauty of the 2004 election was that more people were fully prepared to exercise their right to vote; however, on Election Day, hundreds and even thousands of individuals went to the voting polls and were denied the opportunity.

In my own county where citizen volunteers put forth a Herculean effort to register, educate, mobilize, and protect, there were long lines, 4- to 5-hour waits. Election Protection Coalition testified that more than half of the complaints about long lines they received came from Columbus and Cleveland where a huge proportion of the State's Democratic voters live. One entire polling place in Cuyahoga County had to shut down at 9:25 a.m. on Election Day because there were no working machines. On provisional balloting, Cuyahoga County had over-all provisional ballot rejection of 32%. Rejection rates for provisional ballots in African-American precincts and wards in Cleveland averaged 37% and in some as high as 51%. Significant flaws in registration process and procedures. Initial research identified at least 600 individuals purged from the Cuyahoga County voting rolls without a due process. Cuyahoga County analysis of 10,900 voter applications showed that almost 3,000 were never entered; address updates received but never updated; mistakes in entering addresses.

I thank the Speaker for the opportunity to be heard, and I raise the objection on behalf of the electors of the State of Ohio.

#### **Sen. Barbara Boxer (D-Calif.)**

For most of us in the Senate and the House, we have spent our lives fighting for things we believe in—always fighting to make our nation better. We have fought for social justice. We have fought for economic justice. We have fought for environmental justice. We have fought for criminal justice.

Now we must add a new fight—the fight for electoral justice.

Every citizen of this country who is registered to vote should be guaranteed that their vote matters, that their vote is counted, and that in the voting booth of their community, their vote has as much weight as the vote of any Senator, any Congressperson, any President, any Cabinet member, or any CEO of any Fortune 500 Corporation.

I am sure that every one of my colleagues—Democrat, Republican, and Independent—agrees with that statement. That in the voting booth, every one is equal.

So now it seems to me that under the Constitution of the United States, which guarantees the right to vote, we must ask:

Why did voters in Ohio wait hours in the rain to vote? Why were voters at Kenyan College, for example, made to wait in line until nearly 4 a.m. to vote because there were only two machines for 1,300 voters?

Why did poor and predominantly African-American communities have disproportionately long waits?

Why in Franklin County did election officials use only 2,798 machines when they said they needed 5,000? Why did they hold back 68 machines in warehouses? Why were 42 of those machines in predominantly African-American districts?

Why did, in Columbus area alone, an estimated 5,000 to 10,000 voters leave polling places, out of frustration, without having voted? How many more never bothered to vote after they heard about this? . . .

Because of this, and voting machine irregularities in so many other places, I am joining with Congresswoman Stephanie Tubbs Jones to cast the light of truth on a flawed system which must be fixed now.

Our democracy is the centerpiece of who we are as a nation. And it is the fondest hope of all Americans that we can help bring democracy to every corner of the world. As we try to do that, and as we are shedding the blood of our military to this end, we must realize that we lost so much credibility when our own electoral system needs so much improvement. Yet, in the past four years, this Congress has not done everything it should to give confidence to all of our people their votes matter. . . .

### **Rep. John Conyers (D-Mich.)**

. . . The debate we have today will not change the outcome of November's election. We know that. But out of today's debate, I hope this Congress will respond to our challenge:

- A challenge to hold true bipartisan hearings to get to the bottom of what went wrong in Ohio and around the Nation on Election Day.
- A challenge to show the same concern about voter disenfranchisement in this country that we show in Afghanistan, and the Ukraine, and Iraq.
- A challenge to enact real election reform; that gives all citizens the right to a provisional ballot; that gives all voters a verifiable paper trail; and that bans election officials from serving as campaign chairs.

The thing we should never fear in Congress is a debate, and the thing we should never fear in a democracy is the voters. I hope that today we have a fair debate and four years from now, we have an election all our citizens can be proud of.

### **Rep. Tom DeLay (R-Tex.)**

Mr. Speaker, what is happening here today is amazing but not surprising. Mr. Speaker, what we are witnessing here

today is a shame. A shame. The issues at stake in this petition are gravely, gravely serious. This is not just having a debate. But the specific charges, as any objective observer must acknowledge, are not. That is because the purpose of this petition is not justice but noise.

It is a warning to Democrats across the country, now in the midst of soul searching after their historic losses in November, not to moderate their party's message.

It is just the second day of the 109th Congress and the first chance of the Democrat congressional leadership to show the American people what they have learned since President Bush's historic re-election, and they can show that, but they have turned to what might be called the "X-Files Wing" of the Democrat Party to make their first impression.

Rather than substantive debate, Democrat leaders are still adhering to a failed strategy of spite, obstruction, and conspiracy theories. They accuse the President, who we are told is apparently a closet computer nerd, of personally overseeing the development of vote-stealing software. We are told, without any evidence, that unknown Republican agents stole the Ohio election and that its electoral votes should be awarded to the winner of an exit poll instead. Many observers will discard today's petition as a partisan waste of time, but it is much worse than that. It is an assault against the institutions of our representative democracy. It is a threat to the very ideals it ostensibly defends. No one is served by this petition, not in the long run. And in the short term, its only beneficiaries are its proponents themselves. Democrats around the country have asked since Election Day, and will no doubt ask again today, how it came to this. The Democrat Party, the party that was once an idealistic, forward-looking, policy colossus. The New Deal, the Marshall Plan, the Great Society, the space program, civil rights. And yet today one is hard pressed to find a single positive substantive idea coming from the left. Instead, the Democrats have replaced statecraft with stagecraft, substance with style, and not a very fashionable style at that. The petitioners claim that they act on behalf of disenfranchised voters, but no such voter disenfranchisement occurred in this election of 2004 and for that matter the election of 2000.

Everybody knows it. The voters know it, the candidates know it, the courts know it, and the evidence proves it. We are not here to debate evidence, but to act our roles in some scripted, insincere morality play. . . . Remember, neither of the Democrat candidates supposedly robbed in Ohio endorse this petition. It is a crime against the dignity of American democracy, and that crime is not victimless. The Democrat leadership came down to the floor and said this is a good debate; we ought to be having a debate on this issue. . . .

A dangerous precedent is being set here today, and it needs to be curbed, because Democrat leaders are not just hurting themselves. By their irresponsible tactics, they hurt the House, they hurt the Nation, and they hurt rank-and-file Democrats at kitchen tables all around this country. . . .

# White House and Gonzales Stonewall At Senate Confirmation Hearing

by Edward Spannaus

In a Nixon-style stonewall, the Bush White House refused to release to the Senate Judiciary Committee, at least a dozen key documents which are expected to shed light on the role of White House Counsel Alberto Gonzales in developing the Bush Administration's torture policies.

The White House's obstruction was compounded by Gonzales's own recalcitrance during the Jan. 6 opening session of his Senate Judiciary Committee confirmation hearing for U.S. Attorney General, during which Gonzales repeatedly responded with "I don't remember" to questions about his involvement in discussions about specific torture methods used in interrogations of suspected terrorists, such as threats of live burial, and "waterboarding," which creates the sensation of drowning.

When asked if he agrees that for an act to constitute torture, "it must be equal in intensity to the pain accompanying serious physical injury, such as organ failure, impairment of bodily function, or even death"—the definition laid out by the Justice Department "Bybee memo"—Gonzales claimed that this "does not represent the position of the Executive Branch," and he claimed that it would be improper for him, as White House Counsel, to inject himself into Justice Department interpretations of the law. "Malarkey!" was Sen. Joe Biden's (D-Del.) characterization of this type of response.

And asked by Sen. Richard Durbin (D-Ill.), if U.S. personnel could legally engage in torture under any circumstances, Gonzales responded: "I don't think so, but I'd want to get back to you on that."

Retired Adm. John Hutson, one of the witnesses who spoke in opposition to the nomination, told *EIR* after the hearing that Gonzales "didn't help his cause" with his evasiveness. Some of Gonzales's "I don't remember" statements were "literally laughable," Hutson pointed out—particularly Gonzales's response when asked whether he had requested the Justice Department to draft the "Bybee memo," or whether the request came from the CIA.

Another response that left some jaws dropped, was when Sen. Ted Kennedy (D-Mass.) asked about the meetings where interrogation techniques such as "waterboarding" were discussed, and Gonzales responded: "It's not my job to decide which types of methods of obtaining information from terrorists would be most effective," and, "It is also not my job to make the ultimate decision about whether or not those meth-

ods would, in fact, meet the requirements of the Anti-Torture Statute."

## Can Torture Be Legal?

Gonzales repeatedly refused to answer Senators' questions as to whether he still stands by the opinion expressed in the August 2002 "Bybee memo," that the President, in his capacity as commander-in-chief, can ignore laws that he believes unconstitutional in restricting his freedom of action. And particularly, Gonzales was asked whether the President can confer immunity from criminal prosecution upon persons acting under his direction who violate the anti-torture laws. This question was first raised by Sen. Patrick Leahy (D-Vt.), and Gonzales responded that since the President has said that we're not going to engage in torture, that the question is "a hypothetical."

Leahy came back to this again later, saying that Gonzales had not answered the question, and that if a President can override the laws, especially on something so fundamental as torture, "that sets into motion a whole lot of other things," explaining: "We saw this in the Nuremberg Trials. . . . You had people who said, 'well, we were just following orders' . . . But the United States has always said . . . this is not a defense."

Gonzales, and one or more Republican Senators, pointed out (correctly) that Presidents of both parties have said that they reserve the right not to comply with a law, such as the War Powers Act, which they regard as unconstitutional. Sen. Russ Feingold (D-Wisc.) accused Gonzales of "dancing around" the question of torture, and he pointed out that there is a big difference between a President not enforcing a law he believes to be unconstitutional, "and a President claiming to authorize individuals to break the law by torturing individuals or taking other illegal actions." Even after this, Gonzales still stonewalled, on the excuse that this was a "hypothetical" question.

## A Republican Renders Gonzales Speechless

But it took a Republican Senator to stop Gonzales cold. Gonzales had undoubtedly been told he could stonewall the Democrats as much as he wanted, because the Republicans have the votes to confirm him. But he did not seem prepared for the lashing he got from Sen. Lindsey Graham (R-S.C.).



*Why is this man smiling? Alberto Gonzales was hammered by Senators and witnesses at his confirmation hearing on Jan. 6. Adm. John Hutson (ret.) branded Gonzales's interpretation of the Geneva Conventions "wrong legally, morally, diplomatically, and practically. It endangers our troops in this war and future wars, and it makes our nation less safe."*

Graham said that he is "a very ardent supporter of the war on terror," but that he believes that "we've dramatically undermined the war effort by getting on the slippery slope of playing cute with the law, because it's come back to bite us." He stressed a number of times that "we need to recapture the moral high ground."

Graham pointed out that he is a Judge Advocate in the Air Force Reserve, and that part of his job "is to advise commanders about the Law of Armed Conflict," and that they listen to what he tells them about the Geneva Conventions, "because every Air Force wing commander lives in fear of an air crew being shot down and falling into enemy hands."

Graham then proceeded to declare that "the Department of Justice memo that we're all talking about now was, in my opinion, Judge Gonzales, not a little bit wrong, but *entirely* wrong . . . because it excluded another body of law called the Uniform Code of Military Justice." Graham stated that he has been trying to get the memos from the Judge Advocates General (JAG) to the Pentagon working group on interrogation, and that he can't get them.

Graham stated that the Justice Department memo "puts our troops at jeopardy because the Uniform Code of Military Justice specifically makes it a crime for a member of our uniformed forces to abuse a detainee."

He asked Gonzales: "Do you believe that a professional military lawyer's opinion, that this memo may put our troops in jeopardy under the Uniform Code of Military Justice, was a correct opinion?"

Gonzales was literally speechless, and finally whimpered, "Would you like me to try to answer that now, Senator, Mr. Chairman?" Graham then said, "Take some time," and Specter told him, "If you want to think it over, Judge Gonzales, and respond later during the hearing, that's fine."

### **Cheney's Mouthpiece**

A number of Senators complained that they had learned about most of the Administration's torture memos from the press, not from the Administration itself. Indeed, in the days leading up to the Jan. 6 hearing, there were a series of leaks to the *New York Times* and *Washington Post*, coming from officials in the military and other government agencies who are disgusted with the policies of the White House. The leaks included new information on torture and abuse of detainees in Iraq and at Guantanamo, and on the Defense Department's and CIA's practice of secretly sending prisoners to third countries where they can be interrogated without U.S. fingerprints on the torture devices.

One of the most significant leaks, was a front-page article in the Jan. 5 *Washington Post*, which portrayed Gonzales, just as EIRNS has done for a long time: as a flunky for Vice President Dick Cheney and Cheney's Counsel David Addington.

"One of the mysteries that surround Gonzales is the extent to which these new legal approaches are his own handiwork rather than the work of others, particularly Vice President Cheney's influential legal counsel, David S. Addington," the *Post* wrote. "On at least two of the most controversial policies endorsed by Gonzales, officials familiar with the events say the impetus for action came from Addington—another reflection of Cheney's outsized influence with the president and the rest of the government."

Gonzales's subservience to Cheney and Addington was a key element emphasized in testimony submitted by LaRouche PAC to the Senate Judiciary Committee. The LaRouche PAC testimony (see p. 31) also demonstrated the parallels between the legal arguments promoted by Gonzales, and almost-identical arguments used in Hitler's Third Reich, and it warned that "putting someone of Mr. Gonzales's character into the position of Attorney General is almost a guarantee of the rapid implementation of fascist legal policies."

### **Military Opposition**

The most notable feature of the opposition to Gonzales, is how much of it is centered among the military. While active-

duty military officers cannot speak out against the Administration, retired officers can.

And in what is regarded as an unprecedented action, 12 retired generals and Admirals (six from the Army, three Navy, two Marines, and one Air Force) signed a letter to the Senate Judiciary Committee, expressing their “deep concern” about the nomination of Alberto Gonzales to be Attorney General, and calling on the Committee to examine in detail Gonzales’s views regarding the Geneva Conventions and U.S. detention and interrogation policies (see *Documentation*).

The signers included former Chairman of the Joint Chiefs of Staff Gen. John Shalikashvili, former Central Command commander and Marine Gen. Joseph Hoar, Air Force Gen. Merrill McPeak, and a number of retired top military legal officers.

The retired officers are particularly incensed that memos commissioned or signed by Gonzales “ignored established U.S. military policy”—especially the U.S. Army Field Manual on interrogation, which they describe as “the product of decades of experience.” This, they assert, “shows a disturbing disregard for the decades of hard-won knowledge of the professional American military.”

A number of other groups of veterans have also come out opposing Gonzales.

One of the signers of the Generals’ and Admirals’ statement also testified in opposition to Gonzales’s nomination at the hearing. This was Adm. John Hutson (ret.), the Judge Advocate General for the Navy during the Clinton Administration. Hutson began by speaking of the military strength of the United States, and its advocacy of human rights for all, and its adherence to the rule of law, as gifts held in trust for future generations. Previous generations of American political and military leaders understood this, and responded to World War II with programs like the Marshall Fund and the Geneva Conventions. They understood that even in the midst of war, “we should treat our enemies humanely,” Hutson said, adding: “To do so, is a sign of strength, not weakness. Not to do so, is a sign of desperation.”

“I come here to speak in opposition of the confirmation of Judge Gonzales, because he appears not to understand that,” Hutson continued. “His analysis and understanding of the Geneva Conventions . . . is shallow, short-sighted, and dangerous. It’s wrong legally, morally, diplomatically, and practically. It endangers our troops in this war and future wars, and it makes our nation less safe.

“My 28 years in the Navy tells me that his analysis of the Geneva Conventions and their applicability to the war in Afghanistan and the war on terror is particularly disturbing, because it indicates an utter disregard for the rule of law and human rights. Those are the reasons American fighting men and women shed their blood, and why we send them into battle. But if we win this battle and lose our soul in the process, we will have lost the war, and their sacrifices will have been for nought.

“Another important aspect of the Geneva Conventions is that it prepares us for the peace that will ensue,” Hutson continued. “We can’t so alienate our allies that they won’t fight alongside us again. Nor should we embitter our enemies so that they will fight on longer and harder than they otherwise would, or be unwilling to relent, even though their cause is hopeless. Abrogating the Geneva Conventions imperils our troops and undermines the war effort. It encourages reprisals. It lowers morale.”

Hutson said that the rejection of the Geneva Conventions advocated by Gonzales and others, undermined the military, and particularly the good order and discipline upon which the military depends. “Government lawyers, including Judge Gonzales, let down the U.S. troops in a significant way by their ill-conceived advice. . . . At the top of the chain of command, to coin a phrase that we’ve heard in the past, they set the conditions so that many of those troops would commit serious crimes.”

After having underlined the importance of accountability within the military, Hutson remarked, “Nomination to Attorney General is not accountability.”

“Damage has been done, but it’s never too late to do the right thing. If Judge Gonzales goes on to be the chief law enforcement officer of the United States after involvement in this, we will have failed to undo a wrong, but will have only exacerbated it.

“We’re at a fork in the road. Somewhat ironically, this nomination has given the United States Senate an opportunity to tell the world what you think about those issues,” Hutson concluded. “What you do here will send a message, good or bad, to the world, and importantly to American armed forces and fighting men and women.”

---

## Documentation

---

### Retired Military Leaders Question Gonzales’s Beliefs

*The following “Open Letter to the Senate Judiciary Committee” was released at a press conference in Washington, D.C. on Jan. 4, by 12 distinguished retired flag officers.*

Dear Senator:

We, the undersigned, are retired professional military leaders of the U.S. Armed Forces. We write to express our deep concern about the nomination of Alberto R. Gonzales to be Attorney General, and to urge you to explore in detail his views concerning the role of the Geneva Conventions in U.S. detention and interrogation policy and practice.

During his tenure as White House Counsel, Mr. Gonzales



appears to have played a significant role in shaping U.S. detention and interrogation operations in Afghanistan, Iraq, Guantanamo Bay, and elsewhere. Today, it is clear that these operations have fostered greater animosity toward the United States, undermined our intelligence gathering efforts, and added to the risks facing our troops serving around the world. Before Mr. Gonzales assumes the position of Attorney General, it is critical to understand whether he intends to adhere to the positions he adopted as White House Counsel, or chart a revised course more consistent with fulfilling our nation's complex security interests, and maintaining a military that operates within the rule of law.

Among his past actions that concern us most, Mr. Gonzales wrote to the President on January 25, 2002, advising him that the Geneva Conventions did not apply to the conflict then underway in Afghanistan. More broadly, he wrote that the "war on terrorism" presents a "new paradigm [that] renders obsolete Geneva's" protections.

The reasoning Mr. Gonzales advanced in this memo was rejected by many military leaders at the time, including Secretary of State Colin Powell who argued that abandoning the Geneva Conventions would put our soldiers at greater risk, would "reverse over a century of U.S. policy and practice in supporting the Geneva Conventions," and would "undermine the protections of the rule of law for our troops, both in this specific conflict [Afghanistan] and in general." State Department adviser William H. Taft IV agreed that this decision "deprives our troops [in Afghanistan] of any claim to the protection of the Conventions in the event they are captured and weakens the protections afforded by the Conventions to our troops in future conflicts." Mr. Gonzales' recommendation also ran counter to the wisdom of former U.S. prisoners of war. As Senator John McCain has observed: "I am certain we all would have been a lot worse off if there had not been the Geneva Conventions around which an international consensus formed about some very basic standards of decency that should apply even amid the cruel excesses of war."

Mr. Gonzales' reasoning was also on the wrong side of history. Repeatedly in our past, the United States has confronted foes that, at the time they emerged, posed threats of a scope or nature unlike any we had previously faced. But we have been far more steadfast in the past in keeping faith with our national commitment to the rule of law. During the Second World War, General Dwight D. Eisenhower explained that the allies adhered to the law of war in their treatment of prisoners because "the Germans had some thousands of American and British prisoners and I did not want to give Hitler the excuse or justification for treating our prisoners more harshly than he already was doing." In Vietnam, U.S. policy required that the Geneva Conventions be observed for all enemy prisoners of war—both North Vietnamese regulars and Viet Cong—even though the Viet Cong denied our own prisoners of war the same protections. And in the 1991 Persian Gulf War, the United States afforded Geneva Convention protec-

tions to more than 86,000 Iraqi prisoners of war held in U.S. custody. The threats we face today—while grave and complex—no more warrant abandoning these basic principles than did the threats of enemies past.

Perhaps most troubling of all, the White House decision to depart from the Geneva Conventions in Afghanistan went hand in hand with the decision to relax the definition of torture and to alter interrogation doctrine accordingly. Mr. Gonzales' January 2002 memo itself warned that the decision not to apply Geneva Convention standards "could undermine U.S. military culture which emphasizes maintaining the highest standards of conduct in combat, and could introduce an element of uncertainty in the status of adversaries." Yet Mr. Gonzales then made that very recommendation with reference to Afghanistan, a policy later extended piece by piece to Iraq. Sadly, the uncertainty Mr. Gonzales warned about came to fruition. As James R. Schlesinger's panel reviewing Defense Department detention operations concluded earlier this year, these changes in doctrine have led to uncertainty and confusion in the field, contributing to the abuses of detainees at Abu Ghraib and elsewhere, and undermining the mission and morale of our troops.

The full extent of Mr. Gonzales' role in endorsing or implementing the interrogation practices the world has now seen remains unclear. A series of memos that were prepared at his direction in 2002 recommended official authorization of harsh interrogation methods, including waterboarding, feigned suffocation, and sleep deprivation. As with the recommendations on the Geneva Conventions, these memos ignored established U.S. military policy, including doctrine prohibiting "threats, insults, or exposure to inhumane treatment as a means of or aid to interrogation." Indeed, the August 1, 2002 Justice Department memo analyzing the law on interrogation references health care administration law more than five times, but never once cites the U.S. Army Field Manual on interrogation. The Army Field Manual was the product of decades of experience—experience that had shown, among other things, that such interrogation methods produce unreliable results and often impede further intelligence collection. Discounting the Manual's wisdom on this central point shows a disturbing disregard for the decades of hard-won knowledge of the professional American military.

The United States' commitment to the Geneva Conventions—the laws of war—flows not only from field experience, but also from the moral principles on which this country was founded, and by which we all continue to be guided. We have learned first hand the value of adhering to the Geneva Conventions and practicing what we preach on the international stage. With this in mind, we urge you to ask of Mr. Gonzales the following:

- (1) Do you believe the Geneva Conventions apply to all those captured by U.S. authorities in Afghanistan and Iraq?
- (2) Do you support affording the International Committee of the Red Cross access to all detainees in U.S. custody?

(3) What rights under U.S. or international law do suspected members of Al Qaeda, the Taliban, or members of similar organizations have when brought into the care or custody of U.S. military, law enforcement, or intelligence forces?

(4) Do you believe that torture or other forms of cruel, inhuman and degrading treatment—such as dietary manipulation, forced nudity, prolonged solitary confinement, or threats of harm—may lawfully be used by U.S. authorities so long as the detainee is an “unlawful combatant” as you have defined it?

(5) Do you believe that CIA and other government intelligence agencies are bound by the same laws and restrictions that constrain the operations of the U.S. Armed Forces engaged in detention and interrogation operations abroad?

Signed,  
Brigadier General David M. Brahms (Ret. USMC)  
General Joseph Hoar (Ret. USMC)  
Brigadier General James Cullen (Ret. USA)  
Rear Admiral John D. Hutson (Ret. USN)  
Brigadier General Evelyn P. Foote (Ret. USA)  
Lieutenant General Claudia Kennedy (Ret. USA)  
Lieutenant General Robert Gard (Ret. USA)  
General Merrill McPeak (Ret. USAF)  
Vice Admiral Lee F. Gunn (Ret. USN)  
Major General Melvyn Montano (Ret. USAF Nat. Guard)  
Rear Admiral Don Guter (Ret. USN)  
General John Shalikashvili (Ret. USA)

## Biographical Information on Signatories of Letter to Senate Judiciary

**Brigadier General David M. Brahms (Ret. USMC):** General Brahms served in the Marine Corps from 1963-1988. He served as the Marine Corps’ senior legal adviser from 1983 until his retirement in 1988. General Brahms currently practices law in Carlsbad, California, and sits on the board of directors of the Judge Advocates Association.

**Brigadier General James Cullen (Ret. USA):** General Cullen is a retired Brigadier General in the United States Army Reserve Judge Advocate General’s Corps and last served as the Chief Judge (IMA) of the U.S. Army Court of Criminal Appeals. He currently practices law in New York City.

**Brigadier General Evelyn P. Foote (Ret. USA):** General Foote was Commanding General of Fort Belvoir in 1989. She was recalled to active duty in 1996 to serve as Vice Chair of the Secretary of the Army’s Senior Review Panel on Sexual Harassment. She is President of the Alliance for National Defense, a non-profit organization.

**Lieutenant General Robert Gard (Ret. USA):** General Gard is a retired Lieutenant General who served in the United States Army; his military assignments included combat service in Korea and Vietnam. He is currently a consultant on international security and president emeritus of the Monterey

Institute for International Studies.

**Vice Admiral Lee F. Gunn (Ret. USN):** Admiral Gunn served as the Inspector General of the Department of the Navy until his retirement in August 2000. Admiral Gunn commanded the USS BARBEY and the Destroyer Squadron “Thirty-one,” a component of the U.S. Navy’s Anti-Submarine Warfare Destroyer Squadrons.

**Admiral Don Guter (Ret. USN):** Admiral Guter served as the Navy’s Judge Advocate General from 2000 to 2002. Admiral Guter is currently CEO of Vinson Hall Corporation/ Executive Director of the Navy Marine Coast Guard Residence Foundation in McLean, Virginia.

**General Joseph Hoar (Ret. USMC):** General Hoar served as Commander-in-Chief, U.S. Central Command. After the first Gulf War, General Hoar led the effort to enforce the naval embargo in the Red Sea and the Persian Gulf, and to enforce the no-fly zone in the south of Iraq. He oversaw the humanitarian and peacekeeping operations in Kenya and Somalia and also led the U.S. Marine Corps support for operations in Rwanda, and the evacuation of U.S. civilians from Yemen during the 1994 civil war. He was the deputy for Operations for the Marine Corps during the Gulf War and served as General Norman Schwarzkopf’s Chief of Staff at Central Command. General Hoar currently runs a consulting business in California.

**Rear Admiral John D. Hutson (Ret. USN):** Admiral John D. Hutson served as the Navy’s Judge Advocate General from 1997 to 2000. Admiral Hutson now serves as President and Dean of the Franklin Pierce Law Center in Concord, New Hampshire.

**Lieutenant General Claudia Kennedy (Ret. USA):** General Kennedy is the first and only woman to achieve the rank of three-star general in the United States Army. Kennedy served as Deputy Chief of Staff for Army Intelligence, Commander of the U.S. Army Recruiting Command, and as Commander of the 703d military intelligence brigade in Kunia, Hawaii.

**General Merrill McPeak (Ret. USAF):** General McPeak served as the Chief of Staff of the U.S. Air Force. Previously, General McPeak served as Commander in Chief of the U.S. Pacific Air Forces. He is a command pilot, having flown more than 6,000 hours, principally in fighter aircraft.

**Major General Melvyn Montano (Ret. USAF Nat. Guard):** General Montano was the adjutant general in charge of the National Guard in New Mexico from 1994 to 1999. He served in Vietnam and was the first Hispanic Air National Guard officer appointed as an adjutant general in the country.

**General John Shalikashvili (Ret. USA):** General Shalikashvili was Chairman of the Joint Chiefs of Staff (Department of Defense) from 1993 till 1997. Prior to serving as Chairman, he served as NATO’s Supreme Allied Commander for Europe, and also as the commander-in-chief of the United States European Command. He was until recently a visiting professor at The Stanford Institute for International Studies.



# Gonzales's Policies Put American Soldiers at Risk

*Gen. Joseph P. Hoar (USMC, ret.), a four-star general, was Commander in Chief, U.S. Central Command (1991-94), commanding the U.S. forces in the Persian Gulf after the 1991 war. He also served in the Vietnam War, as a battalion and brigade advisor with the Vietnamese Marines. He is one of a group of senior flag officers who on Jan. 3 released an extraordinary statement of opposition to the nomination of Alberto Gonzales as Attorney General, which came before the Senate Judiciary Committee on Jan. 6. General Hoar was interviewed on Jan. 1 by Jeffrey Steinberg. A previous interview with General Hoar by Steinberg appeared in the May 21, 2004 EIR.*

**EIR:** It's now Jan. 1, 2005, and in just several days, I believe on Jan. 4, a group of generals and admirals is scheduled to hold a press conference in Washington, D.C., on the eve of the confirmation hearings for Alberto Gonzales, the White House General Counsel, who is now President Bush's nominee for Attorney General.

General, I understand that you and the group are opposing the nomination of Alberto Gonzales, and I wonder if you could give us some of the background on how this group of very impressive retired military officers, including several prominent Judge Advocates General, came together, and why you're opposing the nomination of Gonzales.

**Hoar:** Well, first of all, on the personal level, Jeff, I would characterize my own opposition to this as going back earlier in the Gulf War, and more especially, the Afghan war, in which Mr. Gonzales wrote the famous memoranda for the President, in which he described the Geneva Conventions as "outmoded and perhaps quaint"—I think that was the word that he used. And I thought it was extraordinary, that somebody who's an attorney, who is in the White House, could view these Conventions, which have the effect of law, since they've been approved by the Senate, as quaint or outmoded, because the motivation for these conventions, of course, had been the protection of American military men and women, who might become prisoners of war later on.

And so, while I'm not a legal expert by any manner or means, my concern is, as an operator, as a person who has been involved in combat operations, that our major concern with respect to these things, is to protect the safety and the lives of potential American POWs in the future.

The other issue is—my major issue—is my own belief that these papers that were written by Mr. Gonzales, and Mr. Yoo, who was also in that office, if memory serves me correctly, were the basis for future developing policy statements in the Department of Defense, with respect to torture and the treatment of prisoners.

