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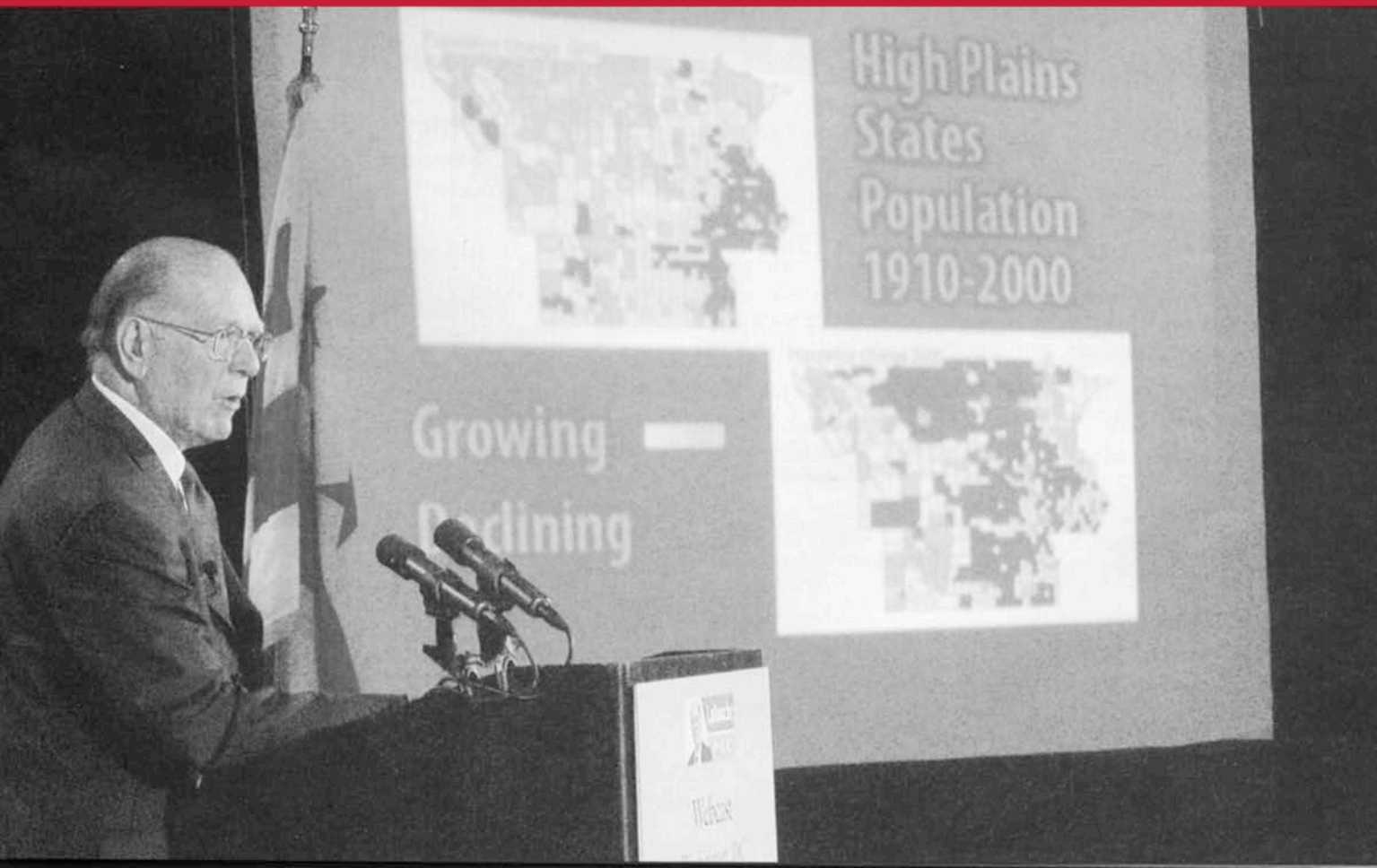
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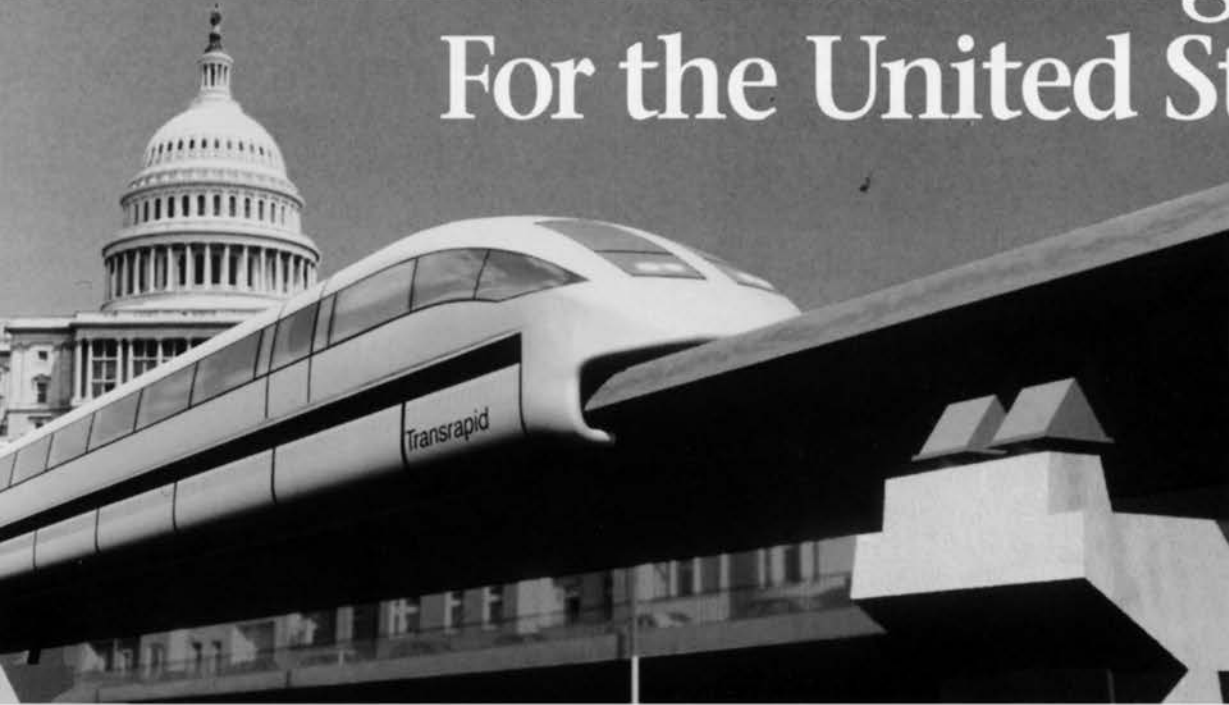
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From the Associate Editor

Lyndon LaRouche's April 7 webcast marks a new phase of an intensifying global debate on the framework for organizing a new international financial architecture. While discussing the history of how the current crisis came upon us, LaRouche declined to let anybody—including those in the Washington, D.C. audience—"off the hook." Bush is a problem, but Bush is not *the* problem, he said. The crisis was caused by what happened *before* Bush came to office, including through the blunders of the Democratic Party. Now is the chance to understand and correct those errors, before it is too late.

LaRouche's intervention comes in a very intense international context, defined, first and foremost, by the passing of Pope John Paul II, a man beloved of all nations and all faiths. LaRouche's tribute appears in the form of a review of the Pontiff's new book—a review begun before the Pope's death, and resumed afterward.

Second, is the fact that, approximately 24 hours before the webcast, the Italian Chamber of Deputies had passed a resolution, crafted in collaboration with LaRouche, calling for an international conference to be convened to put together a new global financial system. See *Economics* for the full story, which is being completely blacked out of the U.S. media.

Third, is the historic summit of the Presidents of Brazil, Colombia, Venezuela, and Spain (see *Economics*), with startling results which would have seemed completely impossible even a few months ago. In this regard, see also our package in memory of Colombia's former Labor Minister Jorge Carrillo Rojas, who died on March 20. He had been a friend of the LaRouche movement for more than 25 years, and his life reflected that in a profound way.

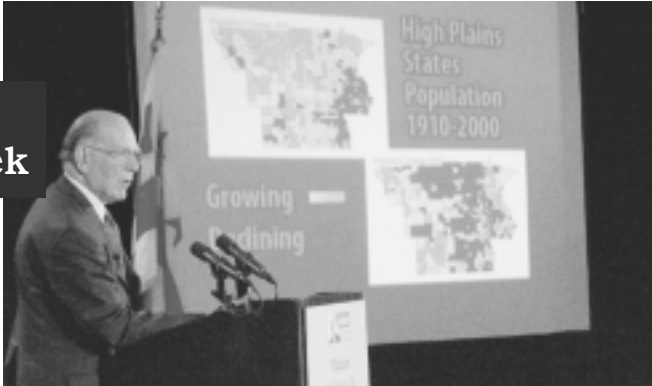
Also of special note in this quite excellent issue, are the reports by Leni Rubinstein on the highly significant (underpublicized) moves toward rapprochement between China and Taiwan, in defiance of the neo-con scenario for tensions and even war across the Taiwan Straits; and by Dean Andromidas on the history of efforts to achieve peace in the Mideast through nuclear desalination and similar programmatic efforts. This is the core of LaRouche's "Oasis Plan," and it is no surprise that Paul Wolfowitz took a stand against it, in his 1972 doctoral dissertation.

Susan Welsh

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A NEW BRETTON WOODS

Time To Reverse Shultz's Destruction Of Exchange Controls

by Lyndon H. LaRouche, Jr.

Here is the transcript of Lyndon LaRouche's opening statement to an April 7 webcast, sponsored by the LaRouche Political Action Committee, in Washington, D.C. The webcast was broadcast live into the annex building of the Argentine Congress, among other international locations. Moderator Debra Hanania-Freeman announced the vote in the Italian Chamber of Deputies for a motion to convoke a New Bretton Woods conference to reform the international financial-monetary system, a proposal which LaRouche had crafted.

We're in a situation, to situate what I'm to say today, in which there are an increasing number of influential circles around the world, including inside the United States, which are now echoing something that President Clinton said in September of 1998, in the aftermath of the collapse of the Russian bond speculation: That the world needs a new financial architecture to replace that of the present IMF system.

And around the world today, as typified by the events yesterday in the Italian Parliament, where what had been worked out with me was voted up by the Parliament, in a very heated but spirited debate, is now on the minds of people around the world: We need a new financial architecture for the systems of the world. We can not continue under the present one. What is undecided in the minds of many, is what that architecture should be. Many have opinions, more or less superficial in many cases. But there is no consensus, at present, on what has to be done.

Now, my function here, today, is to set forth in a summary fashion, because this is an enormous subject, but to summarize the issue, in such a form that the discussion might be structured, rather than chaotic, as it tends to be, in the United States today. And so, I say the following:

Now we're at the moment, in which the United States is gripped by the greatest financial-monetary crisis in modern history; at least since the beginning of the creation of our republic.

Now, although the United States has been in a process of decline from its former



Lyndon LaRouche: "We have to recognize that we made mistakes in the way we think—as a people, as government, over a period of, now, about 40 years. . . . Stop trying to pretend, that everything we did until January 2001 was good. It was what we did prior to Bush, that gave us Bush."

greatness as an economy, over more than three decades, the majority of our citizens, including leading figures in government, other leading circles, have been, for recent times, in a state of denial about the reality of the way this present crisis came into being. There are many today who are willing to concede, that the present disaster, that is, a general collapse, a disintegration, of the present world monetary system, began with 2001, with the inauguration of the incumbent President, George W. Bush, Jr. But, they're not willing to admit, yet, that what George Bush, Jr. has done, in admittedly making things worse than they were before, under any previous President, what he has done, is to merely continue a process of destruction of the United States' economy, by its government, and by the consent—willing, or silent consent—of the majority of its people.

And this destruction has been going on for at least three decades. It was made conspicuous, beginning the process of the U.S. entry into the war in Vietnam. And it became acute with the entry of an extreme right-wing government—actually a government with fascist intentions—that of President Richard M. Nixon. And since that time, especially since the events of August 1971, the United States has been destroying itself, not inch by inch, but yard by yard.

There has been no recovery, from the ongoing, deep collapse of the U.S. economy, at any time, during the recent three decades. There has been no successful Presidency, no successful Congress, in power in the United States on the record in the past three decades. We have been destroying

ourselves inch by inch: That destruction is caused by the consent of a majority of the people, to cultural and other changes in policy which destroyed, bit by bit, everything that had been built up in our history, including during the immediate periods following the war.

Don't Blame Bush

So therefore, the blame for the problem, does not lie with George W. Bush. George W. Bush is the thing that prevents the cure; but it is not the disease. The disease is the disease which was carried by previous governments of the United States, and by the behavior of a majority of the citizens who did vote, or could have voted, in the past three decades.

And therefore, the problem we have to cure today, is to correct the mistakes not only of this President, and his mistakes are grand in scale—"monstrous" I think is a better term than "grand," isn't it? But, to *induce the people*, at least a majority of the people, and a majority of leading influences among Democratic and Republican Party leaders in the United States, to recognize that *they* have been complicit in the crime of the destruction of the United States, its economy, and the destruction of the security of global civilization: Because we are truly, at this point, on the verge of a new Dark Age.

We've come to the point that people must, in general, instead of pointing the finger of blame at poor George Bush, who's too stupid to know what he's doing anyway—hmm? We have a President who's a psychopath and a Vice President



George Shultz, the man who got Nixon to destroy the Bretton Woods System, also put G.W. Bush in office, and organized the effort to steal Social Security.

who's a sociopath; *but we elected them!* Or, maybe we didn't elect them—but they got into the office by the consent of somebody! And therefore, we are to blame.

Now, the other point is, that because of this situation, we have many leading figures in this country, including some good Democrats, who are prepared to make proposals, which are intended to improve the situation—in the United States in particular. Some of these proposals have very sensible features. But the problem is, that none of them address the deeper problem. They want to “fix” things. They want to repair this, or repair that. As for example, promising universal health care—without considering that we don't have the means to deliver universal health care. They want to “fix” the distribution of health care, without providing enough to meet that demand.

And that, in similar ways, they're willing to make little proposals, adjustments. But they're not willing to take on the big thing.

So, we've destroyed this country of ours, beginning at a period which dates from the time that former President Dwight Eisenhower was about to die, and the time that Richard M. Nixon was inaugurated as President. And most of the people of the United States have been complicit in the

destruction of their own economy. And most of the nations of the world have also been complicit in the destruction of the world economy.

Now, we recovered from a Great Depression, under Franklin Roosevelt, back in the 1930s and early 1940s. Those are precedents, which many people in the Democratic Party, in particular, are prepared to accept today. Those ideas, that general mood. There are many people in the Republican Party who are holding their gut, trying not to throw up, when they think about the policies of the Bush Administration. But no one is really prepared, in general, to understand what went wrong with the economy, and what we have to do to put it back into a process of recovery.

The Roosevelt Model

Now, the difference today, is that Franklin Roosevelt did solve the problem, the problem bequeathed to him particularly by the Coolidge and Hoover Administrations—which were disasters. Today, we have an attempt to replicate, in the form of a farce, the same kind of disasters that were executed under Coolidge and under Herbert Hoover. Remember that under Herbert Hoover, *after* the Depression began, *after* the great stock market collapse of 1929, that Hoover, *after that time*, lowered the income of the United States *by half*, in creating the disaster, which Roosevelt tackled in March of 1933, when he actually entered office.

That was a success. *But:* We have a much more serious problem this time.

Roosevelt's philosophy, or the philosophy which we can adduce from his practice, was successful. Those precedents will work today, in general. But they are not adequate. In the past three decades, we have destroyed the U.S. economy, in a way far in excess of the lowering of the U.S. economy by 50% during the past three decades. We have done damage, permanent damage to this economy which didn't exist then.

The way Roosevelt organized the recovery, was to reach out to resources we still had, to farms that still existed; to industries which had more or less shut down, but which could be revived; to labor forces that had skills, productive skills, that they'd had in the 1920s. And he mobilized these resources, and created new resources, and built the recovery.

A Post-War Paradigm-Shift

Today, through the cultural paradigm-shift, as it's called, which was introduced, actually in the post-war period with the Congress for Culture Freedom, which was actually a fascist organization in terms of its ideology, we produced—you may recall this, those of you who lived to recall it—we produced a degeneracy in the U.S. population under the influence of the Congress for Cultural Freedom during the 1950s in particular. We produced what was called, “the white-collar syndrome”; or it was called “the Organization Man syndrome.” We moved people into suburbia, out of the cities, to new industries developing in suburbia around the cities.

Children went to school, under the influence of a right-wing philosophy, in which they learned not to tell the truth: “Don’t say it.” “Be careful what you say. Be careful what you’re overheard saying—your father might lose his job.” “Learn to say things that are approved.” “Follow Dr. Spock, in raising your children.”

And we produced a generation, called the Baby-Boomer generation, which by and large, had lost the fiber of morality on which we had depended, under Roosevelt, to recover from the Depression, to conduct the greatest struggle against fascism the world could imagine: Without us, and without Roosevelt, there had been a Nazi empire over this world by the 1940s. Without the resistance to fascism in this country by Franklin Roosevelt, we, too, would have been a fascist state, as many intended to make us that at that time.

Without the United States’ build-up of its economy, we would not have had the industrial machine, by means of which the Nazi empire was defeated. Without the United States, without the United States’ leadership under Roosevelt, without the U.S. economy developed under Roosevelt’s leadership, *we would have had a Nazi empire ruling the world!* And the way this was done, was because Franklin Roosevelt was able to recall, from within the intestines of our people, a memory of that which had made the United States possible, and which had caused its achievements.

What happened during the post-war period, to the pretty children in suburbia, working in the nice jobs, the nice factory, where they kept their nose clean and told lies all the time in order to get by, was that they were hit, by the Missile Crisis of 1962; they were hit by the assassination of Kennedy; they were hit by the entry into a war in Indo-China: *They collapsed!* Morally. And we had the great cultural paradigm-shift, which we call the “’68er shift.”

We had a generation which left reality, which said they hated industry; they hated agriculture; they hated blue-collar people; they hated our culture. They were going to have a new culture. And *this change*, from ’64 to ’68, among a generation which was victimized by the influence of the Congress for Cultural Freedom on the children in suburbia, these children *cracked* under these crises. They cracked morally, in large degree. And that made possible the anti-industrial development, the other kinds of cultural change, which became the threat of fascism, with the inauguration of President Nixon.

George Shultz, the Fascist

Now, the fascists in this thing were not so much Nixon. Nixon was a broken man. He was not a good man; but he was not the architect of fascism. The architect of fascism was people who are still around, when Nixon is dead: George Pratt Shultz is still around. The U.S. government today is under George Pratt Shultz. He was the one that organized the Bush Administration. He was the one that picked Condoleezza Rice out of the mud in California and elsewhere, and caused her to

organize something called the “Vulcans.” He was the one who appointed Dick Cheney, to organize a new Bush Administration under George W. Bush, Jr. He’s the one who’s organized the stealing of Social Security, based on a model which he knew from his association in support of a Nazi—Augusto Pinochet—in not only creating the Pinochet government in Chile, but in launching with the help of Nazis who had been brought into the U.S. and American system by Allen Dulles to organize a mass murder, a fascist-type of mass murder in the Southern Cone: the so-called “Operation Condor.”

This man: This man, who’s a third-generation oligarch in American history. His granddaddy was bad; his father was bad; and he’s worse. There’s a certain sense of progress in his development. He is, in a sense, currently one of the mothers of Henry A. Kissinger.

It was Shultz and company, who organized the inside of the Nixon Administration. It was Shultz who was behind Kissinger, in launching the crisis we now see in Lebanon, back in 1975. This is a product of Shultz; who brought Kissinger into power, to create the mess, which you’re now looking at in Southwest Asia. So, the crimes of Kissinger, actually come from people like Shultz.

Shultz is the man who took Conan the Barbarian and made him the Governor of California. (The pot-bellied Governor of California, I might add. Recent photographs have disclosed this great national secret.)

Collapse of the Physical Economy

So, what has happened is that, if you look at our country, you see the following: People—I think former President Bill Clinton will sort of concede to this: None of the Presidencies, none of the governments, none of the party leadership, majority leaderships of the United States of the past three decades, has done anything good for the economy. Let’s review the statistical evidence, county by county, of the United States, which we’ve done a sampling of this. To show, in example, how the United States’ economy has been *consistently destroyed under every Presidency, since beginning with Nixon.*

This [Figure 1] is just an indication of the shrinking of the economy of the state of North Dakota.

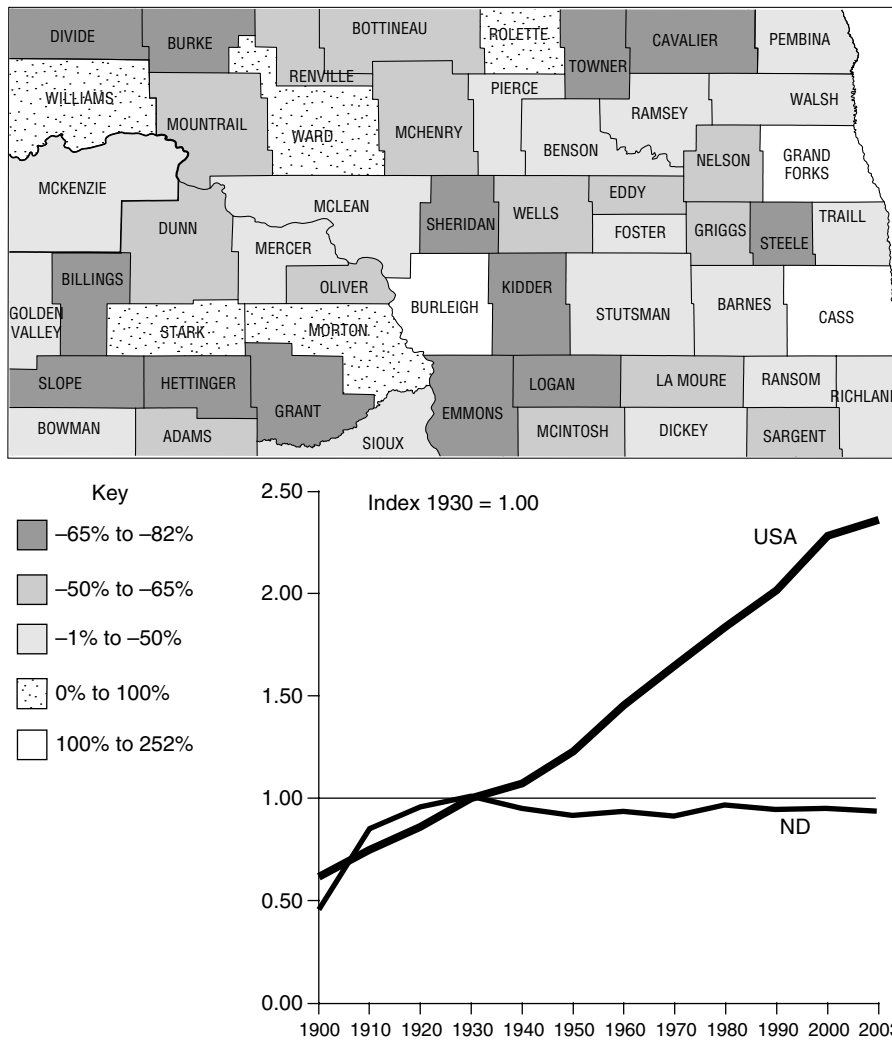
Now, what happened, essentially, is that we have destroyed, under every particular Presidency, we have destroyed our agriculture! So that, where you saw rich farms in the past, where you saw industries, you’ve seen decay. You’ve seen a new kind of Dust Bowl, an economic Dust Bowl, in the areas of industrial development, and agricultural development in the past.

Under every Presidency, since Nixon, we have been destroying the U.S. economy. No Presidency, no session of Congress, has done anything to halt this. But every Presidency, every session of Congress, has increased the ruin of the United States.

All right. What we’ve done, is we’ve taken the census, the economic census, of the United States county by county,

FIGURE 1

Shrinking Population of North Dakota, Changes by County, 1930-2000



Sources: USDA National Agricultural Statistics Service; *EIR*.

From 1930-2000, of North Dakota's 53 counties, 45 declined in population. The state's population peaked at 681,000 in the 1930 Census, and declined to 642,000 by 2000. In 2003, the Census Department estimated its population at 634,000. Had North Dakota's population growth matched that of the nation since 1930, its population would be over 1.5 million today.

and we have examined the physical condition of agriculture and industrial production, employment and so forth, county by county, for the United States. And the kaleidoscopic picture you get, is one of a systemic destruction of the U.S. economy: Under every Presidency! Under every session of Congress, up to the present time.

Okay. We've got more of this, we can get back to in the question period, if people want more of this, on these questions. [See **Figures 2-8**, pages 10-15.]

All right, so, no one can say that it was Bush, that started this process, this Bush. It is *we*, the United States, our political parties, our leaders, and *our popular opinion*, especially that of the Baby-Boomer generation, which has engineered the self-destruction of the U.S. economy. And similar processes have occurred in Europe.

Destruction of the Monetary System

The destruction took two phases. You had the first preliminary destruction, was under Nixon. Under Nixon, under the influence of especially George Pratt Shultz, the man controlling Bush, and controlling the Governor of California today—under Conan the Destroyer of California.

We went through two phases: First phase was to destroy the structural policy. The destruction of the international monetary system was the first step: 1971, Aug. 15-16, 1971. In this, we destroyed the United States' commitment to the Bretton Woods system. In the following year, George Shultz, at the Azores Conference, had a war against the resister France, under President Pompidou of France; had a war, in which the United States prevailed, and thus imposed an international agreement on the IMF itself, which destroyed the system. In other words, the United States *betrayed* the system, in August of 1971. The United States acted to *destroy* the world system, the IMF system, with the Azores Conference, at which George Pratt Shultz presided.

Now since that time, we have had a general collapse of the international financial-monetary system, as well as the U.S. national system.

'Controlled Disintegration' by Deregulation

The second phase came with the succession under which National Security Advisor Henry Kissinger was replaced by his twin: National Security Advisor Zbigniew Brzezinski. Hmm? A man who's close to Satan, I think.

Now, what Brzezinski did, in particular, is, Brzezinski engineered, under Carter—Carter didn't do it; Brzezinski told him to do it—engineered what was called “controlled disintegration of the U.S. economy.” This was a doctrine adopted by Brzezinski's group called the Trilateral Commission, created by Brzezinski, which became the new government under Carter. It was not a Carter Administration: It was Trilateral Commission administration. And the Trilateral Commission administration carried over into the Reagan Administration, where the Reagan Administration had more members of the Trilateral Commission in it, than even the Brzezinski Administration.

What Brzezinski did with *deregulation*, was to destroy the *structure* of the U.S. economy. Kissinger, Shultz, and company under Nixon, destroyed the system, the international system. What Brzezinski did, was to destroy the *internal* structure, by deregulation, of everything: Agriculture was first; trucking, air transport, industry—everything.

Now, what happened was, for example, we used to have—we refer to the county organization—we used to have in the United States a fairly developed distribution of industries. That every part of the country which had any pride, every state, and many counties in these states, would have agriculture, or a mixture of agriculture and industry and infrastructure; large water systems of which they could be proud; water-management systems, for agriculture and other purposes, built by the Corps of Engineers and others. They would have industries. All over the country, you would find the local industry, here and there.

In every state, you would have industry; we had regulated transportation. You could produce in any county, and get delivery of service, for shipping and receiving from centers, through a national transportation system, which was regulated. Under Brzezinski, they destroyed that, and now the production was concentrated in a few large areas, with super-corporations, and local industries, local counties, local regions of the country, went into bankruptcy.

We introduced conditions of slave labor in truck driving, for example, through deregulation, under Brzezinski. We destroyed our railroads, more than ever before, under Brzezinski.

So, these two steps, from approximately 1969, when Nixon came in, into about 1972, when certain other changes were made, destroyed the United States, as an economy. And the free trade idea, pushed forward, meant that where we had protected high-technology industries, we now said, “We're going to break the back of the countries of South America and elsewhere; we're going to collapse their economies! They're going to produce things for us cheaply! We are going to export out industry and agriculture, to slave labor in countries whose backs we have broken. We are going to utilize and loot the cheap labor resources, mineral resources of the world. And we're going to feed people through Wal-Mart, instead of hav-

ing real stores, where you can buy real things.

And that's how we destroyed the economy, step by step, over these years.

The Greenspan Years: Crazy and Crazy

The next stage came, where I was very fortunate in a sense, to make one of my famous successful forecasts: In the Spring and Summer of 1987, I warned that what was happening now, meant that we were on the verge of an early general collapse of the stock market, which occurred in a timely fashion—just as I had forecast. Now, the reaction to this was, you had Volcker, who had presided over the destruction of the U.S. economy through the Federal Reserve System up to that point, was replaced by Alan Greenspan, who was much crazier. So, Greenspan told everybody to halt, because he was coming in as the new Federal Reserve chief, and he would take care of it.

Now, what he did, is he invented a new kind of economy, to replace the old economy. He invented what we would call “gambling side-bets” to replace real economy. These are called “financial derivatives” or hedge funds. And therefore, we have now created, in the international system, which we have destroyed—we've destroyed the physical base, of Europe, the physical base of economy in the United States and elsewhere—relying upon looting the cheapest labor in the world, for what we get . . . and we can't even pay for it any more! As our current account deficit shows.

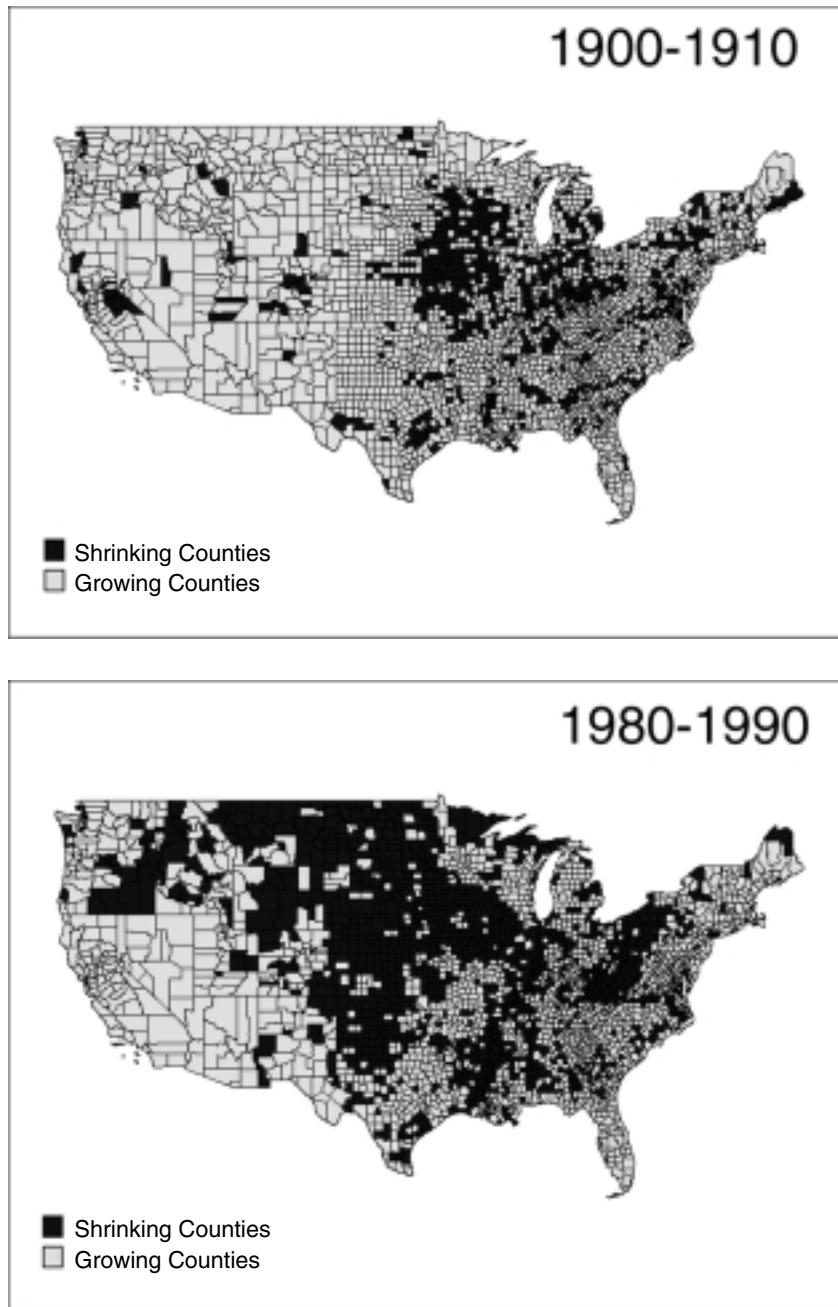
So now, we've created a debt based on what are called “financial derivatives.” No one knows how big this debt is, because most of it is unregulated and unaccounted for. But it's there. These are promissory notes, against gambling side-bets on the on the world economy. This gambling is now being used, for what is now in the process of absolutely destroying the world system, which is why we're on the edge of a general collapse, a general breakdown of the present world monetary-financial, *and* physical, economic system.

A chain reaction collapse can happen at any time. You can not predict exactly when such a thing will happen under these conditions. But you know it's soon . . . and it's coming down: Because, what has happened is, the active part of the world economy, as it's called today, is not what we used to think of before 1987 as an economy. What is happening is, the speculative money associated with hedge funds and other things, financial derivatives, is now concentrated on what? On buying up control over the future raw materials supply of the planet.

There is no shortage of petroleum, for example. There's more than adequate petroleum being produced today, to meet the world's needs. Then why is the price zooming towards \$60 a barrel and higher? Some forecasting is as high as \$140 a barrel—from a stable level of \$25. Why? Because of a shortage of petroleum? No. This is not a “market” problem. This is not a “supply/demand” problem, the way some fools

FIGURE 2

U.S. Population Expansion and Shrinkage, by County



Source: Bureau of the Census. Map produced by MapInfo.

The first map, 1900-1910, shows population increasing in most of the nation, to a 1910 population level of 92,228,500. The loss across counties in the central farmbelt (Iowa), and in the Missouri and Mississippi River Basins, reflects migration from relatively recent communities to farther reaches of new settlement, and to growing Midwest industrial centers. The 1980-90 map shows extensive loss of population (dark) from farm and factory counties, with outright de-population in the High Plains and other parts of the Farmbelt, as well as loss in the former industrial centers, e.g. Western Pennsylvania, the Great Lakes Cleveland-Detroit-Chicago region, West Virginia's Kanawha Valley, and so on. As of 2002, North Dakota's population went negative; and West Virginia would have, but for the Washington, D.C. commuter belt.

will say.

What is happening: You have bidding with the weapon of financial derivatives and hedge funds, on control of the future supplies of all categories of major raw materials on this planet! That's the market! That's where the business is! Therefore, imagine the effect, now of \$60/barrel oil. We're about that level right now. Outstanding, of course, are many contracts at lower levels. So, the cost of petroleum at the pump, has not yet reached the level that corresponds to approximately \$60 a barrel on current new contracts. But it will! If this continues.

What then happens?

We have this in steel. We have this in every category of primary materials and their immediate derivatives, globally. What you have, is a big international power grab, by these circles, *to take over and destroy the world*. To make a new kind of world, where most people starve to death; and a few people control the world, by controlling the raw materials, upon which their existence depends.

That's the game.