And I think, again, the major problem that I see, is that—this is an area that I'm a little bit more familiar with, in that, having taught at our command and staff college at Quantico, Virginia a year ago, and having taught courses about what we used to call revolutionary warfare, and counterinsurgency—that there is a very discernible line in other countries, where nations, particularly democratic nations, have been faced with an internal security problem, or terrorism, and inevitably, they have chosen to compromise the rights of individual citizens. And inevitably, torture in one form or another is used, as a means of extracting information from people that are held prisoner. And of course, this goes back to the Geneva Accords, again, and to international law, where torture is prohibited by international law.

And so, even in democracies, like the United Kingdom, and France, and Israel, these rules have been compromised. And so, my concern in the case of the torture issue, is that this is a very slippery slope, and could very easily find its way into not only the torture of "enemy combatants," but also American citizens, and it just needs to be stopped.

**EIR:** There's another, I'd say clearly secondary, issue to the issues of international law, and fundamental morality, but I've heard a number of military people who have been involved in intelligence work say, that, in point of fact, torture never really works very effectively as an interrogation technique for extracting useful information. Is that your view as well?

**Hoar:** Yes. I've never seen any kind of empirical work that would back that [torture] up. And people that we all know and respect, including Senator McCain, who has been subjected to this sort of thing, have said exactly that: That different kinds of interrogation techniques, most specifically, those that are more gentle, but persistent, that cause a detainee to gain confidence in his interrogator and so forth, usually produce better information.

I might say that the French in Algeria justified torturing

terrorists, because of the timeliness of the information they were trying to extract, but there's no evidence that they were able to achieve any kind of a better record than anybody else.

**EIR:** In fact, one of the French generals who was involved in what they referred to as the "dirty war" of the Battle of the Casbah, wrote a book many years later, which reflected on the lack of success of those methods, and the fact that they seemed to be winning the counterinsurgency war, but in fact, were really losing any ability to maintain control over that situation.

**Hoar:** Was that Tranquier's book?

**EIR:** Yes.

**Hoar:** Yes. It's interesting that you've read that. I stumbled through it in French, and subsequently found an English translation of it, and it's a very, very powerful book. I think one of the things that's so interesting today, is the movie, the "Battle of Algiers," which has been re-issued, on DVD, I'm told. I've not seen it in its current form. It's something of a documentary and *enormously powerful*. And most important for those of us who have served in the military, it is a great example of how the French military won the Battle of Algiers, lost their honor, and ultimately lost the war. Because all of these things are political, rather than military, and the military must serve the political ends of the government, and Mr. de Gaulle in his situation as the President of the French Republic, and long experience as a soldier, realized this, and was perhaps the only person in France that could have made this decision to cut Algeria loose, and allow them independence.

**EIR:** The last time that we spoke in an interview format, we talked about your appraisal of the on-the-ground situation in Iraq. I think that was probably about eight or nine months ago, and I'd been interested in getting your updated assessment. You expressed grave concerns about the approach that was being taken. That was at the time of the initial Fallujah encounter. We've now gone through two more battles of Fallujah. I'd like to get your overall appraisal of where the situation stands, on the eve of the upcoming elections there.

**Hoar:** Well, let me start with Fallujah, because I think Fallujah has been, and will be, pivotal in the success of the counterinsurgency effort in Iraq. I think your readers will recall that the Fallujah campaign was precipitated by a grotesque murder of four American citizens in that city, and their bodies hung up on lamp posts, and so forth. And at the time, as I recall, the *Wall Street Journal* indicated that the White House had ordered the attack on Fallujah. I'm told that the British commanders in Iraq had recommended against it. I've heard also that the Marines were against it.

But nonetheless, the attack took place, and, of course, once it got started, I think for multiple reasons, first of all, the casualties, but secondly, members of the Coalition govern-

ment threatened to pull out if the attack continued, [it was stopped]. But the fact of the matter was, that once begun, from a military point of view, it probably should have been allowed to continue to a successful conclusion, particularly since some months later, we went back in again.

And my own view is that the insurgents precipitated this attack. They continued to stay in that city, to come and go as they chose, to use it as a base of operations. And, of course, once it was clear, after the U.S. elections in November that we were going to have Act II of Fallujah, they continued to stay there, and then, at the appropriate moment, the leadership all pulled out, leaving what, my guess would be, fanatic soldiers of the insurgency who were willing to stay and fight and die in the city.

But I think that the combination of American firepower, and the skillful use of fortifying mosques and using mosques as weapons sites and so forth, has created something throughout the Muslim world that will be very, very difficult to overcome in the future. The view on the Muslim street, of course, is that this was a desecration of holy places, of mosques; pictures of Marines standing around, with all their equipment in mosques, were flashed on the internet, all around the world.

The political implications of this military success are that the insurgents are no longer using Fallujah as a base of operation. The downside is that, if there were Sunnis in the Sunni Triangle who thought there might be a chance of being a part of all of this, and participating in the election, I suspect that there are very few left. The larger problem is, again, throughout the Muslim world, where the combination of pictures, al-Jazeera, al-Arabiya—the cable Arabic-speaking stations—have again created the belief that the United States is not only an occupying power, but a cruel occupying power.

I really think that we turned the corner with Fallujah. I think that the military piece of this is irretrievable, not because American forces are not able to do the job—they've done a superb job. I think that the fighting qualities of the men and women who are serving in Iraq, are unsurpassed, far better than anything that I can remember in my own service, that goes back into the 1950s. It's not an issue of military capability. It's an issue of, at the highest levels, being able to see that, first and foremost, this is a political operation, and that the military action has to support the political objective. And if you would reflect for a moment, that the President's stated objective, I believe, is to create a free and democratic democracy in Iraq, that includes the rule of law, and the protection of minorities; if that's our strategic objective, the operational objective, of destroying a city of nearly 300,000 people, makes no sense whatever.

There is such an enormous disconnect between the strategic and the operational level out there, I think that we have lost. And how we have lost, remains to be seen, because there's much more at stake now than just the elections, and who will be elected, and who will write a new constitution.

There are regional issues that must be thought about, in terms of what would happen if a civil war followed the elections, and what would that do to our friends in the region.

**EIR:** Very much reminiscent of what you were discussing a few moments ago, about the Algeria situation, where, in the case of France, General de Gaulle, being a military leader as well as the head of state, had the foresight to understand when a defeat had actually occurred on the political level, and had the courage to pull out: Do you see any indications of a similar level of recognition of the actual dilemma from the Bush Administration?

**Hoar:** [Laughs.]

**EIR:** A wishful thinking question.

**Hoar:** Well, you know, we can only look back and view all of this, and say, that there is no discernible effort of self-examination. No discernible effort to go back over various phases of what has gone on out there in the last couple of years, and have some sort of a hot wash-out, some sit-down, and have a critique about what went well, and what didn't go well. And to take appropriate action, which, in some cases, should have meant that people would have lost their job. I've said publicly for something over a year now, that both Mr. Rumsfeld and Mr. Wolfowitz ought to be fired, but clearly that's not going to happen.

The point is, that there has been no reflection on how all of this has gone.

The larger issue, and where the Iraq problem diverges from Algeria, is: You recall that Algeria was really considered to be part of the Metropole, to be part of France, and not truly a colony. And so, the likelihood that defeat on the part of the French government in Algeria would somehow affect other countries in North Africa, I don't think was ever considered to be a real possibility.

Unlike Iraq: There is enormous sympathy for the Iraqis as Muslims, for the Iraqis as Arabs. There are other powerful forces in the region that would like to see, first and foremost, a stable Iraqi government, but also one that satisfies their own particular needs.

If I could start with Iran, I think that if you could produce a strong central government in Iraq, that there would be very little interaction politically with Iran. Iraqi Shi'a don't acknowledge primacy of Iran, and the Shi'a intellectual and religious groups in Iran, but could certainly be driven in that direction, if they had no other friends in the region.

Similarly, the issue of Kurdistan. Whether or not the Kurds will be deprived of what they hope is some sort of a confederation that gives them a great deal of autonomy, remains to be seen. My guess is that they will not get it, that the elected government, which will be dominated by Shi'a, will attempt to create a very strong central government, and this will cause further internal discord. But efforts on the part of Iraqi Kurdistan to become independent, would

be opposed by both Turkey and by Iran, with potential dire consequences for the region.

And then, finally, there is the problem of the Sunni minority, which has run the country for such a long time, that is clearly not going to be dominant in any kind of democratic society in the future, and, under some circumstances, could find itself as an oppressed minority. And so, all of these forces are in movement, and are all going on at the same time, in a confined area, where we have countries like Kuwait, Saudi Arabia, and Jordan, that are on the borders of these countries; less powerful militarily, and yet each one is important to American foreign policy and economic policy. And so, this is where the second- and third-order consequences of a failed state in Iraq come into play.

That, if we fail in Iraq, the political consequences in the region could be disastrous. And so, that really is the danger. And unlike the French, we really need to tough it out. But the problem is, is that we have a civilian leadership that doesn't understand what it's going to take to win.

**EIR:** What would be some of the elements, in your view, that would be required? For example, the issue of training of an Iraqi military and police, and border guard, infrastructure questions, all of these things? What do we have to do in order to actually turn this disastrous situation around, to at least salvage some stability in the region?

**Hoar:** Well, I think that's the problem. And from a standpoint of a purely security, or military, problem, we would, in order to leave the country, need to leave it in the hands of an entity that had sufficient resources to provide at least for its own internal security. And that certainly is not one of the possibilities at this moment. And my own judgment is that General Petraeus, who's a renowned and respected Army general officer, who commanded the 101st Division during the original fight in Phase 3, going up to the overthrow of the Saddam Hussein government, has been put in charge of training Iraqi forces; but a couple of months ago, the 600 people that he's supposed to have on his staff, something like a third of the positions on his staff had been filled at that time, and two-thirds had not been filled.

So, we, first of all, haven't given it the priority that it deserves.

Secondly, the unbelievable decision to send the Iraqi Army home, by Mr. Bremer, early in the occupation, was a fatal error. And so, we can train all the recruits we want, but if you don't have senior NCOs, and officers, to lead them, you're not likely to be able to produce either an effective military fighting force, or a police force. And so, the time lag between the period in which we occupied the country, and where we are today, with very few effective security forces, already trained and operating, most of which are Kurdish forces, it seems unlikely that we could go, even if we wanted to. We have created this unstable situation now, and we have to stay on to fix it.



*U.S. soldiers in a cemetery in Fallujah. General Hoar comments on the nomination of Alberto Gonzales, that it is extraordinary, that someone in his position could view the Geneva Conventions "as quaint or outmoded, because the motivation for these conventions, of course, had been the protection of American military men and women, who might become prisoners of war later on."*

My own view is, and has been for some time, that we needed to postpone elections, and to give 100% effort to training police, and military forces, and integrating them into the U.S. forces, with U.S. equipment, so that they could be protected. And the insurgents have very skillfully used their own people to undermine the respect and the trust for Iraqi forces.

For example, the suicide bomber that was able to penetrate the Army base at Mosul, and kill himself along with 20-odd Americans and Iraqis: This is the sort of thing that politically does enormous damage to our overall effort, because one of the key aspects of this successful campaign, is for loyal Iraqis, and U.S. forces, to trust one another, and work closely together. And this is where the parallel between Vietnam and Iraq is relevant. There were very good Vietnamese military formations, but there were many very poor military formations in Vietnam. In fact Hanson Baldwin, a fellow that used to write military columns for the *New York Times*, said, sometime in the late '60s, that everything that you say about the Vietnamese Armed Forces is true, and the implication was that there were superb units, and just terrible units that were out there. And we've yet to see too many very effective units emerge in Iraq.

But, we went through something called Vietnamization in those years, starting about 1969, 1970, if memory serves me correctly, but the view was, ready or not, Vietnam, we're pulling out, and so we're going to give you every effort to train up your forces, but we're not going to be here for the big fight.

That is where I see the parallel between Vietnam and Iraq: That sooner or later, we're going to feel domestic pressure to pull forces out of there, and that line is going to be converging

with the need to train an effective, capable military and security force, and it remains to be seen how successful we'll be in creating that force, that will allow us to leave. But we certainly can't go until we bring some degree of stability to Iraq.

**EIR:** At a recent meeting between President Bush and British Prime Minister Tony Blair, Secretary of State Colin Powell made a very strong case for the need for expanded American forces in Iraq. Yet some other military commentators have pointed out that our force structure at this point is stretched to the limit, and questioned whether or not we could actually significantly expand, and actually deliver the required force, without either going to a draft, or some sort of massive call-up of Reserve and National Guard, beyond what we've already done. Are we at that point of stretching the military force structure to the limits?

**Hoar:** Well, the issue really relates, in my judgment, to the Army Reserve, and National Guard. And I've heard on television, respected retired Army general officers say that we have about another year, year-and-a-half, and then we'll hit a stone wall, because we will have exhausted our ability to redeploy Reserves and National Guards, and they'll be no other place from which to draw the people. If memory serves me, there's something like 40% of the U.S. Army forces that are currently in Iraq, that are Reserve and National Guard. So, there is a train wreck coming, in that respect.

But the point is, that it's not going to get any better unless you get enough forces on the ground. And you know, there was a time in the U.S. military when, in the Second World War, troops served for the duration, and it was not

at all unusual for somebody to be gone two years, or longer, in combat zones. And so, it would seem to me, that it would be better to put the right number of forces on the ground now, and make a beginning at defeating this insurgency, especially through the training of Iraqi forces, and worry about the long-term consequences of this as we come down. Because, it's apparent to me, from day one, that there were not enough forces on the ground to do the job. Even during the invasion period, the Phase 3, and it certainly continues to be true today.

And, again, there is a reluctance on the part of the people in the Department of Defense, the civilian leadership in the Department of Defense, to own up to their miscalculations, and say: "We were wrong, and that the military was correct." And that Tommy Franks's first plan, presented to the Secretary of Defense for some 470,000 troops, was the right plan, and that the one that they wound up with, which was, in my judgment, forced on the military, was the wrong plan.

And so, we have to face up to the fact that there have never been sufficient troops in Iraq to do the job, and there aren't today. And unless we make some major changes, *particularly* in terms of how we train, and how we work with the Iraqi security forces, it's not going to get any better.

**EIR:** And the neo-cons at the Pentagon now, after the Nov. 2 election results, seem to be putting the Syria regime-change issue back, if not on the front burner, at least on middle burner, even as this Iraq situation goes as you've so aptly described it.

**Hoar:** Well, I think that these people feel as though their policies have been affirmed by the electorate. I think that's an arguable point. Much of the kinds of discussions that we're having are very complex issues, and when you still had, here this past fall, 42% of the American people that thought that Saddam Hussein was involved in the 9/11 attack on the United States, that only leads you to the conclusion that most Americans don't have a clear sense of who's running the Department of Defense, and what the issues are.

I think it would be a great mistake to try and broaden this conflict into Syria. Perhaps the only good news about our problems in Iraq, is that it makes further adventurism in another country, it would seem to me at least, impossible to actively consider at this moment, because of the paucity of combat forces to be used in another country.

**EIR:** Unfortunately, there's been—there's a level of insanity, I fear, among some of these people, that they continue to talk, although Congress sort of slapped them on the wrist on the issue of developing capabilities for conventional use of micro and mini-nuclear weapons. . . . I fear that the insanity factor, or being disconnected from reality, among some of these neo-conservatives, who know nothing about war-fighting, one would hope that the reality is weighing in to the point that we're not going to get into any further adventures, but. . .

**Hoar:** Well, I think . . . I have the same hope, Jeff. I think

the concern is, who in the government will speak out and openly oppose these kinds of thoughts? My belief is that, having worked with Colin Powell for a number of years, that I feel reasonably certain, without having ever asked him, that he was constantly the voice of caution about much of this military adventurism. And with him gone, it's hard for me to believe, and certainly with the change at CIA, I think the likelihood that you're going to have senior government officials counselling caution—I think anything is possible. I really do. I think it's a frightening prospect.

**EIR:** One of the other aspects of this, is that there's a big push coming out of the same civilian grouping at the Pentagon, to carry out other kinds of questionable operations under the umbrella of the war on terrorism, and that there are some things being put together under Steven Cambone, and General Boykin over at this new Office of Intelligence, in the Secretary of Defense's office, that has a vision of recasting Special Forces as international hit squads, under the umbrella of the same sort of lack of concern, or regard, for international law.

**Hoar:** Well, I couldn't agree more. And I think this is a very scary aspect of what's been going on as part of the "reorganization of the intelligence community." I think it's a big mistake. And given General Boykin's demonstrated poor judgment, in my judgment, he shouldn't be allowed to make any decisions about anything, after his public displays of bad judgment about Islam, and his experiences in other places.

**EIR:** Two final questions: Last year, you joined with a number of very respected diplomats and other retired military commanders, in a kind of ad hoc organization, I think it was called Diplomats and Military Commanders for Change, that advocated regime change in Washington, and criticized a lot of the Bush Administration's policies. I wonder if you've had discussions with any of those people, and if there's going to be a continuation, either of that grouping, or some combination of those people, because it had a very important political impact to see individuals with such depth of diplomatic and military experience, coming out publicly, in a way that obviously active-duty people simply can't do.

**Hoar:** Yes. It was kind of too bad, but I think it was also indicative of the population that that group represented, in this respect. Retired military people, for the most part, are very reluctant to become a part of the political process, and my sense is that this is true for retired diplomats, as well. They tend to eschew public statements, critical of the government, or, worse yet, to endorse a particular political candidate. The endorsement of candidates, as you know, is not new in the United States, but it's just that for a period of time, it was dormant. When you had giants like General Marshall who was so apolitical that he's reputed to not ever have voted, because he felt that a military officer shouldn't be part of the

political process at all.

You need only go back to the Civil War to see that in the second Lincoln Presidential campaign, he was opposed by a general that he had fired, who was the Democratic nominee. So, things don't always remain the same.

The other thing, particularly with respect to military, senior military officers, is they tend as a group, to be very conservative in their thinking, both politically and socially. And, as a result, the majority of them are Republicans, or at least, if independent, at least think along the lines of many of the precepts of the traditional Republican Party. All of this made this distinguished group somewhat unusual, in that, of all the retired diplomats, of all the retired general officers, there were still an awful lot whom I know of, that were dissatisfied with the first [George W.] Bush Administration, particularly the handling of Iraq, both on the political side, and the military side, but yet were not prepared to go public.

And so, you'll recall, that while that group called for change, they never endorsed a Presidential candidate, and for some, that was a great badge of honor: That they were willing to be critical of policy, and ask for change in the policy, but not directly to oppose a seated President by supporting another candidate. I happened not to share that view, but I was willing to oppose the policy, *and* support another candidate. But many of the people in that group did not want to do that. And there had been some discussion by e-mail about continuing the process, and continuing to work. But I sensed that the majority felt that they had done what they wanted to do, which was to illumine the issues that had existed in Mr. Bush's first four years, and point out where the shortcomings were, and ask for change.

It might very well have come in a second Bush Administration.

So, nobody stood up and said, "Look, I'm willing to take over the leadership of this group, and let's keep fighting, and keep making the points." And so, I think it had died a natural death, at least that's—I could very well find that I somehow or other, missed that this is continuing on, but I see no evidence of it.

**EIR:** That leads into, really, the final question, which is the genesis of this current initiative on the nomination of Alberto Gonzales, for Attorney General. Again, a highly ranking group of military officers, retired, including several Judge Advocates General, have come forward on a policy issue, namely challenging the viability of Gonzales's candidacy. Can you give me a bit of background on how this came together, and what you expect to come out of this press conference this week in Washington?

**Hoar:** Yes. Well, I think, first of all, of all segments of the retired community, the retired staff Judge Advocates, the military lawyers, have really had the courage of their convictions. They have stood up and been counted, for Abu Ghraib, for Guantánamo, treatment of prisoners—as a group. Consider-

ing their relatively small numbers, they have been extraordinary in their willingness to stand up for the rule of law, and dealing with these complex issues in an even-handed and appropriate way.

You will notice there are very few line officers, like myself, that have been involved in these issues.

I think that the key thing, the thing we are asking the Senate Judiciary Committee, is to ask a series of questions of Mr. Gonzales during his confirmation hearings, that will fully illuminate Mr. Gonzales's role in the development of these policy papers, that had to do with the abrogation of Geneva Accords in the Afghan campaign, and the use of torture for detainees. And I think it's imperative that these issues be *fully illuminated* at the hearing. And this is what we hope will happen: Is that the Senate Judiciary Committee, which will recommend to the Senate as a whole, whether or not Mr. Gonzales should be confirmed as the Attorney General, really needs to bear down on these issues, and taking the documentary evidence that we have, and connect the dots, to find out what Mr. Gonzales's role has been in these very troubling issues.

And, we are doing nothing more than, as concerned citizens, asking the Senate Judiciary Committee to perform its duty, to make sure that we all have a better understanding of what Mr. Gonzales's role has been in the development of these policies.

**EIR:** One would hope that the Senate will be able to rise above the immense pressures of partisanship coming out of the White House, and particularly Vice President Cheney's role as President Pro-Tem of the Senate, and that this will be fully aired. We're going to be submitting testimony ourselves, also in opposition to the Gonzales nomination, because of some of the very issues that you've raised.

**Hoar:** I *really* think that what is most important, is to get into the record what this person's views were, and what role he played in the development of policy. And I would personally look to people like Senator Leahy, to take the leadership role in running some of this stuff to ground. Because it's not so much a question of having the votes, as it is making clear to the American people, and to the world, what role Mr. Gonzales has had in the development of this policy. And I think that's critical.

WEEKLY INTERNET  
AUDIO TALK SHOW  
**The LaRouche Show**  
EVERY SATURDAY  
3:00-4:00 p.m. Eastern Time  
<http://www.larouchepub.com/radio>



## Gonzales Opposed for Nazi-Like Doctrines

*The testimony of Dr. Debra Hanania Freeman, spokesperson for Lyndon H. LaRouche, Jr., in opposition to the nomination of Alberto R. Gonzales for Attorney General of the United States, appears below. It was presented to the Senate Committee on the Judiciary, on Jan. 6, 2005.*

Almost four years ago, in my capacity as national spokesperson for Lyndon H. LaRouche, I submitted testimony to this Committee, warning of the dangers implicit in the pending confirmation of John Ashcroft as U.S. Attorney General, and emphasizing the crisis-nature of the period into which the nation was then entering.

Unfortunately, Mr. Ashcroft was subsequently confirmed, and Mr. LaRouche's warnings have proven prophetic. Today, under the guise of "crisis management" in the wake of the 9/11 attacks, the nation has travelled a long distance toward the emergency-rule and bureaucratic fascism of which Mr. LaRouche warned four years ago.

Today, as a consequence, the stakes are much higher, and the dangers much greater, as we consider the nomination of Alberto Gonzales—who *already* has a well-documented record of recommending dictatorial powers for the President in pursuit of the "war on terrorism," recommendations which precisely parallel the type of legal advice provided to the Hitler regime in 1930s Germany.

Moreover, I wish to highlight, from the outset, the fact that the actual authorship of the hideous, Nazi-like doctrines recommended by Mr. Gonzales came from others, particularly the Office of Vice President Dick Cheney and the Counsel to the Vice President David Addington—as was just again reported in the Jan. 5 *Washington Post*. But Mr. Gonzales's adoption and promotion of these policies—of pre-emptive war, torture, and violation of the Geneva Conventions—means that he is among those officials eligible for prosecution for violation of the Geneva Conventions, the U.S. War Crimes Act, and the principles established by the Allied Powers at Nuremberg in 1945.

Based upon the documentary record, this Committee must, in the exercise of its Constitutional "advise and consent" responsibilities, decisively reject this nomination.

\* \* \*

In my 2001 testimony, I stated that my opposition to Mr.

Ashcroft's confirmation was shaped by two considerations that go beyond the normal factors that one would weigh in such a situation: the first being "the extraordinary global financial and monetary crisis that will be the first and overriding order of business confronting the incoming Bush Administration"; and the second being the role that the next Attorney General would play, as part of the crisis-management team dealing with the crises that would arise out of these extraordinary circumstances.

I stated, at that time, that the incoming Bush-Cheney Administration would be faced with the choice of either (1) "abandoning the current economic and monetary policy axioms and returning to policies that, in the past, have led the United States and the world out of the path of disaster, as during the Presidency of Franklin D. Roosevelt," or, (2) "imposing a form of bureaucratic fascism on the United States, that bears striking resemblance to the conditions under which Adolf Hitler seized power in Germany in 1933." I explained: "It was Hitler's 'crisis management' of the Reichstag Fire and other events, real and manufactured, that established the dictatorship that no one in Germany had anticipated. . . ."

Just two weeks before my testimony, on Jan. 3, 2001, Lyndon LaRouche had identified the relevant precedent, in the adoption of the *Notverordnung* emergency decrees imposed in Germany immediately after the Reichstag Fire of Feb. 28, 1933; which decrees, LaRouche pointed out, were passed under the legal rules of Carl Schmitt, the famous pro-Nazi jurist, "which gave the state the power, according to Schmitt's doctrine, to designate which part of his own population were enemies, and to imprison them freely."

"And that is the danger you'll get here," LaRouche warned presciently—*this being eight months before the attacks of 9/11 and the draconian dragnet and detention measures which followed*. This is even more applicable to Gonzales, who provided the legal advice to the President that he could wield unlimited Executive powers in the name of the "war on terrorism" and "national security," with virtually no constraints from the Courts, Congress, or international treaty obligations.

\* \* \*

Alberto Gonzales is a man with no law-enforcement experience; his legal background is strictly in business and corporate law. What quality, therefore, so recommends him to President Bush, that he would be nominated for the position of the chief law-enforcement officer of the United States?

That sole quality, is Gonzales's obsequious personal loyalty to George W. Bush, the defining characteristic of which is Mr. Gonzales's willingness to stretch and pervert the law, to serve the interests and obsessions of his patrons.

While this is evident in numerous areas in which he repre-

sented Bush family interests, either in private practice at the Vinson & Elkins law firm, or while serving in the Texas State government—and for the past four years, while serving as Counsel to President Bush—it is most flagrantly displayed in his handling of death-penalty cases for Governor Bush in Texas.

I believe this is worth emphasizing, for it demonstrates a common thread which re-appears later, in Mr. Gonzales's recommendations found in the "torture memos." In his disregard for truth, and his justification of the exercise of raw Executive power, Mr. Gonzales follows in the evil footsteps of Carl Schmitt and those who provided the legal underpinnings for the Nazi dictatorship.

Mr. Gonzales's role in facilitating executions in Texas under Governor George W. Bush, was analyzed in a now well-known article by Alan Berlow in the July/August 2003 issue of *The Atlantic Monthly*. For the six years during which Mr. Bush was Governor, 152 persons were executed, in what Berlow says is "a record unmatched by any other governor in modern American history." For the first 57 of these, Governor Bush made his final decision based upon short, confidential legal memoranda prepared by his legal counsel—then Alberto Gonzales—and a verbal briefing (with an emphasis on "brief") presented to Bush on the day of the scheduled execution. The purpose of these memoranda was, allegedly, to summarize the facts and the background of the case, so that the Governor could decide whether to make a recommendation for clemency, to commute a sentence, or to recommend a delay to the Board of Pardons and Paroles. Not surprisingly, in each of those 57 cases, Governor Bush allowed the execution to proceed; for, as Berlow puts it, the Gonzales memos provided Bush with "only the most cursory" information, and "Gonzales repeatedly failed to apprise the governor of crucial issues in the cases at hand: ineffective counsel, conflict of interest, mitigating evidence, even actual evidence of innocence." The memos were, for the most part, simply a summary of the prosecutor's contentions, often in the most gruesome detail, with no effort to present any relevant material on behalf of the convicted person.

As Berlow says, Governor Bush "sought to minimize his sense of legal and moral responsibility for executions"—and Gonzales provided Bush with the means to do so. It is not so different with the role Gonzales has played as White House Counsel, one in which President Bush takes no personal responsibility for the consequences of his policy decisions—indeed, he seems mentally and morally incapable of doing so.

\* \* \*

In the White House, Gonzales has functioned as a conduit for legal theories and recommendations coming out of the Office of Vice President Dick Cheney, and Cheney's counsel

David Addington. Gonzales has consistently passed on legal advice to the President in which he has told the President that he can exercise virtually unlimited, untrammelled powers in his role as Commander-in-Chief in time of war. Having no background himself in military law or international law, Gonzales consistently ignored the advice of military lawyers and military professionals from the uniformed services, as well as the advice of international lawyers and others in the State Department (even the Secretary of State himself), and has instead put his imprimatur on crackpot legal theories identified with the notion of the "imperial Presidency."

The two locations which serve as the gathering points for right-wing ideologues who pass these notions along to Gonzales, are the Office of the Vice President, and the Justice Department's Office of Legal Policy (OLC). Gonzales has solicited their advice—as he did with the OLC's notorious August 2002 "Bybee memo," in which case he then passed the OLC's justifications for torture and its rejection of military law and international treaties, on to the President and to other agencies, such as the Department of Defense and the Central Intelligence Agency.

Another such memo is the Jan. 25, 2002 memo from Gonzales to the President, which infamously argued that the war against terrorism is "a new kind of war," and declared that, "In my judgment, this new paradigm renders obsolete . . . quaint" various provisions of the Third Geneva Convention, regarding the treatment of prisoners of war. (This memo was, according to numerous accounts, written and even signed on Gonzales's behalf by Cheney's Counsel David Addington, but Gonzales permitted it to be sent to the President in his name.)

In this memo, Gonzales warned the President that he and others stood in danger of future prosecution for war crimes, and he outlined measures which could be taken, "which would provide a solid defense against any future prosecution"—the most important of which, would be to declare that the Geneva Conventions did not apply to the war against al-Qaeda and the Taliban in Afghanistan.