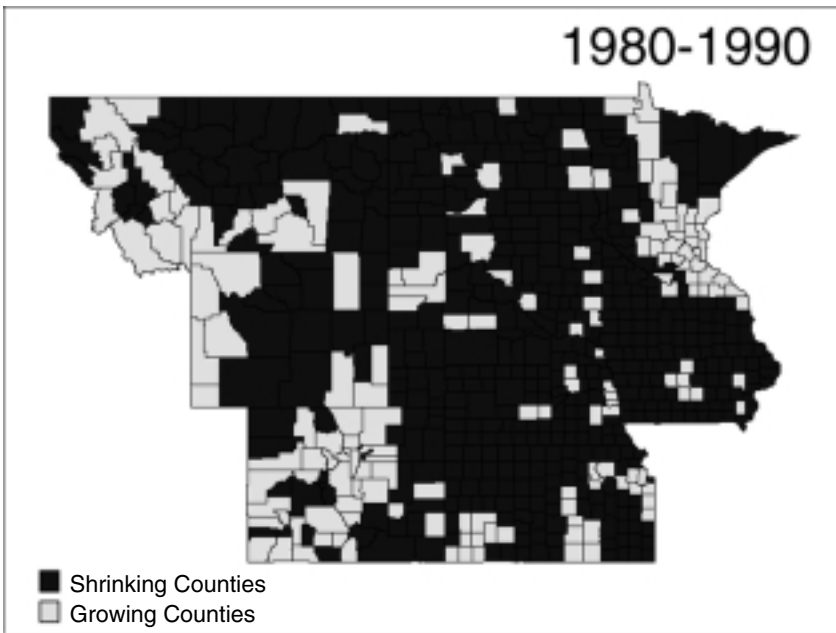
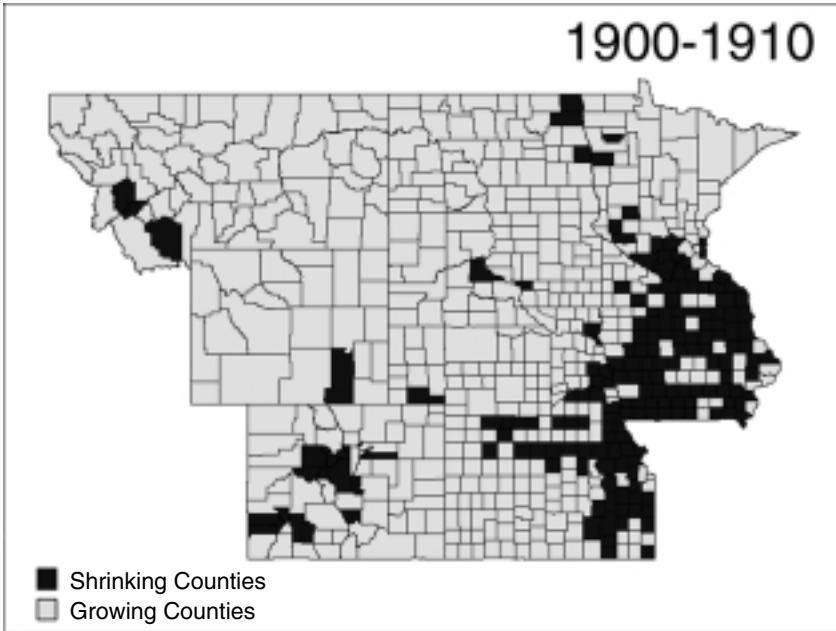
There's no way, that you can organize this kind of system, or tolerate this kind of system, of raw materials speculation of this type with hedge funds—and have an economy. Therefore, you're now at a steep curve. The steep part of the curve, where we're now in the area, where *an immediate, general collapse of the world economy is now about to occur*. Because of this condition!

Now, we could control this condition, if I were President, with support of the right people. And I have a list of about 1,500 people who would serve me well as government for this purpose. Just in the Executive branch. We could control this. We would use the force of law, and the principle of the general welfare, or the common good. On the interests of the United States and with the cooperation of other countries who share the same the same principle, we would take these speculators, and we would bankrupt them. We'd put them into receivership. We'd put this under control. We would stop this nonsense.

But no one so far, apart from me, and

FIGURE 3

Northern Plains States' Population Expansion and Shrinkage, by County



Source: Bureau of the Census. Map produced by MapInfo.

The first map shows population increasing in most of the counties throughout the nine-state region. Those counties losing population over the decade are concentrated in the region nearest greater Chicago and other industrial centers, reflecting migration to more distant new communities in the West, and into cities which were growing on the Great Lakes, and towns on the Mississippi and Missouri Rivers and rail hubs. The second map, giving the decade 1980-1990, shows the extensive loss of population throughout the entire region over the past 40 years. Outmigration has streamed into metro-Washington, D.C., cities of the West and South, and other points. Crises exist in school districts and other government functions.

maybe a few who share my sentiments, are so far willing to do that.

So, we're on the edge of a collapse.

The Slaughter of General Motors

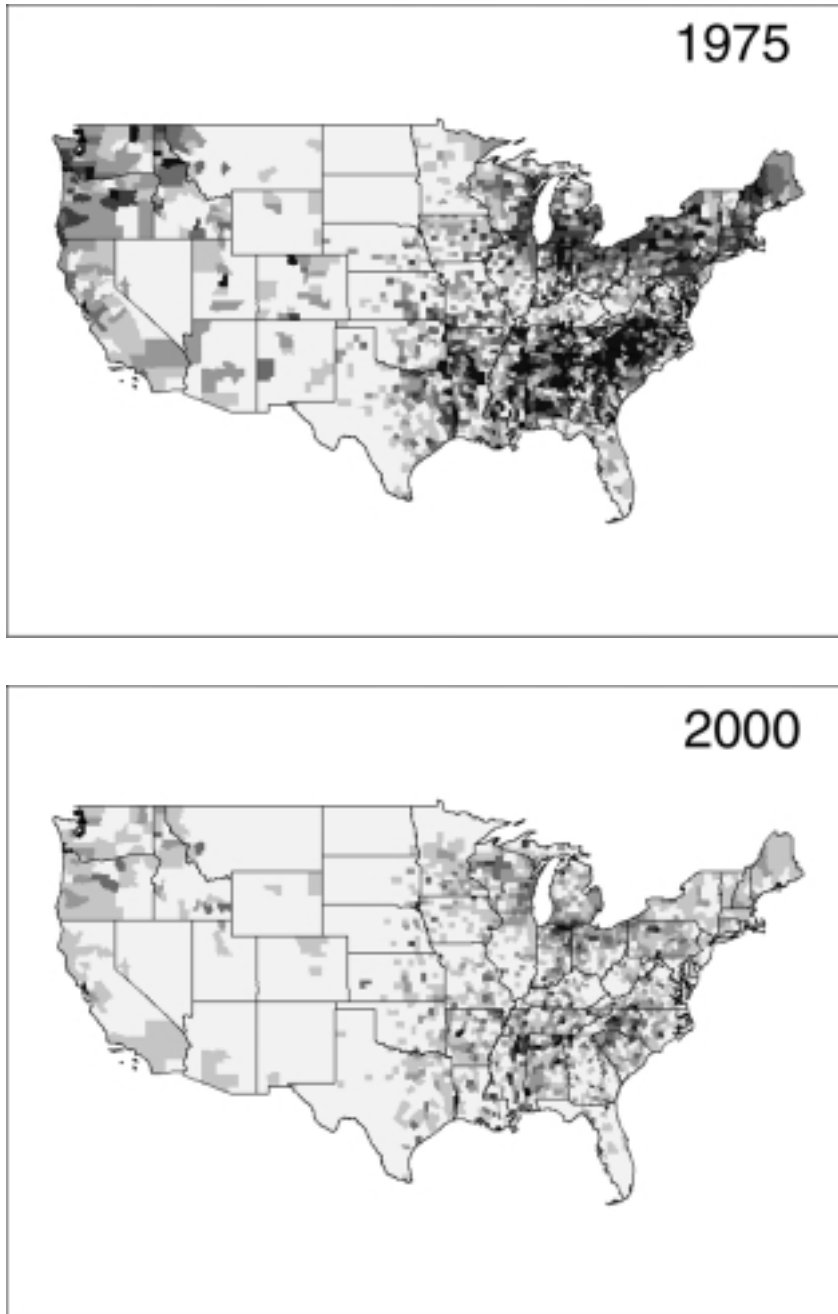
Now, at the same time, as a reflection of this collapse process, we now have a collapse of General Motors; and many other industries who are in the same category, internationally. General Motors' collapse, left alone, would mean a total collapse of the economy, because of chain-reaction effects.

Now, there's no way that General Motors could be saved, in its present form, by a bailout or so forth. You could have a general reorganization of the economy. But what happens if General Motors is wiped out, the way that some people will treat it? What some people will do, in the financial market, they will not try to reorganize General Motors, the way that you had the famous reorganization of Chrysler. Nah, that's in the past. They wouldn't try to save General Motors; they would slaughter it. And that's what the Federal Reserve System is up to. That's its policy, right now.

Now, with slaughtering General Motors—I don't have too much sympathy for the management of General Motors, which generally is pretty incompetent. But, I think there are better ways to get rid of incompetent management, than slaughter the company! Because General Motors represents, with its industries like that, which would go down with it, represents the United States' greatest concentration of machine-tool capability, which is concentrated in the auto sector, and related sectors.

FIGURE 4

Decline in Manufacturing Workers as Percent of Workforce, by County, 1975-2000



Source: Bureau of Labor Statistics. Map produced by MapInfo.

The darkest tone indicates the highest percentage. The data is from the Standard Industrial Classification series of the BLS. The decline of manufacturing from 1975-2000 is evident throughout all geographic concentrations, from textiles in the South, to aluminum in the Northwest, to steel, auto, and machine tools in the Northeast and Upper Midwest.

Now, we are producing too many automobiles. That is, we can not market, presently, the number of automobiles that would have to be sold, in the current price-range, in order to stabilize the automobile industry. Can't work. There's nothing you can do about it. *But!* The automobile industry contains this valuable machine-tool capability, which is *irreplaceable*.

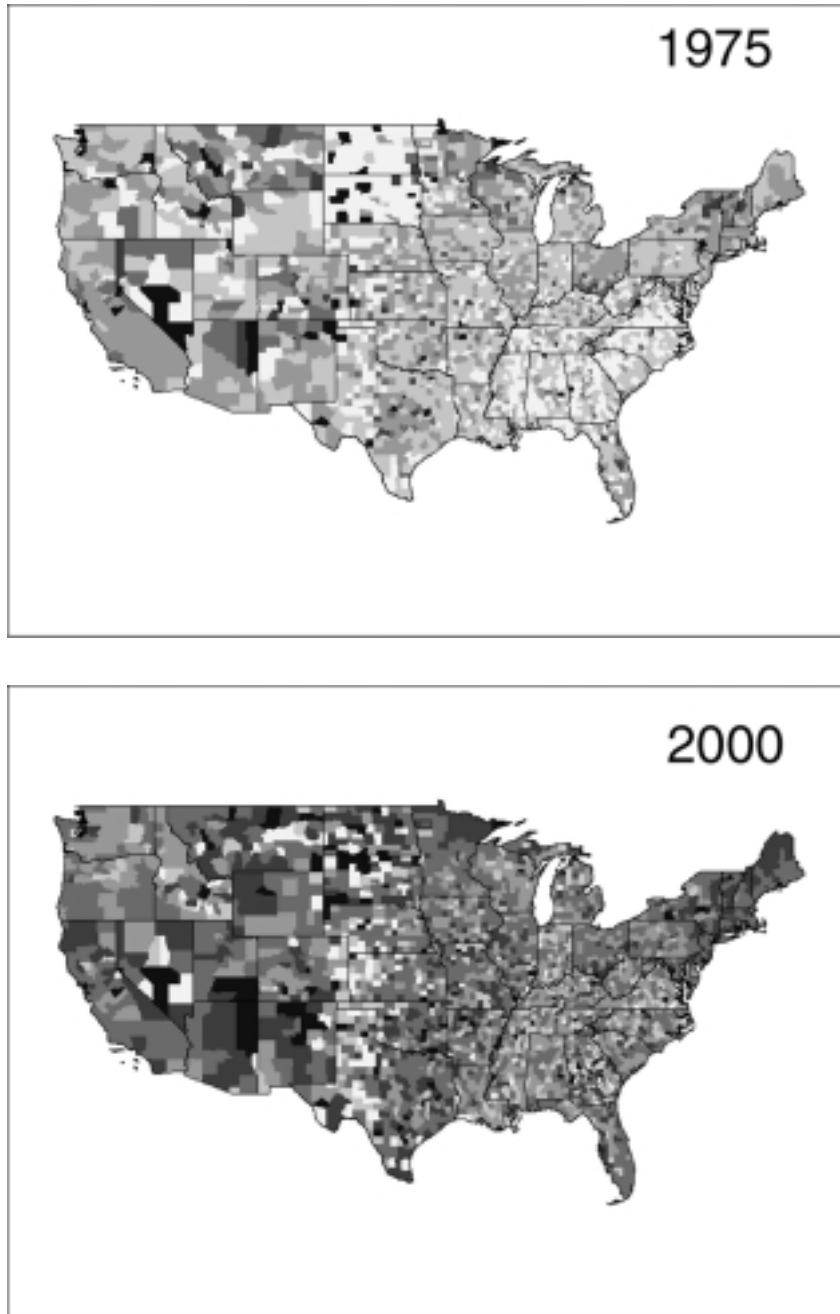
The danger is, that a bankruptcy of General Motors will mean the elimination of that last remaining hard core, largely in aerospace and auto, of the machine-tool capability, which can produce all kinds of things besides automobiles.

For example, concretely: We need to change the way in which we live. Not the way most people talk about it, in the newspapers these days, but differently. We have produced too many automobiles. We have produced a dependency on automobiles, which you may have noticed in the traffic jam which you come through every day. In the number of miles you have to drive, and the hours you have to drive to get among the three jobs you have to work to survive! This is not a good idea.

What happened is, that certain interests, including General Motors, and General Electric, and similar kinds of people—the Wall Street crowd—moved in the post-war period, for a great real estate bubble, called “suburbia.” Eisenhower had come up with this policy which he was pushing, the National Defense Highway Act: The idea was that, in wartime, since railway systems were vulnerable to bombing, particularly in the nuclear age, that you had to have an alternative system to make sure the infrastructure of the economy could be maintained under wartime conditions. This became the National Defense Highway Act. Therefore, you built a network of superhighways, which presumably were going to be reserved for the general idea of being able to continue the flow of logistical support, in the U.S. economy, under conditions of warfare. Because of what we'd done to the railroad system of Germany during World War II—gave us a good idea of what could happen.

FIGURE 5

Increase in Services Workers as Percent of Workforce, by County, 1975-2000



Source: Bureau of Labor Statistics. Map produced by MapInfo.

The darkest tone indicates the highest percentage. The data is from the Standard Industrial Classification series of the BLS. Reflecting the decline in manufacturing and farming over the 1975-2000 period, the map shows the increasing percent of workers in service jobs of all kinds, ranging from retail sales to croupiers.

But along came some sharpies, including people associated with Sears Roebuck, who said, “Great idea! We’re going to do something else: We’re going to move industry away from the cities, the urban areas, into suburban areas. We’re going to create shopping-center-based, new sub-communities, called ‘suburbia.’ And we’re going to move the population out there. And we’re going to have a *highway-based* economy and logistics, as opposed to continue with a railway-based economy, a mass-transit-based economy.”

So therefore, and General Motors agreed: “Let’s get rid of railroads! Let’s ruin the railroads.” And in the course of the 1950s, centered around the issue of the New York Central and Pennsylvania Railroad, the decision was made: Destroy the railroads. And the issues of the merger of the New York Central and Pennsylvania was the way it was done.

So now, what we did, is we said, “We’re going to sell more automobiles.” So, we made a more costly economy! In terms of physical economy. We used to have cities. If you lived in a city, you could generally walk to work, or get a very short trip to work. There were many jobs available in that city. If you didn’t work for one firm, you worked for another. The school was in your neighborhood. The hospital, the health care was in your neighborhood, at least in most cases. It was a short distance. Your life was simple.

It became very complicated.

So, then we overbuilt automobiles. And as a result of that we have this great invention, called the “mass traffic jam.” Which is now on the verge of having the economy becoming a permanent mass traffic jam. You know, you have the whole economy, the whole nation, being frozen up, in one big traffic jam—which, at 12 o’clock at night, or 1 o’clock in the morning, you might be able to move.

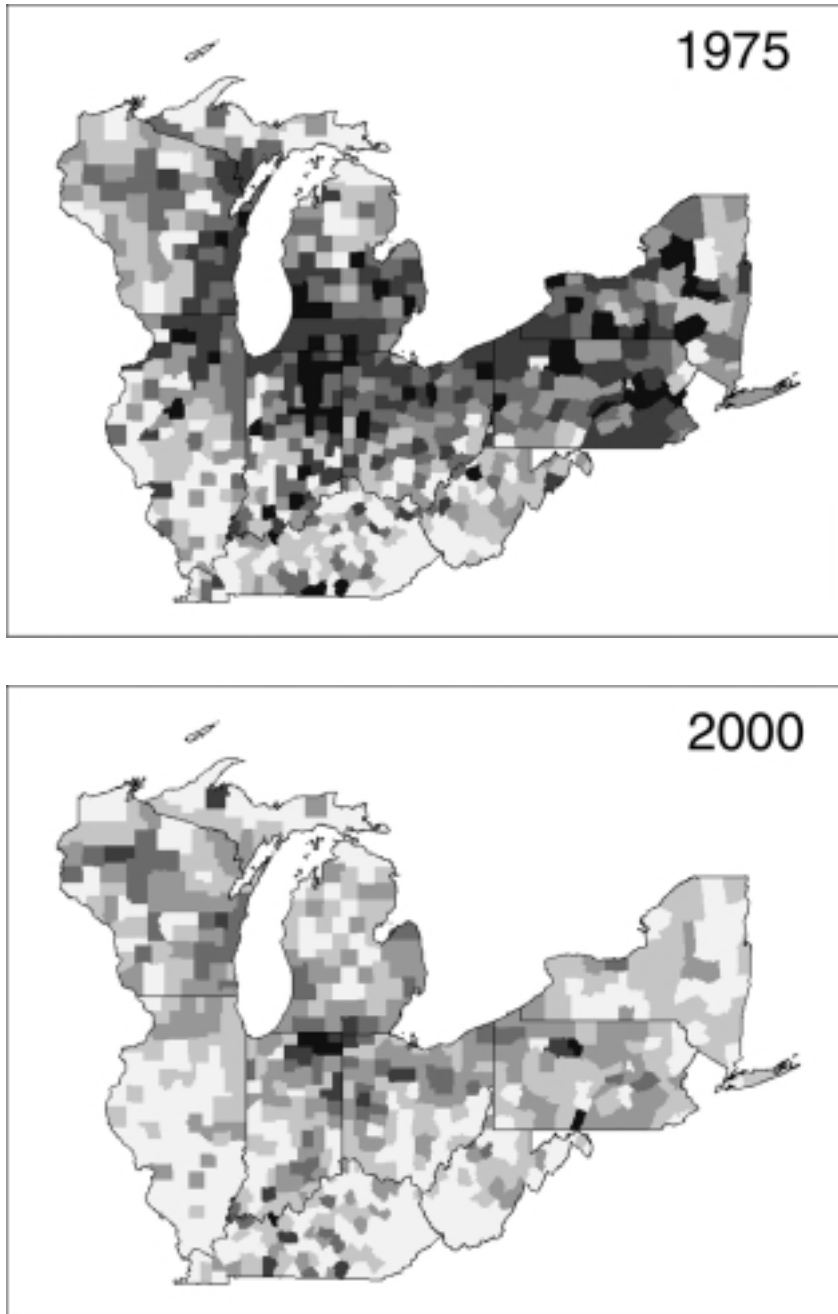
All right, so therefore, we have to make changes in our economy.

Make Some Changes

Now, the cost of petroleum is not the problem. The cost of petroleum is a prob-

FIGURE 6

U.S. Industrial Belt, Decline in Manufacturing Workers as Percent of Workforce, by County, 1975-2000



Source: Bureau of Labor Statistics. Map produced by MapInfo.

Darker tones show greater percentages of manufacturing workers. The nine-state region from the Mid-West through New York has undergone a severe deindustrialization process over the 1975-2000 period. The process accelerated during the 2001-2005 George W. Bush years. Former leading industrial centers throughout this region—Buffalo, Pittsburgh, Cleveland, Detroit, etc.—have lost nearly half of their city population along with their economic base, and are in acute financial crisis to maintain even bare-minimum urban government functions of police, fire, water, and sanitation.

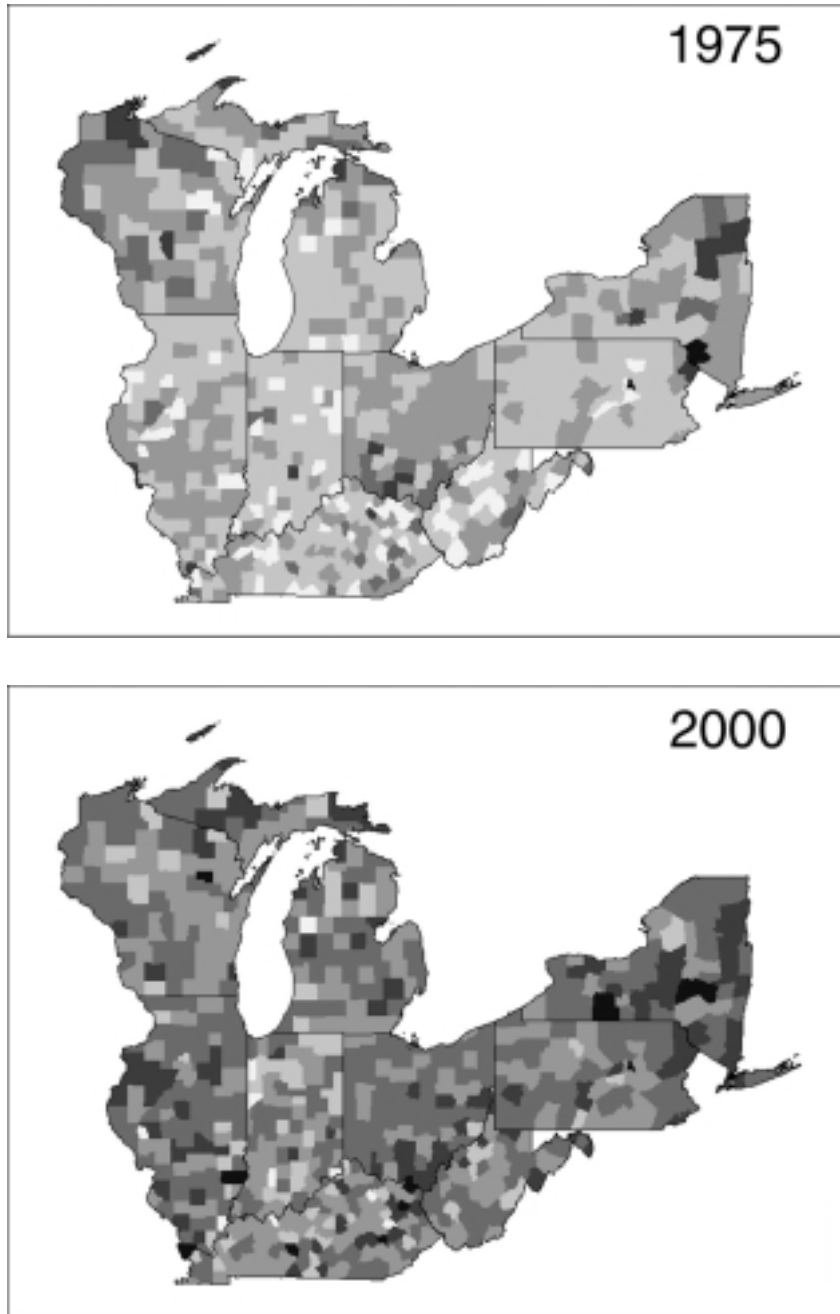
lem of dealing with these financial interests which are driving the price up. There's no shortage of petroleum in sight right now. But, it is wrong to depend upon petroleum. Petroleum, like natural gas, is better used as a feedstock for a chemical industry, than it is as burned. We have much better forms of production of power, such as nuclear: A high-temperature gas-cooled reactor, or similar types of advanced types of nuclear reactor, can easily produce, as a byproduct, in any part of the country you have it, can produce hydrogen-based fuels locally. You don't have to import oil.

A hydrogen-based fuel economy, for the chemical side of the power system, is much better. Also, high-temperature gas-cooled reactors are more efficient. They're cheaper to operate. They give you new technological capabilities.

So, what our objective should be, is to go back to a denser utilization, county by county, of the territory and distribution of population of the United States; don't compel people to move such distances to get to and from work; stop the highway congestion; produce efficient mass transit in suburban, or urban areas; produce efficient railway systems, which we can produce. And what do we do, with this kind of reform? How do we do it? Well, we go to the auto industry! We go to the tool-and-die centers of the auto industry and similar industries. The machine-tool factor in the U.S. economy. Here are people working—in danger of losing their employment. And if they aren't employed, we lose their skills. Their machine-tool skills are what we depend upon to maintain a modern economy. If we want to build a new transportation system for the United States, and what goes with

FIGURE 7

U.S. Industrial Belt, Increase in Services Workers as Percent of Workforce, by County, 1975-2000



Source: Bureau of Labor Statistics. Map produced by MapInfo.

Darker tones show higher percentages of service workers. The nine-state region underwent a marked increase in services jobs, from 1975-2000, as industrial activity shrank radically. This lower-wage service-sector profile increased, as the United States became more and more dependent, under globalization, on imports of basic household and capital consumption goods—from steel, to appliances and food. The process has intensified during the George W. Bush Administration.

it, then we have to employ these people, as tool-makers, for the machinery we require for the new industries.

You want a new railway system? We could produce an *excellent* new railway system, of various types, including magnetic levitation. We can produce that, with the aid of these people. They can do anything. They are trained to that. They are experienced to that! They can turn around production within a year, on most products, as they have for the automobile industry. They know how to do it. So, don't let them be unemployed!

Yes, accept a reduction in the number of automobiles produced. That would be good. Increase the amount of mass transit. Produce a new railway system, across the nation, which makes the territory of the United States more efficient, which opens up—instead of having congestion, where you pay \$800,000 to \$1 million for a shack, in the Northern Virginia area; it's a tarpaper shack, and it's not even disposable! And these shacks, which are now going up to \$1 million and more, minimum price is \$400,000 for a cheap one, in Northern Virginia. When this market collapses, and you have citizens sitting with a \$600,000 or million-dollar mortgage to carry, and they're out of a job, what kind of condition are you producing?

Wouldn't it be better to make a more efficient utilization of the territory of the United States, by distributing our production and our population more generally, as we used to tend to do, in developing the country from the Atlantic Coast to Pacific Coast: by developing all of the territory, and efficiently connecting all of the territory? By efficient mass transit of goods and people, which is what made this country strong! To be developed, in *every* part of the country.

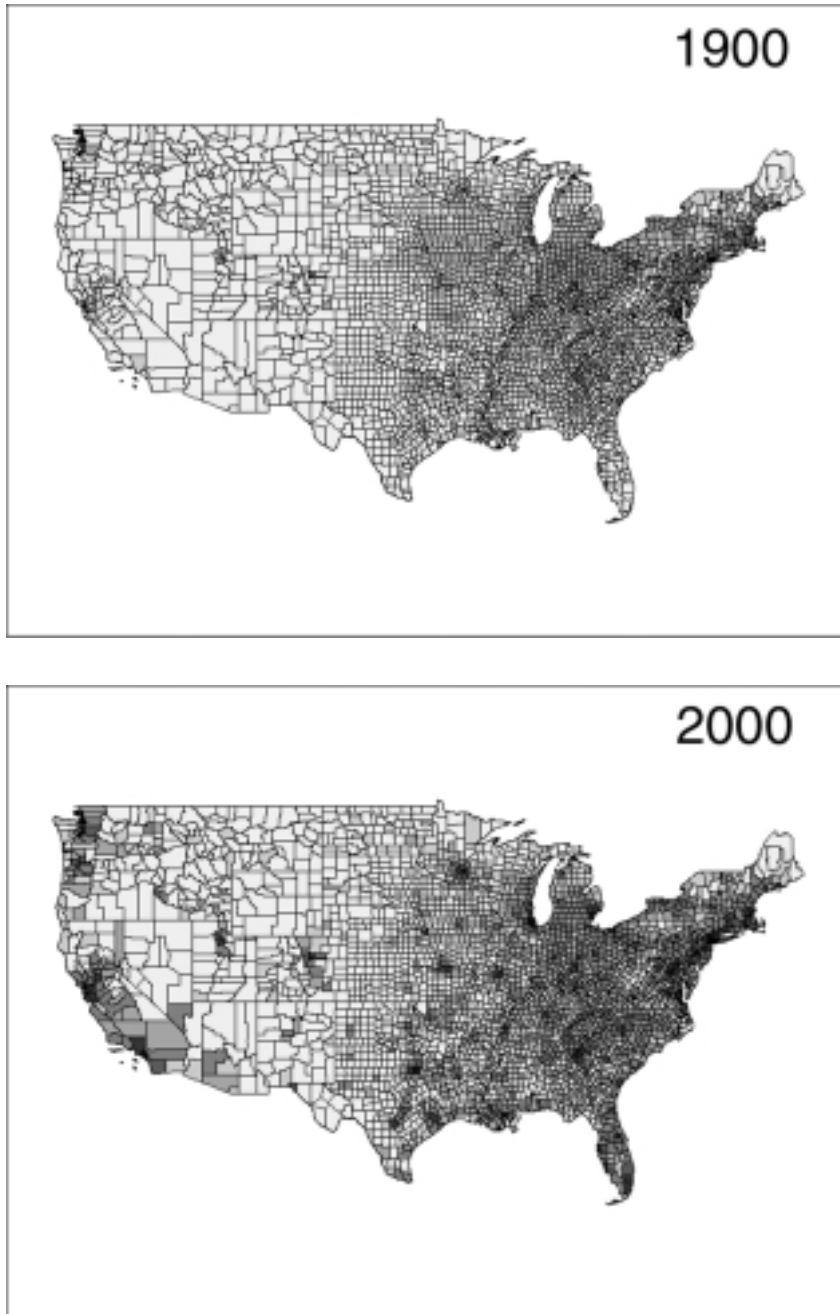
Upgrade the Machine-Tool Sector

And to do that, we have machine-tool specialists now.

Now, the way it would work, is this: What we would do, essentially, is to take these fellows, in place, where they are—working where they are—to produce,

FIGURE 8

United States' Population Density, by County, 1900 and 2000



Source: Bureau of the Census. Map produced by MapInfo.

Darker tones show greater population density. The maps from the beginning and end of the 20th Century show how new growth areas arose in the southern states of Florida and Texas, and in the Southwest, in California, Arizona and New Mexico. However, the vast void of the Great American Desert and other regions remains significantly underpopulated, under conditions of the lack of required infrastructure, especially water and power. Needed “great projects” were not built. The extreme shift to the suburbs over the past 40 years is not shown here, because of the county-scale.

say, things like locomotives, new types of locomotives. We would then absorb them into this construction. They would also produce other kinds of machine tools.

We have a vast mass of people who are in the unskilled, or semi-skilled layer, poorly employed, who are poorly paid. They have a poor standard of living. Many of them are going to become unemployed, rapidly, under present conditions. What do we do? Well, we take the machine-tool sector—the machine-tool sector *is a vital part* of a total production of anything. To the extent you employ the machine-tool sector, you can now bring in your unskilled and semi-skilled labor, and upgrade it into the combined production. Any large construction project has that character. Any large enterprise, like building a system, has that character.

Therefore, the driver for an economic recovery, a physical economic recovery of the U.S. economy, is to start from the top: from the high-technology cadres of the labor force, build industrial and similar kinds of projects around them, and the projects then will absorb a much larger ration of unskilled and semi-skilled people into the same projects. Like we did with the Tennessee Valley Authority under Roosevelt. That’s the way these things work.

So therefore, we have to make a change, from this kind of economy, which is based on this crazy speculation. And we have to use Europe, the United States, Japan, Korea, so forth—areas of the world which have machine-tool capability, high-technology machine-tool capability. We have to think about upgrading the entire world population, the quality of life over the coming two generations, through cooperation among nations.

A Global Division of Labor

How do we do that? We create large projects, which utilize high technology, as expressed by science and by the machine-tool sector, to drive projects. We then absorb the less-skilled layers of the population, into supporting roles, but being upgraded through their association

with technological progress. We then take the United States and Western Europe, which still have advanced technology and have the technology-driver capabilities, which is just as important as the technology, and we commit the United States and Western Europe, for example, in the case of Eurasia, to drive the development of Eurasia, which is the largest part of the world, the most critical part in terms of population and territory; and we take a two-generation perspective, of developing this part of the world, by insisting that those areas which are culturally and otherwise capable of maintaining a high-technology-driver program, commit themselves to specializing in things that are needed by the rest of the world which need access to that technology.

We do that with the United States. We do that with Eurasia. We do that in terms of North/South in the Americas. We have areas of the Americas we've ruined, with the policies since 1971. These areas have large resources, large populations, growing populations, and a great potentiality: They need a driver program, a science-driver program, which enables them to do what this group of Uribe of Colombia, Chávez of Venezuela, Lula of Brazil, and so forth, recently came to. They need a large infrastructure-development program, of cooperation among them, to be able to develop their countries, in concert. They need our cooperation, to make it possible for them to succeed in this venture.

So, we have a division of labor around the world: We have an Americas division of labor; you have a Eurasian division of labor in this kind of development; and you have the cooperation among these regions.

So, we have a perspective of reorganizing the world economically, by reacting to the threat to the destruction of our economy, to take measures *to save the economy* in its present form, and to correct our mistakes, and to move on and take care of these kinds of problems.

How Do We Pay for It?

Now, this brings us to another question: How do we finance this stuff? We've got people unemployed. We have needs, needs of consumption. We have a health-care system which is breaking down. We've gotten into a situation where some people say, "Let's try to fix the problem," as they do in the Congress. But, you can not "fix"—you can not heal the man you killed, and you can not fix the equipment which no longer exists! And we're in an economy in which we have destroyed what some people want to fix. The example is the health-care system: Take the case of the Canadian and British health-care system, which provide universal, guaranteed health care. Can they deliver it? No! They can't deliver it, not serious health care. You wait for it. "You're going to die tomorrow? Well, we'll treat you in six months."

So, you have a system, in which you have people in the Congress will go along talking about "universal health-care systems," and they have no idea, and no intention to provide

the means by which to deliver health care, required by the population! So, why are you promising them something—you know, "Promise them anything, but give them Arpège!" And now, you have the conservatives, say, "Stop giving them that Arpège!" You know, the pair of free glasses you get, instead of an appendectomy.

So, that's the characteristic of the mentality of the Congress so far, is the tendency to take the cheap shot; it's to promise to fix things, which no longer exist to be fixed. Like the health-care system of the United States, which has been destroyed, since 1973, with the adoption of the HMO legislation and cancellation of Hill-Burton. People talk about health care in the Congress, but no one is prepared to deliver on the development of a health-care system to replace what we have, that's been destroyed. A woman in maternity jeopardy: Can she get to a hospital within a hundred miles, in time to save her life? She can be promised anything. But, if you can't get her there in time, she's going to die.

And so therefore, we have to replace, or supply, something we can no longer fix because it doesn't exist. And that's true throughout every part of the economy.

We have an education system that's called "leave no one behind." "Behind what?" Make everybody equal, by being equally dumb? Be as dumb as George Bush reading *My Pet Goat*?

So, the problem we have, is that we require a system to be the standard, not of keeping things going, not of fixing things that really don't work now, already—and fixing them won't make them work, because they don't exist! What we need, is to finance a vast expansion of the physical economy of the world, and of the United States in particular. Not services, as such. Physical economy. Not paper shufflers, not entertainers, not exotic dancers; but people who actually produce the wealth which other people need, to live on.

The Problem Is Anglo-Dutch Liberalism

So therefore, we've come into the fact of a very interesting, little problem, which has its amusing side; but, it also has another aspect. What is the problem? The problem is the international monetary-financial system, the international banking system—that's the problem. The United States is unique, in some respects, relative to Europe. Europe is backward, relative to the United States in thinking about economy. See, we were created, as a nation, after 1763, when the British Empire—then called the British East India Company—through organizing what was called the Seven Years' War, had put the nations of Continental Europe against each other's throats. And by this war, had put the British in a dominant position where they grabbed India, Canada, and so forth, and so, the British East India Company became an empire, the dominant force in the world.

Once that had happened in 1763, at the Treaty of Paris, the people of North America, who had previously had a

certain degree of freedom of regional development; who saw themselves as not part of England, not part of the British monarchy, but under the British monarch, where the British monarch had a parallel authority, as the King of the United States, or the King of what became the United States, and also the King of the United Kingdom of England. And these were separate—that is, the British Parliament, was not supposed to have any control, essentially, over the North American development.

In 1763, as the British East India Company took power, total power, under a new imperial arrangement, they moved in to crush the independent economic development in North America. This led to the split, the revolt of North America against the British monarchy, on the charge that the British monarchy had betrayed them, by selling them out to the British Parliament, or to the interests which controlled the British Parliament, which was the British East India Company.

So, we were formed at that time. We were formed with the support of many people in Europe, including in England and elsewhere. We were formed on the idea of seeing the opportunity—as envisaged, say, with Sir Thomas More, and his famous *Utopia* commentary, and other things—of taking the area across the Atlantic, in North America, where you had Europeans living; and building here, a new nation which would then become a model to play back into Europe, to free Europe from the oligarchical relics, which were crushing it at that time.

So we developed in this country, through our Declaration of Independence and Constitution, we developed a new form of government, which is truly sovereign. However, because of things that happened in Europe, we were never able, until Lincoln's victory over the Confederacy, to begin to exert our sovereignty, in terms of the international domain. So therefore, we were, in a sense, crushed.

At the same time, what crushed us, was what happened in France: Is that the British East India Company, which ran the French Revolution, created through the French Revolution which it orchestrated, destroyed France's potential of becoming a constitutional monarchy of a type, which would make it of a type similar to our United States. And the accession of Napoleon as a predator, and similar things, resulted in the fact that *Europe never really achieved a true nation-state*. So, where we have a Presidential system, a constitutional system, at least by our Constitution, in which the government is the highest authority in law, in Europe, they don't. To this day, they don't have that kind of system.

In the European system, and in the international system today, the world is not run by governments; the world is run by a slime-mold—what the biologists would call a slime-mold: by an international monetary-financial oligarchy. This oligarchy is composed of, essentially, so-called independent central banking systems. And with the adoption of the Federal Reserve Act, in particular, we adopted an imitation of a Euro-

pean central banking system.

Now, European central banking systems represent a higher authority than government. That is, the government must accept the *independent authority* in financial and related matters of policy, as dictated by a central banking system. And Europe as a whole, is controlled by a consortium of central banking systems, and the present reference point for that consortium today, is the 1931 establishment of the Bank for International Settlements, which is the pivotal feature of the system, today. Since 1971-72, our Federal Reserve System, which is kind of a hybrid, brought in by a combination of Teddy Roosevelt and Woodrow Wilson; this hybrid has essentially become an accessory of the general international financial cartel.

So the problem today, is that.

An International Slime-Mold

And what happened in 1971-72, beginning with the first Harold Wilson government in England, which started the process, the Bretton Woods system established by the United States, at Bretton Woods, as a Roosevelt design, was broken up in stages. The first stage was, the Harold Wilson government destroyed the English economy on the inside. Then in 1967, Harold Wilson sank the pound, and used the sinking of the pound to bring about the collapse of the U.S. dollar system by a concession in March 1968 by President Johnson. This cleared the way, later, for the 1971 *total* destruction of the system, the replacing of the fixed-exchange-rate system, under which we had the recovery of the post-war system had been organized, to a floating-exchange-rate system through the 1971-72 decisions.

So therefore, the world today has been run, ever since then, not by governments, by an international slime-mold, an international financier-oligarchical system which is more powerful than governments. We in the United States are the last place, where by Constitution, we could break this up. If I were President of the United States, we could break it up. And if any combination of people in the United States wants to do it, they could do the same thing, and they'd have my full backing and assistance in doing the job.

If we say, that we are not going to submit to a violation of the supreme principle of our Federal Constitution, the supreme principle—which is, of course, the combination of our principle of sovereignty, and of commitment to promote the general welfare, or what was called the “common good,” in the England of Henry VII. If we assert that and we say, “We can accept no law, either by affirmation or by negligence; no condition, by affirmation or by negligence, which constitutes a foreseeable violation of the principle of the common good, we have the obligation, as well as the authority by law, to suppress that condition.”

Now, let's look at this slime-mold question: The present international monetary system, the central banking system,



The slime-mold, like the current international financial oligarchy, seems at a certain stage of its existence to be composed of individuals; but suddenly, you discover that it's everywhere!

and the present Federal Reserve System, the way it's functioning now, is a slime-mold in itself. That is, it's composed of an agency which is a central banking system. This central banking system acts as if it were more powerful than government, and as long as government accepts that, it *is* more powerful than government. What has happened to the world is, this system has been imposed freely since 1971-72.

Now, what is this? This is not something that was created by modern society. It's rather ancient. This form of system, was known as the system of the Middle Ages, the feudal system, which was created by the sinking of the power of Byzantium, which led to the rise of the power of Venice as a maritime power, and also as an international financier power. The Venetian financial oligarchy reached out and adopted something which had been created under the Byzantine Empire, which became known as the Normans. And the evolution of Norman chivalry, as an ally of the Venetian financier monarchy, actually from the time of things such as the Albigensian Crusade or the Norman Conquest of England, and throughout the Crusades into the 14th Century, was the feudal system.

The feudal system formally did not allow actual governments, sovereign governments. It would allow kingdoms, but it operated under what was called the "ultramontane principle," using the pope as an excuse; saying that the Roman Empire of the West had been created by the Donation of Constantine, who had given the whole territory as a Western Empire to the pope, as a new monarch. Now, the pope didn't actually run it. Popes tend to be run by the bankers, not the bankers by the pope. So, the Venetian crowd ran

this system, using the Crusader force of Norman chivalry, as the enforcing agent. The doctrine of law under the Roman Empire, was only the Emperor could make law. Others could make rules, by consent of the Emperor. But the law, in place of constitutional law, was determined by the Emperor. That was the feudal system.

So, under this system, you had this rule of the world by this combination of financier oligarchs—at that time, chiefly Venetians—and also the military arm of the Venetians, the Crusaders, the Norman Crusaders, typified by the House of Anjou, and, at a later stage, the creation of the House of Habsburg as an imperial power. That's how we were run.

Religious Wars Against the Nation-State

Now, when the system collapsed, in the 14th Century, that is, this financier system, the Lombard system, as it was called at the time, as a result of that, the aspirations for the creation of a true nation-state, which had existed in Europe since

the time of Solon of Athens and that period, this aspiration came to the fore. Dante Alighieri is typical of that. Dante Alighieri's *De Monarchia*, and his other works on language and so forth, were the foundation of much of the work done to establish the modern nation-state in the 15th Century.

So, in the 15th Century, there was a revolt, which centered around the great ecumenical Council of Florence, which established the principal basis, in law, for the establishment of the nation-state. This was realized, for the first time, in France under Louis XI. And then, as a result of that, Richmond, who was a popular figure in Louis XI's court, went back to England and became Henry VII, and they established the first two modern nation-states, under which the principle of law was the common good. The preservation of the common good, the general welfare—these were called "commonwealths"—the general welfare.

The Venetians came back by running an operation which was called the Siege of Constantinople, in which they had a deal with the Ottomans. The idea was to break up this effort to create nation-states, for their resurgence. The Venetians started the process by religious war. The first religious war of significance, was the Expulsion of the Jews from Spain in 1492, which is the precedent for what Hitler did later. It is the *explicit* precedent, the *conscious* precedent, for what Hitler did later to the Jews.

So, we had religious warfare in Europe, from 1492 until the Treaty of Westphalia in 1648. This was the character of Europe: religious warfare. So, as a result of this process, we never resolved this resurgence of Venetian power, which took place in this period.

So, we have a dual system in European civilization: On the one hand, we have the tradition which we trace largely from Classical Greece, the struggle for the true republic of Classical Greece, to modern times. On the other hand, we have this terrible infection, this *disease*, this slime-mold, which is called the Venetian system. Which is now called the Anglo-Dutch Liberal system—which is sometimes called the fascist system, when it shows its true teeth. So that's the problem.

Shultz and the Nazi Bankers

Now, we are now faced with, and you see this in the case of George Shultz, George Pratt Shultz—who's going to have himself a Pratt-fall, if I have anything to say about it. What's the temper of this guy? These are the guys! He represents the temper of those *who gave us Hitler*, in the wake of Versailles. A whole group of these bankers, this slime-mold—as I'll explain, the biological concept of slime-mold.

These bankers decided they were going to create a new system, after Versailles, using the tremendous war debt of France and Britain, and the imposed reparations war-debt on Germany, as a fulcrum. And the idea was to create a new system, which we call "the fascist system." It's called the fascist system, because the British monarchy, through its asset Volpi di Misurata, took a bum called Mussolini, and made him the dictator of Italy. And so, that was used as a precedent for spreading so-called fascist movements—it's sort of like a vogue in ladies' hats, fascist movements—all over Europe. And this culminated, of course, in the emergence of Adolf Hitler as a dictator under these influences.

These guys never went away. At the end of the war, under Truman, we covered up for most of them. We took some Nazis, and we put them on trial, and executed them. We killed a lot of Germans just to show how mean we could get. But, what we did, is Allen Dulles and company, personally, typify those who *brought the Nazi system back into the Anglo-American system*, in the NATO system of today. We're now living under a third generation of Nazis, such as what we see in South America and so forth today. A third generation, which are the third generation of the descendants of these original Nazis, from the end of the war. That's what Pinochet represented in Chile. That's what Operation Condor was: It was done by the second and third generation of Nazis, who continued what Nazis do, in the Southern Cone region of South America.

We have them in our country: We have them in Northern Virginia, in churches. We have, actually, in this country, an illegal, unconstitutional arrangement: The present government is running a religion. It is not the right-wing religion that is running the Bush Administration. The Bush Administration created, and is running, the right-wing religions, which include the nasty Catholic varieties and the crazy Protestant varieties. These are being run as an instrument, contrary to our Constitution.

All right. This is a fascist system. What does George Shultz intend to do, and his company? They intend to loot and destroy the world, including the United States. What do they intend to do with General Motors? Break it up! Destroy it! Get rid of it! And similar other things. That's what we face.

Now: slime-mold. How does this thing function? Let's see the slime-mold thing [shows images of slime molds]. I want you to know what you're up against, with an international monetary system. This is an actual projection of what happens with a slime-mold. This is actual; the slime-mold seems to be composed at a certain stage of individuals, but see what happens. It becomes that.

So, what we're ruled by today, is: You have a group of individuals—this little dirty banker here; that dirty banker here; this financial guy here; this financial guy—all apparently individuals. But where do they come from? They were individuals produced by a slime-mold! The Venetian system. And what happens when the weight comes down? They revert to a unity, just as this thing does. So, the only image you have from the field of biology of a central banking system, of the international financial-oligarchy today, is a slime-mold! Now, take that off, because that's really—. Children don't want to be seeing that.

It Is We Who Are Accountable

So therefore, what do we have to do: We are government. Or, we're supposed to be. We are supposed to be accountable for the conditions which we create or allow to be imposed upon our people. We are responsible under modern civilization, to uphold the common good, the general welfare of not only our own nations, but to work in concert with other nations for the common good of humanity.

We face a condition of ruin, which is avoidable. We could create, immediately, the instruments of credit, which I'll get to next, the instruments of credit by which to pull the world economy out of the present mess. No magic tricks: Just good solid, hard, progressive work. We could do that. This stands in our way. Therefore, our obligations is to do what?

The financial system that controls us, is now bankrupt, terminally bankrupt. Only the fact that it is able to use the power of government, *imposed* upon government, to keep itself from being foreclosed upon, is the only reason it still exists.

Therefore, if government, including the United States government in particular, says, "The financial system is bankrupt," what do we do? Well, what is the financial system? It is not a government; it has no constitutional authority, as government; it is a *private enterprise*. Now, what do you do with a *private enterprise* that is bankrupt? It's the responsibility of government to arrange to have the private enterprise which is bankrupt, put through bankruptcy reorganization. Therefore, once we recognize the fact, that the international financial system, the financial oligarchy, is a *private interest* not a proper government interest, then *it comes under bank-*

ruptcy law of government. Or concert of governments, which share this problem in common.

Under those conditions, we put the thing into bankruptcy reorganization. We use the terms of bankruptcy reorganization, as we do in reorganizing any bankruptcy, to take the bankrupt entity—i.e., the economy, which is suffering from this financial bankruptcy—to put it into shape, so it begins to grow.

Now, how do we do that? To do that, we have to shift our attention from financial capital as such, for a moment, to physical capital. Now, there's a difference of course, a fundamental difference. Financial capital and physical capital do not correspond in a one-for-one way. For example: Say you build a power station. The power station may have a physical life of 30 years before major repairs and other things—you have to recapitalize either its replacement or continued existence. So, we say: Okay. Now, what we'll do is, we will issue credit based on a 25-year cycle of something we expect to exist physically, efficiently for 30 years; in other words, you go on the safe side of the expected physical life of what we're creating. We will now issue 2% simple-interest loans, by government, to create a number of these power stations, as we need them, putting out, say, 25-year credit, against an installation we expect to last for 30 years, physically.

On that basis we now create a number of jobs to create this thing, on a current basis, which is probably a five-year basis—it may take us five years to build this power station which will last for 30 years; so now, in a five-year period, we will employ enough people and enough work to produce an installation which will last for 30 years, and continue to produce a physical income for the population for 30 years. We'll finance this on 25 years, as a financial loan.

Now, that's how we have a recovery. We need the work done. The work is going to be done by us, as a total population. Now, if we're all working, and securing an income and a living, from this total work, we don't have a problem. We just have to keep doing this investing in improvements, and accounting for the benefit, in terms of increased productivity and so forth—and larger productivity—of this investment, to pay for the process of our expanded employment and improved income.

Therefore, if we as government, decide to put this thing into bankruptcy, we can immediately take anything we can do, in terms of investment, in employing people—to build hospitals, when we need them; to train more doctors when we need them, and so forth. We can do this. As government, we have to organize the credit, by the authority, responsibility of the state, the government, to guarantee this credit. By guaranteeing this credit in this way, and organizing it in this way, we can expand the economy to the extent that we have the ingenuity and skills available to do the things that will do this job.

That's what we have to do.

We have to recognize that we have made a terrible mistake, in changing the character of our economy from a productive economy, which we used to be—even under the bad years of the post-war period. We made a lot of mistakes then—but we still had a productive economy! From 1971-72, we've destroyed that.

All we have to do, essentially, is understand what worked, learn the lessons of what worked; apply those lessons of what worked, again, to the situation. The only way we can do that, is to get out of the way, the demands of the predatory financier slime-mold. We put the slime-mold into bankruptcy reorganization, and we administer it properly. We simply cancel all the hedge funds, all financial derivatives, all these things that really have no right to exist; they're only playthings of fantasy. And we make sure that the economy functions. We make sure that we have a banking system that functions; that we have a credit system that functions.

What this means in American terms: It means, we're going to *national banking*, in effect, which is what Roosevelt tried to do: Hamiltonian national banking. We simply create national banking, using existing banks—private, public banks; and use them as an organization, through which Federally organized credit can be mobilized and deployed and managed—and we'll work our way out of sorting out the bankruptcy. But, we'll sort it out according to the general interest.

So, that's what we have to do. We have to recognize that we made mistakes. We have to recognize the nature of those mistakes. We have to recognize that we made mistakes *in the way we think*—as a people, as government, over a period of, now, about 40 years.

We have to recognize that the Congress for Cultural Freedom was actually a fascist organization. That's another subject which we can discuss at another time. But I'm prepared to put it on the table now and defend it any time necessary, at the appropriate time.

Therefore, we have to understand that mistake. We have to understand from our history, and from the history of the planet, the things that we did in the past that were right. And if we want to get masses of people quickly to agree to what has to be done now, concentrate on those things that we can prove from past experience were right; as distinct from those things which we've done more recently which were wrong. And appeal to people's reason on that basis. There are some things we can't convince them of, fine. Let's take the things we can convince them of: the things we can prove were *right*, as against the things we can prove are wrong. And let's go back to what we knew was right, in retrospect, like these trade unionists who are machine-tool builders. They know that what they were doing before was right. They would like to continue it. People around them would accept that. Let's do it. And let's have government understand this difference.

And stop trying to pretend, that everything we did until January 2001, rather, was good. It was what we did *prior* to Bush, that gave us Bush.

Italian Parliament Endorses Call for New Monetary System

by Claudio Celani

In an historic breakthrough, on April 6 the Italian Chamber of Deputies (the lower House of Parliament), approved a motion calling on the government to promote “an international conference at the level of Heads of State and Government, to globally define a new and more just monetary and financial system.” The motion had been drafted by Paolo Raimondi, representative of the LaRouche movement in Italy, together with Rep. Mario Lettieri, who had introduced it with fifty colleagues from almost all Italy’s political parties. It is a faithful representation of both the analyses and proposals put forward by American economist and political leader Lyndon LaRouche, to whom legislators supporting the motion repeatedly referred as the initiator of the campaign “for a new Bretton Woods,” during the Parliamentary debate.

The Italian government, according to the constitutional rules governing Italy’s parliamentary democracy, is bound to obey the Parliament’s deliberations. Although this is never automatic, but obviously subject to political dynamics, the vote on April 6 was just the “first step,” as several legislators stressed, in a process of discussion and deliberation on the international financial and economic system, which will continue in Parliamentary committees in the coming weeks. The vote on the motion introduced by Lettieri and his colleagues, came after a fierce battle, during which a government attempt to emasculate the motion was successfully beaten back. The debate had resumed after a two-week pause due to the Easter holidays, and the regional elections which took place on April 3-4, during which Parliament remained closed.

At the beginning of the second phase of the debate, the government representative, Undersecretary for Parliamentary Affairs Cosimo Ventucci (not an elected deputy), intervened by proposing to remove five lines of the proposal,

which would have completely eliminated the call for the government to take action to convoke an international conference to reform the international monetary and financial system. Ventucci’s attempt was rejected by a broad array of legislators, from the opposition as well as the government coalition. In particular, representative Alfonso Gianni, from the opposition party Rifondazione Comunista (PRC), and Luigi D’Agrò, of the Christian Democratic Union (UDC) party, part of the governing coalition, led the pro-LaRouche and anti-globalization forces to defeat the government attempt. Remarkably, both Rep. Lettieri, and others who intervened in the discussion, referred to the just-deceased Pope as the moral leadership on issues of economic justice.

Government Tried To Destroy the Motion

After Ventucci presented the government proposal to change the motion, Rep. Gianni took the floor, rejecting the proposed changes, and pointing out that this would completely change the substance of the motion. Gianni, an economist respected by many of his opponents for his competence, reminded the original supporters of the motion, including Rep. Lettieri, that the “heart” of the text, as inspired by “American leftist Democratic circles,” was precisely the issue of convoking an international conference. “The kernel of this motion is that we must ‘remake Bretton Woods,’ that is, hold again an international conference, at the level of Heads of State and Government, to reach an agreement on the financial and monetary system. This is the ‘heart’ of the motion: If we erase—as the government cunningly is trying to do—this part of the motion, there is absolutely nothing left!”

Gianni pointed out that the proposed changes to the resolution would justify the government continuing to act only

within the framework of institutions such as the IMF and the World Bank—those very institutions whose failures are exposed by the motion itself. “The date that all historians of world economic history indicate as the beginning of modern globalization, the era we live in, is precisely the era which signifies the end of the Bretton Woods agreements, and of dollar convertibility to gold.” Therefore, “the heart of this motion, which I know well—and I know its source, American leftwing Democratic circles—is exactly this: Either we organize an international conference reproducing those rules, requested . . . by the great legal experts who founded the United Nations after the League of Nations, by reforming international law and moving things ahead, or we have achieved nothing!” Gianni then announced he would withdraw his support if the text were altered in line with the government suggestions. Gianni’s forceful intervention aborted the government’s efforts to undermine the resolution.

Government Retreats

As subsequent debate showed, many colleagues from the opposition, as well as from the government coalition were ready to follow Gianni’s example, which isolated the government, and set it up for a possible defeat. This was avoided by a “preemptive withdrawal” announced by Undersecretary Ventucci. The government, Ventucci said, does not believe that international political conditions will allow “the organization, in the immediate future, of an ad hoc international conference of the kind presented by the authors of the motion; the government, however, has no objection to an action which

intends to undertake the necessary initiatives to achieve, as soon as possible, with other nations, the convocation of an international conference at the level of heads of State and Government.”

At that point, Ventucci proposed to reintroduce the five lines, minus the words “similar to the one held in Bretton Woods in 1944.” Next, according to usual procedures, a spokesman for each Parliamentary faction delivered a “vote declaration,” that is, a short speech motivating their “yes” or “no” to the motion. All speakers, with one exception, congratulated the government for having changed its mind, and for supporting the final text of the motion. Notably, Rep. Marco Zacchera, a foreign policy spokesman for Alleanza Nazionale (AN), a government party, welcomed the government opinion and the bipartisan consensus reached. “We have honored the Pope today,” Zacchera said. “How often did the Pope say that government leaders of the world must meet and discuss these issues!” Furthermore, Italy has ambitions to get a permanent or semi-permanent seat at the United Nations, which means “it must intervene on these aspects, taking positions.”

The Debate

A colleague of Zacchera’s, Sandro Delmastro delle Vedove, drew open applause from both his camp and the opposition, when he reminded people that, due to the “usurocratic” regime of the International Monetary Fund, the Argentinian bankruptcy is threatening a “war among the poor,” i.e., the Argentinian people and Italian families who lost their saving accounts. Usually he disagrees with Gianni, Delmastro said,

The Political Context for The Parliamentary Debate

The vote on April 6, of the Italian Chamber of Deputies on the motion for a reform of the international monetary and financial system, took place in the midst of an extraordinary historical circumstance in Rome. In what has been described as the greatest event in the history of Christian Rome, millions of pilgrims from all over the world were pouring into the Italian capital to render homage to the just deceased Pope John Paul II, in a grand demonstration of love for an extraordinary world leader. While Italian legislators were referring to the teaching of the Pope in the Parliamentary debate, four million people had already reached Rome, and millions more were expected in the subsequent days leading up to the funeral on Friday, April 8. A kilometers-long queue of an estimated one million people was slowly moving towards the Basilica of Saint Peter, where the body of “Karol the Great” was on view.

At the same time, Rome’s three airports were receiving non-stop more than 200 foreign government and state delegations, which were forming the largest gathering of world leaders ever seen in history. For the first time, an acting U.S. President rendered homage to a deceased head of the Roman Catholic Church. “George W. Bush is praying in front of the body of the Pope who fiercely opposed his preventive war,” commented the Italian First Channel television news.

A second circumstance of national relevance, whose implications affected the proceedings of the Parliamentary debate, was the severe defeat suffered by Prime Minister Silvio Berlusconi’s party, Forza Italia, in regional elections April 3-4. Forza Italia’s defeat determined the loss of six out of eight regional governments by the ruling conservative coalition. In a total of 13 regions where Italians went to the polls, the conservative “House of Freedoms” got two and the opposition “Olive tree” coalition won 11 governments. Nationwide, about 6% of the vote shifted, foreshadowing a probable victory of the opposition in the general elections next year. —*Claudio Celani*

but this time he fully agrees with the critics of the IMF. “The government has the duty, when it is a matter of 1 million small investors being defrauded and robbed, to start a process such that, at the international level, we rewrite rules—you do not want to call them Bretton Woods? We’ll call them something else—because markets are not able to rule themselves and the last decade has openly demonstrated this.”

Next, Alfiero Grandi, a member of the Democratici di Sinistra (DS), the largest opposition party, spoke. He supported Gianni’s intervention and added ironically that “recent decisions on international employment positions,” referring to Wolfowitz’s nomination as head of the World Bank, do not “suggest optimism” for the possibility of the World Bank changing for the better. “We can discuss how important it is to bring back the Bretton Woods agreements which, in the interpretation I gave, by signing the Lettieri motion, have the meaning of bringing back the importance and the influence of that experience. What we face now, in fact, is not less challenging and important than what occurred more than fifty years ago. I believe, therefore, that we could have kept the reference to the Bretton Woods agreement, but I will not make an issue of it. The motion keeps its validity and we will vote for it.” The discussion does not end today, Grandi said. At the end of July, Parliamentary Committees will resume the discussion on how to intervene and govern international financial processes, Grandi said, and in which international fora the issue shall be discussed.

A critical moment came when Antonio Leone, the representative of Forza Italia, Prime Minister Berlusconi’s party, took the floor. Leone had earlier introduced another motion, which apparently was intended to be a distracting factor. Its text, in fact, did not at all address the need for a reform of the international monetary system, and instead encouraged the government to continue with the “good work” already accomplished in defending family savings. Leone announced that he invited his group, and the whole government coalition, to vote for his motion, and to abstain on the Lettieri motion (an abstention is almost a green light, as it technically allows the vote to be successful even if it does not reach the majority).

Rep. Gianni then intervened again, and asked the government representative, Ventucci, to definitively confirm that he had changed his mind. “Of course, that is completely different from what you had made us understand earlier,” Gianni said. The Chairman of the session, deputy chairman of the House Fabio Mussi, interjected: “There has been a correction during the session. The government has changed its mind.” “Then,” Gianni said, “since words have weight, if the words have changed, the substance has changed.” “Since the concept of similarity is different from the concept of identity, we do not make a principle issue on similarity. If the Undersecretary of State does not like the similarity with Bretton Woods, so be it! What is more important is that we have an international conference at the level of heads of state and government. If this is in the resolution, as I believe it is, I correct—not due to my fault—my vote in a favorable sense.”

Next, Rep. Gabriella Pistone, from the opposition party Comunisti Italiani (PdCI), motivated her support for the motion, stressing that “the discussion was useful because it convinced the government to change its mind.” Mrs. Pistone was followed by Luigi D’Agrò, a member of the government party Unione dei Democratici Cristiani (UDC). D’Agrò, who participated in a conference at the Vicenza Chamber of Commerce a few years ago, where LaRouche was the main speaker, is well acquainted with the new Bretton Woods issue. He was outspoken in calling for “not introducing any change” in the motion. He reminded people of the devastating effects that international speculator George Soros had caused against the Italian currency in 1992, and suggested the government get the European Union to support the initiative to convoke an international conference to reform the monetary and financial system.

The debate was then concluded by a short intervention by Rep. Marco Boato, from the Green Party, who simply announced a favorable vote by his faction. The motion was put to a vote, and it was approved with 187 in favor, 5 against, and 159 abstentions. Those figures show that many members of the government coalition voted with the opposition.

Documentation

The Parliamentary Debate

The following is an edited version of the discussion which occurred on Rep. Mario Lettieri’s motion for a New Bretton Woods (n-00320) and the government alternative (n-00431.

President: I invite the representative of the Government to express a position on the motions on the agenda.

Cosimo Ventucci, Undersecretary for Relations with the Parliament: Mr. President, the Government accepts the Antonio Leone n. 1-00431 motion and also the Lettieri and others n. 1-00320 motion (subsequent new formulation), on the condition that the following words are removed from the dispositions of the latter: “to reach, as soon as possible, together with other nations, the convocation of an international conference at the level of Heads of State and Government similar to that held in Bretton Woods in 1944”—a reference which seems too far off to me. . . .

Mario Lettieri: Mr. President, I immediately say that I accept the reformulation proposed by the Government. . . .

President: Hon. Lettieri, to be completely clear, I would specify that the Government has proposed a reformulation that calls for the cancellation not of two lines, but of five lines of the dispositions of your motion; to be exact, from the words “to reach, as soon as possible” to the words “Bretton Woods in 1944.”



Rep. Mario Lettieri introduced in Parliament the motion for “an international conference at the level of Heads of State and Government, to globally define a new and more just monetary and financial system.”

Lettieri: That’s fine.

President: Hon. Alfonso Gianni has asked to speak to state his voting position. He may do so.

Alfonso Gianni: Frankly, I am surprised, for three reasons: first, because we come to the discussion of a motion that aims to “create a new and more just global monetary and financial system” (quite a vast program, one would say) at the *limine mortis* of the session; secondly, I am surprised by the fact that the Government’s position on this motion is expressed by the very authoritative member of the Parliament who is present, who however, holds the role of Undersecretary for Relations with the Parliament. This is a question of the highest importance, that should involve an Economics Minister or an expert in international economic relations. Finally, addressing myself to my friend and colleague Mario Lettieri, if he is listening: Frankly, I do not understand how you can find the motion to be identical after the corrections made by the Government. The text of the motion changes completely, because the relevant aspect of the motion is clearly in the dispositions, as is the case with all Parliamentary motions.

The disposition of this motion is located in the fact that it is necessary to “re-do Bretton Woods,” that is, to have another international conference, at the level of Heads of State and Government, to reach an agreement on the monetary and financial system. This is the “heart” of this motion; if we take this part out, as the Government shrewdly does, nothing remains at all!

Maybe I can appeal to the President [of the Parliament—ed.] in this sort of situation: we can not, in fact, discuss something which is actually nothing, because to say “to act in the relevant international venues to create a new and more just monetary and financial system,” as the motion would read after the Government’s changes, would now mean acting in the venues of the World Bank, the International Monetary Fund and the World Trade Organization; it means negating the comments Lettieri made about Keynes and Stiglitz. Ex-

cuse me, but history has demonstrated that no just tools for the governance of globalization can be obtained through either the International Monetary Fund or the World Bank. It’s as if we were to say to the Government: Good job, continue doing a good job, and you’ll always do a good job; nothing else, if we remove this reference!

I would like to remind Hon. Lettieri and my other colleagues from the center-left, that the date which all the historians of global economics and world financial history indicate as the beginning of modern globalization, the age in which we live, is exactly the date which indicates the end of the Bretton Woods agreements and the end of the convertibility of the dollar into gold. That is the moment when the logic of “unbridled” globalization began, which Stiglitz describes very well, since he was a director of the World Bank and the International Monetary Fund. That is when the absolute financial supremacy of the United States of America began. It began, Honorable colleagues—regarding the previous discussion, which I would prefer to forget—before the fall of the Berlin wall. The current capitalist globalization began earlier, driven by fundamental economic motives, as always.

Now, this is exactly the “heart” of the motion, which I know well—and I also know the source from which it comes: left democratic circles in America. Either we create an international conference that reproduces rules, the rules wanted by Keynes and the great jurists who founded the UNO after the League of Nations, and thus reform international law and make the two march together, or we will have done nothing! And therefore we won’t create any real democratic governance to the process of globalization: We will continue with bodies that only pursue the interests of large financial capital which, by definition, is ruthless and borderless. . . .

I wanted to tell my friend Lettieri and all of the authoritative authors of this motion that I was about to vote in favor of it, but at this point, without those five lines, it now becomes simply pure water—I don’t want to stop the *embrasse nous* between the Undersecretary and certain colleagues—so frankly, I plan to abstain, because the motion is now perfectly useless.

Ventucci, Undersecretary for Relations with the Parliament: Mr. President, I am here as a substitute for my colleague from the Economics Ministry, but obviously we have all the tools necessary to deal with the text and analyze the commitments requested in the motions. For some time now, the Government has been active in all the appropriate multilateral international venues in the attempt to strengthen the international financial architecture, in order to avoid, as much as possible, the bankruptcy of States and private companies that finance themselves by emitting bonds on the international markets, and to manage potential defaults by defending—as much as possible—the interests of Italian investors. However, the progress made to this point is not sufficient to lead us to believe that the conditions are ripe for the organization of an *ad hoc* international conference of the type proposed by those who have presented the motion; the Government, however,



Rep. Alfonso Gianni's forceful intervention during the debate on the resolution aborted the government's efforts to undermine it.

has no objections to the actions aimed at carrying out the necessary initiatives to convoke, along with other nations, an international conference at the level of Heads of State and Government. I would ask Hon. Lettieri, while also considering the arguments made by Hon. Gianni, to remove the words “similar to the one held in Bretton Woods in 1944,” because it would be appropriate to analyze the consequences of Bretton Woods.

President: Hon. Zacchera has asked to speak to state his voting position. He may do so.

Marco Zacchera: Mr. President, I will be brief, considering the time and the scarce attention here in the Hall. I think the fact the Government has expressed a favorable position is positive, because this is an important problem. I realize this may sound like a mere repetition of certain general principles, but the Parliament can not remain indifferent to these problems. I am happy to see that both coalitions—or at least most of their parts—have presented motions like these, because this is a very real problem, a problem which the population feels, a problem for hundreds of thousands of small investors and also businesses. In his motion, Hon. Lettieri correctly emphasizes, for example, the abnormal speculative bubble of financial derivatives, but maybe we don't realize just how indebted businesses are due to this problem. Therefore, it is necessary to establish some form of control and protection. It is indispensable, otherwise we really could have catastrophic consequences, in a world which has passed, in one hundred years, from a situation in which the average incomes were in a ratio of 1 to 6 (at the beginning of the 1900s the poorest country had an average of one-sixth of the income of the richest country) to a ratio of 1 to 250. If we don't succeed in also controlling the financial and monetary instruments, we will not make it out of this situation.

This question really has to be dealt with at the global level. It's a priority that is too often ignored, and not considered, but it is truly an indispensable issue due to its human and

social consequences. Today, we remembered the Pope; how many times has the Pope said that the world's leaders must come together to discuss these problems! Therefore, none of us wants to fall into demagoguery, and I certainly don't want to, but it would be very positive if the Parliament discussed these issues more often, and in a more in-depth manner, not only in the relevant Commissions. This is true, because Italy, if she really wants to be an important country, if she really wants to follow not a dream, but the reality of an at least semi-permanent seat on the United Nations Security Council, must intervene on these issues, and make choices. . . .

President: Hon. Delmastro Delle Vedove has asked to speak, to state his voting position. He may do so.

Sandro Delmastro Delle Vedove: Mr. President, I already had the opportunity to express my personal opinion, during the general discussion. I think I agree—and this doesn't usually happen—with the position of Hon. Alfonso Gianni, when he says, and even reproaches, Hon. Lettieri for having a certain reluctance to deal with issues that need to be solved rather urgently. I don't think the Government is correct in believing that these issues can be dealt with in calm and untroubled conditions

. . . I agree with Hon. Alfonso Gianni, when he says that referring to the International Monetary Fund, the institution that represents, in my humble opinion, the most effective tool of the “global usurocracy,” would be a waste of time. I would also remind you of the question of the Argentine bonds, as I think it is very important; we have to be very determined in setting out rules to avoid provoking a war between the poor, that is, between the Italian small investors and the Argentine people; I don't see why—and here, Hon. Alfonso Gianni, you are right—Italian investors should accept 20 or 25%, to be paid in 25-30 years, when the International Monetary Fund, still today, continues to make the country pay interest on the capital. So, to use a legal term inherent in the notion of *par condicio creditorum*, it's not clear why our Government doesn't insist that the International Monetary Fund also become an *unsecured creditor* and get in line along with all of the Italian small investors, and thus avoid the true shame of a war between the poor. . . .

So let's stop going after targets that, in a war between the poor, are even poorer, such as the Argentine Government or people. Let's identify the banks, and—especially—the reasons which led to the pursuit of such an undoubtedly deplorable goal: the complete lack of rules, due to the conviction—that the facts have shown to be completely wrong—that the market would be able to regulate itself. I'm certainly not a dirigist, or a leftist, a socialist—or even less—a communist; but there is still not an agreement on the necessity for the market to have simple rules for behavior, to avoid the repetition of all that has happened in the past years. The situation is crying out for vengeance, because the pockets of the poor, the small investors, and the workers have been plundered! Therefore, when we're dealing with a million small investors who have been swindled and robbed, I think the Government

The Resolution for A New Bretton Woods

This is the original motion submitted by Hon. Mario Lettieri in 2004, which was approved, with minor changes, on April 6, 2005.