In the past few weeks, the text of one of the earliest of the post-9/11 memos arguing for the unlimited war-making power of the President, has finally been made public. This is another memo drafted for Gonzales's office by the OLC, entitled "The President's Constitutional Authority to Conduct Military Operations Against Terrorists and Nations Supporting Them," and dated Sept. 25, 2001; it asserted that the President could launch a military attack "pre-emptively" against alleged terrorist organizations, or countries claimed to be harboring terrorists, *whether or not* such organizations or countries were even linked to 9/11. Neither the Congress nor the courts could restrain or review the President's actions, the OLC memo argued.

Gonzales was also deeply involved in the process leading up to the decision to create military commissions (tribunals)

to try suspects in the war on terrorism. Unlike previous military commissions, which were Congressionally-authorized and generally followed the procedures of military courts-martial, the military commissions established by the President's Military Order of Nov. 13, 2001, were based upon a raw assertion of Executive power, and they ignored the legal standards and procedures embodied in the Uniform Code of Military Justice. This is not surprising, since military lawyers and legal experts were excluded by Gonzales and Addington from the planning process.

\* \* \*

There are shocking parallels between the arguments used by Gonzales, Cheney/Addington, and the OLC, and the policy arguments used by Hitler's Third Reich. Notable among these, are:

- 1) that each was engaged in a new kind of war, against a new kind of enemy;
- 2) that the enemy did not deserve the protections of international law and treaties;
- 3) that one's own side should have virtual immunity from prosecutions for violations of the law of war; and
- 4) that it is the role of the chief Executive (the "Leader") alone, to define those exceptional circumstances that justify departures from existing legal norms in the "defense of the nation."

In the Spring of 1941, as Nazi Germany was preparing to invade the Soviet Union, Adolf Hitler issued an infamous edict which has become known as the "Commissar Order," to govern the conduct of German armed forces on the Eastern Front.

As is documented in William L. Shirer's *The Rise and Fall of the Third Reich*, Hitler outlined this policy during a meeting with the heads of the three armed services and key army field commanders, early in March 1941, as follows: "The war against Russia will be such that it cannot be conducted in a knightly fashion. This struggle is one of ideologies and racial differences and will have to be conducted with unprecedented, unmerciful, and unrelenting harshness. All officers will have to rid themselves of obsolete ideologies. . . . German soldiers guilty of breaking international law will be excused. Russia has not participated in the Hague Convention and therefore has no rights under it."

On May 13, 1941, Field Marshal Wilhelm Keitel, the head of the Armed Forces High Command, issued an order in Hitler's name, severely limiting functions of the military courts martial system, and virtually giving immunity to German forces for war crimes against Russians: "With regard to offenses committed against enemy civilians by members of the Wehrmacht, prosecution is not obligatory, even where the deed is at the same time a military crime or offense." The army was explicitly instructed to go easy on any such German offenders, "remembering in each case all the harm done to

Germany since 1918 by the 'Bolsheviki.' "

Underlying such orders was the legal philosophy set forward by the "Crown Jurist of the Third Reich," Carl Schmitt, whose writings have undergone an undeserved revival in the United States in recent years. Schmitt contended that, in times of emergency and crisis, the actions of the Leader were not subordinate to justice, but constituted the "highest justice." In passages which remind one of the legal defenses of "necessity" and "self-defense" posed by Gonzales, Addington, and the OLC, Schmitt wrote: "All law is derived from the people's right to existence. Every state law, every judgment of the courts, contains only so much justice, as it derives from this source. The content and the scope of his action, is determined only by the Leader himself."

This parallel to Carl Schmitt was also recently drawn by Prof. Sanford Levinson of the University of Texas, in an article in the Summer 2004 issue of *Daedalus*. Professor Levinson notes that Schmitt contended that there could be no limitation of the authority of the Leader, in determining what is necessary to defend the nation. Professor Levinson noted that Schmitt contended that legal norms are applicable only in stable, peaceful situations, not in times of war when the state confronts a "mortal enemy." The Leader determines what is "normal," and he defines "the state of the exception."

Levinson points out that the arguments raised by the Administration's lawyers suggest that there are no limitations which either the courts, or Congress and its laws, can impose on the President in the conduct of war. Indeed, Levinson suggests, this would seem to authorize the President and his designees "simply to make disappear those they deem adversaries, as happened in Chile and Argentina in what the Argentines aptly labelled their 'dirty war.'" What the Administration's lawyers are articulating, Levinson declares, is "a view of Presidential authority that is all too close to the power that Schmitt was willing to accord his own Führer."

\* \* \*

Some misguided souls may think that things can't get any worse than they did under the first Bush-Cheney Administration—or that Gonzales couldn't possibly be any worse than John Ashcroft—but anyone who believes this, is dead wrong. As Mr. LaRouche has warned, conditions can deteriorate rapidly—under the pressure of the onrushing financial-monetary collapse, and with the gross mismanagement of the nation's affairs by the Bush Administration. Under these conditions, putting someone of Mr. Gonzales's character into the position of Attorney General, is almost a guarantee of the rapid implementation of fascist legal policies.

On behalf of Mr. LaRouche, I urge this Committee and the entire United States Senate to reject the nomination of Alberto Gonzales for Attorney General of the United States.

## Bush Loses Battle In War To Loot Social Security

by Paul Gallagher

George W. Bush's all-out drive to "go the Pinochet way with Social Security" lost its first battle in the first week of January, when some of the grim facts of his plan became known to the Congress, and were leaked to the press. Democrats across the board have gone into opposition to Bush's swindle, rather than foolishly accept the White House's "crisis in Social Security" clap-trap and start offering competing plans. Burned, the White House on Jan. 5 retreated to Bush's "I won't negotiate with myself" mantra in which he denies his swindle has any details or any consequences.

This first dust-up in the battle to stop "the Chile model" of fascism in the United States, reflects the truth that "there is no crisis and no threat to Social Security today except that of George W. Bush's fascist plan to privatize it," as Lyndon LaRouche put the reality in his Jan. 5 Internet broadcast.

Three revelations have been critical in mobilizing resistance to the President's all-out drive to turn trillions in Social Security payments over to Wall Street. All three have been highlighted by *EIR* and by the Lyndon LaRouche Political Action Committee in its mass pamphlet "Foot in the Door for Fascism," and were confirmed by early January admissions by the White House itself. The revelations were: 1) that the scheme's model, is the 1981 privatization in General Pinochet's fascist Chile, and that its leading travelling salesman, José Piñera of the Cato Institute, is no "friendly academic," but was Pinochet's Labor Minister; 2) the White House's own blundering revelation to Congressional aides that it intends to make major cuts in Social Security benefits; and 3) clear hints from the White House that it envisions a *default* by the Treasury against the Social Security Trust Fund, forgetting about repaying some \$1.5 trillion which has been "borrowed" from the Trust Fund to cover tax cuts and deficits.

Some Democrats are also pointing to the obvious fact that the U.S. economy is littered with wrecks, including the Pension Benefit Guarantee Corporation which has recently had to take over tens of billions of dollars in private pensions abandoned by major corporations, and does not have the money to pay these pensions: Yet Bush idiotically insists on a "crisis in Social Security." The Social Security system is far healthier than the bankrupts of the rest of the economy, the dollar, and Wall Street; so Bush is suddenly, manically determined to loot it. The critical point: As these private pension plans are abandoned in bankruptcies or underfunded by big employers, Social Security becomes more and more important to the retirement of many millions of Americans.

### Threatened Default—Against Retirees

On Dec. 16, speaking at the concluding session of what Bush called his "White House Economic Summit"—actually a simple cheerleading session for his radical-right-wing economic demands—the President falsely claimed that the Social Security system "will start to move into insolvency in 2018." The lie was a shocker, because it implies a *default by the United States Treasury on its bonds held by the Social Security Trust Fund*. The year 2018 is the earliest that may see a projected small annual deficit for Social Security. From that point, it would simply use its multi-trillion surplus, accumulated over more than three decades, in order to keep benefits at promised levels for 30 years more. But most of that surplus has been borrowed by the Treasury and used to pay other government expenses, especially under George W. Bush. Bush has "borrowed" more than \$500 billion of it, to pay, in effect, for some of his wealthy supporters' tax cuts. When the President raised the threat of Social Security "insolvency after

2018,” he was really threatening a default at that time against the Trust Fund, and against the nation’s retirees.

That shocking threat had been the stock-and-trade of the right-wing ideologues, until now. But not only Bush, but his chief assistant for Economic Policy and Social Security, Charles Blahous, are implying default. Interviewed for a Jan. 2 *Washington Post* story, Blahous was asked about the understanding of the 1980s, when payroll tax rates were raised to 6.2%, that if any of the resulting Social Security surpluses were borrowed for other purposes, the Treasury’s full faith and credit would stand behind the bonds given to the Social Security Trust Fund. Those bonds start coming due in the late 2010s. Said Blahous, “It’s not much consolation to the worker of 2025 that there was an understanding in 1983.”

This confirmed LaRouche PAC’s warning—of Bush *planning on eventual default*, as part of his attempt to create a Social Security breakdown crisis—in its mass pamphlet issued just after Christmas. Lyndon LaRouche on Jan. 5 reiterated that this could wreck the dollar and U.S. Treasury debt in general, as well as Social Security. Robert Greenstein, executive director of the Center on Budget and Policy Priorities, warned that the Bush Administration “is willing to have the U.S. government default [on its bonds] for the first time in history.”

Blahous—whom LaRouche called “Chuck Outhouse, Bush’s man in the privy”—is working with Karl Rove to figure out how to sell the swindle to Congress and the public. He has been head of the Wall Street business group Alliance for Worker Retirement Security pushing privatization, and was executive director of Bush’s official 2001 Commission on Social Security privatization.

## Benefit Cuts Go Public

Because of the White House’s blunders and self-exposure of the fascist nature of Bush’s scheme, as of Jan. 5, two completely contradictory stories were circulating in major U.S. media about the Social Security privatization plan. The Associated Press was reporting that the White House had given Congress details—letting younger workers divert two-thirds of their Social Security taxes to private accounts; cutting promised benefits by up to 30% by 2025; borrowing the transition costs—while the *Washington Post* was publishing Administration leaks that Bush had no plan, was going to “go slower” on privatization, and might even wait for a privatization plan to come from Republicans in Congress rather than proposing one.

The duelling accounts had a single cause. On the morning of Jan. 3, White House “experts” on Social Security had briefed some offices of the new Congress on the specifics of Bush’s “Chile Model” scheme, including its schedule of big cuts in benefits for all retirees—the younger workers are supposed to “make it up” before they retire by putting their payroll contributions on Wall Street, instead of into Social Security. This White House briefing to the Hill collided with

LaRouche PAC’s meetings and circulation of its “Foot in the Door to Fascism” pamphlet and other ammunition to the Hill and the nation—resulting in the first explosive skirmish in this battle. The brutal details from the White House were leaked to the press; the Jan. 4 *Washington Post* published the big benefit cuts in chart form. The same intended cuts in benefits had already been charted in the LaRouche PAC pamphlet, which was confirmed again.

The brutal details were leaked to the press, reportedly by the offices of Republican Congressmen. Anti-Bush resistance spread in the Congress, and even among traitorous sections of the Democratic Party such as the Democratic Leadership Council, which on Jan. 5 said it would fight Bush’s schemes even though it has long supported Social Security privatization itself. On Jan. 4, the 33 million-member American Association of Retired Persons (AARP) launched a \$5 million campaign of advertisements in 50 major newspapers across the country, vowing to stop Bush’s privatization swindle.

Democratic leaders of the resistance to the White House looting scheme reported that more Congressional opposition is rallying against the whole Bush drive, rather than advancing “alternative ideas” to fix a Social Security system which is definitely not broken. Any problem in paying full benefits, with current tax rates, is at least 40-50 years away *except in the case of a complete economic collapse and/or a Treasury default against Social Security resulting from White House fanatics’ tax cuts and huge deficits*. Even more insane is Wall Street’s desire to use the trillions in Social Security funds to “save the system” by throwing them into the markets. The threatening problems are *not* those of Social Security.

The revelation of the planned decades of benefit cuts also hit the Republican Party hard, and Jan. 6 press reports noted a split developing in Republican ranks in Congress. The most fanatical “free traders” were reportedly coalescing around a radical Cato Institute variant privatization plan called the Ryan-Sununu bill (see *EIR*, Dec. 24, 2004). This wild, “total privatization” scheme promises not to cut future benefits. But because it would rapidly divert most worker’s contributions away from Social Security into Wall Street “private accounts,” paying retirees’ benefits would require so much new government borrowing that it alone might double the Federal debt in 10 years!

This first setback for Bush-Cheney’s Social Security looting plan is only one skirmish in a war directly linked to the fight over the legitimacy of Bush’s Presidency. LaRouche PAC’s “Foot in the Door to Fascism” pamphlet has been in mass circulation for only a week, yet 50,000 are already out in the area around the capital. Its representatives are collaborating with Congressional and other groups to discredit the bloody history of the “Chile model of economics,” its star salesman José Piñera, and its “grandfather,” Republican fixer George Shultz.

# 'Privatizer' Draculas Are From a Common Crypt

by Richard Freeman

On Jan. 1, Stephen Moore, head of the Club for Growth, speaking for the bankers who seek to steal Social Security's multitrillion-dollar cash flow by "privatizing" it, told the *Washington Post* that a major campaign is being mounted. "It could easily be a \$50-100-million cost to convince people this is legislation that needs to be enacted. It's going to be expensive, because it's the most significant public policy fight in 25 years," Moore said.

The privatizers will rely on a single integrated network, one coordinated apparatus, both to run the media barrage, and to direct the on-the-ground organizing in the Congress, in the districts, etc.: a tight-knit system of think-tanks, banking networks, lobbying machines, "grass roots" advocacy groups, all reciting from the same script. The attempt will be made to appear to field dozens of different groups, but they are all one merry-go-round, where people appear to leave their places, but never leave the same machine.

There will be examples, like the young mother, Sandy Jacques, who spoke on national television at the Bush "Economic Summit" Dec. 16 about how she wanted privatization for her child. It turned out Sandy worked for a pro-privatization group, and had been coached on what to say. It is the same for Charles Blahous III, who was the executive director of George Bush's official 2001 Commission to Strengthen Social Security, and who now serve as the Special Assistant to the President for Economic Policy, with emphasis on Social Security. Despite appearances, the 41-year-old Blahous—the right age to appeal to younger workers about private accounts—doesn't make policy; it is made several levels above him.

In 1947, the same wealthy oligarchical families that had financed and steered the world-wide fascist-Synarchist movement from 1921-45, decided to relaunch that Nazi movement at a meeting in Mont Pelerin, off Lake Geneva in Switzerland. A few oligarchs and some trusted ideologues, like the fascist proponent of shock therapy, Friedrich von Hayek, and Milton Friedman, created the Mont Pelerin Society for that purpose. Special objects of hatred were President Roosevelt's Bretton Woods monetary system, and the Social Security system in the United States. The secretive Mont Pelerin Society decided to create, cookie-cutter style, a series of public entities, starting in 1955 with the London-based Institute for Economic Affairs of Lord Harris and Sir An-

thony Fisher, and then several in the United States, including the paradigm, the Cato Institute.

This Mont Pelerin network, drawing on the same sources of financing and interchangeable personnel, is running the Social Security privatization campaign. It is the same network that ran the Pinochet dictatorship, and the 1970s-80s Chilean model of privatization, through individuals such as George Shultz. As Milton Friedman acknowledged then, such plans don't work in democracies.

## **Cato Institute**

*Founded in 1977; headquartered in Washington, D.C.*

*Chairman: William Niskanen*

*President: Edward Crane.*

The Cato Institute has a staff of 40-plus persons, and over 75 adjunct Cato scholars and fellows. One of the biggest promoters of speculation in the world, heavily funded by Wall Street, it championed the destructive deregulation of the airline and rail industries; and openly promotes the legalization of cocaine and heroin (Cato executive vice president David Boaz is a board member of the Drug Policy Foundation). At Cato's headquarters, its main auditorium is named after the fascist Friedrich von Hayek.

In 1995, the Cato Institute established the Project on Social Security Choice, which functions as the national coordinating center for Social Security privatization. Fascist José Piñera is the co-chairman of this Project. As Chile's Minister of Labor and Social Security from 1978-80 in the government of dictator Gen. Augusto Pinochet, Piñera privatized Chile's Social Security system at the point of a bayonet in 1981. As *EIR* has documented, this privatization is a crushing failure: half of Chile's workforce retires without even receiving a minimum retirement benefit. Cato calls its U.S. legislation "the 6.2% solution." It "would place the entirety of the employee's 6.2% Social Security payroll tax" into an Individual Account, managed by a Wall Street firm which would take a 10-20% management fee.

Wall Street firms, anticipating the riches of this proposal, have funded Cato's Social Security Project. These firms include JP Morgan Chase, Citibank, American Express, and Fidelity Investments.

In 1977, the Cato Institute was set up by the wealthy brothers Charles G. and David H. Koch, who own the Wichita, Kansas-based Koch Industries, an energy producer and speculative-trading company which is the second-largest private company in America, with more than \$30 billion in annual sales. For decades, Charles G. Koch has been a leading member of the Mont Pelerin Society, and he shaped the Cato Institute as a Mont Pelerin Society outpost. The Koches' three foundations have put \$15 million into Cato since 1986. Charles Koch exemplifies the interconnections of this single apparatus: He chairs two leading pro-Social-Security-privatization groups, the Citizens for a Sound Economy (see below), and the Institute for Humane Studies at George Mason University.

## **Club for Growth**

*Founded in 1999; based in Washington, D.C.*

*President and Founder:* Stephen Moore. For years, Moore held the top post of Director of Fiscal Policy at the Cato Institute, where he was a leader for privatization. In 1999, the controllers of Cato Institute created a spin-off, the Club for Growth, placing Moore at the helm. The Club for Growth receives contributions from thousands of wealthy individuals, and funnels them to hand-picked neo-con candidates for Congress—usually in close consultation with House Majority Leader thug Tom DeLay—including many of the new neo-con freshmen in the 109th Congress. The Club also does grass-roots and mass media propaganda and lobbying. It has announced that it will spend \$15 million on behalf of a campaign for Social Security privatization, although the figure could go much higher.

*Leading Figures:* CFG board member Art Laffer, who is a house pet of George Shultz, having served as the assistant to Shultz in the Nixon and Ford Administrations, when Shultz was OMB director and then Treasury Secretary; CFG board member Lawrence Kudlow of the dirty-money-laundering Bear Stearns investment bank; and CFG Founders Committee member Brent Bozell, a William F. Buckley in-law involved in black intelligence operations.

The Buckleys' *National Review* and the Club for Growth coordinate their activities, with *National Review* being an outlet for Club for Growth views. CFG Founders Committee member Kudlow is the economics editor for *National Review Online*, while CFG president Stephen Moore is a *National Review* contributing editor.

### **Citizens for a Sound Economy Empower America FreedomWorks**

*The Citizens for a Sound Economy (CSE) was founded in 1984; Empower America (EA) in 1993; both headquartered in Washington, D.C.. On July 22, 2004, CSE and EA merged, forming FreedomWorks, headquartered in Washington, D.C.*

The three co-chairmen of FreedomWorks shows the scope of its undertaking:

*Co-Chairmen:* Dick Armey—Between 1995 and his retirement in 2002, the Texas Republican Congressman was the iron-fisted House Majority Leader, who helped draft the Conservative Revolution's 1994 Contract with America, and saw to it that much of it was rammed through. He also led the treasonous move to impeach President William Clinton. Speaking of Mont Pelerin's fascist founder Friedrich von Hayek, Armey ranted in the Summer 1994 issue of the Heritage Foundation's *Policy Review* magazine that, "Once this shift takes place—by 1996, I predict—we will be able to advance [in America] a true Hayekian agenda." Armey trained a generation of assistants to share his hatred of Roosevelt's Social Security system; one such was Stephen Moore, chief economist and assistant to Armey when Armey chaired Congress's Joint Economic Committee.

C. Boyden Gray—an heir to the R.J. Reynolds tobacco fortune, Gray is the patrician son of Gordon Gray, National Security Adviser to President Dwight Eisenhower. C. Boyden Gray was White House Counsel for President George H.W. Bush, and was at the center of the Get LaRouche Task Force. Gray became co-chairman of Citizens for a Sound Economy in 1993.

Jack Kemp—Kemp is a follower of Mont Pelerin Society's Robert Mundell's insane supply-side economics. When Kemp, a nine-term Republican Congressman from New York State, introduced and passed the infamous Kemp-Roth Act in 1981, as part of supply-side economics, it proceeded to produce record Federal budget deficits and collapse the economy. Kemp founded Empower America.

CSE was founded in 1984 by the same Koch family that created the Cato Institute (see above). The Koch family's three foundations have contributed more than \$15 million to the CSE since 1986. Other funding came from Cato's banking, corporate, and foundation funders.

### **The Institute for Policy Innovation**

*Founded in 1987; headquartered in Lewisville, Texas.*

*President:* Tom Giovanetti

The Institute for Policy Innovation (IPI) was founded and is controlled by Dick Armey, also the co-chairman of FreedomWorks (see above). The chief writer on Social Security privatization for IPI is Peter Ferrara, who used to work for the Cato Institute. The IPI drafted the radical Ryan-Sununu bill to privatize Social Security.

### **The Hoover Institution on War, Revolution and Peace**

*Founded in 1919; headquartered in Palo Alto, California.*

The Hoover Institution has over 250 employees.

George Shultz, who authored the murderous Pinochet coup in Chile in 1973, and who has been involved in pushing Social Security privatization since that same year, is the dominant force at Hoover. Other fanatics for privatization who are Hoover Scholars or Fellows: Art Laffer (see Club for Growth); Michael Boskin; John Cogan (a member of Bush's official 2001 Commission on Social Security); and Annelise Anderson.

### **Americans for Tax Reform**

*Founded in mid-1980s; headquartered in Washington, D.C.*

The chief here is Grover Norquist, who is fully mobilized for privatization. Norquist meets regularly with Vice President Dick Cheney's Chief of Staff, Lewis Libby.

There are three prominent groups whose role lies chiefly in coordinating other groups, and/or in channelling financial support from the financial community, and churning out propaganda: **Alliance for Worker Retirement Security**, created and directed by the National Association of Manufacturers (NAM) as an umbrella coalition of groups to push for Social Security privatization; the **Investment Company Institute**, for mutual funds, and the **Securities Industry Association**, for commercial and investment banks.

# Schwarzenegger to Californians: Help Me Become a Dictator

by Harley Schlanger

With Phase I of George Shultz's plan for a total restructuring of the state of California completed, his Golem, Gov. Arnold Schwarzenegger, used his State of the State address on Jan. 5 to announce that he is ready to move to Phase II. "Last year, we stopped the bleeding," he lied. "This year, we must heal the patient. . . . Last year, we worked together to avert a crisis. This year we must address its causes."

Schwarzenegger did *not* stop the bleeding in his first year in office, and he did *not* avert a crisis. Under his governance, the state's total debt ballooned by more than 55%, and the state is facing a budget deficit of more than \$8.1 billion for 2005-06. By convincing the state's voters to pass a referendum to raise \$15 billion in new debt, he only postponed California's plunge into bankruptcy.

But there may be method to his madness. By putting the state in an even more precarious situation than a year ago, to the point that some legislators are warning that it may face takeover by its creditors, Schwarzenegger believes he will be able to force the legislature to knuckle under to the kind of brutal budget cuts he will put forward on Jan. 10, when he

presents his budget.

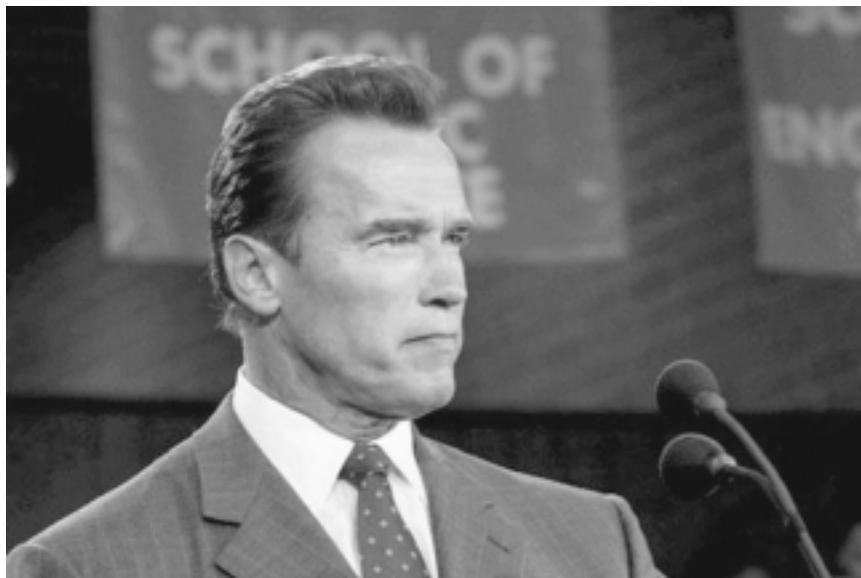
If the legislature does not capitulate to his demands, he made clear he will go over their heads, using the threat of government-by-referendum as a bludgeon against the state's elected officials. Conjuring up the image of himself as a muscle-bound fantasy action figure that made him a famous—and very wealthy—Hollywood commodity, he warned legislators that if they fail to back him, "the people will rise up and reform it themselves. And you know something. I will join them. And I will fight by their side."

Lyndon LaRouche commented, "It is clear that Schwarzenegger is becoming the kind of fascist that his Nazi father would be proud of."

## Cuts That Will Kill

Schwarzenegger called for a special session, which convened Jan. 5, to take up his proposals for "reform." The specific reforms he outlined can be broken down into three basic types: budgetary measures, to impose killer cuts; "structural reform" of the sort that will enable him to govern without opposition; and a revamping of the state pension system that will take retirement funds from state workers and turn them over to Wall Street.

Each of these areas bears the paw-prints of Schwarzenegger's most influential controller, that aging fascist George Shultz, who heads his list of advisors. Shultz tested this kind of reform package before, when he deployed units of the notorious "Chicago Boys" (free-trade fanatics from the University of Chicago Economics Department) to impose fascist economic restructuring on the people of Chile, following a U.S.-run coup in 1973. Under military dictator Gen. Augusto Pinochet, Shultz's policies were implemented through the murder of opponents and the force of arms. Ironically, at the very moment Bush and Schwarzenegger are pushing large-scale Pinochet-style pension thefts, the former dictator who forced



*Arnold Schwarzenegger's State of the State speech showed that the Governor "is becoming the kind of fascist that his Nazi father would be proud of," commented Lyndon LaRouche.*



them on the Chilean people has been indicted for murder and kidnapping.

Shultz is hoping Schwarzenegger can implement similar “reforms” in California, only without requiring a police state!

The budget the Governor will submit in the second week of January will include significant cuts in health and human services, as well as education. With Los Angeles already facing a trauma emergency due to funds slashed from the public hospital system, and with nearly 6 million uninsured in the state, the best Schwarzenegger would promise was that he would ask the drug companies to offer “voluntary” discounts, an unlikely prospect. Schwarzenegger, who repeatedly decries the role of “special interests” in California politics, has received more than \$360,000 in contributions from drug companies.

The Governor acknowledged in his speech that these cuts will endanger lives. “I am well aware there are lives behind those numbers,” he said. “But I have a responsibility for the fiscal health of this state and for the honesty of its finances.” In other words, paying the debt to the bankers comes before the well-being of the people. Spoken like a true devotee of the fascist economics of Milton Friedman, he is becoming a Terminator in reality!

The other major area for cuts will be education, from which he is planning to slash \$2.2 billion. In addition to these cuts—which violate a promise he made last year, when he agreed to protect funding for education—schools would be hit with additional large reductions if the state budget is not balanced.

The administrative reforms revolve around efforts at Tom DeLay-style redistricting, as Schwarzenegger was unsuccessful in electing a single new Republican to Congress or the state legislature in 2004; and in shutting down numerous government agencies, allegedly at savings to the state. Most people interviewed by *EIR* believe the savings would be negligible, but would eliminate institutional resistance to the budget ax.

### ‘Enron II’ Pension Swindle

The most striking feature of his address was the blatant announcement of his intent to steal the pension funds of state workers, in a Shultz-style privatization plot not very different from the Chile model being pushed by President Bush for Social Security. The California Public Employees Retirement System (CalPERS) is the largest state public employees pension system in the United States, managing \$180 billion in assets, for 4 million workers. The California State Teachers Retirement System, which serves more than 700,000 teachers, with \$97 billion in assets, would also be privatized.

Arguing that the state can no longer afford to pay the full pensions to retired workers, he said the current system is “out of control, threatening our state,” adding that it is “another train on another track headed for disaster.” The alternative he proposed is that retirement funds should be placed in privat-

## State Commission Warns: Transportation in Crisis

“California’s Transportation Program Is in Crisis and on the Verge of Collapse,” headlined the newspaper *Inside the Bay Area* on Jan. 6, reporting on a warning issued by the California Transportation Commission. The Commission’s annual report delivered a shock to Governor Schwarzenegger on the eve of his State of the State speech, on the reality of the physical economic breakdown. It documents how the state has all but stopped paying for transportation improvements since mid-2003, and warned that “this failure to invest in transportation is jeopardizing the future of California’s economy.”

“Our highways are growing ever more congested and our aging road and transit infrastructure are deteriorating,” wrote Commission Chairman Bob Balgenorth. “While our needs . . . are expanding geometrically, we have been reducing our investment to meet these transportation needs dramatically.”

The Commission said that \$2.6 billion worth of projects for transportation improvements, maintenance, and traffic relief are ready to go this year, but lack funding. Worse, \$5.4 billion in improvements have been frozen for two years or more.

ized 401(k) plans, meaning a transfer of funds to Wall Street, away from retirees. The current program is universally recognized as a well-managed fund, which produces annual returns to the fund at a higher rate than privately managed 401(k) plans. From 1990 to 2002, CalPERS averaged an 8.89% annual return, compared to 6.86% for private 401(k)s.