The Chamber of Deputies,

Whereas: the recent crash of the Parmalat company, with a hole of 14.3 billion euros that must still be accounted for, certainly reveals a lack of effective tools and controls regarding financial operations and the behavior of certain participants in economic activity, such as auditing companies, ratings agencies, advisors, companies that float stocks and bonds, etc.; after the crash of the LTCM fund, Enron, and then the Argentine bonds, as well as Cirio, Parmalat, and Finmatica, to mention only the most sensational cases, it should be clear to everyone that we are faced with a truly systemic crisis;

The Investigative Survey Commission on the Parmalat case will undoubtedly produce many important results and ideas in order to prepare a set of interventions aimed at improving the functioning of economic mechanisms, with greater controls and more guarantees of propriety, and defending the interests of all those people who participate in economic processes in a productive and honest manner, and at the same time giving them responsibility;

Given the internationalization of financial markets, one nation by itself, or even Europe alone, is not able to guarantee control and application of stronger rules in a decisive manner;

The financial and banking crises raise widespread worries not only among small investors and serious companies, but also among the governing classes of the various countries involved. There is a crisis of the entire financial system, a system which is more and more oriented towards

pure speculation. In fact, it is estimated that the entire financial bubble, counting all financial derivatives and all other forms of existing debt, is equal to about \$400 trillion, compared to a worldwide GDP of slightly more than \$40 trillion;

In the meantime, the most recent data officially reported by the Bank for International Settlements in Basel, not only indicate a widening of the gap between the real economy and the purely financial economy, but also reveal a true explosion of the financial derivatives bubble. The BIS report “OTC (Over the Counter) Derivatives Market Activity in the First Half of 2003,” published on Nov. 12, 2003, admits the following notional values of OTC derivatives, in billions of dollars: June 2002: \$127,500; December 2002: \$141,700; June 2003: \$169,700; that is, an increase of \$42 trillion in 12 months!;

Besides the main Italian banks involved in the Cirio and Parmalat cases, the three American banks involved in the Parmalat matter—JP Morgan Chase, Bank of America, and Citigroup—are themselves most responsible for this dizzying growth, as can be seen from the reports of the American government institution known as the Comptroller of the Currency; in June 2003, JP Morgan reached the level of \$33,300 billion in derivatives, with an increase of \$4,500 billion in only 6 months; Bank of America reached \$14,300 billion, and Citigroup \$13,000 billion. This is quite a distortion, if we consider that U.S. GDP is about \$11,000 billion:

Commits the Government

To act in the relevant international venues in order to create a new financial architecture, aimed at avoiding future financial crashes and the repetition of speculative bubbles, and thus dedicated to the main objective of supporting the real economy; and to take all necessary initiatives to reach, as soon as possible, together with other nations, the convocation of an international conference at the level of Heads of State and Government similar to that held in Bretton Woods in 1944, to create a new and more just global monetary and financial system.

has the duty to launch a process that leads to a re-writing of the rules at the international level.

If we don't want to call it Bretton Woods, then let's call it something else—because the markets are not able to regulate themselves, as the last decade has clearly and evidently proven. So I believe we need to prepare a text that doesn't merely represent a “pure water” solution or a declaration of intent; but rather one that is able to be effective internationally, to let the “usurocrats” and the speculators know that investments and savings can be defended when there are Governments that know how and want to defend them.

Alfiero Grandi: To say that globalization exists and that

markets must be open, does not mean we don't need rules and mechanisms to govern these processes. In this sense, our colleague Alfonso Gianni is right when he reminds us that some of the current international venues have proven to be completely inadequate in governing these processes. Some of the recent decisions, for example regarding international nominations, do not make us optimistic. Some people have proposed—and they have done it in important international settings—a true “UN for the economy;” naturally, like all formulas, this doesn't quite do justice to the complexity of the problem that we have to deal with.

In any case, I think it is important that this problem has

been brought up in the Italian Parliament. We can debate how appropriate the reference to the Bretton Woods accords is, which—in the interpretation I have given, in signing the Lettieri and others n. 1-00320 motion—is intended to recall what took place with Bretton Woods. In fact, what we are facing today is no less challenging or important than what took place more than 50 years ago. Therefore, I think that the reference to Bretton Woods could have been kept, but I won't make an issue of it. The motion remains valid, and we will vote in favor of it even without this reference. . . . I think this motion must be seen as the necessary and indispensable reopening of a problem; as the beginning, not the end of the discussion. We will have the chance to reconcile the different positions and interventions on the question, and there will also be an important discussion in the Parliament in the coming months. This is why I confirm that I will vote in favor of the Lettieri motion, and abstain on the Antonio Leone motion, but I also want to state and confirm the commitment to taking the subject up again with greater depth than we have been able to do in today's session.

President: Hon. Antonio Leone has asked to speak to state his voting position. He may do so.

Antonio Leone: Our motion arises from the cases of Cirio, Parmalat, and the Argentine bonds, that have produced evident negative effects on the performance of the national economy. To deal with this situation, the Government has proposed, and the Chamber of Deputies has approved, an extensive bill on protecting savings. In the motion, we recognize that there has also been a recognition of the problem at the international level, beginning in the United States, and also by the main international monetary and credit institutions, regarding what has happened and what should not happen again. . . . We hope for the approval of our motion, and announce that our group—and I think the entire House of Liberties coalition—will abstain on the Lettieri motion.

Alfonso Gianni: I would like to speak.

President: You may do so.

Alfonso Gianni: If I understand correctly, Undersecretary Ventucci, the Government intends to cancel only the words “similar to the one held in Bretton Woods in 1944”. . . Please confirm that . . .!

Ventucci: Yes, exactly.

Gianni: Naturally, this is completely different than what you explained earlier.

President: There was a change during the deliberations. The Government has changed its opinion.

Gianni: Well, since words are significant (*nomina substantia rerum sunt*), if the words change, the substance also changes. Since the question of similarity is not the same as identity, we won't raise questions of principle regarding similarity. So, if the Undersecretary doesn't like the similarity with Bretton Woods, Oh, well! What's important is that the international conference at the level of Heads of State and Government is there. If this part stays in, as I understand now,

then I will correct my vote—due to a mistake made not by me, but by someone else—and vote in favor. Since I have the floor, I will take the opportunity to tell Hon. Antonio Leone that I can not vote in favor of his motion, because the motion, in its grounds, speaks of the Government's law regarding the protection of savings, against which we have already spoken, for reasons which are well-known. Therefore, I will vote against the Antonio Leone n. 1-00431 motion and in favor of the Lettieri and others n. 1-00320 motion.

President: Hon. Pistone has asked to speak to state her voting position. She may do so.

Gabriella Pistone: Mr. President, I speak to state my vote in favor of the Lettieri motion, which I have signed. Apparently, the discussion has made the Government take a few steps backwards regarding the calling of an international conference at the level of Heads of State and Government. So, we must create a new and more just global monetary and financial system. This is the meaning which, together with the other signers, we intended to give to our motion, which we think is particularly important. . . .

President: Hon. Luigi D'Agro' has asked to speak to state his voting position. He may do so.

Luigi d'Agro': President, I would like to remind this Assembly that this problem was already dealt with at the beginning of this Parliamentary term. However, this did not stop the financial problems which took place in the Italian system. The Government has expressed its position in favor of both of the motions, which I, however, see as different: the Antonio Leone n. 1-00431 motion is more internal, and the Lettieri and others 1-00320 motion is more international. I want to make just one consideration: I remember when Soros, with certain heavy-handed actions, created problems for the economies of entire nations, within a single day. We know exactly what this means, just as we know exactly what it means to cover the losses of the banks that emit bonds that are sometimes false, for heavily indebted companies, as the Italian banking system unfortunately did. We recently approved a law intended to defend savings and investment.

However, I think there is a strong need to ensure that the pressure from the Italian Government for international changes passes through Europe. In this manner, the comparison between different monetary areas becomes easier, and there may be possibilities for repercussions at the international level coming from the entire Euro zone. Thus, although I am not proposing any changes to the dispositions of the two motions, I would invite the Government to ensure that the efforts are carried out at the European level, in order to involve the relevant international bodies in making sure that events such as those that saw Soros at their center, are not repeated; along with other situations, such as what happened in our country in 1992, when the strong pressure brought to bear against the lira led to it being devalued by 20%.

After one more intervention, the vote followed, which passed both motions.

South American Summit: Infrastructure Integration Is the New Name of Peace

by Dennis Small

It was a scene that many would have considered next to impossible, only weeks before it happened. But there they were: the Presidents of Brazil, Colombia, Venezuela, and Spain, gathered on March 29 in the Venezuelan city of Ciudad Guayana, discussing the details of regional great infrastructure projects to pull their economies out of poverty, and to lay the foundations of lasting, regional peace.

At a joint press conference at the end of the summit, Colombian President Alvaro Uribe stated unequivocally, “This meeting has been a step forward in the process of integration, infrastructure integration, integration of the economies, integration of cooperation, integration to advance in the eradication of poverty.” In his remarks at the summit, Uribe had underscored: “This has to be thought about way beyond where it now stands. . . . It has to be thought about in relation to Asia. There’s no point in our integrating in order to stagnate.” Uribe’s detailed map-briefing to his colleagues on specific integration projects (see below), was the highlight of the entire summit.

Brazil’s Luiz Inacio Lula da Silva also emphasized that the summit’s central goal had been to “consolidate a policy of infrastructure, to consolidate the integration of South America . . . [and] to find mechanisms to finance that infrastructure.” He added: “We now have a new partner on the world stage, which is China.” And host President Hugo Chávez of Venezuela concurred: “I would say that it is our right, and also a necessity: integration. We have no other path.”

Chávez also hinted at the broader, international significance of the presence and participation of Spanish President José Luis Rodríguez Zapatero: “What an interesting meeting just happened in Paris: Zapatero, [Jacques] Chirac [of France], [Gerhard] Schröder [of Germany] and [Vladimir] Putin [of Russia]. And we have seen where Chirac, the host, said that they are forming an axis: Madrid, Paris, Berlin, Moscow. Here too there is an axis (which is not the axis of evil): Bogotá, Caracas, Brasília, Buenos Aires, Asunción, Montevideo, and on the Pacific side, Quito and Lima.”

The immediate shock value of the summit was that two of the participating nations, Venezuela and Colombia, only

weeks earlier had come close to a full break in diplomatic relations, and were on a trajectory of confrontation that could have devolved into war. That, at least, was the intention of the Bush-Cheney Administration, which has been aggressively promoting an Iraq-style “regime change” against Chávez in Venezuela, while polarizing the entirety of Ibero-America around an orchestrated left-versus-right conflict. The strategic objective of the financial interests that Bush-Cheney speak for, is both to ensure their control over strategic raw materials (such as Venezuela’s oil), and to sink the entire region into chaos such that no unified opposition to the dying International Monetary Fund (IMF) system can be mustered.

In early 2005, these financial interests moved in for what they expected would be the kill. Colombian President Uribe was duped into supporting an operation taken right out of Defense Secretary Donald Rumsfeld’s playbook for the deployment of hunter-killer squads: Off-duty Colombian and Venezuelan military forces were paid to snatch Rodrigo Granda, a top leader of Colombia’s narco-terrorist FARC, who was in Caracas, Venezuela, at a political gathering, and spirit him across the border to Colombia, where he was then formally “arrested.” Uribe bought into this foolish and dangerous violation of Venezuela’s sovereignty, because of President Chávez’s well-documented past support for the FARC. Chávez also responded according to profile: He denounced Uribe and demanded an apology, and escalated by putting a halt to the extensive cross-border economic activity.

Rumsfeld then threw oil on the fire with a March 21-24 trip to Argentina, Brazil, and Guatemala, whose central theme was the purported “danger” that Venezuelan President Chávez represents to the region, and he demanded that they all act against Chávez.

The trap had been sprung.

But when the dust settled at the end of March, much to Washington’s dismay, Uribe and Chávez were not *in* the trap. They had moved—politically. With the help of other regional Presidents, they had shifted the political agenda from a manipulated confrontation between *caciques* whose *honor* had been offended, to that of cooperation among statesmen around joint

great infrastructure projects.

The gnashing of teeth in Washington and on Wall Street was almost audible. On the very day of the summit, President Bush went so far as to call Argentine President Néstor Kirchner, and spent 20 minutes pressuring him to back the U.S. plan for regime change in Venezuela.

A Strategic Revolt

American statesman Lyndon LaRouche promptly responded to the news about the four-party summit by characterizing it as a “dramatic shift, a sudden turnabout which includes the Chinese factor in Ibero-America.” LaRouche was referring to Chinese President Hu Jintao’s visit to Brazil, Argentina, Chile, and Cuba in November 2004, in which China proffered more than \$100 billion in investment and trade deals with the region, over a ten-year period. A complementary trip of Chinese Vice President Zeng Qinghong to Mexico, Peru, and Venezuela in January 2005 broadened China’s proposals, as did a February 2005 proffer to Bolivia around a \$1.5 billion natural gas deal.

“This is the most earth-shaking development to come from the region” of Ibero-America in many years, LaRouche stressed, adding that Argentine President Kirchner is implicitly part of the pattern. Kirchner has been at war against the attempts of the IMF and the country’s financial creditors, especially the criminal vulture funds, to force the collection of the country’s unpayable public debt, even though this means genocide against the Argentine population. Kirchner recently stood his ground against the IMF and the vulture funds, and negotiated a major write-down of the \$82 billion in Argentine government bonds that had been in default since 2001.

LaRouche also stressed the significance of the presence of Spanish President Zapatero at the summit. His predecessor, José Marí Aznar, was a puppet of Spanish banks, such as Santander and BBVA, which have de facto re-colonized Ibero-America on behalf of London- and Wall Street-based financial interests. These interests intend to impose their policies of abject submission to IMF conditionalities, and the untrammled privatization of the region’s state-sector companies, especially those involved in oil and other raw materials, as well as of the continent’s banking systems. In fact, 42% of Ibero-America’s banking system is now controlled by foreign financial interests—with the two largest being Spain’s Santander Bank, with 9% of the total regional bank assets, and BBVA bank, with 8%.

A good indication of the nature of the Aznar gang in Spain and the role they played, is the fact that Aznar’s Finance Minister, Rodrigo Rato, was made head of the IMF right after Zapatero defeated Aznar’s party in Spain’s Presidential elections on March 14, 2004. Rato is widely reported to be “owned” by Santander Bank president Emilio Botín.

Santander, in a word, stands for fascist economic policies. The bank’s policy is determined by its two “strategic alliances”—with Britain’s Royal Bank of Scotland and with Ita-

ly’s Assicurazione Generali, which were involved in bringing Hitler and Mussolini, respectively, into power in the early part of the 20th Century. Their policy in Ibero-America today is to do the same again.

In July 2004, Zapatero’s Foreign Minister, Miguel Moratinos, announced an about-face in Spain’s foreign policy. Under Aznar, he stated, “there was a mutation of the conceptual bases [of foreign policy]. From a process of institutionalization, Spain went over to a profit-oriented view, basing itself on the efforts of Spanish companies. The policy of the state was replaced by talking in terms of investment.” The reference to “Spanish companies” was unmistakable.

What the four-party summit therefore indicates, LaRouche explained, is that there is a revolt going on against the fascist economic and political policies of Santander and BBVA banks, a revolt that must be viewed in its broader strategic context.

First, the *economic factor*: What the leaders of Ibero-America are beginning to smell, is that the global financial system is careening towards self-destruction, and will take them with it when it goes. The recent developments around the U.S. automaker General Motors, which is teetering at the edge of bankruptcy, are merely symptomatic of the global financial problem. GM has a total debt of over \$300 billion—more than the official foreign debt of Brazil. And its bonds have recently been downgraded by all of the major rating agencies, to a classification one notch above junk bonds. In fact, the “risk premium” on GM bonds—the spread above U.S. Treasury bonds that they must pay—is now greater than that of Brazil. And GM is just the tip of the iceberg of the corporate bond problem, as the looming case of Hank Greenberg’s insurance giant, AIG, indicates.

The systemic crisis which Ibero-American leaders—like others around the world—can no longer avoid, is also reflected in the gigantic and growing U.S. trade deficit; the plunge in the value of the dollar; the insolvency of the real estate bubbles in the United Kingdom, Japan, the United States, and elsewhere; and in the colossal stupidity of Alan Greenspan’s Federal Reserve to address this crisis by further hyperinflating the speculative bubble.

Second, the *political factor*: The financial oligarchy’s strategy of unleashing chaos and coups (“regime change”) has begun to backfire. Inside the United States, the military and intelligence community have informed Bush and Cheney, in no uncertain terms, that they will *not* go along with another Iraq-style military operation in Iran or elsewhere, because it is strategic lunacy. In Eurasia, the bankers’ insane strategy of encircling Russia and China with a series of orchestrated coups—for example, in Georgia and Ukraine—was stymied in March when they attempted to spread it into Kyrgyzstan. Circles around Putin in Russia read the writing on the wall, and apparently moved preemptively with a counter-coup of their own (see last week’s *EIR*).

The Ibero-American version of that same policy of



Presidents Alvaro Uribe (Colombia), José Luis Rodríguez Zapatero (Spain), Hugo Chávez (Venezuela), and Luís Ignacio Lula da Silva (Brazil). The Presidents took a giant step forward for the integration of infrastructure, economic development, and the eradication of poverty, in their historic summit meeting March 29.

chaos—centered around a forced “regime change” in Venezuela—was likewise dealt a major blow by the March 29 summit.

Third, the *LaRouche factor*: It is now five months since the Nov. 2, 2004 purported re-election of George W. Bush, which most political leaders around the world pessimistically viewed as ushering in an era of unopposed policy disasters in the United States. And yet, today Bush stands virtually defeated on his top priority for his second term: the privatization of Social Security. That result can be traced to the policies and actions of LaRouche, who has largely succeeded in rallying what was a demoralized Democratic Party, around the tradition and economic policies of Franklin Delano Roosevelt. As a result, Bush has run into a political buzz-saw, led by the highly visible LaRouche Youth Movement, at every turn.

This sea-change in the United States has not gone unnoticed abroad. The prospect of LaRouche succeeding in bringing about a fundamental shift in Washington, is beginning to evoke a wave of optimism—and consequent actions—in various parts of the world. Symptomatic was the recent debate in the Italian Chamber of Deputies around LaRouche’s New Bretton Woods proposal, as the only viable alternative to the disintegrating IMF system (see article, p. 22).

‘Oh, No! He’s Back . . .’

But the LaRouche factor has an additional, very specific relationship to the just-concluded four-party summit.

That summit placed the issue of infrastructure integration squarely at the center of the agenda, in a way that has not been seen in Ibero-America for almost five years. On Sept. 1, 2000, a summit meeting of the Presidents of South America was

held in Brasilia, to promote exactly this policy. Based on extensive prior discussions with Brazil, Peruvian President Alberto Fujimori delivered a historic speech which called for the formation of “the United States of South America,” premised on the physical integration of the continent around joint great infrastructure projects.

“Seen from a satellite,” Fujimori told his colleagues, “the South American subcontinent is enormous, more than 20 million square kilometers, which contain resources which make us, united, the number-one mining, fishing, oil, and forestry power in the world.” Fujimori went on to raise the crucial issue of the foreign debt—which, it should be noted, was conspicuously *absent* from the March 2005 four-party summit.

“And as if this [poverty and drugs—ed.] were not enough—and this is not detected by satellite—we have to add to this already somber panorama a sizable and heavy foreign debt weighing upon the shoulders of our peoples, and whose principal, according to conservative data, has been paid several times, over the course of these last 25 years.”

Fujimori’s speech was deemed such a threat by international financial interests, that they promptly put their existing plans to topple his government into high gear, ultimately forcing his resignation on Nov. 20, 2000, less than three months later.

Was Fujimori overthrown because of that speech? Yes—but there was something else. On Aug. 31, the day *before* he gave the speech in Brasilia, the *Los Angeles Times* let the cat out of the bag, writing: “The Fujimori regime has hardened its tone with anti-U.S. diatribes and a strange affinity for the

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Uribe's Map-Briefing

The following is an excerpt from the map-briefing which Colombian President Alvaro Uribe Vélez gave to his colleagues at the Presidential summit in Ciudad Guayana, Venezuela, on March 29, 2005. Maps are provided by EIR.

President Alvaro Uribe Vélez: . . . Of course, we have

to integrate ourselves in every area. Take the area of infrastructure. Let me mention, President Rodríguez Zapatero, two matters of great importance with Brazil: First, there is the question of the Putumayo River. It runs along the length of the Ecuador-Colombia-Peru and Colombian border and then into the Amazon [River] in Brazil. So this is an extremely important way in which Brazil communicates with the Pacific, through Colombia. . . .

President Hugo Chávez: . . . How many kilometers is it from the Putumayo to the Pacific, from where the Putumayo originates?

Uribe Vélez: Let's see—the Putumayo has some 1,200 navigable kilometers from the Amazon to Puerto Asís in

Colombia. And from there to the Pacific, there are some 320 kilometers, Santiago? So what are we missing there? We need to pave 200 kilometers of highway, and make some very important changes between the two Colombian locations of Mocoa and Pasto. This then becomes a great South American integration route, as well as a great outlet to the Pacific for Brazil.

The other matter involving our sister Republic of Venezuela, President Rodríguez Zapatero, is that mentioned by President Chávez. Here, we see the Orinoco, and here is the Meta River. In this area, Colombia and Venezuela share a common plain. You said to me this morning that Venezuela has two riches: oil—fuels in general—and water. Here we share a common plain, with the whole future ahead of it, where it rains 2,500 millimeters a year, more or less, evenly spaced out, without periods of extensive drought, providing enormous potential for the development of African palm, biodiesel, rubber, etc.

And we have this Meta River, a tributary of the Orinoco, which is a great artery of navigation. After reaching this Colombian border location of Puerto Carreño, you can follow the Orinoco downriver, to this state of Bolívar, or upriver to the Casiquiare Channel, and then to the Río Negro to the brother Republic of Brazil and

FIGURE 1
Northern South America: Great Waterway and Highway Projects



the Amazon. Then we reach the Paraguay and Paraná Rivers by continuing south through what is called the South American waterway—which President Chávez already has.

These are very important projects. What do we want, President Rodríguez Zapatero? To be able to rapidly finance the recovery of the navigability of at least the Meta-Orinoco, as the first stretch of this waterway; and Brazil's outlet to the Pacific by way of Colombia, through the Putumayo River and the Mocoa/Pasto-Tumaco highway—Brazil's outlet to the Colombian Pacific.

We have an extremely important agenda with Venezuela. Venezuela, which is 200 times richer in hydrocarbons than Colombia, will need to supply its western region with gas for some time to come. Colombia is developing gas here. So, one of the first things is to supply Venezuela with gas from this point, to over here, and in return, Venezuela would in the future become a source of gas for Colombia.

But we can't think only of integrating South American infrastructure. Look at Colombia here. It is the link which unites South America with Central America. Colombia already forms part of the Plan Panama-Puebla, which is another very important area for advancing towards Ibero-American integration.

So, what are we doing? First, building a gas pipeline from our sister Republic of Venezuela through Colombia to Panama, connecting directly to Puebla [in Mexico]. Second, building the Integration Transmission Line. Venezuela is integrated with Brazil and is substantially integrated at various points with Colombia—in electrical transmission lines. Colombia, in turn, is integrated with Ecuador. Along here we are not integrated with Peru; the integration we have with Peru today, we have to do through Ecuador. And, it is quite important that we build this transmission line integrating Colombia with Panama, keeping in mind the Plan Panama-Puebla, and the integration of South and Central America.

But we have to think of this in much broader terms, President Rodríguez Zapatero. We have to conceive of it in terms of Asia. There is no point in integrating ourselves, to then stagnate. I once told President Lula that this integration must serve as a stimulus so that as a bloc, we can seek ties with other economies. And I told President Chávez in December, when he went to China, to represent Colombia as well in his meetings with the Chinese.

So, we are working on this idea. From Lake Maracaibo, Venezuela could build a gas pipeline or a multi-purpose pipeline to the Colombian Pacific, to Asia, looking towards such economies as China's. This is fully accepted by Colombian public opinion. We want this done, and we are ready to do it.

This integration helps us a great deal, because the more integrated we are, the more we are going to feel the need to integrate. I don't think we will arrive at a single currency from one day to the next. Integration is going to be forcing us to take new steps such as monetary and exchange rate agreements. ■

FIGURE 2

The Integration of the Orinoco, Amazon, and Rio de la Plata River Basins



This map was first published in 1986 in the Schiller Institute's Spanish-language book, Ibero-American Integration: 100 Million New Jobs by the Year 2000!

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far-right ramblings of the U.S.-based Lyndon LaRouche movement. . . . His regime could become the model for a trend.”

The financiers’ fear of such a “LaRouche trend” in Ibero-America was not unwarranted. At the time that the *Los Angeles Times* article was written, and as Fujimori was delivering his speech in Brasilia, plans were being finalized for a visit to Peru by LaRouche in October of that same year. LaRouche was scheduled to meet with the nation’s top leadership—including those most active in coordinating with Brazil on the subject of infrastructure integration—and to deliver a number of high-profile speeches, including one slated for live video-conference broadcast across the country. LaRouche was ultimately forced to cancel his trip, because of the growing destabilization of the Fujimori government.

LaRouche’s proposals for Ibero-American economic integration against the IMF system in fact go back decades. Among his best known proposals is *Operation Juárez*, a book-length study issued in August 1982 in the aftermath of LaRouche’s historic May 23, 1982 meeting with Mexican President José López Portillo.

LaRouche’s programmatic proposals dominated much of Ibero-America’s political agenda over the remainder of the 1980s. A high point was the Schiller Institute’s 1986 publication of a study commissioned by LaRouche, *Ibero-American Integration: 100 Million New Jobs by the Year 2000!*, which presented a detailed programmatic outline of how to develop the physical economies of the region, by investing in joint great infrastructure projects. One of the most dramatic of those projects was the idea of linking the three, major river basins of South America—the Orinoco, the Amazon, and the Río de la Plata—through a series of canals and locks, an idea which had originally been suggested by Alexander von Humboldt, in 1799! This would create a single, 10,000 km-long navigable inland waterway, which would directly link up nearly every South American nation.

Since then, much has been done by the financial oligarchy to make sure that LaRouche’s influence was removed from the Ibero-American political landscape—including the orchestration of a couple of synarchist splits from his Ibero-American organization, over recent years. What should be their shock, therefore, when Colombian President Uribe—whom they thought they had in their hip pocket—stood up at the just-concluded summit, and gave his colleagues a map briefing, *precisely on the need to integrate the three major river systems of South America!* (See *Documentation*.)

To be sure, there are blunders, even axiomatic flaws, in the proposals discussed at the March 29 summit. One of these was the lack of discussion of the global financial crisis, including the Ibero-American debt bubble, and how to solve it. Without addressing this issue, as LaRouche does with his New Bretton Woods proposal, there is no way to finance the infrastructure projects under consideration.

Similarly, the gathered Presidents displayed little actual

scientific understanding of infrastructure and productivity; of the need for high-technology development corridors related to that infrastructure; or of the central role that science and human creativity play in driving technological advance, and in redefining the resource base available to an economy.

But help is on the way. These concepts are developed fully by LaRouche in his latest work, *Earth’s Next Fifty Years*, which has now been translated into Spanish and has begun to circulate in Ibero-America. With this, the region’s leaders will come to realize that, if they wish to determine what is going to happen to their respective nations over the next five months, they must *first* come to grips with what is to be the Earth’s next 50 years.

Shortcomings notwithstanding, the issue of infrastructure integration has now been put back on the table, and the onrushing economic and political crises will surely energize the urgency of that discussion. That alone will lead to many sleepless nights on Wall Street.

Recent Steps Toward Continental Integration

January 2003: Lula da Silva is inaugurated as President of Brazil. Over the course of 2003, he travels extensively, visiting the United States, Europe, Russia, five Southern African nations, and the Middle East. In June, he establishes a Group of Three alliance with India and South Africa, which he proposes be expanded to a Group of Five with Russia and China. During 2003, Lula also meets with every South American head of state, with integration the central theme.

March 16, 2004: Brazil’s Lula and Argentina’s President Néstor Kirchner meet in Rio de Janeiro, and sign the Copacabana Act, which calls for infrastructure cooperation, including a joint space mission, construction of the Mercosur Highway, and building a rail link between the two countries that would allow transit from Chilean ports on the Pacific all the way to the Paraguay-Paraná waterway, and Brazilian ports on the Atlantic.

May 23-27, 2004: Brazil’s Lula visits China, with 7 Cabinet ministers, 6 state governors, 11 congressmen, and 420 businessmen. “The time has come to consolidate the union between Brazil and China,” he states. “This alliance will serve as a paradigm for cooperation between nations.”

Nov. 7-9, 2004: The South American Community of Nations is born in Cuzco, Peru, representing 12 South American countries. Its purpose is to bring about the “economic, political, and infrastructural unity” of South America. The first project announced is an inter-oceanic highway, joining the Pacific (Peru) to the Atlantic (Brazil).

Nov. 10-24, 2004: Chinese President Hu Jintao visits Brazil, Argentina, Chile, and Cuba, accompanied by 200 Chinese businessmen, and announces that China is prepared to invest

\$100 billion in Ibero-America over the next ten years.

Nov. 19, 2004: Russian President Vladimir Putin visits Brazil, signing accords for space cooperation and transfer of rocket technologies.

Nov. 24-25, 2004: Venezuelan President Hugo Chávez visits Russia, signing various accords, including for arms purchases. He offers cooperation on oil technology and exports, on the same terms offered U.S. companies.

Dec. 22-25, 2004: Venezuelan President Chávez visits China, and offers oil cooperation on the same terms afforded to U.S. companies. Eight agreements are signed, which are described as consolidating the “strategic alliance” between the two countries, and which include plans for Chinese investment in Venezuela’s railroad grid and mining. Colombian President Alvaro Uribe asks Chávez to represent Colombia as well, in his discussions with the Chinese.

Jan. 24-30, 2004: Chinese Vice President Zeng Qinghong and 130 Chinese businessmen visit Mexico, Peru, and Venezuela. In Mexico, an agreement is signed establishing reciprocal credit lines for binational construction contracts and energy exploration. In Peru, eight bilateral economic accords are signed. In Venezuela, China agrees to help develop oil and gas reserves in Venezuela, in exchange for increased sales of these products to China.

Feb. 3, 2005: Representatives of China’s state oil company, Shengli International, sign an accord with Bolivia’s state hydrocarbon company, YPF, for \$1.5 billion in investments in Bolivian natural gas and oil.

Feb. 14, 2005: Brazil’s Lula visits Venezuela, and announces that “the integration of South America is priority number one of my government’s foreign policy.” Political dialogue, increased trade, and the integration of infrastructure are the three pillars of the Brazilian-Venezuelan “strategic alliance,” he announces.

Feb. 15, 2005: Colombian President Uribe visits Venezuela, and agrees with President Chávez to continue negotiations to build two pipelines (one for oil, one for natural gas) between the two countries. The two Presidents concur that such projects are the means to resolve the tense political climate between the two countries.

March 2, 2005: Lula of Brazil, Kirchner of Argentina, and Chávez of Venezuela—in Montevideo, Uruguay for the inauguration of President Tabaré Vázquez—sign a joint statement supporting Kirchner’s negotiations on Argentina’s public debt, and announce that they will consult and follow a unified policy on debt matters in the future. While there, Chávez also announces the upcoming March 29 summit with himself, Colombia’s Uribe, Brazil’s Lula, and Spain’s Rodríguez Zapatero.

March 4-10, 2005: Venezuela’s Chávez visits India and France, in both cases offering oil cooperation agreements, along the lines offered previously to China and Russia.

March 29, 2005: The Presidents of Brazil, Colombia, Venezuela, and Spain hold summit talks in Ciudad Guayana, Venezuela.

UN Reports on Rise in Tuberculosis in Africa

by Leni Rubinstein

A recently released report from the UN World Health Organization (WHO), “The Global Tuberculosis Control Study for 2005,” reveals that tuberculosis has reached alarming proportions in Africa, with a growing number of TB cases and deaths linked to HIV.

One of the Millennium Development Goals (MDG) to achieve by 2015, is to halt and begin to reverse the spread of TB, as one of the world’s major diseases. In a message to the UN’s World TB Day in late March, Secretary General Kofi Annan said in a message, that much harder work is needed to halt a scourge “both preventable and curable.”

In Africa, 5,000 people are dying from tuberculosis daily, which is a “glaring exception” to a global trend of falling or stabilized rates. Since 1990 the global rates of TB have fallen 20%, and rates are now falling or stable in five of the world’s six regions. The exception is Africa, where the rates have tripled since 1990 in countries with a high number of HIV cases, and the rates are still rising across the continent at a rate of 3-4% annually, according to the report.

If strong commitment and resources are sustained, four regions—The Americas, Eastern Mediterranean, Southeast Asia and Western Pacific—are on track to reach the Millennium Development Goal. The two exceptions are Africa, due to the TB/HIV co-epidemic, and Europe, where there are high levels of multi-drug-resistant TB and slow advances in DOTS in countries of the former Soviet Union. DOTS is the internationally recommended strategy to control TB, and combines five elements: political commitment, microscopy services, drug supplies, surveillance and monitoring systems, and the use of highly efficient treatment regimes with direct observation of treatment.

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REVIEW OF 'MEMORY AND IDENTITY'

In Defense of Christianity

by Lyndon H. LaRouche, Jr.

Memory and Identity: Conversations at the Dawn of a Millennium

New York: Rizzoli International Publications, 2005

192 pages, hardcover, \$19.95

April 2, 2005

About an hour ago, I received a terse report that Pope John Paul II had died. Some days ago, after I had begun the writing of a review of the English edition of the book *Memory and Identity*, I halted my completion of the review out of a saddening sense that these might prove to be the last days of his mortal life. In a manner of speaking, I paused to give this Pope the last word.

Nonetheless, I have changed nothing of what I had begun to write, except to situate that in an appropriate way as my personal expression of regard for my own mourning and others', for our common loss. Even then, as the present title I had already given to this review attests, when I had still hoped for some degree of his recovery to continue his work, the intent of my review was to have been a relevant reflection for today of what this Pope's ministry has meant for the continuity of the apostolic legacy of the Christian Church up through his ministry, to beyond his now-reported passing.

At this moment, as I feared already about the time this report was begun, it is time for me to speak frankly, from the vantage-point of both my special knowledge, and position in world affairs, of certain things concerning the role of the

Church, things which have long occupied my innermost reflections. It is an aspect of such matters in which the nature and usefulness of my contribution is both of a unique form, and suitable for my particular personal contribution, as a public figure, to reflections made on this immediate occasion.

At this moment, there is still one earlier criticism of that book itself which I must make here, on even this present solemn occasion. I do this because my criticism pertains to the special continuity of the special legacy of a succession of the relevant three, John XXIII, Paul VI, and John Paul II, of the recent four Popes for the troubled age of nuclear weaponry under whose threat we continue to live. My point, as one outside the formal body of the Church, but with close ties to it, is an ecumenical thesis respecting the living legacy of that Papacy's continuing, special role for all humanity today. I focus my attention here on certain common achievements of those three Popes' ministries. It is in that context that I point out the relevant problematic feature contained within the book I have just read for review.

In keeping with the solemnity of this occasion, I limit my report here to a principal subject of a special, but relevant character, on which my qualifications are unique, and of special relevance for speaking of the challenge for today represented by that Pope and his immediate predecessors.

As you shall see below, the criticism which I make is on a certain topic within the book I have held in my hands, on the subject of what is called "The Enlightenment"; a view of that Enlightenment's character and performance which I know as being that of a virtual Satan of modern times, and the most important in influence of all of those principal forces arrayed against the intention embodied in the ministry of Jesus Christ and his Apostles.

For all Christians, the Jews, and Muslims, most notably, the axiomatic feature of the Enlightenment dogma is equal to a categorical denial of the existence of man and woman as made equally in the image of the Creator. The consequence of that fraudulent axiomatic assumption of the Enlightenment, as launched by such followers of the empiricist Paolo Sarpi as Thomas Hobbes, René Descartes, John Locke, the circles of Voltaire, and of Kant, is the denial of the knowable existence of those creative powers, in the image of the Creator's, which set the human personality apart from, and above all the beasts.

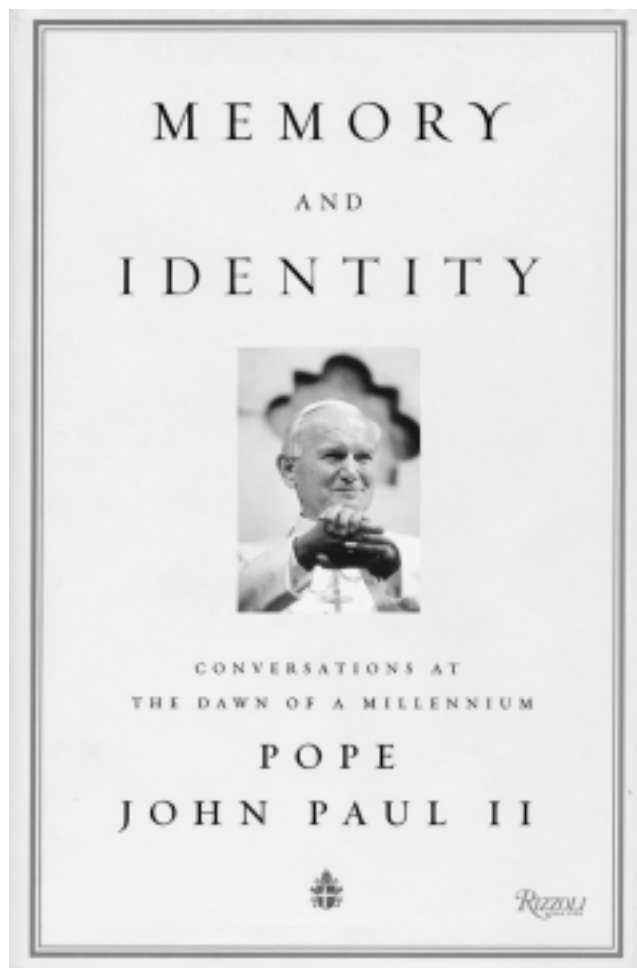
That distinguishing quality of the human individual, is the foundation of the Socratic and Christian conception of the efficient immortality of the cognitive personality of the person in what some theologians term a "simultaneity of eternity." It is that certain sense of assured immortality, for better or for worse, which is lost to such tragic wretches as the Hamlet and legendary Denmark of Shakespeare's *Hamlet*. It is this immortality, which some call spirituality, which gave strength to the martyred Christians from the time of Nero through Diocletian, and which links the individuals in the body of Christianity as a force whose intention surpasses the bounds of mortality for the individual Christian. It is the quality which distinguishes the comic-opera, "fundamentalist" "Christian" of other-world fantasies, from that immortal soul on a mission of good within the domain of mere mortality.

It is what has given me the strength which I have often needed, to do what I have done, for the sake of that which is right, and to be able to carry it forward neither deterred by fear of disapproval, nor by sense of the risk or other abuse which I have thus often incurred as the price of conscience.

The unfortunate fact, however, is that only a tiny fraction among even professed Christians has that kind of inner spiritual strength. In consequence of that short-fall in the progress of our fellow man and woman, on that account, the well-being of mankind, the hope for a good outcome of current history of nations and humanity is, generally, the task of those shepherds who are true leadership, such as that U.S. hero, the late Rev. Martin Luther King. The duty of such persons is to supply the knowledge which only such true sense of immortality can provide, as courage, to do that which needs to be done for the future of humanity.

This is as relevant to the internal affairs of the Christian Church as in all other matters in mortal life.

Most people are self-defined by their mental outlook and practice as "little people." They are fearfully bound to their sense of mortality, their sense of pleasure and pain within the bounds of what is for them a brief mortal existence. So, they had fled from the real world of the simultaneity of eternity, into the shadow-world against whose alluring deceptions the Apostle Paul's I *Corinthians* 13 warns us. Thus, for such little people, the spiritual realm which is, in fact, the real source of power in and over the universe, is, for them, merely an ineffable "other world," a fantasy-world to which they



The Pope's last book. Writes LaRouche: "My point, as one outside the formal body of the Church, but with close ties to it, is an ecumenical thesis respecting the living legacy of that Papacy's continuing, special role for all humanity today."

imagine they might be transported at death. It is, for these poor fellows, a fantasy-world where pitiable creatures like themselves imagine that "God will provide the health care and pay the rent on their house." It is an imagined world of poor fools, a non-existent world concocted by their tortured, futile, imaginations, a world in which that pathetic littleness of their fantasy entraps their passions.

While we may yearn for some better times, where most of our fellow human beings are not such pathetic fools as that, today, in the real world beyond mere sense-perception, the welfare of mankind must be aimed at a future in which such pitiable littleness of soul as theirs is no longer the prevalent reality. On that account, of such moral weakness in the majority of humanity, we require a certain quality of leadership in organized society. So, like the modern nation-state republic, Christianity, too, requires the form of a corporate body in which there is a leadership which has an efficient sense of immortality, a sense sufficient to lead mankind as safely as

possible from one generation of folly to the next, hopefully to bring us all to a place in the scheme of things in which all men and women each have an efficient sense of their individual immortality.

In their own time and fashion, three Popes whose impact I have admired—of which John Paul II is most recent—have faced the awful implications of the age of thermonuclear weaponry, and have done so in ways necessary and sufficient to maintain the ministry given to them until now. For me, during the recent decades I have found myself in the role of a statesman, this is a fact which was often presented to me personally without much forewarning. I have known that these Popes have not run the world, nor should they; but without what they have done, it were more than merely plausible that civilization would not have survived until now. In that light, the emotion which should overtake us as we think of the impending Papal succession which must continue that mission, is awesome.

The greatest danger before us now, is the Classically tragic possibility that humanity might fail to make those choices of sweeping change from current policy, on which the continued existence of a civilized form of human existence depends, a terrible condition which might be continued for an undetermined passage of time yet to come.

Although resurgent fascism launched by powerful financier circles, is a leading menace on this planet, once again, today, the greatest single source of threat to modern humanity, was never fascism as such, nor communism. It was, and is still today, what is often praised as the pervasive influence of that morbid practice of malignant sophistry commonly called “The Enlightenment,” that is typified by the denial, by such as the followers of Venice’s Paolo Sarpi, of the existence of what the science of the Pythagoreans, Plato, the Fifteenth-Century Renaissance, Kepler, and Leibniz knew as what those ancients and others recognized as the specific form of power which is man’s ability to discover, obey, and deploy efficient universal principles of a living Creator’s universe. This denial, or agnostic evasion of the subject of the soul, as expressed, axiomatically, by what is called “The Enlightenment,” is in fact the greatest source of evil active among the political and related powers of this world today.

The evil which the standpoint of the Enlightenment represents, often assumes the form of a pseudo-Christianity which by denying man’s creativity, places man’s worship outside the universe where God reigns, into a Gnostic’s universe, such as that of the Mont Pelerin Society’s Bernard Mandeville and his follower Adam Smith, where vice reigns over the conduct of the human individual.

However, although the Catholic Church has rightly warned against the Enlightenment repeatedly, there are those in religious bodies and related circles today, whose fear of the power represented by the pro-imperialist forces of “preventive nuclear warfare” expressed by the allied, financier-oligarchy-controlled circles of President George W. Bush and of

Liberal Imperialist Prime Minister Tony Blair today, is greater than their conscience. Fearful people of these times, with their fear of poverty, their fear of persecution, would have the churches capitulate to the mightily feared authority of a corrupting evil of a “faith-based initiative,” or that Liberal dogma which the pro-Satanic spirit of the Enlightenment represents today. This doctrine of capitulation, sometimes described, since 1989-1992, as a utopian “End of History,” has made cowards of today’s Hamlets in government, and churches, and elsewhere, throughout a great portion of the world today.

Evil will secure no victory for its own pleasure from such cowardly corruption as that. I have the proven expertise to show, that the present world system, on which foundation the power of today’s monied evil chiefly depends, is now doomed for rather immediate extinction, in one way or another. We have entered a time when such forms of evil, would, at the least, also destroy themselves.

Therefore, the question before us is, what is the alternative to submission to such fears? There are practical remedies, even at the present, when a general breakdown crisis of the entire world’s present monetary-financial system is already onrushing. There are practical solutions, of which I have excellent knowledge; but, the question is, is there the will to adopt those alternatives?

During much of the 1980s, I enjoyed a close collaboration with many circles around the world, including many notable Cardinals and other officials of the Catholic Church. Then, our shared hope was that the Soviet government might choose the wiser course, to have avoided its otherwise already imminent economic self-destruction. This evoked view, encouraged by President Ronald Reagan’s March 23, 1983 presentation of a Strategic Defense Initiative, publicly, to the Soviet government, promoted optimism for a peaceful transformation in many leading Church and other circles, especially during the 1982-1985 interval, but also later. Later, the efforts of John Paul II on behalf of a peace among faiths, had a relatively weaker, but nonetheless crucial appeal.

In all these and kindred experiences of my lifetime, and from comparable lessons from earlier history, I know that it is not fear of evil which rescues mankind from a fresh great folly, but, rather, a clear and optimistic view of the relevant, hopeful, and real alternative. It is the duty of true leaders to present that remedy. On this account, the three recent Popes to whom I have referred, were crucial in their time. What, then, shall we do next, now that they, in succession, have been taken from among us?

These, as a great American once said, are times which try men’s souls. I would suggest, that the first step is to know one has a soul. On this account, there is a crucial strategic conflict between those who merely have been taught to wish to believe that they might have a soul, and those who are on a knowing, first-name basis with their own soul. From among the latter, we find our capable leaders for times of grave crisis; unfortu-

nately, they are too few, and even among them, few eligible are permitted to attain the posts from which their necessary leadership can be exerted. That fearful question was posed, again, by the saddening news from the Vatican today.

There is a power in the universe, which the creative powers of the individual human mind can know. I have devoted most of my life to discovering such powers, and that with at least sufficient success to prove the point. Those who have the courage to recognize that power, and employ its instruction, express thus the continuity of the worthy institutions which mortal men and women inhabit. To become such a person within society, is the nature of what Leibniz identified as “the pursuit of happiness,” the principle upon which the U.S. republic was founded. When men and women devoted to the work of such leadership pass, the survivors mourn. That mourning of such great men and women of institutions can be, in itself, a creative act by those who must then mourn; let it be so now.



Without what this Pope and his immediate predecessors have done, writes LaRouche, “it were more than merely plausible that civilization would not have survived until now. In that light, the emotion which should overtake us as we think of the impending Papal succession which must continue that mission, is awesome.”

International Tributes

From the vast world outpouring of tributes, we select a few that are especially significant:

Russian President Vladimir Putin called John Paul II “an exceptional, great man,” and emphasized that an “entire era is linked to his name,” that he was building “fairer international relations, and forming society on the principles of humanism and solidarity.” The strengthening of spiritual and moral principles in people’s lives earned him the boundless love of Catholics all over the world, and the deserved respect of hundred of millions of people from different religions and nationalities. “I am certain that the role of John Pual II in history and his spiritual and political legacy, are properly valued by mankind.” Putin also stressed that under this Pontiff, “bilateral relations between the Vatican and Russia were built and deepened.”

Iranian President Mohammad Khatami expressed his deep sorrow and described the Pope as “a man of philosophical contemplation and poetical creations.” He said that the Pontiff had carried out “an effort to make truth, justice, and peace [the world’s] overwhelming values.”

French political leader Jacques Cheminade, on behalf of the Schiller Institute, released this statement, “John Paul

Among Us,” on April 4:

The death of John Paul II is for us all a tragedy, and a star illuminating in the most intimate way our own lives.

A tragedy, because in these terrible moments of injustice which we endure on a world scale, and in the very fabric of our societies, his presence was a ray of hope and a source of courage. His loss is like the snuffing out of a beacon.

A tragedy—but also a star which gives light, because we inherit his fight against what he called the “structures of sin,” illumined by his encyclicals and in the name of the universal goal of human welfare. “Culture of life” and “civilization of love” must no longer be empty words repeated behind closed doors, but truths to which we must bear witness in the public square. Let us read and re-read *Laborem Exercens* or *Centesimus Annus* not with lukewarm agreement—but rather at the risk of transforming our lives.

This is why our obligation is more than ever to defend the cause of our fellow men everywhere and of shared development, having a heart to love our enemies, for if we hate them, we can never transform nor elevate them.

The repeated revelation of our physical limitations as mortal beings is all the more terrible when those who disappear are the human beings who have borne witness to the transcendent; however, it is also and above all the moment at which to us is transmitted their share in immortality.

May we remain ever faithful to him in thought and deed in the life of the City, in order to raise the word “politics” into the light of truth.

How Wolfowitz and the Neo-Cons Sabotaged the First ‘Oasis Plan’

by Dean Andromidas

The only hope for Southwest Asia and an Israel-Palestine peace agreement, is the implementation of Lyndon H. LaRouche’s “Oasis Plan,” where a Middle East peace can be organized around cooperation for regional economic development. Such a plan would necessarily involve the construction of nuclear-powered desalination plants and other infrastructure throughout the region, enabling an exponential increase in the water supply to “make the deserts bloom.”

The recent appointment of outgoing U.S. Deputy Secretary of Defense Paul Wolfowitz, one of the leading “children of Satan” of the Bush Administration, to the chairmanship of the World Bank, is aimed at sabotaging the LaRouche policy.

It is precisely this peace and development perspective that four decades ago, Wolfowitz worked to undermine when he was a graduate student, making it the subject of his doctoral dissertation. As readers of this publication know, Wolfowitz studied at the feet of the infamous philosopher Leo Strauss, the high priest of the neo-con movement. But his true mentor was Albert Wohlstetter, a “Dr. Strangelove” figure, who was convinced that no nation except the United States should possess nuclear weapons, and, more important, share in the economic benefits of nuclear technology.

According to the widely read book, *The Rise of the Vulcans: History of Bush’s War Cabinet*, by James Mann of the Washington-based Center for Strategic and International Studies, it was Wohlstetter who recruited Wolfowitz to write his doctoral dissertation as a polemic against nuclear desalination. Mann says that in the late 1960s, Wohlstetter visited Israel and brought back documents about a proposal by an American construction and engineering firm, Kaiser Engineers, to build a nuclear desalination plant there. Wohlstetter was said to have feared that such a project would lead to nuclear proliferation throughout the Middle East. Mann writes:

“Wolfowitz’s doctoral thesis amounted to an extended

argument against the idea of nuclear powered desalting stations, on the grounds that the benefits were exaggerated and the risks of nuclear proliferation were too great. He wrote about the difficulties of conducting effective international nuclear inspections, the risk of clandestine diversion of nuclear materials, and the dangers of helping a nation to improve its technological and scientific capability in the nuclear sciences. . . .”

But this is only a half truth. The Kaiser proposal was part of a package of Middle East peace initiatives launched in the mid-1960s by Presidents Lyndon B. Johnson and Dwight D. Eisenhower. These initiatives have a remarkable resemblance to LaRouche’s own Oasis Plan, and Wohlstetter had recruited Wolfowitz as part of a mobilization to sabotage such proposals.

Eisenhower: ‘A Proposal for Our Time’

On June 5, 1967, Israel launched the Six-Day War, whose catastrophic consequences the world is still suffering. Within days of the cease-fire, former President Dwight D. Eisenhower presented President Johnson with a peace initiative under the laconic title of “A Proposal for Our Time.” Drafted in cooperation with former Atomic Energy Commissioner Adm. Lewis L. Strauss, and Alvin Weinberg, director of the Oak Ridge National Laboratory, the proposal called for the construction of three dual-purpose nuclear desalination electric power stations, referred to as “atomic desalting” plants, one each to be built in Jordan, Israel, and Egypt. They would produce a combined output of 1,400 million cubic meters of water a year, equivalent to the entire flow of the Jordan River system!

Later, in June 1968, Eisenhower wrote an article about the initiative for *Reader’s Digest*. The purpose of building large atomic desalting stations in the troubled region, Eisenhower wrote, “is not only to bring large arid regions into

production and supply useful work for hundreds of thousands of people, but also, hopefully, to promote peace in a deeply troubled area of the world through a new cooperative venture among nations. I am optimistic enough to believe that the proposal, when implemented—as it is sure to be someday—may very well succeed in bringing stability to a region where endless political negotiations have failed. . . .”

Under the subtitle “A Power for Peace,” Eisenhower wrote that the plants would be dual purpose, producing both water and electricity in order to enable development across 1,750 square miles (4,500 square kilometers) of barren land, which would form the centerpiece of a scheme to settle more than a million Palestinian refugees. As does LaRouche in his Oasis Plan, Eisenhower pointed to the regional scope of the project. The electricity produced, he said, “would be used in pumping water to areas as distant as Syria and Jordan, and perhaps under the Suez Canal to parts of Egypt. The rest would be utilized for the manufacture of needed fertilizer and other industrial purposes; a plentiful supply of electrical energy would bring to the Middle East vast new complexes of industry, just as it has to many other parts of the world.”

Eisenhower estimated that the project would cost \$1 billion and would be funded through a specially created international corporation supervised by the International Atomic Energy Agency. “The collaboration of Arab and Jew in a practical and profitable enterprise of this magnitude might well be the first, long step toward a permanent peace,” Eisenhower wrote.

After Eisenhower presented his proposal to President Johnson, on July 28, 1967, the State Department appointed the U.S. diplomat Robert F. Woodward as interim Director of Water for Peace, and two weeks later, on Aug. 14, Sen. Howard Baker from Tennessee introduced Senate Resolution 155, which read:

“Whereas the security and national interest of the United States require that there be a stable and durable peace in the Middle East; and the greatest bar to a long-term settlement of the difference between the Arab and Israeli people is the chronic shortage of fresh water, useful work, and an adequate food supply:

“Be it resolved that . . . [providing] large quantities of water to both Arab and Israeli territories . . . will result in: 1) new jobs for many refugees; 2) an enormous increase in the agricultural productivity of existing wastelands; 3) a broad base for cooperation between the Israeli and Arab Governments, and 4) a further demonstration of the United States’ efforts to find peaceful solutions to areas of conflict.”

The Senate approved the resolution without dissent. A technical group comprising Arabs, Israelis, and Americans was established at Oak Ridge National Laboratory, where detailed feasibility studies were drafted over the next five years—studies that would never leave the drawing boards.

Despite this promising start, and thanks, as we will soon see, to Wolfowitz and his evil mentors and collaborators, the proposal languished. In the 1968 *Reader’s Digest* piece,



President Eisenhower signalling the start of construction of the first commercial nuclear reactor at Shippingport, Pennsylvania, in 1954. Eisenhower’s vision of “Atoms for Peace” included the development of nuclear desalination plants to provide water and electricity for the Mideast, to make the deserts bloom—and make peace possible.

Eisenhower made the exact point LaRouche has consistently made since he first proposed his own Oasis Plan in 1975. Eisenhower wrote: “Our hope was that the Administration would help push it to fruition, but thus far it has merely been referred to the State and Interior Departments and the Atomic Energy Commission for study. Most of the professional diplomats seem to think that we must have peace and stability in the Middle East before the plan can be implemented. I contend that reverse is true: the proposal itself is a way to peace.”

Ending Nuclear Terror

The Eisenhower Mideast development proposal was the most articulated expression of a policy which had its beginnings with Eisenhower’s famous “Atoms For Peace” address, given before the United Nations in December 1953.¹ The intention of the “Atoms for Peace” proposal was similar to that of another LaRouche policy, which was adopted by Presi-

1. For more on Atoms for Peace, see Marsha Freeman, “How the Promise of Nuclear Energy Was Nearly Destroyed,” *EIR*, Jan. 14, 2005.



Paul Wolfowitz, a protégé of the Strangelovian Albert Wohlstetter, began his career for the “nuclear terror” faction with a doctoral dissertation attacking the Atoms for Peace program, in particular the plan for building nuclear desalination plants to develop the Mideast. Here, nearly 40 years later, as Deputy Secretary of Defense, he testifies in Congress.

dent Ronald Reagan, and in March 1983 was announced by Reagan as the Strategic Defense Initiative or SDI. The SDI aimed to overturn Henry Kissinger’s doctrine of Mutually Assured Destruction, and replace it with a doctrine of Mutually Assured Survival, based on cooperation between the United States and the Soviet Union in developing the technological means to render nuclear weapons ineffective in war, while at the same time, producing a new technological revolution.

The Atoms for Peace policy called for both the United States and the Soviet Union to provide fission fuel for the peaceful development of atomic energy for all countries of the world, under a program supervised by the United Nations Atomic Energy Agency. The policy was a direct counter to Bertrand Russell and H.G. Wells, who sought to use nuclear terror as a means of scaring the nations of the world into creating a world government. Eisenhower stated, “So my country’s purpose is to help us move out the dark chamber of horrors into the light, to find a way by which the minds of men, the hopes of men, the souls of men everywhere, can move towards peace and happiness and well being.” Eisenhower had rejected several early drafts of the speech because, he said, they would leave the American people “with only a new terror, not a new hope.”

Atoms for Peace unleashed nuclear energy for the production of electricity. In the 1968 *Reader’s Digest* article, Eisenhower wrote, “A few months later, in June 1954, I sent a note to [Lewis L.] Strauss urging the intensive study of methods of desalting water by atomic energy, and I added, ‘I can think of no scientific success that would equal this in its boon to mankind.’ ” By the beginning of the 1960s, Oak Ridge National Laboratory had on its drawing boards proposals for the development of dual-purpose nuclear reactors for the generation of electricity and the desalination of water, and for the

creation of nuclear agro-industrial complexes, or “nuplexes.” One such proposed nuplex was the Bolsa Island plant, planned but never carried out, for Southern California. In 1964, these nuplexes were points of discussion and were looked upon with favor by both President Johnson and Soviet General Secretary Nikita Khrushchov.

Israeli Prime Minister David Ben Gurion was one of the first to mention nuclear desalination in respect to the Arab-Israeli conflict. In the early 1960s, when it became clear that Israel’s Dimona nuclear research complex was, in fact, producing nuclear weapons, Egyptian President Gamal Abdel Nasser told the Kennedy Administration that the acquisition of nuclear weapons by Israel would become a *casus belli*. In a meeting at the Waldorf Astoria Hotel in New York, in 1961, President John F. Kennedy demanded that Ben Gurion explain Israeli intentions at Dimona, and Ben Gurion told the President that Israel’s greatest problem was the shortage of water, a need that could never be fully met by the Jordan River. Therefore, Ben Gurion said, with the advances of atomic research, Israel was preparing for the possibility of developing nuclear desalting plants.

This would prove to be a half truth, and Kennedy was not fully convinced—nor was anyone else. Nonetheless, Ben Gurion opened the door to the idea of offering both Egypt and Israel atomic desalting plants as a way out of a nuclear arms race. This began a process of pressing Israel to open Dimona to International Atomic Energy Agency inspections, and later, President Johnson would demand that Israel sign the Nuclear Non-Proliferation Treaty. Although Israel would always refuse to do either, it did allow the United States to conduct its own limited inspections of Dimona, and after the first inspections in 1961 and 1962, Ben Gurion allowed the United States to present its reports to Egyptian President Nasser. Once Ben Gurion was out office, and it became obvious what was going on at Dimona, Israel refused to have subsequent reports given to Nasser.

In June 1964, President Johnson and Israeli Prime Minister Levi Eshkol agreed to establish a bilateral commission to coordinate joint research in nuclear desalination. By the end of 1965, Kaiser Engineers, a subsidiary of Henry Kaiser’s huge industrial combine, Kaiser Group, in cooperation with the Catalytic Construction Company, finished their feasibility study for an Israeli “Dual-Purpose Electric Power-Water Desalting Plant.” In parallel to the Israeli project, the “United States Desalting Team,” appointed by the U.S. Atomic Energy Commission and U.S. Department of the Interior, finished its preliminary report in 1965, on a proposed desalting station at Borg El Arab, in the United Arab Republic (Egypt). As late as 1970, Oak Ridge drafted a proposal for one such reactor, as part of a nuplex to be build in the Gaza strip.

President Johnson launched the “Water for Peace” program in 1965, holding its first international conference in Washington in November 1966. This was to be part of a much broader “Water for Peace” initiative that would lay the foundations for a Middle East peace. In April 1967, the Johnson

Administration was ready to appoint Jack Valenti, one of President Johnson's closest personal advisors, as Presidential coordinator for the Israeli and Egyptian desalination projects. A month later, on May 23-31, 1967, the U.S. State Department convened the International Conference on Water for Peace in Washington, D.C., with no fewer than 6,400 participants. There were delegations from 94 countries, including Israel, Egypt, Jordan, Yemen, and Saudi Arabia. The question of nuclear desalination and the development of nuplexes were central themes. But less than one week later, on June 5, 1967, Israel launched the Six-Day War.

Wolfowitz and the 'Dark Chamber of Horrors'

Albert Wohlstetter, Wolfowitz's mentor, was one of the architects of the "dark chamber of horrors" and saw the threat to it posed by Eisenhower's peace initiative. As a former director of the Rand Corporation, Wohlstetter was part of a circle of policymakers who were committed to using nuclear terror, and the fear of nuclear proliferation, as a cover for a blatant policy of technological apartheid and the fostering of regional wars to undermine the aspirations of the developing world to economic development.

Wolfowitz's dissertation was more than an academic exercise; it was part of a mobilization to which Wohlstetter had recruited Wolfowitz as early as 1965, in an effort to kill the Eisenhower-Johnson proposals.

Wohlstetter et al. had help within the Johnson Administration from National Security Advisor McGeorge Bundy and Defense Secretary Robert McNamara, among others, who actively worked to undermine both Johnson and Eisenhower's initiatives. When Eisenhower made his proposal, they told Johnson that it was "too simplistic," a "panacea," although others, like Secretary of State Dean Rusk, saw its merits.

In his dissertation, Wolfowitz acknowledges the help of two important cronies of Wohlstetter, with whom he cooperated while a consultant at the Rand Corporation. One was William E. Hoehn II, who had written two anti-atomic-desalting tracts, one in 1967, entitled "Economics of Nuclear Reactors for Power and Desalting," and another in 1969, entitled "Prospects for Desalting Water Costs." Hoehn would later become Assistant Secretary of Defense and vice president of the Rand Corporation. He is now the "Coca-Cola Eminent Practitioner" at the Sam Nunn School of International Affairs at Georgia Tech.

The other was Victor Gilinsky who also served with Wohlstetter at Rand and is still a major figure in the nuclear nonproliferation mafia. Gilinsky was key in developing many of the so called "safeguards" that have stunted the development of nuclear energy and continue to deny nuclear technologies to the developing sector. After serving ten years at Rand, Gilinsky spent another five years, between 1971 and 1975, at the U.S. Atomic Energy Commission, where he was well positioned to block initiatives like those elaborated by Eisenhower.

Eisenhower and LaRouche On Desalination

Dwight D. Eisenhower commented in *Reader's Digest*, June 1968, on the failure to act on his peace Middle East Peace initiative based on regional cooperation in building nuclear desalting plants through the region:

Most of the professional diplomats seem to think that we must have peace and stability in the Middle East before the plan can be implemented. I contend that reverse is true: the proposal itself is a way to peace.

Lyndon H. LaRouche, Jr., commented on Aug. 21, 1990, in an article "Water and Transport Define Development," on the failure to act on his proposals for Middle East peace based on cooperation in nuclear desalination and water development:

For years, our proposals for economic development have been repeatedly brushed aside, with the advice that a political settlement must come first, and then economic cooperation for general development of the region might become possible.

We have repeatedly said, and rightly so, that that line of argument is wrong and even dangerously absurd. The simple reason is, that without a policy of economic development, the Arabs and Israelis have no common basis for political agreement, no common interest.

In 1975, at a time when Dick Cheney and Donald Rumsfeld were his closest advisors, President Gerald Ford appointed Gilinsky to the U.S. Nuclear Regulatory Commission. Now a private consultant, Gilinsky is part of the neo-conservative campaign against Iran, and he is currently on the board of advisors of the Non-Proliferation Policy Education Center. Another member of the board of advisors, until her recent death, was Albert Wohlstetter's widow, Roberta. Her book, *Pearl Harbor: Warning and Decision*, which justifies pre-emptive attack, has been used as a planning aid by Secretary of Defense Rumsfeld and the neo-cons.

Wolfowitz's 'Big Lie' Dissertation

Under the title "Nuclear Proliferation in the Middle East: The Politics and Economics of Proposals for Nuclear Desalting," Wolfowitz's 400-page dissertation is one big lie. Although his purpose was to refute Eisenhower's and Adm. Lewis Strauss's peace initiative, the *Reader's Digest* article is not only not cited, but is not even in the bibliography. Strauss is quoted from the testimony he presented to the Sen-



The sabotage efforts delayed, but did not stop, nuclear desalination. This 1,800 cubic meter/day nuclear-powered desalting plant is in Kalpakkam, India, a project of the Bhabha Atomic Research Center, and there are several projects on the drawing boards in other countries.

ate on the project, but the actual conception of the proposal, that there would be an inseparable connection between the establishment of peace and the implementation of economic development policy, is intentionally obscured and ignored.

But it is even worse. In his introduction, Wolfowitz wrote, "It is the contention of this writer that the benefits from nuclear desalting have been vastly exaggerated while its costs have been underestimated and the potential harm it can do largely ignored." He continued with the amazing assertion: "Scarcity of water has not been the cause of the recent wars in the Middle East, and the introduction of large supplies of desalted water can make only a marginal contribution to reducing tension that many lead to future wars."

To make his case against the economic benefits and feasibility of nuclear desalination, Wolfowitz asserted that low-interest loans, between 1.6% and 4%, as discussed in the Kaiser feasibility study, were simply unrealistic. There was no need for such a large input of electricity, he said, and he claimed that since the Middle East has all the oil, why introduce nuclear energy? Of course, he failed to deal with the fact that Syria, Jordan, Israel, the Palestinian territories, and Egypt are not oil producers.

Such arguments go on for more than 300 of the study's 400 pages. But the point that really shows that the study is a fraud, is Wolfowitz's argument on preventing the proliferation of nuclear weapons. Throughout the study he discussed Israel as if it had no nuclear weapons; Israel's Dimona Reactor is not even mentioned. Yet, he claimed that building nuclear reactors in Egypt, Jordan, and Israel could lead to proliferation, because these countries, by their nature, would divert fissionable material to nuclear weapons programs.

By 1972, the year his dissertation was published, even taxi drivers in Washington knew that Israel had nuclear weapons. In July 1970, Central Intelligence Agency director Richard Helms testified in the Senate that Israel had the means to

build a weapon, a fact published a week later in the *New York Times*. That Israel was developing nuclear weapons was known by policymakers since 1956, when Ben Gurion, Shimon Peres, and Moshe Dayan brokered a deal with the French government whereby Israel would be supplied with a nuclear reactor, and the means to develop weapons, in exchange for Israeli participation in the Anglo-French attack on Egypt during the Suez crisis of 1956. (This is a crisis into which Eisenhower intervened, in support of the sovereignty of Egypt.)

Wolfowitz, like Wohlstetter and his cronies at Rand, knew that Israel did not need nuclear desalination plants for acquiring weapons-grade plutonium, because they knew that the Dimona research reactor is a derivative of the French G-1 reactor, which was designed for the sole purpose of producing weapons-grade plutonium. Israel had fooled no one.

One can only conclude from the Wolfowitz dissertation that his purpose was also aimed at protecting Israel's nuclear arsenal. For Wolfowitz, Wohlstetter, and all these Dr. Strangeloves, Israel was part of their "dark chamber of horrors," and should remain so.

It is important to note that the synarchist circles in France who gave Israel the means to make a bomb, are the counterparts of Wolfowitz et al. One has only to look at the case of Jacques Soustelle, who, as France's Atomic Energy Minister between 1959-60, oversaw the transfer of nuclear technology to Israel. This is the same Soustelle who, after 1960, would break with President Charles de Gaulle and lead the Secret Army Organization (OAS), which launched a military insurrection against de Gaulle when he decided to give Algeria independence. In the 1980s, this same Soustelle became one of the key French sponsors of Benjamin Netanyahu, the darling of the American neo-cons. Along with George Shultz, Soustelle became a board member of Netanyahu's Jonathan Institute for the Study of Terrorism.

When Richard Nixon became President in 1969, his Secretary of State, William Rogers, revisited Eisenhower's approach in an effort to negotiate a peace under what was known as "The Rogers Plan,"² but this was sabotaged through the intrigues of National Security Advisor Henry Kissinger.

The policy was again revived in 1975, when LaRouche first announced his "Middle East Peace and Development Plan," which, like the Eisenhower plan, proposed to set the foundation for Arab-Israeli peace via large-scale regional development projects, including water management, transportation, and nuclear energy. Over the last three decades, this policy had gone through several revisions and is now known among policy circles throughout the world as the Oasis Plan for a Middle East Peace.

As Eisenhower wrote almost four decades ago, the implementation of this policy is "sure to be someday" a reality. If not, there is little hope for the Middle East.

2. See Jeffrey Steinberg, Michele Steinberg, and Dean Andromidas, "Will the Kissinger Legacy Again Kill Lebanon," *EIR*, April 8, 2005.

Chinese Patriots Move To Defuse Ignition of a Cross-Strait Crisis

by Leni Rubinstein

The Cheney-Bush Administration's so-called preventive war doctrine, combined with the underlying collapse of the international financial system, are dangerously escalating the danger of a U.S. confrontation with China. Taiwan, for quite some time, has been played as a pawn in the Anglo-American push for global neo-colonialism, and was seen as a key player to be used to provoke a future confrontation with China.

At the end of March, the Commander of the U.S. forces in the Pacific, Adm. William Fallon, voiced his "apprehension about China's military expansion and its intentions towards Taiwan." Fallon said that his priorities as head of the largest of nine U.S. military commands, would be fighting the war on terror, and building regional military cooperation so "we can put ourselves in a position where we can respond quickly." Fallon also described the China-Taiwan situation as the second most dangerous flashpoint in the region after the Korean Peninsula. Also in March, CIA chief Porter Goss cited the tensions in the Taiwan Strait, as one of the five security concerns around the world that could have serious consequences.

These statements come on the heels of the agreement between Japan and the United States to identify Taiwan as a shared security concern, and a push from the United States for Japan to amend its Constitution, and change Article 9, in order for Japan to be able to take an active military role. Recently, several scholars in Taiwan compared Japan's role in Asia to that of Israel in the Middle East, stating that the current Japanese government is completely loyal to the present U.S. Administration, and pointing out that developments in the United States will determine Japan's actions. The Bush Administration's designate to become the Ambassador to the UN, John Bolton, if accepted, will serve to escalate the tensions. Bolton is one of the most ardent supporters of Taiwan's independence in the Bush Administration, and has repeatedly, and publicly, advocated that Washington recognize Taiwan's independence and admission into the UN.

The media hype that followed China's enacting of the anti-secession law on March 14, has been the pretext for not covering the initiatives in the last several months to strengthen the collaboration across the Taiwan Strait. These include, most notably, the direct flights between mainland China and Taiwan during the Chinese New Year this past February (the first such direct flights in over 50 years), and, very impor-

tantly, the long-planned, and recently concluded, trip of a high-level delegation from Taiwan to mainland China.