As in the case of the efforts by the Bush Administration to “fix” Social Security even though it is not broken, the Shultz-Schwarzenegger plan for privatizing pensions has the same ultimate goal: Steal the funds for Wall Street, and let the elderly fend for themselves. The problem is not Social Security or CalPERS, but that the financial system has broken down. Shultz, and through him Schwarzenegger, are acting on behalf of that broken system, demanding that the people bear the weight of its collapse.

While there was immediate opposition voiced to Schwarzenegger’s proposed policy changes, the Democratic Party has demonstrated a pronounced lack of courage in dealing with him thus far. It is time to heed the wise words of Lyndon LaRouche, who insisted that no one should ever forget what happened the last time an imported Austrian was given dictatorial power.

# Bush Sharpens Budget Axe To Strike Medicaid

by Linda Everett and Mary Jane Freeman

Medicare and Medicaid represent, in the words of the *Wall Street Journal* of Dec. 4, “juicy targets” for the Bush Administration’s plans for Congressional budget cuts this coming year; together, the programs make up about one-fourth of all Federal spending. Since President Bush wants to make his tax cuts permanent, and since his Social Security privatization swindle would cost trillions, it appears that Bush will include cuts to the Medicaid program in his proposed Fiscal 2006 budget to be released in February.

Another signal of Bush’s intentions to harm Medicaid benefits surfaced with his nomination of Mike Leavitt, former Utah governor and current Environmental Protection Agency head, to become Secretary of the Health and Human Services Administration. Leavitt’s record dovetails with Bush’s long-held plans to transform Medicaid from an entitlement to a block grant program as the means to cut benefits. In 1995, lobbying for the Newt Gingrich-inspired Contract with America compact, Leavitt argued, “We are unanimously opposed to inclusion of individual entitlements” in the Medicaid bill.

As governor, Leavitt got a Federal Medicaid waiver which allowed Utah to provide Medicaid coverage to more people, so long as no new level of Federal funds were required. To accomplish this, benefits were cut. Recipients were allowed only four prescriptions a month, and coverage for hospital care and mental health services were eliminated.

If Bush’s intentions were not evident from the *Wall Street Journal* signal piece and the Leavitt nomination, they became crystal clear at the Dec. 15-16 “economic summit” the President hosted. In tune with his privatize Social Security theme, he pressed his “ownership” society litany on the topic of health care. “I love the idea of people being able to own something. . . . I’m in charge of my own health care,” he intoned, as the “Enron II”-economic summit came to a close following a panel, led by out-going HHS Secretary Tommy Thompson, promoting private health savings accounts in lieu of Medicare and Medicaid.

But a backlash is growing against Bush’s unbridled and frantic plans to dismantle the nation’s safety net programs which protect our most vulnerable citizens. Already Democrats in the Senate have put Bush on notice that his Social Security privatization scheme and Medicaid reduction plans

are unacceptable. A bipartisan initiative from the National Governors Association likewise rejected the idea of Bush’s brand of Medicaid “reform.”

## State Budget Deficits and Medicaid

From the perspective of state budgets, Medicaid costs have skyrocketed. These costs now exceed state spending for elementary and secondary education, and on average constitute nearly 22% of states’ budget spending, as compared to 10% in 1987. Growth of Medicaid enrollment during Bush’s tenure has been an astounding 26.7% from 2000-03. Various factors fed this growth, among which are spiraling prescription drug prices, employers terminating health-care coverage, and a depressed economy.

The depressed economy also led to multibillion-dollar budget deficits in the states. To deal with the deficits, each year from 2001 through 2004, states have cut state services, jobs, and infrastructure investment in roads, water systems, and schools. Medicaid programs, too, were curtailed. Eligibility levels were reduced, some services cut, and payments to doctors and hospitals were frozen or cut. Because state dollars spent are matched by Federal monies, states hesitated to cut too much. But with budget gaps still existing, when Fiscal 2005 budgets—which began July 1, 2004—were being adopted, nearly all states had plans to freeze or reduce Medicaid expenditures, including restrictions on drug coverage and eligibility, a provider payments freeze, and/or increased co-payments for services or medications. Not all states adopted these plans, but many did use some cost containment measures.

At the end of December 2004, at least California and Pennsylvania announced greater budget deficits than those anticipated when they trimmed their budgets for this fiscal year. By January-February, Pennsylvania Gov. Ed Rendell is expected to activate plans to slash Medicaid enrollment and cut spending, to try to close a \$1.5 billion health-care budget gap. California’s “terminator” Gov. Arnie Schwarzenegger intends to narrow his state’s newly increased \$8.1 billion deficit by slashing the state’s Medicaid program, Medi-Cal.

Combined, the state and Federal costs to sustain the Medicaid program are \$300 billion a year. Bush’s callous view is, and has been, to slash Federal Medicaid dollars to the states, scrounging a few shekels to help balance the humongous Federal budget deficit. Bush’s two blunt weapons to axe Federal Medicaid dollars from the states are: fixed block grants; and use of Section 1115 of the Social Security Act, to permit the modification or waiver of Medicaid’s key requirements. Known as “super-waivers,” these are similar to what Leavitt used when he was governor of Utah.

## Block Grants Scheme

Medicaid is the nation’s largest public health insurance program, providing health and long-term care coverage to

52 million low-income, elderly, and disabled people in fiscal 2004—or about one in nine Americans. It pays for nearly half of all nursing-home care, and 18% of prescription drugs. The program is known as an open-ended entitlement: State and Federal governments fund it jointly, with the Federal government matching state spending (from 50% to 80%) on all medical services that Medicaid covers and that patients need. Inspired by the FDR-era Social Security law, Medicaid was enacted in 1965.

President Bush wants to change Medicaid from an open-ended entitlement arrangement—as intended, and as it functions—to one in which the Federal government gives the states block grants or flat amounts of funding, with no linkage to actual health costs or need. The Administration is also keen on ripping up the basis of the 40-year-old Federal law by providing “super-waivers” giving more “flexibility” to the states to decide who is eligible for Medicaid, who gets what services, in what part of the state, and for how long—allowing them to deprive people of care which the Federal entitlement would provide. The catch to the grant of “waivers” is that to get one, a state must agree to cap spending; thus, benefits have to be cut.

Already, several governors, including Tennessee’s Breiden (D) and—predictably—Florida’s Jeb Bush (R), are pushing for such super-waivers and block grants to cap state Medicaid costs.

In fact, Jeb Bush is “aggressively pursuing” Medicaid reforms in Florida and nationally as a “top priority,” according to a Florida Agency for Health Care Administration (AHCA) letter of March 30, 2004 to the Florida Association of Homes for the Aging. The AHCA says Jeb, through reforms to the Florida Medicaid program, is testing and implementing model Medicaid programs and waivers that lead to a “sustainable” program. He is expected to ask the Florida legislature and the Federal government to authorize major changes to the state’s Medicaid program to slash state costs, including a pilot project of “consumer-directed care,” whereby consumers must manage their own health-care budget.

The elderly and people with disabilities account for two-thirds of Florida’s Medicaid expenditures.

Here is what the President’s baby brother has done so far:

- Reduced eligibility of pregnant women for Medicaid services, from 185% down to 150% of the Federal poverty income level—this means a paltry \$13,965 a year;



*A renal dialysis patient. The nation’s 52 million low-income, elderly, and disabled people served by Medicaid are now threatened with massive budget cuts by the Bush Administration.*

- Placed more restrictions on overall Medicaid eligibility, medications, and health-care benefits—now, many carry onerous pre-authorizations;
- Forced more patients into managed-care programs that caused severe restriction of access to doctors, dentists, etc., due to low reimbursement levels;
- Cut services, especially home care and community services, to the disabled, especially the severely disabled—who, without additional services, will be at risk of institutionalization.

Florida has one of the most restrictive definitions of “medically necessary care,” saying the services must be necessary “to protect life, to prevent significant illness or significant disability, or to alleviate severe pain.” This leaves out critical support/care services necessary for the well-being of vulnerable patients. The definition leaves out prosthetics, hearing aids, and physical and other therapy to maintain capacity and quality of life of patients. Florida advocates told *EIR* that “pro-life” Jeb Bush wants to make further, more restrictive changes in the definition.

### **A Battle is Brewing**

Sen. Jeffrey Bingaman (D-N.M.), along with 47 members of the Senate Democratic Caucus, will oppose “any proposal that would block-grant Medicaid, because it would ultimately mean low-income families and persons with disabilities would be dropped from the program.” In their Dec. 15 letter to Bush, they wrote, “We are unwilling to allow the Federal government to walk away from Medicaid’s over 50 million beneficiaries, the providers that serve them, and the urban and

rural communities in which they live.” It ridiculed “arbitrary limits” on Medicaid spending because they “fail to . . . adjust for economic recessions, . . . health-care inflation, or disasters, including terrorism.” Capping Federal payments as the President suggests, they argue, would “profoundly limit” the states’ abilities to respond to the growing number of uninsured. “Steps to stabilize and improve health coverage rather than undermine it” are required.

Rep. Anna Eshoo (D-Calif.) said she would oppose program cuts to Medicaid, block grants, and elimination of the intergovernmental transfer program, “so vital for hospitals serving low-income individuals and families.”

On Dec. 22, the National Governors Association sent a bipartisan letter to Congressional leaders of the House and Senate, warning that “reform” of Medicaid would be “unacceptable in any deficit reduction strategy” that would “shift Federal costs to states.” The NGA letter, signed by its chairman Gov. Mark Warner (D-Va.) and vice chair Gov. Mike Huckabee (R-Ark.), suggests that a bigger fight is in the offing to defend aid to the poor, elderly, and disabled. Huckabee cut to the quick, telling the *New York Times*, “People need to remember that to balance the Federal budget off the backs of the poorest people in the country is simply unacceptable. You don’t pull feeding tubes from people. You don’t pull the wheelchair out from under the child with muscular dystrophy.”

But Huckabee, and many other governors of states faced with continuing budget shortfalls and growing Medicaid enrollment and costs, are looking for more state authority to control costs and utilization. More state control, while not necessarily bad, is, at this juncture, going to be Bush’s bargaining chip to implement super-waivers and/or block grants.

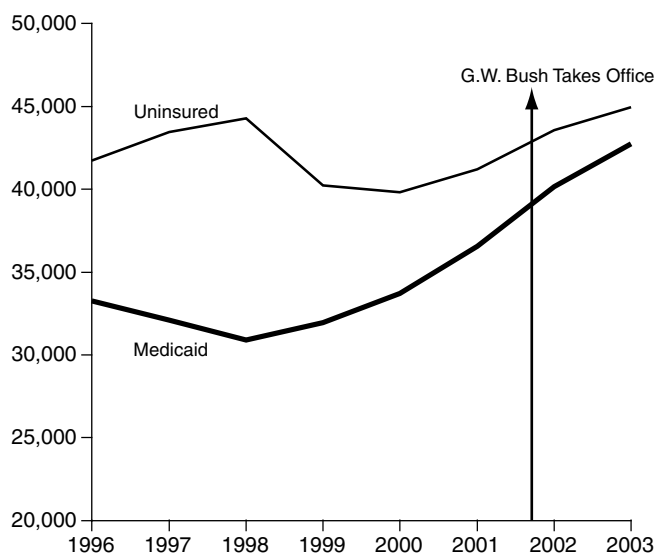
### Real Solution to Medicaid Spending

Any solution for restraining Medicaid costs, or the rising number of uninsured people, must not be found by taking a “pound of flesh” from our most vulnerable citizens. The root of the problem lies in the fact that increased unemployment, and loss of health-care insurance coverage from employers cutting costs, throws people either into Medicaid or leaves them uninsured. Employers have increasingly terminated health benefits, or so increased deductibles or co-payments that health insurance has become unaffordable, causing more people to turn to Medicaid, or to go without.

Cuts in Medicaid such as Bush and many radical Republicans are promoting, will mean more people land in the ranks of the uninsured, further thrusting costs onto state and local governments which can ill afford them. Likewise, reduction in Medicaid’s reimbursement payments to hospitals which treat the poor, disabled, and elderly whether or not they have insurance, will lead to more hospital closures due to bankruptcy. Already from 1980-2001, the United States lost 902, or 15.5%, of its hospitals due to the free-market HMO policies

FIGURE 1  
**People on Medicaid, Medically Uninsured Rise as Economy Collapses**

(Thousands of People)



Source: U.S. Census Bureau; Centers for Medicare and Medicaid; EIR.

that Bush-controller George Shultz helped usher in during the Nixon Administration. Newer hospital closure data is not available for the Bush years, but the closures continue.

Is it any wonder that Medicaid rolls have grown since 2000? The nation’s manufacturing workforce has been decimated with more than 2.6 million jobs lost since 2000. The understated “official” unemployment rate is 5.4%, but real unemployment as calculated by EIR was 11.3% as of November 2004. Additionally, the undercounted “official” poverty level has risen to 12.7%.

What becomes clear in **Figure 1**, is that since Bush took office, the number of people who became uninsured or had to turn to Medicaid for health-care coverage steadily grew as the economy plummeted. More and more Americans were laid off or had their employers cut health-care benefits. Available data shows the number of uninsured rose from 39.8 million in 2000 to 44.9 million in 2003, a 12.8% jump. Those on Medicaid increased from 33.7 million in 2000 to 42.7 million in 2003, an incredible 26.7% rise in three years. The numbers have gone up further in both categories during 2004, with estimates that the uninsured now total over 45 million and Medicaid recipients are 52 million.

It should be obvious: Without jump-starting the physical economy by investment in production and infrastructure, Medicaid rolls and costs will rise. To make the program “sustainable” requires that we put Americans back to work at productive jobs, rebuilding the world.

# Astounding Growth of Derivative Side Bets

by John Hoefle

While much of the world continues to crash around us, the virtual economy continues to expand like mad, with J.P. Morgan Chase leading the pack, as usual. As of Sept. 30, J.P. Morgan Chase had \$43 trillion (and a few hundred billion as loose change) in derivatives, an amount roughly equal to the annual gross world product (also known as the world GDP), and about four times U.S. GDP.

Rising to number two in this virtual sweepstakes is Citigroup, whose \$17.5 trillion in side bets topped Bank of America's \$17.1 trillion. Only two other U.S. commercial banks topped the trillion-dollar mark: Wachovia, the former First Union, had \$3 trillion; and "Dope, Inc."-heavyweight, HSBC North America—the U.S. arm of Hong Shang—had \$1.8 trillion.

The numbers are from the Comptroller of the Currency's Dec. 21, 2004 report. The Comptroller's figures include holding company derivatives not counted by the Federal Deposit Insurance Corporation (FDIC); reported were \$86.9 trillion in derivatives held by the 25 bank holding companies most active in the market.

The banks and their regulators assert that the net amount at risk in this \$87-trillion pile of IOUs is a mere \$804 billion, and that the "netted current credit exposure" is just \$183 billion.

The banks have seen a significant dropoff in revenues from cash and derivatives trading from \$3.8 billion in the first quarter, to \$2.6 billion in the second, and \$1.3 billion in the third. The biggest hit has come in interest-rate trading, which went from a \$1.5 billion gain in the first quarter, to a \$1.4 billion loss in the third. Some of that has been offset by increased revenue on commodities trading, which rose from \$89 million in the first quarter to \$405 million in the second quarter and \$1 billion in the third.

A total of 87% of all derivatives were interest-rate bets, followed by foreign exchange bets at 9%. Credit derivatives continued to climb, to \$1.9 trillion.

As reported in the FDIC Quarterly Banking Profile for the third quarter of 2004, the banks' derivatives holdings have increased at about 25% a year for the past three years, and the level of reported derivatives outstanding has more than doubled since the end of 2000, when it stood at \$40.8 trillion.

Since the end of 2000, reported derivatives have soared \$44 trillion (108%), while assets have grown \$2 trillion (32%) to \$8.2 trillion, loans have grown \$1.1 trillion (28%) to \$4.8 trillion, and equity capital has grown \$292 billion (55%) to \$821 billion. Thus derivatives are now 10 times assets, 17 times loans, and 103 times equity capital.

## Rosy on the Outside

Meanwhile, the same FDIC Quarterly Banking Profile reported record profits for U.S. Banks, thanks to what it called a "combination of continued strength in consumer loan demand and a growing demand for commercial loans." These insured U.S. institutions earned a record \$32.5 billion in net income, the sixth record in the last seven quarters.

Looking at the fine print, though, suggests that the picture is not as rosy as the headlines report. While the level of unpayable debt grows steadily, the banks have been drawing down their level of loan-loss reserves. Six times in the last seven quarters, the amount of money the banks set aside as provisions for loan losses has declined, and the \$7.3 billion the banks set aside in the third quarter was the smallest since the third quarter of 2000, when the loan portfolio was 23% smaller.

The situation is worse at the big banks (defined as \$10 billion or more in assets), where net charge-offs exceeded provisions for the seventh quarter in a row, and the overall level of loan-loss reserves declined for the fourth time in five quarters. When net charge-offs exceed provisions, it means that the banks are not adding enough in reserves to cover the loans they are writing off, and in the third quarter, the big banks provisions covered only 93% of their writeoffs, pocketing the difference as "profits."

The banks also reported an \$84 billion (9%) increase in equity capital in the quarter, but \$48 billion of that (58%) came the growth in "goodwill," following on the heels of a \$36 billion increase in goodwill in the second quarter. The FDIC defines "goodwill and other intangibles" as: "intangible assets including servicing rights, purchased credit card relationships and other identifiable intangible assets."

What else would you want backing \$85 trillion in derivatives?

As for another leading virtual banking vehicle: U.S. junk bond issuance hit a new record in 2004. Some \$139 billion in new junk bonds were issued in the United States last year by mid-December, topping the previous record of \$137.8 billion set in 1998, according to Thomson Financial. Only \$136 billion in junk was issued in 2003.

The leading issuer was Citigroup, with \$20.5 billion, followed by CSFB with \$18.3 billion, and J.P. Morgan Chase with \$15.5 billion. According to Deutsche Bank, the proportion of extremely speculative triple-C rated debt hit 17% of all junk issued this year, up from 8.7% in 2003. Analysts say that much of the new junk is issued by companies using low interest rates to refinance older, higher-rate debt.

# British TV: Derivatives Bring Down the System

by Mary Burdman

First impressions of the BBC2 film “The Man Who Broke Britain” are that this will be an attempt to create a scenario in which terrorists can be blamed for the looming meltdown of the world financial system. However, the film, first aired on Dec. 9, reviews just such a scenario and rejects it, to focus on the real “weapons of mass destruction” threatening international finance: the vast, unregulated, private derivatives market.

*EIR* and other publications associated with Lyndon LaRouche have been warning about the deadly dangers of derivatives for years, as have a few other voices in the financial wilderness. Now, many more alarms are going off. The film’s authors—writer and producer Simon Finch, and writer and director Gabriel Range—consulted with the Bank of England and much of the British financial establishment on its making.

“The Man Who Broke Britain” is not the young Saudi trader in the City of London, apparently caught out for highly risky oil derivatives contracts, which implode when a terrorist attack destroys Saudi Arabia’s biggest oil refinery. As the drama develops, it is made very clear that the men who break the British, and world, financial system are the executives of the fictional Sun First Credit Bank (SFCB), a high-flying City investment bank which has made huge profits in derivatives trading, focussed on oil. Attempts to blame the catastrophe on the Saudi trader, Samir Badr, are exposed as the work of SFCB’s chief derivatives trader, one Philip Crighton, who was trying to shift the blame for his extremely risky trading tactics, onto alleged “terrorists.” Media hysteria and political over-reaction, almost made it possible for Crighton’s operation to succeed.

The underlying intention of this film is to inform the public about the enormous risks posed to their own welfare by the unscrupulous quest for banking profits at all costs. The key visual image of the film, is a tidal wave rushing over the financial centers of the City of London, New York, and other world headquarters, and taking all down before it. The film shows the entire British establishment—the Bank of England, the Treasury, intelligence—as clueless as to what is going on in the private markets, and helpless to do anything about it, as long as the system remains totally secret and unregulated.

The message is clearly urgent. The film is set in January 2005, and is so realistically done, that anyone turning it on, without having seen the introduction, could well think that

the financial system is already in total meltdown. Along with the actors, it includes real clips of Chancellor Gordon Brown, Prime Minister Tony Blair, and U.S. President George Bush, looking appropriately pompous, frightened, or idiotic, as events unfold.

The film moves forward like a documentary, featuring realistic “news programs” and interviews with the main characters. One of the (few) heroes of the piece—*The Times*’s financial correspondent named Darren Waring—explains, over and over, how derivatives developed, and why they are such a terrible risk to the financial system. Most people have never heard of derivatives, but this is the “world’s biggest industry,” worth 100 trillion pounds, 60 times the size of the U.K. economy. All this is, in reality, no more than a vast network of betting. He explains in detail how derivatives—basically, partners exchanging monies on potentially different movements of the values of an asset—were designed to take uncertainty out of the finance system by “sharing out” the risks of unpredictable events, such as foreign exchange fluctuations, political upheavals, or extreme weather. Derivatives were designed to take out the risks, but became just the opposite: used as a means of financial gambling and to exponentially increase profits.

Within days, the derivatives crisis in the SFCB story brought, as the fictional Bank of England governor states, the whole “system grinding to a halt.” With OTC derivatives, the knock-on effect is so dangerous, that if there are any doubts about the credit-worthiness of a bank, it goes, causing the paralysis of the entire financial system, because derivatives themselves have brought an entirely new kind of instability.

## The Real Danger

In the film, one year later, on Jan. 16, 2006, as hearings open into the collapse of SFBC, Britain is in turmoil, with tens of thousands in the streets. Unemployment has risen to “staggering” levels, the housing bubble has burst, pensions have evaporated. Even with the authorities expressing their “scorn” that there could ever have been a terrorist plot, or an al-Qaeda “sleeper” at SFCB, no one is responsible. Why? The catastrophe happened because derivatives are *not regulated*. Millions had lost their pensions, their investments, the value of their houses, but “negligence” in trading in unregulated derivatives, is not fraud. Even with riots breaking out in the streets, nothing could be done. The final words go to the *Times* reporter and to the Treasury. Derivatives, said Waring, had caused catastrophe: these “risk managers” had become financial Weapons of Mass Destruction. The final moments show secretary Wickson, walking along the Thames, reflecting, as he says, on how powerless politicians are against the global markets. When the Barings crash happened, authorities had to admit they had no idea what was going on. They knew that derivatives were dangerous, but let them become the center of the entire world financial system. The message is clear: Take warning!

## Progress in German-Russian Ties

*The Gortorf Summit resulted in several important industrial agreements, and cooperation is growing.*

Whereas Russian relations to the European Union as a whole are, 13 years after the end of the Soviet Union, rather nascent, with economic cooperation potential still far from being tapped, bilateral relations to some EU members states, such as France, Germany, and Italy, are developing positively. Russia has established a sound understanding on strategic matters especially with France and Germany, notably on the basis of the three governments' strong opposition to the Anglo-American war on Iraq.

The implications of a second Bush Presidential term were prominent on the agenda of the German-Russian summit meeting in Hamburg and Gortorf, Germany on Dec. 20-21. This was the 28th direct encounter between German Chancellor Gerhard Schröder and Russian President Vladimir Putin since the latter's election in March 1999. Because Putin speaks German, the two leaders hold their talks in an unusual atmosphere of confidentiality, without interpreters.

In addition to the congruence of views on Iraq, the Iranian nuclear issue, the urgency of reform of the United Nations, and the promotion of multipolar structures of world affairs, the two leaders announced a joint effort to reestablish peace in the Caucasus. The "Dialogue Project" on the Caucasus, with a focus on Chechnya, is based on the concept that only in-depth economic reconstruction that helps to considerably reduce poverty and joblessness in the short term—now at rates upwards of 50%, stemming in part from the after-effects of the wars of the early and mid-1990s—will dry out these fertile grounds for

terrorist recruitment. The Caucasus initiative was discussed in Moscow in mid-November by Gernot Erler, Schröder's chief coordinator of German-Russian relations, and President Putin, who approved the proposal.

Significant progress was also made in economic cooperation: Germany's Siemens firm and Russia's state rail company RZD signed an agreement for the joint production of 60 high-speed engines based on the design of the German ICE system, with modifications for the Russian rail grid (which has a broader gauge). The Russian partner for Siemens is NTT, a leading producer of rail technology and rolling stock. The deal is worth 1.5 billion euros, and there is mention of a follow-up agreement for another 90 engines.

The engines will begin operation in 2007 on the new Moscow-St. Petersburg rail line and travel at speeds up to 260 kilometers/hour. This is the first Russian direct cooperation with a non-Russian rail technology firm since the end of cooperation with eastern Germany's Waggonbau complex in 1991.

German-Russian cooperation will concentrate on modernizing three rail corridors: Berlin-Warsaw-Minsk-Moscow-Nizhni Novgorod; Berlin-Kaliningrad-St. Petersburg, via the Baltic republics; and Moscow-St. Petersburg-Helsinki.

Another agreement, on cooperation in establishing computerized modern container transport along the Trans-Siberian Railway, under negotiation since September, will likely be signed in May 2005 by Siemens and RZD. This may be accompanied by an

agreement on similar cooperation along the North-South Transport Corridor.

Other important economic and scientific cooperation agreements were signed at the summit, including:

- Direct investment of 200 million euros by the Franco-German aircraft producer EADS in Russia's Irkut firm, for the joint production and global marketing of the Russian-developed amphibic BE-200 aircraft. Irkut manufacture of components for the new Airbus airliner series is also envisaged.

- Germany's leading power and utility supplier EON and Russia's state-run gas monopoly Gazprom will build the Baltic underwater gas pipeline, which by the end of this decade will link the Russian gas industry to western Europe's gas pipeline grid. There are also plans for a joint venture for European marketing of the gas.

- Joint maritime research, with emphasis on scientific programs including polar zone research; linked to that, is a perspective for joint search for, and exploration of, sea-bed raw materials.

Not directly mentioned in the summit, but developing positively, is military and security cooperation. For example, Germany is the only western country to which Russia has given official permission, at the end of 2004, to use its territory for air and rail transport of equipment for the German peace-keeping troop contingent in Afghanistan. In 2005, the first of five German military surveillance space satellites will be launched into orbit on a Russian Kosmos carrier from the Russian space terminal at Plesetsk. On the ground, Germany's foreign intelligence agency, the BND, is cooperating with Russia's FSB in the surveillance of terrorist activities related to Chechnya and other Caucasus regions.

## Debt Moratorium Supported For Tsunami Victim Nations

by Ramtanu Maitra and Rainer Apel

At a hastily organized conference on Jan. 6 in Indonesia's capital, Jakarta, to help the 11 tsunami-hit nations in Asia and Africa, the wealthy nations issued a draft declaration on debt moratoria. The declaration welcomed proposals to reduce the debt of tsunami-hit nations "to augment their national capacity to carry out the rehabilitation and reconstruction efforts."

The declaration was the outcome of a concerted effort by the European nations, launched by Germany. On Dec. 26, soon after the catastrophic sea waves hit the Asian and African coasts, German Chancellor Gerhard Schröder reacted quickly, going on television to address the nation, and to focus world leaders on the severity of the tsunami disaster and what the world must do. Schröder pointed out that most of the victims of this killer wave were the citizens of the affected nations, but that the tsunami also took lives of many German tourists visiting the area. He urged all to share the common suffering and the grief to bring home the message of an "invisible one world."

Momentum toward debt relief gained ground on Jan. 6, when French President Jacques Chirac ordered his government to urge the Paris Club of creditor nations to approve a moratorium on debt payments by countries hit by the killer tsunami. The Paris Club comprises Austria, Australia, Belgium, Britain, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, the Netherlands, Norway, Russia, Spain, Sweden, Switzerland, and the United States. Its next meeting is set for the week beginning Jan. 10.

It was evident that prior to the statement issued by the French President, the Paris Club member-nations had begun

to decide independently on the issue. Almost simultaneous with the French President's announcement, Italian Prime Minister Silvio Berlusconi, in Rome, called for a special meeting of the Group of Eight leading industrialized nations to organize assistance efforts and to debate debt relief.

On Jan. 4, Britain unveiled a proposal for the world's wealthiest nations to freeze immediately about \$3 billion in annual debt repayments from countries hit by the tsunami disaster in the Indian Ocean. The freeze would be offered as part of a broader international package of emergency aid and reconstruction funds, which already amounts to \$2 billion for the Dec. 26 disaster, said Finance Minister Gordon Brown. The proposals were expected to be presented to the Paris Club meeting on Jan. 12, in the French capital.

Earlier, on Dec. 31, Canadian Foreign Minister Pierre Pettigrew had proposed a unilateral debt moratorium for nations hit by the tsunami with "immediate effect." He cited a moratorium on the foreign debt of the tsunami-hit countries of Asia as necessary to ease the difficult task of rehabilitation and reconstruction in the devastated region. The Canadian proposal included Sri Lanka—one of the most hard-hit nations in the disaster. An Agence France Press report from Ottawa said that Canada had billed the move as a signal to its partners in the Paris Club, ahead of its Jan. 12 meeting.

### Show of Solidarity at Jakarta

At Jakarta, Chinese Prime Minister Wen Jiabao, Japanese Prime Minister Junichiro Koizumi, and U.S. Secretary of State Colin Powell were among the government leaders and officials who flew in for the hastily arranged one-day confer-





*Banda Aceh, Indonesia, one of the regions worst-hit by the Dec. 26 tsunami. Germany has proposed a debt moratorium for the devastated nations. Equally essential is to bring the infrastructure of the region into the 21st Century—rather than focussing on restoring the fragile tourism “industry.”*

ence. United Nations Secretary General Kofi Annan presided, but he did not take a clear stance on whether debt freezes would be helpful and/or forthcoming.

“What is important is that the international community does whatever it can to assist the governments in the affected countries,” Annan said. “The issue of debt relief . . . is very much on the table and I will wait to see what the countries concerned, the creditor countries, decide.”