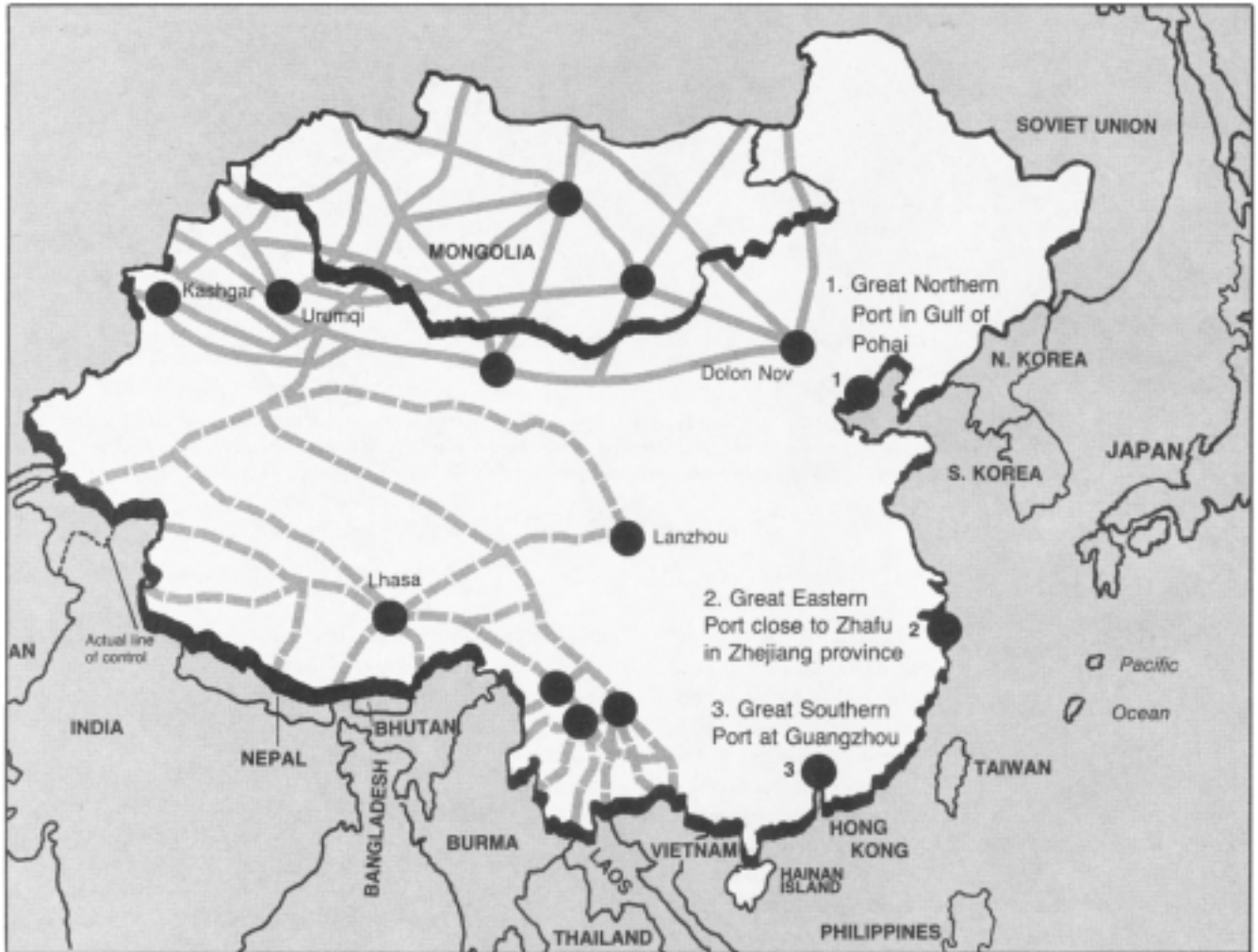
A Truly Historical Mission: Third Round of Talks

At the end of March, a high-level 34-member delegation of the leading opposition party in Taiwan, the Kuomintang (KMT), left for a week-long, peace-seeking trip to China. The delegation was led by KMT Vice Chairman Chiang Pin-kung, and was carried out on behalf of Lien Chan, the KMT chairman. It was the KMT's first official visit ever to the People's Republic of China.

The delegation was sent with the intention of carrying out Lien Chan's promise for a so-called "third round of talks" between the KMT and the Chinese Communist Party, to resume the long-stalled cross-strait dialogue, and to help pave the way for Lien to visit Beijing in June for a meeting with President Hu Jin-tao. Lien's "third round of talks" refers to two historical precedents of collaboration: first, the two parties worked together in 1924, when KMT founder Dr. Sun Yat-sen accepted members of the Communist Party as members of the Kuomintang, and, secondly in 1936, when President Chiang Kai-shek initiated the second collaboration, which paved the way for a united front with the Communist Party against Japanese aggression.

The historic implications of the trip were deliberately made very obvious. Before proceeding to Beijing, the delegation first paid tribute at the cemetery in Guangzhou to the 72 young martyrs who died in the 1911 Hwanghuagang Uprising against the imperial rulers. Then they went to Nanjing (which had been the Republic of China's capital, when the KMT was still the ruling party on the mainland), to pay their respects at the mausoleum of Dr. Sun Yat-sen, the father of modern China, and the founder of both the KMT and the Republic of China (R.O.C.). As Lien Chan stated in sending off the delegation: "This year marks the 80th anniversary of R.O.C. national founding father Dr. Sun Yat-sen's death, and the 94th anniversary of the Hwanghuagang Uprising. Without the revolution led by Sun and the Hwanghuagang Uprising staged by the martyrs, the R.O.C. would not have come into existence. Those events have sacred meanings to the KMT. Therefore, the delegation's visit bears profound historical significance."

Railway System Proposed by Dr. Sun Yat-Sen



Key:

———— Part of the Northwestern Railway System suggested by Dr. Sun Yat-sen to open up virgin lands of Xinjiang and Mongolia

- - - - - Part of the Southwestern Railway System suggested by Dr. Sun Yat-sen to integrate Xizang (Tibet) and southern Xinjiang with the southern part of China

Sun led the overthrow of imperial rulers in China, and proposed extensive infrastructural development of Eurasia. An admirer of Abraham Lincoln, he also studied German-American economist Friedrich List's book "On National Economy." Here is his proposal for a railroad network throughout China, intended to serve China's neighbors as well.

The death of the 72 martyrs, on March 29, 1911, has been designated as the R.O.C.'s National Youth Day.

Chiang Pin-kung, the 73-year-old leader of the delegation, who was the engineer of the "go slow, be patient" policy under the former KMT administration, and who is an advocate of direct air and shipping links with China, was given the "red carpet" treatment throughout the trip. Laying the foundation for the deliberations, by honoring the memory of Dr. Sun Yat-sen, is of great importance. Sun's leadership in overthrowing

the imperial rulers of China, and his subsequent policy proposal of 1919, "On the International Development of China," in which he wrote that the basis for peace is a collaboration among nations for a common principle of mutual development, are of crucial importance today. Not only did Dr. Sun have a clear understanding of the British geopolitical gameplans, but he was also a great admirer and student of Abraham Lincoln, and, as a young man, had intensely studied German-American economist Friedrich List's book *On Na-*



At the end of March, the leading Taiwan opposition Kuomintang (KMT) party, went on a week-long peace-seeking trip to China, its first official visit ever to the P.R.C., to set up a third round of talks with the Communist Party. The two parties had first worked together in 1924, when Dr. Sun Yat-sen (shown here), accepted members of the Communist Party in the KMT.

tional Economy, which he later ordered be translated into the Chinese language. List was an outspoken opponent of the British free-trade system. In his 1919 program, Sun outlined the proposal for the economic development of Eurasia, spanning through Africa. This is the foundation for Lyndon LaRouche's Eurasian Land-Bridge proposal, as well as the basis for many of the current economic development projects being built in China, such as the Three Gorges Dam.

The mission to initiate a "third round of talks" was successful. On March 31, Jia Qinglin, a senior Communist Party leader, invited KMT Chairman Lien Chan to visit mainland China at "any time he thinks appropriate." Also James Soong (former Governor of Taiwan and leader of the second-largest opposition party, the People First Party, PFP) was invited. The invitation was extended on behalf of the Chairman of the Communist Party of China, Hu Jin-tao. As Jia Qinglin said, at the 80th anniversary of Dr. Sun Yat-sen's death, such activities "are of great significance for upholding and carrying forward the spirit of maintaining national unity and combating secession, and was thus advocated by Dr. Sun himself."

During their visit, Chian Pin-kung's delegation reached a ten-point consensus with the Beijing authorities on such issues as cross-strait charter flights, agricultural cooperation (including offering preferential policies for fruit and vegetable exports from Taiwan, and inviting land-owning farmers to invest in China), protection for China-based businessmen, and journalistic exchanges.

Part of the success of this mission is also the result of the activities of the above-mentioned senior Taiwan leader, James Soong, who on Feb. 24 met with President Chen Shui-bian of the pro-independence Democratic Progressive Party (DPP), after which a ten-point joint statement was issued, agreeing to put aside partisan interest in the pursuit of cross-strait peace. They stated, that to protect Taiwan's interests, it was vital to "find viable solutions to the issues of importance, such as permanent peace across the Taiwan Strait, and the

normalization of cross-strait relations." And, in point number six, they declared that "they would not exclude any possibility of establishing future relations between the two sides of the strait, in any form whatsoever." (See *Documentation*.)

The joint statement also meant Soong's endorsement (and Chen's recommitment) to the "five no's" policy Chen launched in his first Presidential term, to guarantee that he would not seek Taiwan's independence, while being President. The "five no's" are: "During his term as President, he will not declare independence, will not change the national name, will not push forward the inclusion of the so-called 'state-to-state' in the Constitution, will not promote a referendum to change the status quo in regards to the issue of independence or unification. Finally, the abolition of neither the National Unification Council, nor the National Unification Guidelines will be set forth as an issue." At the press conference issuing the joint declaration, Soong, who is on friendly terms with Beijing, and might soon pay an official visit there, emphasized that "independence is absolutely not an option" for the island.

This was a renewed effort to end four years of animosity, that has split Taiwan into two opposing camps: one led by Chen's pro-independence DPP, and the other by the pro-China opposition KMT and PFP; the latter two hold the majority in the parliament since the December 2004 legislative elections. Also, it sent an important message to Beijing, that efforts were being made to curb the propaganda of the pro-independence camp.

The reactions came promptly: KMT Chairman Lien Chan, who campaigned in last March's Presidential race with Soong as his running mate, said that the joint declaration sounded like "something that the KMT would have said." Other high-ranking KMT leaders told *EIR*, that this could split the opposition, as Chen cannot be trusted. Former President Lee Teng-hui (dubbed some years ago by Lyndon LaRouche as the "Puppet Emperor" for the role he plays as a tool for neo-colonial forces) declared the ten-point statement to be "ridiculous" and "illegitimate," and described the Chen-Soong meeting as a situation in which "a ghost hunter gets caught by a ghost," meaning, the hunter has turned himself into the prey he is trying to hunt.

In a speech a few days later, Lee stated that Taiwan has to declare that it is a separate state, and that it has nothing to do with a "barbarious, aggressive China." And the Taiwan Solidarity Union (TSU), a party which is a brain-child of Lee, threatened to break its ties with the DPP. James Soong intends, as a follow-up to the joint ten-point declaration, to present a Peace Treaty to the parliament in the near future, which, upon its implementation, would pave the way for opening up direct links (trade, mail, air travel, and shipping) to the mainland, among other accomplishments.

The Anti-Secession Law

In addition, *EIR* was told by several well-informed individuals, that the Soong-Chen declaration directly, and in a

very positive way, influenced the final wording of the anti-secession law—in particular the last two points—that China adapted March 14. (See box.)

Whether the massive, well-organized international propaganda blitz against the anti-secession law will create the opposite impact of the intention of its drafters to prevent Taiwan from changing the status quo, is doubtful. Certainly, the propaganda created some hysteria in Taiwan, but it gave a totally false image of reality.

Firstly, it had been known for months that this anti-secession law was under preparation. Secondly, it contains virtually nothing that is new. It is a reiteration of Chinese policy, as is well-known to Taiwan and the United States. The law is clearly a move to counter the increasingly transparent actions by Taiwan towards independence over the last six years, ranging from then-President Lee Teng-hui's assertion in 1999 that Taiwan and the mainland had "special state-to-state relations," to President Chen Shui-bian's statement in 2002, that there was "one country on each side" of the Taiwan Strait.

The new law says its purpose is to oppose and check "Taiwan's secession from China," and further, that "both the mainland and Taiwan belong to one China," a formulation first used by the KMT government in Taiwan, when it was in power (from 1949-2000).

All the propaganda, internationally and locally, is also



In 1936, Chiang Kai-shek initiated the second collaboration between the KMT and the Communist Party, which paved the way for a united front of the two parties against Japanese aggression.

quite hypocritical, since Taiwan's current laws also do not allow secession, and in certain sections, the Chinese words used, are almost identical to those of the new law from China. The National Security Law of the R.O.C., issued in 1987, says in Article II, that public demonstrations, group gatherings, or meetings "must not violate the constitution, advocate commu-

Chinese Anti-Secession Law

Here is the full text, as issued by the Chinese Xinhua News Agency, of the Anti-Secession Law, adopted at the Third Session of the Tenth National People's Congress of the People's Republic of China on March 14, 2005.

Article I: This law is formulated, in accordance with the Constitution, for the purpose of opposing and checking Taiwan's secession from China by secessionists in the name of "Taiwan independence," to promote peaceful national reunification, maintain peace and stability in the Taiwan Straits, preserve China's sovereignty and territorial integrity, and safeguard the fundamental interests of the Chinese nation.

Article II: There is only one China in the world. Both the mainland and Taiwan belong to one China. China's sovereignty and territorial integrity brook no division. Safeguarding China's sovereignty and territorial integrity is the common obligation of all Chinese people, the Taiwan compatriots included.

Taiwan is part of China. The state shall never allow the "Taiwan independence" secessionist forces to make

Taiwan to secede from China under any name or by any means.

Article III: The Taiwan question is one that is left over from China's civil war of the late 1940s. Solving the Taiwan question and achieving national reunification is China's internal affair, which is subject to no interference by any outside forces.

Article IV: Accomplishing the great task of reunifying the motherland is the sacred duty of all Chinese people, the Taiwan compatriots included.

Article V: Upholding the principle of one China is the basis of peaceful reunification of the country.

To reunify the country through peaceful means best serves the fundamental interests of the compatriots on both sides of the Taiwan Straits. The state shall do its utmost with maximum sincerity to achieve a peaceful reunification.

After the country is reunified peacefully, Taiwan may practice systems different from those on the mainland and enjoy a high degree of autonomy.

Article VI: The state shall take the following measures to maintain peace and stability in the Taiwan Straits and promote cross-Straits relations: 1) to encourage and facilitate personnel exchanges across the Straits for greater mutual understanding and mutual trust; 2) to encourage and facilitate economic exchanges and cooperation, realize

nism, or advocate the separation of the national territory. Article V states, “that anyone who intentionally endangers the safety of the country, or the tranquility of the society, and operate against the law as stated in Article II, will receive a jail-sentence of up to five years.”

Even additional Articles in the Constitution adopted in 1991 under President Lee Teng-hui, assume that Taiwan eventually will be reunified with mainland China, and further, that the territory of the R.O.C. includes both the mainland and Taiwan, although only Taiwan belongs to the “free area” of the republic. President Hu Jin-tao, in a speech in March, pointed this out, saying that “the existing regulations and documents in Taiwan” also support a “one China” principle.

The propaganda against the anti-secession law, however, was enormous, and only a few dissenting voices were allowed. When a group of top scholars and parliamentarians convened a press conference in support of the law, only two reporters attended, one from Hongkong and one from Beijing. It is well-known in Taiwan, that the media control by the pro-independence forces is so great—through threats of withdrawal of advertisements and other pressures—that it is difficult for the pro-China opposition to have a voice. A few were heard though: KMT Chairman Lien Chan said about the law: “Now that China has declared its willingness to terminate the hostile situation between China and Taiwan, as long as we

do not declare independence, China will not attack Taiwan.” Chairman of the Council for Industrial and Commercial Development Wang Tiao-chun (who arranged the recent direct flight over New Year’s) expressed a similar sentiment, saying that he saw the anti-secession law as positive, because it is meant to pacify the forces promoting independence, rather than creating an excuse to attack Taiwan. Others commented that China wanted a law for foreign consumption, particularly by the United States and Japan, that would spell out China’s stance on cross-Taiwan-Strait relations. James Soong called for the adherence to the ten-point declaration issued Feb. 24.

Although similar views were expressed privately, only rarely were they expressed publicly; instead, an effort to launch a public opinion backlash against China ensued, internationally, and even to a greater degree in Taiwan. Lee Teng-hui called on Japan to refrain from sitting idly by in the face of China’s anti-secession law, saying that the Japanese government should take action to block Beijing’s legislation. Prime Minister Hsieh (DPP) proposed to launch a defensive referendum; TSU proposed an anti-annexation law, and Chen Shui-bian compared the law to a “two-pronged strategy of wielding of a non-peaceful Chinese guillotine, and the offering of small favors in return.”

The propaganda peaked at the 300-500,000-person rally in Taipei March 26, some 250,000 of whom were bused,

direct links of trade, mail, and air and shipping services, and bring about closer economic ties between the two sides of the Straits to their mutual benefit; 3) to encourage and facilitate cross-Straits exchanges in education, science, technology, culture, health, and sports, and work together to carry forward the proud Chinese cultural traditions; 4) to encourage and facilitate cross-Straits cooperation in combatting crimes; and 5) to encourage and facilitate other activities that are conducive to peace and stability in the Taiwan Straits and stronger cross-Straits relations.

The state protects the rights and interests of the Taiwan compatriots in accordance with law.

Article VII: The state stands for the achievement of peaceful reunification through consultations and negotiations on an equal footing between the two sides of the Taiwan Straits. These consultations and negotiations may be conducted in steps and phases, and with flexible and varied modalities.

The two sides of the Taiwan Straits may consult and negotiate on the following matters: 1) officially ending the state of hostility between the two sides; 2) mapping out the development of cross-Straits relations; 3) steps and arrangements for peaceful national reunification; 4) the political status of the Taiwan authorities; 5) the Taiwan region’s room of international operation that is compatible with its status; and 6) other matters concerning the achieve-

ment of peaceful national reunification.

Article VIII: In the event that the “Taiwan independence” secessionist forces should act under any name or by any means to cause the fact of Taiwan’s secession from China, or that major incidents entailing Taiwan’s secession from China should occur, or that possibilities for a peaceful reunification should be completely exhausted, the state shall employ non-peaceful means and other necessary measures to protect China’s sovereignty and territorial integrity.

The State Council and the Central Military Commission shall decide on, and execute the non-peaceful means and other necessary measures as provided for in the preceding paragraph and shall promptly report to the Standing Committee of the National People’s Congress.

Article IX: In the event of employing non-peaceful means and other necessary measures as provided for in this law, the state shall exert its utmost to protect the lives, property, and other legitimate rights and interests of Taiwan civilians and foreign nationals in Taiwan, and to minimize losses.

At the same time, the state shall protect the rights and interests of the Taiwan compatriots in other parts of China in accordance with law.

Article X: This law shall come into force on the day of its promulgation.

or transported by chartered trains from around the island. A populist, street theater “goat-market” ensued. People had their cheeks stamped with big red hearts, with “Love” written inside the hearts, or green circles, with the word “Peace,” and had been encouraged to bring their pets—which they did—decked out with toy missiles and posters.

However, on the very day of the rally, a bombshell was dropped by the well-known businessman and founder of the Chi Mei Group, Shi Wen-long, member of the DPP and advisor to President Chen, which let some of the air out of the frenzied demonstrators. He issued the following statement: “I think both Taiwan and China belong to one China, and people on the two sides of the Taiwan Strait are all fellow countrymen. I feel Taiwan’s economy could hardly separate from the mainland, and I oppose Taiwan independence, because promoting independence would lead Taiwan to war and bring disasters to the Taiwanese people. I felt relieved after China enacted the anti-secession law, and Hu promised to protect the interests of Taiwanese investments on the mainland.” Shi offered to quit as a national policy advisor to President Chen Shui-bian.

A couple of days later, a second businessman, Stan Shih, announced that he wanted to relinquish his position as an advisor to the President. Shih, who founded the largest Taiwanese computer maker, Acer Group, said to the press that he wanted to underscore his neutrality in politics. Two other big businessmen, Chang Yung-fa of Evergreen Marine, and Wang Yung-ching of the Formosa Plastics Group, have been sharply criticizing the government of Chen Shui-bian for quite a while, for failing to lift the 56-year-old ban on direct air and shipping links with China. Taiwan has invested about \$100 billion in mainland China, and last year 67% of Taiwan’s total foreign investment went to China, up from 34% in 2000, making Taiwan’s economy more and more dependent upon that of the mainland. Taiwan’s Economics Minister, Ho Mei-yueh, stated in March, that “it is undeniable, that China is an important impetus in fueling Taiwan’s economic growth . . . if the government’s cross-strait industrial development policy is too strict, discouraging businesses to invest in China, Taiwan will lose its competitiveness.” Also the European Chamber of Commerce in Taipei recently called for Taiwan to lift its bans on imports of European products manufactured in China, and to pursue further Chinese economic ties.

So, Chen Shui-bian’s government is placed between a rock and a hard place. The pro-independence DPP does not have the majority in the parliament, has very little room to maneuver vis-à-vis China, is under great pressure to create a healthy economy, and will have to loosen up with respect to limiting business, investment, and other ties, to the mainland.

All this in an atmosphere in which Chiang Pin-kung has strengthened, in Taiwan, the pro-China sentiment, and the tradition of Dr. Sun Yat-sen, on his recently completed historic mission.

Documentation

Taiwan Leaders Agree To Dump Anti-China Posture

This is the joint Statement of Taiwan President Chen Shui-bian and Chairman James Soong (former Governor of Taiwan, and leader of the second-largest opposition party, People First Party, the PFP), issued on Feb. 25, 2005. The agreement opposes Taiwan’s secession from China, and instead emphasizes implementing a program for establishing peaceful relations. It was published in the China Post.

In order to safeguard the national interests of the Republic of China and to ensure the rights of the people of Taiwan to pursue freedom, democracy, peace, and prosperity, it is crucial that we confront the situation and find viable solutions to the issues of importance, that being: permanent peace across the Taiwan Strait, and the normalization of cross-strait relations.

Both the governing party and the opposition must transcend partisan agendas. Our perspective and approach must be all-encompassing and farsighted with historic perspectives, in dealing with the vital issues of cross-strait peace, national defense and security, and ethnic harmony. Both President Chen and Chairman Soong hold to the view that forging a consensus on national development through consultation and dialogue between the governing and opposition parties, is the only way we can create a new and stable environment for the future of Taiwan.

After a candid exchange of views, we have concurred on a ten-point agreement, as follows:

Cross-Strait Peace

1. According to the Constitution of the Republic of China, our country’s status and position is defined as the de facto and de jure status quo existing between the two sides of the Strait; both sides of the Strait, and the international community, must recognize and respect this designation.

2. These principles should be the present basis for cross-strait relations: “adherence to the Constitution, maintenance of status quo, and cooperation in promoting peace.” On the premise of cross-strait peace, President Chen commits to the following pledges: that during his term as President, he will not declare independence, will not change the national moniker, will not put forth the inclusion of the so-called “state-to-state” description in the Constitution, and will not promote a referendum to change the status quo in regards to the issue of independence or unification. Furthermore, the abolition of

neither the National Reunification Council nor the National Reunification Guidelines will be set forth as an issue. Chairman Soong has expressed his consent and support for the position stated above.

3. To bolster national competitiveness and enhance governmental efficiency, it is necessary to garner consensus among the governing and opposition parties regarding constitutional reform. President Chen and Chairman Soong both agree and pledge that the constitutional reform project will not involve issues of national sovereignty, territory, or status quo across the Strait; and that the reform project will follow due procedure as set forth in the Constitution.



Chen Shui-bian

4. Military intimidation or actions to suppress Taiwan's international space, are not conducive to the improvement of cross-strait relations. To promote normalization of cross-strait relations and to establish a "peace and stability" framework for interactions, we must consolidate a consensus from the governing and opposition parties, and expedite the establishment of a mechanism, and a legal basis for cross-strait peace and development.

5. Reinforcement of cross-strait economic, cultural, and academic exchange. Moreover, based on the successful Lunar New Year model, which marked the initiation of direct chartered passenger flights, we will, through consultation and negotiation with the other side, phase in additional measures to facilitate convenient and efficient chartered cargo flights, eventually leading to the realization of three links. We realized that more than three years have passed since the Economic Development Advisory Conference took place, and that it is time to make adjustments on regulations that affect the development of our industries and our national competitiveness, if we are to carry out the consensus reached during the Economic Development Advisory Conference, "Cultivating Taiwan while reaching out to the world."

6. Any change to the status quo of the Taiwan Strait must come with the consent of the twenty-three million people of Taiwan. On the basis of goodwill from both sides, we would not exclude any possibility to establish future relations between the two sides, in any form whatsoever.

National Security

7. Taiwan needs sufficient national defense capabilities to ensure peace across the Taiwan Strait. In the future, with "security of the nation, stability across the Taiwan Strait, peace throughout the region" as our strategic objectives, Taiwan will substantiate necessary arms and military equipment

for our national defense.

8. In order to ease tensions in the Taiwan Strait, Taiwan will not engage in an arms race with the other side; furthermore, Taiwan will proactively seek to establish a "military buffer zone" as well as a consultation mechanism for building confidence in military security across the Taiwan Strait.

Ethnic Harmony

9. In the spirit of ethnic equality as laid out in our Constitution, any form of language or behavior which constitutes discrimination or aggression toward any ethnic group shall be subject to punishment according to law. Both parties will advocate for legal mechanisms to protect the rights of various ethnic groups and promote harmony and equality amongst them.

10. President Chen and Chairman Soong have made a joint commitment to prioritize the easing of ethnic tension, and, to actively promote harmony and solidarity amongst ethnic groups. The Government should strive to ensure fair and equal rights and status for all ethnic populations in areas including politics, economy, social issues, education, culture, and examinations.

We maintain that the resolution of cross-strait issues should be based on the principle of putting "Taiwan First." The future of both sides of the Strait rests in our ability to resolve these matters wisely, through consultations between the peoples of both sides. The governing party and opposition parties must use greater tolerance and compassion, and respect the differing positions and ideals of all political parties and ethnic groups, so we can find greatest wisdom with which to break through not only the divides amongst governing and opposition parties, but the political impasse across the Strait as well.

We believe that for no matter what the conflict, there is always a resolution; that all animosities can be resolved; and, that all historical disputes can be settled. Only if we can walk away from the political shadows of the past fifty years—only then, can we find new opportunities for the progress and development of our country.

President Chen and Chairman Soong have candidly exchanged opinions and have engaged in thorough discussions in this meeting. In order to enhance the welfare of all the people, both President Chen and Chairman Soong agree to continue dialogue and consultation over important issues related to national development, and issues of urgency pertaining to the public interests.



James Soong

Jorge Carrillo, the Worker-Minister Who Played the ‘LaRouche Card’

by Maximiliano Londoño Penilla

On March 20, the well-known Colombian trade union leader and former Labor Minister, Jorge Carrillo Rojas, died at the age of 69, while serving as director of the Peasant Family Compensation Fund, Comcaja, to which position he was named by President Alvaro Uribe. In all the various positions Carrillo held, from factory worker to Labor Minister to Ambassador to Guatemala, Carrillo was always the simple man we all knew, but deeply passionate and vigorous in defense of the legitimate interests of human beings everywhere: their inalienable right to dignified, stable, and well-paid employment. Carrillo responded quickly and effectively to the challenges of his time, embracing the banner of social justice of the Catholic Church, as expressed in particular in the teachings and works of Popes Leon XIII, John XXIII, Paul VI, and John Paul II. Carrillo’s commitment to this view of social change and progress for the people was made stronger, through the close friendship and collaboration he sustained during the past nearly 30 years with U.S. statesman Lyndon H. LaRouche, and with his wife, the German political leader Helga Zepp-LaRouche.

This author, in the privileged double role of being both a personal friend and collaborator of Carrillo’s, on the one hand, and LaRouche’s political representative in Colombia, on the other, for the past three decades, can affirm with cause that Carrillo played the “LaRouche card” to its ultimate consequences, despite the pressures and threats to which he was subjected on the part of various spokesmen for the current international financial cartel, which rules the world from Wall Street and the City of London.

In the book *Theses of a Worker-Minister on the Problem of Unemployment. Memoir 1985-1986*, published in April 1986 by the Colombian Labor Ministry, various of the most relevant speeches and documents of Carrillo’s term in office as Minister of Labor and Social Security are collected. Let’s look at these from the standpoint of universal history. How did Jorge Carrillo manage to become Labor Minister in the Belisario Betancur government, when that administration’s Finance Minister, Roberto Junguito, had spent the previous

three years executing the most orthodox and savage of the International Monetary Fund’s prescriptions? More to the point, how was it possible for Carrillo, who as labor leader with the Union of Colombian Workers (UTC) had been the loudest opponent of the IMF policy implemented by Junguito, to end up as part of the same Cabinet in which existed two totally antagonistic economic agendas? And finally, how is that Carrillo named Maximiliano Londoño Penilla, the public spokesman of LaRouche’s policies in Colombia, as his economic advisor at the ministry?

Conflict With López Michelsen and The Drug Lords

In two of his books, former Colombian President and messenger of the drug cartels Alfonso López Michelsen referred with surprise to the appointment of Londoño to the ministerial advisory post, and indicated that he raised the issue with then President Belisario Betancur. In the book, *Parable of the Return*, in the context of trying to justify why he had met with the heads of the drug cartels in Panama scarcely one week after they had assassinated Colombian Justice Minister Rodrigo Lara Bonilla, López writes: “A few months later, one Maximiliano Londoño, whom I had never met before in my life, began to accuse me of drug trafficking, of having kidnapped his wife, and of having been an accomplice in the episodes related to the Banco de Colombia and the Grancolombiano Group. . . . It is the known tactic of U.S. politician LaRouche, who provides funds to the so-called ‘Andean Movement of the Antidrug Coalition’”

López was referring to the kidnapping of my wife, Patricia [who was later freed—ed.], just two months after the active and courageous Justice Minister Lara Bonilla was murdered by the drug lords, the same ones with whom López had met with in Panama, supposedly to transmit their proposal that they were ready to sign an “honorable peace,” and even pay off Colombia’s foreign debt in exchange for not being extradited to the United States. With the assassination of Lara, the drug traffickers hoped to force the Betancur government to



Jorge Carrillo and his friend and collaborator Pedro Rubio (center, with Carrillo on the right), at the third international conference of the Schiller Institute, Nov. 24, 1984. Standing to greet them is Helga Zepp-LaRouche, the institute's founder, and the wife of Lyndon LaRouche.

its knees; but this backfired, because instead of weakening, the government's anti-drug policy became still tougher.

And again, in his book *Pending Words. Conversations with Enrique Santos Calderón*, published in April 2001, López insists on asking why Betancur permitted the naming of Londoño to the Labor Ministry. The fundamental issue is that, despite the kidnapping of my wife, with the intent of destroying LaRouche organizing activities in Colombia, activities which among others had contributed to the fact that López was thwarted in his efforts to regain the Presidency, since the LaRouche-associated Andean Labor Party had denounced López as "the chicken with eggs of coca," I repeat that the kidnapping of my wife received a response on the part of LaRouche, which López and the narcos never expected. LaRouche headed up an international campaign, in all the major capitals of the world, in which he denounced López's role in promoting a "peace process" with the Cali and Medellín drug cartels. LaRouche gave instructions that the very interview that López had given to the newspaper *El Tiempo*, after having met with the drug lords, would be publicized worldwide. In that interview, López declared himself the mafia's messenger, and demanded that the Colombian government submit to the interests of the drug traffickers.

Of course, imagine López's surprise when, just a few months after the mafia assassination of Lara Bonilla and the kidnapping of my wife, LaRouche's friend Jorge Carrillo, now Betancur's Labor Minister, named me as his economic advisor. In sum, in his defense of Colombia, LaRouche had achieved the following: 1) contributed decisively to prevent-

ing López Michelsen from returning to the Colombian Presidency; 2) destroyed the operation of López and the drug cartels, according to which the Colombian state would have to submit to the conditions dictated by force by the narcos; and 3) that his spokesman in Colombia was named economic advisor to Labor Minister Carrillo, who at the time was also the friend and collaborator of LaRouche.

Ibero-American Integration

In 1982, LaRouche had published his strategic memorandum *Operation Juárez*, in which he detailed an alternative policy to the demented fiscal austerity policies of the IMF. LaRouche had met in May 1982 with then Mexican President José López Portillo, and the book *Operation Juárez* had come out of those discussions. In August 1982, President López Portillo, in defense of the legitimate and sovereign interest of his nation, had declared a moratorium on the foreign debt of Mexico, an action which was not at the time backed by Brazil and Argentina, but which caused widespread panic within the creditors' cartel, the would-be gods of Olympus who dominate the world. By September 1982, López Portillo had imposed exchange controls and nationalized the Mexican banking system, as well. López Portillo thus detonated the "debt bomb," and as a sequel to this process, LaRouche commissioned the preparation and publication of the book *Ibero-American Integration: One Hundred Million New Jobs by the Year 2000*. LaRouche wrote the prologue to this book in April 1986, in which he detailed the great infrastructure projects that needed to be undertaken in the region, if poverty and

unemployment were to be definitively eradicated. The book was published in both English and Spanish.

At the current time, the essence of that book's proposals continues to be the real agenda for the survival of the nations of Central and South America. The book details the railway corridors that should join together the continent; the great hydraulic projects to connect the Orinoco, Amazonas, and Paraná basins of South America; the hydraulic Plan of the Northeast, and the Hydraulic Plan of the Northwest Gulf, to bring water from the rivers of southern Mexico to the dry northern regions; the interoceanic canals to join the Pacific and the Atlantic; the great agricultural, mineral, and industrial projects for the region; the industrial use of nuclear energy, lasers, and high-intensity beam weapons; and the foundations to establish an Ibero-American Common Market—all projects that needed to be undertaken immediately to put an end to the bleeding of our nations through the growing and usurious servicing of the foreign debt.

The recent call for Ibero-American integration on the part of Presidents Luis Inácio Lula Da Silva of Brazil, Hugo Chávez of Venezuela, Alvaro Uribe of Colombia, and José Luis Rodríguez Zapatero of Spain (see article in *Economics*), can only be understood in its true dimensions if one understands the profound impact on the region and on the world by—as López Portillo stated—the “wise words of Lyndon H. LaRouche.”

In November 1984, during the third international conference of the Schiller Institute, held in Washington, D.C., the Trade Union Commission of the Schiller Institute was created, of which Jorge Carrillo was a founding member. In July 1985, in Mexico City, the First Continental Trade Union Conference, in which the Ibero-American Trade Union Commission was established, was held. Among the coordinators of this body was Pedro Rubio, friend and representative of Carrillo. On Sept. 2, 1985, Carrillo was sworn in as Colombia's Labor Minister. In August 1986, the book *Ibero-American Integration* was published, of which more than 50,000 copies circulated in just its first edition. In October 1987, the Wall Street crash that LaRouche had forecast, occurred on schedule. From that point onward, the density of banking, commercial, and industrial bankruptcies, and the bursting of numerous financial bubbles, has worsened.

Jorge Carrillo was a pioneer in this battle for the physical integration of our nations. His legacy is more in effect than ever; we shall miss him, but the guiding light of his courage and of his teachings will continue to light our way.

—Bogota, April 4, 2005

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Jorge Carrillo: Leader For Social Justice

by Javier Almario

Social and economic justice, the general welfare, real economic progress, improvement in the living standards of the workers, the dignity of labor, and in general, the social doctrine of the Catholic Church and the harmony of interests between workers and businessmen, were constant themes in all of Jorge Carrillo Rojas's thoughts and actions, whether as a polemical trade union leader, as Labor Minister, as political activist, analyst, ambassador, or as administrative director of the Peasant Family Compensation Fund, the position he assumed in 2003, and which he held until his death on March 20, 2005.

Jorge Carrillo was going to be 70 years old on April 9, 2005. He was born in Bogota on April 9, 1935, although his family is from Boyaca, and he lived most of his childhood and youth in that province. When he was a boy, a friend of his father took him every Friday to hear the Colombian nationalist leader Jorge Eliecer Gaitan, who paradoxically died on one of his birthdays.

Because his school performance wasn't the best, his father decided that “this boy won't be a doctor, so he will have to learn a trade,” and he was sent to the School of Arts and Trades in Chiquinquirá. When Carrillo was 14 years old, his father died, which, as he told it, “forced me to crack the books.” He graduated as a mechanic and got a job as a lathe operator, third class, in the Paz del Río steel plant.

Later, he went to Bogota and worked in machine shops, holding various jobs until being employed by Cauchosol, which no longer exists. There, in 1955, he entered the union, and as a member of the union, he organized a series of sports competitions in which primarily the youth participated. There he met his wife-to-be, Maria Ramirez. Those same youth voted for him to become a member of the union's steering committee, as secretary general of the union. This union was affiliated to UTRACUN (the Workers Union of Cundinamarca) and the national UTC (Union of Colombian Workers).

Carrillo took various union courses given by the Jesuits at the Javeriana University, where they taught accounting, administration, leadership, economic solidarity, and the social doctrine of the Church. From very early on, he understood that although it was necessary to fight for the workers, the goal of trade unionism was not class warfare, but that there had to be a “harmony of interests” between workers and businessmen.



Carrillo greets Pope John Paul II in Bogota, where the Pope has given a mass dedicated to the workers of Colombia, in July 1986. It is estimated that 2 million people participated. To the Pope's left is President Belisario Betancur.