According to the World Bank, among the tsunami-hit nations, Indonesia and India have the largest foreign debts. Indonesia owed \$132 billion and India \$104 billion in 2002, the last year for which figures were available, the bank said. Other debt totals were: Thailand, \$59 billion; Sri Lanka, \$10 billion; Malaysia, \$48 billion; Somalia, \$2.7 billion; and the Maldives, \$270 million.

There is no doubt that, although the debt relief issue will continue to be on the table, it may end up as yet another matter under discussion *ad infinitum*, unless strong political pressure is generated within the richer nations, and outside. Those who are skeptical about the debt moratorium include Australia, so far the largest provider of grants and loans (U.S. \$810 million) to help the tsunami-victim nations. Australian Foreign Minister Alexander Downer stated that aid, which puts money into governments’ general coffers, can more easily be targeted to those in need than debt relief. Downer also pointed out that a large amount of the national debts are private, which, when frozen, are not easy for the national governments to mobilize

from the private sources at a short notice. “Our view is that Indonesia is likely to benefit substantially more by direct and active programs,” Downer said. However, he made it clear that Australia would discuss the debt moratorium idea with other members of the Paris Club.

World Bank President James Wolfensohn had other reservations. He said creditors could ensure that the proceeds of debt relief go to those who need help, but that it was easier to control and monitor specially earmarked grant money.

### **Japan: Both Aid and Debt Moratorium**

The clearest statement, however, came from Japan. Japanese Foreign Ministry spokesman Akira Chiba said that his country, a major aid donor, which holds \$20 billion in Indonesian debt alone, backed a freeze on repayments. “I see no choice between debt relief and aid,” he said. “Concerning loans, we are considering a moratorium and to grant aid. . . . We are ready to provide \$500 million for emergency assistance.”

Although there is no doubt that the world’s response to the catastrophic event may not be commensurate with the size of the tragedy, it is nonetheless decidedly positive. The global aid pledges within 10 days amount to about \$4 billion. More important, perhaps, is the presence of a host of world leaders at the Jan. 6 Jakarta conference, which shows the purpose and concern of the rest of the world. Among those present from the Asia-Pacific Region were: Australian Prime Minister John

Howard, Cambodian Prime Minister Hun Sen, Chinese Prime Minister Wen Jiabao, Indian Foreign Minister K. Natwar Singh, Indonesian President Susilo Bambang Yudhoyono, Japanese Prime Minister Junichiro Koizumi, Malaysian Prime Minister Abdullah Ahmad Badawi, New Zealand Prime Minister Helen Clark, Philippines President Gloria Macapagal-Arroyo, Singaporean Prime Minister Lee Hsien Loong, South Korean Prime Minister Lee Hae-Chan, Sri Lankan Foreign Minister Lakshman Kadirgamar, Thai Foreign Minister Surakiart Sathirathai, and Vietnamese Prime Minister Phan Van Khai. Also present were UN Secretary General Kofi Annan, U.S. Secretary of State Colin Powell, European Union Commission President José Manuel Barroso, Luxembourg Prime Minister Jean-Claude Juncker (for the EU Presidency), British Foreign Secretary Jack Straw, South African Health Minister Manto Tshabalala-Msimang, and UNICEF chief Carol Bellamy.

## **Beyond Money**

But the question remains: What will the rest of the world be committed to do, once the first wave of relief work comes to an end? German Chancellor Schröder addressed this issue in his Dec. 31 nationwide speech. He called for taking a “lasting responsibility” for the tsunami-devastated nations, and said that Germany would take such long-term responsibility. The relief work should be directed in such a way that “all wealthy countries adopt partnerships for the reconstruction of specific regions,” Schröder said. “I think the big industrial nations, including Germany, each must take responsibility for one country. Our German states should take responsibility for specific provinces; our cities for cities, and villages for villages. Our industry could help. Aid would thus be visible and concrete. German schools and their students could be partners for schools in the devastated areas,” with the support of the students’ parents.

In addition, Schröder pointed out that such measures would make it clear that although the money is very important, “we want to go beyond donation of money.” He also told fellow Germans that his government will propose to friends in the European Union, Germany’s intent to follow such a strategy of lasting partnership with the tsunami-victim nations. “Each country of our rich continent could thus show responsibility, and demonstrate humanity.”

By contrast, U.S. President Bush’s response to the tsunami victims did not go beyond dealing with the immediate, and that, too, in a limited manner. But the enormity of the devastation has begun to sink in, as Secretary of State Powell made a quick visit to the Indonesian island of Sumatra and saw with his own eyes what the killer wave had done to the western part of the island. Secretary Powell had earlier said categorically that the U.S. financial aid of \$350 million was enough. But after experiencing the horror people are undergoing, Powell became somewhat flexible. He told the AFP on Jan. 5 that he is “not in a position right now to confirm what

the United States will be able to do . . . but I think debt relief is something, clearly, the international community should look towards.”

According to the BBC, a declaration signed at the end of the aid conference in Indonesia also called on the UN to mobilize the international community for the relief effort. Secretary Powell said the tsunami “core group” of nations, whose formation was announced by President Bush on Dec. 29, would be dissolved and folded into the broader UN-led operations. Powell told the conference attendees that the core group, which the United States initially formed with India, Japan, and Australia, and which was later joined by Canada and the Netherlands, had “served its purpose.” “It will now fold itself into the broader coordination efforts of the United Nations as the entire international community works to support the nations who have suffered this tragedy,” Powell said in his prepared speech.

As expected, the world leaders at Jakarta pledged to set up an Indian Ocean early warning system, which could save at least some lives in the event of another tsunami.

## **Time To Rebuild**

It is evident that the world leaders at Jakarta have taken note of the first call that came out of Germany. On Dec. 29, Germany’s Assistant Minister of Development Sector Relations, Erich Stather, said in an interview with the German SWR radio, that, beyond the immediate rescue work, a special longer-term effort must be made by the international community to rebuild homes, settlements, transportation infrastructure, freshwater supply, and medical-care infrastructure. He also called for adequate attention to the farmlands and fishing estuaries which were devastated by the intrusion of seawater.

Stather said that the reconstruction effort must address the entire Indian Ocean, while taking into consideration special requirements of individual countries in the region. He also pointed out that an early seismic warning system must be installed in the Indian Ocean in 2005.

While the world leaders need to be pressured to adopt a long-term development plan to alleviate the sufferings of the millions involved, the victim nations must also seize this opportunity to put in place an infrastructure that will help them develop their physical economies and strengthen their nations. In 1997, Southeast Asia experienced a financial “tsunami,” which evaporated billions of dollars’ worth of real money, and paper money, from the Southeast Asian banks and bourses. This money had been invested in speculative activities, tourism, and associated risky investments. Numerous German media reports pointed out after the Dec. 26 catastrophe that Thailand, in particular, had re-invested heavily in the tourism industry once the 1997 financial shock was over. A good part of that tourism industry in Thailand, as well as in Sri Lanka, got washed away on Dec. 26. Infrastructure, not tourism, should now be the priority.

# Timor Leste's Xanana Gusmao: Justice Is Not Revenge

by Mike Billington

There are many who doubt that the tiny nation now known as Timor Leste (East Timor) should ever have attempted the risky business of becoming a mini-state, especially in the hostile and endangered world we are living in today. With barely 1 million citizens, Timor Leste is the poorest nation in Asia, and one of the poorest ten in the world. It has few resources, poor infrastructure, and a poorly educated population.

But no one of goodwill can doubt that the President of Timor Leste, Xanana Gusmao, has proven to be a leader of high principle, courage, and wisdom, willing and able to stand up to the most powerful of hostile forces which are trying to use the new nation as a pawn in larger geopolitical conflicts.

During the 1980s and 1990s, Gusmao led the Revolutionary Front for Independence in East Timor (FRETILIN) and its military arm, demanding independence from, first, Portugal, and then from Indonesia. Gusmao became President of Timor Leste after Indonesia organized a referendum for independence in 1999.

The hostile interests arrayed against Timor Leste include the global human rights mafia (led by Amnesty International), which earlier had supported independence from Indonesia, but now is furious that President Gusmao insists on friendship and cooperation with the Indonesian nation and its people. Also among the hostile interests is Australia's increasingly oppressive regime, under neo-conservative cohort Prime Minister John Howard.

Timor Leste, under Xanana Gusmao's leadership, is proving to be the young upstart, willing and able to place a well-deserved finger-in-the-eye of the imperial game-masters. Whether a world being driven to war and depression by the current hegemonic Anglo-American financial oligarches will allow this moral nuisance to survive is not certain. If the world were wise, it would learn from the valuable lesson it is being offered.

## In the Spirit of the Treaty of Westphalia

Although this writer has never heard President Gusmao refer directly to the Treaty of Westphalia, it is clear from his every speech that he carries the meaning of that historic document in his heart. In 1648, the Treaty of Westphalia brought 150 years of religious and sectarian warfare across Europe to an end, and gave substance to the notion of the

nation-state, on the principle that the interest of the *other* was of the most profound *self-interest* to each side, and that there was no place for revenge against the crimes committed in the past by the various warring parties.

Consider President Gusmao's response on Dec. 8, while addressing a gathering in Washington sponsored by the Asia Society, to a question from the ubiquitous representative of Amnesty International. Amnesty, acting as a hit-squad for the Anglo-Dutch financial oligarchy, has waged a determined campaign to create an international tribunal against the Indonesian military leaders whom they declare to be responsible for the deadly riots by the pro-Indonesia militias in Timor Leste, after their loss of the 1999 referendum to the pro-independence forces. The Amnesty representative called on Gusmao to stop "interfering" with the effort to form such an international tribunal, arguing that Gusmao was standing in the way of justice for his own people.

But Gusmao doesn't see it that way: "I am not *opposed* to such a tribunal," he said, "but I have made clear since 2001 that *that is not my priority*—and if it is to be, it shall not be on our soil! We have a fight for *justice*, not for vengeance. To us, our problem is that we are hungry, we are sick, we need education. We still have many Indonesians among us, and they are our friends. We look across the border at those who have fled, and we say: 'Hello, return to us. We are your friends.' We say the same to those who are still in the mountains. The past belongs to the past. My priority now is how this independence can offer something good to the people. If we continue to pry into the past, there will be no time to build our country."

Such is the substance of wisdom.

## Whose Justice?

The United Nations, under the overbearing influence of the United States, has also pressured Timor Leste, against the wishes of its own sovereign government, to join in the destabilization of Indonesia. During the 1999-2002 era of the UN Transitional Authority in East Timor (UNTEAT), which governed Timor Leste after the referendum and before formal independence in May 2002, the UN set up a human rights court in Dili, the capital of Timor Leste, to investigate and bring charges against those responsible for the killings and destruction following the referendum. Gusmao supported this



*Xanana Gusmao, President of Timor Leste (East Timor), has shown his willingness to stand up to the most powerful of hostile forces, which are trying to use the new nation as a pawn in larger geopolitical conflicts.*

effort, while also inviting those who had fled to return, face the courts if necessary, and either clear their names, or serve a jail term, and then join in rebuilding society.

But the foreign-funded and administered court remained in place even after Timor Leste assumed national independence, and subsequently brought indictments against several Indonesian military leaders. President Gusmao put his foot down. In particular, in June 2004, he refused to forward an arrest warrant from the UN court to Interpol, which had been issued against General Wiranto, the Chief of Staff of the Indonesian Army at the time of the referendum, and other Indonesian military officers. In fact, President Gusmao travelled to Indonesia in May to meet (and embrace!) General Wiranto, who was at the time a candidate for President of Indonesia. Gusmao told the general that the principle of reconciliation “is a good option for a way out.”

Nonetheless, the pressure from the “international community” for an international tribunal intensified, ignoring the sovereign concerns of *both* Indonesia and Timor Leste. U.S. Ambassador to the UN John Danforth told the Security Council in November 2004: “As we have stated numerous times, there must be accountability for the human rights violations committed in East Timor. The international community has a responsibility to address this issue.” Danforth, backed up by

Amnesty International and such western non-governmental organizations as Noam Chomsky’s East Timor Action Network, demanded that the UN send a “team of independent experts” to both Timor Leste and Indonesia, despite opposition from the democratically elected governments in both Dili and Jakarta, to “create a climate conducive to the development of democratic institutions in both Indonesia and East Timor.” Such is the “newspeak” of the new imperium.

In the past weeks, President Gusmao and the newly elected President of Indonesia, former general Susilo Bambang Yudhoyono, took dramatic measures to circumvent this threat to their peace and stability. Meeting in Bali, Indonesia, on Dec. 14, Gusmao and Yudhoyono quietly set in motion plans for a Commission on Truth and Friendship between the two nations, to investigate the source of violence on both sides of the conflict over the years, with the focus on “truth and friendship” rather than revenge.

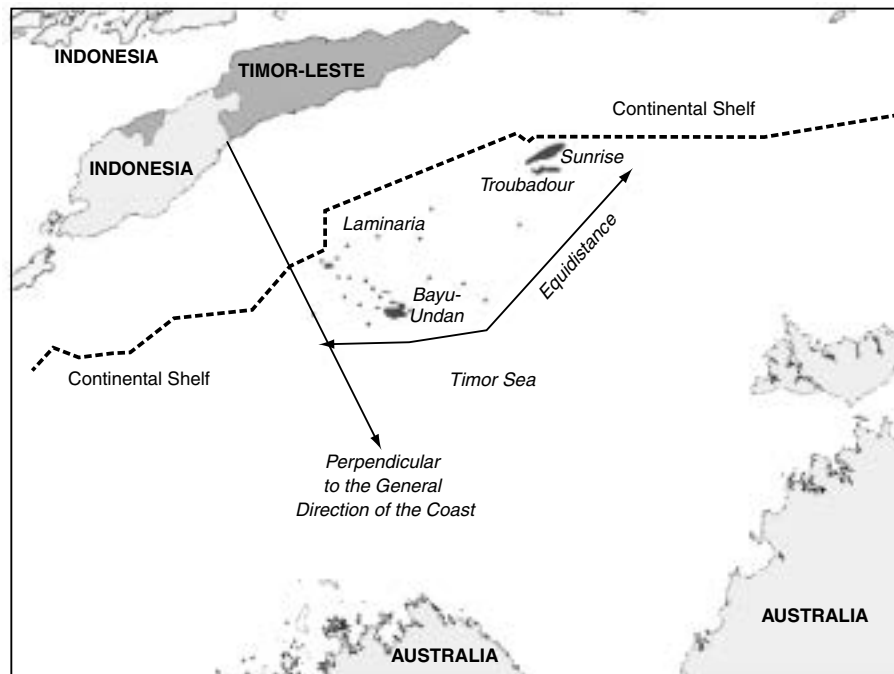
To make clear to the world that this “Treaty of Westphalia” approach to justice must prevail over the divisive intent of those demanding vengeance under the guise of justice, and subversion under the false-flag of the “international community,” Presidents Gusmao and Yudhoyono sent their Foreign Ministers, Jose Ramos-Horta and Hassan Wirayuda, to New York and Washington, D.C., to meet with UN Secretary General Kofi Annan and U.S. Secretary of State Colin Powell. The results of these visits are not fully public, although sources report that they were generally successful.

## **The Long Arm of Australia**

Timor Leste is simultaneously battling with an assault on its sovereign territory by neighboring Australia, especially Australia’s calculated theft of the huge oil and gas deposits within Timor Leste’s offshore territory in the Timor Sea. President Gusmao has adamantly refused to capitulate to the demands of Prime Minister John Howard, that Timor Leste submit to a blatantly illegal and unjust demarcation of the international boundary in the Timor Sea, which divides the two nations. Australia arbitrarily demands that the boundary follow the continental shelf, which is practically on Timor’s shoreline, rather than follow the 1982 UN Convention on the Law of the Sea, the standard for such issues, which would place the boundary midway between the two shorelines.

The cause of the conflict is that Australia’s land grab also includes the nearly 100% theft of the many billions of dollars’ worth of oil and gas, which sits between the two lines of demarcation **Figure 1**. With the stroke of a pen (and the threat of the sword, as reported below), Australia wants to claim for its own, three major oil fields, only one of which is now developed. Australia is already extracting profits of \$1 million per day from the Laminaria-Corallina field (which Timor Leste views as stolen revenue), and refuses to proceed with contracted joint development of the Bayu-Undan field until Timor Leste accepts the unacceptable theft of its sovereign territory.

FIGURE 1  
**Australia's Oil Grab**



Source: www.timorseaoffice.gov, EIR.

Shown here are the two methods of determining the sea boundary between Timor Leste (East Timor) and Australia. The “equidistance” line is favored by Timor Leste, and is the standard method used today under international law. Using the method of the 1972 Indonesia-Australia Seabed Boundary, along the continental shelf, means that Australia will steal all the oil fields (shown as dots on the map).

Speaking to the Foreign Correspondents Club of Thailand on Dec. 5, President Gusmao said: “The Australian government has behaved very unfairly to us. We feel offended when [Foreign Minister] Alexander Downer says Australia is generous. When the Australian government gives us \$20 million for education, we say, ‘But you are taking our money.’”

Gusmao added that, although his country is desperate for cash, “to provide schools, health services, and basic assistance to the most vulnerable in our society, and to develop the agriculture and tourism sector . . . we are nevertheless prepared to face the consequences or effects of any delays. We fought 24 long years for our independence. We know how to be patient and persevere.”

The background to Australia’s oil scam reveals a long-term, calculated grand theft, which would make the original “economic hit men” of the British East India Company proud. When oil was discovered in the Timor Sea in the 1960s, Australia tried to get Portugal, then the colonial ruler of Timor Leste, to agree to a boundary along the line of the continental shelf, rather than the equidistant line. Portugal refused. Australia then shifted its attention to the Suharto regime in Indonesia.

Suharto had seized power from Indonesia’s founding President Sukarno in 1966, and enjoyed strong backing from Washington, London, and Canberra. It quickly became open season for the “economic hit men,” contracting for oil exploration and other projects, with corrupted terms, leaving foreign interests largely in control—and Indonesia with unpayable debts. In 1972, Australia got hold of much of Indonesia’s offshore territory when the Indonesian-Australian Seabed Boundary Agreement was signed, precisely as Australia had wished, along the continental shelf, but leaving the “Timor Gap” along the Timor Leste territory (Figure 2). Then, when Portugal abruptly pulled out of its colony in 1975, the Suharto regime was given the green light by Washington (Henry Kissinger was conveniently visiting Jakarta at the time), and a more subdued approval from the Whitlam government in Australia, to send in the Indonesian military, and to eventually annex Timor Leste as a province of Indonesia.

FIGURE 2  
**The Timor ‘Gap’**



Source: www.timorseaoffice.gov.

The line shows the 1972 Indonesia-Australia Seabed Boundary, which follows the continental shelf, rather than the UN Convention on the Law of the Sea, which would place the boundary equidistant from the two shorelines. Portugal had refused to negotiate this unfair boundary on behalf of Timor Leste, leaving the Timor “Gap.”

Australia, of course, expected that the same “unequal” border deal with Indonesia would then be extended to Timor Leste, and the huge oil and gas deposits therein, by “connecting the dots” of the Timor gap. That is exactly what Suharto did, with the Timor Gap Treaty of 1989.

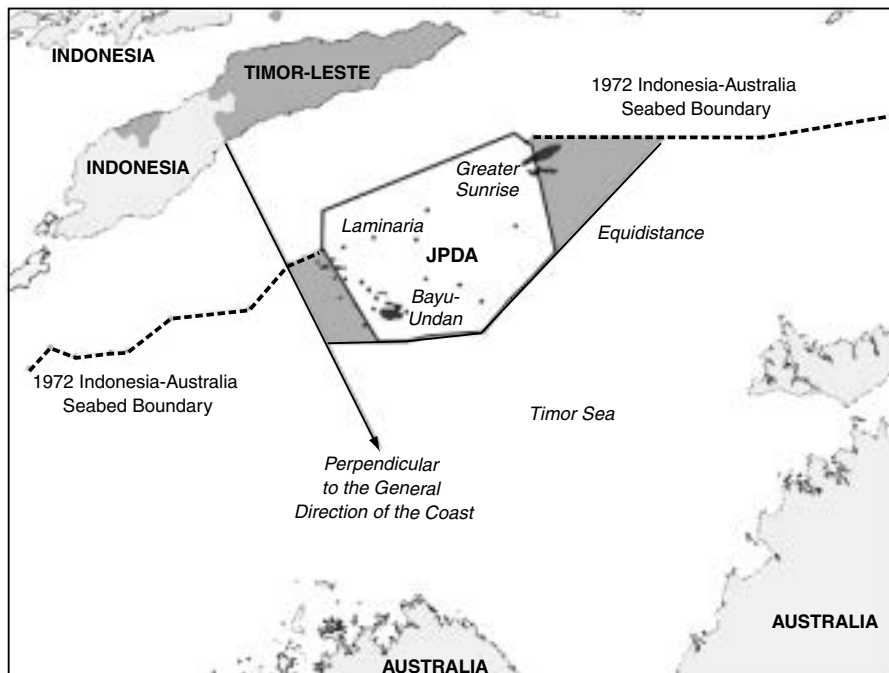
The great irony, and criminality, of Australia’s role in this relationship was revealed to the public eye only 24 years later, in 1999, when Indonesia, at the peak of the colonial-style speculative assault it was suffering in 1997-98, was coerced to set up a referendum for independence in Timor Leste, a referendum that was almost certain to lead to independence. Australia, which had for 24 years been a staunch supporter of Indonesia’s right to control Timor Leste (while developing the oil they had stolen in return for their kindness), suddenly developed a conscience regarding human rights abuses by the Indonesian military against the citizens of Timor Leste. Prime Minister Howard sent a letter to Indonesia’s new Prime Minister, B.J. Habibie, in December 1998, with an “offer he couldn’t refuse,” so to speak, demanding a referendum. Not surprisingly, Gusmao saw the danger of a referendum without proper preparation and education, and urged a “cooling-off period” for as much as ten years. But Howard got his way.

When the referendum went in favor of independence, some of those within Timor Leste who had favored remaining part of Indonesia, and who believed themselves disenfranchised by the referendum, went on a rampage of destruction, with little restraint from the departing Indonesian military.

Australia came charging to the rescue of the now-independent Timor Leste, sending in its military at the head of a UN force, to “save” their “friends”—all with the expectation, of course, that the theft of the Timor oil fields would be accepted by a grateful, but desperate Timor Leste government, as it had earlier been by Indonesia. They were to have a rude awakening from this particular imperial dream.

As seen in **Figure 3**, there are three major oil fields under contention. The Laminaria-Corallana field has already been developed by Australia, and is Australia’s most productive source of oil. A second field, Bayu-Undan, lies within the region designated as the Joint Petroleum Development Area

**FIGURE 3**  
**The Joint Petroleum Development Area (JPDA)**



Source: [www.timorseaoffice.gov](http://www.timorseaoffice.gov), *EIR*.

*The JPDA is contested between Australia and Timor Leste. The shaded areas in the sea show a further area of contention. The line marked “Perpendicular to the General Direction of the Coast” is Timor Leste’s preferred boundary between Timor Leste and Indonesia, which would leave the shaded area to its east as part of the JPDA, rather than Australian territory under their agreements with Indonesia.*

(JPDA) under the Timor Sea Treaty of May 2001. (The two shaded areas on either side of the JPDA are areas under contention over a second issue, namely, how to draw the north-south lines marking the borders between Timor Leste and Indonesia in the Timor Sea, to the east and to the west. Timor Leste claims these shaded areas as part of the JPDA, while Australia insists on the more favorable lines for themselves, as extracted from Indonesia in 1972.)

The 2001 Timor Sea Treaty allotted 90% of the revenue from the JPDA to Timor Leste, and only 10% to Australia, while not ruling one way or the other on the border issue. Australian Foreign Minister Downer makes much of Australia’s “generosity” with this offer, but the fact is that Timor Leste agreed only to grant Australia this 10% hand-out, from territory rightfully their own, because it was desperate to get some production moving in the contested area.

It was only a few months *after* the 2001 Timor Sea Treaty was signed that Australia dropped its bombshell: It would only proceed with its “generous” offer to develop the Bayu-Undan fields as a joint development, if Timor Leste dropped

its demand for equitable border demarcations, by signing an agreement regarding the third, and by far the largest, of the three major fields, the Greater Sunrise. Again desperate to get some funds flowing, Timor Leste signed the Greater Sunrise Unitization Agreement in March 2003, granting more than 80% of the production to Australia, but its Parliament has refused to ratify the unjust treaty. The Greater Sunrise Consortium, headed by Australia's Woodside, and including Conoco-Phillips, Royal Dutch Shell, and Osaka Gas, threatened to pull out altogether if Timor Leste did not submit by Jan. 1, 2005.

President Gusmao has refused to give in to the blackmail. "Any solution or agreement," said Gusmao, "must take into consideration the principles of international law and must be fair."

*The Nation* of Bangkok, in an April 1, 2004 editorial, after noting the bullying tactics of Australia against the poorest nation in Asia, says the obvious: that this "raises questions about Australia's involvement in East Timor in 1999, one of Canberra's biggest foreign affairs successes in decades. Was it really just about gas and oil?"

## Outlaw Nation?

However, Australia has already shown that, like the Bush Administration, international law is only followed when it suits its imperial designs. Under the UN Transitional Authority in early 2002, it became clear to Australia that the soon-to-be inaugurated sovereign government of Timor Leste would not submit to Australia's imperial border claims. Afraid that Timor Leste would attempt to take the issue for adjudication to the International Court of Justice, of which Australia was a member—in which case Australia would certainly lose—Australia simply dropped out of the Maritime division of the International Court, barely two months before Timor Leste's independence. So much for "the rule of law."

It gets worse. On Dec. 15, Prime Minister Howard announced the unilateral formation of an "Australian Maritime Information Zone," extending 1,000 miles from its coastline. Under the guise of protecting against terrorism, Howard's plan calls for the right to intercept and board any ship within the 1,000-mile zone—a virtual right to piracy on the high seas.

The plan must be seen as a foot-in-the-door for the global piracy plan put forward by U.S. Undersecretary of State for Arms Control and International Security, John Bolton, as part of his Proliferation Security Initiative (PSI). Bolton wants to extend the PSI, which now permits the coordination of inspections within the territorial waters of member states, to allow universal pre-emptive seizure (in other words, piracy) of ships on the high seas belonging to "rogue nations," or suspected of carrying drugs or weapons of mass destruction. The Howard government strongly supports Bolton's plans.

Although Indonesia and other nations in the region have

denounced this hostile and criminal declaration of intent by John Howard, the increasingly dictatorial regime in Canberra made no effort to conceal that a major aspect of the plan was to unilaterally enforce its de facto control over Timor Leste's sovereign rights in the Timor Sea, and over the oil therein. "Some of the oil and gas facilities in the Timor Sea are areas where Australia *shares jurisdiction with Indonesia or East Timor*," said Howard, simply asserting as fact Australia's control over Timor Leste's territory. He continued: "The Minister of Foreign Affairs [Alexander Downer] will be writing to his counterparts to advise of our intentions to work with those countries in introducing these mutually beneficial enhanced counter-terrorism security measures."

## Downer: Economic Hit Man

As to Downer, the world was given a taste of this thug's form of "advice" when a transcript of his meeting in December 2002 with Timor Leste's Prime Minister, Mari Alkatiri, was leaked to the press. Absolutely rejecting any consideration of Timor Leste's sovereignty over the Greater Sunrise field, or even joint development, Downer pontificated, "We have bigger issues of principle, being a bigger country." And he tried bribery: "Money is not a problem. We can always broker an arrangement. . . . If I was in your position, I would focus on revenue for your new and poor country. . . . To call us a big bully is a grotesque simplification of Australia. We had a cosy economic agreement with Indonesia. . . . We bailed East Timor out with no economic benefit. Our relationship is crucially important, particularly for you, East Timor. The two countries you can count on the most are Portugal and Australia. . . . You can't make us agree to your proposal."

On Timor Leste's request to allow the International Court of Justice to determine the border, Downer responded: "We are very tough, period. We will not care if you give information to the media. Let me give you a tutorial in politics: Not a chance."

It is in this context that Howard's threat of "protection" for a zone 1,000 miles from its shores, like his earlier threat to pre-emptively attack terrorists in the Philippines and Indonesia, is recognized as yet another case of the "economic hit men" at work.

May President Xanana Gusmao persevere with his goodwill and profound sense of true justice, and may the world ponder the international implications of the Peace of Westphalia, for Timor Leste and for the world.

— FOR A —  
DIALOGUE OF CULTURES  
[www.schillerinstitute.org](http://www.schillerinstitute.org)

# No End to Iraqi Resistance Without End to Occupation

by Muriel Mirak-Weissbach

If the continuing attacks against forces of the U.S. occupation in the bombed-out city of Fallujah have become the symbol of intransigent Iraqi resistance, the suicide bombing attack in an American mess hall in Mosul, shortly before Christmas, has documented the alarming level of insurgent infiltration into U.S. ranks. Mitch Mitchell, an analyst at the Institute for National Strategic Studies, at the U.S.'s National Defense University, called it an "incredible occurrence, that someone could have come in undetected with some kind of bomb. It blows my mind that force protection on the base is that poor."

But it is not so much a question of poor force protection, as the fact that the United States is facing a kind of organized resistance which admits of no protection. Informed sources have reported to *EIR*, that up to 50% of those Iraqi forces, both political and military, which are considered allied to the occupiers, are in fact infiltrators. In a report issued on the heels of the Mosul disaster, Anthony Cordesmann of the Center for Strategic and International Studies (CSIS), stressed that sympathizers with the insurgency, within the Iraqi interim government and Iraqi forces, as well as Iraqis working for U.S.-led forces, media, and non-governmental organizations, "often provided excellent human intelligence [about U.S.-led operations] without violently taking part in the insurgency." Cordesmann said U.S. attempts to vet these Iraqis cannot solve the problem, because "it seems likely that family, clan, and ethnic loyalties have made many supposedly loyal Iraqis become at least part-time sources."