He became a trade union activist in UTRACUN and was involved in the creation of 40 trade unions. Later, he was elected secretary general of the UTC, in which post he served for ten years. Later, he was secretary of political affairs and vice president of that labor federation.

Entering Politics

Never forgetting his union obligations, Carrillo was elected a deputy to the Cundinamarca Assembly in 1968, by a dissident faction of the Liberal Party headed by Consuelo de Montejo. In 1980, he supported Presidential candidate Belisario Betancur against the candidate of the National Front, former President Misael Pastrana Borrero. In 1974, Carrillo was elected for four years to the Federal House of Representatives, where he presented a bill to force businessmen to pay interest on severance pay.

From the Congress, he supported the 1977 National Civic Strike, in which for the first time, the (Conservative) UTC, the (Liberal) CTC, the (Communist) CSTC, and the (Christian Democratic) CGT labor federations joined forces in a common action. It is possible that from that moment onward, he began to think about creating the Unified Workers Federation (CUT), to pull all the unions into a single organization.

A Harmony of Interests

As of 1978, Carrillo became one of the leading opponents of the economic policies of the International Monetary Fund and of a whole succession of finance ministers. He fought the idea that inflation could be controlled by lowering workers' wages, or by increasing them at a rate below the inflation level. He proposed the creation of a common front of workers and businessmen, to force the banks to lower interest rates

that were strangling in equal measure "the companies and the workers."

He studied the history of the United States, to try to understand how that country had the highest wages in the world, and at the same time generated the highest profits for its companies. He mentioned that Henry Ford, although a fierce enemy of trade unionism, nonetheless paid the highest wages in the United States at his factories, and by this means encouraged productivity and a capacity for innovation. In effect, the creator of the modern automobile realized that the car industry only had a future "to the extent that the auto workers and workers in other industries have the ability to buy a Ford."

To those who proposed eliminating the minimum wage, eliminating social benefits and the various

achievements of the workers, which some economists and businessmen were proposing as a means to create more jobs, Carrillo charged that they wanted to send humanity back centuries and turn workers into slaves. He stated many times that inflation must be fought by producing more, with better technology, with more skilled jobs, and by fighting usury.

He studied the problem of the Colombian and Ibero-American debt in depth, and concluded that this debt has already been paid several times over, and its continued growth was due to financial manipulations. He supported the idea of a collective moratorium on the Ibero-American foreign debt, by forming a debtors' cartel, and that the economy of the countries of the region would be integrated through great physical infrastructure projects, an idea first expressed by U.S. economist Lyndon LaRouche in the 1982 book entitled *Operation Juárez*.

In 1982, when UTRACUN ended its affiliation with the UTC, Carrillo and his close friend Pedro Ignacio Rubio organized the Union of Bogota and Cundinamarca Workers (UTRABOC), turning it into the regional organization of the UTC.

The Betancur government organized a meeting in the city of Cartagena in 1983, to discuss the problem of the Ibero-American foreign debt, and threatened to use the debt bomb to pressure for negotiations. However, at the last moment, the President retreated, undoubtedly because support from other Ibero-American countries was not sufficient. The Cartagena meeting went from a Debtors' Cartel to a Payers' Cartel, and the Betancur government acceded to pressures to impose a drastic adjustment program, during which "drop-by-drop" devaluation of the Colombian currency turned into a flood. At that point, Carrillo became the main opponent of the gov-

ernment's economic policy, and that of its Finance Minister, Roberto Junguito Bonnet.

Labor Minister

When President Betancur announced his nomination of Carrillo for Labor Minister, the debate was hot and heavy. "How could it occur to the President to name the leading opponent of his economic adjustment policy to the labor ministry?" Former President Alfonso López Michelsen accused the government of attempting a "Peronist" model, in reference to the alliance of Juan Perón with Argentina's CGT labor federation. Minister Junguito was on the verge of resigning. The weekly magazine *Semana* predicted that the experiment wouldn't last. The organizations of businessmen argued that Carrillo would be biased in favor of the workers, and Carrillo admitted that this was true.

On Sept. 2, 1985, Carrillo assumed the post of Labor Minister in the Betancur government. From his first actions in labor conflicts at the time, Carrillo proved himself a great negotiator, intellectual, visionary, and also an excellent administrator. He took advantage of every opportunity to convince the country and the world that unemployment could only be resolved with large investments in economic development, both by the state and by the private sector. He argued that promoting micro-companies as the supposed solution to unemployment would only encourage the growth of the informal sector, where workers could not even get a minimum wage.

Carrillo promoted the construction of the Atrato-Truandó Canal, of various transport infrastructure and health projects, and projects that would integrate the nations of Ibero-America. With the exception of a strike at the Caracol radio station, which Carrillo refused to declare illegal despite pressures to do so, labor peace reigned under his ministry (something which hadn't been seen in the country for a long time) and earned him praise from both the workers and the business sector. Carrillo will be remembered in Colombian history with the honorable title of The Worker Minister.

Unifying the Labor Movement

He had barely completed his stint at the Labor Ministry when he dedicated himself completely to pulling all the labor federations together into the Unified Workers Conference, with the idea that workers would unite into a single powerful organization independent of the political ideologies they held. Carrillo became its first president, through 1988, when he resigned his post. As president of the CUT, Carrillo cultivated a close friendship with Luis Inacio "Lula" da Silva, who was president of his country's CUT at the time, and who is today the President of Brazil.

Later, Carrillo became an advisor to the Peace Advisory Council, official government delegate to annual meetings of the International Labor Organization (ILO), and Colombian Ambassador to Guatemala in 1994.



Jorge Carrillo at the Nariño Presidential Palace in Bogota on Nov. 24, 2003, on the occasion of the issuance of the first unemployment subsidies handed out by Comcaja, the Peasant Family Compensation Fund, which he headed.

Carrillo also participated in a number of world forums. In 1980, he participated in the founding of the Club of Life, led by German political figure Helga Zepp-LaRouche, whose intent was to combat spreading Malthusianism worldwide. In 1982, he participated in the founding of the Schiller Institute, also led by Helga Zepp-LaRouche. It was his idea, and that of Pedro Rubio, to organize a Schiller Institute Labor Commission, to fight for a new and more just world order.

In 1998, together with former Mexican President José López Portillo, U.S. economist Lyndon LaRouche, and other world personalities, Carrillo signed a widely circulated international statement which proclaimed the necessity of a Union of Sovereign States to reorganize the world monetary and financial system, to create a new, just world order.

He participated in the Presidential campaign of current Colombian President Alvaro Uribe Vélez, and from 2003 to the time of his death, was the Administrative Director of the Peasant Family Compensation Fund (Comcaja.) Carrillo always thought that Comcaja was the best mechanism available for the government to carry out its social policy. Because of Colombian business culture, we no longer spoke of "Compañero Jorge" or "Compañero Carrillo," but called him "Dr. Jorge Carrillo," which is the customary way we speak to an administrative director or a general manager in the business world. His main achievement in Comcaja was to transform a company on the verge of bankruptcy into a viable entity.

Throughout his illness, Carrillo was always lucid. Even when his body could no longer function, he was always bril-

liant, contributing ideas to improve Comcaja's operations, how to improve the country, and analyzing the world situation and the situation inside Colombia. Those of us who had the opportunity to visit him or to hear him speak from his sickbed, could not help but feel his optimism, strength of purpose, and goodness. We could see the immortal spirit lodged in a body growing weaker every day. He died fully conscious.

Several months earlier, he thought that President Uribe was going to name him ambassador to some country where the government needed a person of his profile. There was much conjecture about what that country might be. But the trip was not to take place in this world, and on Sunday, March 20, 2005, God called on him to end his stay in the material universe.

Documentation

Carrillo's Campaign vs. Fascist Economics

August 1985: Jorge Carrillo Rojas gave this speech to a conference on the proposed Atrato-Truandó interoceanic canal. He was then vice-president of the Union of Colombian Workers (UTC) and president of the UTRABOC, its regional branch:

"The jobs which the country needs must be jobs which are well paid and highly productive, in the sense of creating useful, tangible wealth. Micro-businesses, businesses so small that you have to use a microscope to see them, do not serve to exploit our natural resources such as coal, oil, natural gas, uranium, and phosphoric rock. To base a development program for the country on micro-businesses is to turn over the exploitation of our resources to the designs of multinational firms, which go so far as to finance guerrilla groups, while we fool around with little candy carts, and stalls which sell *arepas* and *bocadillos*, as if this were our supposed 'autonomous' model.

"The micro-businesses, which some call low-capital, labor-intensive industries, do indeed seem to employ more of the population, but at a lower salary level, which means that more people work for the same amount of income.

"This is the same monetarist and usurious mentality of all those who loudly insist that the way to create employment is to eliminate fringe benefits, to thus have more people working, but reduce the remuneration per worker. This was Hitler's idea—the Hitler who gave everyone employment in the concentration camps, where he had no need to pay any salary because people had no food, and were just waiting to die.

"The reason micro-businesses cannot provide good sala-

ries is because of their low productivity. If modern and advanced technology is used, productivity is greater, that is, each worker produces a greater quantity of goods with less effort, and the companies are in a better position to give the workers better salaries.

"That is why, on many occasions the UTC and UTRABOC have defended the launching of great economic development projects, such as the Atrato-Truandó Interoceanic Canal. Even more important than the quantity of people employed directly in the construction and running of the canal, is the increase in productivity that it would give to the whole economy. The construction of the canal would create the foundations for an initial population of 250,000 in new settlements. These people would have different kinds of jobs in economic projects which have been described here, projects which would be impossible without the canal. With the canal, we are integrating a region of national territory into the national economy."

August 1985: In an interview with the Colombian magazine *Semana*, Carrillo challenged the IMF-dictated decree of a 10% ceiling on wage increases, insisting that "if the cost of living increases more than 20%, you can't raise that of the workers only 10%. . . . This measure is not good for business either, nor for the economy, since the workers will have less money to buy with. I will fight to change this measure, and I believe I can count on the support of the President."

Semana interjected, "But surely the finance minister and the IMF are not going to agree," to which Carrillo responded, "All of this depends, as in many cases, on the President. We cannot stay on good terms with the international banks at the cost of sacrificing the population. Look what has happened to those theoretically wealthy countries like Argentina, Brazil, Mexico, and even Bolivia, following their agreements with the IMF."

In a separate interview, Carrillo declared: "Our nations will continue to pay [their debts] insofar as their economies are reactivated. However, if they continue to humiliate us, forget it, we won't be able to pay. The fact is that industries in the country cannot continue working to pay interest. Colombia has to pay \$1.7 billion to cover the service on the foreign debt. We must slow down the rhythm of the devaluation of our currency, or we will degenerate into chaos. Our products are being bought at bargain prices, and everything we have to import costs much more."

Inauguration as Labor Minister

Sept. 2, 1985: At his swearing-in ceremony as Colombia's new Labor Minister, Jorge Carrillo addressed nearly 1,000 guests and supporters, including President Belisario Betancur, while 5,000 trade unionists, representing nearly every labor federation in the country, gathered in solidarity outside the Presidential palace where the ceremony took place. Here is his inaugural speech:

"There are those who say we cannot accomplish great

things because ours is a poor country and we live in an equally poor neighborhood. Others ask themselves, what can the labor ministry do, with its limited resources? I grant that we do have many deficiencies, in fact, at the present moment. However, all we need for our development can be built, if we but utilize the potential for wealth which our unemployed represent.

“This ministry will definitely give priority to fostering the creation of productive jobs. All Colombians have the right to a decent job. None of our countrymen need suffer the penalty of having to sell foreign cigarettes on Seventh Avenue in order to survive.

“The nation’s sovereignty must be supported by great infrastructure projects—such as railroads, highways, ports, hydroelectric plants, and the Atrato-Truandó interoceanic canal—works which we Colombians will have to build.

“The efficiency of these methods to achieve development, to increase the power of labor, has already been conclusively proven by other nations. In the midst of the worst economic depression that ever afflicted the world, in the 1930s, the U.S. forged its present industrial base, through the construction of great projects.

“To go ahead with the implementation of these great projects will guarantee fulfillment of Article 17 of our Constitution: ‘Work is a social obligation, and shall enjoy the State’s special protection.’

“Only in the minds of a very few can a deadly confrontation between capital and labor be conceived. Neither the workers nor this ministry see an enemy in capital invested to create jobs in our country. The only enemy of labor is speculation, which destroys labor while it makes productive capital investment impossible.

“According to Article 30 of the National Constitution, under which ‘property is a social function that implies obligations,’ I urge the business community to present concrete proposals for the creation of new jobs. The country is eager to hear of these initiatives.

“As Pope John Paul II wisely expresses in his encyclical on human labor, ‘Work is a good for man, is a good for humanity, because through work, man not only transforms nature, adapting it to his own needs, but he realizes himself as a man; what’s more, in a certain sense, he becomes more of a man.’

“Because of this, our debt is with the workers, with the unemployed, with all generations of Colombians; not just the present, but also the preceding ones and those to come.

“This debt, I promise, we shall honor.”

Battling the IMF, Drugs, AIDS

October 1985: Speech by Labor Minister Carrillo to the Conference of Inter-American Labor Ministers, gathered in Costa Rica:

“. . . To pay debt service, we have contracted the real economy to such a degree that the bankruptcy of industries and

growing unemployment here have become the breeding ground for a social holocaust of unforeseen consequences. Our political parties and our democracy are destabilized by the adjustment programs of the financial institutions. In this kind of situation, all kinds of extremism find fertile ground. The measures that have been implemented, apart from being short term, have had but one purpose: generating resources to service the foreign debt, without taking into account the investment needs of the nation nor the consumption needs of the population.

“The deans of international finance may think they can impose this kind of policy with impunity. The truth is that we are about to reach an inflection point, in which the downward spiral in which we have been trapped will become even more accelerated. Neither our biosphere nor our social and political institutions will withstand this deterioration.

“What we are witnessing is not another Depression like that of the ’30s. What we are allowing to occur can only be compared to the Black Death which, in the 14th Century, finished off half the European population. The deadly AIDS is but a harbinger of what is to come. If we persist in defending and justifying usury, we will not be morally fit to survive, nor shall we survive.

“Regarding the internal weaknesses of our economies, the main problem is the colonial structure of our production methods. Despite the wars of independence which were fought in the beginning of the last century, we continue to produce unprocessed raw materials for export. We escaped the Spaniards only to fall into the clutches of British free enterprise. . . .”

Harmony of Interests

Oct. 18, 1985: “I am an impassioned defender of the idea of progress that serves as the pillar of our Western civilization, an idea that is wisely expressed in the precept of Genesis: ‘Go forth and multiply, fill the Earth and subdue it.’ In these brief but profound words can be found an entire optimistic philosophy of life. Man, by virtue of being created in the image of God, possesses a creative mind which should be used to transform and expand the universe. Man is morally committed to bringing about technological advances that are a reflection of scientific progress. Each human being, if provided with the appropriate conditions of life and culture, with his activity and with his work increases the potential to sustain population.

“We should reflect on the fact that it is not only a question of trying to create jobs en masse, but that these new jobs should be more highly skilled than those which currently exist. Work should not merely meet the right of every human being to a job. Work should bring progress to both the economy and to the worker.”

Oct. 24, 1985: “As Pope John Paul II explained it so well, human labor is the activity through which man intervenes efficiently in the universe. Given that our biological existence



Jorge Carrillo: "It is necessary to bring about a policy of harmony of interests like that which Henry Carey, Abraham Lincoln's economic advisor, encouraged."

The Crisis in Agriculture

Jan. 24, 1986: Speech at a testimonial dinner in his honor in Pasto (province of Narino):

"The national food problem consists of the fact that the great majority of our 29 million compatriots eat rice, potatoes, yucca, and bananas every day, while very few eat meat, milk, and eggs. Nationally, on the average, only one-fifth of the protein and 75% of the calories needed for good nutrition, are consumed.

"The bad national diet is a reflection of poor agricultural production. We must create the conditions for our peasants to be turned into farmers. In no other way can we increase productivity in the countryside. To work on little tracts of land, by pick and shovel methods, without access to modern technology, degrades human beings to the condition of beasts who carry out a repetitive activity from generation to generation, without having access to adequate standards of living and culture for the human species. You, the people of Narino, know this difficult situation very well.

"To establish what is necessary to do today in a correct program of agricultural production, we must start by estimating the quantity of meat, milk, and eggs which the population will need from now until the year 2000, to propose the great changes that must be realized in the countryside and in the related industrial base.

"In the short term, we must set up a livestock industry capable of producing four times as much meat, three times as much milk, and seven times as many eggs as are produced today. The key point to increase the production of animal protein is centered in rapidly increasing the cattle population and feeding it with a diet of high-grain content. We must double the number of head of cattle in the pasture lands and reduce the time of production of meat, since at present it takes up to three years to produce a piece of meat on the consumer's table. This time can be halved if the cattle are confined in fattening barns and fed a balanced, high-grain content diet.

"The per-hectare yield in cereals, both for human and animal consumption, must be doubled between now and 2000, and the land under cultivation must increase to about 20 times as much as now.

"A Colombian farmer in the year 2000 must develop the capacity to feed at least 11 citizens, instead of the two poorly fed ones of today. We must set as a goal that with the same economically active population working in agriculture as at present, the production and productivity shall be raised to the estimated levels. One million new jobs would be created in infrastructure building, provision of services in technical inputs, transport, warehousing and meat processing, as well as research and development activities for new agricultural technologies.

"To have an idea of the tremendous impact of the creation of new jobs in new industries, think about what it would mean to have to double the number of tractors in the fields and quintuple the production and supply of fertilizer.

is ephemeral, it is only through what we bequeath to society in the arts, in politics, science or through daily activity in the factory, that can give eternity to our own existence."

Nov. 29, 1985: "It is necessary to bring about a policy of harmony of interests like that which Henry Carey, Abraham Lincoln's economic advisor, encouraged. Only an alliance for production among industrialists, farmers, and workers can defend the fundamental interest of the Republic."

Dec. 2, 1985: From a speech at the opening ceremony of the Council on Wages: "As Leibniz explained in the document 'Society and Economy,' there is an amount below which the quality of work deteriorates. In truth, cheap labor is not less costly labor. Cheap labor is less productive labor. To maintain and improve the buying capacity of lower-income workers is not simply an elemental matter of social justice, it is also healthy from the economic standpoint, so that our depressed markets can be revived. For democracy itself, it would be harmful if minimum-wage workers were forced to support painful and useless adjustment processes."

Dec. 7, 1985: "Within the orthodoxy of the free-trade doctrine, the minimum wage would constitute an aberration or imperfection of the market. If we were to follow those monetarist theories, we would have to eliminate the minimum wage and allow the forces of the market to 'freely' determine the price of the salary in accordance with supply and demand. If we were to listen to those voices, we would have to do away with the Basic Labor Code, which would also constitute a violation of market forces.

"In rejecting Marxist collectivism, there is no reason for us to wed ourselves to the arbitrariness that occurs and which is caused not so much by the capitalist system, in itself a driving force of industrial and scientific development, but rather by adherence to the principle of giving economic justification and validity to usury in all its forms."

“If we decide to defeat usury and impose the necessary unity between economics and morality, as was indicated by Josef Cardinal Ratzinger, Prefect of the Congregation of the Doctrine of the Faith, and ratified by the recent Synod in Rome, we could begin an era of real industrial growth and reaffirm our sovereignty in the face of the claims of certain international financial institutions which only suggest to us adjustments and cutbacks, and never back us in our great projects for growth. As I said on other occasions, only a grand alliance for production between industrialists, farmers, and urban and rural workers, can implement the task of turning Colombia into an agricultural and industrial power. The important thing is that we are already taking steps in that direction. . . .”

Unity Against Free Trade, Usury

March 28, 1986: Interview in *EIR*:

EIR: How do you view the prospects for continental unity among workers to address the problem of the foreign debt?

Carrillo: I have information that the problems affecting our nations are creating the miracle of uniting workers around a single purpose, from Mexico to Argentina. There is no doubt that this unity will become reality in short order, and that we are going to have an Ibero-American labor movement committed to battle for the survival of our people.

Nov. 15-17, 1986: Some 2,000 delegates from 44 trade unions, representing 80% of Colombia’s organized labor force, gathered in Bogota to consolidate a new non-partisan organization of labor, called the CUT. Its new president was former Labor Minister Carrillo. In his speech to that founding conference, he said:

“We are burdened with a foreign debt of about \$400 billion, a debt catalogued as unpayable because of its exorbitant growth, because of the economic oppression to which we are submitted, because of plundering by the multinational financial oligarchy. Each Latin American is a debtor owing a \$1,000 parcel of foreign debt, condemned to sacrifice his opportunities for improvement in order to pay debt service punctually. In the concrete case of Colombia, the cost of a family market basket has grown 30 times in the past 15 years.”

Alliance With LaRouche

May 6, 1999: Speech at an *EIR* conference entitled “In the Face of the Financial Collapse, the New NATO Threatens the World,” held in Bogota, Colombia:

“So, what is to be done? I remember that some nine years ago, I read the writings of Henry Carey, one of the economists who influenced Lyndon LaRouche. Carey said that for a country to move forward, a harmony of interests is

required, a community of interests among workers, growers, scientists, and industrialists. And he said that the moment that one of these sectors attempts to loot another sector, the one that ends up looting all the sectors is the speculative financial sector. That is what is happening in the world today, and it is very serious, so serious that the productive sector is moribund.

“The business sector cannot believe that it can get ahead by looting labor, paying less and less for its work, and thus shrinking its own domestic market. If we improve workers’ salaries, we are going to strengthen the internal market. If Colombia has more than 42 million people, how can we not have a great and strong domestic market?”

“Carey insisted that as long as one sector is thinking only about looting another, what happens is that someone comes from the outside and loots us all. Thus, the prescriptions of the International Monetary Fund are being applied, which insist that we must continue to privatize—or, better said, pirate. It is privatization that we are suffering at the hands of the multinationals. And it is double looting, because the income the country receives from these privatizations only serves to slightly relieve debt payment. It’s an exchange of assets for debt. If we were to put Carey’s teachings into practice, and bring about a harmony of interests among the businessman, the worker, the grower and the scientist, we could move our country forward. With this concept of harmony of interests, we should be able to create a movement that unifies the entire population against usury. The population does not feel represented by the political parties, nor by the elites, and much less by the governments which come into office with a popular vote and then do precisely the opposite of what they had promised.

“We should create a National Reconstruction Front, which would keep on growing as happened with the Army of Liberation during the era of the Independence. And this is a concept to be applied everywhere, not just in Colombia, so that the next century will be known as the humanist century. We have to bring about a new cultural renaissance to save humanity and prevent a return to barbarism. We cannot remain in the hands of these lunatics who are running NATO and the IMF, who believe that killing us every day by starvation and war is going to enable them to keep their empire going, with its feet of lead.

“As U.S. statesman Lyndon LaRouche and his wife Helga Zepp-LaRouche have proposed, it is time to establish a New Just International Economic Order, a New Bretton Woods. This is what I wanted to pass on to you this evening.”

‘No’ to Globalization

Sept. 24, 2004: Letter addressed to the congress of the democratic General Confederation of Workers:

“One of the effects of the globalization of usury was the global reduction of wages. It is said that U.S. workers, who had and still have the highest salaries, had to accept wage

cuts because, otherwise, U.S. companies would go to Mexico, where they wouldn't have to pay \$20/hour, but only \$1/hour. In Mexico, the assembly-line model was imposed, which is nothing other than producing for export, not to satisfy the needs of national consumption. But, at the same time, the Mexicans were told to take wage cuts or labor-intensive companies would move to China, where they could pay only 10 cents/hour.

"Of course, Colombia was no exception. Here, we had the 1992 'opening': State companies were sold, exchange controls were eliminated, all import tariffs were lowered. The deficit generated, because the state rejected this tax, was covered by the value-added tax. Trade union activity today is much more difficult, because the greatest employment is in the informal sector, and because of the modalities of short-term hiring and the service contracts that are in vogue these days. The trade union movement is doing well to combat this terrible tendency toward a new slavery.

"The current debt of the national government with the foreign and Colombian banks is the cost of the 'opening.' That debt is a subsidy that the state gives to the bankers. In the speech given by President Alvaro Uribe Velez in Meta, he indicated that debt service today eats more than 40% of the national budget. In fact, payment of debt service is the only budget line that has grown; when the national and international bankers demand that the budget be cut back, they never think that the only sector of the budget that should be cut is precisely that one.

"Now, these usurers say that since, despite the budget cutbacks, despite more taxes, money does not suffice to meet debt-service payments, they propose that the state appropriate the pensions of the workers so that the state can pay debt service. I am certain that if one makes a detailed study of Colombia's domestic and foreign debt, one would conclude that that debt has been paid several times over, in the same way that all the UPAC and UVR users, over a period of 15 years, end up paying six or more times the value of the initial credit granted.

"Colombia and the world need a financial system that serves the real economy, which serves production, which serves a genuine exchange of goods and services, that guarantees an improvement of the people's standards of living and not the reverse, as is occurring now. A greedy financial system that destroys nations and population. The world is realizing that the current model no longer suffices, and that it is time for change, so that it is labor, technological innovation, real physical production, education, and the health of the population which is valued.

"The state cannot abandon health, education, nor infrastructure. The state has the obligation to direct the economy to continually improving the living standards of the population, because the objective of economy is not to enrich a few, but to sustain the human species under ever-improving conditions. The objective is the general welfare."

Two Years Later: Iraq at a Crossroads

by Muriel Mirak-Weissbach

On April 9, 2003, U.S. tanks crossed the bridges into Baghdad and occupied the city, wrapping up the last phase of the invasion. Hardly a shot was fired. Iraqi military were nowhere to be seen. It seemed as if the rosy forecasts of the neo-cons' favorite Ahmed Chalabi, and his U.S. Defense Department sponsors, were coming true: The Iraqi population would welcome the U.S. troops as liberators, and a pro-American government would emerge from the rubble, to guide Iraq down the road to democracy, becoming a shining example for the entire Arab world and beyond. Oil revenues would finance rapid reconstruction, and, in the words of Paul Wolfowitz, pay for the invasion. The country would lead the "Greater Middle East" to economic prosperity, through the wonders of the free market and globalization.

Two years later, a different picture emerges. The eerie silence of that "day that Baghdad fell," has been explained; soldiers simply melted into the landscape, planning to regroup and reappear, at the appropriate moment, in an organized military resistance against the occupation.

That is what has occurred in the interim. To date, more than 1,500 U.S. troops have died, officially; almost ten times that many are reported wounded. The number of Iraqi casualties has never been tallied officially, but it is estimated that they run into the hundreds of thousands.

Politically, the United States has lost whatever credibility it had, as all the stories retailed to justify the war have been proven to be lies. Even former Secretary of State Colin Powell has publicly complained that he was fed false intelligence, which he presented in his infamous UN slide show prior to the war. The "coalition of the willing" has dwindled to a handful of allies, and even Britain has announced a reduction in forces.

The economic situation of Iraq, once the most developed nation of the Arab world, has been decimated. Basic necessities and infrastructure—running water, electricity, transportation, health care, food—are doled out at utterly insufficient levels. Malnutrition among children has risen far above the already disastrous levels of pre-war, embargoed Iraq. Health services, once the pride of the region, have disappeared. Since the first days after the fall of Baghdad, when plundering and looting destroyed every public building except the oil ministry, lawlessness has reigned, and citizens are afraid of leaving

their homes for school or jobs (those who have them). Educated women, with leading positions in society, now venture out dressed in the chador, for fear that religious fundamentalists (unheard of in pre-war Iraq) may harass them. Most Iraqis are unemployed. Those who have dared to take jobs with the occupying authorities, or with the pro-occupation Iraqi institutions, are the target of resistance fighters. The resistance, which has demonstrated its high level of organization, coordination, intelligence penetration and mobility, continues to attack occupation forces and the fledgling Iraqi military and security forces.

The 'New' Iraq

On April 7, 2005, reportedly, Saddam Hussein and other former members of the government, were put in front of television sets, in their prisons, to watch the inauguration of Jalal Talabani, leader of the Patriotic Union of Kurdistan, as the new President of Iraq. The message to be conveyed thereby, it was said, was that they should know that a new Iraq has come into being.

Formally speaking, the tasks of the new leadership are straightforward. In accordance with the results of the Jan. 30 elections, which gave the Shi'ites a majority, followed by the Kurds and other groupings, a parliament of 275 members was elected. It chose Hajim al-Hassani as its speaker and Hussein Sharastani as his deputy. Talabani was elected President, with two deputies, former interim Finance Minister Adel Abdel Mahdi and former interim President Ghazi al-Yawar. This Presidential Council elected Ibrahim al-Jafaari as Prime Minister, with a mandate to form a government to be approved by the parliament. The government's chief task will be to draft a constitution, which should be put to a referendum, after which further elections will be held for a parliament, and subsequently, a government.

On paper, the procedure, which was set up by the occupying authorities under Paul Bremer's Coalition Provisional Authority, is unproblematic. But in the reality of the Iraqi political and social process, the procedure is anything but bureaucratic.

The challenges facing the government-to-be are awesome: It must establish law and order, which requires developing the police, security, and military forces. It must provide jobs for the vast majority who are unemployed. Most important, it must take effective steps toward ending the foreign occupation.

Aside from considerations related to the U.S. agenda—which is still nebulous—regarding the duration and form of the occupation, the Iraqi government-to-be itself is in a paradoxical position. The very fact that the new leadership has been defined along almost a quota system, respecting ethnic/religious identities, points to the problem. As a result of Paul Bremer's de-Ba'athification program, which threw out any Ba'ath Party member from any occupation, and disbanded the military, the Sunni component of Iraqi society, which

had furnished its traditional leadership, was blackballed, and driven into the resistance. The majority Shi'ite population, which had been suppressed by Saddam Hussein, and the Kurds, who had enjoyed extensive autonomy in the northern part of the country (what they call "Kurdistan"), became the leading political forces.

The interim government, under the occupation, was defined along ethnic/religious lines. This process of ethnicization created a new reality in the country, whereby one's political standing depended on whether one was a Shi'ite, a Kurd, a Sunni, a Turkmen, or whatever. Thus, after the election of the parliament, the deliberative process aimed at selecting a leadership, was characterized by power struggles, not by concern for the national interest. Thus, the vicious haggling during the parliamentary sessions, ending in brawls and suspension.

What has come out of this process is a Kurdish President, one Sunni Vice President and one Shi'ite; a Sunni Speaker of the Parliament with a Shi'ite Deputy Speaker; and a Shi'ite Prime Minister. The question is: Will they function as representatives of their special interest groups, thus pitting one against the other? Or will they succeed in rising above ethnic/sectarian concerns, to serve the interests of the nation?

Parallel to the ethnic/religious aspect, is the political color of the new leadership. President Talabani is a long-term U.S. ally, to put it politely. The two Vice Presidents, Shi'ite Islamist Adel Abdel Mahdi and Sunni Ghazi al-Yawar, were both members of the former interim regime, which had been hand-picked by the United States. Mahdi had been to the U.S. at least twice, and is close to the International Monetary Fund. Thus, one would not expect such a combination to turn against the U.S. occupation.

Yet, there is a contrary process also unfolding. The most significant force on the new political landscape is the Shi'ites, not defined as a religious faction, but oriented to the guidance of Grand Ayatollah Hussein Ali al-Sistani, the highest authority for all Shi'ites in the world. Although he has no political ambitions or position, al-Sistani is the person who forced the occupying powers to schedule elections by Jan. 30, explicitly with the aim of having a government elected which would have the authority to demand the end of the occupation. Many Iraqis who went to vote, did so for this reason.

The party which gained an overwhelming majority in the elections, was the United Iraqi Alliance (UIA), backed by al-Sistani. The Deputy Speaker of the Parliament, Hussein Sharastani, is considered al-Sistani's number two man. Prime Minister Jaafari is expected to give the lion's share of ministerial posts, including finance, interior, and oil, to the Shi'ites, who got 146 of the 275 parliamentary seats. The Kurds are supposed to receive the Foreign Ministry and perhaps Planning, while the Sunnis may be given the Defense Ministry. Thus, the direction given by al-Sistani, albeit as moral, not political guidance, will shape the orientation of whatever government comes into being.

A clear majority of the population is committed to ending the occupation. Unless a new government faces this demand, there will be social disruption. Talabani, in his first public statements as President, referred to the need, not only “to consolidate national unity . . . regardless of religious and sectarian backgrounds,” but to establish security such that the foreign military presence were no longer necessary. One promising step was made, when the Parliament announced April 6, that it would move its premises to a building outside the Green Zone, i.e., the area where the occupying forces have their embassies, and where the Iraqi institutions of government were. This, as German Colo. Jürgen Hübschen (ret.), an expert on Iraq, emphasized in last week’s *EIR*, is the precondition for moving toward a government which is truly independent.

Iraq and the Region

No one is more eager for stabilization of Iraq than its neighbors, especially Turkey, Iran, and Syria. Significantly, both the Turkish and the Iranian governments welcomed the election of Talabani as President. Turkey, which fears moves by the Kurds toward greater autonomy, or even independence, accepted the choice, on the assumption that the President, largely a ceremonial position, would not determine policy. Turkish acquiescence will remain, as long as there are no moves by the Kurds toward independence. The emergence of an independent Kurdistan, which many in the Kurdish political leadership dream of, would immediately destabilize Iran, Turkey, and Syria, all of which have significant Kurdish minorities. Turkey has made known that this is a “red line,” which, if crossed, would trigger Turkish military intervention. Thus, settling the Kurdish question will be a priority for these neighbors.

At issue is the demand, made by the Kurds prior to elections, that the oil-rich city of Kirkuk be included (become the capital, in fact) of the autonomous Kurdish region. Furthermore, they demand that those Kurds who had been expelled from the city under Saddam Hussein’s campaign of “Arabization,” be allowed back, and that, in effect, ethnic cleansing be implemented against the Arab (and Turkmen) population. This had been a point of conflict in discussions between the Kurds and Shi’ites over the past weeks. No solution was found; a vague formulation was agreed upon, without any firm commitments. No stability can be hoped for in Iraq, or the region, unless this issue is settled, rigorously limiting the power of the Kurds.

The other factor in the regional complex, is the Iranian factor in Iraq. The predominance of the Shi’ites, and the close relations the al-Sistani-backed UIA enjoys with Iran, have led many to raise the spectre of a fundamentalist Shi’ite expansion, incorporating Iraq, but this is untrue. As long as al-Sistani remains the highest Shi’ite authority (and there are no contenders at the moment), there will be no way Iraq could ever become a state on the Iranian model. It has been pointed

out, by Iranian sources as well, that, given that the Iranian model has not fared so well there, even Iranians are not eager to replicate it in Iraq.

It is obvious that Iraq, under this political constellation, will have privileged relations with Iran, and that Iran will become a growing factor in Iraqi affairs. This has obvious economic implications, considering the immense (known and unknown) oil and gas reserves of the two countries, and also trade. Such Iraqi-Iranian cooperation is not what the neo-cons in Washington want to see. The United States had hoped, in fact, to put former interim Prime Minister Iyad Allawi in to form a government, but failed. What the neo-cons will do visà-vis Iranian-Iraqi cooperation, is a question mark. There have been contradictory signals coming out of Washington: some softer tones toward Iran, but at the same time, hostile rhetoric and threats against the Islamic Republic, including continuing threats from Israel.

Despite the ravages of war, and the rapidly deteriorating socio-economic crisis in Iraq, there would be the possibility of reintroducing stability, were the regional powers—Iran, Syria, Turkey as well as Arab leader Egypt—to establish security arrangements among themselves. This, as Lyndon LaRouche outlined in his April 2004 “LaRouche Doctrine,” would lay the basis for an orderly withdrawal of U.S. and other foreign troops. Thus, the ultimate question is: What will America do?

COVERUP EXPOSED!

The Israeli Attack On the ‘USS Liberty’



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

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'Peace in Palestine' Conference in Malaysia

by Mike Billington

Malaysia, currently the chair of the Organization of the Islamic Conference (OIC), hosted a "Peace in Palestine" conference in Putrajaya from March 28-30, with representatives from 34 nations. Organized by Peace Malaysia, a coalition of 1,100 organizations and parties, the 400 participants included five Israelis, despite the fact that there are no diplomatic relations between Malaysia and Israel. The presence of the Israelis led to the boycott of the event by the Islamic Party of Malaysia (PAS).