Less than a week after the Mosul bombing, which killed 22 Americans, another attack was mounted by the resistance, which was calculated to display further sophistication. Again, in Mosul, a car bomb exploded near a U.S. base and, as soon as reinforcements arrived, a second blast occurred, followed by an assault by about 50 Iraqis against the U.S. troops. The U.S. leaders had to call in warplanes to bomb the insurgents.

On Jan. 3, insurgents launched a highly professional attack, from different directions, on the armored convoy of Baghdad province governor Ali al-Haidri, which killed him and six bodyguards. The same day, five U.S. troops were killed in three separate incidents, and a car bomb exploded near the highly protected Green Zone in the capital, killing 10 and injuring 50.

Such events, according to Jürgen Hübschen, a former military attaché at the German Embassy in Baghdad, show that "the resistance fighters can apparently attack in a targeted fashion, wherever they want." This raises the question, of who is actually coordinating this highly sophisticated, increasingly flexible force. Although the official line from Washington has been that they are "foreign terrorists" belonging to the al-Qaeda network, and led inside Iraq by Abu Musab al-Zarqawi, evidence points to a more uncomfortable reality: that of a highly organized, well-equipped, coordinated indigenous Iraq force, composed of former intelligence and security officials of the Saddam Hussein regime, as well as large numbers of former officers and soldiers who had been thrown onto the street, when U.S. administrator Paul Bremer dismantled the old Ba'ath party apparatus in the military, security, and civil service.

Hübschen points out that one should re-examine the list of the 50 "most wanted" persons, issued by the U.S. Administration shortly after the official fall of Baghdad; that list most probably contains a number of professionals currently leading the resistance. Specifically, he points to the fact that many leaders come from areas where the resistance has been gaining strength. Among the "key players" in the former Ba'ath Party, are figures like Lt. Gen. Sayf al-Din Fulayyih Hassan Taha al-Rawi, former Republican Guard commander, who could readily recruit former soldiers, and who has excellent information about weapons and munitions. Furthermore, there are the leaders of the former secret services, with their networks and financial means, and—most probably—significant infiltrators into the ranks of the occupation forces.

## Resistance 'Bigger Than U.S. Forces'

The most explosive report on the nature and strength of the resistance came from an unexpected quarter, on Jan. 3, when Gen. Muhammad Abd Allah Shahwani, interim Iraqi Director of Intelligence Services, announced in a press conference that he believed that the forces of the resistance outnumbered those of the U.S. military. He said he believed there were 40,000 full-time fighters, and about 200,000 Iraqis involved part-time. The latter, he said, were deployed to provide intelligence, logistics, and shelter.

"I think the resistance is bigger than the U.S. military in Iraq. I think the resistance is more than 200,000 people," he added. This estimate is orders of magnitude greater than official figures presented by the United States, which have estimated the resistance forces at anywhere from a couple of thousand to 20,000.

Shahwani said "the resistance" enjoys wide backing in the provinces of Baghdad, Babil, Salah al-Din, Diyala, Nineveh, and Tamim. He pointed out that the resistance had drawn on the former Army of 400,000, and was benefitting from strong tribal ties. He also noted the socio-economic disaster as contributing to recruitment. "People are fed up after two years without improvement. People are fed up with no secu-



city, no electricity, people feel they have to do something,” he said. “The Army was hundreds of thousands. You would expect some veterans would join with their relatives; each one has sons and brothers.”

In Shahwani’s view, there are numerous city neighborhoods and small towns around central Iraq which have become no-man’s-lands, despite U.S. military operations in Samarra and Fallujah. The battle of Fallujah in his view was no victory for the U.S.-led forces: “What we have now is an empty city, almost destroyed, and most of the insurgents are free. They have gone either to Mosul or to Baghdad or other areas.” He also named areas in Baghdad where various groups had become virtually untouchable.

Although he did not say that the resistance was winning, he stated, “I would say they aren’t losing.”

The startling statements by this interim intelligence director, who is working with and under U.S. occupation forces, were considered serious by two U.S. experts, Bruce Hoffman, former advisor to the U.S. occupation in Iraq and now with the Rand Corporation, and Anthony Cordesmann. Hoffman said he believed the estimate was plausible, though it was impossible to know for sure. Cordesmann said, “The Iraqi figures do recognize the reality that the insurgency in Iraq has broad support in Sunni areas, while the U.S. figures downplay this to the point of denial.”

Former UN weapons inspector Scott Ritter added an important hypothesis, to fill out this picture of the nature of the Iraqi resistance. In an op-ed published in *Al-Jazeera* on Dec. 14, Ritter said that, based on recent discussions with former members of Saddam Hussein’s Mukhabarat (intelligence service), he believed that the “myth” of Jordanian-born al-Qaeda-linked terrorist Abu Musab al-Zarqawi, was deliberately created, and played by the Mukhabarat.

## Scapegoating Syria and Iran

The response to the escalating resistance, and expanding U.S. casualties, on the part of the Bush Administration’s necons, has been to accuse Syria and Iran of supporting, or even orchestrating the resistance. Inside Iraq, it has been interim Defense Minister Hazem Shalaan, a man with a long history of collaboration with British and U.S. intelligence services, who has been most vocal in pointing the finger at Damascus and Tehran; interim Prime Minister Iyad Allawi (also a long-term Anglo-American intelligence asset) has repeated the charges, and demanded that Syria hand over “wanted elements and those accused of planning and executing attacks,” to the authorities in Baghdad. That numerous Iraqi exiles have sought refuge in Syria—as well as in Jordan, where Allawi himself has travelled to meet with them—is no secret; but that they are the string-pullers behind the armed insurgency, is not credible, from a military standpoint. Nor is the accusation, made by the U.S. and Iraqi governments, that Syrian fighters are crossing the border in droves to join the conflict; not only have Syrian authorities taken journalists to observe their

heavily fortified border, but U.S. forces have been engaged in joint patrols there as well.

The accusations against Iran are of a slightly different nature: that Iran is infiltrating the country with its own nationals, to stack the voter lists for the planned January elections, and de facto take over the country. That Iran has influence in Iraq is no secret, nor is it new. Many high-level Iraqi Shi’ite clerics and political figures, who had been oppressed or expelled by Saddam Hussein—like the Supreme Council for the Islamic Revolution in Iraq (SCIRI)—found refuge in Iran, especially after Operation Desert Storm in 1991. Following the 2003 U.S. war and invasion, these groups, who are Iraqi Arab Shi’ites, not Iranians, returned.

What the anti-Iranian hysteria points to, is the fear in Washington, shared by some regional groups in Jordan and Saudi Arabia, that an overwhelming electoral victory for the main Shi’ite electoral list, led by the SCIRI’s Abdel Aziz al-Hakim, and backed by Ayatollah Ali Hussein al-Sistani, could usher in close ties between a new Iraqi government and Iran, a country still officially classified as part of Bush’s “axis of evil.” The geostrategic and political stature of Iran, which is already a regional power, would be significantly enhanced.

## Scenarios for Partition

In this light, geopolitical scenarios are being tossed around. How would Washington respond to an electoral victory of the predominantly Shi’ite forces? If they were to reject it, informed sources say that the Shi’ites would join the resistance, and the war would enter an entirely new phase.

Henry Kissinger has openly called for partition of the country, in the event of a Shi’ite victory. Speaking to CNN in December, Kissinger said he thought there was a growing possibility that “a Shia government which is not going to be a genuine democracy” would win the elections. “And if it reaches this point, then we really have no interest in keeping Iraq united. Then we might just as well let each of these competing ethnic groups create their own self-government, rather than imposing a theocracy on, or cooperate with creating a theocracy for all of Iraq.”

In recent interviews, Lyndon LaRouche stressed that the chaos now convulsing Iraq is not the result of mistaken policies or poor planning, but a deliberate policy. The breakup of the country into different regions—the Kurds in the north, the Shi’ites in the south, and a Sunni no-man’s-land in the center—would cohere with this intention. Current operations to establish permanent U.S. military bases in each of the main regions of the country, also cohere with the perspective of partition.

## The Way Out

The planned Jan. 30 elections may not take place at all, or, if they do, may be rendered irrelevant by the chaos engulfing the country. Powerful forces in Iraq are demanding that elections be postponed, until they could be held under

secure conditions. Among these are the Association of Muslim Scholars, the largest and most prestigious Sunni organization which is boycotting the elections; the Iraqi Islamic Party, another Sunni group which had an electoral slate, but withdrew it on Dec. 27, because of the authorities' refusal to delay elections until all parts of Iraq could vote. A party leader said that 6 out of 18 provinces would not be able to hold credible elections in the current circumstances. Senior Sunni political figure Adnan Pachachi, though a candidate on another list, also called for postponement, on the same grounds. The armed resistance is, obviously, also opposing elections, and targetting electoral officials and offices as the prospective date nears.

Proposals have been floated by U.S. officials, who are frantically committed to the January date, in hopes of legitimizing the occupation with an "elected" government. Secretary of State Colin Powell endorsed a proposal floated in the *New York Times* on Dec. 26, whereby a number of Sunni candidates would be "placed" in the new National Assembly, in order to ensure ethnic and sectarian representation, a kind of affirmative action ploy. This proposal, which is tantamount to the occupying powers' handpicking a few puppets with Sunni credentials to serve in the parliament, has been rejected by Sunni and Shi'ite forces alike, as an unacceptable interference into the elections. Any Iraqi endorsing such an approach would discredit himself thoroughly.

The thinking behind such a proposal is faulty at the core. Its premise is that an Iraqi government can only be legitimate if it reflects the ethnic, religious composition of the country. The absurdity of such a notion is readily exposed, when one considers what it would mean in the United States, to follow such thinking: Should a U.S. government only then be legitimate if it has certain quotas of African-Americans, Anglo-Saxon Protestants, Asian-Americans, Italian-Americans, Polish-Americans, and so on?

It should be kept in mind, that the "ethnicization" of Iraq was a deliberate creation of the occupation, from the outset. And as a result of this, the national identity of many Iraqis has been undermined, and replaced by an ethnic or sectarian identity. This has only fuelled the civil strife.

The solution to the Iraq crisis lies not in "balancing" the ethnic-sectarian composition of a government, but in ending the occupation, so that a real process of self-determination might take place. As specified in the LaRouche Doctrine of April 2004, the security, territorial integrity, and national sovereignty of Iraq can only be achieved through an end to the occupation. What is required is a statement of U.S. intent to end the occupation, within a specified time-frame; the rehabilitation, under a nationalist, professional military leadership, of the military and security apparatuses; reversal of the de-Ba'athification of the civil service which was unlawfully disbanded; and the creation of a regional security arrangement, bolstered by regional economic cooperation agreements for developing the entire region. Nothing short of that will work.

# China and India Make Military Breakthrough

by Ramtanu Maitra

The month of December was the occasion for some high-powered diplomatic maneuvering in New Delhi and Beijing, as U.S. Defense Secretary Donald Rumsfeld visited the Indian capital on Dec. 9, and Indian Army Chief Gen. Nirmal Chandra Vij was given the red-carpet treatment in Beijing on Dec. 23-29.

It is evident from the Rumsfeld visit that Washington, eager to set up a naval presence in the northern Indian Ocean, is courting New Delhi. While the courtship is still at a very early stage, the Indian move to develop military cooperation with China sends a signal to the United States. Beyond that, it shows a steady development of understanding on behalf of these two large Asian nations, that security of this highly populous South and Southeast Asian region can be ensured through military cooperation between Beijing and New Delhi.

Following General Vij's visit, Chinese Vice President Zeng Qinghong was quoted saying, "Trust has been promoted between China and India after Vij and his party concluded their eight-day China tour."

The Deputy Chief of Staff of the Chinese People's Liberation Army (PLA), Gen. Xiong Guangkai, described General Vij's visit as "a big event for the militaries of our two countries," and said China was willing to make concerted efforts to promote cooperation between the two armies.

"The development of Sino-Indian relations is the need of the times and the common aspiration of the people of both countries as well," the official Xinhua news agency quoted Chinese Vice-President Zeng Qinghong as saying. Zeng told Vij that China would like to further expand the friendly relations with India and other neighboring countries, to achieve common prosperity.

General Vij said, during the meetings with Chinese leaders, that "trust between the two militaries has deepened in recent years as bilateral cooperation has been enhanced in all fields." According to sources close to Beijing, China and India will cooperate in defense, aerospace, and of course, commerce and trade.

General Vij's visit took place at an extremely significant point in time. On Dec. 9, U.S. Defense Secretary Donald Rumsfeld was in Delhi. While in Delhi, he indicated that the two countries were ready to transform their relations into practical steps, by saying that Washington wanted their de-

fense ties to be further “knitted” together. He said his meeting with Defense Minister Pranab Mukherjee was “excellent,” and cited numerous defense interactions, joint military exercises, and exchanges as an indication of growing relations between the two countries’ military establishments.

“We intend to see these ties further knitted together in coming months and years,” the U.S. Defense Secretary said in the wake of India’s External Affairs Minister K. Natwar Singh’s warning that the supply of American arms to Pakistan could have a negative impact when the Indo-Pak talks were at a “sensitive stage.”

## **The American Initiative**

Although Rumsfeld and Mukherjee were tight-lipped about the issues discussed at the meeting, Indian officials told the media that the two countries were “close to reaching an agreement on the U.S. Navy providing assistance to Indian naval submarines in case of distress in the high seas.”

The two countries are also involved in a substantive dialogue for supplying India with the U.S. Missile Defense System based on Patriot missiles, and for the supply of Deep-Sea Rescue Vehicles. “The governments with which we are either carrying out or discussing missile defense cooperation include Japan, the United Kingdom, Denmark, Australia, Canada, Israel, The Netherlands, Germany, Italy, Russia, Turkey, Spain, Poland, the Czech Republic, Hungary, Ukraine, Taiwan, and India,” U.S. Assistant Secretary of State for Arms Control Stephen Rademaker said in Washington.

Speaking at the American Foreign Policy Council’s Conference on “Missile Defenses and American Security,” Rademaker noted that India and the United States had also conducted joint missile defense workshops. In January 2004, President George W. Bush and the then-Prime Minister Atal Behari Vajpayee had announced the Next Steps in Strategic Partnership (NSSP) initiative, which included an “expanding discussion” on missile defense, Rademaker said. The NSSP “includes a strategic stability dialogue with India, including an expanding discussion on missile defense,” he pointed out.

Washington is also keen to play down India’s concern over supply of arms to Pakistan; the United States today said it would like to be a “bigger supplier” of weaponry to New Delhi. “The U.S. Administration is deeply sensitive to India’s views on these matters,” U.S. Ambassador David Mulford told a group of reporters in New Delhi, when asked about New Delhi’s concerns over the defense supplies that could adversely affect the positive sentiments for the United States in India. The United States, he said, hoped that a “bigger relationship” with India could be created. “We would like to be a bigger supplier of military equipment and weapons to India,” he added.

However, sources said that India’s concern about Washington as a reliable supplier continues to remain as strong as ever. During Rumsfeld’s short sojourn to India, New Delhi

expressed a strong interest in purchasing the advanced PCA-3 version of Patriot missiles. But, the best that the United States could offer was the PCA-1 version, used in the two Gulf wars, and found wanting.

## **Red-Carpet Treatment**

China’s People’s Liberation Army (PLA) welcomed General Vij, the first Indian Army Chief to visit China in ten years. The PLA opened up many of its defense facilities as part of a visible effort by Beijing to enhance mutual trust and understanding. Vij’s visit came ahead of Chinese Premier Wen Jiabao’s scheduled visit to India in March 2005.

Bilateral ties between the two countries have developed rapidly in recent years. Former Indian Prime Minister Atal Behari Vajpayee visited China in June 2003, and signed a historic joint declaration.

During his visit, General Vij invited the Chinese military to join, for the first time, in a military exercise in non-traditional anti-terrorist security. He reviewed the naval search and rescue exercise jointly conducted by India and China last year, Xinhua reported. China and India last year held their first-ever joint naval exercises.

The Indian Army Chief was also accorded a ceremonial welcome at the PLA headquarters. This was followed by his talks with the PLA’s Deputy Chief of Staff, Gen. Xiong Guangkai. General Vij also visited the PLA’s National Defense University, and witnessed some programs and exchanged views with a Chinese military think-tank. He called on Chinese Defense Minister, Gen. Cao Gangchuan, and held wide-ranging talks with his Chinese counterpart, Gen Liang Guanglie, agreeing to deepen military-to-military ties.

General Vij also inspected a Chinese army garrison in the financial hub of Shanghai, toured military facilities in the port city of Qingdao, and travelled to China’s historic capital Xi’an, the government reported.

There is also a growing trend in Southeast Asia in particular, to bring in both China and India to ensure security in the region. The new Malaysian Prime Minister, Abdullah Badawi, who had visited China recently, was in India in mid-December. Reports indicate he sought strategic partnership with India in the areas of defense and Information Technology during his meeting with Indian Prime Minister Manmohan Singh.

Diplomats said that Prime Minister Badawi has also sought military-to-military cooperation, Indian weapon systems, and joint patrolling of the Malacca Straits to check terrorism and piracy. He revealed to Indian Premier Manmohan Singh and Defense Minister Pranab Mukherjee a draft defense policy which will come into force by June 2005.

In line with that policy, Malaysia will invite serving and retired foreign military experts to train its military in war-fighting and intelligence-gathering, and sources said the Malaysian Prime Minister solicited Indian participation in that program.

## How Nuclear Energy's Promise Was Nearly Destroyed

by Marsha Freeman

**Editor's Note:** *The key to the success of the "economic hit men" recently exposed by John Perkins' book Confessions of an Economic Hit Man, over the last 30 years, lies in the cultural transformation of the industrialized nations, whose post-war populations were turned from people determined they could, and would, eliminate poverty and build prosperity, into populations enmired in pessimism and fear about the very inventions which could accomplish those tasks. Technology Editor Marsha Freeman documents how this radical shift occurred in the area of nuclear energy, and was enforced both economically and politically.*

For the past 50 years, the fight by nations to develop nuclear energy has been the leading edge of the broader political fight for economic development. Opposition to nuclear power has represented nothing less than the promotion of the policy of malthusian population reduction and worldwide economic disintegration. This was true from the very beginning of the Atomic Age.

Following the end of the Second World War, the likes of Lord Bertrand Russell, playing on the disgust of the world following the U.S. atomic bombings of Japanese cities, equated atomic bombs with atomic energy. In Russell's "one world" vision, the denial of nuclear energy technology to others, and its control by the Anglo-American financial oligarchy, was proposed as necessary to protect the United States from the use (by anyone else) of this "ultimate weapon."

When President Dwight Eisenhower announced in 1953 that the United States would unilaterally declassify, and make universally available, the scientific concepts and technical know-how needed to develop nuclear power for civilian use, optimism toward the future spread to every part of the globe. Dozens of developing nations participated in the conferences

on the Peaceful Uses of Atomic Energy in the 1950s, many bringing their own proposals for their nations' future nuclear development.

Following the successful demonstration of nuclear power for electricity production and the development of small-scale research reactors in the 1950s and 1960s, the 1970s was to be the decade that commercial nuclear power plants would spread throughout the world.

This optimistic program was not to go unchallenged, however. By the time the Fusion Energy Foundation (FEF), founded on the initiative of Lyndon LaRouche in 1974, came on the scene, the forces of economic destruction were well organized and mobilized to kill nuclear power.

The FEF became the hegemonic political force in the fight for nuclear energy, in a head-to-head battle with the Trilateral Commission and Wall Street's Carter Administration, and malthusian institutions such as the Club of Rome, which were created to kill technological optimism, along with a substantial portion of the world's population.

As a mass-based educational force, presenting the economic development policy initiatives of Lyndon LaRouche, the FEF became the focus of enmity, slander, and dirty tricks, by the financial institutions that had no intention of allowing the economic break-out of the resource-rich "Third World," which access to nuclear power would enable.<sup>1</sup> At the same time, as *EIR* has been documenting, "economic hit men" were destabilizing pro-growth governments, and even assassinating their leaders.

The result is that today, most of the plans from the 1950s and 1960s by developing nations for the deployment of nu-

---

1. See "Nuclear Club of Wall Street: 'Hit Men' vs. LaRouche's Fusion Energy Foundation," *EIR*, Dec. 3, 2004.



*President Eisenhower opened the nuclear age in 1953 with Atoms for Peace. Here, he gives the signal to begin construction of the Shippingport nuclear reactor in 1954, the first to use nuclear power for civilian electricity. Above: the Shippingport reactor under construction. Built by industry and owned by the government, it was the pilot plant to demonstrate the possibilities of commercial nuclear energy.*

clear technology have been stalled, delayed, or sabotaged. But in the current economic climate, where the political and military threats, and dollar hegemony of the United States are quickly losing credibility, a second chance at a nuclear renaissance is possible, if the world economy is reorganized to allow it.

### **Eisenhower's Bold Move**

At the end of the Second World War, there was only one nuclear-weapons power. By the time President Eisenhower made his 1953 Atoms for Peace speech, the Soviet Union had also detonated its own nuclear weapon. President Harry Truman had reportedly considered using nuclear weapons during the 1950-53 Korean conflict.

President, and former general, Dwight Eisenhower, was determined to take steps to prevent any future wars from going nuclear. In his view, there were to be two parallel paths to prevent the international spread of nuclear weapons. Along the first, non-nuclear weapons states would be offered access to the civilian nuclear technology that Eisenhower was committed to developing for the production of energy, thereby promising to secure a virtually unlimited source of power for all of the world's peoples. At the same time, military applications of fission would be kept out of the hands of nations, through the international control of nuclear materials and technology.

This latter part of Eisenhower's Atoms for Peace proposal had its origin in the program put forward by Wall Street financier Bernard Baruch, the U.S. representative to the United

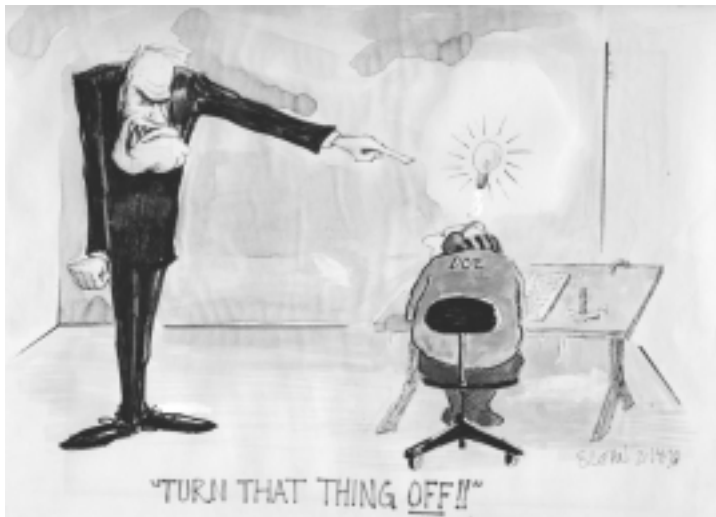
Nations Atomic Energy Commission, in 1946. Baruch proposed the establishment of an International Atomic Development Authority which would be entrusted with the control of all phases of the development and use of atomic energy, starting with control of the raw materials needed to produce fuel for both weapons and power plants. The Authority would have the power to punish countries that violated its rules, and would require the surrender of all nuclear materials to international control. This 1946 proposal, understandably, was vetoed by the Soviet Union.

In his "Atoms for Peace" speech given before the United Nations General Assembly on Dec. 8, 1953, uppermost in President Eisenhower's mind was to engage the world's only other nuclear-weapons power, the Soviet Union, in an international dialogue, in an effort to turn the first use of fission in weapons to its peaceful applications. This engagement, he stated, was a necessary part of the road to peace.

The President stated: "The United States knows that if the fearful trend of atomic military build-up can be reversed, this greatest of destructive forces can be developed into a great boon, for the benefit of all mankind."

"The United States knows that peaceful power from atomic energy is no dream of the future," he continued. "The capability, already proved, is here today." He explicitly invited the Soviet Union to join in this effort, stating his hope that such joint initiatives would develop "the understanding required for confident and peaceful relations" between the two nations.

President Eisenhower reported that he was prepared to



*Left to right: The “hit men” against Third World development of nuclear power: James Schlesinger, Bertrand Russell, Henry Kissinger.*

submit a plan to the U.S. Congress that would “encourage world-wide investigation into the most effective peacetime uses of fissionable material.” But he also proposed that an international atomic energy agency collect contributions of fissionable materials from the nuclear states, which would then be “allocated to serve the peaceful pursuits of mankind.” A group of international experts would then control the disbursement of the fuel and the technologies to apply atomic energy to agriculture and medicine, and “to provide abundant electrical energy in the power-starved areas of the world.”

It was out of the question that the Soviet Union would relinquish its sovereignty and turn over its inventory of fissionable material to a world body, controlled by the United States, which would have veto power over its use. Eisenhower’s “Baruch Plan” proposal was discarded in the formation of the International Atomic Energy Agency (IAEA), four years later.

Unfortunately, this proposal for one-world control of nuclear technology has never completely disappeared. For the past year, the Bush Administration has been trying to convince nations such as Brazil not to develop their own uranium enrichment factories, but to buy fuel for their nuclear power plants from an international body, controlled by the United States. Like the Soviet Union then, nations such as Brazil today rightly consider this “technological apartheid” approach a threat to their national sovereignty.

In 1954, the U.S. Congress passed the Atomic Energy Act, and the stage was set for the development of civilian nuclear power, here and abroad. In anticipation of a change in U.S. policy, seven months before the President’s UN speech, the infant nuclear industry and the utilities planning to build nuclear power plants formed the Atomic Industrial Forum (AIF), to lobby for the laws and regulations that would allow for the development of commercial nuclear power.

The AIF was formed at the initiative of Walker Cisl

er, head of a utility in a city that had become a hub for the industrial mobilization to win World War II, the Detroit Edison Company. At the first Atoms for Peace conference in 1955, Cisl described the advantages of nuclear energy, stating that developing nations with limited reserves of fossil fuel and hydro power, and undeveloped transportation systems to move the resources they did have, would come to rely on nuclear power as the engine for their economic development. This, he proposed, would depend upon the commitment of the United States to develop the needed technologies, and share them with the rest of the world.

Less than a year after his Atoms for Peace speech, from a Denver television studio, President Eisenhower gave the signal to start up the bulldozer to begin construction on the 60 megawatt (MW) Shippingport nuclear reactor in Pennsylvania. The reactor was built by Westinghouse, was owned by the government, and was under the administrative supervision of the most experienced reactor operators in the country—Adm. Hyman Rickover and the Nuclear Navy. On Dec. 2, 1957, the reactor went critical, producing the first nuclear power for civilian use.

Less than two years later, the world’s first non-government-financed nuclear power plant, the 270 MW Dresden 1 reactor, operated by the Commonwealth Edison company in Illinois, began operation.

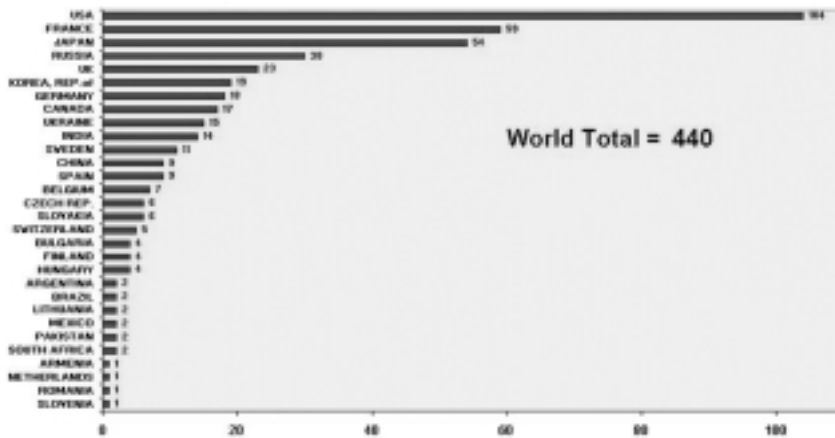
In 1962, there were 53 nuclear reactors being designed or under construction in the United States. The Atomic Energy Commission issued a report promoting research into breeder reactors, to produce nuclear fuel, concerned that there may not be enough uranium for all the reactors on order.

By 1967, there were 75 plants on order in the United States, totaling 45,000 MW of electric generating capacity. Incredibly, today, nearly 40 years later, there is not much more than double that nuclear capacity on line, in the United States.

FIGURE 1

## Number of Nuclear Reactors in Operation

(As of October 10, 2004)



*In the 1950s and 1960s, nations such as Brazil and Argentina planned to have a dozen nuclear plants on line, and a substantial portion of their electricity generated by nuclear power. After two decades of political sabotage, the situation today pales in comparison to those plans.*

The Atomic Energy Commission, as well as commercial publishers, educated the American public, and especially children, on the great promise, and the technical aspects, of nuclear power. Children in schools in the 1950s watched the General Electric movie “A Is For Atom,” and at home watched television programs such as Walt Disney’s “Our Friend the Atom.”

This thrust by the United States into the age of atomic energy resonated throughout the entire world.

### The Promise of Atoms for Peace

The first international conference on the Peaceful Uses of Atomic Energy was held in Geneva on Aug. 8-20, 1955. The president of the conference was the renowned nuclear scientist and father of the Indian nuclear program, Dr. Homi Bhabha. Out of over 1,000 papers submitted by 38 governments, 450 were selected for oral presentation. Participants came from 73 nations, for a total of 1,428 delegates, plus 1,350 observers.

The Swiss government arranged to have scientific exhibits coincident with the conference, and exhibits on nuclear energy were displayed by Belgium, Canada, Denmark, France, Norway, Sweden, the United Kingdom, the United States, and the Soviet Union. Over 900 representatives of the media covered the conference.

On the first day, papers were presented by India, Brazil, Japan, Argentina, China, Egypt, Korea, Pakistan, the Philippines, Thailand, Jordan, Israel, Puerto Rico, many East bloc nations, and the Western industrialized countries, on the role of nuclear power over the next 50 years.

At the end of the conference, Nobel laureate Willard Libby, from the U.S. Atomic Energy Commission, summarized some of the U.S. activities in cooperation with other nations. He reported that 47 countries had received radioactive isotopes from Oak Ridge Laboratory for research and applications in biology, agriculture, and medicine. Oak Ridge was also holding classes for foreign students to create the scientific manpower needed.

“The United States,” Libby stressed, “has no wish that any nation be dependent on American technicians for the operation of a nuclear power program.” In that regard, President Eisenhower, he said, had doubled the amount of American fissionable uranium available for research reactors exported from the United States, so more nations could establish experimental programs. That, combined with educational programs, should help countries “develop indigenous groups of atomic specialists.”

At the time of the conference, the United States had cooperative nuclear agreements with more than 25 nations. We look here at a few case studies.

### Argentina

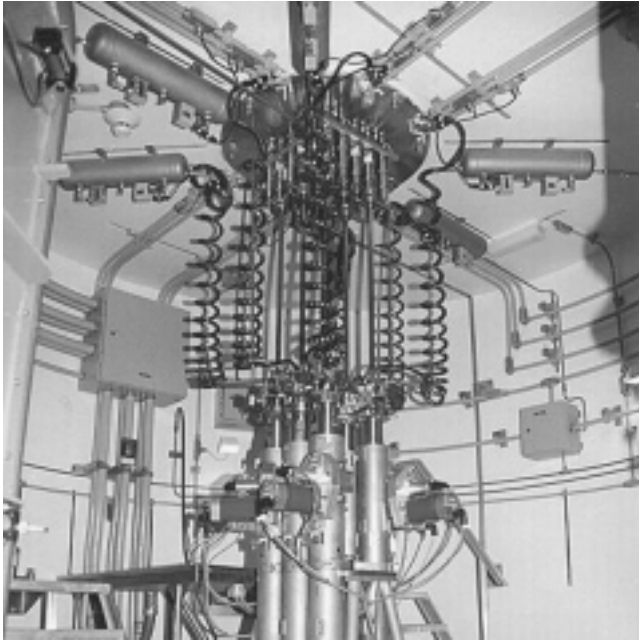
Argentina was the first nation to sign an agreement of cooperation with the United States for nuclear technology after President Eisenhower’s 1953 Atoms for Peace initiative.

The Argentine National Atomic Energy Commission had been founded in 1950, and the following year, the government began the training of technical personnel to study the “application of atomic energy.” At the first United Nations Conference on the Peaceful Uses of Atomic Energy in 1955, the Argentine delegation presented more than 40 papers.

Pedro Iraolagoitia, from Argentina’s National Atomic Energy Commission, explained that his nation’s nuclear program would be part of its goal for energy self-sufficiency and depend upon the processing of natural uranium obtained in Argentina. He forecast that by 1980, when electricity consumption per capita in Argentina would have doubled, at least half of the required increase in generation, or about 2.5 gigawatts, would “be the product of nuclear plants.”

In 1955, Argentina signed an agreement with the United States to obtain a research reactor, the RA-1, which was delivered three years later. The agreement also provided for training over 200 Argentine scientists.

During the 1960s, Argentina signed cooperative agreements to share nuclear technology with Peru and Colombia, and concentrated on educational programs with more devel-



*This small, ETRR-2 research reactor was built for Egypt by the Argentine technology company INVAP, which also trained the technical personnel to operator the reactor.*

oped nations such as Germany. Over 300 foreign experts were brought in to help train Argentine scientists, also benefitting over 350 students from around Ibero-America who participated in the program.

At the Tenth Anniversary Symposium on Nuclear Energy and Latin American Development, held at the Puerto Rico Nuclear Center in October 1967, Ernesto Galloni, from Argentina's National Atomic Energy Commission, stated that "nuclear power will come, in time, to all the Latin American countries." He reported that already three research reactors were operating in Brazil, two in Argentina, and one each in Colombia, Mexico, and Venezuela.

Looking toward the future, even beyond Argentina's order for its first commercial power plant, then under consideration, Galloni stated: "We believe it is time to begin training personnel to develop the technology for the fuel elements needed for breeder reactors, which must surely replace the present generation of reactors."

He concluded: "We think that our program, like that of our brother Latin Americans, by the incorporation of the new resources of science and technology into our daily life, will contribute effectively to consolidating welfare and peace between nations."

The Argentine national goal, from the beginning, was for self-sufficiency in all phases of the nuclear fuel cycle. In 1968, Argentina was ready to purchase its first power reactor, to be sited in Atucha, near Buenos Aires. Seventeen bids were received for the construction of Atucha 1, and it was built by the German company Siemens. The 335 MW reactor came

on line in 1974, becoming Ibero-America's first operating nuclear power plant.

To develop national nuclear independence, the Siemens heavy water reactor design was chosen, because it used natural uranium which Argentina could mine. Power plant designs requiring enriched uranium fuel, which were offered by other companies, would have made the country dependent on the United States for fuel.

The optimistic 1960s also saw the first serious challenges to Atoms for Peace. The United States and the Soviet Union signed the Nuclear Non-Proliferation Treaty (NPT) in 1968, which was ratified by the U.S. Senate two years later. In the 1970s, the treaty would become the basis for the IAEA to try to control the access to nuclear technology by non-nuclear-weapons states.

Every nation was pressured to sign the treaty, thereby signing away the access of non-nuclear weapons states to so-called "dual-use" technologies, which could be used for both civilian and military purposes—such as uranium enrichment and spent fuel reprocessing—unless they submitted to IAEA inspections and certification. Argentina refused to sign, citing its right to develop the full nuclear fuel cycle, and its national sovereignty. While it would take a few years for nuclear suppliers such as Germany, Canada, and France to implement restrictions on nuclear technology transfer, the handwriting was already on the wall.

For the same reason, Argentina refused in 1968 to sign the Treaty for the Prohibition of Nuclear Weapons in Latin America and the Caribbean, known as the Treaty of Tlateloco.

In addition to the fact that treaties do not prevent wars, as a look at international agreements immediately preceding the outbreak of World War I would demonstrate, developing nations pointed out that it was the height of hypocrisy to withhold civilian nuclear technology from them, while demanding that five nations be allowed to threaten the world with nuclear war.

Determined to be able to enter the market for indigenously developed nuclear technology, Argentina established its own company, INVAP, in Bariloche, in 1976, to develop, build, and export nuclear technology. The first reactor designed and built in Argentina was inaugurated in 1982. The 500 kilowatt RA-6 research and training reactor became the proof-of-principle for Argentine research reactors, which were later exported to Algeria, Egypt, Cuba, Peru, Iran, and Australia.

INVAP also embarked on the CAREM project to produce small, modular nuclear reactors for developing countries. The 27 MW CAREM nuclear-generating station is designed for developing nations, and an advanced design, up to 300 MW, is suitable for cities of up to 100,000 people.

## **Brazil**

Scientific research in nuclear fission was carried out in Brazil as early as the 1930s. President Getulio Vargas signed an agreement with the United States in 1940, for the coopera-



tive mining of uranium, and a committee was created to examine future nuclear ties with the United States. Early on, Brazil decided it would develop an independent nuclear capability.

At the first Atoms for Peace conference in 1955, Brazil's representatives described their nation as "in rapid transition from an agricultural economy to an industrialized one." Energy shortages, largely as a result of dependence upon hydroelectric power and imported fossil fuels, and poor transportation, they explained, motivated Brazil to prospect for fissionable reserves, as its nuclear program would be based on indigenous sources.

They reported that Brazil was determined to train the needed technical manpower, and make use of small research reactors, as the "preliminary step leading to the construction of a 40 MW reactor for industrial purposes."

Under Atoms for Peace, an agreement was signed with the United States, and in 1957, the Brazilian National Commission for Nuclear Energy (CNEN) was created. Two U.S.-supplied research reactors were sent to Brazil, and in 1965, Brazil built its first indigenous small research reactor.

In 1968, a site was chosen for Brazil's first nuclear power reactor, Angra I, which was a 625 MW reactor supplied by Westinghouse. The plant began construction in 1972, and went on line a decade later. But in accord with "non-proliferation" restrictions imposed by the United States, the Westinghouse contract barred any transfer of nuclear technology to Brazil. It was decided, therefore, that Brazil's future reactors would be purchased from other suppliers.

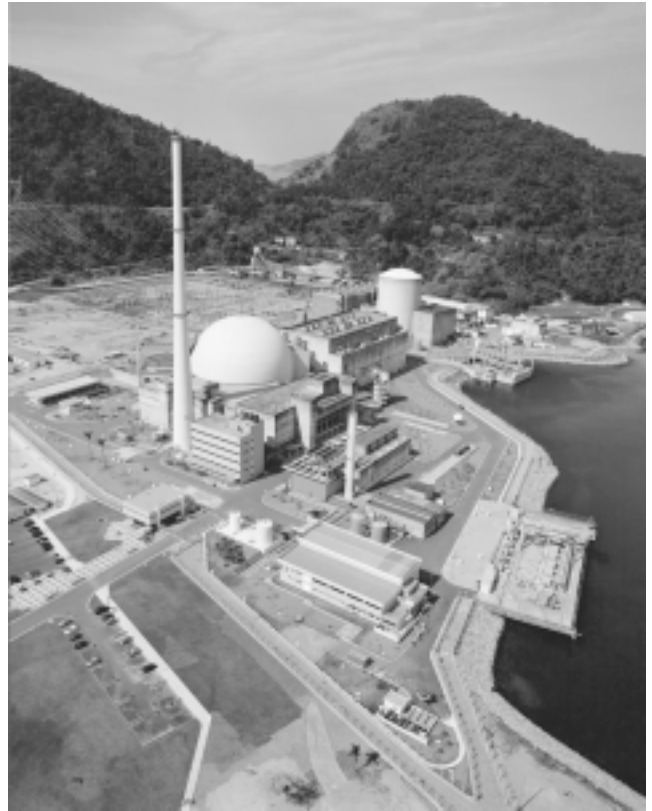
The 1973-74 Middle East oil crisis, and quadrupling of prices, led the government of Ernesto Geisel to create the Brazilian Nuclear Corporation (Nuclebras), consisting of engineering, construction, and fuel cycle technology companies to expand the country's nuclear power programs.

Over strong objections from the United States, in 1975, Brazil signed an agreement with Kraftwerk Union AG (KWU) in Germany to build up to eight additional nuclear plants, a commercial uranium enrichment facility, and a pilot-scale spent-fuel reprocessing plant. At that time, Germany did not yet require full technical safeguards under the IAEA non-proliferation regime.

## Iran

The most often-heard charge today from Undersecretary of State for Arms Control and International Security John Bolton, and other non-proliferation adherents in the Bush Administration regarding Iran's nuclear program, is that they must surely be developing the technology to create an "Islamic bomb," because with all that oil and gas, how could they possibly be interested in nuclear plants to produce energy?

But as early as the Atoms for Peace conference in 1955, representatives from Iran outlined in detail their projections for a continued 7% per year growth rate in domestic energy consumption. Examining their known reserves of oil, and even assuming future exploration would reveal up to 4 billion



*The Brazilian government successfully completed the second reactor at the Angra complex, after substantial delays, and despite the policy of "technological apartheid" promoted under the cover of non-proliferation.*

tons more, within 50 years, they still projected, with the exports needed to build up their internal capital, that nuclear energy would be needed in Iran.

Following the 1973-74 oil embargo and quadrupling of oil prices, the government of the Shah of Iran reasoned that rather than burn oil in power plants, Iran should export its oil to earn foreign exchange for development programs, and instead produce electricity from nuclear plants. Iran also stated that oil should be preserved for more important uses, such as in the chemical and petrochemical industries, and that there should be a viable nuclear energy infrastructure prepared for the time when domestic oil production would start to decline.

Iran had been operating a 5 MW research reactor since 1967, and had signed the NPT in 1970. In 1974, the Iranian Atomic Energy Organization was established, and negotiations were carried out with the United States, Canada, France, Germany, Great Britain, Australia, and India for technological training and assistance for the purchase of hardware and fuel. In that same year, the government stated its intention to increase per-capita electrical power consumption in Iran to Western European levels in the following 20 years, and provide about 40% of its required installed generating capacity

from nuclear reactors.

Two 1,190 MW nuclear reactors were ordered from Germany's KWU on a turn-key (operationally ready) basis. KWU was also contracted to supply the first load of fuel, and refuelings for the first ten years of the plants' operation.

As the political situation in Iran became unstable, work on the plants stopped in the Fall of 1978. Iran had already spent about \$2.75 billion for the project, and the two plants were 80% and 50% complete. Preliminary site preparation for two French reactors was halted, as were plans for four more KWU reactors near Isfahan, and other negotiations with West Germany.

Iran had also been in talks with the United States, concerning the purchase of eight American reactors, but those contracts required Congressional approval and technical safeguards agreements, which had delayed any action on the orders. Between 1974 and 1978, Iran also acquired about 28,000 tons of natural uranium ore for its reactors, negotiated joint ventures for exploration and development of deposits in a number of countries, and launched a search for domestic uranium deposits. It also acquired shares in Western Europe's uranium enrichment facilities.

The 1979 Iranian Revolution halted all work on the two partially completed KWU nuclear plants. In the 1990s, Russia and Iran signed agreements to complete both units, and since then, Russia has been subjected to unrelenting pressure to cancel the contracts.

Recently, the United States has tried to organize an international outcry against Iran's nuclear program, and bring that nation before the UN Security Council so that economic sanctions can be brought to bear, in a process reminiscent of the pre-war U.S. drumbeat against Iraq.

It did not escape the attention of Iran in the 1970s, that a nuclear weapons program, with U.S. assistance, was under way in Israel. If the international community sincerely wants to eliminate nuclear weapons from Southwest Asia, it must start with demands on Israel, the region's only nuclear weapons power. If it wants to eliminate the threat of war in the region, it must be willing to enforce a peace policy based on LaRouche's "Oasis Plan," for water, energy, and economic development.

Many of the nations that attended the 1955 Atoms for Peace conference were not in a position to start to plan using nuclear energy to meet their energy needs. At the close of two weeks of discussions, a representative from Mexico said somewhat apologetically that, because of the "present state of development of Mexican economy and industry, our work in Mexico has been limited to purely scientific study, to basic research." But, he added, "the most important thing about this conference is the fact that it has taken place."

Every nation present looked toward a future, where, as one speaker proposed, echoing Franklin Delano Roosevelt, nuclear energy would play a critical role in securing "freedom from want."

## Wrecking the United States First

The 1970s were supposed to be the decade of the blossoming of civilian nuclear power throughout the world, as many nations were ready to order and operate commercial-scale plants. But a series of economic shocks, political upheaval, and finally the accession of the Administration of Jimmy Carter, stymied nuclear development in some countries, including the United States, and destroyed it in others.

Early in the decade, President Richard Nixon, facing an international financial crisis, ended the Bretton Woods system on Aug. 15, 1971, thus ending the stable post-War financial international arrangements that were the prerequisite for long-term economic planning, and for large-scale, multi-decade infrastructure projects.

Two years later, the Middle East war led to an embargo of petroleum exports to the United States, which action was used as the public excuse by the Wall Street-controlled oil multinationals to double and quadruple the price of oil. This scam was the historical precursor to the recent Enron debacle. The cost of pumping and shipping Middle East oil had not increased, just the cartel-manipulated price. This "oil embargo" took billions of dollars out of the pockets of people driving to work or trying to keep warm, and instead were used by Wall Street to sustain a bankrupt financial system.

As oil supplies appeared to become critically low (while loaded tankers sat in New York harbor), resulting in public outrage at long lines at gas stations, President Nixon addressed the nation on Nov. 7, 1973, asking Americans to "conserve": drive less, lower their thermostats, cut down on lighting. He announced "Project Independence" to wean the United States off imported oil.

The immediate focus of that program was conservation, or austerity. The intermediate plan was to develop uneconomical U.S. fossil energy reserves, using wasteful and expensive synthetic fuel techniques that were developed by the Nazis during the Second World War. But President Nixon also supported an increased use of nuclear power.

A report titled "The Nation's Energy Future," submitted to Nixon on Dec. 1, 1973 by nuclear energy champion Dr. Dixy Lee Ray, chairman of the Atomic Energy Commission, stated that in that year, nuclear energy generated 5% of America's electrical power. It laid out a *real* project independence program, stating: "This fraction is expected to grow to about 23% by 1980, 49% by 1990, and 60% by the year 2000." In fact, today, nuclear energy supplies only a little more than 20% of the nation's electricity.

In the United States, contrary to popular myth, it was not the accident at Pennsylvania's Three Mile Island nuclear plant in 1979 that was the beginning of the end of nuclear power plant orders in the United States; it was the energy "crisis" five years earlier. Between the time of the manufactured 1973 oil crisis and the 1979 accident at Three Mile Island, 46 nuclear plant orders were cancelled.

As Americans were told there was an energy shortage,

they reduced their consumption, including their use of electricity. They had little choice. The climbing cost of fuel to the electric utilities, was necessarily passed on to the consumer. Electricity prices, for the first time since World War II, were rising; consumption was dropping.

Utilities, faced with a decline in the rate of growth in demand, plus the ballooning of costs due to stretched-out plant licensing procedures, thanks to the passage in 1969 of the National Environmental Policy Act, started to cancel orders (see **Figure 2**). They could no longer justify the construction of new power plants.

From the Atoms for Peace announcement of President Eisenhower through the Nixon Administration, every President had at least verbally supported the development of civilian nuclear power. That was about to change.

Under public pressure to do something about the continuing energy “crisis,” when Vice President Gerald Ford took over the Presidency in 1974, one of his first acts was to disband the 1950s Atomic Energy Commission, and replace it with an agency which was a mish-mash of incoherent energy projects. There was no longer an Executive branch agency to promote nuclear power. In tandem, the Congress abolished the Joint Committee on Atomic Energy, dismantling the legislative apparatus that had been a clear and aggressive voice, guiding national nuclear policy.

And the situation was about to get much worse.

### The Anti-Nukes in the White House

The election of Jimmy Carter in November 1976 brought the counterculture, the anti-nuclear movement, and the zero-growth cultural paradigm shift begun in the 1960s, into the Executive office.

The day after his inauguration in 1977, President Carter named RAND Corp. utopian James Schlesinger as energy “czar.” With the promulgation of the National Energy Act later that year, Schlesinger declared: “The era of cheap and abundant energy is recognized to be over.”

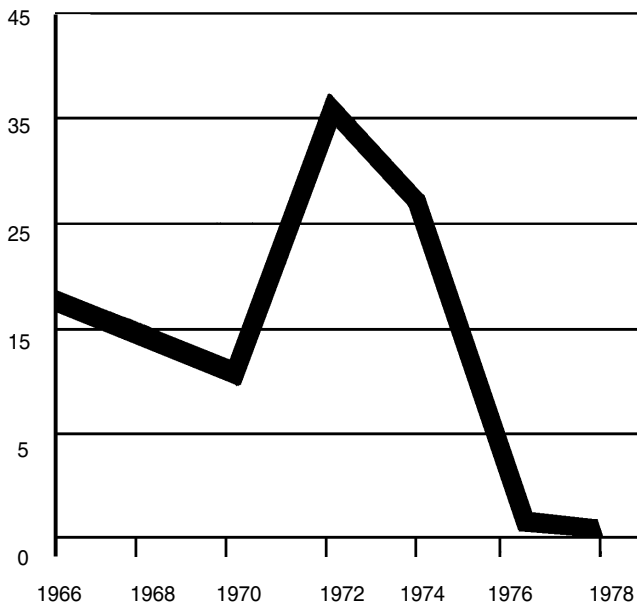
But this insane policy was not going to go unchallenged—Lyndon LaRouche’s Fusion Energy Foundation (FEF) was on the scene. The FEF was soon to be in a head-to-head fight with the Trilateral Commission’s Carter Administration, and the Council on Foreign Relations’ 1980s “controlled economic disintegration” project, which had included contributions from “Arc of Crisis” ideologue Zbigniew Brzezinski, and “Clash of Civilizations” author Samuel P. Huntington.

Just a year after its founding in 1974, the FEF held a conference on thermonuclear fusion energy, at the New York Academy of Sciences. If Schlesinger et al. were against nuclear fission because it held the promise of abundant energy supplies for the world, imagine their horror at the prospect of developing nuclear fusion, which can use isotopes of hydrogen for fuel that are found in universally available seawater!

In 1976, the Fusion Energy Foundation held more than a dozen conferences around the country on energy and eco-

FIGURE 2

### The Collapse of Nuclear Reactor Orders After the 1973 Oil Hoax



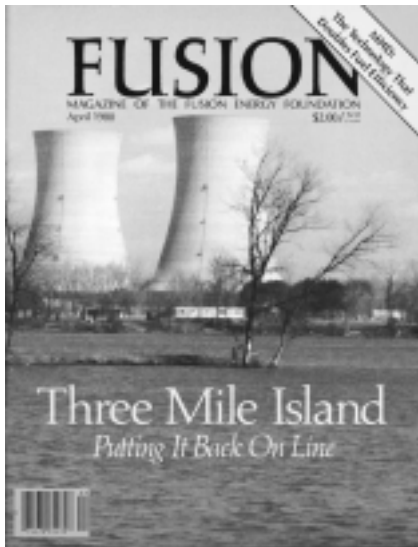
Source: Atomic Industrial Forum.

*Before Three Mile Island, there were the 1971 world financial crisis, and the 1973-74 oil “crisis.” The high point of new orders for nuclear power plants in the U.S. was in 1972, and they had reached zero by 1978. By the early 1980s, more than 100 nuclear plants on order had been cancelled.*

conomic development, explaining how current and more advanced nuclear fission technologies, and tomorrow’s nuclear fusion, would defeat the propaganda of conservation, austerity, and “limits to growth.”

By early 1977, as the Trilateral Commission was settling in at the White House and Schlesinger was mapping out his plan to turn the United States into a solar-powered post-industrial scrap heap, the FEF was planning a series of conferences on “solving the energy crisis,” with the participation of corporate executives, scientists, and engineers from universities and government laboratories, elected officials, trade union representatives, and diplomats.

The response from the “powers that be” was swift. Days before a conference was to take place in Pittsburgh on April 29, 1977, the FEF learned that 12 of the scheduled speakers had withdrawn, after being subjected to a campaign of blackmail, libel, and coercion from the office of Schlesinger in Washington, and the Federal Bureau of Investigation office in Pittsburgh. Months before, it was learned, the FBI had characterized the FEF as a subversive and dangerous group, due to its affiliation with Lyndon LaRouche. As early as 1976,



*The national fight carried out by the Fusion Energy Foundation against the sabotage of nuclear power after the Three Mile Island incident gained the FEF national prominence, and the enmity of the Trilateral Commission, Council on Foreign Relations, and international financial institutions.*

scientists working with the FEF had reported being threatened that their Federal research funding could be cut off.

Two days before the Pittsburgh conference, the FEF went into court and was granted a temporary restraining order by Judge William Knox, who determined that there was enough evidence against the FBI, Schlesinger, and the U.S. Attorney General, for the court to prevent any further harassment of the FEF.

Two years later, the incident at Pennsylvania's Three Mile Island nuclear plant on March 29, 1979 brought the FEF into national prominence as the *only* organization in the country that unconditionally supported the expanded use of nuclear energy. While the nuclear industry hid under their beds, hoping that the bad publicity and growing anti-nuclear movement would go away (and slandered the FEF), organizers for the FEF stood on street corners and in airports with signs stating: "Nuclear Power Is Safer Than Sex."

A cartoon in the FEF's *Fusion* magazine that year showed Jane Fonda holding a candle, with the caption: "If God had meant us to use nuclear energy, He'd have given us brains!" The cartoon accompanied an editorial titled: "Nuclear Power Versus the New Dark Ages."

The Foundation's independent investigation into the Three Mile Island incident indicated the likelihood that there had been sabotage at the plant, in order to create panic and hysteria, which the media then gladly spread. Jane Fonda had starred in a film, *The China Syndrome*, portraying a fictional catastrophic nuclear accident in Pennsylvania, which was released a few months before the Three Mile Island incident.

The FEF escalated its fight for nuclear power. In 1979, *EIR* published a Special Report commissioned by Lyndon LaRouche, titled, "America Must Go Nuclear," written by a task force of the FEF. LaRouche, then a Presidential candidate, stated: "In my first day in office, I shall deliver to the Congress a comprehensive energy policy." That policy, he

stated, would repeal the Environmental Protection Act, and complete work on the 120 nuclear plants stalled in various phases of construction. In addition, the policy will "provide for the addition of 1,000 gigawatts (1 million megawatts, or about 1,000 large nuclear plants) of nuclear energy by 2000. . . ."

Then, in October 1979, the death knell for the nuclear industry was sounded on Wall Street. Federal Reserve Chairman Paul Volcker raised interest rates from the single digits up to 18% (and soon even higher). Capital-intensive nuclear power plants, which, thanks to "environmentalist" intervention, were now taking a decade to complete, were now beyond the financing capability of any electric utility.

The December 1981 issue of *Fusion* magazine discussed a report by Wall Street's Merrill Lynch, which predicted that 18 more nuclear plants then under construction were likely to be cancelled over the next year, because depressed demand meant new plants were not warranted, and the electric utilities could not carry the financial burden.

By 1984, *Fusion* reported, approximately 70% of the capital cost of building a nuclear plant was due to delays caused by environmentalist and regulatory delays. Interest costs, paid over these stretched-out construction times, were more than five times the capital cost! For the first time in American history, electricity consumption per capita started to fall, as measured in kilowatt-hours, in 1981.

By the mid-1980s, more than 100 nuclear power plants had been cancelled—nearly as many as the 103 reactors that are in operation today.

President Carter appointed neo-liberal S. David Freeman to head Franklin Roosevelt's Tennessee Valley Authority. Under Freeman's leadership, the TVA, the largest nuclear construction site in the world, cancelled all but 5 of the 18 nuclear plants it had planned to build. Twenty-five years later, the TVA is still paying off the billions of dollars of debt incurred from the cancellations. Freeman was awarded *Fusion's* "lousewort laurels," for re-introducing 19th-Century wood-burning stoves into the valley.

To try to convince the world that it was "dangerous" to go nuclear, the Carter Administration foisted an exercise called the International Nuclear Fuel Cycle Evaluation (INFCE) on the world's nuclear energy countries. After scores of meetings, at a cost of more than \$1 million to the United States alone, no nation would go along with the suicidal U.S. decision to outlaw breeder and spent fuel reprocessing technology.

At the end of this idiotic exercise, INFCE Ambassador-at-Large Gerard Smith was forced to admit, in February 1980, that "proliferation is basically a political matter and that if a nation elects to develop nuclear explosives, it can do so without misusing civilian nuclear power facilities."

By then, the nuclear "option" in the United States was dead.

At the beginning of 1980, General Electric and Babcock

and Wilcox, two of the four U.S. nuclear suppliers, announced that they would be shutting down their nuclear plant production facilities, due to the lack of orders. Today there is not one company in the United States that could build a pressure vessel for a new nuclear reactor.

To try to make sure nuclear power would also die in the developing countries, with Carter Administration backing, Congress passed the Percy-Glenn Non-Proliferation Bill in 1978. More restrictive than even the 1968 NPT, this put the nail in the coffin of Atoms for Peace.

### Target: The Developing Nations

The 1973-74 oil crisis, it would seem, would have sent the entire non-oil-exporting world running to buy nuclear plants. Indeed, many nations made the decision then and there to go nuclear. But although plans were enunciated to accelerate nuclear power construction, the now-exorbitant cost of imported energy meant that developing nations, in particular, did not have the capital to purchase them.

As the “economic hit men” moved in, especially through the World Bank and International Monetary Fund, developing nations were plunged into debt just to import the oil they needed, which debt would grow exponentially over the next 20 years. Nuclear plans that were already in mid-stream were put on hold, as capital resources dried up.

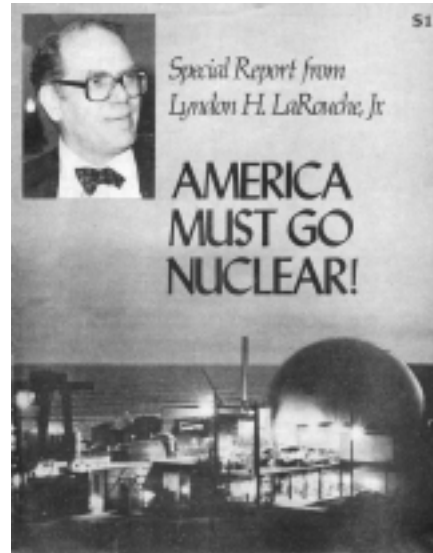
By the middle of the 1970s, as more and more nuclear supplier nations were bullied into signing the 1968 Nuclear Non-Proliferation Treaty, restrictions on the transfer of nuclear technology discouraged developing nations from placing new orders, and crippled projects already under way.

The real purpose of non-proliferation policies, as well as the economic rape of resource-rich developing nations, had been enunciated clearly by Henry Kissinger in 1974, when his National Security Study Memorandum 200 warned that population growth in the Southern Hemisphere would threaten the national security of the United States, by using up finite resources. If advanced technologies could be withheld from developing nations, there would be fewer people there, as competitors.

Argentina’s second power plant, a Canadian heavy water CANDU reactor, Embalse, was, like its first, chosen so that indigenous uranium could be used. The plant began construction in 1974, and finally became operational in 1983. One of the reasons for the delay was that after India’s testing of a nuclear explosive in 1974, Canada, following the lead of the United States, implemented a set of technology-transfer restrictions.

Argentina’s plan in 1979 was to build four more nuclear plants, along with development of the mining and use of domestic uranium. When the time came to order its third nuclear power plant, Argentina found that although it preferred to purchase another CANDU reactor, Canada was insisting upon even tighter new technology “safeguards.”