Nonetheless, the Malaysian government not only supported the event, but Prime Minister Abdullah Ahmad Badawi issued a published address, and met privately with the Israeli guests. He called for an "international campaign for a sovereign and independent Palestinian state, with East Jerusalem as its capital, living side-by-side in peace and harmony with Israel." He said that if a "global campaign could be launched, not unlike the one against apartheid in South Africa, it might indeed succeed in influencing the concerned parties to achieve a peaceful resolution."

Peace of Westphalia

The Israeli participants came from two organizations: Gush Shalom, a leading force in the Israeli peace movement, founded by Uri Avnery; and Neturei Karta, an international association of Orthodox Jews who oppose Zionism. After their private meeting with Prime Minister Abdullah, Adam Keller, representing Gush Shalom, said that the Prime Minister had told them that Malaysia was ready to open diplomatic relations with Israel, provided the peace process continues.

Keller, in his speech to the conference, affirmed that a "reasonable peace can be achieved." He condemned the daily Israeli bombardment of Palestinians for the past four years, but also pleaded that the suicide bombings in Israel have "obscured the justice of Palestinian demands." Former Malaysian Prime Minister Dr. Mahathir bin Mohamad, in a 2003 speech to the OIC, had expressed this same point, calling for Muslims to define terrorism as any attack on innocent civilians, including the suicide bombings. His proposal was rejected at that time, while Israeli dismissed Dr. Mahathir as an anti-Semite!

This issue provoked some dissent at the conference as well, as at least one participant argued that suicide bombings must be accepted as part of the necessary "armed resistance"

of the Palestinians against the occupation, due to the "state terrorism" of the Israelis. Such finger-pointing demonstrates the urgency of adopting the concept of a new "Treaty of Westphalia," as proposed by Lyndon LaRouche—for each side to recognize the "benefit of the other" as in one's own true best interest for long-term peace and development.

'Focus on the Economy'

The keynote address by Malaysian Education Minister Hishammudin Hussein, who is also the patron of Peace Malaysia, put the focus on the economic disaster in Palestine. "Palestine's perilous economic condition must also be addressed," said Hishammudin. "I am a firm believer that economic issues must be tackled if peace is to be achieved. A lack of jobs and opportunities fosters despair and hopelessness, which in turn is easily exploited by the unscrupulous and evil-minded."

The statistics on the plight of the Palestinians reported by Hishammudin made the point: unemployment of 25%, with 37% of young people without work, and nearly half the population living below the poverty line. He warned that this was an international crisis: "Our peace is threatened by the bloodshed in Palestine and Israel. If we are not careful, the conflict in the Holy Land will begin to define all relations between Muslims, Christians, and Jews."

Saeb Erakat, the chief negotiator for the Palestinian Authority, wrote in a prepared speech that the Israeli unilateral withdrawal from Gaza and from a few West Bank settlements represented a "glimmer of hope," but he insisted that "unilateralism only invites extremism and signals a rejection of a negotiated solution to the conflict." He called for an "immediate resumption of political negotiations," and expressed hope that the Gaza withdrawal would lead to a return to the Road Map, and thus to "the creation of a self-sufficient, independent Palestinian economy that is not dependent solely on aid." He warned that the recent announcement of new Israeli settlements to be built on the West Bank marked a "continued Israeli theft of Palestinian land," which indicates that Israel has "no intention to fulfill the vision of two states or to live within recognized and secured borders."

Possible Boycott

The participating organizations issued an "action plan" at the end of the conference, calling for the establishment of a center in Malaysia to "organize a selective boycott of Israeli goods, and divestment from that country, in order to pressure Tel Aviv to withdraw completely from the West Bank and Gaza." Chandra Muzafar, the founder and director of the Malaysian-based Just World Movement, told the press that there would be no "rush into such an action," but that they would carefully study the issues involved, noting that the European Union and the Non-Aligned Movement had already discussed boycotts of goods produced in the illegal Israeli settlements.

British Surrogates Lose Zimbabwe Election

by Lawrence K. Freeman

Prime Minister Tony Blair's Liberal Imperialists and their supporters among the U.S. neo-con "regime change" faction were soundly defeated in the Zimbabwe Parliamentary election held on March 31. The Movement for Democratic Change (MDC), founded, funded, and deployed by the British, and led by Morgan Tsvangirai, lost 16 seats in the national vote, leaving them with just 41 elected representatives in the government. While Tsvangirai claims that he would have won 90 of 120 contested seats if the election had been fair, there is no documented evidence of fraud on that scale.

The MDC is now left in disarray. With a 25% loss in political representation, the Tsvangirai leadership will certainly be challenged. With this disappointing showing, after years of preparation, it is not clear whether their British masters will consider them viable tools any longer for their long-intended regime change of President Robert Mugabe. The Zimbabwe African National Union Patriotic Front (ZANU-PF) increased its representation to 78. With President Mugabe free to pick an additional 30 seats, the ZANU-PF will now control the Parliament, with a 72% majority of 108 seats out of 150.

Unlike previous elections, there was no violence, and no mass arrests. There was no restriction on campaigning by Tsvangirai, who addressed huge crowds of up to 20,000 at spirited rallies. Additionally, the government provided fi-



Zimbabwe's President Robert Mugabe (right, shown here with UN Secretary General Kofi Annan) came out victorious in the closely scrutinized elections; now, will he act effectively on the broader international arena?

nancial assistance to the MDC, and free access to government television and radio. Seven thousand observers witnessed the election, and over 500 journalists were on hand, while foreign embassies were free to observe unofficially. There is one report that two British Embassy officials who witnessed the election pronounced it "free and fair." There had been plans to stage a "people's power" demonstration against the Mugabe government, but MDC leaders soon realized that this would be futile.

Economic Dimension

Mugabe used the election to identify Prime Minister Blair as the enemy, and the controlling force behind the "puppet" MDC. He broke all the rules of diplomacy and referred to the latrines as "Blair toilets." Mugabe's attacks on Blair and the British were not just amusing, but actually accurate in an ironic way, if you understand what the British have done to their African colonies. As the present bankrupt financial-monetary system continues to slide daily into an uncontrollable collapse, various financial powers are seeking to grab up valuable raw materials. Zimbabwe, like every country in sub-Saharan Africa, has been the victim of a raw materials-looting policy aimed at controlling, through mercenary armies, the land areas of Africa where these materials are found, with utter disregard for the sovereignty of the nation, and the welfare of the citizens. Eliminate the "natives" and steal the loot, is the centuries-old British imperialist policy.

Mugabe's major crime in the eyes of the British, is that he has continued to defend the sovereignty of his nation. This is the sole reason for the attacks on his leadership. Zimbabwe, formally Rhodesia, was owned by Britain, until the 1980 liberation. It was only in the most recent years, that black Zimbabweans were allowed to reclaim the land that was stolen from them, and permitted to farm it for themselves.

There is no doubt that nation is suffering economically. There are periodic shortages of food, due primarily to a lack of mechanized and irrigated agriculture. Fuel shortages, lack of adequate jobs, the spread of AIDS, a devalued currency, all reflect very serious problems for Zimbabwe society. This is the main cause for the support that the MDC garnered in the urban centers, where the ZANU-PF is weaker. Zimbabwe finds itself in a similar condition to the rest of sub-Saharan Africa, trying to survive in a controlled environment of International Monetary Fund-dictated policies.

To actually reverse these life-threatening conditions, African leaders like Mugabe, who have shown the steadfastness to defend their nations, will have to go beyond the boundaries of their continent, recognize the bankruptcy of the IMF system, and then join forces with other nations to form a new monetary-economic system, based on the management and development of natural resources for the benefit of the people, as proposed in Lyndon LaRouche's New Bretton Woods initiative.

Bush's State-Based Religion Is a New Fascist Movement

The alliance of right-wing Protestants and Catholics who brought President George W. Bush into the Presidency, and are campaigning for the President on so-called "religious issues," is a "new Nazi movement," charged Lyndon LaRouche at the conclusion of his April 7 webcast. This movement has to be identified for what it is, and fought, if the United States is going to survive, LaRouche said.

On April 3, the former Democratic Presidential candidate had issued a sharp statement, ripping away the mask of the "religious right." This grouping is nothing but an unconstitutional "state-based religion," he said. Here is the statement in full:

"The delusion is, that the array of pro-Bush religious fruitcake collection, built of a partnership, forged in large part by Billy Graham, between Jonathan Edwards/Darbyite Protestant fruitcakes and dark-age fascist, nominal Catholics, is not a lobby directed to influence government; it is a Bush-government-created state religion, created and deployed to impose a de facto dictatorship on the U.S.A.

"Think of the Gallican churches of France's pro-Frondest Louis XIV and the mimicry of Louis by Napoleon Bonaparte's imperial state religion. Think of the Roman Empire's use of its Pantheon as a state religion, and the action by Constantine to make Christian bishops agents of Constantine's Pantheon. Think of the Venetian-Norman ultramontane empire founded upon the presumption of the fraudulent 'Donation of Constantine' dogma. Think of Venice's use of the Habsburg faction it created, as an adjunct of Norman Anjou heritage, to launch the religious warfare of the 1492-1548 interval against the institution of the nation-state created by the Fifteenth-Century Renaissance of Christianity.

"Think of the way in which the fascist right wing, organized under the banner of the Bush faction's new state religion, has been used to mobilize the African-American clergy around the Moonies' pioneering in introducing a right-wing

system of state religion in which the 'faith-based initiatives' are recruiting pastors who used to be civil-rights loyalists, creating a network of churches assembled thus to worship money.

"Look at the unity of George Bernard Shaw's key role in creating the British fascist movement of Chesterton, et al., which produced the Distributists and the thundering nitwits of the *Nashville Agrarian*. Think of William Yandell Elliott, and of Brzezinski, Huntington, Kissinger, et al. Think of the American Enterprise Institute's Novak and its penetration of the Catholic parishes and religious orders of eastern Europe. Think of the effort by the Anglo-Americans, to intimidate the Catholic Church to abandon its resistance to that evil which was and is the Enlightenment: another case of the effort to impose state-based religion as an instrument of Anglo-American imperial tyranny.

"The only way to defeat this religious guise for a new fascist movement is to expose it for what it is in fact, another (explicitly anti-constitutional) state-based religion."

Against the Constitution

When he was asked to elaborate on the importance of campaigning against this right-wing "religious" crew at his webcast, LaRouche stressed the fact that what Bush's backers are doing, by creating this "mass movement," is strictly against the prohibition included in the U.S. Bill of Rights to the U.S. Constitution, against the establishment of any religion.

The Founding Fathers were aware of the history of the use of religions to control populations, when they created our form of government, LaRouche said. There was a history in the world as a whole, of religions which were created by government in order to control people.

He explained: "Now, when we modified our Constitution, for separation of church and state, *we were aware of this, and*

we banned it. And George Bush has done it! It's a violation of the Constitution.

"Now, this state-based religion has two principal elements in the United States. It's based on one thing, the so-called 'wild Protestants,' who were organized around the Nashville Agrarians, as the Thunder Cults, which is based on those Southern revival meetings where they produced more babies than they saved. Where the preacher did it: He saved souls in the tent, and went and made more outside the tent, back of the tent. The other thing was done from Britain: a variety of Catholic doctrine, which was partly invented from Britain and came from other sources, which is the right-wing fascist wing of the Catholic movement in the United States, today.

"So you take the fascist Protestants and the fascist Catholics, and you put them together, and you call it a faith-based initiative. And what they worship is money. The biggest weapon used by government against the Civil Rights movement, has been the faith-based religion which has gone in to buy pastors in churches, to try to kill the Civil Rights movement by this operation.

"What we have here—to make this as short as possible—what we have, is an orchestrated operation which now centers around Karl Rove, and the idea is to use this kind of religion by bringing—.

"You know, [my wife] Helga and I met with Cardinal O'Connor in 1994, in his office in New York. He said: Look at all these guys coming in, these crazy Protestants are coming in, trying to get into the Catholic Church, the diocese. What are they doing to me?

"And this is what it is.

"So, the Bush crowd, or the crowd behind Bush, typified by what Karl Rove does, has created a religion around certain religious figures, including Billy Graham, and they've used this thing to create a systemic religious movement, which was used in two elections—especially in the last one—to organize a vote-suppression movement which gave an election, fraudulently, by virtue of votes pressured, to George Bush. That is a state-based religion.

"Look at what happened with the Schiavo case: all the orchestrations. You see, every effort is to substitute the manipulation of religious insanity, actually, for politics. You saw that in the Schiavo case, the way it was orchestrated. Now, if we don't recognize that, do you know what this is? Do you know what faith-based religion is? *It's the new Nazi movement.* This is the mass movement of Nazis, and if you let this thing run loose, and treat it like it was something you just don't talk about, for fear of upsetting people, you know where you're going to end up? This is where you're going to end up: No country, buddy.

"This is fascism. It's a violation of the Constitution, because we know that the government of the United States, a section of it, the people in government, are running a religious cult around the theme of the faith-based initiative, as a move-

ment to control the politics of the population. That is precisely what the amendment of the Constitution prohibited, and that is what is being done.

"The President of the United States is unconstitutional!"

Mobilization Against Senate Filibuster

During the November 2004 election, the "issue" which the Bush sponsors used to mobilize the "faith-based" fascists was gay marriage. Today, it's the question of judges and the Supreme Court.

According to press accounts, various "faith-based" groups are currently pouring millions of dollars and other resources into a full-scale mobilization to eliminate the Senate filibuster as a weapon against the tyranny of a legislative majority. This effort is intended to create conditions that would further Bush Administration plans for a reactionary, fascist makeover of the Federal court system and the Supreme Court.

Tony Perkins, president of the Family Research Council, told the *New York Times* that his organization's campaign for the rule change on the filibuster has far surpassed what they did on the issue of same-sex marriage during last year's Presidential campaign. Dr. Richard Land, who heads up the Ethics and Religious Liberty Commission of the Southern Baptist Convention, said his organization, along with other "social conservative" groups, has been telling Senate Majority Leader Bill Frist (R-Tenn.) to "pull the trigger . . . so we will know who to have a primary candidate against in 2006." James Dobson of Focus on the Family rants that "judicial hostility to faith, and especially Christianity, has never been greater than today."

Nor does this campaign stop at lobbying. The "religious right" campaign has recently taken aim at sitting judges, including Republicans appointed by President Bush, who refused to bend to their will on the question of the Terri Schiavo case. Administration enforcer Tom DeLay (R-Tex.), the House Majority Leader, has gone so far as to threaten action against these judges. Reports of death threats against the judges also abound.

These actions, in fact, beg comparison with a section of the mass support for Hitlerian fascism, which was also created *from the top*, with financial aid from the authorities. "Family values" were a leading aspect of the ideology to which Hitler appealed—as long as the families were of "pure German blood." Hitler's movement was "anti-abortion," as well (unless those aborted happened not to be of pure German blood). And the "law," which was in fact made by the Führer, was always presented as the "will of the people," which the dictator was merely putting into action.

Such "pure democracy" goes hand in hand with dictatorship, and that is what the unconstitutional removal of the rights of the minority in the Senate, through eliminating the filibuster, would lead toward.

Ginsburg: Does Scalia Think Like Roger Taney?

by Edward Spannaus

Associate Supreme Court Justice Ruth Bader Ginsburg carried on the public dispute within the U.S. Supreme Court—and pointedly censured Associate Justice Antonin Scalia—in a speech delivered April 1 to the American Society on International Law, in Washington, D.C. Increasingly, Supreme Court Justices, including Scalia, are speaking publicly outside of the court, on their policy differences, especially in regard to the heated debate over the recognition of international law and court decisions from other countries.

This flared up in the court's 2002 decision which held that the execution of a mentally retarded offender was unconstitutional, and in the decision last month, which declared the juvenile death penalty unconstitutional. In both rulings, the court's majority—over Scalia's scornful dissents—cited the near-universal condemnation of these practices.



Ruth Bader Ginsburg

views on recourse to the opinions of mankind," citing an at-that-point-unnamed mid-19th Century U.S. Chief Justice who had expressed opposition to taking such considerations into account. Ginsburg then quoted this 19th Century Chief Justice saying: "No one, we presume, supposes that any change in public opinion or feeling in the civilized nations of Europe, or in this country, should induce the U.S. Supreme Court to give the words of the Constitution a more liberal construction than they were intended to bear when the instrument was framed and adopted."

"Those words were penned in 1857," Ginsburg continued. "They appear in Chief Justice Roger Taney's opinion for a divided court in *Dred Scott v. Sanford*, an opinion that invoked the majestic Due Process Clause to uphold one hu-

man's right to hold another in bondage. . . ."

From there, Ginsburg pointed out that there still remains, today, among some jurists, "considerable skepticism on the propriety of looking beyond our nation's borders, particularly on matters touching fundamental human rights," and some "downright opposition," at which point Ginsburg cited Scalia's dissenting opinion in the juvenile death-penalty case, which declared that the court should 'cease putting forth foreigners' views as part of the reasoned basis of its decisions.' "

Justice Ginsburg is someone who obviously chooses her words very carefully, and therefore, despite her reported personal friendship with Scalia—whose self-professed "originalism" and "textualism" sounds identical to Taney—the significance of her juxtaposition is hard to miss.¹

The 'H' Word

Justice Ginsburg also touched on another highly disputed issue, the question of the scope of Executive power, in citing the 1952 Steel Seizure case—which the U.S. Supreme Court cited in its rulings against the Bush Administration in the enemy combatant cases last June. The "torture memos" coming out of the Justice Department and the White House in 2002-03, had asserted that the President could use his Executive authority to override treaties and U.S. law in time of war.



Antonin Scalia

Ginsburg cited the fact that Justice Robert Jackson (earlier the chief prosecutor for the United States at Nuremberg), had "pointed to features of the Weimar constitution in Germany that allowed Adolf Hitler to assume dictatorial powers." Jackson drew from this, she said, "support for the conclusion that, without more specific Congressional authorization, the U.S. President could not seize private property, even in aid of a war effort."

This is what Jackson wrote, in his concurring opinion in the *Youngstown Steel* case:

"Germany, after the First World War, framed the Weimar Constitution, designed to secure her liberties in the Western tradition. However, the President of the Republic, without concurrence of the Reichstag, was empowered temporarily to suspend any or all individual rights if public safety and order were seriously disturbed or endangered. This proved a temptation to every government, whatever its shade of opinion, and in 13 years suspension of rights was invoked on more than 250 occasions. Finally, Hitler persuaded President Von

1. See Lyndon H. LaRouche, Jr., "Scalia and the Intent of Law," *EIR*, Jan. 1, 2001.

Hindenburg to suspend all such rights, and they were never restored.”

One just need recall how Senator Robert Byrd was recently castigated, in a speech attacking the unconstitutionality of the Frist-Cheney “nuclear option” to end extended debate in the Senate, when he, in similar fashion, identified the manner in which Hitler had used the cloak of legality and majority rule, to establish dictatorial rule.

Documentation

We reproduce here excerpts from remarks by Supreme Court Justice Ruth Bader Ginsburg to The American Society of International Law, delivered on April 1, 2005, in Washington, D.C.

In the value I place on comparative dialogue, on sharing with and learning from others, I am inspired by counsel that the founders of the United States gave us. The drafters and signers of the Declaration of Independence cared about the opinions of other people. They placed before the world the reason why the states joining together to become the United States of America were impelled to separate from Great Britain. The declarants stated their reasons out of “a decent respect to the opinions of mankind.” To that end, they presented a long list of grievances, submitting the facts, the long train of the British crown’s abuses, to the scrutiny of a candid world.

The Supreme Court early on expressed a complementary view. “The judicial power of the United States,” the court said in 1816, “was intended to include cases in the correct adjudication of which foreign nations are deeply interested and in which the principles of the law and comity of nations often form an essential inquiry.”

Far from exhibiting hostility to foreign countries’ views and laws . . . the founding generation showed concern for how adjudication in our courts would affect other countries’ regard for the United States. Even more so today, the United States is subject to the scrutiny of a candid world. What the United States does, for good or for ill, continues to be watched by the international community, in particular by organizations concerned with the advancement of the rule of law and respect for human dignity.

The new United States looked outward not only to earn the respect of other nations. In writing the Constitution, the framers looked to other systems and to thinkers from other lands for inspiration, and they understood that the new nation would be bound by the law of nations, today called international law.

Among powers granted the U.S. Congress, the framers enumerated in Article I the power to define and punish offenses against the law of nations. John Jay, one of the authors

of the Federalist Papers and the first Chief Justice of the United States, wrote in 1793 that the United States, by taking a place among the nations of the Earth, had become amenable to the law of nations. And 11 years later, Chief Justice John Marshall cautioned that an act of Congress ought never to be construed to violate the law of nations if any other possible construction remains. . . .

There are generations-old and still-persistent discordant views on recourse to the opinions of mankind.

A mid-19th Century U.S. Chief Justice expressed opposition to such recourse in an extreme statement. He wrote, “No one, we presume, supposes that any change in public opinion or feeling in the civilized nations of Europe, or in this country, should induce the U.S. Supreme Court to give the words of the Constitution a more liberal construction than they were intended to bear when the instrument was framed and adopted.”

Those words were penned in 1857. They appear in Chief Justice Roger Taney’s opinion for a divided court in *Dred Scott v. Sanford*, an opinion that invoked the majestic Due Process Clause to uphold one human’s right to hold another in bondage. The *Dred Scott* decision declared that no descendant of Africans imported into the United States and sold as slaves could ever become a citizen of the United States. While the Civil War and the 13th, 14th, and 15th Amendments reversed that judgment, there remains among U.S. jurists considerable skepticism on the propriety of looking beyond our nation’s borders, particularly on matters touching fundamental human rights. Some have expressed down-right opposition.

Justice Scalia wrote this year in a dissenting opinion, joined by the Chief Justice and Justice Thomas, the court should “cease putting forth foreigners’ views as part of the reasoned basis of its decisions. To invoke alien law when it agrees with one’s own thinking and ignore it otherwise is not reasoned decision-making but sophistry.”

The notion that it is improper to look beyond the borders of the United States in grappling with hard questions has a certain kinship to the views that the U.S. Constitution is a document essentially frozen in time as of the date of its ratification. I am not a partisan of that view. U.S. jurists honor the framers’ intent to “create a more perfect union,” I believe, if they read our Constitution as belonging not to the end of the 18th Century but to a global 21st Century. . . .

Recognizing that forecasts are risky, I nonetheless believe that we will continue to accord a decent respect to the opinions of humankind as a matter of comity and in a spirit of humility. Comity, because projects vital to our own well-being—combating international terrorism is a prime example—require trust and cooperation of nations the world over. And humility, because in Justice O’Connor’s words, other legal systems continue to innovate, to experiment, and to find new solutions to the new legal problems that arise each day, from which we can learn and benefit.

Former State Department Legal Advisor Blames DOJ Lawyers for Prisoner Abuse

by Edward Spannaus

The abuse of detainees “was predictable,” as a consequence of the decision made by Department of Justice (DOJ) lawyers in early 2002 that the Geneva Conventions would not apply to al-Qaeda personnel, the State Department Legal Advisor at the time has charged.

The former Legal Advisor, William H. Taft IV, said that the Justice Department’s conclusion to disregard the Geneva Conventions “unhinged” those who were responsible for the treatment of detainees at Guantanamo, detaching them from the legal guidelines that had governed the treatment of captives by the U.S. military for decades.

Taft, who was the Legal Advisor to Secretary of State Colin Powell in 2001-05, made these charges in a March 24 keynote speech to a conference on the Geneva Conventions, at the Washington College of Law of American University.

A number of legal specialists consulted by this news service believe that Taft’s statement—which has received no news media coverage except for this news service—is the first time that any high-level current or former Administration official has acknowledged the connection between the decision to reject the application of the Geneva Conventions, and the abuse and torture of prisoners which later occurred at Abu Ghraib and elsewhere.

The January 2002 Dispute

Taft is no Johnny-come-lately to this view. On Jan. 9, 2002, lawyers in the Justice Department’s Office of Legal Counsel (OLC) had drafted a memo to the Pentagon, arguing that neither Taliban nor al-Qaeda forces should be subject to the protections of the Geneva Conventions.

Taft and his staff hurriedly drafted a 40-page memorandum, which Taft sent to the OLC lawyers on Jan. 11, 2002, telling them that their advice was “seriously flawed,” and that their conclusions were “incorrect as well as incomplete.” The memorandum tore apart the OLC’s arguments, and warned that a determination that the Geneva Conventions did not apply, could lead to conduct by U.S. personnel that would constitute a “grave breach” of the Conventions, raising “a risk of future criminal prosecution for the U.S. civilian and military leadership and their advisors.”

Secretary of State Powell sent a memo to White House Counsel Alberto Gonzales and National Security Advisor Condoleezza Rice on Jan. 26, 2002, arguing strongly against Presidential determination that the Geneva Conventions did not apply to the conflict in Afghanistan, warning that this “will reverse over a century of U.S. policy and practice in supporting the Geneva Conventions and undermine the protections of the law of war for our troops,” and outlining a series of likely adverse consequences for the United States and the conduct of U.S. foreign policy.

Powell’s recommendations were ignored, as were the recommendations of the Joint Chiefs of Staff and other senior military officers. On Feb. 7, at the urging Vice President Dick Cheney and others, President Bush issued an order declaring that the protections of the Geneva Conventions did not apply to either Taliban or al-Qaeda detainees.

‘It Was Predictable’

In his March 24 remarks, Taft said that, if the United States were going to depart from the law of war, “there ought to have at least been some particular justification, or at least some practical benefit for departing from this guideline.” But since neither the military nor the civilian leadership of the Pentagon saw any such justification or benefit, when they were considering the issue in January 2002, they did not propose to deviate from the requirements of the Geneva Conventions in respect to the treatment of the detainees in Guantanamo.

“The original Rules of Engagement issued to the forces fighting in Afghanistan, had rather directed that the Geneva Conventions be complied with, in the treatment of persons taken into custody, regardless of whether they were, strictly speaking, entitled to this,” Taft said. “In this respect, the rule followed the American practice in Vietnam, where the Viet Cong were treated in accordance with the Conventions, even though it was understood that this was not required.”

Taft continued:

“It has been a continuing source of amazement—and, I may add, considerable disappointment to me—that, notwithstanding the stated intention of the Pentagon’s leadership, to

comply with the requirements of the Conventions, without qualification, lawyers at the Department of Justice thought it was important to decide at that time, that the Conventions did not apply to al-Qaeda as a matter of law, and to qualify the commitment to apply them as a matter of policy to situations where this was ‘appropriate’ and ‘consistent with military necessity.’

“This unsought conclusion unhinged those responsible for the treatment of the detainees in Guantanamo from legal guidelines for interrogation of detainees reflected in the Conventions, and embodied in the Army Field Manual for decades.

“Set adrift in uncharted waters, and under pressure from their leaders to develop information on the plans and practices of al-Qaeda, it was predictable that those managing the interrogation would eventually go too far, and news reports now indicate that, from time to time, that happened.”

Karen Greenberg, director of New York University’s Center on Law and Security, and co-author of the recently issued book *The Torture Papers*, told *EIR* that “Taft remains a courageous voice of reason and restraint in the discussion of the treatment of detainees.”

She added: “He agrees with those who have asserted that the decision that the Geneva Conventions did not apply to al-Qaeda in certain circumstances not only freed those responsible for the treatment of detainees from legal constraints, but set a tone for behavior that was well out of compliance with the Geneva Conventions and the Army Field Manuals for Interrogation.”

Military Lawyers ‘Standing in the Way’

More light on the dynamics that were operating between civilian and military lawyers during this period, was shed by the Navy’s top legal officer at the time, recently retired Adm. Michael Lohr, who was the Judge Advocate General (JAG) for the Navy.

Speaking at the American Society of International Law (ASIL) in Washington on April 1, Lohr said that military lawyers were viewed with suspicion by civilians in the Pentagon, and were accused of “standing in the way of getting information” from terrorists. Lohr said that it was “not easy” in 2002-03 for officers who supported compliance with the Geneva Conventions; they were viewed as non-supporting of the war on terror, by the Intelligence and Policy people. (Although Lohr didn’t mention any names, the two Undersecretaries of Defense for Intelligence, and for Policy, at this time were Stephen Cambone and Doug Feith, respectively.)

Lohr was in this position during the deliberations of the Pentagon Working Group on detention and interrogation; he said that he cannot discuss what happened there, although it has been reported that the JAGs were completely frozen out of the discussions. Any memos that he wrote, are still classified. Lohr said, again being cautious, that the military lawyers were



Former State Department Legal Advisor William H. Taft IV said that abuse of prisoners “was predictable” when Justice Department lawyers overturned decades of the U.S. military’s adherence to the Geneva Conventions.

not trusted by the Pentagon civilians, attributing this information to “newspapers,” since he cannot discuss much of what he knows.

Criminal Prosecution Possible

Speaking on the same ASIL panel as Lohr, international law expert Scott Horton, a lecturer at Columbia University’s School of Law, also raised the possibility of criminal prosecution of Justice Department lawyers. The United States is facing a crisis around the torture and abuse of prisoners, Horton said, pointing out that the DOJ has refused prosecution in a number of cases of abuse. Because of its role in writing memoranda saying that interrogation methods such as “waterboarding” were permitted to be used, it is impossible for the Justice Department to conduct a fair investigation, Horton charged.

“There is no basis for an argument that the Department of Justice lawyers involved, have immunity from potential criminal liability,” Horton stated. “My belief is that legal ethics issues”—the topic of the panel discussion—“are the least of their problems.”

Contact the author at edspannaus@larouchepub.com.

Cleaning Up U.S. Politics Without DeLay

As we go to press this week, there's good news on the U.S. political front. Two of the major bullies for the Shultz-fascist crowd in the Republican Party are in big, very visible trouble.

Best known is the case of House Majority Leader Tom DeLay (R-Tex.), who has been hit with a scandal a week in the major national press over the last period. DeLay is under investigation in Congress and by a grand jury, and is apparently so nervous about his reputation that he's even started campaigning in his local district. While some of his cohorts in the religious-right mafia are mobilizing money and ads to defend him, there is little question but that numerous Republican Congressmen are getting a bit "concerned" about whether Dick can weather the exposure.

But as bad as Tom DeLay's troubles are, those of Hitler-loving California Governor Arnie Schwarzenegger could be even worse.

Governor Schwarzenegger surprised reporters at a press conference on April 7 in Sacramento, when he announced his decision to drop plans to petition to place an initiative on the November 2005 ballot, to privatize the state public employees' pension plan. "Let's pull it back," he said, "and do it better." The initiative was the centerpiece of his plans to "reform" state government through a series of ballot initiatives, allegedly to save the near-bankrupt state money. In reality, it was a thinly veiled plan to place the state's \$360 billion pension fund into the hands of the banker friends of George Shultz, Schwarzenegger's controller and chief economic "advisor." And it was also a bellwether for the national Social Security privatization plan, which Shultz has foisted on the Bush Administration.

Although Arnie the Tummy-nator argued that he did not make this decision based on growing opposition to his plan, this is just another example of his lying. The latest poll released the same day from the Survey and Policy Research Institute of San Jose State University showed that his popularity has plummeted; of those polled, 43% approve of the job he is doing, and 43% disapprove. Large crowds have appeared at each

of his recent fund-raising events, with policemen and firefighters joining nurses and teachers, in opposition to his drive to dismantle state government. Police and firefighters joined the opposition when they learned that his plan to privatize their pensions, turning the CalPERS fund into individual 401(k) plans, would remove the death and disability benefits their families receive under CalPERS.

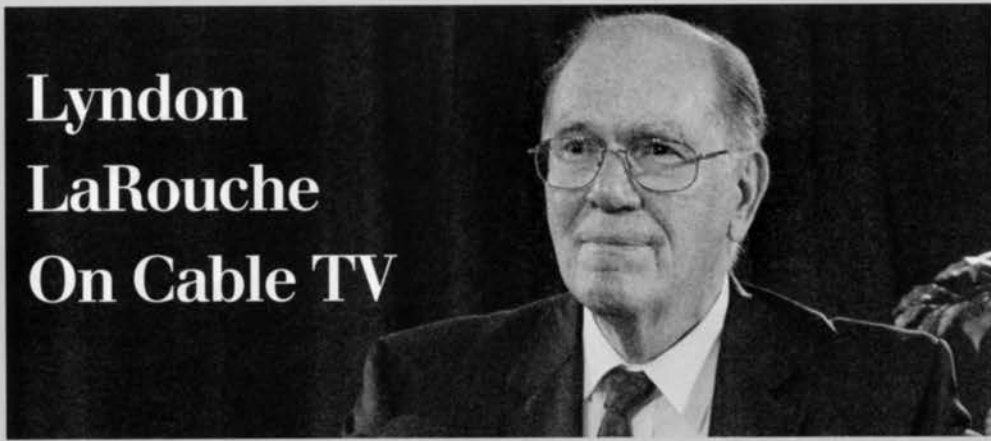
The California press is playing this as a defeat for Arnie, which it most definitely is. The Governor has been the target of a relentless organizing drive by the LaRouche Youth Movement, which has distributed hundreds of thousands of pamphlets identifying him as a puppet of Shultz, and his so-called pension reform as looting, modeled on the thievery of Chile's public retirement funds by another puppet of Shultz, former Chilean military dictator Gen. Augusto Pinochet.

It is also quite likely, in Lyndon LaRouche's view, that Schwarzenegger was "encouraged" to make this tactical retreat by the Kennedy clan, of which he is a prominent member, through his marriage to Maria Shriver. The Kennedys were not interested in seeing their "asset" Arnie be destroyed, as President Bush is being destroyed, by clinging to the increasingly unpopular pension theft issue.

In his April 7 international webcast, Lyndon LaRouche said that he expected that, with the reality of the economic crisis hitting, and the mobilization he is leading to defeat George Pratt Shultz, that he expects to see a "Pratt-fall" soon. You might say that, with Schwarzenegger being forced to retreat from his plan to steal the public pension funds of California, Shultz has taken a hit in his soft underbelly!

Of course, Schwarzenegger, like DeLay, and the Cheney-Bush team itself, is not going down without a fight. They have not accepted their fates. But the LaRouche campaign to expose their evil fascist plans, has set them up but good, and they are exceedingly vulnerable. If all the Democrats, and Republicans, who understand what dangerous fascists these guys are, would join LaRouche's campaign, they could be cleaned up—without DeLay.

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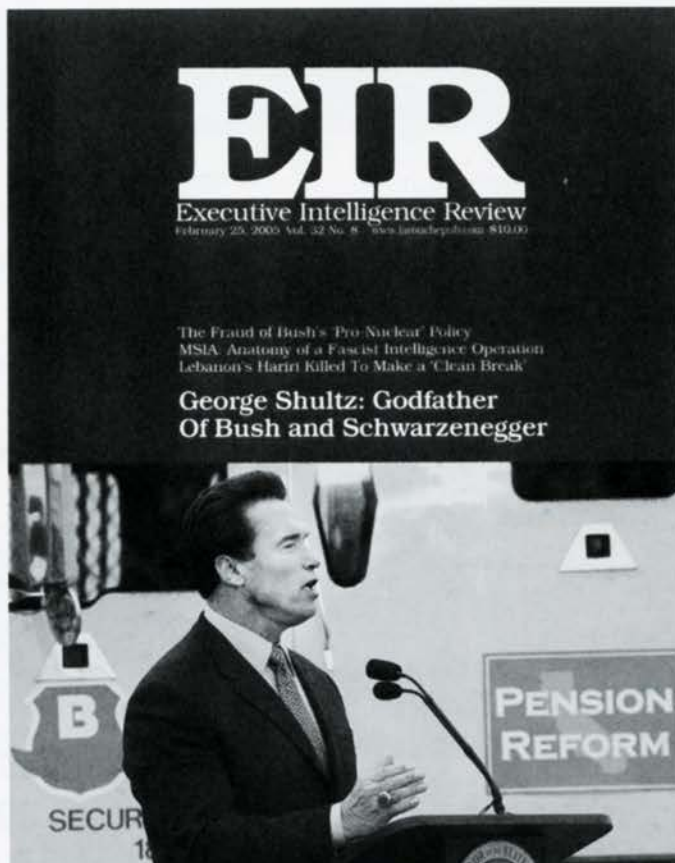
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