In April 1979, the head of Argentina’s Atomic Energy



*Lyndon LaRouche released this Special Report in 1979, outlining how to put America back on track. He ran for the Democratic Presidential nomination in 1980.*

Commission, Rear Adm. Carlos Castro Madero, stated that his nation was “ready to dispense with the technological assistance provided by the IAEA because of the obstacles imposed by the most developed countries, and the excessive restrictions on the transfer of technology.”

Atucha II was ordered from the German firm Kraftwerk Union in 1979, which still had fewer restrictions. At the same time, Argentina announced the purchase of a plant for the production of heavy water from Switzerland, needed to cool the natural-uranium reactors, so the sale of the coolant for its plants could not be used as a bargaining chip against the country’s nuclear program.

As of 1982, the government’s plan still called for a total of eight power reactors, creating 4,500 MW of installed capacity, by the year 2000.

But the non-proliferation vise was being tightened. In 1978, the Carter Administration had suspended shipments of enriched uranium, used to fuel Argentina’s five research reactors, because that country had refused to sign non-proliferation treaties. (Today, the Bush Administration is running around the world trying to reclaim the enriched uranium from such research reactors, lest “terrorists” get hold of it.)

Through escalating economic crises, Argentina tried to hold to its commitment to develop the entire nuclear fuel cycle. By the early 1980s, Argentina was producing fuel elements for both its natural-uranium power reactors and enriched uranium fuel for its research reactors. An indigenous spent-fuel reprocessing technology was also developed, but was never deployed.

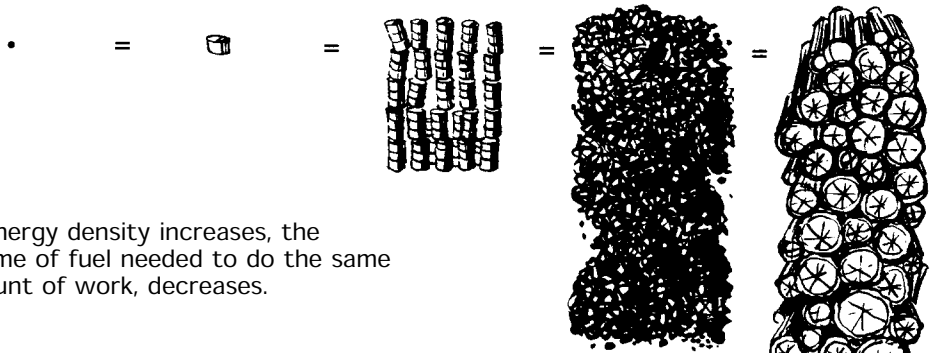
Hoping to end the economic warfare and nuclear technological apartheid against its country, Argentina brought into force the Tlateloco Treaty in 1994, and signed the NPT a year later.

Today, thanks to the policies of the “economic hit men,”

FIGURE 3

### The Superiority of Nuclear Energy

The energy in .57 gram of fusion fuel (the deuterium and tritium isotopes of hydrogen)<sup>1</sup> = The energy in 1 uranium fuel pellet this size, weighing 1.86 grams.<sup>2</sup> = The energy in 30 barrels of oil (42 gallons each) = The energy in 6.15 tons of coal = The energy in 23.5 tons of dry wood.



As energy density increases, the volume of fuel needed to do the same amount of work, decreases.

**NOTES**

1. One eighth of a gram of fusion fuel—deuterium—can be found in a gallon of water; the tritium is produced in the course of the fusion reaction.
2. If this amount of uranium is completely fissioned, it will produce  $4.698 \times 10^{10}$  calories, which is equivalent to the combustion of the amounts of oil, coal, and wood shown here.

Source: Dr. Robert J. Moon, 1985.

uranium fuel for its nuclear reactors.

In what was in actuality a proxy war, with the real target being Iran, in September 2004 Brazil was pressured to allow inspectors from the IAEA unfettered access to its new uranium enrichment plant. Brazil maintained that under the IAEA’s own regulations it was entitled to develop enrichment technology for civilian purposes, and that its national sovereignty was at issue.

For the past year, the United States has increased pressure on the IAEA to do whatever is necessary to stop Iran’s uranium enrichment program, which it insists will be used to make weapons-grade fuel. Were Brazil to continue with its program, the United States stated, this would set a “bad precedent” in dealing with Iran, even though Secretary of State Colin Powell admitted that there was never any fear that Brazil was making a bomb. Brazil refused to back down.

On Nov. 24, 2004, Brazil announced that it had reached an agreement with the IAEA and would begin the enrichment of uranium before the end of the year. Five days later, the government said that it would be deciding soon whether to complete the Angra III reactor. For 15 years, the partially completed Angra III plant has been mothballed. About 70% of the needed hardware from Germany has been shipped, and is in storage. The plant is about 30% complete, and \$1.7 billion is needed to finish it. The French state-run nuclear engineering company, Framatome, is likely to be chosen to complete the construction.

On Nov. 24, 2004, Brazil announced that it had reached an agreement with the IAEA and would begin the enrichment of uranium before the end of the year. Five days later, the government said that it would be deciding soon whether to complete the Angra III reactor. For 15 years, the partially completed Angra III plant has been mothballed. About 70% of the needed hardware from Germany has been shipped, and is in storage. The plant is about 30% complete, and \$1.7 billion is needed to finish it. The French state-run nuclear engineering company, Framatome, is likely to be chosen to complete the construction.

### Can We ‘Go Back’ to the Future?

A number of nations today have reached the point where, regardless of what the United States may think, they are now determined to go nuclear. For decades, Anglo-American financiers and geopoliticians have been quite successful in keeping a stranglehold on nuclear technology. Now, other nations are stepping forward to pick up where Atoms for Peace left off.

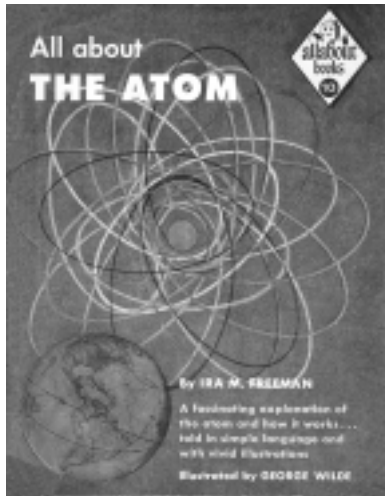
In 1954, Indonesia established a State Commission of

Argentina’s ambitious plans to “go nuclear” lie in ruins, along with its economy. In the nation that had the highest standard of living in Ibero-America at the end of the Second World War, and the subcontinent’s first operating nuclear power plant, desperate citizens rummage through trash to try to find something to eat.

The financial crisis that crippled Argentina was continent-wide. In 1982, soon after the start of construction of Brazil’s Angra II nuclear power plant, that country was forced to negotiate loans with the International Monetary Fund. The IMF demanded that as a “conditionality” for the loans, Brazil limit its 1975 nuclear pact with Germany. The number of planned power plants was reduced to include only Angra II and III; the two other KWU plants were cancelled.

Finally, in 1991, the decision was made to resume construction, and in 1996 the resources were allocated to do so. In July 2000, the plant was completed and connected to the electric grid. More than 50% of the equipment was made by Brazilian firms.

Unlike almost every other developing nation, Brazil never acceded to international pressure to give up its development of the nuclear fuel cycle. For the past year, it has been in a tug-of-war with the international non-proliferation lobby, over its determination to use its own technology to produce enriched



*Books like this one, dated 1955, educated a generation of American children, and adults, about the promise of the coming Nuclear Age.*

Radioactivity and Atomic Energy. Since the 1960s, this most populous nation in Southeast Asia has been attempting to research and develop applications of nuclear technology, and has been stymied by political upheaval and economic warfare by the “hit men.”

Since 1970, energy consumption in Indonesia has been increasing at an average of 10% per year. Although it is estimated to have the 16th-largest proven reserves of oil, output has been declining, and in 2004, Indonesia became a net importer of crude oil for the first time.

In 1978, the government began the first feasibility study for the introduction of nuclear power, but apparently delayed a decision until its nuclear research facilities were more fully developed. The worldwide anti-nuclear hysteria after the Three Mile Island accident the following year, the skyrocketing cost of buying a nuclear plant, and environmentalist interference, led many developing nations to think twice about such large commitments of their scarce capital.

Studies continued, and by 1983, Indonesia had chosen two possible sites for a medium-sized power plant, between 200-400 MW, to be located on the island of Java. In 1985 Indonesia began work to up-date the earlier feasibility studies, but again, decisions were delayed.

Dr. B.J. Habibie, a German-educated aeronautical engineer, became Minister of Research and Technology in 1978. He tried to move forward with the plan to build the nation’s first nuclear plant. Opposition in many corners—from the international financiers to a misinformed population—brought the project to a standstill in 1997.

But the Indonesian scientific community had continued to look ahead. At a series of IAEA conferences in the mid-1990s, they reported that nuclear energy by the turn of the century was imperative for Indonesia. Proposals were made for applications for nuclear power in water desalination and the production of hydrogen for fuel, both important for their nation.

Finally, in August 2003, Indonesia concluded a ten-year cooperation agreement with Russia that included the construction of a nuclear research reactor and a power plant. It is likely that the power plant will be a 40 MW floating nuclear reactor, modeled on Russian’s naval reactor program.

In February 2004, South Korean and Indonesian specialists also began a three-year feasibility study for what could be a six-reactor complex in Indonesia, each with a 1,000 MW capacity. The goal would be to complete it by 2016.

In February 2004, during a visit to Hanoi, Russian Deputy Prime Minister Viktor Khristenko announced that Russia had agreed to help Vietnam build its first commercial nuclear power plant. Russia also announced at the end of 2003 that it is willing to build a nuclear plant in Libya, if it signs the Non-Proliferation Treaty, and United Nations sanctions are lifted.

In March 2004, Thailand signed an agreement to engage a nuclear manufacturer in South Korea to build a test reactor in the Nakhon Nayok province of Thailand.

China, which is in the midst of a huge nuclear construction program, is also planning to make its indigenously developed nuclear technology available for export. The China-Brazil scientific cooperation agreement which has created a joint space exploration effort, was broadened to include nuclear collaboration, during Chinese President Hu Jintao’s visit to the region in November 2004. Hu also visited the nuclear research and manufacturing facilities in Argentina, with an eye toward additional nuclear cooperation.

What is the U.S. response to this renaissance in nuclear power? On Feb. 11, 2004, President Bush announced a new series of steps to “strengthen the nuclear non-proliferation regime.” He proposed a ban on the transfer of uranium enrichment technology to non-nuclear weapons states, supposedly to make sure they cannot produce highly enriched uranium for bombs. “There is no need for additional states to build [uranium] enrichment or [spent fuel] reprocessing plants,” stated Deputy Assistant Secretary of State for Non-Proliferation Andrew Semmel, on April 29, 2004. And unless nations sign on to the Additional Protocol of the IAEA, which allow for unannounced and unfettered inspections, international pressure should be brought to bear to close down any facilities they might develop on their own.

This arrogance is indicative of the disregard for national sovereignty, and even common sense. Sovereign nations have no intention of allowing supplies of nuclear fuel for their power plants to be controlled by the political dictates of the United States, the IAEA, or any other body. Nations such as Argentina and Brazil made clear 50 years ago that their intention in “going nuclear” was to be able to execute their plans for energy development, without interference, or blackmail, from the “developed” countries.

## **Genocidal Consequences**

The denial of nuclear technology to developing nations has had consequences. In 1982, the Fusion Energy Founda-

tion released a study indicating that at least 115 million people worldwide had died over the preceding 15 years due to the sabotage of nuclear power. Suffering with lower energy and low economic growth rates, poorer or no health care, and lack of infrastructure, millions in the developing nations were denied the very means for survival.

Today more than 2 billion people live without electricity. Their life expectancy is comparable to what it was in the United States five decades ago. There are only 440 nuclear power plants in the world operating today, with nearly 90% of them in the industrialized nations.

Today, nuclear energy provides Argentina with 8.6% of the electricity it generates. In Brazil, the figure is 3.6%. Their plans from the 1960s were never allowed to materialize.

In his Atoms for Peace presentation in 1955, Detroit Edison head Walker Cisler said: "Atomic energy has stirred the imagination of men more than almost any other subject in history. It has engendered a worldwide hope that the lot of all people can be greatly improved. . . . The incomparable research laboratory, the human mind, is busy in many people and in many lands. . . . I believe sincerely that in this kind of mutual endeavor is the highest hope of advancing nuclear energy into its ultimate and most significant role its peaceful use for the betterment of mankind everywhere. The challenge is great; the reward greater."

## For Further Reading

*21st Century Science & Technology* magazine has published many articles on nuclear technology, radiation, nuclear history, environmentalist history, population, and eco-hoaxes. A subject index can be accessed for 1988-99 at [www.21stcenturysciencetech.com](http://www.21stcenturysciencetech.com), and back issues can be purchased online.

Some suggested *21st Century* articles include:

"Getting the Atom Away from the Army," by Theodore Rockwell, Summer 2004; "Who Owns the Environmentalist Movement?" by Rogelio A. Maduro and Ralf Schauerhammer," Fall 1992; "The Great Atomic Bomb Hoax," by Carol White, Fall 1994; and "The New Nuclear Power," by Marjorie Mazel Hecht, Spring 2001.

Also useful is *The Health Hazards of NOT Going Nuclear* by Petr Beckmann (Boulder, Colo.: The Golem Press, 1976). This is a classic review of nuclear and radiation questions, which, unlike most academic books on the subject, treats anti-nuclear lies with irreverent humor.

# The Many Applications Of Nuclear Energy

by Marsha Freeman

When access to U.S. nuclear technology was declassified under Atoms for Peace, most nations had neither the industrial infrastructure, nor the scientific and engineering manpower, to begin building nuclear power plants. But beside the more efficient production of electricity from nuclear reactions, fission offered the near-term possibility of qualitative improvements in agriculture, medicine, biology, and industry. Unlike energy created from the burning of fossil fuels, nuclear reactions produced not only higher-quality heat, but radioactivity.

During the 1950s and 1960s, dozens of small U.S. reactors were exported around the world, to be used for research, for the training of scientific and engineering manpower, and for the production of radioactive isotopes.

Radiation has been used in a number of ways to cure diseases, such as a variety of cancers, but diagnostic technologies were the earliest medical use, when portable X-rays were used during World War I. Dental X-rays, chest X-rays, mammograms, and many other tests have now become routine uses of radiation. Radiation is also used to sterilize medical equipment.

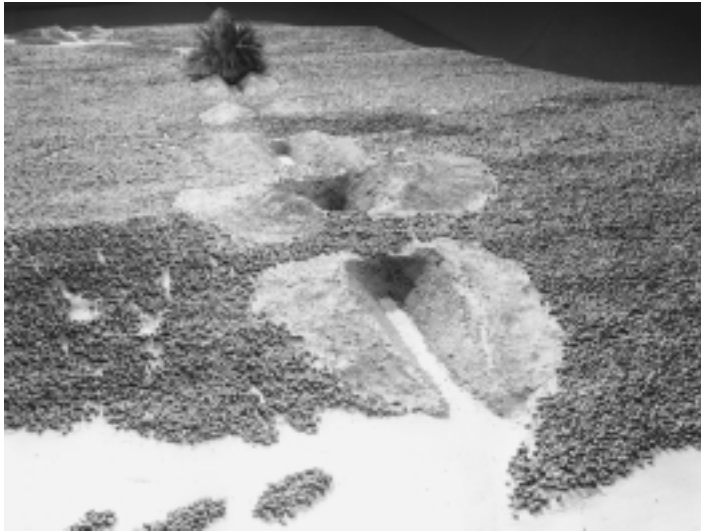
Radioisotopes are used to test new drugs, where their unique imaging characteristics can track possible side effects, and the effectiveness of a drug's ability to attack a disease. In agriculture, radioactive tracers can be used to determine how efficiently nutrient supplements, such as fertilizers, are absorbed by plants, and irradiation is used to create new crop varieties.

By far the greatest and most immediate impact that radioactivity could have on agriculture, was seen decades ago as its application to the food supply. In 1955, at the first Atoms for Peace conference, the United Nations Food and Agriculture Organization (FAO) promoted the use of radioactivity to preserve food. "Every day nearly 100,000 additional hungry mouths appear at the breakfast table," they reported. Twenty-five years hence, they said, this could be up to 4 billion human beings.

They reported that a very conservative estimate would be that losses from fungal and bacterial infection, and the ravages of pests, destroy 10% of world food supplies, but that the figure would be up to 50% in tropical climates. Such problems could be solved through the application of radiation. The "vast field of potentialities of the peaceful uses of atomic energy has hardly been touched," they concluded.

Similarly, while commercial-scale power plants provide





*Peaceful Nuclear Explosions were under investigation in the 1960s for use in large-scale engineering projects. This is a model of the use of PNEs (one is exploding in the background) to create a sea-level Panama Canal. In the foreground is the Atlantic Ocean.*

electricity, advanced reactors, which were under development even 40 years ago, could have many applications.

The August 1978 cover story of *Fusion* magazine promoted the deployment of “Nuplex Power for City Building.” In 1967, a group of scientists and engineers at Tennessee’s Oak Ridge National Laboratory, under the direction of the Atomic Energy Commission, had undertaken studies of agro-industrial nuclear-centered complexes, or nuplexes, to be built in developing nations. The stated intent was to allow nations to “leapfrog” in their development, and progress from subsistence agriculture to a nuclear-powered economy.

“The time has come,” stated a 1968 Oak Ridge report, “when the energy derived from nuclear energy can be looked upon very seriously as a key for releasing indigenous agriculture from the bondage” imposed by primitive methods. Input from nuclear power, it stated, “could free these people from Malthusian limitations hitherto imposed upon their indigenous food supply. . . .”

The nuplexes envisioned, which would vary depending upon their location, would be new cities, with electrical energy supplied from one or a cluster of nuclear reactors. Surrounding the city would be industrial complexes; chemical, metals, and material fabrication factories, and others which could use the power, and importantly, high-quality process heat, for industrial production.

In arid regions, nuclear-powered desalination would provide water for the cities and to “make the deserts bloom.” Electricity from the power plant would run the pumps needed for irrigation.

In addition to bringing electricity to rural homes and farms, as Franklin Roosevelt’s Tennessee Valley and Rural Electrification programs did in the 1930s, agriculture could

now benefit from the production of fertilizer, pesticides, mechanized equipment, and other manufacturing inputs, with the goal, as stated by Oak Ridge, of bringing productivity in the Third World up to that of the Imperial Valley in California.

The nuplex studies assumed that the next-generation nuclear technologies would be made available to developing nations. These included breeder reactors, to ensure an available supply of nuclear fuel, and high-temperature nuclear reactors, to provide “waste” heat at appropriate levels for industrial applications.

An article in a subsequent 1978 issue of *Fusion* reported that high-temperature gas-cooled reactors were “on the verge of commercialization,” which indeed they were. Today, however, the only nation that has such reactors in operation, is China, with designs to develop larger-scale commercial advanced reactors.

In the 1950s, Dr. Edward Teller first used the term “geographic engineering,” to describe how nuclear fission would allow man to reshape his environment. In 1957, Project Plowshare was initiated, to investigate whether peaceful nuclear explosions, or PNEs, could be used for the most difficult large-scale remolding of Earth’s geography.

In his 1962 book, *Project Plowshare*, Ralph Sanders—who co-authored the hydrological development proposals in President Eisenhower’s address on the Middle East to the United Nations in 1958—explained that “geographic engineering could help less developed lands where they need it most, in the development of infrastructure.” Peaceful Nuclear Explosions would take on the vast jobs, such as digging new harbors, canals, and dams, that require moving vast tonnages of soil, more economically and quickly than chemical explosives.

Projects that were proposed for study included a second, sea-level Panama Canal, a canal to bring water from the Mediterranean Sea to Egypt’s Qattara Depression, new harbors along the Pacific Coast of South America, the Jonglei Diversionary Canal in Sudan, and a series of dams and canals along the Mekong River in Asia.

In 1962 there were still unanswered questions about the use of nuclear explosions for geographic engineering. The scientists and engineers hoped that the possibility of continuing at least underground nuclear testing would allow them to develop the technology that would reduce emitted radiation. But the real hope was to replace fission with fusion, and virtually eliminate the radiation problem.

Testifying before the Joint Congressional Committee on Atomic Energy, Teller said in 1960: “I can say, not with certainty, but with quite a bit of hope, that we can make nuclear explosives for peaceful purposes so clean that the worry about radioactivity in its peaceful applications may disappear completely.” The research was never done, and the program was discontinued.

### *A Shot Across the Bow*

The challenge delivered by the Congress to the certification of President Bush's re-election, during the joint session of Congress on Jan. 6, should go down in history as the beginning of the end of the Bush Administration. Despite the fact that the totally questionable Ohio vote, and the election as a whole, were ultimately certified, the open defiance of an arrogant administration, which carried out a de facto coup against the Constitution, has put the Bush-Cheney team under a cloud, and begun to shred their claim to legitimacy. And they know it.

Lyndon LaRouche made the crucial point back on Nov. 9, when he first raised the issue of the *vote suppression* which the Republicans had used to secure their electoral victory. What's important, he said, is to put a spotlight on the criminal actions, and tell the truth. Perhaps such a course would result in an effective block to the election certification; but even if it did not, the raising of the issue would create the conditions for mobilizing the Democratic Party, and sane Republicans, to take their country back.

No one should doubt that Bush has been hurt by the election challenge, and hurt badly. Enormous pressure was put on Democrats not to act, especially on Senators, pressure which failed. You could tell by the more-enraged-than-ever scowl on Dick Cheney's face that he was not amused. In truth, he clearly expects more to come. Undoubtedly, Cheney is also aware that the real leadership of the opposition he faced comes from an antagonist who will not rest until victory is won, Lyndon LaRouche.

If the Democratic Party understands its mission—that of turning George W. Bush into a lame duck as rapidly as possible, and reasserting an FDR-style national policy—the fight over certification will be just the start of a total onslaught on the Bush Administration, and its fascist plans. The vulnerable flanks on which Bush can be hit are huge.

One, of course, is the Gonzales nomination to become Attorney General, one of the most brazen acts of defiance of morality and law that this Administration,

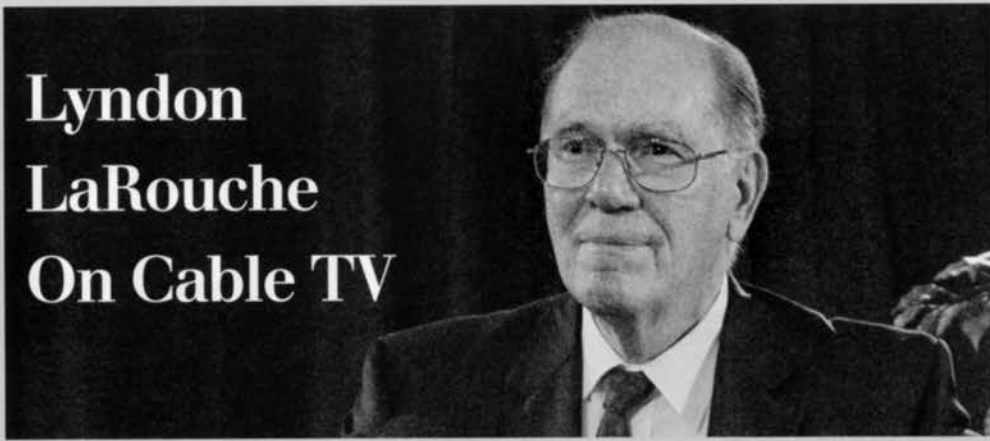
or any other, has ever taken. While the popular wisdom remains that Gonzales will be confirmed, no matter what, this is *not* inevitable. Consider, for example, the fact that one of the sharpest attacks on Gonzales's condoning of torture came from *Republican* Sen. Lindsey Graham, an Air Force Reserve Judge Advocate General who braved massive pressure from the Republican Party in order to challenge the Administration's nominee. Bush already looks bad for having nominated Gonzales, but a real fight to *win* could hurt him even more.

Most important, however, is the President's drive to implement the Chilean model of Social Security privatization. President Bush has made this the touchstone of his Administration, despite the fact that he is opposed by significant sections of his own party, and the fact that his plan is a blatant embrace of *fascist* policies that will devastate the retiree population of the United States. LaRouche has identified Bush's Social Security program as his Achilles' heel, the vulnerability which can turn him into a politically dead duck.

It is absolutely crucial that the Democratic Party move immediately from the concentration on the Bush Administration's voter suppression, to smashing the President's Social Security fraud. The key, as with the vote fight, is to *tell the truth*: What Bush is proposing is the Pinochet model of Social Security reform, and thus a foot-in-the-door for imposing fascism in the United States. If that message gets through to the American people, they are not about to accept it. Even the confused people who voted for Bush, did not vote for him to take their Social Security away!

Thus, the short, but spirited fight over the certification of the election is appropriately seen as a shot across the bow, the first skirmish in the war which sane Americans are prepared to wage against the fascist insanities of the President, and for a real economic recovery. We who are defending the U.S. Constitution, have wounded our enemy morally, and we must follow up with new assaults. New victories are achievable, and soon, if we follow the leadership of Lyndon LaRouche.

# See Lyndon LaRouche On Cable TV



**Watch** *The LaRouche Connection*, the one-hour weekly television program produced by EIR News Service. This is *the* place to see and hear Lyndon LaRouche, the world's foremost economic forecaster, who has inspired a worldwide political movement to reverse the depression collapse and bring about a new renaissance.

Distributed to over 150 cable systems, the program can be seen in over 14 million homes from coast to coast.

For a complete list of stations and schedule of showing times, visit [www.larouchepub.com/tv](http://www.larouchepub.com/tv)

### Not in your area? Be a local sponsor.

If you find that *The LaRouche Connection* is not already showing on your local cable system, please contact your local cable provider, and ask for the manager of the Public Access channel to find out their requirements for cable-casting. Then contact our distribution manager, Charles Notley, to get tapes to the station. Call 705-777-9451, ext. 322, or e-mail at [charlesnotley@larouchepub.com](mailto:charlesnotley@larouchepub.com)



## I would like to subscribe to **Executive Intelligence Review**

### U.S.A. and Canada:

- \$396** for one year
- \$225** for six months
- \$125** for three months

### SPECIAL OFFER

- \$446** for one year  
EIR Print plus EIR Online\*

### Outside U.S.A. and Canada:

- \$490** for one year
- \$265** for six months
- \$145** for three months

### SPECIAL OFFER

- \$540** for one year  
EIR Print plus EIR Online\*

I would like to  
subscribe to  
**EIR Online\***

- \$360** for one year
- \$60** for two months

EIR Online can be reached at:

[www.larouchepub.com/eiw](http://www.larouchepub.com/eiw)

Call **1-888-347-3258** (toll-free)

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Country \_\_\_\_\_

Phone ( \_\_\_\_\_ ) \_\_\_\_\_

E-mail address\* \_\_\_\_\_

\* E-mail address required for EIR Online subscriptions

I enclose \$ \_\_\_\_\_ check or money order

Make checks payable to

**EIR News Service Inc.**

P.O. Box 17390, Washington, D.C. 20041-0390

Please charge my  MasterCard  Visa

Card Number \_\_\_\_\_

Signature \_\_\_\_\_

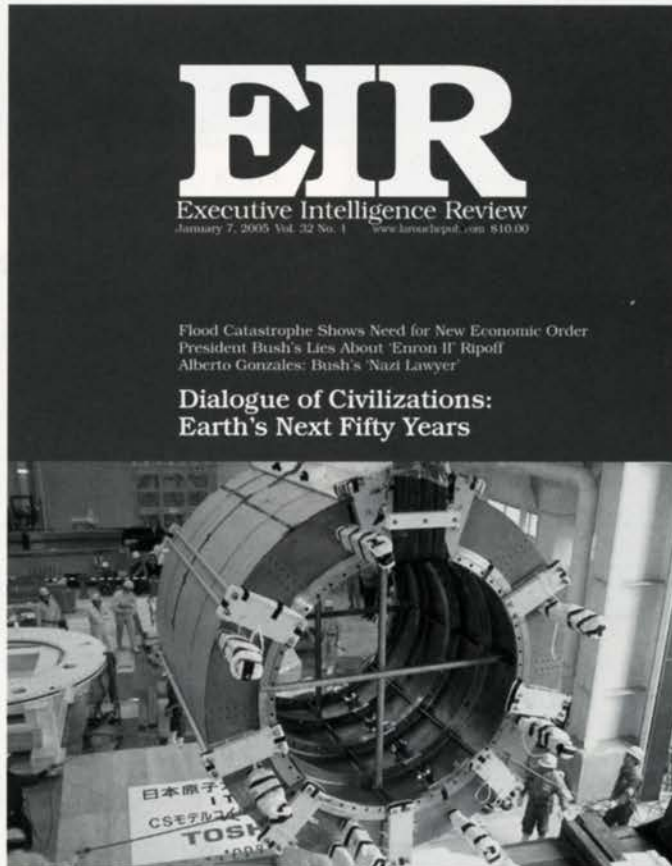
Expiration Date \_\_\_\_\_

# EIR Online

## Executive Intelligence Review online almanac

### EIR Online

gives subscribers online one of the most valued publications for policymakers—the weekly journal that has established Lyndon LaRouche as the most authoritative economic forecaster in the world today.



Issued every Monday, **EIR Online** includes:

- Lyndon LaRouche's economic and strategic analyses
- Charting of the world economic crisis
- Critical developments internationally—the ones ignored by the "mainstream" media

**SAMPLE ONLINE: [www.larouchepub.com](http://www.larouchepub.com)**

click on EIR, then on EIR Online

I would like to subscribe to **EIR Online** for 1 year **\$360**

Special student rate also available; call for information:

**1-888-347-3258**

Please charge my

MasterCard  Visa

Card Number \_\_\_\_\_

Expiration Date \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Company \_\_\_\_\_

E-mail address \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Make checks payable to

**EIR News Service Inc.**

P.O. Box 17390, Washington, D.C. 20041-0390